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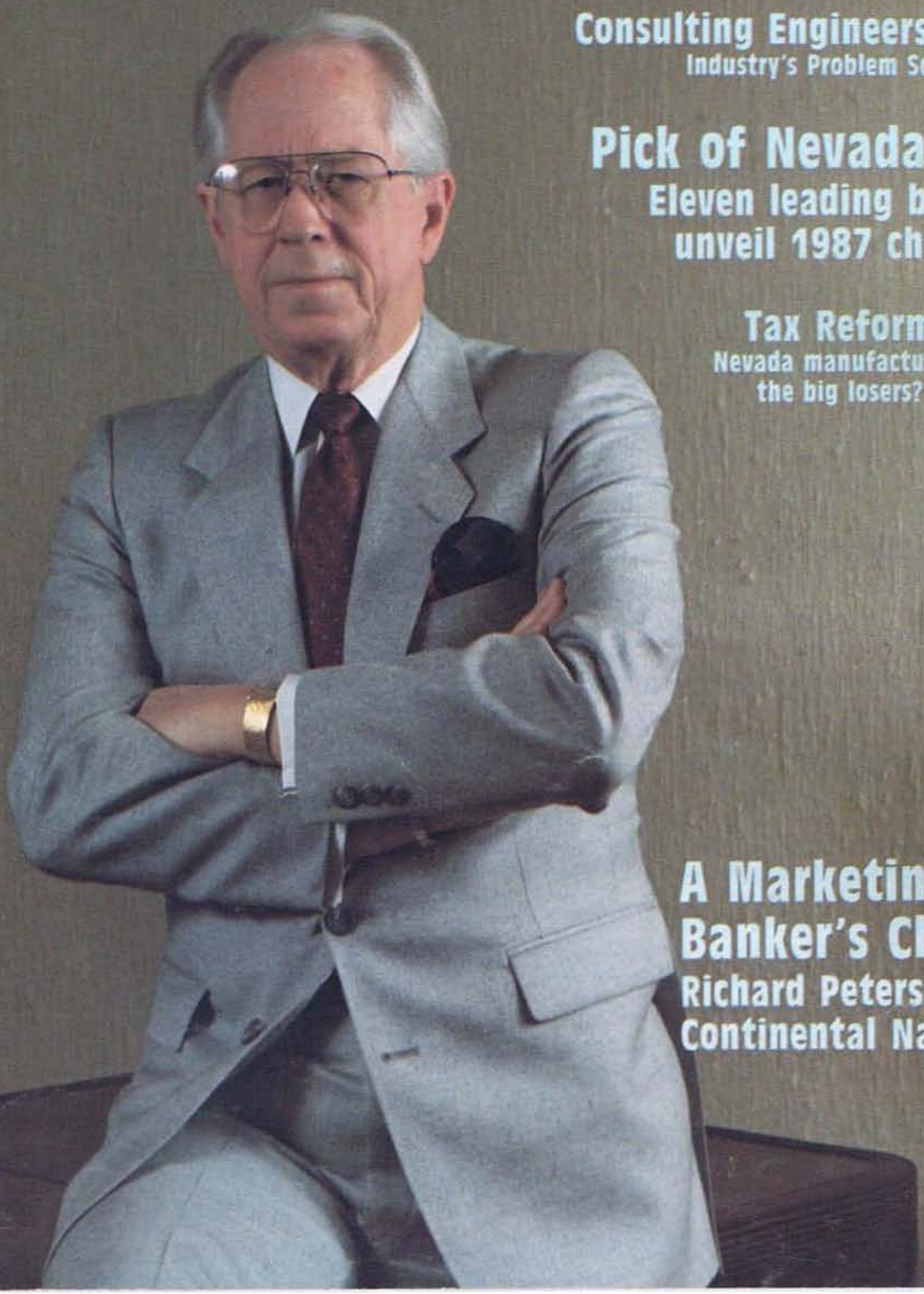

Consulting Engineers Directory
Industry's Problem Solvers

Pick of Nevada Stocks
Eleven leading brokers unveil 1987 choices

Tax Reform
Nevada manufacturers the big losers?

A Marketing Man In Banker's Clothing
Richard Peterson, president, Continental National Bank

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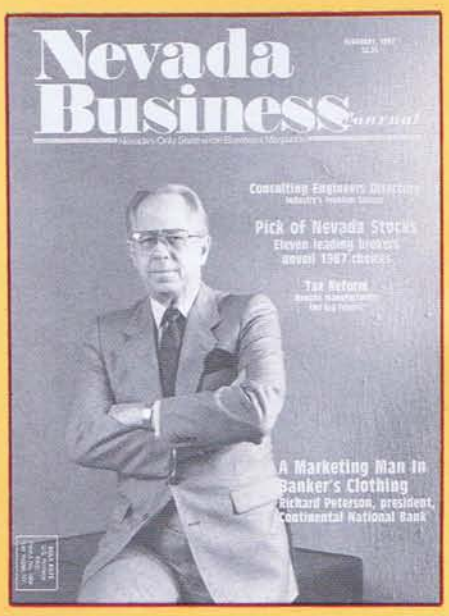
Contents

VOLUME 2 - NO. 2

FEATURES

NEVADA BRIEFS

DEPARTMENTS



THE COVER: Richard Peterson, president of Continental National Bank, has helped propel the "business bank" to the eighth largest in Nevada.

COVER PHOTO BY NICK DOMSCHOT, PRESTIGE PHOTOS

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The Bonus Onus

Are they the best tool to up productivity? Or do bonuses become an annual expectation? Some Nevada firms swear by them, others shun them, and others just aren't sure.

By Art Nadler

Company bonuses. Every employee wants one, but whether getting one improves his or her job performance is a subject of debate.

Of some 40 businesses throughout Nevada surveyed for this article, a definite correlation appeared between policy on bonuses and the size and number of employees of a company. The bigger and more powerful businesses tend to either not give bonuses at all, or they earmark the money exclusively for top executives. Only the smaller, Nevada-based firms with small work forces surveyed offer bonus packages as incentives. And some that do have devised very elaborate programs.

"It's just a company policy" not to award company bonuses to lower employees, says Barbara Griffith, personnel supervisor of Central Telephone Co. in Las Vegas. Only vice presidents are given such monies, she says.

Nevada Power, on the other hand, is operating so well that there is no need to give incentive bonuses, says Ray McNeill, vice president and personnel manager of the southern Nevada utility.

"Where the bonus concept comes into play is in a belt-tightening situation—who are going to be our best achievers," he explains. "You really don't see that happening in a company that has been very successful.

"Where a bonus program comes into play [as an incentive] is improving safety, to reduce sick leave, to reduce response time in case of an outage and reduce mileage on company cars. But that's not to say we are ignoring bonuses. We are watching these areas very closely to possibly use bonuses."

McNeill believes if bonuses were adopted by Nevada Power, they would be geared toward salaried people. The approximate 1,400 other employees working at the utility might want to negotiate bonuses as part of their contracts, he feels.

> *"My program is for people who have been producing the most. The biggest factor is the bottom line and the tax situation."*
>
> Jim Gardner, president, Gardner Engineering Inc.

Pacific Engineering and Production Co. of Nevada, based in Henderson, "has never been in the position to give out bonuses," according to Jim Peveler, vice president of finance. The company produces fuel for NASA.

Pacific Engineering awards merit raises, but offers no profit sharing. It also gives "very small cash" incentives to secretaries on holidays, such as Christmas.

"The reason we haven't given bonuses in the past is because of the company's particular financial situation," says Peveler. "I think in the future, we will be considering such incentive programs."

Holmes and Narver Inc./Energy Support Division is a southern Nevada architectural engineering firm whose business is initiated by the Department of Energy for the Nevada Test Site. The company, employing nearly 1,000 people, does give bonuses—but only to "top-level managers."

"It's an incentive compensation based on performance and the volume of business," says Jim McLaughlin, manager of finance and administration. "It affects 25 people in Las Vegas. There is no profit sharing or Christmas bonuses."

Holmes and Narver Inc. is owned by Ashland Technology. The president and vice president of the corporation decide which divisions will get bonuses, with input from the general managers of each division.

"No one ever knows what they're going to get, or what level it's going to. They never say anything," McLaughlin says.

Banks throughout southern Nevada seem to be tight-lipped on bonus programs. A spokesperson with First Interstate Bank of Nevada simply says such information is not made public. However, Dick Peterson, vice chairman of the board with Continental National Bank, explains that banks today don't normally give out bonuses. Many years ago they used to, amounting to as much as a month's salary, but that was when

banks could predict their yearly profit. Constant movements in the buying and selling rates make the luxury of bonuses unchartable in today's "very structured" banking bookkeeping.

"Now we revise our earnings projections quarterly at the least," Peterson explains. "We've had two or three prime rate changes this year alone. If you have a bad year, the employees say that really isn't their fault; they're doing their job. Well, it isn't a matter of fault. It's: can we afford to give bonuses.

"If you don't get a bonus, you'll be mad at everyone. And if you do get it, it's never enough. It's a real monster. I feel some sort of commission would be better because it would be based on production. They sky would be the limit as to how much you could make, too. This is something I'll be working on in the future."

An organization that is trying to improve productivity in southern Nevada is the Quality and Productivity Institute. Jinx Johnson, a spokesman with the organization and an administrator at Nevada Power, says many businesses are joining the two-year-old group.

"The institute feels bonuses have a place, but other rewards have a place just as well," Johnson says. "While making money for clothing, food and shelter were the important things several years ago, other incentives are now more important, such as health benefits and a pat on the back for doing a good job."

Al Phillips The Cleaner is probably one of the most innovative small business employers using bonuses. According to Cliff Ryan, vice president of the Las Vegas chain, his company has two bonus programs.

Ryan awards a discretionary bonus at will for what he feels is exceptional work being done. If a pants presser chips in and helps a fellow worker who is behind, that person will probably get a $25 bonus in his or her next paycheck with a little happy face printed on it.

Second, Al Phillips' store managers get a monthly bonus ranging from $500 to a $700 maximum if their store can better control costs in five areas: direct labor, supplies and chemicals, quality, managing cash register overs and shorts and adjusting inventory to save money.

"We establish thresholds in each of these five areas based on the performance of that store the same month a year before," Ryan says. "For every dollar above that threshold, we give the manager 50 cents and we keep 50 cents."

Al Phillips tested these new approaches three months ago, was pleased with the success, and has implemented the program throughout its eight stores.

"Productivity is very key to our business," Ryan explains. "Labor is a very important cost to us. The dry cleaning

PHOTO BY NICK DOMSCHOT, PRESTIGE PHOTOS

"Though the dry-cleaning industry is known around the nation as a minimum-wage industry, that isn't so in Las Vegas. I have unions to contend with."

Cliff Ryan, vice president-Las Vegas chain, Al Phillips The Cleaner, shown left with Dawn Adamson

solvent is a very expensive material. We have managed to recapture the product and re-use it over and over again. What isn't sophisticated is our control of our labor.

"Though the dry cleaning industry is known around the nation as a minimum-wage industry, that isn't so in Las Vegas. I have unions to contend with. The little car-hops in the drive-throughs get over $6 an hour. So those costs have to be carefully controlled."

Ryan also gives other bonuses for entire cleaning crews if they increase productivity and hold it at the same level for an entire week. The team then splits the money equally.

Al Phillips awards nine paid holidays, and for employees not represented by a union, profit sharing is offered.

George Golbov, sales manager of Entre Computer Center in Reno, turned his staff completely around using bonuses. The store's "sales have gone up 60 percent in the last three months since I took over," he says.

Realizing that salespeople aren't motivated by just a paycheck and commission because once they hit their peek, they become comfortable and level out, Golbov has been using bonuses to get more out of them.

"I guess the overview in the past of management was: what is the least we can give, instead of adding fuel to the fire," Golbov explains. "Managers were pennywise and pound foolish."

If a salesman does above $30,000 a month in sales at Entre, he or she then qualifies to make a bonus of as much as $1,500 a month. If a person becomes salesman of the month, another $100 is awarded. Then there's salesman of the quarter and the year, which could mean an additional $500.

"It's a multi-tiered motivation program so everyone can be a winner," Golbov says. "Traditionally, computer stores do their best in December and January, but we are already doing very well [in September and November]."

Entre Computer does around $1.5 to $1.8 million a year in gross sales, the manager says. Now he's looking to expand his bonus program to include salaried employees. Those who accumulate a high customer satisfaction record would likely be candidates to receive bonuses in the future, he says. Profit sharing is another vehicle he plans to use to keep good salespeople and salaried individuals.

Dinter Engineering Co. of Reno, a small firm with 17 employees, awards two kinds of bonuses yearly—merit and profit. The program developed from long-time employees who suddenly found themselves thrust into management after the owner died recently.

"We've tried to standardize bonuses on cooperation, willingness, being on extra call and loyalty," says Suzie Myres, office manager. "It's management's way of saying thanks. You don't just run a ship with one captain. And it's a nice way of helping people out."

Merit bonuses are based on producti-

(Continued on page 38)

PHOTO BY NICK DOMSCHOT, PRESTIGE PHOTOS

"While making money for clothing, food and shelter were important things several years ago, other incentives are now more important."

Jinx Johnson, spokesman, Quality and Productivity Institute

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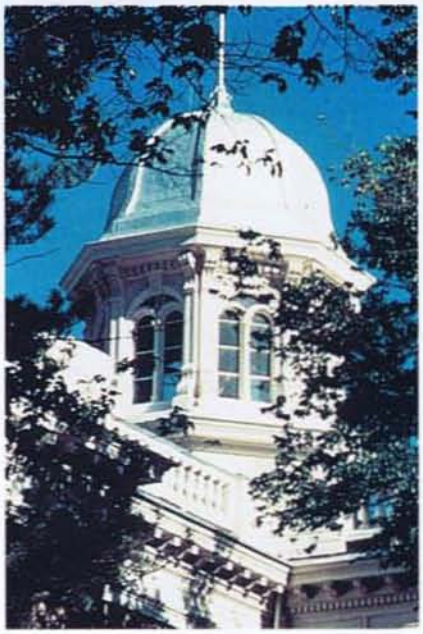


The Silver Dome

Nevada Business Eyes 1987 Legislature

Scores of measures with direct or indirect impacts on Nevada's business community will be considered during the 1987 Legislature. Many of the proposals were developed well in advance of the session, which opened January 19, while others are the product of ongoing debate and discussion.

While quick action is likely on some of the bills, business people around the Silver State won't know the overall outcome until the end of the session sometime in May or June.

Most of the business-related bills go to the committees on Commerce, Labor and Management, Taxation, Ways and Means, Economic Development and Tourism in the Assembly; and to the committees on Commerce and Labor, Finance and Taxation in the state Senate.

As the session started, legislators already were braced for work on measures such as the Bryan administration's proposal for a hospital rate-setting commission. The plan pushed by Gov. Richard Bryan ran into early resistance from legislators who suggested a proposal for negotiation of hospital bills instead. But the governor held his ground, releasing reports showing large profits for private hospitals in Nevada and insisting that hospitals haven't heeded warnings to cut costs.

Here are some other business-related proposals that have been brought up for consideration during the 1987 session:

• **Liability Insurance:** The high cost of such insurance for businesses, doctors, government, homeowners and others resulted in surveys and studies in advance of the 1987 session in efforts to develop plans for coping with the crisis.

Among the plans advanced in the early going was a suggestion for an office of public advocate to intervene in insurance rate cases on behalf of consumers. Also proposed was a limit on recoveries against a defendant, such as a reasonable limit on the amount of noneconomic damages. Another suggestion was to require all damage awards be reduced to reflect the collateral source available to a plaintiff.

The Nevada Trial Lawyers Association had suggested price regulation of the insurance industry and more control of the industry by the state. But the American Insurance Association had countered that Nevada's insurance commissioner already has much broader regulatory authority than commissioners in most states.

Malpractice insurance was a big issue during the 1985 session. Under a major law passed at the time, malpractice suits now are screened by a special panel before they can go to court. The panel is charged with reviewing the claims and deciding their validity. The idea is to discharge frivolous lawsuits and avoid

(Continued on page 60)

PHOTO BY NICK DOMSCHOT, PRESTIGE PHOTOS

An Uncommon Banker Leads An Uncommon Bank

Richard Peterson's innovative marketing style in the slow-to-innovate banking industry has propelled Continental National Bank to the position of eighth largest in Nevada.

By Betty Mahalik

In a day and age when banking is characterized by megamergers, huge corporate conglomerates and the driving philosophy that "bigger is better," it's surprising to find a banking success story spun from the "little things." But the little things—like quality customer attention, tailored banking services and an atmosphere that speaks of the upscale clientele it courts—are indeed the secrets behind the success of Continental National Bank.

Founded four years ago out of a desire to provide fine quality banking service to an elite slice of the market, Continental National has become Nevada's fastest growing bank, approaching $60 million in assets. Since its beginning in January 1983, CNB has gained a reputation as an innovator in the generally slow-to-innovate banking industry. And while it serves a relatively small share of the local banking market, CNB has climbed to an enviable position as the eighth largest bank in the state.

"CNB designed its range of banking services to meet the needs of the busy career person. We are basically a marketing company that happens to be in the banking business."

Richard Peterson, president, Continental National Bank

The creative impetus behind Continental National's success comes from the dynamic leadership of its founding fathers, Richard Peterson and Jack Matthews. Peterson, CNB president, and Matthews, who recently stepped down after three years as the bank's chairman of the board, knew when they met in 1981 that Las Vegas was ready for a bank that catered exclusively to the needs of the business and professional community.

Out of that belief evolved the CNB business philosophy, which mandates that the bank "provide something extra in service and products for those clients who require special treatment from their banker," according to Peterson, a seasoned career banker, who—like CNB—bears little resemblance to the industry stereotype. And while he unbashedly describes himself as a "damn good banker," he envisions himself as a marketing man in banker's clothing.

Peterson's self-image springs both from his educational background (he holds an MBA in marketing from Arizona State University) and his education in the real world. He earned his stripes with the First Interstate Bank system, initially in Arizona and later in Nevada. It was during the early 1960s that Peterson began sharpening his marketing skills. He recalls one incident in particular that put his marketing savvy to the test.

"The bank had contracted with a company to develop auto tellers (nothing like today's computer operated species) but they really didn't know what to do with them," Peterson explains. "So I suggested placing them in convenient locations like stores and shopping centers."

While the experiment lasted only a couple of years, the concept of convenience banking was a major breakthrough. It also served as a powerful reminder for Peterson that banking is, above all, a service industry that must be market-driven. Peterson was also an early advocate of scenic checks. Considered a frill when first in introduced, they are now standard for the industry.

His experience in marketing and sales, particularly with the movers and shakers of the business world, provided him the wealth of experience necessary to develop the successful strategy that drives CNB.

"Today's professional often has little time to devote to his or her financial affairs, so CNB designed its range of banking services to meet the needs of the busy career person," Peterson says, adding by way of explanation, "We are basically a marketing company that happens to be in the banking business."

That clarity of mission was—and is—the single most important factor in keeping the bank on its charted course. Between 1981 and 1983 when Matthews and Peterson were setting the stage for their entre into the Nevada banking scene, they used their business philosophy as the guiding light in selecting the team of directors who would lead Continental National, the first nationally

chartered bank headquartered in Las Vegas.

