

October 1992

\$5.00

Nevada BUSINESS JOURNAL

Nevada's Only Statewide Business Magazine

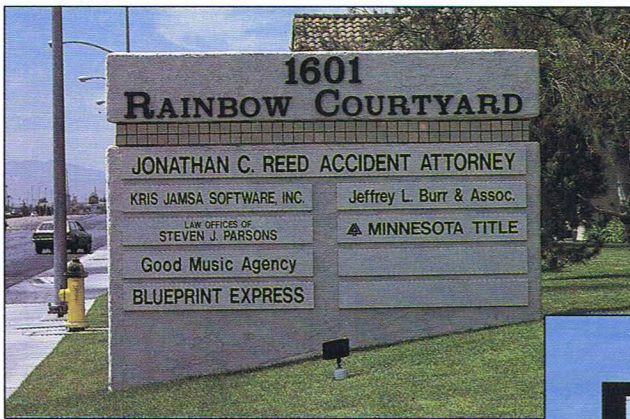
Dougall Design Associates:
Creating ancient Rome
at The Forum Shops

Diversification of services
key to Nevada Title's growth

Keep your computer
network safe from intruders

Guard against phone fraud





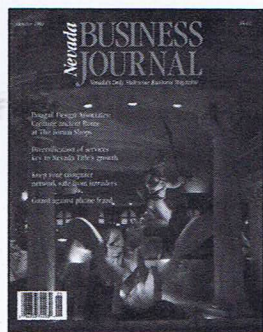
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SPLENDOR IN THE MALL:

Dougall Design Associates

by Lynn Thomé

In this age of seeming ubiquitous malfeasance and distrust, confirming a business deal with only a handshake is unusual indeed. When that deal involved highly sophisticated design work for the \$110-million The Forum Shops at Caesars Palace in Las Vegas, it was not only unusual, but reflective of the nature and commitment of all those participating. To Terry Dougall, of Dougall Design Associates of Los Angeles, there's a lesson here.

"The developers had a specific idea of what they wanted: to re-create a street scene from ancient Rome," Dougall says. "But it also had to have an element of fantasy, of fun, while still conveying the grandeur of that former period. They had already gone through four designers in the year and a half they'd been working on the project before I was contacted. Either those designers' ideas didn't mesh with those of Sheldon Gordon or they couldn't stay within the constraints of the budget. In any event, the contractor, Marnell Corrao, knew of my work and got in touch with me. There was never a contract, just a gentlemen's agreement and a handshake. We were very proud because we were able to provide what they wanted, with the

quality they wanted, and do this within the budget parameters."

Dougall and his partner, Michelle Head, were responsible for creating the look and ambience of ancient Rome – from the heroic-sized statuary and authentic looking storefront facades to the ever-changing sky hovering above the mall area. From day one, he says, the emphasis on quality and commitment on the part of all those involved was both exciting and impressive. "I'd say there were easily 30 different subcontractors," he adds. "Yet you didn't see anyone trying to cut corners. You didn't even hear any arguing. I think all of us working on the project recognized that it was a tremendous opportunity to showcase our various talents,

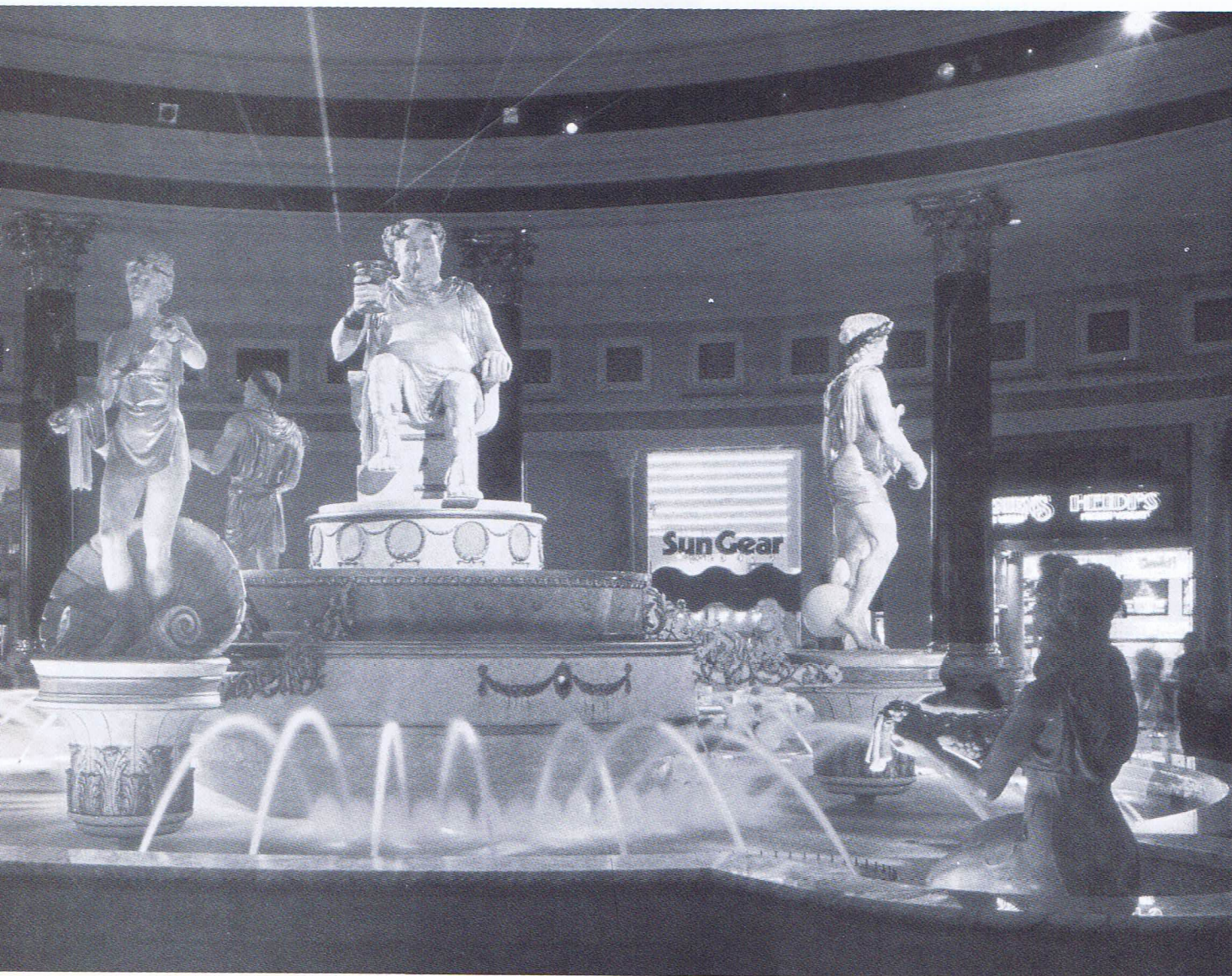
but I also think we sensed the enormity of the project and felt great pride in being a part of it, as corny as that may sound."

Interestingly, Caesars World, Inc. Chairman Henry Gluck and longtime friend, shopping center developer Sheldon Gordon first conceived of the idea for The Forum Shops about five years ago while trying to resolve the problem of what to do with the resort's now defunct Grand Prix Race Track. Gluck indicated that he had considered over 50 concepts ranging from theme parks to rides since the track had discontinued its operation in 1984, but nothing really "clicked".

Gordon, who has 35 years of experience in retail development, suggested an upscale shopping center that would bring



ERIC FIGGE



Statuary and lasers perform for visitors every hour.

in new and unusual retailers and restaurants to the area. But it had to be more than just a shopping center. It had to be exciting and unique to draw both tourists and locals on a repeat basis. The recent completion of The Forum Shops led Gordon to say, with understandable pride, "I think it's the best thing I've ever done."

The Forum Shops at Caesars is actually a joint venture of the Gordon Company of Los Angeles, a developer of retail centers in California and Hawaii, and the Indianapolis-based Melvin Simon & Associates, second largest retail developer and management firm in the nation. Interim financing for construction was provided by Yasuda Trust and Banking Company of Los Angeles.

Caesars Palace is leasing the site to Melvin Simon & Associates, which operates and manages the center. Gordon Company, in addition to conceptualizing the 240,000-square-foot project, assists with tenant leasing.

Besides the splendid physical property, the best names in retailing make The Forum Shops second to none – Gucci, Versace, Ann Taylor, Bebe, Cache, Guess, Bernini, Escada, Victoria's Secret, Louis Vuitton and Cuzzens are but a few. Add the excellent dining offered by restaurants like Lombardi's, Boogie's Diner of Aspen, the Stage Deli, Chocolate Chariot and, of course, Wolfgang Puck's world famous Spago and it becomes evident Rodeo Drive has nothing on Las Vegas.

