In the early 1970s, Recorion owned the Stardust and Fremont hotels and its common stock was listed on the American Stock Exchange. In 1973, the company offered to exchange $38 principal amount of its 10% debentures for each share of common stock. Management stated that although no negotiations were in progress, it hoped that this transaction would help in arranging the eventual sale of the company. One million shares were tendered and the debentures were also listed on the American Stock Exchange.

Seven months later, the Argent Corporation acquired Recorion, paying $44 a share in cash and assuming the debentures. At the time, Argent seemed to be a promising new corporation, wholly-owned by a reputed financial wizard named Allen Glick. Argent also owned the Hacienda and Marina hotels at one time and had several minor real estate holdings.

A closer look revealed that Argent had very little equity and had borrowed as much as $93 million from the Central States, Southeast, and Southwest Areas Pension Fund (Teamsters).

The investors in Argent and Recorion discovered to their dismay the true meaning of licensing risk. Published estimates indicate that as much as $3.5 million was skimmed from the Stardust from 1974 to 1976. Over $7 million was loaned to Allen Glick at very low interest rates at a time when the company was in poor financial condition. As of August 31, 1979, Argent's total stockholders' equity was under $3 million, versus total liabilities of $137 million.

Argent and Allen Glick have been under investigation in the past few years by the Internal Revenue Service, the Federal Bureau of Investigation, the Securities and Exchange Commission and the Nevada Gaming Commission. The FBI alleges that Allen Glick was the frontman for underworld crime interests from Chicago, Kansas City and Milwaukee. The debentures were delisted from the American Exchange in 1977. In 1979, the Nevada Gaming Commission revoked the gaming licenses of both Argent and Allen Glick, forcing the sale of the casinos. Another young, unknown corporation named Trans-Sterling purchased Argent's casinos in 1979 for $2 million cash, assumption of $92 million in debt, and future payments of approximately $66 million. The principal behind Trans-Sterling is Allan Sachs, formerly Vice-President of Recorion and General Manager of the Stardust. Today, the debentures continue to trade on the Boston and Philadelphia exchanges under the Trans-Sterling name.1

Daniel Lee's foregoing description of the Argent-Recorion transaction is from the viewpoint of an investment analyst. Steven Brill, an investigative

1 Ibid., 48-49. Allan Sachs is also the subject of an FBI investigation as is discussed in this report, infra.
journalist, looks at the same transaction with less detachment. In his book, *The Teamsters*, Brill devotes 10 pages to the cast of characters and the plot to skim the casinos. Allen Glick, who in Lee's passage above, is referred to as a "reputed financial wizard," is, in Brill's account, an opportunist whom the mob viewed as a perfect cover tool for its proposed bilking of the casinos. Brill introduces Glick as a well-educated young man (Ohio State University and Case Western Reserve Law School) who returned from Vietnam as a decorated army helicopter pilot and entered the real estate business in San Diego. There Glick quickly rose from a modest-salaried salesman to co-owner of a large real estate company called Saratoga. His interest in Saratoga, worth millions on paper, was acquired for a $2,500 note. There followed a period of questionable land ventures, during which he received substantial financial support from one Tamara Rand, wife of a prominent San Diego gynecologist. Mrs. Rand, as will be indicated below, would pay a dear price for that association.

Through an old friend, Glick learned of an opportunity to buy the Hacienda casino-hotel in Las Vegas which he financed with a $2.3 million loan from Saratoga (then headed toward bankruptcy). Glick's next interest was in acquiring the King's Castle casino-hotel near Lake Tahoe. At this point, in 1973, he was put in touch with Allen Dorfman who exercised control over Teamster Pension Fund loans and who had long ties to organized crime. The deal never materialized because the Nevada Gaming Control Board, alerted to Glick's proposal to employ a Dorfman associate to run the casino operation, indicated to Glick that it would not approve the purchase.