They hand-picked some of southern Nevada's most prominent business leaders—who shared their vision of an upscale banking organization—for CNB's board of directors, advisory council and professional staff. The CNB board includes Marlo Reimer, owner and founder of Superior Tire Co., and newly elected chairman of the board; Michael Saltman, general partner of The Vista Group; William Stephan, a retired physician turned financial planner; Bruce Woodbury, a Clark County commissioner and practicing attorney; Frank Modica, executive vice president of the Showboat Hotel & Casino; Merlin Jones, a CPA with Laventhol & Horwath; dentist James M. Jones; Mark Fine, president of American Nevada Corp.; Ronald Evans of Nevada Title Co. and Don Christensen of Christensen Jewelers. (Henry Rohe, former president of Vegas Paint Co., served on the CNB board until his death in November). More recently, as the bank has grown, two additional directors—Lorraine Hunt of the Bootlegger Restaurant, Hal Ober of R.A. Homes—were elected to the board.

Reimer and Peterson generously attribute much of the bank's success to the exceptional leadership of these key individuals.

"There are two primary reasons for our success," Reimer says. "CNB has a very strong board of directors whose members actively promote the bank within the community, and we have assembled a highly professional staff dedicated to providing truly personalized service. It's a great combination."

Peterson echoes that comment, noting "a bank is a reflection of its leadership; these people have been responsible for establishing and maintaining CNB's business philosophy and direction."

Peterson emphasizes that properly serving the business and professional community is an art that requires an experienced, professional staff that understands the special needs of its select market. And during its four-year history, CNB has worked hard to perfect the so-called small things that have created its image as "the uncommon bank."

Perhaps the most immediately striking differences between Continental National and other banks are its architectural and interior design concepts. The main office, located in the Renaissance Center East on Eastern and Tropicana avenues, reflects the bank's philosophy down to the smallest detail. Its light peach exterior and softly rounded lines accentuate Continental National's belief that banking should be a pleasant experience. Inside, clients will never be found waiting in lines. Instead, sit-down teller stations offer both comfort and privacy for conducting business.

Peterson unabashedly describes himself as a "damn good banker."

CNB's recently opened location in the Financial Center on West Sahara Avenue offers the same classic atmosphere to customers who do business on the bustling west side of town. The bank's third and largest office, a 9,000-square-foot facility decorated in dusty rose and sea-foam green, is under construction in the new Renaissance Center West at Flamingo Road and Decatur Boulevard.

But for CNB, banking beauty runs more than surface deep. It is, according to Executive Vice President Dave Smith, a bone-deep commitment to serving CNB's customers.

"Our responsibility to the individuals and businesses we serve goes beyond a bank's traditional role as a credit provider," he says. "Our people hold one basic belief: A customer should be treated with individually tailored service, one professional to another, one person to another."

Colleen Misfeldt, CNB operations administrator, notes that among the services that help the bank meet its commitment are 24-hour access to bank officers; a customer liaison service that takes the bank to the customer when a CNB client is unable to come to the bank and free courier service for clients. In addition, she says, CNB offers customers financial reserve accounts when needed and the bank's own check guarantee card that provides 24-hour access to funds anywhere in the nation, as well as access to American Express Travelers Cheques at hundreds of locations nationwide.

Another indicator of the bank's commitment to the local business community, according to Senior Credit Officer John Gaynor, is its recent designation as a certified Small Business Administration Lender.

"It means that Continental National can approve SBA loans without red tape and governmental paperwork delays. It also indicates that the SBA has placed confidence in CNB's ability to process and make high-quality loans to new and existing businesses," he says.

While past performance is certainly proof of the pudding, Peterson, Reimer and the CNB board of directors are not content to rest on their laurels. With two offices now open to serve CNB clients and the Renaissance Center West office nearing completion, the indicators continue to point to strong financial growth in 1987 and beyond. Continental National's Board will continue to play an active role in keeping the bank on course. But most of all, Peterson says, CNB will continue to meet the commitment to its customers, by focusing on the little things that have helped make CNB a leader in the Nevada banking industry. □

Welcome To Nevada

Las Vegas Welcomes Foxall Co.

After spending most of his life in Chicago, Robert Osborne had finally had it with the cold weather, congestion and rat race of the large metropolis. When he decided to move out to Las Vegas, he brought his company with him.

Actually, Foxall-Mortenson Co. is still based in Chicago, but Osborne is letting his employees handle operations there while he's busy establishing the Nevada branch of his tool distributorship, which he has dubbed Foxall Co.

Located at 2011 S. Highland Dr., the new business operates in 4,000 square feet and stocks approximately 75 different categories of tools and supplies, Osborne says, including power tools, brushes, abrasives, automatic tools, and precision drill bits, taps and dies. He carries such manufacturers as Makita, Bosch, Ryobi, Florida Pneumatic, Milwaukee and Wieller.

"I really can't say which lines will do best," says Osborne, noting that the company has been open only a few months. "I'm just crystal-balling it, but I think Ryobi, Kett and Florida [Pneumatic] will do well. But so far, we've sold a little bit of everything."

Foxall's inventory includes everything from a 34-cent jabber drill bit to sanding machines and lathes that cost thousands of dollars. The company currently does business with Southwest Gas, Las Vegas Valley Water District, Nevada Power Co., the Department of Energy and Nellis Air Force Base.

Osborne's local sales team is headed by Herb Rochelle. Rochelle and two other salespeople call on accounts and also sell out of the Highland shop. "Right now everybody does everything," says the president—and that includes answering phones. He says he plans to hire someone soon to handle the office chores.

While the Nevada operation is still in its infancy, Osborne has ambitious plans for Foxall, possibly wholesaling to retail outlets such as hardware stores and home centers, and even opening a retail outlet or two of his own.

"We've been thinking of keeping this place as a warehouse," says Osborne, "and opening up a retail business—one on the west side of town and one on the east." He also is setting his sights on northern Nevada. But that's all in the future.

Osborne, a retired Air Force lieutenant colonel, has been in the tool business for 30 years. He bought the now 25-year-old Foxall-Mortenson Co. 15 years ago. The company grosses nearly $1 million a year.

Carson City Welcomes Hill Top Sportswear

From its modest beginnings on an Idaho kitchen table in 1978, Hill Top Sportswear has grown to a wholesale operation with a 32-item product line that is distributed to 100 retailers across the country.

Not too bad for a company whose primary source of sales until this year was word-of-mouth advertising. Hill Top, which relocated to Carson City last fall, is an enterprise owned by T.J. Hill and her son Dan. "Originally my mom started making things for my brothers and myself to wear," says Dan. "Then we started selling them to friends, and the business just naturally evolved, and kept growing."

Located in 1,500 square feet at 2050 South Edmonds in Carson City, Hill Top employs 11 people—three sales representatives including Hill, seamstresses and a cutter. The company's products—specifically geared to cross country skiing and bicycling enthusiasts—range from a $30 seamless tight to the $140 Ultima Skate suit: "Our high-end suit for cross country skiing with all the bells and whistles," says Hill.

Hill says the company produces approximately 80 pieces a week, generally working a whole week on one product and then moving to another product after that. Hill Top is able to virtually eliminate the guesswork in supply and demand by taking orders and selling its products before manufacturing them.

"In the skiing industry in particular," says Hill, "a lot of orders are placed in March for the upcoming season. We probably get 40 percent of our orders placed in March, and then have six months to produce them. With re-orders during the season, we try to keep delivery at two to four weeks [after the order is placed.] But that's not always possible," he adds.

Manufacturing from orders also gives Hill Top an edge over large sportswear manufacturers in that the company can respond better to retailers' wants and needs. "For example," says Hill, "We offer a wider color selection. The retailer can pick and choose [color combinations on products], so they have something different from the store next door."

Hill Top's best selling item, the Falcon tight, for instance, is comprised of three different colored fabrics. Retailers can select their own combinations from a palette of some 14 colors.

The company's small size can be a handicap, however. "Sometimes we run into problems getting [fabric] colors," says Hill. "As a small company, we're not large enough to have fabrics made to order."

Most of Hill Top's clothing is produced in unisex sizing, according to Hill, which makes retailers' inventory chores a little easier. He says he tries to keep the products in the mid- to high-price range, with an emphasis on quality.

Hill Top's largest market is northern California, but retailers from as far away as New York carry the line. In northern Nevada, Aspen Sports, Spooner Mountain Sports and Spooner Lake Cross Country Ski Area carry Hill Top

Welcome to Nevada

(Continued from page 11)

clothing. Presently, the company has not penetrated the southern Nevada market.

The 27-year-old Hill is taking a cautious approach to company growth. "There are goals I'd like to attain," he says, "but a lot depends on the fast or steady growth of the industries we focus on—bicycling and cross country skiing."

For now, Hill believes his current product line is sufficient. "We've introduced almost too many products," he says. The company does not follow any formal introduction plan or schedule, but rather "we try to respond to the market. I try to go out and talk with retailers and customers," he says.

Hill's immediate plans are to further develop market penetration. "I don't think we'll go into retail ourselves," he says. "Our goals are to develop strong ties with the retailer." □

Real Estate's David Out To Slay Goliath

Armed not with a slingshot but a weapon called flat-fee realty, Bryan Drakulich is stirring the ire of the Sparks real estate establishment—and he plans to conquer.

By Bob Gabriella
UNR News Bureau

Editor's Note: The Nevada Small Business Development Center has initiated a "Small Business of the Month" program to give recognition to the important role of small business in Nevada's economy. This month's winner was nominated by the staff of NSBDC's Univeristy of Nevada-Reno office.

Bryan Drakulich didn't start start out planning to become a real estate agent. Neither did he expect his company to become David to the real estate establishment's Goliath. But the owner-operator of the flat-fee realty company known as Help-U-Sell enjoys being the point man in what he considers to be the forefront of the real estate field.

A 25-year-old Sparks native, Drakulich has been selling real estate since he was 18—at that time the youngest licensed real estate agent in the state. Though the Reed High School graduate had dreams of becoming a lawyer, he went into realty full-time to help put his brother through law school. Drakulich worked for a time with the traditional realty companies. He enjoyed the work and was good at it. But he was disturbed by some of the common practices he found within the field.

"If you want to sell your house, you call a broker who comes out to take a look and he'll say 'I think your house is worth $100,000,' " says Drakulich. "Then you call a broker from another office and tell them that so and so was there and he told you it was worth a $100,000. The new broker is going to tell you $102,500. By the time you go through five brokers, you've got your house up to $110,000. The problem with this is that real estate brokers don't determine the price of property, the market does."

Drakulich was also soured on the percentage commission which he believes is unfair to both buyer and seller.

"Sometimes it's hard to justify listing someone's house and making $6,000 in a week," says Drakulich. "There are also times, when I'd list someone's home and worked real hard busting my butt on it but just wasn't able to sell the property."

Enter Help-U-Sell. Born in 1976 in Southern California, Help-U-Sell is the

(Continued on page 60)

"I anticipate doing the majority of the business in the city of Sparks within the next few years."

Bryan Drakulich, owner-operator, Drakulich Help-U-Sell

Nevada Business Stock Index Hits Four-Month High

Statewide Index Soars 6.44% In Active Trading

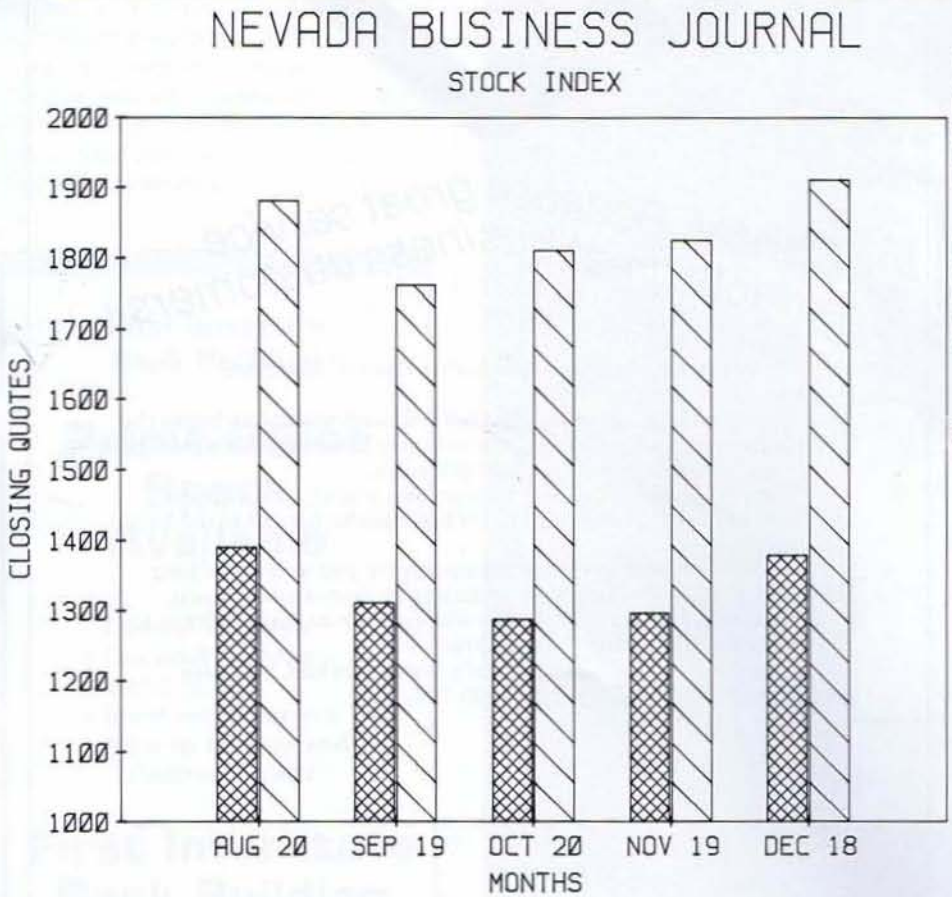
A bullish sentiment has returned to Wall Street, fueling stocks and stock indices upward. Such was the case with the Nevada Business Journal Stock Index as it scored 83.46 points en route to a close of 1379.83. Each stock in our portfolio of 28 publicly-held companies in Nevada enjoyed an average percentage gain of 6.44% in stock price vis-a-vis the Dow Jones Industrial Average which posted an average gain of 4.72% for the same period. The Nevada Business Journal Index is now poised to eclipse its old high of 1391.22 set on August 20. A host of national indices reached new highs last month, including the Dow Jones Industrial Average which closed at 1955.57 on December 2. The previous high for the Dow Industrials was 1917.71 set last summer.

The most actively traded stock last month was Lynch Communications which announced that Alcatel USA has agreed to purchase the telecommunications equipment manufacturer for $15.50 a share in cash. After the tender offer is completed, Alcatel's subsidiary will be merged into Lynch and each outstanding share of Lynch will be converted into $15.50 a share. Investors obviously approved of the announcement as Lynch jumped $2, or 15.09%, to close at $15.25. Lynch was the largest dollar gainer of the portfolio.

Showboat Inc. voted to increase its annual dividend $.02 to $.58 a share. Investors were not overly excited about the announcement as the stock closed at $20 a share, unchanged for the month.

Four stocks reach new highs during the month. They are: Gaming & Technology, Nevada Savings and Loan, Phone-a-Gram and Sahara Resorts. Conversely, Golden Nugget was the lone stock to tumble to a new 52-week low for the trading session.

A variety of factors are responsible for the latest rally in this three-and-one-half-year-old bull market. They include: growing positive investor sentiment over the market's resilience to negative news, such as the Iran embroilment and the Boesky insider trading scandal; increased institutional participation in buying stocks as their pockets are now flush with cash; and an improved bond market.



MARKET DIARY:

Advances	15
Declines	10
Unchanged	3
New Highs	4
New Lows	1

MOST ACTIVE ISSUES:

Largest $ Gainer	Lynch Comm. Sys.	$ 2.00
Largest $ Loser	Nevada Power	$-1.63
Largest % Gainer	Gaming & Tech.	43.75%
Largest % Loser	Hytek Microsystems	-28.57%

CLOSING INDEX QUOTES FOR BAR CHART

DATE	NEVADA	DOW JONES
08/20	1391.22	1881.53
09/19	1311.80	1762.65
10/20	1287.24	1811.02
11/19	1296.37	1826.63
12/18	1379.83	1912.82

LEGEND

NEVADA

DOW JONES

	CLOSE 11/19/86	CLOSE 12/18/86	NET CHANGE IN PERIOD	PERCENT CHANGE IN PERIOD
Nevada Business Journal Stock Index	1296.37	1379.88	83.46	6.44
Dow Jones Industrial Average	1826.63	1912.82	86.19	4.72
N.Y.S.E. Composite	136.62	141.10	4.48	3.28
Standard & Poor's 500-Stock Index	237.66	246.78	9.12	3.84
NASDAQ OTC Composite	349.80	351.38	1.58	.45

Nevada Business Stock Index

EXCH	COMPANY	TICKER SYMBOL	CLOSING PRICE 11/19/86	CLOSING PRICE 12/18/86	NET CHANGE IN PERIOD	PERCENT CHANGE IN PERIOD	P/E RATIO	ANNUAL DIVIDEND RATE	YIELD	52 WEEK HIGH	52 WEEK LOW
NYS	Circus Circus	CIR	16.75	17.13	.38	2.27	22	—	—	21.13	12.25
ASE	Elsinore Corp	ELS	2.88	2.75	-.13	-4.51	d	—	—	4.50	2.38
OTC	First Western Financial	FWES	8.88	9.38	.50	5.63	5	.28	2.99	11.88	7.00
OTC	Frontier Savings Assn.	FRNT	3.50	3.25	-.25	-7.14	—	—	—	4.25	2.00
OTC	Gaming & Technology (H)	GATI	4.00	5.75	1.75	43.75	14	—	—	6.00	1.44
NYS	Golden Nugget (L)	GNG	9.88	9.38	-.50	-5.06	78	—	—	16.00	9.38
OTC	Hytek Microsystems	HTEK	3.50	2.50	-1.00	-28.57	d	—	—	8.75	2.25
OTC	Int'l Game Technology	IGAM	9.75	11.13	1.38	14.15	d	—	—	14.88	7.88
OTC	Jackpot Enterprises	JACK	7.25	6.25	-1.00	-13.79	12	—	—	8.25	5.38
OTC	Linear Instruments	LINR	.88	.88	0.00	0.00	—	—	—	2.00	.38
ASE	Lynch Comm. Sys.	LYC	13.25	15.25	2.00	15.09	16	.20	1.31	16.75	9.63
OTC	Nevada Nat. Bancorp.	NENB	6.50	6.75	.25	3.85	d	—	—	11.50	5.25
NYS	Nevada Power	NVP	22.63	21.00	-1.63	-7.20	13	1.44	6.86	25.38	16.00
OTC	Nevada Resources	NEVA	1.69	1.88	.19	11.24	—	—	—	3.00	.34
NYS	Nevada Savings & Loan (H)	NEV	24.75	25.25	.50	2.02	7	.60	2.38	25.50	12.50
OTC	Phone-A-Gram (H)	PHOG	2.88	3.88	1.00	34.72	d	—	—	4.63	1.63
OTC	Sahara Resorts (H)	SHRE	6.13	7.00	.87	14.19	—	—	—	7.25	3.13
OTC	Sands Regent	SNDS	8.63	9.00	.37	4.29	11	—	—	13.75	7.50
NYS	Showboat Inc.	SBO	20.00	20.00	0.00	0.00	17	.58	2.90	22.75	15.25
ASE	Sierra Health Services	SIE	4.50	4.75	.25	5.56	d	—	—	8.25	3.88
NYS	Sierra Pacific Resources	SRP	25.75	26.25	.50	1.94	15	1.72	6.55	29.00	19.13
NYS	Southwest Gas	SWX	19.63	19.13	-.50	-2.55	12	1.28	6.69	21.38	16.50
OTC	Sun State S&L	SSSL	7.50	7.88	.38	5.07	—	—	—	10.00	7.00
OTC	Sunworld Int'l Airways	SUNA	3.13	3.00	-.13	-4.15	—	—	—	7.88	2.75
OTC	United Mining	UMIN	.56	.63	.07	12.50	—	—	—	.69	.06
OTC	Vacation Spa Resorts	VSPA	.09	.09	0.00	0.00	1	—	—	.22	.09
OTC	Vita Plus Industries	VPII	1.00	.88	-.12	-12.00	d	—	—	2.38	.75
OTC	Xebec	XEBC	2.00	1.50	-.50	-25.00	8	—	—	4.25	1.50

KEY: (H) = New High In Period (L) = New Low In Period d = Deficit (s) = Reflect Stock Spit NYS = New York ASE = American OTC = Over The Counter

Compiled by Norby International Inc., Boulder, Co., (303) 449-0326

This information is obtained from sources believed to be reliable but cannot be guaranteed to be completely accurate. This information is subject to change without notice.