"It's definitely an attraction," Dougall says. "In Las Vegas, you have volcanoes, white tigers and soon-to-be pyramids and theme parks. You don't compete by creating a shopping center alone, you compete by creating a unique attraction. We've kept our designs historically correct within contemporary confines, but there's also an element of fantasy and that makes it intriguing. There's a Disney quality about The Forum Shops. It's entertaining as well as awe-inspiring."

That's not an understatement. The Forum Shops offer romance and drama. They offer a gee-whiz experience to jaded shoppers and weary-eyed gamblers. Dougall and Head spent six months researching ancient Rome before final drawings were

undertaken to bring this about. The focal point of the project is a giant fountain graced by a 10-foot statue of Bacchus, god of merriment and wine, who, along with three other gods, welcomes visitors with lively antics. These animated, musical performances take place on the hour.

In creating the fountain, Dougall turned to the late Ron Hayes, of Ron Hayes Productions, and Ed Auswacks of Lasermedia to produce the actual show and create the laser effects. Another 12 separate companies were used to integrate the different aspects of the fountain. To quote a recent *Review-Journal* article by Mike Weatherford, "Plutus whips the fountain waters into what Auswacks calls 'our tribute to Liberace'. Apollo's lyre strings become fiber optic lasers. Venus turns the sky into night and conjures laser constellations on the domed ceiling."

The fountain's complexity is demonstrated by the fact that two separate control rooms are used. One houses the hydraulics for the robots on the fountain level; another is upstairs and houses the lasers and computers that actually run the show. According to Weatherford, "The animatronics, designed by the firm that did the E.T. ride at Universal Studios, account for \$1.5 million of the budget and 700 kilobites of computer memory." What all this means is that the fountain display is programmed to run without human supervision and can literally be started with the push of a button.

Dougall, who attended Valley High School for a year, followed by some undergraduate work at UNLV, studied philosophy before realizing his strong artistic inclinations. He later transferred to the California College of Arts and Crafts, majoring in environmental design and specializing in fine arts. Work with Yates-Silverman — the prestigious Los Angeles commercial interior design firm which emphasizes hotel and casino design — as well as stints at Denis Allamand & Asso-



Terry Dougall and Michelle Head of Dougall Design Associates

ciates, Cannell & Chaffin, Yates-Rose, and Thompson Design Associates eventually led him to the decision to go into business for himself in 1987.

His philosophy follows his professional lifestyle: Form must follow function. "People sometimes go to theme park designers only to find they frequently don't have the experience in what I call a working environment," he says. "It has to function before it has form. Even if it's beautiful, if it doesn't satisfy function, we've failed. This is why it's vital to have client participation. If one of our clients doesn't want to participate with us in the design process, we might even turn the work

away. It's that important. That's one of the things that was great about working on The Forum Shops. The developers knew what they wanted and they were very willing to work closely with us to get it."

But Dougall also stresses what he calls an "anti-signature" approach to his designs. By this he means his insistence on viewing each project as unique, unlike any other, and then defining that uniqueness creatively. This same concept might well apply to the resort industry or to any other business endeavor, he explains.

"Caesars Palace is a premiere resort because it has always provided a quality environment and its management has al-

ways exhibited great vision," he says candidly. "Steve Wynn picked up that banner and has also been very successful. But remember when he began building The Mirage, there were those in the resort industry who thought he would fall flat on his face. Obviously he didn't. Similarly, when The Forum Shops were being built, there were skeptics who thought the shops would attract curious tourists, but not the serious shoppers. In fact, in just the short time they have been open, those shops have averaged the largest gross per square foot of any other mall."

Dougall emphasizes that whether they are at home, at work, or on the road as tourists, people today are becoming much more sophisticated and much more demanding. Additionally, with the current economic situation being what it is, more and more states are looking to gaming and tourism as a means to fatten their coffers. Therefore, what may have worked a decade ago in Las Vegas may no longer be working today.

"I feel the resort industry as a whole has to gear itself toward quality in every aspect," Dougall says. "The potential here is

incredible, but Las Vegas is well past the point where it can depend on glitz alone to bring in the people. The increasing competition we're seeing nationally is making local business and resort industry leaders acutely aware of this.

There has to be vision, it's true," he notes, "but the vision is nothing without quality and commitment to the customer. The hotels and businesses who've been doing this all along have, for the most part, continued to do well; those who aren't willing to think along those lines may have trouble playing catch up." 🍀



Ever-changing sky emulates lighting from sunrise to sunset.

ERIC FIGGE

Diversification of services key to Nevada Title Company growth

By Tom Martin

In Nevada's business past, one could not easily find the offices of a title or escrow company. They were there, alright, but usually as an adjunct to a financial institution tucked away in a space marked by a nameplate on a door. In southern Nevada today, buoyed by what has been called the nation's healthiest real estate-construction market, the title-escrow business is booming and diversifying, according to executives with Nevada Title Company.

NEVADA TITLE dates from 1979, but can trace its roots back more than 30 years. When Nevada Title President and Chief Executive Officer Terry Wright formed his firm, he acquired the assets of Western Title Company, a name many area homeowners will still find on deeds and documents if they purchased a home as far back as the 1960s with financing from First Western Savings.

Since then Nevada Title, a locally-owned company, has grown to achieve a dominant position among the nine active

title-escrow firms in southern Nevada, according to John Guedry, director of sales and marketing for Nevada Title. Currently the firm has five offices, two subsidiaries and a total of more than 160 employees.

"So far in 1992, we have 21.6 percent of the market share in total transactions and a 27.9 percent share in dollar value – both figures up from last year," Guedry said. "During the past five or six years, we have been number one or number two in this market." He said that of the nine

active title-escrow firms in Clark County, his firm is among four companies that absorb more than 80 percent of all the business available. A company brochure estimates that Nevada Title delivered more than \$2 billion in title insurance in 1991.

Guedry said that growth in the title-escrow business has come about through diversification in different market segments – residential, commercial, resort, undeveloped land – and by offering a varied menu of services to real estate firms, builders, developers and lenders. "Few title-escrow companies here focus on one market segment any more, and the larger firms are now offering related services," he said.

He also notes that Nevada Title is the leader in a trend to offer more than just title insurance – where fees are set and regulated by the state. He lists five specialized departments and three subsidiaries now under the umbrella of Nevada Title. Specialized departments for the firm include property information, builder services, high liability services and financial services; while Nevada Construction Services (NCS), Nevada Exchange Company (NEXCO) and Real Estate Investment Services (REIS) form Nevada Title Company's three subsidiaries.

NCS, according to Guedry, was formed during the late 1980s as an extension of "third-party" role normally filled by title companies. NCS is basically a voucher agent for major developers, required by most lenders, to disburse loan money to contractors and suppliers during the active life of a construction project or subdivision. NCS also oversees the progress and quality of work and acts as an objec-

tive party for the lender and contractors.

REIS is the most recently-formed affiliate, and according to Vice President and Director Jeffrey J. Matthews is a direct result of the credit crunch and the new regulatory atmosphere in the banking industry. "It's a natural fit with the title and real estate market," he said. He also pointed out that developer-builder clients are turning to such firms as his because primary lenders (banks and thrift institutions) have reduced their real estate portfolios and there are new underwriting parameters. "It's well known that there are investment dollars available from secondary market lenders, but many of them don't want to deal directly with developers," he said of his firm's role.

"We're going to have a slow-growth period, but it will be stable growth. Nevada is being affected by outside trends, but tourism is not suffering."

Matthews notes that many of his present clients are the same people who before the late 1980s, could depend on one-stop financing for all phases of a project, from the construction loan to permanent financing. "These developers are building commercial projects, many of them owner-occupied. Now they have to secure financing from more than one source for a single project," Matthews said. "That's our niche, attracting out-of-state institutional sources and expanding a pool of private investors and bringing them together with developers."

Guedry and Matthews contend that while such business strategies are necessary to keep pace in the local competitive atmosphere. "I think the key to survival is

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S U C C E S S S T O R Y

*"Local businesses need also to
lend support to such organiza-
tions as the NDA to do their part
in diversifying the economy."*

to diversify services. I really don't know if there are too many title companies in this market, but I would expect some downsizing."

Guedry and Matthews said they expect the industry to scale down because in relative terms, the southern Nevada real estate market as a whole is leveling off from the boom of the late 1980s. "We're going to have a slow-growth period, but it will be stable growth," said Matthews. "Nevada is being affected by outside trends, but tourism is not suffering. And local governments are taking a pro-active stance to some restrictions," he said, referring to efforts in water conservation and meeting stricter clean-air standards.