The following year, 1974, the opportunity to buy the Recrion corporation developed. According to Brill's account, the Chicago mob had intended to acquire Recrion through Morris Shenker, former lawyer for James Hoffa, but because of disension among Teamsters' officials, Shenker had to withdraw. Glick was then

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2 Dorfman, convicted on December 15, 1981, of trying to bribe United States Senator Howard W. Cannon of Nevada, was slain in Chicago on Jan. 20, 1983. Law enforcement authorities describe it as a gangland execution designed to silence Dorfman, who, it was feared, might cooperate with federal authorities.
contacted by Todd Derlachter who represented Shenker and a Teamsters Fund loan was arranged. When Glick filed a statement with the Securities and Exchange Commission, he indicated that he paid a $421,000 finder's fee to Derlachter for the Fund loan. Brill's sources say that the finder's fee actually went to Shenker to assuage his feelings. Dorfman then approved the loan for $62.7 million for Glick's purchase of Recrion, the corporate owner of the Stardust and Fremont casino-hotels. Brill's account also mentions that Glick took over an additional $12 million in Fund loans previously made to the Stardust and Fremont plus another $32 million in loans for Fund-financed ventures in California. In December 1974, Glick's Argent company was lent another $25 million.

After acquiring Recrion, Glick hired Frank "Lefty" Rosenthal to take control of all gambling operations at the casinos on a 10-year, $250,000/year contract. Rosenthal, according to the Nevada Gaming Control Board, had long ties to organized crime and was a friend of Tony Spilotro, an overseer for the Chicago organization in Las Vegas. According to Brill, the FBI evaluated the arrangement as follows: Dorfman was the banker, Spilotro the Chicago overlord, Rosenthal the manager of the skim, and Glick the "front" who was allowed to run the hotels but was instructed to keep clear of the casinos. The plan, law enforcement officials theorize, was to skim the casinos until they were bankrupt at which time the Fund would foreclose, the Teamsters would own Argent and then look for a buyer to start the loan process all over.

Although Daniel Lee, in an excerpt quoted above, refers to published estimates that as much as $3.5 million was skimmed from the Stardust between 1974 and 1976, a recent Wall Street Journal article states that Nevada investigators have found that in an 13-month period in the mid-1970's, Chicago, Kansas City and Milwaukee families received more than $7 million skimmed from slot-machines alone at Glick's Stardust, Fremont, Hacienda and Marina casino-hotels.

1 War on the Mob, January 25, 1983.
The public image of Glick, however, was indeed that of a financial wizard. But, by 1975, Mrs. Tamara Rand, who had invested heavily in Glick's Saratoga company with expectations of sharing in anticipated profits from the casino acquisitions, realized that Glick had misled her. When Mrs. Rand consulted her lawyer and threatened to go to the SEC, Glick complained to his Las Vegas associates. Shortly thereafter, Mrs. Rand, while sipping a cup of tea in the kitchen of her home was visited by a gunman who shot her five times, gangland style. For Glick it was the mob's message that there are ways of dealing with persons who pose a threat to its investment.

Lee stresses that although the Argent-Rechner episode is clear evidence of the risks involved in dealing with casino companies, it should not be implied that all gaming companies have underworld ties. Indeed, he adds, "companies such as Argent are the exception rather than the rule." To the best of his knowledge, Lee comments, companies such Hilton, MGM, Harrah, Elsinore, Greate Bay and several others "have never been shown or rumored to have hidden interests." Others, such as the Flamingo and Golden Nugget, through changes of ownership, appear to be free from underworld connections. Still, Lee has a lingering doubt:

Based on the available information, the author of this report would rate the licensing risk of any of these companies as being relatively small. But then, he is the first to admit, that he has not conducted any multimillion dollar investigations.¹

On a more optimistic note, the financial analyst points to the extensive and thorough license investigations carried out in New Jersey as having a positive effect on an investor's assessment of a company's licensing risk. The New Jersey investigatory procedures are not only revealing the depth of the licensing risk but also are reducing the uncertainty of the risk in each company. Because many suspicious connections are being brought into the open by the Division of Gaming Enforcement's process, Lee feels that New Jersey's processes "may result in a 'cleaner' industry, where investors can rely on DGE investigations rather than rumors and be relatively confident that the licensing risk of 'approved' companies is minimal."²

¹ Lee, supra, p. 49.
² Ibid.