Nevada Briefs

Specialty Center Set To Open

St. Louis Square, a retail specialty shopping center located at Las Vegas Boulevard South and St. Louis Ave., is presently under construction. The 46,300-square-foot project is a joint effort of Kalb Construction, Fair Investment and Real Corp. A 15,000-square-foot mini-mall is being constructed, as well.

"We designed the center to have a lot of foot traffic from Vegas World [Hotel and Casino], Wet 'n Wild [Family Water Park], the Sahara Hotel and the Strip," says Frank Consiglio, president of Real Corp. "This is the first retail shopping center built on the Strip in 10 years."

St. Louis Square will feature an 1890s theme with that period's architecture, walkways, climbing vines, a gazebo and gas lights. It will also have an 1890s wedding chapel, large electronic message sign, jewelry and art shops.

"We'll be looking for gift and art shops like those in Scottsdale, Ariz.," Consiglio says. "There will be a splendid restaurant and a museum, possibly a wax museum. Barbershop quartets and Dixieland bands will play in the gazebo at times, too."

The $6.5-million center was two years in the planning and is scheduled for completion in the spring of 1987. Consiglio says it will service more than 140,000 locals within a three-mile radius. More than 80,000 cars pass through the intersection daily, according to recent research.

Consiglio says he created the square's name after seeing the MGM classic "Meet Me In St. Louis," starring Judy Garland.

St. Louis Square, featuring an 1890s theme, is scheduled to open this spring.

Review Courses Prepare Future Stockbrokers

Broker Training Institute, the first and only school in Nevada licensed by the Commission on Postsecondary Education to teach a course preparing students to pass the NASD Stockbrokers Examination, completes its first six months of operation this month.

Broker Training Institute (BTI) conducts a review course for the NASD Series 7 Stockbrokers exam, and also offers reveiw courses for the Series 6, Series 63 and Series 4 examinations—for anyone planning on entering the securities, financial planning, insurance or related industries, or for those already engaged in those professions who need additional licenses to further their careers, according to Al Edelman.

Edelman, along with fellow BTI principals John Nelson and Roy Mule, are proud of the fact that all instruction materials used in their courses are based on the most current information available from the National Association of Securities Dealers.

"Since the test questions change each month," says Edelman, "it is of the utmost importance that the student studies instructional materials that are updated regularly."

The BTI Workbook, on which all of the school's courses are based, was completely written by Nelson. It provides the student with a single source of information to study and prepare for the NASD examination.

To become a general securities registered representative (a stockbroker), a person must take and pass the NASD Series 7 exam.

The six-hour, two-part exam is comprised of 250 questions that cover in depth stocks, bonds, municipal securities, government securities, investment companies, margin accounts, options, fundamental analysis, technical analysis, new issues, federal securities acts, SEC rules, NASD rules, New York Stock Exchange rules, taxes, IRAs, KEOGHs and more.

To pass the exam candidates must score at least 70 percent. Passing the test indicates the candidate has sufficient knowledge to work as a registered representative at a beginning level under competent supervision, says Edelman.

Broker Training Institute at 4055 S. Spencer in Las Vegas, is the only full-time, Nevada-based institution specifically designed to help the prospective stockbroker study for and pass the Series 7 examination. A cram course is

(Continued on page 61)

RELAX!

PHOTOGRAPHY BY R. SCOTT HOOPER

The Penny-Stock Pundit

Stoneridge Securities' Randy Gleich has a lot of fun tracking down and plotting the progress of small, sometimes off-the-wall companies—that are packed with potential.

By Ginger Clayton

For Stoneridge Securities' Sales Manager Randy Gleich, watching the stock market is better than watching a soap opera. There are enough unknowns—ups and downs, who's in and who's out, what's new and what's obsolete—to keep the best broker guessing.

Gleich stresses that even those with little to invest can—and should—get into the act. But he also cautions, "You can't go about investing haphazardly without any knowledge of what's going on. Being conservative reduces the risk about 90 percent."

Nevertheless, even the small-money investor can realize tremendous returns, Gleich says, if he is willing to assume some risk. One possibility is penny stocks.

"Penny stocks is a generic term for stocks selling [for] less than $5 a share," explains Gleich. "A little bit of money can buy a lot of stock, and there are approximately 8,000 companies in this category listed on the market." Success stories include those who took a chance on a failing auto manufacturing corporation.

"When Chrysler was in financial straits, stock could be bought for $5 a share," says Gleich. "Two years later, the same stock sells for $45 a share." He notes that the Las Vegas Dunes Hotel & Country Club stock is currently selling for $1.25 a share, but if the company solves its bankruptcy problems, he says, the price should rise considerably. "You don't necessarily need a lot of money to invest in these kinds of stocks," he says, "but you must be willing to take the risk. The new millionaires are the ones willing to take those kinds of chances."

Gleich says that with low-priced stocks an investor can maintain a portfolio of approximately five companies on $500 each. "You must check them periodically and see which ones are performing and which aren't. Then prioritize by performance and decide which one you would sell today if you have to. Why invest in a company that's losing sales?

> *"The climate right now is good. There is a lot of opportunity knocking for those willing to go for it."*
>
> Randy Gleich, sales manager, Stoneridge Securities

"If a stock doesn't live up to expectations, change it," he continues. "That's where diversification really pays off. It averages out the losses."

Gleich advocates for many investors a strategy known as the investment pyramid. Each level in the pyramid represents an increase in risk, with the peak comprised of the most speculative investments. Using this method, the investor might make four investments in secure areas, such as bonds, insurance and real estate, for example. The next level might include investments in utilities. When the investor commits 10 percent of his capital to a speculative venture, he knows there is a secure financial foundation of solid investments supporting it. In other words, he's not likely to lose everything if the speculative venture flops.

"The pyramid builds the investor's assets with absolute safety and offers him the highest growth rate for his money," says Gleich.

For the individual, Gleich recommends having approximately $10,000, above and beyond an emergency fund, specifically for investing. However, he adds, even if the investor has just $1,000, there is plenty of potential for growth.

"The climate right now is good," he says. "There's plenty of opportunity knocking for those willing to go for it. It shouldn't be taken for granted. The economy is growing slightly right now in the right direction toward a booming trend.

"People looking to invest should watch for interest rates, corporate takeovers, stock performance, economic trends," he adds.

Gleich recommends scanning periodicals such as *USA Today, Money Magazine* and the local papers to keep abreast of business activity, management integrity and new technology or novel ap-

proaches to current markets and off-the-wall trends.

One up-and-coming company, says Gleich, for example, has come up with a new way to rent videotapes—vending machines. "The idea has a great deal of potential," he says. "They are already talking about putting them in 7-Eleven [Food Stores] and apartment buildings. They expect to have 60,000 of them around the country by 1990."

Another emerging trend, he says, is the result of an airplane manufacturer losing its liability insurance—"build-your-own airplane" kits. "It's an excellent example of a company being adaptable in the face of adversity," says Gleich. "They have received at least 38,000 inquiries. In 12 months, from zero revenue, it has become a $10-million corporation. It's a very exciting company and fun to watch."

Locally, Gleich says investors should be on the lookout for new gaming technologies. He adds that companies such as Nevada Power and Golden Nugget are solid investments. "Investing in a local stock can be exciting," he says. "The investor is familiar with the company and can see how it's doing, and any major events that are happening. The investor can actually see his investments growing."

The global marketplace is another area of interest. Stock in British Gas, for example is going for $1.91, according to Gleich. "You can't always equate value with price," he says. "It's almost like going to a garage sale. There are bargains out there if you're willing to look, but you must be careful."

Stoneridge Securities is a full-service brokerage offering a variety of financial services, including Individual Retirement Accounts, pension plans, tax-free investments, common stocks and new issues.

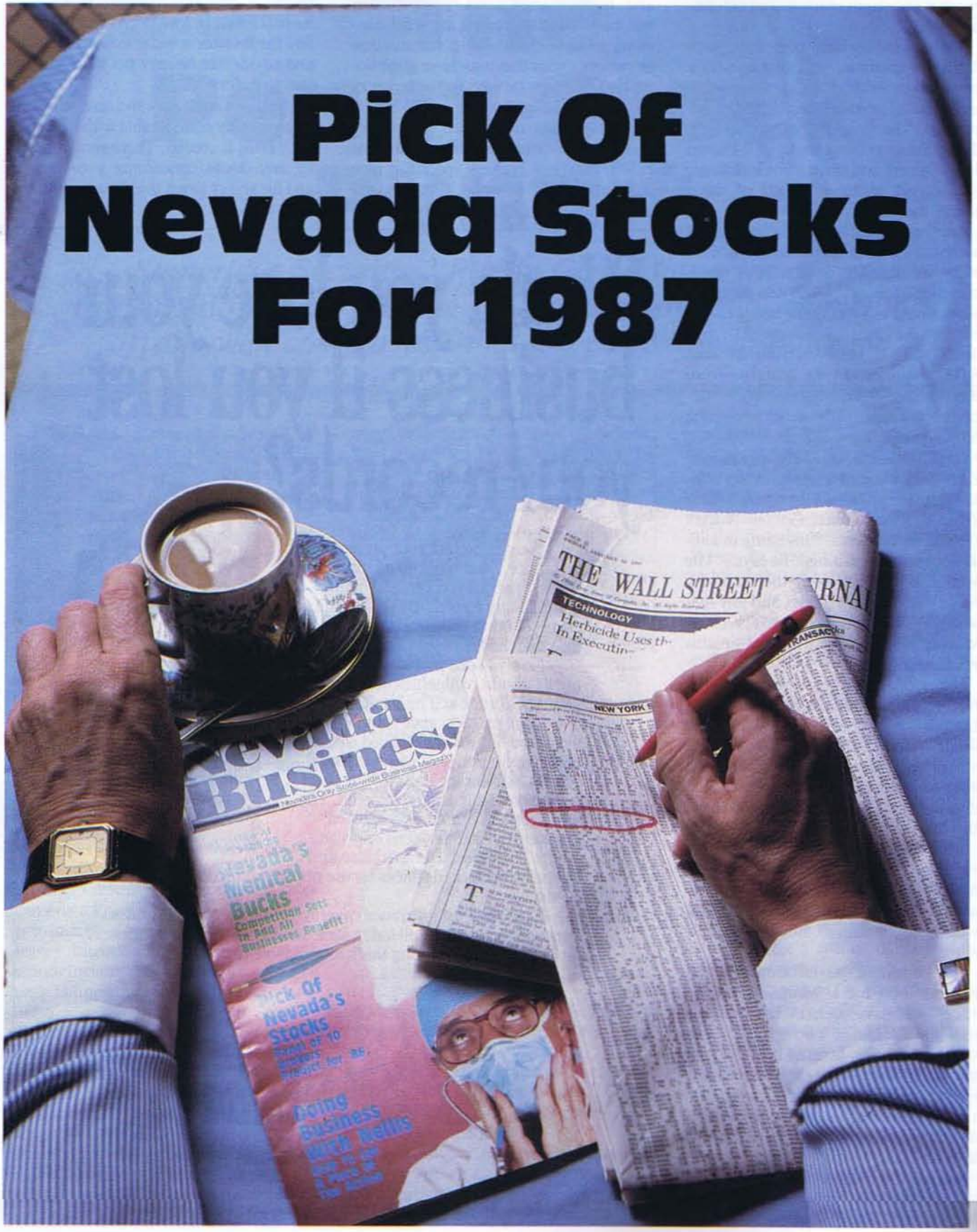
The sales manager recommends that investors look for a young, aggressive broker who has been in the business from six months to two years. "He'll work hard for you because he's trying to establish a client base. He will generally be more cautious. It's important to him that the client makes money because it will enhance his reputation and bring in more business."

Second, he advises finding out how many contacts the broker has within the business community locally, nationally and internationally. "A good broker will have built a network of solid contacts, giving him access to information or opportunities that may have gone unnoticed by other brokers or the industry as a whole," Gleich says.

That is also the reason he recommends an investor have more than one broker. "Many brokers specialize in a particular area," he notes, "much in the way attorneys and doctors do. For example, a broker's expertise may be in mutual funds or low-priced stocks. It offers the investor a wider array of choices and advice that he may not have had access to before."

Finally, Gleich says the investor must be absolutely comfortable with his broker. "Trust is crucial. There should never by any doubt concerning your broker and his ability to get the most growth for your money." □

Pick Of Nevada Stocks For 1987



A panel of 11 of Nevada's leading stockbrokers unveil their choices for 1987. Circus Circus is again on top, but altogether 30 companies are mentioned.

The almost unbridled and unanimous optimism among stockbrokers in 1986 has dwindled to caution toward the market in 1987. One broker approached for our annual *Pick of Nevada Stocks* feature even declined to participate this year—asserting that stocks are a bad investment for 1987 so he can't recommend any.

Nevertheless, all stockbrokers aren't as pessimistic as they peer into 1987. Our panel of 11 experts who follow stocks of publicly traded Nevada companies found some shining stars in the fog of a recalcitrant stock market. The Big Three from *NEVADA BUSINESS Journal's* 1986 survey are also the brightest choices this year, say our panelists.

Circus-Circus Enterprises Inc. again topped the list, followed by Nevada Power which just edged out last year's second-most-popular Southwest Gas—despite Southwest Gas' acquisition of Nevada Savings and Loan, which is perceived as a big plus for the utility. Nevada's Power's 2-for-1 stock split became effective last August.

EG&G Inc., which last year shared the No.4 position in our poll with Centel, didn't even receive mention this year. But 30 Nevada companies did make the list—companies involved in a myriad of activities and a variety of industries—hi-tech, mining, manufacturing, health services, gaming, finance, utilities.

The editors of *NEVADA BUSINESS Journal* stress that the views and comments presented in this article do not represent recommendations of this magazine—all financial authorities urge investors to seek personalized advice before making commitments.

Brokers sent our questionnaires were assured that this article "will include the disclaimer that the views are those of individuals and do not represent recommendations by either the participants in the survey or their companies." We want to thank those brokers who took the time to participate in this annual survey.

A.G. Edwards & Sons, Inc.

Theodore H. Moore, Manager,
Vice President
500 Ryland Ave., Suite 200
Reno, NV 89502
(702) 348-8411

1. Battle Mountain Gold: The Fortitude mine, the company's main operation, is the largest individual or "Stand Alone" domestic mine and has a 9-year reserve life which is above average for a U.S. mine. BSGC is a good quality domestic gold company with some interesting future prospects.

2. Circus Circus: Well placed in the gaming industry with long-term growth potential. Could eventually be Nevada's premier gaming stock.

3. Pioneer Citizens Bank: Well managed Reno-based bank that has good long-term growth potential as area grows. Watches loan portfolio closely and avoids most common pitfalls.

4. Nevada Power: As Nevada grows so will Nevada Power. Fuel mix 95 percent coal and 5 percent gas. Serves approximately one-half million customers in Las Vegas and southeastern Nevada. The hotel-gaming industry represents Nevada Power's largest customer group.

5. Nevada Savings and Loan: Will do well as lower interest rates and dis-inflation continue throughout 1987. Well managed with customers' best interest at heart.

Merrill Lynch, Pierce, Fenner & Smith Inc.

Robert L. Allen,
Vice President-Sales Manager
300 South Fourth St., Ste. 1200
Las Vegas, NV 89101
(702) 383-6166

1. Circus Circus Enterprises: Casino expansion in Las Vegas, Reno and Laughlin should add to the already 15 percent earnings growth rate. Earnings are expected to exceed $4 per share in calendar year 1988 versus $1 in 1986.

2. Caesars World: With earnings growth expected at a 13 percent level for the next five years and an estimated asset value of $18 per share, Caesars is an attractive buy at current levels.

3. Gaming & Technology Corp.: The extremely high cash flow and favorable corporate tax rates make Gaming & Technology a good investment at $6 to $8 per share.

4. Southwest Gas: The attractive dividend along with the recent acquisition of Nevada Savings & Loan makes Southwest Gas a good investment at $19 to $20 per share.

5. Nevada Power: With earnings in the $1.60 per share range the current dividend of $1.44 is extremely secure. A slight increase to $1.48 is forecast for 1987, making Nevada Power a good buy for income-oriented investors.

First Financial Discount Brokerage

Thomas C. Guth, Investment Executive
Valley Bank Center, Suite 640
101 Convention Center Drive
Las Vegas, NV 89109
(702) 731-5554

1. Nevada Power: Superb earnings "quality." Although it will probably continue in the moderate growth and dividend category, NVP will be a more than adequate performer for the faint-hearted. Situated in a good and growing marketplace, and devoid of nuclear activity, we continue our recommendation for low-to-average-risk accounts.

2. Southwest Gas: Similar to NVP in safety, SWX has an acceptable yield for

the times (6.5%+) and also enjoys the "growth" prospects of the Southwest. The recent acquisition of Nevada Savings & Loan was a good move (Nevada S&L is a grower), so the long-term outlook is good for both dividends and upward stock price movement.

3. Circus Circus Enterprises: Get your IRA account ready, here's one that's suitable. As a "gamer," no one comes close to Circus for moving forward. Already considering more expansion in Laughlin, Circus is one casino operation worthy of a long-term investment. Bennett and Pennington are proven operators and tend to put a dollar where it will pay off. Earnings for 1987 are to be in the area of $1.40/share, up considerably.

4. International Game Technology: For the portion of your portfolio devoted to mild "risks," IGAM could be attractive. Mainly into production of gaming machines (slots and card types) and with about a 35 percent interest in a company that supplies lotto equipment, the company projects a profit for '87. If the turnaround happens as planned, look for upward movement to make the lack of a dividend acceptable.