Guedry believes that the title-escrow business and real estate in general will be helped by economic diversification in southern Nevada. "We don't want all our eggs in one basket, and a healthy real estate market is needed for expansion and diversification," he said. "Local businesses need also to lend support to such organizations as the NDA to do their part in diversifying the economy."

Not only is Nevada Title and its employees active with the NDA, but many other civic and charitable organizations as well. "It is the philosophy of our company and our industry not to take from this community but to provide professional employment opportunities and a quality environment for our employees and their families to live in," said Guedry. 🌿

If you've ever shopped for a security system for your home or car, you can appreciate the quandary which many businesses face when they begin to consider security for their local area computer networks.

SECURITY

by Mark Luczak

Keep Your Computer Network Safe From Intruders

There are important business and legal reasons why local area computer networks (LANs) cannot be allowed to unnecessarily compromise privacy and security. Certain human resources information such as salaries and performance reviews must be kept confidential. The same applies to medical records, personnel folders, insurance claims, credit histories and other files. Marketing, finance, databases, sales and development documents typically contain information not for general distribution, and to which you certainly don't want competitors to have access.

In order for LANs to be truly valuable, then, they have to be secure so that unauthorized parties cannot obtain confidential information, or change or delete files. At the same time, the means of providing this security can't make the network difficult for authorized individuals to access and use. If network use becomes too unwieldy (like a car lock that takes five minutes to undo), users will bypass or ignore the security provisions, or they will abandon the LAN altogether.

In addition, building security into LAN facilities has to be easy and affordable.

LANs RAISE SECURITY ANTE

Security and privacy concerns for computer and network activity have been sharpened by the advent of terminals and other machines that can be shared by many users.

LANs also have added a few security problems of their own.

First, a LAN acts as a common highway for many users' data. By contrast, a terminal connection typically is a private connection to a computer. Like a telephone party line, data on a LAN is available to anyone connected to it, if they know how to reset their machine properly. And no one will detect the "eavesdropping".

Second, in LAN-based computing, activities like spreadsheet projections of manufacturing inventory or report summaries on insurance claims involve several computers, often spread around different locations. The computers even may be attached to several different LANs.

So, while you as the end user may see only the PC at your desk, your memos, source data, and final report document actually may be stored on different computers on different LANs. If you send a review copy of your report by electronic mail, it may traverse several more LANs before reaching its destination.

STEPS TO LAN SECURITY

The first step in securing a network is to manage access by restricting unauthorized users from access to certain accounts, application software, files and other resources.

This can be done through a variety of software and hardware mechanisms. Users can be prompted for passwords by the



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menu on their desktop computer, or by the network system when they want to use a directory or file, or before being allowed to read electronic mail.

LAN security software can often handle some of this, automatically passing along the user's authorization profile to applications and other systems, once the user has logged on. Many file systems include the ability to set "permissions" for reading and changing file contents, based on the user's name, and whether that user is listed in authorized groups such as projects, departments, or job classification.

Passwords are another important LAN security device, but they often can be guessed or learned through eavesdropping. As a result, some organizations use alternative identification methods, such as "smart card" keys. These cards contain tiny computer chips that must be plugged into a slot on the desktop computer before the computer can be used.

Many modems include security features, such as password protection, databases of authorized services and connections, and dial-back service, which verifies user authorization by dialing the would-be user back at a pre-specified number. Closed user groups, which are administratively defined, is a security technique which permits only selected users to make particular connections or access specific resources.

HANG UP ON EAVESDROPPERS

Despite precautions, persistent, knowledgeable users still may be able to tap into your LANs.

Unfortunately, in attempting to secure the network it's often impossible to be sure that the path between a user and a resource, or between users is completely secure. There simply are too many components and connections to be able to verify, each and every time, that every single cable, wiring closet, telephone company central office, and other part of the connection remains secure.

This is particularly true if the activity

involves "wide area" connections, wireless services such as cellular phones, satellite links and pagers, or extends beyond your organization into another.


For example, assume you're in Chicago and want to access a file stored on a computer in San Francisco. You will be unable to determine whether someone has gained illicit access and is listening for information regarding upcoming stock announcements, the combination to a wall safe, credit card numbers, or other sensitive information.

The solution? Encryption.

Information can be encrypted – scrambled – for transmission and unscrambled only at the other end. This prevents would-be "data-nappers" from grabbing passwords and other valuable information from your transmissions.

You can incorporate encryption into your LANs in a number of ways. It can be done on a LAN-by-LAN basis, or encryption can be integrated with application software and file servers. The latter approach allows security to be provided for selected groups across any number of LANs. Encryption can even be done on an "end-to-end" basis, such as through electronic mail programs on two users' LAN-connected workstations.

Products that provide these types of security are readily available. The challenge is to pick the combination that meets security and privacy needs, and that can be managed effectively.

A final thought in planning for LAN security: don't forget the basics. Provide physical security, such as lockable rooms for file servers and printers. Promote employee awareness through policies, training and regular check-ups. Check and change passwords periodically. Do regular backups, and completely destroy disks and hard copies of sensitive information that you no longer need. 

Mark Luczak is a senior network specialist with Gandalf Systems Corporation Cherry Hill, New Jersey.

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by Robert F. Allair

Guard Against Telephone Fraud

Your number could be next

Telephone fraud may be the high-tech scandal of the decade. It's a practice that's causing financial devastation for thousands of companies. Many executives have been left speechless after discovering a monthly telephone bill for more than 50 times the customary amount. Here are some examples of unauthorized telephone access fraud:

- Oxford Health Plans, Inc. a health care provider, was shocked when it discovered that \$50,000 of illegal phone calls had been made through the company switchboard.
- The *Philadelphia Inquirer* lost more than \$100,000 when hackers placed illegal calls to the Dominican Republic, Turkey, Puerto Rico and other locations around the world.
- In the largest case reported to date, Mitsubishi and AT&T are embroiled in litigation over some \$430,000 in illegal telephone charges.

Other corporate victims have included Minnesota Mutual Life Insurance Company, the National Aeronautics & Space Administration, and the U.S. Drug Enforcement Administration. The list keeps growing as thousands of other businesses and government agencies fall prey.

Since 1986, the Secret Service has been responsible for investigating telecommunications fraud. In a November 25, 1991, article appearing in *Barron's*, Dale Boll, the agency's acting special agent in charge,

was quoted as saying the total estimated loss from telephone fraud ranges from \$1.2 billion to \$2 billion per year.

Clearly this is an important issue, one businesses should be aware of and guard against to whatever extent is possible.

HOW HACKERS WORK

Computer hackers have found ways to infiltrate telephone systems. Many phone customers operate on a PBX, or private branch exchange, which replaces switchboard operators and allows multiple incoming and outgoing calls. The PBX design is inherently vulnerable to intrusion by computer hackers attempting to gain access to long distance lines.

But, PBXs are not the only target. Hackers can also gain access to long distance privileges by manipulating call forwarding or voice mail systems, or by stealing private identification numbers (PINs). They can then make free phone calls anywhere in the world at the expense of an unsuspecting company. When criminals "mass market" their access capabilities on a chosen corporate account, unauthorized telephone charges can easily reach six figures overnight.

Most companies dispute fraudulent charges with their long distance carriers, but the carriers are not always willing to lend a sympathetic ear. The reason? Most telephone contracts are ambiguous on the issue of unauthorized access. In certain

instances, carriers may be willing to negotiate a settlement, but it's not a solution to count on. One major telecommunications firm recently issued a statement that unauthorized access would be the responsibility of the customer. Although victims can't rely on the telecommunications company's response, they can count on incurring expensive legal bills.

Sprint, the nation's third largest long distance carrier, recently announced it would limit some customers' losses from telephone fraud. The new plan would be available to customers who sign a two-year contract and agree to buy at least \$30,000 of international long distance service per month.

The customers must also agree to adopt security measures such as using longer codes that are harder for thieves to crack, and limiting the ability of voice mail systems to obtain outgoing lines.

Customers who qualify will be liable for no more than \$25,000 in stolen telephone calls for each incident.

CAN TELEPHONE FRAUD BE PREVENTED?

The first step is to discuss your vulnerability to telephone fraud with your long distance carrier. According to *Barron's*, Sprint is more aggressive in its efforts to prevent fraud and has developed a monitoring program.