Seidner Securities
David M. Seidner, CEO
1900 E. Flamingo, #282
Las Vegas, NV 89119
(702) 369-0030

1. National Entertainment, Inc: This company owns Major Video and is one of the few penny stocks that I can find that has earnings. As long as the company continues to grow at its current rate, and management can handle the problems associated with fast growth, and there are no scandals; investors should double their money...high risk ...high reward.

2. Sierra Health Services: Two things in life cannot be evaded—death and taxes. However, before you die, you'll probably be sick, and so companies like Sierra will always have the potential for many customers. The jury is still out on the question of whether the management of this company can make money, but I think that somehow they will, and buying the stock now will prove to be a money maker for investors also.

3. Dunes Hotel and Casino, Inc.: The poor Dunes Hotel and Casino has been down and out of favor so long that it's probably time to buy it. New financing plans will help turn it around from being a company heavy in debt to a company that has a chance for survival.

Wedbush, Noble, Cooke Inc.
John C. Klacking, Ph.D.,
Senior Investment Executive
50 West Liberty St., Ste. 760
Reno, NV 89501
(702) 329-8171

1. Sierra Pacific Resources (NYSE; SRP; 25 ¾): Sierra Pacific Resources, the holding company for Sierra Pacific Power, should continue to benefit from lower interest rates and energy costs. The placement into commercial operation of the coal-fired Valmy unit No.2 in 1985 will reduce SRP's dependence on higher costing energy alternatives. SRP has a long track record of increased dividends to its shareholders. the company will also gain from the projected high-growth rates of the Reno-Sparks area.

2. Phone-A-Gram Systems (OTC; PHOG; 2 5/8): Phone-A-Gram Systems provides computerized analysis of electrocardiograms that physicians use in the evaluation of various forms of heart disease and in preventive health maintenance. Phone-A-Gram currently processes about 50,000 electrocardiograms a month, which provides a strong cash flow. The company has signaled a recent diversification by acquiring the rights to 12½ percent of equity of Park Avenue Distributors. Park Avenue Distributors recently started a home shopping service on the Black Entertainment Network. The Black Entertainment Network is carried in over 13 million homes and is a joint venture of HBO, Taft Broadcasting and Telecommunications Inc. Phone-A-Gram has the computer system, telecommunication systems and phone operators in place for its electrocardiogram business, which could also be easily adapted to handle phone orders for merchandise presented on the Black Entertainment Network.

3. Circus Circus Enterprises (NYSE; CIR; 16 ¾): Revenues for 1987 will increase due to expansion in Las Vegas and the opening of its second hotel-casino in July of 1987 in Laughlin. The new Laughlin property, originally scheduled for 800 hotel rooms, has been increased to 1,215 rooms. Quarterly earnings should also see a boost from the redemption of $80 million of 15¾ notes which took place in July of 1986.

4. Linear Instruments (OTC; LINR; 1 ¼): Linear Instruments is a 15-year-old company that has very little debt and an aggressive new management team. Revenues should grow significantly due to expansion of its product line, mainly attributable to the acquisition of Chiratech Scientific Instruments Inc. Earnings will increase due to implementation of a cost-cutting program and growth in sales. Recent backlog of orders has quadrupled. New management was formerly with LDC, a subsidiary of Milton Roy on the NYSE.

5. Syntech International, Inc. (OTC; SYNE; 10 ¼): Syntech International manufactures computer-based transaction processing systems which are marketed to state lotteries. Revenues and earnings increased dramatically for the fourth quarter ending December 31, 1986. The company has cost under control and long-term revenues are becoming predictable. Syntech recently signed a contract to lease between 500 and 2,500 player-activiated terminals to Control Data Corp. to be used in Control Data's lottery system in Illinois. Look for more contracts to follow.

PaineWebber Inc.

Brian J. Buckley, First Vice President
First Interstate Tower
3800 Howard Hughes Pkwy, Ste. 1200
Las Vegas, NV 89109
(702) 731-1121

1. Circus Circus (16 ¾): Premier casino-hotel operation in Nevada. Continues to grow and develop the markets it knows the best. Estimated earnings of $1.57 per share for fiscal year 1987. Remains attractive for long-term growth.

2. Nevada Power (22 5/8): This utility provides electric services in Las Vegas. Primarily coal-fuel generating plants; no nuclear. Regulatory uncertainties are the only question mark. Good long-term growth stock.

3. Southwest Gas (19 5/8): The acquisition of Nevada Savings & Loan could be a big plus for SWX. Another best buy for the long term. Natural gas distributor primarily serving Nevada, Arizona and California.

4. First Western (8 7/8): First Western Financial Corp. is the parent of First Western Savings Association, the largest savings and loan association in Nevada. No dividend. Recommendation for long-term capital appreciation.

Shearson Lehman Brothers Inc.

Earl E. Kindstrom, Vice President
3340 W. Sahara Ave.
Las Vegas, NV 89102
(702) 873-8797

1. Southwest Gas (SWX): One of the nation's fastest growing gas distributors. Nevada Savings acquisition should add to 1987 earnings. Forecast 1987 earnings at $2.50, Dividend $1.28.

2. Circus Circus Enterprises (CIR): New additions in Reno and Las Vegas should make profit margins expand as these projects mature. Circus plans to extend its dominance in the Laughlin area which is growing at about a 20 percent growth rate. Circus has a unique market niche.

3. First Western Financial (FWES): Owns Nevada's second largest S&L. Provides race and sportsbook operators with on-line data processing services and has appraisal and advertising services. Good cost control efforts along with the recent lower interest rates should add to profit margins.

4. Showboat Inc. (SBO): Showboat's type of business should fit in well in Atlantic City. Cost overruns on the new projet could hurt, but Showboat could raise the funds if needed. New corporate tax laws should help earnings.

5. Nevada Power Company (NVP): Primary fuel sources coal and natural gas. Strong growth utility because of the high growth of Las Vegas. Earnings quality good, no nuclear power plant on line and none planned.

Allied Capital Group, Inc.

Clem Molony, Investment Executive
4055 S. Spencer, Ste.226
Las Vegas, NV 89119
(702) 737-7980

1. Circus Circus Enterprises (CIR NYSE): CIR has pursued an aggressive expansion program of the Las Vegas casino-hotel plus the addition of 800 rooms and 64,000 square feet of casino space in Laughlin, Nevada. CIR has also recently retired $80 million in high-cost debt which will significantly reduce interest charges. These factors along with a 21 percent advance in revenues in the first half of fiscal 1987 make Nevada's largest gaming concern an attractive long-term speculation.

2. The Nevada Public Utilities (Nevada Power and Southwest Gas): Public utilities have traditionally been good investments for people interested in liberal dividend income with moderate safety of capital. At the present time they continue to be good investments as long as the investors understand that they tend to be interest-rate sensitive. If interest rates drop people may reasonably expect the price of the utility stock to rise. If interest rates rise the price of the utlility stock will generally drop. We expect interest rates to continue to decline, if only slightly, making the Nevada public utilities good investment instruments for people seeking income and some possible future capital gains.

3. MarCor Development Co. (MAAR): MarCor Development is a Las Vegas-based real estate development company which is showing some real potential as a growth stock. The potential investor does need to be aware that MarCor is presently classified as a penny stock (it is priced under $5/share) and is, therefore, subject to more investment risks than a "Blue Chip" stock might be. However, it has produced a nine-month net income of more than $.20 per share. This

(Continued on page 39)

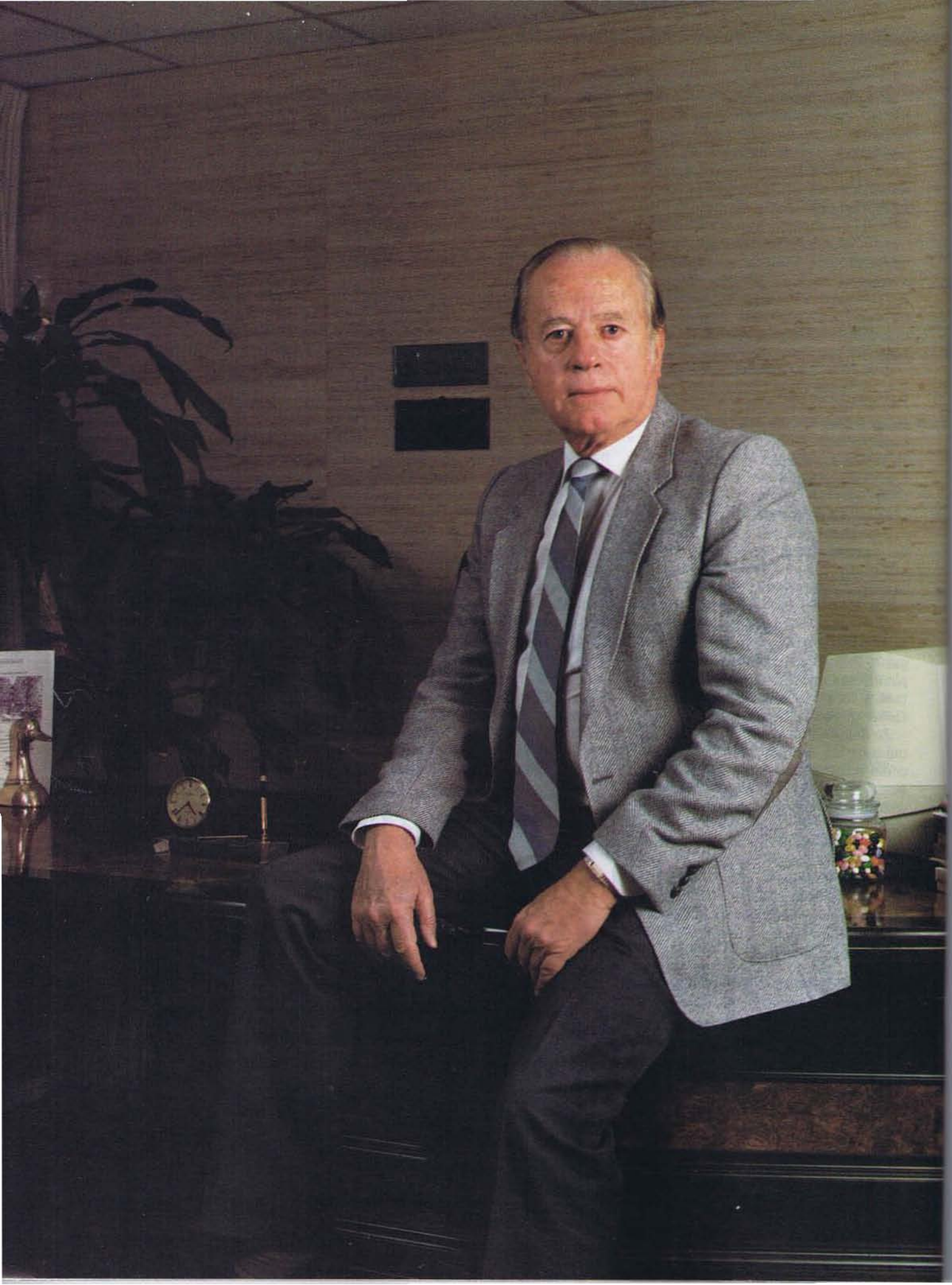


PHOTO BY NICK DOMSCHOT, PRESTIGE PHOTOS

Custodian Of Fortunes

As a financial counselor, David Kessler advises businesses and individuals on what to do with their savings—whether it's a few dollars or hundreds of thousands.

By Sharon Cahill

Donald Kessler believes that everyone should have a financial plan—even his seven-year-old granddaughter.

Whether it is stocks, mutual funds or real estate, Kessler has been advising people for three decades on how to get the most out of their money. In fact, he has even seen to it that all eight of his young grandchildren have accounts. "My granddaughter, who is just seven, already has her own account, in her own name, and she even receives a monthly statement. This teaches her about her allowances and how to take care of her own money," he says.

That is exactly what many people—from the prosperous business executive to the young married couple—do not understand, Kessler maintains. "They do not know how to invest their money properly."

"By taxing corporations, we are taxing the businesses that hire people. If these companies have to pay more in taxes they won't update their plants and the U.S. won't be able to compete with foreign countries like Japan."

Donald Kessler, investment adviser, First National Financial Planners

Kessler, who has been a financial counselor for some 16 years in Las Vegas, says he has seen even the most knowledgeable businessmen lose money on ill-advised transactions. "And for those who don't know what is available, it can be disaster," he adds.

Kessler has been an investment adviser for First National Financial Planners since its formation four years ago. His interest in financial planning, however, dates back to the 1950s when he left the U.S. Air Force as an officer and went into business for himself.

Originally from Iowa City, Iowa, Kessler recalls that after he left the Air Force, he went back to Iowa and opened a restaurant. As his business grew, so did his interest in finance.

He believed that other investments would help his money work for him instead of sitting idly in a savings account, so he bought some stock. As he fondly remembers, one of his transactions involved the Chicago Cubs baseball team. "I actually owned stock in the Cubs and our Iowa City newspaper did a story on me as a stockholder." That was back in the days of players Ron Santo and Ernie Banks and the Cubs were legends throughout the Midwest, he says.

To this day, the walls of his office in the Valley Bank Center on Convention Center Drive in Las Vegas are decorated with Cubs memorabilia. There are old photos and newspaper clippings on Kessler's favorite baseball team, which also proved a good investment.

His next venture, which was a restaurant chain, took him from Iowa to Las Vegas in the 1960s. "The restaurant chain didn't work out as I had wanted, so I didn't stay with them," he says.

Instead, he became a real estate salesman in southern Nevada, concentrating on residential sales. Among the companies he worked for was Jack Matthews. There, he was involved in sales at Spanish Oaks and Weatherstone homes.

But the lure of the financial arena in Las Vegas, combined with the pleasant Nevada climate, led Kessler to plant his roots and his family and go into business for himself as an investment adviser.

Kessler says First National Financial Planners employs a tax accountant and a real estate specialist to help set up an investment portfolio. They counsel on stocks, bonds, mutual funds, long-term investments, capital appreciations and income-producing investments.

"The most important factor is to set up investments that fit the person, not necessarily what is popular," Kessler says.

A businessman, for example, might be searching for an investment for his growing business assets and he might want to hedge some of his investments.

"Hedging," explains Kessler, is a practice of utilizing several different investments to counteract each other in the advent of the decline of one, such as

putting money in overseas mutual funds, while at the same time purchasing utility stocks in the United States. This way, if the American dollar is weak in the European market, the mutual fund will be strong, but if the dollar is strong, the utility stock will carry the investment.

Kessler says that one of the most common misconceptions he comes across is that individuals believe that all of their money in savings and loan institutions is insured. Actually, he asserts, money is covered on about "one cent on a dollar. I have been espousing this for five years now. FDIC does not mean the government guarantees all your money. The Federal Deposit Insurance Corp. is a private insurance company with an insurance fund now down to $3 billion. With some $1.3 trillion insured by FDIC, that breaks down to about one cent on the dollar covered."

He cites the example several years ago of Continental Bank in Chicago, which failed, largely due to some bad foreign loans. The FDIC did not have $6 million to cover the losses, so the federal government stepped in so that some 100 smaller banks would not fail, too, he says.

"When people think their money is fully insured, they are willing to accept a lower rate because they think they are safe and secure," he says.

Closer to home, Kessler points to the friendly takeover of Nevada Savings by Southwest Gas Corp. "I must stress that this was a friendly takeover, because they wanted to be taken over," he says. Other savings and loans will also follow suit in order to become more financially sound, he adds.

Banks have continued to fail at a fast pace, according to statistics from the FDIC. In 1985 alone, 120 banks failed, compared with on 10 in 1980. As of July 1986, the First National Bank and Trust Company of Oklahoma City became the 68th bank to fail that year.

Kessler suggests several alternatives to keeping money in the bank. Among them is the Franklin U.S. Government Securities Fund, designed for investors seeking high income along with a "high degree of safety" from Government National Mortgage Association securities (commonly known as Ginnie Maes). Dividends are paid monthly and can be re-invested.

Another of Kessler's recommendations is the Putnam International Equities Fund, yielding 28 percent each year. Since U.S. institutional investors have been increasing their foreign security investments at a rate of 35 percent annually, Kessler suggests Putnam can represent a 76 percent total yield in 10 years.

There are also Franklin Utilized Funds, geared for investors seeking capital appreciation and current income from growth utilities, which includes Nevada Power Co. There was a 25 percent return in the last 12 months on this fund, he says.

"When people think their money is fully insured, they are willing to accept a lower rate."

Donald Kessler, investment adviser, First National Financial Planners

There are also numerous other opportunities for sound investments, of which the public has little knowledge, he adds.

What this all points to is that Nevadans should be more aware of where their money is. From the modest investor who saves for his yearly IRA to the larger scale businessman, who invests thousands each year, Kessler says, "People today need a lot of investment help."

Las Vegans, he adds, are just like inhabitants of any other city in their investments, despite the influence of gaming. "I don't think gambling enters into their investments because most residents don't really gamble a lot," he says. "Really, people are just like those any place else—some have good incomes, others do not."

Kessler believes that the new tax laws represent the "biggest mistakes Congress has made in a long time. By taxing corporations, we are taxing the businesses that hire people. If these companies have to pay more in taxes they won't update their plants and the U.S. won't be able to compete with foreign companies, like Japan," he warns.

Real estate investments also will likely change due to the new tax law, he says. Large apartment developers, who previously were able to get write-offs and tax shelters from their investments, won't be building as many apartments when the benefits are removed. Consequently the rents on the existing apartments will climb, Kessler predicts, because of the law of supply and demand. So, where people might get a bigger tax return, their living expenses will be higher. "So, tax reform won't work," he says.

What will work is a close study of various financial options and that's where Kessler and others like him come in. "I try to explain all sorts of programs to an individual and above all, I look out for people. After all, our business is built on referrals."

Being an investment counselor demands long hours. Kessler, 64, arrives at the office at 6:30 each morning and leaves about 5 p.m. And he pays constant attention to stock quotations, mutual fund interest rates and real estate listings or limited syndications.

After 16 years in Las Vegas and about 35 years in the financial counseling business, Kessler looks back with good memories. His investment in the Chicago Cubs represents just one of his off-the-job pastimes.

"I love golf on Saturdays and watching the Cubs and Chicago Bears on television," he admits. When he is not dealing with the stress of his high-powered job, he relaxes with his sports.

His family, too, plays a major role in his spare time activities. His wife, four children and eight grandchildren are all important to him. He sees to it that each of his grandchildren, no matter how young, have financial counseling—straight from their grandfather. It helps, too, that two of his sons are stockbrokers.

Kessler foresees the financial counseling industry continuing to grow in Nevada, especially as more and more people discover that a bank might not be the best place for their money.

Even a moderate-income businessman can begin building a financial portfolio—and the new year is a good time to formulate plans.

As Kessler concludes, "I've seen many knowledgable people lose money— and some 90 percent of those who don't know how to invest lose money. We help prevent that from happening to our clients." □

Tax Reform's Impact On Nevada Business

The 1986 Tax Reform Act will mean various things to various industries. Manufacturing appears to be the hardest hit, while service industries fare better.

By Robert DeLett
Tax Partner, GrantThornton

One goal of the 1986 Tax Reform Act (TRA) is to transfer $120 billion dollars of income tax now being paid by individuals to corporations over the next three years.

Another goal of the TRA is to remove income tax from being a motivating consideration in business-making decisions. If tax rates are low and everyone pays a tax proportionate to everyone else, i.e., their fair share of tax, business decisions will be made by ignoring the tax impact of those decisions. It should be noted that income tax is rarely the *motivating* ingredient in *any* sound business decision.

The TRA will place more emphasis on the income tax effects of transactions in the next two years than there was in the past, principally due to the fear of the unknown.

Throughout this article, the premise is made that the businesses being addressed are operating in corporate form.

The retailer-wholesaler, manufacturer, service and hospitality-restaurant industries are affected to different degrees under the TRA. Let's look at this tax reform.

Tax Rates: On July 1, 1987, the maximum regular corporate tax rate will be reduced to 34 percent from the current 46 percent rate. For companies filing tax returns using a calendar year (January 1 through December 31), the maximum rate for 1987 will be 40 percent since the rate change is effective mid-year. On taxable income of up to $50,000 the tax rate will be 15 percent and on taxable income over $50,000 up to $75,000 the rate will be 25 percent.

However, if corporate taxable income is over $100,000, there is a 5 percent additional tax assessed on those earnings over $100,000 until the benefit of the 15 percent and 25 percent brackets has been eliminated. This occurs when corporate taxable income reaches $335,000. The incremental tax rate then on corporations with taxable income between $100,000 and $335,000 will be 39 percent. After reaching $335,000 the rate returns to 34 percent.

The effect of the elimination of the ITC will be felt the most by manufacturers and retailers-wholesalers.

Historically, certain industries have paid higher tax than others. For instance, hospitality-restaurants and service businesses have reported more taxable income than retailers-wholesalers and manufacturers. The service and hospitality industries appear to be in a better position than in the past for federal tax purposes.

The TRA reduces taxes by 6.1 percent for each average *individual* taxpayer. History shows that small income tax cuts have been used by individuals for buying additional services, meals or entertainment. Following this premise, the service and hospitality-restaurant industries should reap economic benefits as well.

Investment Tax Credit (ITC): The ITC has once again been placed on the shelf for a rest. Personal property—trucks, computers, desks and machinery—purchased in *1985* on which a 10-percent tax-bill reduction was allowed, no longer qualifies. And that is retroactive to *December 31, 1985.* If a company had a binding contract to purchase property (binding-contract property) that would have qualified for the ITC in 1985 and if the binding contract was in effect as of December 31, 1985,

then the credit will be allowed on that property in 1986 and later.

As to binding contract property, if the property had a property class life of less than five years (automobiles and trucks), then it must have been acquired and used in business by July 1, 1986. If the property had a property class life of between five and seven years (equipment, computers, furniture), it must have been placed in service by January 1, 1987.

Now what does all this mean? Service businesses do not require the capital investment that is required by manufacturers so they will not be affected to a great degree by the elimination of the ITC. The effect of the elimination of the ITC will be felt the most by manufacturers, then retailers-wholesalers, then hospitality-restaurants and finally service businesses.

The elimination of the ITC has the effect of a tax-rate increase to those industries that have relied on ITC to reduce taxes in the past due to required business capital outlays. As stated above, since service industries have been paying more tax than other industries and, therefore, have not had the benefits of ITC to any large degree, the loss of ITC will affect them less than other industries.

When manufacturers have been required to make significant capital expenditures for manufacturing equipment but have been aided in those capital acquisitions by a 10 percent refund by way of the ITC, their tax rate has increased, or the cost of equipment has increased, depending upon how one views this very-negative-to-the-manufacturing-industry change. The shelving, display cases, cash registers, delivery equipment and computers on which retailers-wholesalers have been allowed the ITC has also vanished, but the loss should be somewhat less catastrophic than for manufacturers.

One good note for manufacturers and others smarting from the ITC loss: Sen. Russell Long, a ranking member of the Senate Finance Committee and perhaps the most knowledgeable man in the Senate on federal taxation, made the following statement with regard to putting ITC on the shelf: "During my time in the Senate, I have voted ITC in three times and voted it out three times; it will be back."

Depreciation—Cost Recovery (ACRS): In past years anyone could compute depreciation on property that would be useful for more than a year which was used in a trade or business. It was a reasonably simple mathematical task. Then in 1981 it became somewhat more difficult with the introduction of the accelerated cost recovery system (ACRS).

Beginning in 1987, or 1986 in some cases, it may become still more difficult. This is principally due to depreciation deductions being claimed on property using pre-ACRS rules for some property, ACRS rules through 1986 for some property, and post-1986-modified-ACRS rules on some property for computation of *regular* corporate tax. Additionally, there is a requirement for establishing and maintaining a completely separate set of depreciation schedules (that second set of books) for computing depreciation allowable under the new corporate alternative minimum tax discussed later.

Generally, all partnerships and "S" corporations must change their accounting and taxable years to the calendar year.

The time period over which property may be depreciated has changed significantly in some cases for assets acquired after 1986.

	Current Life	New Life
Cars/Trucks	3 years	5 years
Most equipment	5 years	7 years
Commercial buildings	19 years	31.5 years

For service businesses these rules create some minimal problems and no great amount of additional corporate income tax. For the retailer-wholesaler, hospitality-restaurant and manufacturing industry groups these changes will increase current and succeeding-year administrative costs and corporate tax.

Inventory Capitalization: Manufacturing businesses must capitalize certain costs they incure in manufacturing a product and spread those costs over the inventory items produced. They are then deductible only when the manufactured goods are subsequently sold to customers.

Retailers-wholesalers had no requirement to capitalize any costs into their inventory other than the actual cost of the inventory items purchased plus freight-in and any commissions they paid to distributors, dealers or manufacturers for the purchase of the inventory.

Retailers-wholesalers who have had annual gross receipts of more than $10 million each of the last three years, and manufacturers regardless of sales volume, must capitalize into the costs of their inventory certain items heretofore deductible in the ordinary course of business. A portion of the costs incurred to purchase inventory items such as: wages and salaries of employees who are responsible for purchasing, repackaging, assembly; other costs incurred in processing goods while in the possession of the retailer-wholesaler; rent, depreciation, insurance and taxes attributed to a warehouse used to store goods and wages of warehouse personnel; and that portion of general and administrative costs attributable to the purchasing and warehousing function must now be added to the cost of the inventory and not deducted as a current operating expense as has been done in the past.

The good news is that to the extent these costs must be capitalized in the company's first taxable year which begins in 1987, they are treated as taxable, ratably, over four years. For example, if in 1987 an increase in capitalized inventory costs of $100,000 occurred, $25,000 would be taxable in 1987, 1988, 1989 and 1990. Unfortunately, determining these capitalizable inventory costs at the *beginning* of the 1987 tax year may take a good deal of educated guesswork.

Manufacturers must capitalize those costs they have capitalized in the past plus some portion of the pension costs paid for manufacturing employees and some portion of their non-productive general and administrative costs.

Truism: "Taxes are important only if they affect you personally."

—Unknown Author

Bad Debts: There have been two primary reserves for costs that have had the largest general application to business which were allowed for federal income tax purposes. They were the reserve for depreciation and the bad-debt reserve. Now only one remains. Bad-debt reserves must be eliminated beginning in 1987. Example: If a business has a $60,000 reserve for bad debts on its books as of December 31, 1986 (its tax-year end) it will report taxable income of

$15,000 in each of four years beginning in 1987.

Any bad debts incurred after 1986 will be deducted as they are written off as worthless instead of being added to a reserve account based upon the fact that they may become worthless.

Service organizations and hospitality-restaurants probably skate right through this provision since they do not generally maintain large bad-debt reserves. But, manufacturers and especially retailers-wholesalers end up as losers since they normally maintain significant bad-debt reserves. It will now take a thorough and conscientious review of accounts receivable at the end of each year to determine those that *are* uncollectible.

An interesting outcome of this change is that if a corporation added $100,000 to its bad-debt reserve in *1986* it could have ended up with a tax savings of $16,500 in 1986. It would have to report and pay tax on that $100,000 at the rate of $25,000 per year beginning in 1987. The tax saved in 1986 would be $46,000. The tax due on $25,000 in 1987, 1988, 1989 and 1990 using a cost of money of 8 percent, is $29,500—a net savings of $16,500.

Meals And Entertainment: Beginning in 1987, all those meals while out of town, or lunches, dinners and opera tickets with clients-customers are deductible to the extent of 80 percent of the actual expenditure. The reasoning behind this modification is that some portion of the meal or entertainment is a personal cost that should not be allowed as a deductible in computing taxable income.

For instance, you entertain a client at lunch and the total lunch cost is $16 including tip and tax. The amount of $12.80 is deductible. The difference ($3.20) is presumed to be what one might have spent personally if he had bought a sandwich and apple for lunch and eaten at his desk.

If an employee is fully reimbursed by the employer for meals and/or entertainment costs, the employer may only deduct 80 percent of such reimbursements. The actual out-of-pocket costs of meals and entertainment of customers, clients and employees increases 35 percent under this TRA provision. Example: An employee takes a customer to dinner which costs $100; the after-tax cost in 1986 was $54. The after-tax cost in 1987 is $72.80, due to the reduction of maximum corporate rates from 46 percent to 34 percent and being allowed to only deduct 80 percent of the expenditure.

This affects all Nevada businesses. It is not possible to hypothesize to any supportable degree what the effect of this provision will be on restaurateurs.

Best Known Tax Fallacy: "My neighbor makes more money and pays less taxes than I do."

Taxable Year: Many businesses file their annual tax return and prepare their annual financial statements using a 12-month period other than January through December, the calendar year. Of those businesses that do not use the calendar year, many operate in partnership form or in corporate form under an "S" election. In both instances, the income generated by the businesses is not taxed to the partnership or the "S" corporation but is treated as being taxable income of the owners of the business.

Generally, all those partnerships and "S" corporations must change their accounting and taxable years to the calendar year in 1987. This is very serious in some situations since each of those entities must file two tax returns in 1987 and their owners will be taxed on more than 12 months' income in 1987. The rule allows individuals to pay tax on the additional income they receive in 1987 as a result of changing their tax year to the calendar year ratably over four years. Example: if an individual had an additional $40,000 of income in 1987 due to this TRA change he would pay tax on $10,000 of that income in each year of 1987, 1988, 1989 and 1990 years.

This change can be applicable to service businesses, retailers-wholesalers and to some restaurateurs and small manufacturers.

Alternative Minimum Tax (AMT): Minimum tax was created in 1969 to assess a tax (then 10 percent) on those who paid no regular tax. Since then it has matured into what is now known as the Alternative Minimum Tax. As its title states, it is an alternative tax which may be due when the regular tax is not or when the AMT is larger than the regular corporate tax.

Individuals have had to deal with an AMT for several years but the TRA now places corporations into the AMT arena with some surprising results. Many corporations will find that the AMT will be the predominant tax they will pay in 1987, 1988 and 1989. Why only those three years? The AMT for corporations applies only to those three years. Unless Congress extends the provisions, it will be automatically eliminated after 1989.

An ever-so-abbreviated discussion of how the provision works follows:

A. The corporation computes its tax under regular tax rules.

B. The corporation makes certain adjustments to its taxable income and adds certain "tax preferences" to it and multiplies the results by 20 percent.

One-half of the difference between income reported on the financial statements of the corporation and the income shown as taxable income on the corporate tax return is a new and extremely important preference.

Example:

Financial statement income	$2,000,000
Less: Tax return income (loss)	-(1,000,000)
	3,000,000
	× ½
	1,500,000
AMT rate	20%
Alternative minimum tax	$300,000
Regular tax	-0-

This example shows that even in a loss year for regular tax computation purposes, an AMT may be due. Manufacturing corporations are the most likely parties who will be affected by this provision. Any other business which has large depreciation deductions from recent building or large equipment acquisitions may also be subject to the AMT.

Caveat: Please be aware that this article comments on some key changes that will affect Nevada businesses. In so doing, it reduces the 900 pages of legislation that President Reagan signed into law to a few concise paragraphs.

Whether tax reform will be economically beneficial to Nevada businesses can only be determined in the coming months. Whether this tax reform is a simplification can be answered now by a statement made two years ago by former member of the House of Representatives Barbar Connable: "By the time a simplified tax measure makes its way through the legislative process, it will be totally incomprehensible." □

Industry's Problem Solvers

From sanitation to mining to project management, consulting engineers take a hard look at technical problems, and draw on professional experience to solve them.

February is Consulting Engineers month, and a good time to become familiar with the profession and its members in Nevada.

Nevada consulting engineers are linked through the Consulting Engineers Council of Nevada. Thomas J. Gribben of Pyramid Engineers & Land Surveyors is the 1986-1987 president of the 24-year-old organization. The council is a member of the national American Consulting Engineers Council.

A consulting engineer is retained when there is a specific engineering problem—involving public or private works—to test or develop a new design or product, construct or add to a facility or building, to replace equipment or give legal testimony.

A consulting engineer may be retained solely for technical advice and objective planning.

He or she has specialized engineering knowledge, independent, objective and unbiased judgment with respect to methods, material and manpower, and broad engineering experience. These factors are drawn together in direct service to the client, with time and staff arranged to the most useful application of professional engineering in the client's best interests.

When appropriate, the consulting engineer will provide construction management, furnishing continuity of responsibility through the project's completion, thus freeing the client to pursue his regular endeavors.

Many engineering firms use the systems approach to engineering, combining such capabilities as planning, economics, management, marketing and sociology.

A consulting engineer should be engaged at the earliest stage of any project to develop the plan, determine its feasibility, aid in arranging finances and analyzing costs, design the facility, supervise construction arrangements, test or verify the completed facility for acceptance by the client. The firm becomes a temporary engineering staff serving management, or may augment the technical ability of an existing engineering staff.

The first step in selecting a consulting engineer is determining the nature of the problem or the service needed. Select one or more for individual conference, preferably at their offices.

Discuss at each conference the nature and scope of the project, time schedule and availability, and any special conditions. Review the firm's professional qualifications, technical experience and range of services. Investigate the firm's reference list of similar projects.

Size of the firm is not necessarily a criterion for selection. The consulting engineer can determine his competence to undertake the project in terms of his size and capacity and can retain other members for specific functions instead of maintaining a staff of specialists. Select the firm which seems best suited for the project and confirm the selection by mutual agreement.

The Consulting Engineers Council recommends that selection of a consulting engineer be based on competence, integrity, availability for the particular assignment, and mutual confidence between the client and engineer, rather than price.

Since final project costs are so dependent upon the quality of engineering services, it is in the client's interest to select the firm best qualified for his project. Negotiations concerning fees should follow this initial selection. □

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Alca Engineering & Surveying		●				●	●	●	●		●	●	●	●	
Architronics	●	●	●	●				●	●	●	●	●		●	●
Baughman & Turner		●	●			●	●	●				●	●	●	
Black & Veatch	●	●	●	●		●		●	●	●	●	●	●	●	
Boyle Engineering	●	●	●	●		●	●	●	●	●	●	●	●	●	●
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Ted S. Brown		●	●												
Conley & Associates, Inc.				●			●							●	
Consulting Engineering Services		●	●			●	●	●	●			●	●	●	
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Daniels Engineering			●	●				●	●				●	●	●
Delta Engineering		●				●	●	●	●			●	●	●	
Dinter Engineering				●											●
Steven Dusterwald										●					
Earth Science Consultants		●	●		●										
Mundhir Eljumaily Associates	●	●	●			●	●	●	●	●	●	●	●	●	
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Gunny, Brizendine & Poggemeyer		●	●			●	●	●	●	●	●	●	●	●	
The Haley Group			●	●		●		●						●	●
Harding Lawson Associates		●	●		●			●	●		●	●	●	●	
Harris and Simoncini			●	●				●						●	●
Hefner Engineering		●	●			●	●	●	●		●	●	●	●	
A.A. "Pete" Ducharme & Assoc.							●								
Peter J. Hyla				●											
Ilia Bezanski Structural Engineers										●					
JBA Consulting Engineers				●				●					●	●	●
Kennedy/Jenks/Chilton		●	●	●		●	●	●	●		●	●	●	●	●
J.H. Kleinfelder & Assoc.		●	●		●							●	●		
T.J. Krob				●											
Martin, Peltyn & Associates		●						●		●					
John C. Mayers		●													
Miller-Bartley & Associates			●	●				●			●				
James M. Montgomery		●	●	●		●		●	●	●	●	●	●	●	●
Nimbus Engineers		●	●					●	●			●			

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William F. Pillsbury		●				●	●	●	●	●	●	●	●		
Pyramid Engineers		●				●	●	●	●			●	●	●	
S E & A, Inc.		●			●			●	●				●		
Southwest Engineering								●	●					●	
Strauss & Loftfield								●		●					
Strobeck and Associates					●										
Surveyors, Inc.							●								
Trabert Engineering		●								●					
URS Corporation		●	●	●		●	●	●	●	●	●	●	●	●	●
VTN-Nevada		●	●			●	●	●	●		●	●	●	●	
John R. Vega		●				●	●	●	●	●		●		●	
Wali & Associates										●					
G.C. Wallace	●	●	●			●	●	●	●	●	●	●	●	●	
Western Technologies		●	●		●										
E.J. Wojcik		●				●	●	●	●		●	●	●	●	

Company Bonuses

(Continued from page 6)

vity and bringing in a large account. Profit bonuses are shared with those who exhibit loyalty and improved performance.

"Employees don't expect to get anything if the company doesn't do well," Myres says. "If someone gets less than expected, they should try to find out why. As long as they are working to their full potential, asking questions and going that extra step, they'll probably get a bonus."

Myres and her board of four members favor bonuses over profit sharing because the latter is usually designed for those who own the company.

"It ends up costing a lot to initiate profit sharing, too," she adds. "It has to be administrated and the IRS changes the rules every couple years. It would cost us $3,000 to change profit sharing programs each time, and we'd rather give the money to the employees.

"Also, if you have profit sharing in your company, it limits what you can do in an individual IRA account."

Jim Gardner, president of Gardner Engineering Inc. of Reno, thinks bonuses are great "motivation if a guy is doing a hell of a job." Four groups of people in his small company qualify for bonuses every year, depending on how well the firm does: the project manager, office manager, design engineer and certain members of the sales staff.

"My program is for people who have been producing the most," Gardner says. "The biggest factor is the bottom line [on profits] and the tax situation."

Gardner also offers profit sharing to those employees not covered by union bargaining contracts.

Rex McBride, owner of McBride's Research & Machine Co. in Sparks, has been passing out bonuses to his 15 employees at his own discretion for the last 16 years. He has no set company policy on bonuses or any specific dates to administer them. McBride decides on a day-by-day basis.

"I look at it for not what they can do, but what I want to get out of them in terms of better quality," McBride says. "I give $20 three or four times a year to key people, sometimes instead of raises. They realize it's something I don't have to do.

"I don't want to set a precedent because if a company doesn't do well one year, employees come to expect a bonus. You may have to take away benefits then, and a lot of employees end up leaving."

McBride's philosophy apparently has paid off. Many of his employees have been working for him for 10 years. In conjunction with these bonuses, the owner likes to personally talk to each employee at times, may change their hours so they won't get staid, and pipes music into the shop to ease tensions.