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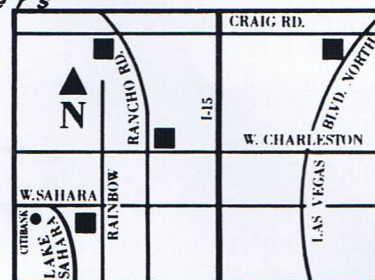
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There are ways to limit exposure. It may be advisable to eliminate a remote-access feature which allows employees located outside the corporate offices access to the company PBX by dialing an 800 number. Instead, it may be better to use credit cards. Long distance companies are more likely to absorb losses from credit card fraud while avoiding responsibility when it comes to PBX fraud.

Even then, hackers can gain access to systems through voice response units which automatically transfer incoming calls, and through maintenance ports which are built into systems to allow technicians to make repairs. Clearly, you should consult people with the appropriate technical expertise on this subject.

INSURANCE IS AVAILABLE

To date, insureds have not been successful in obtaining telephone fraud coverage under their basic property or crime policies. Property policies generally cover physical loss or damage to property, and crime policies generally cover actual theft of money, securities or other property.

Theories may evolve whereby coverage is granted under these policies for telephone fraud, but currently, they cannot be relied upon. One insurer, The Chubb Group, has developed an "Unauthorized Telephone Usage Policy" specifically designed to cover this exposure.

Subject to certain exclusions and conditions, the Chubb policy covers "...direct financial loss, caused by the unauthorized access and use of the insured's telephone system or systems located on the premises of the insured whether access is initiated on or off such premises."

Investigate your exposure to loss. If risk management techniques are not sufficient to allow you a good night's sleep, consider insurance options. 🍀

Robert F. Allaire is assistant vice president at J. H. Albert International Insurance Advisors, Inc., Needham Heights, MA, a firm specializing in risk management, loss control and claims management services.

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by John A. Dubé

Financial Planning for the Short and Long Term

In the current economic climate, many corporations are resorting to cutbacks and layoffs to trim the fat. Even the most secure positions could face the ax, making it all the more important to plan for the unexpected pink slip.

Just as critical are the long-term plans that make one's retirement financially secure, particularly for those who opt for an early retirement.

FACING YOUR FINANCIAL OBLIGATIONS WITHOUT A JOB

You didn't see it coming, but it happened. You're out of a job and facing a mortgage, car payments, child-care costs and other financial obligations.

Increasing numbers of people are finding themselves unemployed as companies fight the recession with cutbacks. Planning for such a day goes a long way to ease both the psychological and financial strains caused by a layoff. One of the first steps of financial planning is making sure you have a reserve – typically three to six months worth of living expenses.

These emergency funds should be separate from your retirement fund or your children's college education fund. The money should be tucked away in a safe, liquid investment such as a money market account, certificate or similar investment.

Having such a reserve will allow you to focus on finding a new job without worrying about short-term security.

But regardless of whether you have set aside a reserve or not, you need to decide what to do with your severance pay and retirement money. Those who don't have a reserve may need to use their severance money to pay off bills.

Decisions about qualified retirement plans also need to be made. Those who have money in a 401(k) or other retirement plan can roll that money over into an IRA

within 60 days of the payout. In some cases, the employer allows former workers to keep the money invested in the company's plan.

Those faced with extreme cases can tap into the money they have saved in their 401(k) or IRA. But there are restrictions and possible financial penalties. Besides, dipping into retirement money is generally not a wise financial decision.

Those without a reserve also may be forced to consider using money saved for their children's college, but this also should be a last resort because building those funds back up may be difficult even after you find a job.

Other financial factors to consider include health coverage, life insurance and disability coverage. Your former employer must offer you medical coverage for up to 18 months. However, the cost will be a bit higher than it was as an employee.

Buying your own life and disability insurance policies also may be necessary.

Losing a job can involve a number of financial complications and some tough financial decisions, but having a carefully-tailored financial plan can help you overcome those obstacles.

PLANNING FOR AN EARLY RETIREMENT

Americans used to plan on retiring around the age of 65, but an increasing

number of people today want to retire early, often between 55 and 60. Some do so because they want to enjoy leisure time, others because their companies are cutting costs by offering early retirement.

Either way, retiring early costs more money than waiting until a later age. Although there is no set rule of thumb, most people will need nearly two-thirds of their income to live during retirement. So if you and your spouse are making \$60,000 a year, you'll probably need about \$40,000 to live comfortably.

That money can come from a variety of sources, including pension plans, company savings plans and personal savings. Don't rely on Social Security because you can't start collecting until age 62, and even then it should be considered only a part of your overall retirement plan. Also, you can wind up paying a 10 percent penalty if you tap into certain retirement

money like 401(k) or IRA savings before you reach age 59 1/2.

People who do take early retirement may have to spread their money out over a period of years or even decades. One way to supplement your savings and benefits is to earn money at a part-time job. Not everyone is ready to retire full-time. A part-time job allows you to have more leisure time, yet pull in some money.

Retiring early also may mean living a more frugal lifestyle than if you were to retire later. You may still have big-ticket bills to pay, such as a mortgage, or you may still be shelling out money for your children's college education.

If so, you'll need to trim expenses and spending in other areas. If your house is paid off and you have no other major expenses, you may need less money than you originally thought, and considerably less than two-thirds of your income.

Whatever the case, don't cut it so close that you are unprepared to deal with an emergency. You or your spouse may suddenly need access to some money, and that could be a problem if you are living on the edge of your assets. Even young people are encouraged to set aside a reserve for unexpected obstacles.

In addition, remember to keep all of your insurance protection up to date including life insurance and health insurance. You may still be able to get coverage through your former employer, but you may need your own personal policies or a combination of both.

Like any other life event — such as marriage or the birth of a child — retirement takes detailed planning. The sooner you begin planning, the better. ♦

John A. Dubé is a financial planner with IDS Financial Services, Inc.

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Sierra Pacific Power Company

Your Energy People



by K. Michael Spuhler

Your IRA or qualified plan benefits: *Who should – and should not – be your beneficiary?*

It's a familiar situation: You open an individual retirement account (IRA) or participate in a Keogh or qualified employer-sponsored retirement plan. As you fill out your share of the paperwork, you select a beneficiary for your retirement assets. Although your decision may seem harmless enough, you may be choosing to pay higher taxes if you fail to consider the needs of your heirs along with the tax treatment of the funds. Income, excise, and transfer taxes can significantly diminish the amount of funds available to your beneficiaries. The following guidelines illustrate how the type of beneficiary you select can influence the taxability of the IRA or qualified plan funds.

YOUR ESTATE

An estate should almost never be the beneficiary because your estate is not a "designated" beneficiary. The account balance of a qualified plan with no designated beneficiary must be distributed: (a) within five years if your death is before your required beginning withdrawal date (generally, the first of April following the year you turn 70 1/2), or (b) in other cases, at least as quickly as it was being distributed. Early distributions may limit the amount of time during which the funds may continue to accumulate free of any income taxes.

Choosing your estate as a beneficiary can also increase your estate taxes. If they exceed the statutory threshold amount and the beneficiary is not your spouse, assets that pass to the estate may be subject to an "excess accumulations" tax. This tax cannot be offset by the unified credit or a marital deduction. This is in addition to subjecting the assets to transfer taxes, a top marginal estate tax rate of currently 60 percent, and the generation-skipping tax rate of a flat 55 percent.

Furthermore, transfer of the account to a beneficiary to satisfy a monetary bequest will result in current income tax even if the funds are not distributed from the plan immediately.

YOUR SPOUSE

If you want to keep the assets in your family, consider naming your spouse as beneficiary. The transfer of plan assets to a spouse generally is not subject to federal estate taxes (unless your spouse is not a U.S. citizen).

Also, your spouse may have a choice of payout schedules, depending on your age at death. If you die before age 70 1/2, your spouse may postpone distributions until the year in which you would have been 70 1/2, taking distributions over a joint life expectancy. Or your spouse may wish to delay distributions until he or

she reaches age 70 1/2. If you die after age 70 1/2, your spouse may continue to take distributions over the previously determined joint life expectancy.

Determination of the amount of payments based on you and your spouse's life expectancy requires you to decide whether to use the "recalculated" or "fixed" method. There are advantages and disadvantages to both methods, and you should be sure to consult your tax advisor before making this decision.

Your spouse is the only beneficiary who has the opportunity to roll over distributions to an IRA. If the plan requires (or you and your heirs want) a lump-sum payment at death, amounts will be taxed unless they are paid to a spouse who can take advantage of the rollover rules.

Your surviving spouse also has an option with respect to the excess accumulation tax if he or she is the beneficiary of substantially all of your IRA or qualified plan assets. He or she can elect for the excise tax not to apply to the plan assets transferred at your death. An excise tax would apply instead to the future required minimum distributions – should they exceed the annual threshold amount when combined with your spouse's other IRA or qualified plan distributions.

As is often the case, your spouse's annual distributions will be less than the required minimum and thus avoid excise

taxes. If assets remain in the plan at your spouse's death, these amounts would be subject to the excess accumulations tax, unless the balance is less than the allowable accumulation.

Not that this election by your spouse isn't the most appropriate strategy. Future plan earnings will be subject to the excise tax, while they would be exempt if your estate instead pays the excess accumulations tax. Also, while you or your estate can benefit from the "grandfather" rule – a special provision that can reduce the excise tax – your spouse cannot inherit your remaining grandfathered benefit.

YOUR CHILD OR GRANDCHILD

In certain cases, leaving the plan benefits to a child or grandchild can lengthen the period during which minimum distributions must be made. This can help delay distributions and increase the benefits of income tax deferral. While the "minimum distribution incidental benefit" rule limits the distribution period for non-spouse beneficiaries for distribution before your death, the rules are not applicable to distributions after your death, assuming you die before your required beginning date.

From an estate planning standpoint, naming a child or grandchild as a beneficiary of your IRA or qualified plan assets may not be the best idea. The amount your child or grandchild will ultimately receive will be reduced by income taxes, even though the total balance will be included in your estate and offset by your \$600,000 unified gift and estate tax credit. And you might waste a portion of your \$1 million exclusion from generation skipping transfer (GST) taxes for the same reason if the beneficiary is your grandchild. It is often better to transfer assets that will not be reduced by income taxes after being included in your estate to someone other than your spouse.

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A TRUST

By naming a trust beneficiary, you can leave the responsibility of administering IRA or qualified plan assets to a third party, or "trustee" on behalf of your heirs. You should follow certain guidelines in setting up the trust to obtain the most flexibility with respect to deferring distributions:

1. The trust, if funded, must be valid under state law.
2. The trust must be irrevocable.
3. The beneficiaries must be identifiable from the trust instrument.
4. The IRA or qualified plan must have a copy of the trust document.

The beneficiaries of the trust will be treated as direct beneficiaries of the plan

for purposes of determining minimum distribution requirements if the trust satisfies these four guidelines.

You may reduce your estate's tax liability and/or alter the timing of income taxes depending on the type of trust used and how it is structured.

YOUR FAVORITE CHARITY

Leaving retirement plan assets to charity can result in a twofold tax benefit. First, the assets escape income taxes since the beneficiary receiving the amounts is tax-exempt. Also, the amount you bequeath to charity avoids federal estate taxes. Note: The excess accumulations tax still applies even if plan assets are transferred to a charitable beneficiary.

MAKING YOUR CHOICE

Deciding who should be an IRA or qualified plan beneficiary can be a challenge. Income taxes, excise taxes and transfer taxes all need to be considered. The magnitude and effect of each of these taxes depends on the size of your IRA or plan balance, the rate of return, tax rates, the size of your estate, your and your beneficiaries' actual and statutory life expectancies, cash flow needs and more. The guidelines provided here are general, and you should evaluate your individual circumstances with your tax adviser. 🌿

K. Michael Spuhler is a tax partner with the firm KPMG Peat Marwick.

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The initial concept was simple enough: a private post office where customers could pick up their mail day or night, buy stamps and send packages. But over the past decade, a gentle evolution is positioning "mailbox stores" as full-service business communication centers.

Entrepreneurial Postal Centers: The Evolution of an Industry

When Steve J. Greenbaum explains the changes that have taken place in the postal store market he points to the industry's largest clients, "The biggest users of the private postal center have been small business owners," he says. Greenbaum, president and CEO of PostNet International, a development and consulting firm which has launched more than 400 postal stores, elaborates, "Many were attracted to us over the post office because a street address gives them greater credibility than a box number. They also needed stamps, photocopies and package delivery."

Both the technology explosion and the recession gave the private postal center its next boost. As corporate America downsizes its personnel rosters, many of the casualties are starting businesses of their own. Their staffs are minimal but the need for support is great.

Founded in 1985, PostNet International has diversified its menu of services to include voice mail, pager and cellular telephone rentals, desktop publishing and more. The most recent addition is GiftNet, a specialty gift shopping service.

"As the technology becomes available, we'll be offering even more services," says Greenbaum. "More people are going out on their own and finding it's getting tougher to compete. It's expensive for them to access telecommunications and computer equipment. We can provide them with what they need, when they need it and at a reasonable cost."

The PostNet research and development department carefully studies emerging technologies for viability and cost-efficiency within the stores. New programs and services are continually being tested.

Greenbaum projects the Las Vegas-headquartered PostNet will have more than 500 client stores by the end of 1992. Like a franchise operation, each center is owned and operated by independent entrepreneurs; unlike a franchise, the firm does not license its name, collect royalties or set uniform operating standards.

Instead, PostNet prepares a turnkey package for its clients, supplying them with site selection, lease negotiation, signage, space design and layout, equipment, marketing and promotion assistance and complete training.

"The beauty of this concept is its flexibility and openness to diversification," says Greenbaum. "An owner can adapt to new economic circumstances or demands as the need within his community arises. And in today's uncertain climate, that quality is imperative in order to thrive."

For the future, PostNet is looking beyond its role as a technologically-advanced communications provider. Greenbaum is headed for international expansion in Europe and Japan.

"We no longer have to prove our concept," he says. "It has been tried and tested in many different geographic regions and different sets of economic circumstances so we know it works."

Nevada Briefs

California firms looking to greener Nevada pastures

Nevada is the most popular destination for companies planning to flee California for a greener business climate says a survey released by Ernst & Young.

The accounting firm asked officials of several hundred California companies whether they were planning to leave the state. The companies ranged from garage operations to Silicon Valley electronics giants. More than 90 percent said they wanted to escape the rising costs of living and doing business in California.

Business decisions to leave California often are "driven by the availability of labor and the skill level of the labor pool," said Mike Evans, national director of New York-based Ernst & Young's real-estate advisory service.

Of those planning to leave within three years, about 21 percent said they would move to Nevada, while 20 percent chose Washington.

Lt. Governor Sue Wagner, who heads Nevada's Economic Development Commission, recently listed Nevada's main

selling points in efforts to diversify the state's gaming-based economy:

- Prime western location, close to California market and within overnight reach of Oregon and Washington;
- Fine transportation system;
- Reasonable real estate costs;
- Favorable tax climate, including no personal income tax;
- High quality of life.

Washington's popularity is based on its lack of a personal income tax, availability of favorable wage rates, business taxes lower than those in California, cheaper land and a desirable life-style, Evans said.

A company moving to Washington from California could save 20 percent on its payroll and 30 percent on its real-estate costs, he said.

Following Washington state were Texas, the Midwest, Colorado, the interior Southeast and Utah, the survey said.

Centel Cellular restructures rate packages

In an effort to offer more usage, flexibility and greater value to customers, Centel Cellular was granted a new rate restructuring plan by the Public Service Commission last month.

Innovative features highlighting the new plans include free Sunday usage and a 50 percent discount on airtime for incoming calls — two options not currently available to Nevada cellular users on a permanent basis.

"The new plans provide our customers with a more economical way to use their phones," said Linda McLeod, general manager of Centel Cellular Company of Nevada. "We are looking at our customers' individual needs and calling patterns and providing packages that deliver the best value for them."

"We looked long and hard at what would give all of our customers the best value for their dollar, and these plans cater to every

kind of customer, from the infrequent caller to the heavy user," she said. "The \$27.95 basic plan, for instance, will give users a 30 percent savings over a similar, current Centel package and the new \$99.95 standard plan will save the average customer 20 percent."

The concepts of discounting incoming calls and free Sunday calling were initiated in direct response to polls conducted with cellular customers.

Centel Cellular, based in Chicago, is one of the nations' leading cellular telecommunications companies. It serves 42 metropolitan statistical areas in 14 states and 54 rural service areas nationwide.

In addition, Chicago-based Centel Corporation, which had 1991 revenues of \$1.18 billion, provides local exchange telephone service in seven states through nearly 1.5 million access lines.

First Interstate funds UNLV grant

The First Interstate Bank Institute for Business Leadership, created and funded as part of the bank's \$1 million grant to the University of Nevada-Las Vegas, recently awarded research grants to 17 faculty members of the UNLV College of Business and Economics.

Among the studies to be conducted is research into the erosion of Nevada's 100-year-old "at-will" doctrine and its impact on employee relations, a look at wage gaps that result from on-the-job discrimination and an examination of the impact double taxation of corporate profits on individuals' demand for risky stocks.