"I also find that if the boss is working hard and is enthusiastic, then the employees will be enthusiastic," McBride says. "Morale is very important."

> *"I give $20 three or four times a year to key people, sometimes instead of raises. They realize it's something I don't have to do."*
>
> Rex McBride, owner, McBride's Research & Machine Co.

Some government entities have had bonus programs in the past, but the move in Nevada seems to be toward eliminating them. Officials feel a little nervous passing out public funds that haven't been earmarked for public projects.

Clark County has what it terms a longevity program that begins when employees have worked for the county for five years, according to Cheryl Miller, personnel director for Clark County.

"About 75 percent of Clark County's work force is eligible for the benefit," Miller says. "It's a negotiated benefit that affects 2,400 employees plus another 300 firefighters."

The bonus is based on years of service and not performance. "Low-level employees can get $400 a year, and some who have been with the county for 30 years get $10,000 a year," Miller says. "And I can attest to the fact that there are several people who are getting that [$10,000]."

The county gives no holiday bonus, but employees get paid time-and-a-half if they work a holiday. The City of Las Vegas did away with its longevity program several years ago, according to Miller.

"We'd like to get rid of some of these bonuses," Miller says. "Longevity is a tremendous expense for the county. Not all jurisdictions are giving them any longer.

"It's really hard to take public money and give incentive awards on a regular basis because that's something the taxpayer doesn't usually approve of. But in the private sector, that appears to be the trend."

Miller goes on to explain that "Nevada is not in the forefront of employer-employee relations for bonuses. It's such a one-dimensional town with the casinos. So you're not going to see those progressive positions being taken."

The Las Vegas Convention and Visitors Authority has a longevity program, but it doesn't apply to those hired after July 1, 1985, according to Betty Ashby, administrative secretary of personnel.

"The authority felt cost of living plus raises were enough," she says. Those who still get longevity bonuses receive them once a year.

The City of Las Vegas does not have a longevity program or any type of bonus program, according to Doug Dickerson, deputy director of personnel.

"I'm not even sure it's legal that we could take public money and give bonuses," he says. "We can give salary increases, but not a one-time bonus. When you're dealing with public entities, there's a real problem with bonuses."

The city awards salary increases in six-step rankings. The program affects three unions, Dickerson explains: city unions, the International Association of Firefighters and the Police Protective Association.

Just as several large Nevada companies don't give or won't reveal whether they give bonuses, the very small ones surveyed don't have such incentive programs either. Bonuses wouldn't be cost-effective, the smaller firms contend. □

Stock Picks

(Continued from page 23)

fact added to its young, aggressive and seeming compentent management make the stock an attractive speculation.

Stoneridge Securities, Inc.

Randy J. Gleich, Account Executive
1830 E. Sahara Ave, Ste 320
Las Vegas, NV 89104
(702) 737-7600

1. Desert Trails RV Parks Inc: A development-stage company that was formed to acquire and develop recreational vehicle properties in the Southwest Sunbelt area of the United States. In addition to amenities such as in-park clubhouse, swimming pool and jacuzzi, tennis courts and jogging track for its customers, the company anticipates developing commercial areas adjacent to each of its properties in order to cater more fully to the needs of the traveling recreational vehicle owner. Corporate offices and officers are located in Boulder City, Nevada. (This is a new issue)

2. Gaming and Technology Inc. (OTC-GATI): Headquartered and doing business in Las Vegas, GATI is anticipating its third consecutive profitable year. With 3,000 machines placed in Nevada, GATI is one of the largest gambling route operators, according to GATI officials and officials of competing companies. Gambling route operators either sell machines to locations with gambling licenses or they place the machines in an establishment and split the revenue with the owner. The machines can be placed in casinos, bars, restaurants, supermarkets or convenience stores.

3. SRS Technical Inc. (Pink Sheets): A Nevada corporation which announced a letter of intent to acquire (10-24-86) Aerodis America Inc. of Spring, Texas, a start-up company that will manufacture the Orion, a French-designed home-built airplane. Aerodis' Orion flying prototype has received flight testing since 1983, and initial parts production was projected to begin in January of 1987. It aims to tap the home-built aircraft market, said to be relatively large because of today's pricing of Cessna, Beechcraft, Piper and similar aircraft. The Orion is a four-place plane with retractable landing gear and a cruising speed of 184 mph. It utilizes a premolded composite structure and construction time is 600 to 800 hours. This is the only known kit plane manufacture which will be a public corporation.

4. Silver State Mining Co. (OTC-SSMC): With start of full-scale gold production at Tonkin Springs, Eureka County, Nevada during the last quarter of 1985, SSMC is producing gold with one of the greatest profit margins in the United States. At $85 per ounce, Tonking Springs' cash cost of production is below that of any other U.S. gold mining operation. According to the latest figures available from Metal Economics Group, the average cash cost to produce gold in the U.S. is $224 per ounce.

5. Nevada Power 8 Percent Preferred (NYSE-NVP+): A utility serving one of the fastest growing areas in the nation, Nevada Power Common Stock is usually recommended. However, as an alternative, Nevada Power 8-percent Preferred is currently yielding eight percent and with greater stability forecasted for interest rates, this stock should fluctuate little in value and offer conservative investors high yield with stability of principle. It is a good addition to pension, profit sharing, IRA accounts and an alternative to low interest certificate of deposit or savings accounts.

Wilson-Davis Co.

Lincoln F. Stock, Investment Executive
2213 Plaza del Prado
Las Vegas, NV 89102
(702) 734-8143

1. Circus Circus Enterprises: The gaming industry in Nevada will always have a standout due to a background of good management, effective fiscal control and a sincere appreciation of the clientele. This company has been a winner the past year or so and will outshine the market.

2. Southwest Medical Associates: Any organization serving the medical needs of the public in the next few years should do well in expanding growth. This company has done its homework in forming a basic operation of good staffing, heady management and superb facilities. It should be head and shoulders above the rest.

3. Hytec International: Once in a while a stock comes along that has organizational merit, marketing capability and service orientation. This is a company that fits the mold and should forge ahead in 1987.

4. Frontier Savings Association: We have an old-line Nevada company that has plodded along for many years with a proven advancement record comparable to that set by business in the state itself. The future of this stock is in what it can entice as a partner for future expansion. 1987 is the year it will turn the corner.

5. Jackpot Enterprises: Nevada is a growth factory for companies with product and services based on the gaming industry. We have a company here that has the gambling instinct and the management technique to service our gaming market aggressively and with high-grade profits.

First Affiliated Securities

Adolph Hoch, Manager
2950 E. Flamingo Rd.
Las Vegas, NV 89121
(702) 731-6555

1. Circus Circus: The corporation has good management with a family entertainment concept. Circus built its business with the family and middle American in mind, and therefore, is stronger than ever. With the Laughlin casino coming on line, it will be another record year for a finely operated corporation.

2. Southwest Gas: With the population explosion in the Southwest region, the demand for gas can only increase—which should spell more profits for the company. The acquisition of Nevada Savings & Loan should add to the overall profit picture of the corporation.

3. Golden Nugget: A quality operation with good management. Should always give good results providing we do not overextend ourselves. At the present price of 9½ per share, the stock has room to grow.

4. Centel Corporation: During the month of October the Centel Corp. put on 761 new commercial customers and 1,444 new residential customers for a total of 2,105 new clients. It is highly unlikely for the new subscriber demand to drop in the near future. With Centel not missing a dividend since 1939, the stock has performed well and is excellent for your long-term investment.

5. Sunworld International: The revamping of the fleet of aircraft is a step in the right direction toward profitability. Sunworld is now better suited to the actual market. The new man on top has excellent credentials and a good aggressive marketing philosophy. The year '87 should be a turnaround in earnings for the airlines. Looking at a $3 range per share, there is room for growth. □

Prospering By Helping Others To Prosper

Russ Jones designs employee benefit programs to include a heavy dose of financial planning because, he reasons, an employee without money worries is a better employee.

By C. Calvert

Gold flecks swirl around inside the small glass vial as Russ Jones holds it up to the light. He grins as he relates the story of his short career as a gold miner. "I didn't get enough gold to fill my teeth," he says. "This is it."

Jones laughs at his experience, then launches into a vigorous tribute to the free enterprise system. "Perhaps one of the greatest parts of our system is that success is not guaranteed," he says. "In America we have the right to fail, but we can get up, dust ourselves off and start over. We are better for it."

Jones is in the business of helping people succeed—financially at least. And he shakes his head as he states that the majority of working adults woefully neglect making proper plans for their financial futures. Most often it's just plain lack of knowledge that prevents prosperity, Jones believes.

To combat this financial ignorance, Jones advocates teaching financial fundamentals, such as saving and managing money, in elementary school. As children progress through school, Jones believes that students should be well versed in money matters, work, proper work attitudes, capitalism and personal responsibility. "It's crazy," he says, "that here in America where we have the greatest wealth-creating machine in the world, we don't teach our kids anything about the subject!"

While many of today's adults have missed such training, Jones, in his work as a financial planner in his firm, Isler-Jones Inc., is promoting some appealing plans for building up savings.

One such plan, which Jones calls the "combination plan," he describes as "a dynamite employee benefit program that is about to explode in Nevada." He is lighting the fuse.

The foundation of this combination plan is a flexible employee benefit program known as a "flex plan" or a "cafeteria plan" under section 125 of the Internal Revenue Service Code. Jones believes the plan is the wave of the future because it offers employers the opportunity to keep down escalating benefit costs while offering some "exciting new benefit options while actually saving money."

> *"Most people have such stinkin' thinkin', they scare money away."*
> Russ Jones, partner, Isler-Jones Inc.

Here's how it works: Instead of taking all of their salary or wages in a paycheck, employees may set aside part of their income, before it is taxed, into a special ERISA trust account set up by the employer. From the account, the employee can pay for such things as dental work, eye glasses, child care and certain insurance premiums and doctor bills.

For example, let's say Zippo Corp. has an employee, Sue, who participates in the cafeteria plan. Sue has allocated $250 of her paycheck (before it is taxed) to pay for child care, medical bills, and certain insurance premiums. If her original gross paycheck is $2,000 a month, her new gross will be $1,750. She now pays FICA on the new gross. If 18 percent of her paycheck goes to income taxes and seven percent to FICA, for a total of 25 percent, she now saves $62.50 per month in taxes, or $750 a year.

There is more good news, Jones says. Zippo Corp. will also enjoy the fact that Sue's gross taxable income is reduced by $250 because its exposure to payroll taxes is decreased by the same amount. Let's say Zippo is paying 12 percent a month on payroll taxes. Twelve percent of $250 is $30. Zippo saves $30 a month or $360 a year. Depending on the size and profile of the company, this can amount to a sizeable yearly savings to the employer.

If Zippo Corp. has 75 employees and has an annual payroll of $1,250,000, it pays $150,000 in payroll taxes (at 12 percent). After implementation of the flex plan, Zippo's exposure to payroll taxes is reduced by as much as $250,000 a year—through employees' deposits into the ERISA trust. The new gross taxable payroll is $1,000,000. Zippo saves $30,000 a year on taxes.

Too good to be true? It sounds like it, but says Jones, "Boy Scout's honor, it is all legitimate."

In fact, while there are an estimated 5 million American workers under this type of plan right now, the Treasury Department estimates that there will be 24

million people under such a plan by 1989.

Why haven't we heard much about it? In the recent past, only large corporations have had the administrative capacity to handle the mountain of paperwork required to run such a plan. Now third party administrators—such as Jones—are coming on the scene to run such programs for all but the smallest companies. Bugs have been worked out of the guidelines and regulations, according to Jones, so it is now "full steam ahead."

Jones takes the cafeteria plan one step further. He advocates taking the money captured from taxes under the flex plan and putting it into a 401K savings account. Now, often for the first time, employees have a retirement account. Of course, the employer has the option of helping fund the plan or keeping his tax savings. But linking the flex plan with the 401K savings account is the combination plan that Jones is sure will appeal to many employers.

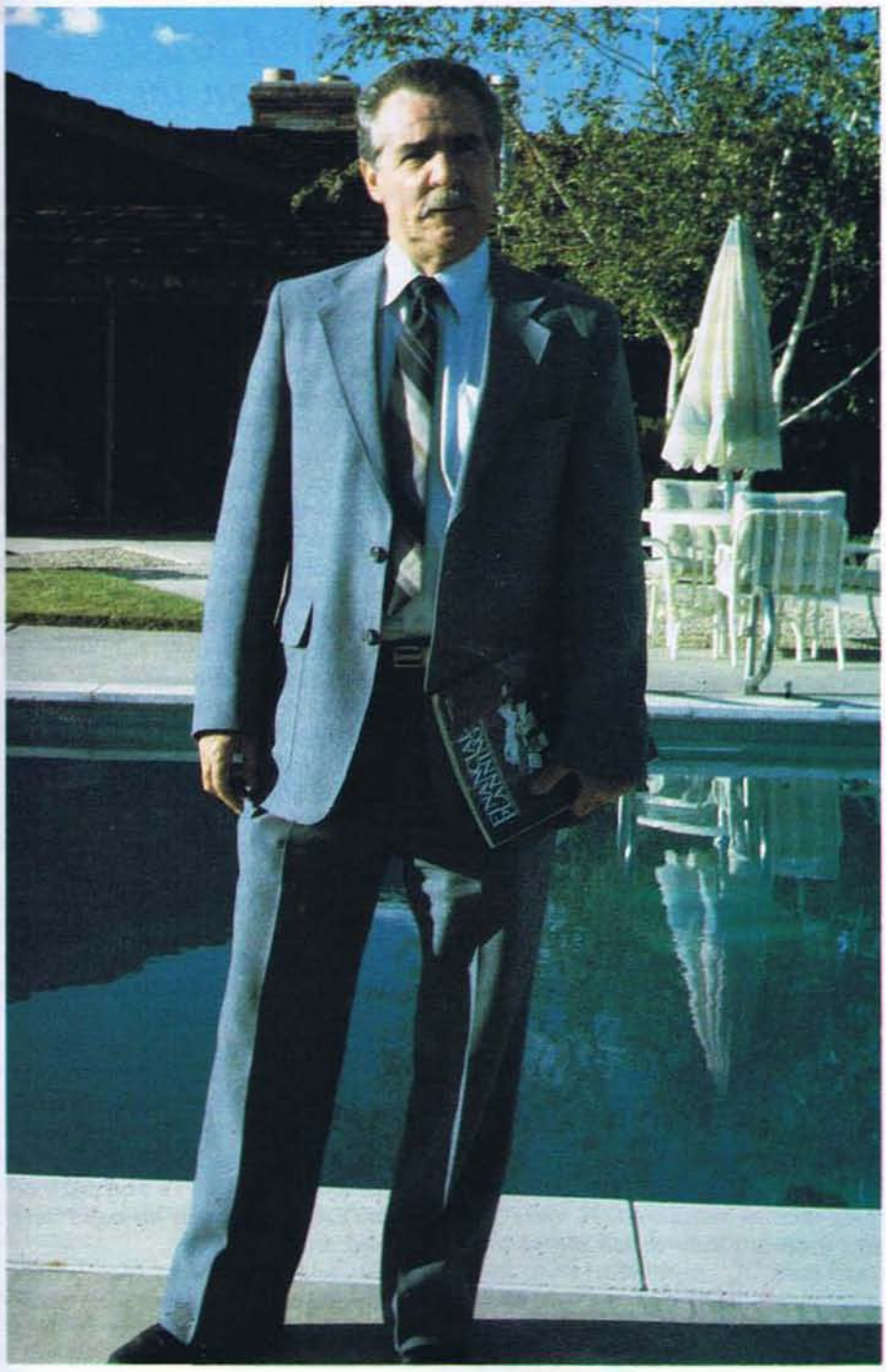

PHOTO BY C. CALVERT

Isler-Jones Inc., formed several years ago by Jones and partner Toby Isler, specializes in setting up employee financial planning for corporations. The firm has been conducting a series of financial planning seminars at Harrah's-Holiday Corp. for employees since 1985. The seminars cover such topics as real estate, life and health insurance, financial planning, investment strategies and taxes. One other course Jones would like to teach is "Attitudes." "Most people have such stinkin' thinkin'," he says, "they scare prosperity away." Jones believes in "prosperity thinking."

Originally, Isler-Jones offered financial planning to employees of Harrah's-Holiday Corp. at Reno, Lake Tahoe and Las Vegas. The partners began the programs in Las Vegas, expecting an audience of mostly executives. To their surprise, 80 percent of the attendees were "line employees." The vast majority of these employees had never had any financial training and were very eager to receive some instruction as an employee benefit. These line employees, says Jones, are exactly the people who need the coaching the most, because of their limited resources and experience.

Through Isler-Jones, Harrah's provides yet another employee benefit: several days a month Jones and his associates are available on site to do personal financial consulting for employees at no cost to the individual.

"This is a great benefit," says Jones. "Employers are acutely aware that they need to provide good benefits in order to attract and retain good personnel, and it is also no secret that persons without financial worries make the best employees. It is a win-win situation." Jones makes his profit from commissions on the 401K plans and other investments made by the employee.

Jones offers another option to employers who are trying to contain the es-

(Continued on page 55)

"Employers are acutely aware that they need to provide good benefits in order to attract and retain good personnel."

Russ Jones, partner, Isler-Jones, Inc.

Business In The Fast Lane

Sparks brothers Mark and Brad Yuill only wanted to go racing. But now that they've parlayed their savvy on the track into a high-dollar business, racing takes a back seat.

By Joe Bickett

Mark Yuill listens intently as a worried customer explains why there just *has* to be something wrong with his car's engine. Problem is, the tale isn't exactly couched in technical terms that Mark can readily understand. The customer knows only "It won't go when I stab it;" and to Mark, that could mean any number of things. But he offers to take a look and out the door he goes, customer trailing but looking a bit more hopeful now that an actual "Yuill Brother" is on the case.

The scenario occurs more often than Mark can count on any given day at the Yuill Brothers Performance Center in Reno, but Mark and younger brother Brad wouldn't have it any other way. "We've always tried to make each customer feel like we exist only for them," says Mark. "We've been like this ever since we started out, and it's the reason why we're where we are today."

In fact, any day of the week one is likely to run into any number of Yuills in the facility. Mark and Brad *are* Yuill Brothers Performance, but mom and dad are also on hand—Donna and Dick Yuill have kept the books for the boys ever since they went into business. Mark's 18-year-old son Brian is slowly working into the operation, and Mark's wife Beth is sometimes visible, although she has severly cut back her time due to other duties.

Then there is cousin Gary Yuill who has an office upstairs where he keeps an eye on his electrical contracting business. So customers unfamiliar with the Yuill clan who walk in and ask to talk with a Yuill are in for a bit of a surprise.

Some people are even surprised that a real, live Yuill even exists. The facility is so impressive that some believe it is some giant corporate franchise with headquarters somewhere out there where corporate headquarters are supposed to be. Surely, they say, this can't be a home-grown outfit with owners that will actually come out and talk to the customer. But it is.

Where the Yuills are today is testimony to that philosophy of personal service and attention to detail.

Where they are today is a 35,000-square-foot, two-building facility, worth about $2 million. The complex generates almost $2.5 million in auto-related retail and service income a year.