"First Interstate is well known for its support of education — particularly higher education," said Andrew Studdert, area president for southern Nevada. "We are pleased to continue our support of these important research projects."

The grants are competitively awarded each spring and fall, and are designed to recognize and encourage the very best research efforts of the faculty.

Dermody Properties signs Michelin Tire Corp.

Dermody Properties has secured a leasing agreement on the second construction phase of the Michelin Tire Corporation facility in Dermody's Silver Lake Business Park in north Reno. Construction is scheduled to be completed by year end.

Phases I and II of the new distribution center will total over 807,000 square feet on 33 acres and house 1.5 million tires.

The new property will expand the number of Michelin's employees to 50. All employees will be hired from within the Truckee Meadows — only three management supervisors will be transferring from the existing center. In addition to the Michelin brand, the facility will also distribute Uniroyal and B.F. Goodrich tires.

Dermody Properties, with offices in Las Vegas and corporate headquarters in Reno, is an industrial development company. The firm builds and leases commercial/industrial space and build-to-suit facilities for national and international companies such as MCA Records, Sherwin-Williams Paint Company, US Air and more. As a builder of service-oriented warehouse and distribution facilities, Dermody is Nevada's largest industrial developer with a portfolio of over 10 million square feet.

YESCO inks Ford contract

Young Electric Sign Company (YESCO) has been awarded a national multi-year contract by Ford Motor Company to manufacture and coordinate installation of signs for Ford, Lincoln and Mercury dealerships in the entire United States. YESCO had previously been under contract to produce signage for 26 western states.

YESCO will provide exterior signs,

primarily electric, which will range in size from three square feet to 360 square feet and from a few feet to 65 feet in height. The majority of signs will be manufactured at YESCO's 26,000-square-foot manufacturing facility in Salt Lake City.

One of the largest custom sign manufacturing companies in the United States, Young Electric Sign Company is a Salt Lake City based design, manufacturing and service facility, with branch offices and facilities in Nevada and seven other western states.

Summa signs Lechters to new Cheyenne Center

Summa Corporation, with the help of Cushman & Wakefield of California and Silver West Real Estate Group of Southern Nevada, has signed Lechters, Inc., a nationwide specialty retailer, as the anchor tenant for the new Hughes Cheyenne Center in North Las Vegas.

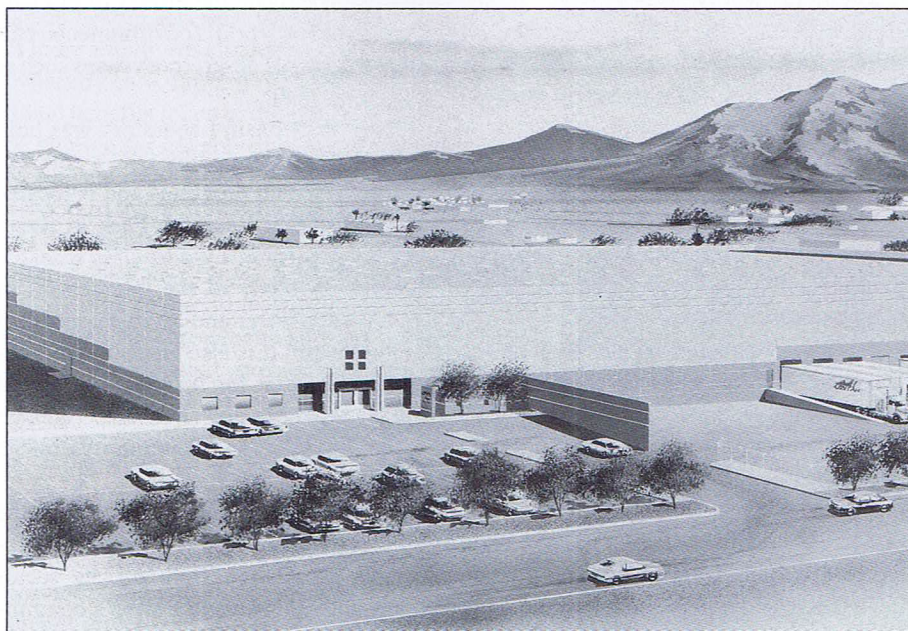
Summa officials, along with represen-

tatives of Lechters, the Nevada Development Authority, Clark County and North Las Vegas officially dedicated the new master-planned industrial park at a foundation-pouring ceremony. The ceremony followed the regular monthly NDA breakfast during which Lechters was honored.

Lechters, which retails brand name non-electric basic housewares, tabletop items and kitchen textiles, was incorporated in 1975 and currently operates more than 500 stores in 36 states, the most recent of which is Nevada. Lechters is in the process of opening approximately 85 stores in 1992 alone.

Lechters introduced its new store format, the Lechters Home Store, in March of this year. The format allows the company greater product diversity, greater quantity and quality of product, and to become more of a destination store. Each Home Store ranges in size from 6,000 to 8,000 square feet.

The 155,000-square-foot southern Nevada distribution facility, which will feature state-of-the-art conveyor and repackaging systems, will serve the western U.S. when it opens in March of 1993.



Artist's rendition of Lechter's western distribution facility under construction at the new Hughes Cheyenne Center in North Las Vegas.

Hughes Cheyenne Center encompasses 229 acres with approximately 80 acres in the first phase. The industrial park will include all utilities, streets and offsite improvements.

At total build-out, Hughes Cheyenne Center will comprise nearly 4.3 million square feet. The first phase will total 35 percent of the total build-out, or slightly more than one million square feet.

The new park will be the third business/industrial park that Summa Corporation has built in southern Nevada, joining Hughes Center and Hughes Airport Center. Summa also owns the Howard Hughes Center in Southern California.

TMCC Foundation launches capital campaign

The Truckee Meadows Community College Foundation has launched its first capital campaign, with a goal of raising \$1.4 million to expand its advanced technical training programs.

The funds will be used to develop the Applied Technology Center, a 32,000-square-foot addition to the college, which will provide training for highly skilled technical support personnel.

Studies indicate that demand for such employees will increase a minimum of 16 percent by the year 2000. According to recent surveys, the fastest growing job markets will be in the professional, technical and sales fields.

A study conducted by the Economic Development Authority of Western Nevada found most area firms look to other states when requiring highly educated and trained workers, and have great difficulty in filling technical positions.

Current trends in the economy and workforce indicate educational programs must change now to meet the current and future needs of employers. Constant advances in technological fields mean courses in advanced technology must

make continual revisions in order to offer the newest information.

TMCC's new Applied Technology Center will offer intensive customized training programs for welding, diesel mechanics, refrigeration, air conditioning, electronics, architectural drafting and auto body. The center will incorporate the newest trends and applications available and will provide expanded working areas for students and a safer environment in which to work.

Nevada Power contributes to DRI

Nevada Power Company is contributing \$100,000 to equip the Desert Research Institute's Great Basin Environmental Research according to DRI President Dr. James V. Taranik.

"The Great Basin Laboratory is a unique research facility designed by DRI scientists for multi-disciplinary studies of the impacts of environmental pollution and global change," said Taranik. "As a corporate partner, Nevada Power is helping us investigate the effects of climatic change on the world's environments, particularly fragile desert ecosystems such as the Great Basin."

The Great Basin Laboratory was built with funds generated by DRI's environmental research programs and is located in the Dandini Research Park in Reno. The laboratory is a world-class research facility for study of the interactions of soil, plants, water and air in a controlled environment. It is also an important academic resource for Nevada which will attract scientists and sponsored research to the University and Community College System of Nevada.

The \$1 million needed to equip the facility is being raised by the DRI Research Foundation from private sector contributors. "Nevada Power's commitment is a significant landmark in our fund-raising campaign, and we are honored by their support," noted Taranik.

Perini awarded Ramada contract

Perini Building Company, western U.S. division, has been awarded a design/build contract by Aztar Corporation for the \$75 million expansion of the Ramada Express Hotel and Casino in Laughlin.

The project will nearly quadruple the facility's number of hotel rooms to 1,501 and increase the size of its casino by more than 50 percent to a total of 50,000 square feet. In addition to the 23-story tower, the expansion includes a five-level parking structure, and a new two-story building which will house two new restaurants, retail space and flexible pavilion banquet space. The existing Victorian-era railroad theme will be extended throughout the expansion, which is expected to be completed by September 1993.

Perini Building Company completed the original Ramada Express Hotel and Casino for Aztar Corporation in 1988. As in the original design/build project, Perini has contracted Morris & Brown Architects of Reno and Las Vegas for the design phase of this expansion project.

McCarran to build new air cargo facility

McCarran International Airport recently held a groundbreaking ceremony for a top-of-the-line air cargo center.

To be known as the Las Vegas International Air Cargo Center (LVIACC), this 160-acre cargo site includes a 10-acre Foreign Trade Zone. An application is pending for permanent FTZ designation for the entire center. Plans have been made to expand the air cargo center up to 240 acres as demand increases.

"This ground breaking marks a new emphasis on air cargo here in Las Vegas," said Director of Aviation Robert N. Broadbent. "We are exploring new routes of

economic growth and are moving forward on these routes," he said. "The start of construction on the air cargo complex's first phase positions McCarran International Airport as an up-and-coming major player in the global air cargo industry."

Sierra Health offers new lower cost plan

Sierra Health Services, Inc. (AMEX: SIE) through its insurance subsidiary, Sierra Health and Life Insurance Company, Inc. (SHL) will begin marketing a less costly insurance plan aimed at Nevada's employers who employ 25 or fewer employees and who have been without health insurance for at least six months.

SHL's plan, called Plan 503, arose out of the passage of Senate Bill 503 (SB-503) which was enacted during the last legislative session and which became effective on January 1, 1992. SB-503 was passed in an attempt to reduce the number of uninsured Nevadans, currently estimated at 220,000. SHL's Plan 503 is the first low-cost benefit plan to be offered to the marketplace based on this legislation.

The design and passage of SB-503 required several interested parties, including the state and the insurance and health care industries to work together for the common good. The law stipulates that the insurer who offers a plan under SB-503 must not realize a net profit on the operation or administration of the plan. Any net profit that is derived will be reflected in reduced premiums for the next year. Insurance agents or brokers will be limited to two percent commission on these cases. Additionally, the state has waived the premium tax for this category of business.

One major component of these basic benefit plans is that they can be written without the inclusion of the 20-plus state mandated benefits. The insurer must, however, offer the employer all mandated benefits required by current Nevada stat-

utes as optional coverages if they are not part of the basic policy. This gives the employer the flexibility to offer an affordable benefit plan geared to meet the needs of his or her employees.

SHL's basic Plan 503 does include some of the state mandated benefits, such as home health care and outpatient mammography services. "We included these benefits because we believe it is truly more cost-efficient to offer them than it would be to omit them," said Anthony M. Marlon, M.D., chairman, president, and chief executive officer of Sierra Health Services. "Due to our insurance company's strong background in designing and operating effective managed health care programs, we are confident that Plan 503 will provide previously uninsured small businesses with the medical and preventive coverages that should prove beneficial to them and their employees," he added.

SHL's basic Plan 503 package offers small employers and their employees coverage for inpatient hospitalization, physician office visits, emergency care, home health care, outpatient mental health treatment, alcohol/drug abuse services, prescription drugs and lab, x-ray, and diagnostic testing services. Employers of 15 or more employees also have coverage for maternity care. Employers can add additional benefits for an extra fee. In order to be eligible for coverage under Plan 503, employers must agree to pay at least 50 percent of the premium for their employees and certify that the employer has not offered insurance for six months.

"We are extremely pleased to be able to offer Plan 503 throughout the state," said Erin E. MacDonald, president of SHL, "because it allows us to address the growing social problem of uninsured workers in a constructive way. Our company worked very hard during the legislative session, together with Senator Ray Rawson and other legislators, as well as with other providers and a team of industry professionals, to achieve SB-503's passage. We feel quite strongly that, while it is not the entire answer to the uninsured problem in

Nevada, it is certainly a step in the right direction." MacDonald indicated that SHL's Plan 503 would cost small employers approximately 30 percent less than plans that are required to offer the full range of state mandated benefits.

Senator Ray Rawson, chairman of the technical advisory committee to the Board of Regents' *Study of Persons Not Covered by Health Insurance* and the bill's primary sponsor, echoes MacDonald's enthusiasm: "I see benefit programs like SHL's Plan 503 as a step towards addressing the growing program of the uninsured in Nevada," he said.

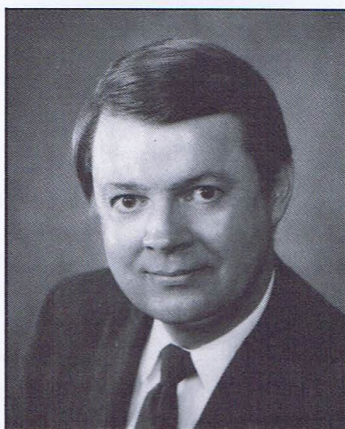
Commissioner of Insurance Teresa Rankin said her department is excited about the introduction of Sierra's plan. "I'm pleased our largest domestic insurer is participating in this program," she said. "It is encouraging to note other states that have offered this type of benefit plan have seen an increase in access to health care by small employer groups," she added.

Exhibitor Show '93 announced

Exhibitor Show '93, the National Conference and Exposition on Trade Show Marketing, will celebrate its fifth anniversary from February 14-18, 1993 in Bally's Hotel Conference Center, Las Vegas. More than 3,000 corporate executives will attend 100 seminars, including 30 new ones, ranging from the basics of trade show marketing to high level management roundtables.

All seminars will qualify for CEUs from San Francisco State University. A Certified Trade Show Marketer program is also available and awarded through the Exhibitor Show in conjunction with San Francisco State University.

More than 200 exhibitors will cover over 40,000 square feet with exhibits containing hundreds of new products and services targeted to help corporate executives increase the effectiveness of their trade show program.



H. Gregory Nasky, Esq.

Nasky Selected Corporate Law Delegate to Russia and Estonia

Vargas & Bartlett announced that H. Gregory Nasky, Esquire, senior partner of the law firm's Las Vegas office, was a member of the Corporate and Securities Law Delegation to Russia and Estonia at the invitation of the Ministry of Finance of the Russian Federation and the Federation's Center for International Projects.

The 11-member delegation, comprised of American lawyers with expertise in corporate, securities, financing and international laws, met from August 18 through August 29 with key Russian and Estonian securities officials and government leaders regarding the establishment of stock markets and the privatization of government owned enterprises.

The Center for International Projects seeks to facilitate the peaceful transition to a free market economy and a democratic society and the reintegration of the territories of the former U.S.S.R. with the international community by arranging professional exchanges between the people of the Commonwealth of Independent States and the

Baltic countries and the people of other nations.

Nasky participated as a delegate in similar Corporate and Securities Law invitations to the Peoples Republic of China, Hungary, Czechoslovakia and Poland.

Vargas & Bartlett is one of Nevada's largest law firms, with 50 attorneys and full-service offices in both Las Vegas and Reno. Nasky is senior partner of the Las Vegas office of Vargas & Bartlett, having joined the firm's Reno office in 1972.

Kathy Barlow Executive Director for St. Mary's Foundation

Kathy Barlow has recently been named executive director for Saint Mary's Foundation, an affiliate of Saint Mary's Regional Medical Center.

As executive director, Barlow's responsibilities will include supporting Saint Mary's Foundation Board of Trustees, recruiting campaign volunteers, managing all fund-raising activities, administering all donor recognition programs and establishing sound financial report and management systems.

Barlow comes to Saint Mary's from the College of Business Administration at the University of Nevada, Reno, where she served as director of development. Prior to this, she is credited with conceptualizing and implementing the capital building campaign and corporate donor program for the Ronald McDonald House of Reno.



Chris Gadda

New Sales and Marketing Administrator for Bally Gaming, Inc.

Bally Gaming, Inc. announced the appointment of Chris Gadda to sales and marketing administrator.

Gadda, a Reno native, has worked in the gaming industry for more than a decade. He has a broad range of gaming-related experience in management, design and sales. Gadda will concentrate his skills on new sales development for all Bally Gaming products in southern Nevada, as well as coordinating casino design concepts.

R&R Names New VP for Agency Relations

R&R Advertising has named Mary Ann Mele vice president for agency relations/new business, R&R President William Vassiliadis said.

Mele has been with R & R for eight years, most recently as the account executive for Bally's Casino Resort. She came to R & R from Caesars Palace, where she was director of public relations.

Mele is a graduate of the University of Akron in Ohio, and worked as a newspaper reporter upon moving to Las Vegas in 1979.

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business indicators & analysis

Yellow caution flags would be out if economic conditions were judged in the same manner as automobile races. That is, we have had an economic wreck – the term recession is used – and things have not been cleared away. Stated differently, we are not growing fast enough to change the gloom of business and consumer confidence. To be sure, the national economy during 1992 has experienced some growth. Yet, in comparisons with previous recession and recovery phases of the business cycle, the current recovery has been noteworthy for its anemic behavior. The stalled economy increasingly captures the headlines and adds fuel to political debates.