Yuill Brothers Performance now boasts 35 employees with a payroll in excess of $50,000 a month. The mortgage is $14,000 a month and the brothers have an investment in parts and equipment that totals nearly $500,000.

Not bad for a couple of kids from Sparks who only wanted to go drag racing but wound up with what Brad describes as a "one-of-a-kind facility" in terms of racing, retail sales, service and machine work. "There's nothing else like it in the country. We have the ability to totally take care of the customer, from sales to installation. In fact, for just about any auto-related service you could think of," says Brad.

The word "racing" is really the operative in the Yuills' rise. For almost 20 years now, the knowledgeable in the world of big-time drag racing have mentioned the Yuills in the same breath with the legends of the sport, oldsters like "Big Daddy" Don Garlits, the world's premier Top Fuel racer.

It's recognition that has been earned over the years with lots of expertise, determination, perspiration and plain old hard work, all the reasons why their business is thriving today—what works in racing works in business.

The Yuills had a pretty typical middle-class upbringing growing up in Sparks. Like many kids, they were active in sports; but their path took a slightly different turn about the time Mark hit driving age at 16. He'd always been interested in cars and speed and the mechanics of finding that hidden edge. So, he naturally always had his cars apart, probing for more horsepower and improved performance. Then, every Friday and Saturday night he'd hit the streets looking for a race. This was in the early 1960s—the era of the muscle cars, big-engined brutes that Detroit couldn't turn out in enough numbers for the kids who wanted them.

Gas was cheap and plentiful and Mark could street race with only a couple of bucks in his pocket. He couldn't afford a new car, but he enjoyed the heck out of beating those who could in his home-built. It wasn't a weekend if he couldn't race, and even his dates were planned around racing.

Beth and Mark were high school sweethearts and she remembers those early outings that largely were spent in search of one more race, one more chal-

lenge.

"We would drag Main [Virginia Street, right through the middle of downtown Reno] and race," says Beth, "so it's always been a part of our lives. And those were fun times. We were young and healthy and life seemed pretty good." Soon the racing would become an even bigger part of their lives, in ways they could not imagine then.

All the while Mark was racing and making a name for himself in local legend, Brad was there, asking questions, working on the cars and contributing to the effort. The brothers decided that when Brad turned 16 in 1966 he should have his own car.

So they plunked down $300 for a '56 Chevy and proceeded to tear it apart and rebuild it. The die was cast, not only for serious racing but for business as well, and though the two didn't realize it at the time, it took a life-threatening accident to really launch the two careers.

Brad was at the wheel of the Chevy. "We were racing a Corvette out on the Vista Highway," now I-80 east of Sparks, but back then a two-lane road. "I lost control, went off the shoulder and down the embankment and rolled the car," Brad remembers. "I wasn't hurt, but the car was totaled and it scared the hell out of me." And Mark also.

"After Brad's crash we decided if we wanted to race we'd better do it right," says Mark.

1967 marked the beginning of the purely-built-for-the-track race cars for the brothers, ironically another '56 Chevy. They were successful on the track right from the start but other, outside circumstances were beginning to intervene.

Mark spent some time at the University of Nevada, Reno; joined the Nevada Air National Guard with Vietnam heating up, and promptly found himself being called to active duty when the North Koreans snatched the Pueblo.

By now Mark and Beth had married and she was pregnant with Brian. So, she stayed home while he served his active duty in various spots. Release from active duty came in 1969, and Mark headed back to UNR while also working full time at Hallman Chevrolet as a parts salesman.

Brad, by this time, was out of high school, also at UNR and also a member of the Air Guard. He turned his guard work into a full-time job. The pay was good for a young man and, between the two of them alternating driving chores, they were also winning on the track.

Although they were making money on the track (never enough, according to Mark), it was largely a garage operation using rented space. They longed for something better, both on the track and with the racing operation as a whole. They found it in 1971.

The National Hot Rod Association established a new professional racing class, Pro-Stock. According to Mark it had the Yuills written all over it. "It was a natural transition from the street to the track. It's basically the same idea as NASCAR where the Southern guys take the big stock cars and adapt them to the track," he explains. "You work with a normally aspirated (carbureted] engine, the cars are identifiable as to make and model, and you run on pump gas—heh, heh."

They plunked down $300 for a '56 Chevy and proceeded to tear it apart and rebuild it. The die was cast.

The Yuills became licensed in Pro-Stock in 1972 and have been at it ever since. Except for a couple of racers who joined right away, the Yuills are now the oldest racers, in terms of license, in the class. They're almost the elder statesmen of Pro-Stock, a fact they're proud of.

It soon became apparent that if the brothers were to continue to race at that level of competition, they would need more bucks. Mark felt if he opened his own business he could sell enough auto parts to support his family and the race car.

Yuill Brothers Performance was born although Dick and Donna were skeptical and Brad initally didn't want in. But he loaned Mark $2,000 from a bond their grandfather had bought for him at birth, and Mark combined it with his own money and went searching for a place to set up shop.

He found it on Terminal Way in Reno, only a few blocks from the airport. For $300 a month Mark rented space from Leo Rossow and Bob Watts, himself a nationally known drag-boat racer. But even Watts and Rossow didn't give him much chance of success, and when he looks back on it now, Mark agrees he shouldn't have made it.

"I was so naive; I thought I could meet all my obligations if I just grossed $1,500 a month," he says. "I had to pay rent and power at the store, plus at home. I had a wife, son, a mortgage and another baby on the way [Amy, now 14]." Hello, reality speaking.

Brad made the smart move, the brothers agree, electing to stay with the Air Guard. But he knew Mark was struggling. The two were so close, and always had been, that Brad volunteered to give Mark half his salary to keep things afloat.

Yuill Brothers Performance had always been able to sell parts, but Mark realized something else had to be done if he were to survive in business and race. He decided to start doing tune-ups at night after the store had closed. Brad didn't mind doing the work and he could still work with the Guard during the day.

Word began to spread about this shop over on Terminal that did excellent work, and long about 1974 Brad felt they were doing so well he could quit the Air Guard and join Mark full time. Mark worked the front counter and Brad took care of the back shop. Their reputation grew so rapidly that they were actually turning work down because they couldn't keep up. They were even building racing motors for customers—and if one had a Yuill Brothers motor in his car, he had quality.

To Mark and Brad it was no big deal. They had always prided themselves on their workmanship with their own cars. They weren't about to start cutting corners just because they were doing it for someone else. It was true back in the early days and it's still true today.

These are two expert technicians who learned their craft on their own. Neither has had any formal training in auto mechanics, so their success from that standpoint is even more remarkable. Brad even won the annual Nevada State Plymouth Troubleshooting Contest in 1968 in Las Vegas, competing against high-school mechanics who had spent a lot of time in shop class.

The Yuills were good and they became even better because of their work in racing. "We really finesse a normally

"We really finesse a normally aspirated engine. It's taught us a lot of things that we can, in turn, relate to street cars for customers. We can make cars more fuel efficient because of the tricks we learn at the track with the race car."

Mark Yuill, shown (right) with brother Brad

Yuill Brothers Performance on Mill Street enjoys a high-visibility, low-traffic location.

aspirated engine," says Mark, "and because of that, it's taught us a lot of things that we can, in turn, relate to street cars for our customers. For instance, we can make cars more fuel efficient, finding maybe five or six more miles per gallon, because of the tricks we learn at the track with the race car."

Success on the track brought more success in business, which in turn provided more funds to improve the race car and test even more theories. So, the more they learned, the more the brothers passed along to customers and the more their services were in demand.

In 1974 they decided it was time to hire some help. Bob "Light Lunch" Crisp was the first (his nickname reflects his ample girth). Crisp just this year left the operation for personal reasons. Shortly thereafter came Roger Biswell—he's still with the Yuills in the parts department. Ron Crisp was next. Brother of "Light Lunch," he was hired at the tender age of 17 in 1976. He's still on board and now No.3 in command.

The list goes on and on, but more importantly, makes another statement about the Yuills' business philosophy: Hire the best people around and keep them—not only because their employees are a reflection of their own standards, but because the brothers are genuinely concerned with their employees' welfare.

Mark and Brad are in the process of investigating various programs that will allow their employees to share in the success of the business, not only because they realize there may be competition for quality people, but also they've worked long and hard to train and instill in their employees a sense of what it means to represent Yuill Brothers Performance.

When new employees join the operation, they go through an orientation program in which they are instructed on just how the Yuills want things done and why.

It pays off. The repair and service shops are booked at least a week in advance for most work, largely by repeat customers. And prices aren't cheap, either. A tune-up may run $200 or more, but a complete explanation is given both before and after the work is done so the customer understands every charge and procedure. The prices don't seem to be scaring anyone away—that's probably because most people don't mind paying a little more if they get what they pay for.

Business is so good that the brothers are thinking of expanding again, to install more service bays. Modern automobiles have become so sophisticated that yesterday's back-yard mechanics are largely a thing of the past. And, because of that, quality facilities like the Yuill Brothers' will be even more in demand.

As unsophisticated as the Yuills claim to have been in the early days when they began, they were smart enough to peer into the mist and see the future of not only their own business, but of the whole automobile service business as well.

After a period of expansion in which they opened service and retail shops in Sparks and Carson City, in addition to the main shop in Reno, they felt the best way to realize their dreams of a complete service-retail operation was to consolidate into one, large facility.

There were a couple of compelling reasons. Number one, they wanted to own more than just the business. They wanted to own their buildings and the land on which they perched. Number two, their various leases were up for renewal in 1984 and they faced enormous rent increases.

So, long about 1980, they began exploring various ways to buy land and buildings. "We didn't want to give it up," says Mark, "and we also wanted to control things. But we didn't know where we could find the retail and service space we needed."

They had barely begun their search when another slap from reality arrived. The economic downturn in 1982 hit not only the Yuills hard but also Reno and

The Yuill brothers hit the track in their 1986 Pontiac Firebird

"If we could come up with maybe a half million [dollars] a year we could win a title in probably three years. But we would need a major sponsor and so far we haven't had much luck attracting one."

Mark Yuill

the entire country. Business was slack, and consolidation plans were shelved—but not forgotten.

By the end of 1983 the economy had improved enough so that the Yuills could dust off the dream and set to work again. They calculated they could borrow maybe a half million dollars to $600,000. But they also worried they might not be able to pay it back if times got tough again. And they were also very picky about where they would locate the new facility if they could swing it. To Brad's way of thinking, they really couldn't compromise much on this issue. The Terminal Way site was a nightmare of traffic and congestion, and they felt the location hampered, rather than helped, business. What they wanted was a location with high visibility but low traffic. "I know that doesn't make much sense," says Brad, "but we knew from our experiences on Terminal Way that that combination was the ticket."

They searched various locations and listened to any number of suitors with "every scam known to man" according to Mark. The Yuills' reputation was now 24 karat, so it would be no bad business move to become associated with them.

About the time they had rejected all the proffered plans and sites for various reasons and had become very discouraged, they were introduced to Nevada developer Michael Dermody.

Dermody is the president and chief executive officer of Dermody Properties Inc., Nevada's largest industrial developer with over five million square feet already leased or under development. That's roughly 20 percent of all the space available in the state—so the Yuills knew Dermody was capable of giving them what they sought if a deal could be worked out.

The deal Michael Dermody originally proposed involved the standard lease-option, which the Yuills rejected because they wanted to own; they'd had it with landlords.

Conversation with Dermody ended and the brothers began to consider for the first time that they might not get their dream facility, or at least in the version they had hoped.

But about a month after their last contact with Dermody, the phone rang. It was Michael Dermody, and could he and the brothers get together again? He had another site and proposal and this time he thought they just might be able to work it out.

The site was perfect—located roughly at the intersection of Mill Street to the north (one of Reno's busiest thoroughfares) and I-580 to the east, the north-south corridor to Carson City. There's the visibility. Market Street acts as a buffer between the business and I-580—so it's the low-traffic factor in the equation.

And this time, the brothers liked what they heard from Dermody. He proposed a partnership for the land and the building. He would develop the site and erect the structure and then sell it to the Yuills over a fixed period of time.

Dermody had no interest in the actual business; the Yuills were the experts there; just as he was the expert in the development field.

But the Yuills were wary. "Why would this guy do this for us?" they thought. They went to a trusted friend, Al Ferarri, owner of the Holiday Hotel, and asked him to look over the documents. Donna Yuill had been Ferrari's chief auditor for years so they knew he would give them straight talk about the deal.

The two were so close, and always had been, that Brad volunteered to give Mark half his salary to keep things afloat.

Ferrari said the boys would find no better deal anywhere but he, like the Yuills, was curious as to why Dermody was presenting the boys such a good proposition.

Michael Dermody smiles when he recalls the negotiations, and he chooses his words carefully. Dermody Properties Inc. may control the lion's share of the leaseable square footage in the state but the company maintains a very low public profile, and that's the way Dermody and his father like it.

"That was the exception with us. We normally don't get involved with clients on the basis we did with the Yuills. We really didn't know much about them, but we checked. They had a reputation for being honest and hard working, so I can identify with that. They're similar to us in that respect."

Dermody is also a very astute businessman. He earned his law degree from Gonzaga in Washington, and then entered the family business. In Yuill Brothers Performance he had a business ideally suited to the location, and he figured, the Yuill brothers would probably put the package together somehow, so why not help them?

"They're smart," says Dermody. "They looked at us and we looked at them and we both liked what we saw. We never considered them naive. We discussed the new building together, got the attorneys and financial people together and saw that the numbers justified doing it, so we did. We're proud to be associated with each other."

The deal was finalized in March of 1984 and Yuill Brothers Performance moved in in October of that same year. "Because we did it with Dermody," says Brad, "it gave us the site and exposure we needed. Without Dermody the facility probably would have been all right but the location wouldn't have been as good. Plus, we now consider him our friend as well as our partner."

However, while all this attention was being paid to business, the brothers' racing suffered, although there were some high points. They won regional titles in 1976, 1979 and 1981. In 1979 they formed a racing partnership with Ken Van Woert, a man Mark describes as "the best machinist going." The partnership campaigned one Camaro for a while and then added a second. And if one brother wasn't winning, the other was, usually facing each other in the finals of race after race.

In 1980 the partnership with Van Woert was dissolved and the Yuills continued on their own. They are still fast friends with Van Woert and when they're together the talk is still racing and the good ol' days.

In 1981 their new Camaro was ready and with it the Yuills became the hottest act going on the West Coast. So hot, in fact, that Brad signed on as a contract driver for a gent named "Dandy" Dick Landy. Landy was heavily backed by Chrysler Corp. running mainly Dodges in competition. He put Brad in an Omni and paid his expenses and 30 percent of his winnings.

One day at Fremont Raceway on the California Coast, Brad and Mark faced each other in another final. Brad won and promptly quit the Landy team.

"The car was terrible and Landy wouldn't let me have any say about the chassis, so I quit." Brad felt that if his neck was on the line he should have some input as to the set-up of the car, but Landy refused.

Back in the Yuills' Camero Brad won the brothers' only national title to date, taking the American Hot Rod Association Spring National in Tulsa, Okla. in 1981. So far the more prestigious national titles of the NHRA have eluded them—nothing a lot more money wouldn't cure, according to Mark. "If we could come up with maybe a half million [dollars] a year we could win a title in probably three years," he says. "But we would need a major sponsor and so far we haven't had much luck attracting one."

The Yuills have raced fewer and fewer times in the years since the all-out effort of the late '70s and early '80s. Lack of money was a big reason, and the Yuills were spending more time running the business simply because they had to. In the old days, they might spend a week or more hauling the car to a race and back but now they won't even enter an event if they can't fly there and back.

In 1985 the Yuills also began to think about their own mortality, largely because of one incident. Lee Shepperd, the dean of the Pro-Stock drivers and the man who won every title the division had to offer, died as a result of a crash after a run. He and the Yuills and their families had become close friends over the years, so his death was not only tragic for the sport, but for the Yuills particularly.

Like the Yuills, Shepperd was not a reckless man, not prone to taking chances. And, also like the Yuills, his cars were meticulously prepared and boasted state-of-the-art safety equipment. So, the Yuills realized if it could happen to Lee Shepperd, it could happen to them.

Mark says for a long time he "couldn't get it out of my mind," and even Beth felt retirement might be the best thing. "We all realized we were getting older," says Beth. "But, I've lived with the racing and the speed, and the danger is just something you really don't think about. Mark and Brad are both extremely careful and the car is as safe as they can make it. But I know racing is responsible for the life we have now and Mark and Brad still love it very much, so I can understand that they want to continue. I have good memories about races and our friends."

Teri Yuill, Brad's wife of eight years, is also philosophical about the dangers of the sport and, like Beth, was also deeply affected by Shepperd's death.

Teri and Brad have been together for 16 years and Teri says that in all that time she's had only one real scare. Brad returned from the track one day with a crushed race car on the transporter. "I remember thinking, when I saw the car through the window, that nobody could have lived through that crash, and, since Brad was at the door, it had to have been Mark that was dead, or at least seriously injured.

"So, when Brad told me it was he, in fact, who had been at the wheel and I saw he was okay except for some minor bruises, I realized that, if all that safety equipment and careful preparation Mark and Brad put into the car could allow him to walk away from an accident like that, I had little reason to worry."

Business is so good that the brothers are thinking of expanding again, to install more service bays.

In time, both families got over the shock of Shepperd's death, and, after a great deal of soul-searching, decided the brothers should continue to race.

Shepperd is remembered in both homes and Mark adds the final footnote. "Lee died doing something he loved. Not many men can make that claim.

So the racing continues, although Mark and Brad get a tad cranky with the realization they hit the track only four times in 1986. But they say all that will change when the business settles down. Always the business is paramount in their minds, and with good reason.

At the north end of the original building there is the giant roll-up door to the racing shop; only a select group of people are allowed in, much less allowed to work on the cars. The Yuills and full-time Crew Chief Tony Hewes are the only ones to do serious work on the 1986 Firebird, and Wholesale Manager Kevin Tingley completes the crew come race weekends.

Adjacent to the race shop is the machine shop with its full complement of machinists and equipment. Further south one comes to the real heart of the operation, the service bays, chock full morning, noon and night and booked at least a week in advance.

On the south end of the building is 5,000 square feet of retail and office space—in all, 25,000 square feet of dreams realized. But the Yuills weren't quite satisfied, so they had another conversation with partner Michael Dermody.

They were extremely happy with the original building and its capacities, but they felt that to really be a full-service one-stop facility, some things were still needed. A few months later, a new, 10,000-square-foot building went up just south of the original, separated by a parking lot for the customers.

The new building houses the muffler shop, alignment and front-end bays, a complete brake shop, bays for the installation of wheels and tires (Yuill Brothers Performance also has a B.F. Goodrich tire franchise), and even a custom paint facility, although that's leased to someone else.

The Yuills say they can now take care of a customer with virtually any auto-related need, from sales to service, and now they just have to fine-tune the operation. That means lots of hours on the job and away from home, but families are patient, even taking advantage of opportunities of their own.

Beth Yuill went back to UNR and got a degree in education. She's now teaching at Diedrichsen Elementary School in Sparks and is seriously thinking about going back for her master's degree.