Recent conditions in Nevada have been better than in many other areas of the country. Of course, unemployed persons have borne the full burden of the economic decline. But unemployment rates in the state are less than for the nation. Moreover, the state's unemployment rate of 5.7 percent is at the same rate as a year ago when seasonally adjusted. This compares favorably to an increase in unemployment nationally from 6.8 percent to 7.7 percent during the last year. Nevertheless, a cautious person would note that California, "the IOU state", continues to experience economic adversity which dampens forecasts for Nevada.

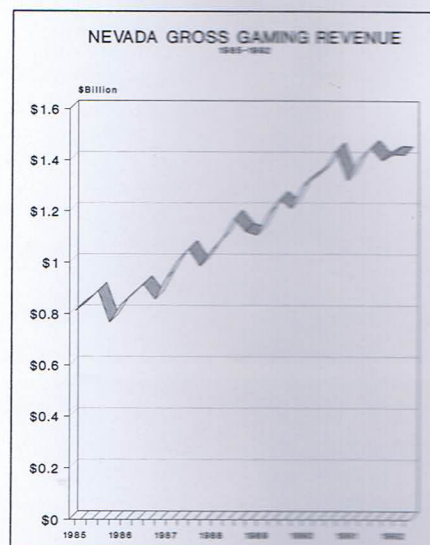
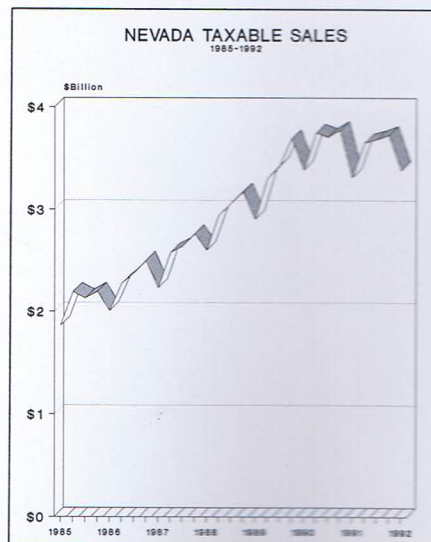
Nevada's slow growth is apparent in the patterns of three data series – retail activity, gross gaming revenue and passenger traffic. Although tax collections from retail sales and gaming activity have shown slow rates of growth, these rates fall far below optimistic revenue forecasts. As a result, the state faces a fiscal problem.

Nevada taxable sales in May, 1992 was only 2.31 percent above year-ago levels. Although conditions in Nevada have been better than most other areas of the nation, Nevada taxable sales grew more slowly than national retail sales. A number of plausible arguments may explain this seeming inconsistency. Nevertheless, this needs not detract from the conclusion of a weak economic performance in Nevada. Moreover, taxable sales conditions in Clark County (Las Vegas) are less favorable than Washoe County (Reno). Washoe County experienced a 6.57 percent gain over year-ago levels.

Nevada's gross gaming revenue collections in June, 1992 was below year-ago levels by 1.21 percent. Nevertheless, small differences do not yield significant conclusions. Furthermore, month-to-month changes in gaming revenue collections have shifted back and forth between growth and decline. Again, no clear trends have emerged that a sustainable period of economic expansion is underway. Nevertheless, Washoe County showed a stronger performance record than that of southern Nevada.

The clear pattern of better economic performance in the Reno area as revealed in retail and gaming data series is also present for passenger traffic. Total passenger volume at Reno's Cannon Airport for the second quarter of 1992 exceeded year ago levels by 6.25 percent. On the other hand, Las Vegas' McCarran Airport reported a modest 1.25 percent gain.

R. Keith Schwer, UNLV Center for Business & Economic Research



	DATE	UNITS	LATEST PERIOD	PREVIOUS PERIOD	YEAR AGO	CHANGE YR AGO
UNEMPLOYMENT						
Nevada	May, 1992	seasonally adj.	5.7	6.0	5.7	0.00%
Las Vegas	May, 1992	seasonally adj.	6.1	6.0	6.4	-4.69%
Reno	May, 1992	seasonally adj.	5.9	5.7	5.5	7.27%
U.S.	June, 1992	seasonally adj.	7.7	7.4	6.8	13.24%
RETAIL ACTIVITY						
Nevada Taxable Sales	May, 1992	\$ thousand	1,241,198	1,155,086	1,213,135	2.31%
Clark County	May, 1992	\$ thousand	724,520	662,948	717,505	0.98%
Washoe County	May, 1992	\$ thousand	233,732	221,289	219,323	6.57%
U.S. Retail Sales	June, 1992	\$ million	159,762	159,005	154,594	3.34%
GROSS GAMING REVENUE						
Nevada	June, 1992	\$ thousand	457,015	511,529	462,624	-1.21%
Clark County	June, 1992	\$ thousand	328,630	380,705	340,547	-3.50%
Washoe County	June, 1992	\$ thousand	77,631	80,477	72,885	6.51%
CONSTRUCTION ACTIVITY						
Las Vegas Area						
New Residences	2nd qtr 1992	# permits	2,543	2,463	4,444	-42.78%
New Commercial Permits	2nd qtr 1992	# permits	118	148	177	-33.33%
Reno Area						
New Residences	4th qtr 1991	# permits	276	445	232	18.97%
New Commercial Permits	4th qtr 1991	# permits	15	87	67	-77.61%
U.S.						
Housing Starts	June, 1992	thousand	1,167	1,205	1,036	12.64%
Total Construction	June, 1992	\$ billion	416.9	423.4	394.3	5.73%
HOUSING SALES						
Las Vegas Area						
Average Sales Price ⁽¹⁾	1st qtr 1992	\$	129,421	140,622	133,007	-2.70%
Average Cost/Square Foot	1st qtr 1992	\$ per sq. ft.	71.35	81.58	79.29	-10.01%
Average Mortgage Rate ⁽²⁾	1st qtr 1992	%	8.49	8.63	9.16	-7.31%
Washoe County						
Average Sales Price ⁽¹⁾	4th qtr 1991	\$	156,370	147,328	143,935	8.64%
Average Cost/Square Foot	4th qtr 1991	\$ per sq. ft.	83.63	83.03	78.58	6.43%
Average Mortgage Rate ⁽²⁾	4th qtr 1991	%	8.50	9.20	9.80	-13.27%
U.S. Home Sales	June, 1992	thousand	572	530	513	11.50%
TRANSPORTATION						
Total Passengers ⁽³⁾						
McCarran Airport, LV	2nd qtr 1992	passengers	5,232,158	4,924,977	5,167,482	1.25%
Cannon Airport, Reno	2nd qtr 1992	passengers	851,176	906,762	801,121	6.25%
State Taxable Gasoline Sales	May, 1992	thousand gal.	57,947	56,003	57,733	0.37%
POPULATION ESTIMATES						
Nevada	July 1, 91	people	1,296,360		1,236,990	4.80%
Clark County	July 1, 91	people	817,450		770,280	6.12%
Washoe County	July 1, 91	people	262,900		257,120	2.25%
NATIONAL ECONOMY						
Consumer Price Index ⁽⁴⁾	June, 1992	1982-84=100	140.3	139.9	136.1	3.09%
Money Supply — M1	June, 1992	\$ billion	952.2	954.5	857.3	11.07%
Prime Rate	July, 1992	%	6.5	6.5	8.5	-23.53%
Three-Month U.S. T-Bill	July, 1992	%	3.28	3.7	5.58	-41.22%
Gross National Product	2nd qtr 1992	\$ billion	5,893.6	5,840.2	5,657.6	4.17%

NOTES: (1) houses, condos, townhouses; (2) 30 yr. FHA; (3) enplaned/deplaned passengers; (4) all urban consumers

SOURCES: Nevada Dept. of Taxation; Nevada Employment Security Dept.; UNLV, Center for Business and Economic Research; UNR, Bureau of Business and Economic Research; US Dept. of Commerce; US Federal Reserve.

COMPILED BY: UNLV, Center for Business and Economic Research



“Thanks, HPN.”

“I’d feel a little pain now and then, but I didn’t think it was anything serious. Maybe because I didn’t want to...

“But I finally went to see my doctor anyway. And it was a good thing I did, because it *was* serious. It was my heart.

“I needed a cardiovascular specialist and surgery. That meant the hospital.

“I was worried, sure. But only about *me*. Not about what it took to get me well. All along I knew I was being cared for—and cared *about* —by lots of people, start to finish. Lot’s of people I never even met.

“And I got well. Thanks, HPN. It may not have been easy, but you sure made it simple.”



HEALTH PLAN OF NEVADA, INC. SM

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