Teri Yuill is working at Nevada Bell and pursuing an accounting degree at UNR. She also has her hands full with son Jimmy, age three-and-a-half.

Donna Yuill is about ready to retire from the business and Dick Yuill says two more years is about all for him as well.

But customers will still be able to come in and speak to a Yuill because Brad and Mark will be there. Yuill Brothers Performance was their baby and now it's their teenager. They are already planning for adulthood and middle age, and those who know and respect these heads-up brothers who "only wanted to go racing," hope they will last well into old age as well. □

PHOTO PROVIDED BY WEDBUSH, NOBLE, COOKE INC.

Michael Hume

Vice President, Reno office
Wedbush, Noble, Cooke Inc.

Bent On Success

Stockbroker Michael Hume has his priorities set: family comes first, followed by living at Lake Tahoe and then his career. Despite ambitious goals, he's never failed yet.

By JoEllen Dalton Johnson

"I believe it is better to try and fail than never to try at all...But I've never really failed at anything I've ever done," says the young investment expert with a shrug of his shoulders. "I seriously thought my position here was going to be my first failure."

For nearly a year now, Michael Hume has been a vice president with Wedbush, Noble, Cooke Inc., a West Coast-based brokerage firm. And he is far from failing in that post.

How does a man of 31 become so successful? A look into Hume's background provides some insights to help answer that question.

Oddly enough, he started out as an engineering student in college until he realized a profound dislike for chemistry. After taking an aptitude test that pointed him toward business, he decided to go the accounting route and become a CPA. However, during his senior year, his father died, and he ended up doing a financial plan for his mother. That was when he realized he wanted to be a stockbroker.

"You can plan your day as best you can, but there's no guarantee it will go that way. I always have plans, but they go awry every day."

Michael Hume, vice president, Wedbush, Noble, Cooke Inc.—Reno.

Michael Hume received a bachelor's degree in business, with an emphasis in finance, from Cal Poly San Luis Obispo. He then married his college sweetheart and spent nearly three years with Merrill Lynch in Sacramento.

After falling in love with Lake Tahoe, though, Hume began exploring opportunities in northern Nevada. He moved to Tahoe and signed on with Kidder, Peabody, which at that time was located in Reno's Valley Bank Plaza. Then, in March of 1984, Kidder, Peabody moved out of the office and Wedbush, Noble, Cooke moved in. After researching the firm, Hume decided to join Wedbush, at which time he was faced with a major challenge.

He explains, "The office was in the red for the first year. Getting started was hard, and turning a profit was my biggest accomplishment." And an accomplishment it was, for the office has grown steadily since it opened. Whereas the office began operating with only Hume and one other broker, it now consists of eight brokers and two support people.

About his achievements Hume says, "I have a very strong will to succeed. I am a risk taker. But mostly it's been a matter of getting the right group of people together and getting the office to a satisfactory level of production. I've had good fortune in the people I have hired in that they have been successful for me and make me look good."

Once he had gotten the Reno office on its feet and had become its manager, Hume's next goal was to become a vice president of the firm. And, as a result of his leadership abilities and successful sales, Michael Hume was awarded that title in May of 1986.

He has other goals—short-term, day-to-day goals—which play a key role in his business dealings. An important one is providing complete service to the client.

"First I find out what they have done in the past—what they have liked or not liked to buy," explains Hume. "Second, I find out where they presently are in their investments. Next, I find out what their investment objectives are. For instance, some people are looking to make money overnight, while others may prefer something more stable. We offer everything from bank CDs with absolutely no risk to options and commodities which are extremely risky. Fourth, I find appropriate investments to fit those objectives. The last step is the most difficult, but also the most important: persuading the client that that investment is the best one."

Hume, who handles approximately 300 clients, emphasizes that building trust in his client relationships is crucial. "People are reluctant if you use a 'tip' approach. You need to know about

them. People are generally very responsive to the approach I have mentioned because the investment is chosen to fit their particular situation."

Hume also believes in being flexible when it comes to commissions. In many cases, Wedbush can offer negotiated commission rates and has even been known to undercut the discount brokers.

For instance, says Hume, "if your grandmother dies and leaves you some shares of stock, we recognize that all you may want to do is sell them. In such cases, we don't see any reason to charge you the full commission."

The idea of negotiated commission rates is still rather new to Wedbush, but it's an idea that makes sense. According to Hume, it has allowed the brokerage to "chip in on a new area" and to attract a good deal of extra business.

As he puts it, "Rather than let discounters eat into our markets, we negotiate our own rates."

After being employed with two larger brokerages, Hume has decided that he prefers the smaller-sized corporation: "We emphasize that we are large enough to be competitive in our trading—we can get as good an execution as any firm—yet we are small enough that all our members are on a first-name basis."

More important to Hume is that Wedbush does not carry its own in-house line of products like many of the larger firms. The people at Wedbush pride themselves on the fact that they are independent; they are not compelled to offer a client an investment product that may not be suitable for him or her. "The use of in-house products tends to make the client a client of the firm rather than a client of the broker. Rather," says Hume, "we are very entrepreneurial. We let the brokers decide what they want to do, what products they want to offer."

Glenn Fama, the newest investment executive at Wedbush, agrees: "I like the smaller office because you don't have to sell your own product. I'm here to do a job to help people, and I want to do what's right for the clients. It's not a matter of benefiting me; what's important is making sure the client gets the most beneficial use out of the investment."

Another plus for Wedbush clients is that the firm is based in the West, with headquarters in Los Angeles. "Not only are we more attuned to what's happening in the West," says Hume, "but we are also open until 5:00 Pacific Standard Time. If a client has a problem at 3:30 in the afternoon, we can get it resolved without waiting until the next day."

The world of investments is a fast-paced, difficult one. The market opens at 6:30 in the morning, so nearly everyone is in the office by then, and many of them stay until 6:00 in the evening. Hume describes it as "a very stressful business. Drumming up clientele, starting with nothing, the fast pace—there's not a lot of security."

Then what's the attraction to become a broker? For one thing, the pay is very good—if you're successful. Also, says Hume, "It's self-fulfilling in that you do get rewards in helping people make money for their money. For the most part we are successful at that."

"We let the brokers decide what they want to do, what products they want to offer."

Michael Hume, vice president, Wedbush Noble, Cooke Inc.—Reno

In addition, there are those people who thrive in such a busy environment. And Michael Hume is one of them. "It's unpredictable. . . dynamic. Every day is different. Things are changing very rapidly, with new products coming out all the time. I like it that way. It takes a certain kind of personality to like that."

One frustration that all brokers must adapt to deals with making plans. "You can plan your day as best you can," says Hume, "but there's no guarantee it will go that way. I always have plans, but they go awry almost every day."

Many of those changes within the industry have been quite dramatic. One basic change has taken place within the public. Whereas most people used to be interested only in real estate and oil, they are now turning toward stocks. "With lower inflation and a more stable economy, people are realizing stocks and bonds are more viable," says Hume.

As a result, more news programs are cropping up that concentrate primarily on the stock market. "The market is a much more interesting thing to talk about," says Hume. "The amount of shares that trade daily has increased drastically. In the past, a 30-million-share day was a big day, and the record was 40 million. Now the average is around 240 million shares daily, although much of that is from institutional trading."

Several other developments have taken place which are particularly helpful to consumers: discount brokers, "no-load" or no-commission mutual funds, and lower transaction fees. Hume believes these changes, along with a future decrease in commission rates, are likely to continue.

All these changes have made a difference in financial practices, but one other change has greatly affected the entire financial industry.

"Probably the biggest change," offers Hume, "has been the formation of the all-in-one financial 'supermarket' or center, like the Sears Financial Network. Similarly, there's been a blending of the different kinds of financial institutions to the point where they now offer many of the same products."

This blending has been due in large part to the fact that the industry regulations are becoming less and less strict. As a result, one financial institution can now offer products that had previously been exclusive to a different kind of institution. A good many brokerages, for example, are now getting into the lending business by making home equity loans.

What, then, will be the end result if this blending continues? Hume sees the possibility of a consolidation in the future. "A lot of brokerages have been bought up. It's all conglomerating. What you may have is just a big financial corporation. There will always be companies with specialty niches, though, such as a stock specialty firm."

Another change has been the dramatic increase in the number of lawsuits against stockbrokers. Hume feels that part of the problem behind this increase is what he calls "the transaction orientation of the brokers." This term refers to the fact that a broker makes money (commissions) only when he is successful in persuading the client to invest.

Therefore, some unscrupulous brokers give in to the temptation to continually trade on their clients' investments in order to make a much larger sum in commissions. And, of course, anyone who gets caught doing that will most likely be sued.

Hume feels the solution to this problem would be for the industry to become more performance-oriented rather than transaction-oriented. "The commission structure sets up conflicts. Instead, I'd like to see a fee for managing assets whereby a broker would get paid a percentage of the amount of assets he has in house. That is an inducement to do well because if you perform well and your assets grow every year, you will get more fees with larger assets."

By eliminating the transaction orientation, then, the number of lawsuits within the industry should decrease substantially.

"I do think that most brokers are honest," states Hume, "but it's a big temptation for an unscrupulous individual. The dishonest ones are making it tough for the rest of us."

Michael Hume takes his work seriously and works very hard at it, but it is apparent that he knows how to enjoy life. In fact, he describes his priorities like this: "One, Spending time with my wife and my children, two, living in Lake Tahoe, and three, developing my career."

Hume's family is especially important to him. He and his wife, Allison, have a four-year-old son, Ryan, and a two-year-old son, Andrew. Says Hume, "I don't have much spare time to work on hobbies, so my hobby is my family. I spend all the time I can with my boys—fishing, climbing and going to the beach."

Other employees at Webush can see that the influence of family in Hume's life is a strong one. John Klacking, assistant manager of the office, has this to say: "There's a lot of pressure in this business—ups and downs, peaks and valleys. He's got a family life that I think interacts a lot with that, and he's very considerate of the family life."

Fama also admires Hume for the time he spends with his family. In addition, says Fama, "he drives in from Tahoe every day, and he's here by the market opening [6:30 a.m.]. That takes real dedication."

Hume feels that where he lives is a very important part of his life. In fact, he considers going home a hobby in itself. He has even set a personal goal to stay at Tahoe as long as possible.

"Every day is different. Things are changing very rapidly, with new products coming out all the time. I like it that way."

Michael Hume, vice president, Wedbush Noble, Cooke Inc.—Reno

Hume's third priority, developing his career, is something that touches his personal life as well as his business life. For example, he serves as trustee for his family on some property in the mountains. With a smile he describes it as "being involved in the management of natural resources. Now *that's* a long way from Wall Street!" Of course, the benefit of that responsibility is visiting the area with his family. "The best part," he says with a sigh, "is that there's no phone—nothing."

In addition, the office is not the only place where Mike Hume is involved in taking risks. His wife, who studied child development at Cal Poly, owns and operates a preschool in Incline Village. The risky part was taking over an existing business and making a good deal of changes. But, as always for Hume, the risk paid off; the preschool is doing very well, and Allison really enjoys running it.

Other activities include participation with Rotary International and the Reno Central Club. He was also in the first graduating class of Leadership Reno, a year's worth of special seminars sponsored by the Reno-Sparks Chamber of Commerce.

Michael Hume is determined not just to survive in his fast-paced world, but to succeed. If he continues at the rate he's going, he will do just that. □

Executive Suite

Jordan Primack

Barbara A. Culver

John H. Denning

Mark L. Dunford

Thomas G. Stamos

Glenn E. Fleming

Joe Francis

Bernard Viola

Jordan Primack has been named senior vice president of Green Valley Homes Inc., and vice president of residential operations for American Nevada Corp.

In his new position, Primack will direct the daily operations of Green Valley Homes, the homebuilding division of American Nevada Corp., overall developer of the master-planned community of Green Valley in Las Vegas. He will also coordinate homebuilding activities for ANC.

First Interstate Bank of Nevada (FINV) has announced the appointment of three vice presidents: **Barbara A. Culver**, senior corporate account officer in Southern Corporate Real Estate; **John H. Denning**, business banking manager at the Fifteenth & Charleston Office; and **Mark L. Dunford**, senior corporate officer in Southern Corporate Real Estate.

Culver has been with FINV since 1979. She was named assistant vice president in May 1985 and senior corporate account officer in August of this year.

Denning joined the bank in 1976 and has worked in several FINV offices throughout Las Vegas and Henderson. He was named an assistant vice president in 1985.

Dunford joined FINV as a management trainee in 1981 and was named a senior corporate account officer in August.

FINV also announced the appointment of three other vice presidents: **Robert A. Frantz**, regional manager for Loan Collection and Adjustments; **William R. Fugate**, assisant manager of Systems Research and Development; and **Diane B. Torry**, senior corporate account officer in Northern Corporate Banking.

Frantz has been with the bank since 1966, beginning as a trainee and working most recently as a loan adjustment manager. He was named assistant vice president in September 1983.

Fugate has been with FINV nearly 12 years, most recently as a systems liaison officer.

With seven years' banking experience, Torry joined FINV in 1985 as an assistant vice president and corporate finance officer. She was named a senior corporate account officer last August.

Thomas G. Stamos was recently named vice president of the brokerage firm of Corroon and Black of Nevada. Stamos was formerly with the firm's office in San Jose, Calif., where he was an assistant vice president.

He has over 10 years experience in all phases of the insurance field and has

John Kuminecz

Hartley Alexander

Thalia Dondero

Lorna Kesterson

specialized expertise in large manufacturing property and liability exposures and public entity risk management.

Glenn E. Fleming, certified property manager (CPM), of Real Properties Ltd., has been elected president of the Northern Nevada-Tahoe Chapter of the Institute of Real Estate Management (IREM) for 1987.

Fleming, a 1972 graduate of the University of Nevada at Reno, has been working as an office-commercial property manager in the Reno area since 1976 and is currently heading up the Commercial Management Division for Real Properties Ltd.

The Northern Nevada Development Authority (NNDA) has named **Vivian Goodier Roberts** executive director, responsible for developing and administering the organization's programs to expand and diversify economic development in Carson City, Douglas, Lyon and Storey counties.

Roberts has 15 years experience as a government relations and business management executive. In 1976 she joined

Michael Dunn has joined Howard Hughes Properties as leasing director. He is responsible for leases in Hughes Center, including the First Interstate Tower, as well as the Hughes Airport Center.

Prior to joining Howard Hughes Properties, Dunn was the director of marketing for Lincoln Property Co. in Dallas, Texas. He has also specialized in selling and purchasing income properties for the income brokerage firm of Marcus & Millichap, also in Texas.

Joe Francis, senior vice president and general manager of the Holiday Casino on the Center Strip in Las Vegas, was named Hotelier of the Year recently by the Nevada Hotel & Motel Association. Francis has been associated with Harrah's Hotels & Casinos since 1964.

From dealer he moved up to pit manager and eventually to shift manager before transferring to Harrah's Lake Tahoe as assistant general manager in 1969. He was named vice president and general manager of Harrah's Tahoe in 1974.

Bernard Viola has been named food and beverage director at Harrah's Reno. His responsibilities include overseeing all restaurants and bars, as well as room service, snack bars and banquet catering.

Viola has had a lengthy career in the food and beverage business, working with companies that include Hyatt, Omni International, Fairmont and Meridien Hotels.

Nevada Development Authority announced the appointment of **John Kuminecz** as vice president-sales and marketing. His primary responsibilities include contacting prospective business and industrial clients outside the state for the purpose of relocating them to the southern Nevada area.

Recently retired as a lt. colonel from the U.S. Air Force at Nellis AFB, Kuminecz brings more than 20 years' public relations and promotion experience to NDA. He has served as public affairs director for commands in Nevada, California, Texas, England and Germany; as commander of the American Forces Television-Germany Network; and as chief of Air Force Radio & Television at the Pentagon in Washington, D.C.

KNPR, Las Vegas' public radio station, announced the appointment of **Pat Karlock** as director of development for the station.

Hartley Alexander, A.I.A., a longtime Las Vegas architect, has been named assistant director of the Architectural Division of G.C. Wallace Inc. Engineering/Architecture, according to the Las Vegas-based firm's president, Scott Wallace.

Prior to joining G.C. Wallace, Alexander was president of Alexander-Congdon & Associates, formerly Farris-Alexander-Congdon Architects in Las Vegas. He had been a principal in that firm for the last five years. Alexander has a total of 22 years of experience in design and construction projects including 17 years as an architect in Las Vegas. His design for the Clark County Courthouse addi-

tion won the American Public Works Association's "Project of the Year" award for 1983.

Clark County Commissioner **Thalia Dondero** was recently elected chairman, and Henderson Mayor **Lorna Kesterson** was elected vice chairman, for Nevada Development Authority's new Interagency Coordinating Committee.

The committee is comprised of 13 elected officials and volunteer leaders representing both public and private economic development entities within Las Vegas, North Las Vegas, Henderson, Boulder City, Clark County, including all southern Nevada chambers of commerce; and Valley Bank of Nevada and Summa Corp. Its purpose is to reduce duplication of effort and expenditures on behalf of communities working to attract new business and industry to the area.

Edie Emmart has joined Saint Mary's Health Care Corp. in Reno in the planning and development department.

As a rural planner, Emmart is responsible for the provision of support to the planning and development functions of the corporation's rural affiliates: Churchill Regional Medical Center in Fallon, Fernley Health Center, South Lyon Community Hospital in Yerington, and Lassen Community Hospital in Susanville.

Susan S. Buchwald, M.D., a general surgeon, has been elected chief of staff by the physicians at Saint Mary's Hospital in Reno. She will hold the position for two years.

As chief of staff, Buchwald is responsible for communicating the needs of the medical staff to the administration of Saint Mary's. She is also ultimately responsible for ensuring that new physicians meet the established criteria to practice at Saint Mary's. She serves on the hospital board of directors as well.

Other newly elected officers include: Vice Chairman of Staff **Paul Dieringer, M.D.**, internal medicine; Secretary of Staff **Robert C. Clift, M.D.**, urology; elected members at large: **Timothy D. Coughlin, M.D.**, family practice, **Rick L. McElreath, M.D.**, general and thoracic surgery, and **John Shields, M.D.**, internal medicine, hematology and oncology. □

Financial Planner

(Continued from page 41)

calating costs of benefits (particularly health insurance)—the "core plan." A method of tailoring benefits to specific needs of each employee, the core plan is gaining acceptance across the country.

Zippo Corp. may decide, for instance, to allocate 25 percent of its employee-related overhead to benefits. Eligible employees may then select from a "menu" of benefits which may include health insurance with various deductibles, term life insurance, additional vacation days, vision and/or dental plans, disability insurance and day care. Each employee is limited to a certain pre-set figure as to the actual cost the employer will pay for benefits.

There is a double incentive here—the employee gets the benefits best suited to his needs, and the employer is able to keep the costs down. These core plan benefits can also be designed to be included in a flex plan so that the tax incentives are available.

Jones is the type of man who can take an idea or concept and, "with a good dose of vision," he says, "turn it into reality." When he was seven years old, he recalls, he told his mother, "I'm going to get a white convertible Cadillac, a big house with a pool, own my own business and take care of you when I grow up." He has done just that. And it is his vision and ability to recognize a concept whose time has come that has carried him there.

Jones' career is testimony to his agile mind and entrepreneurial spirit. He started out not as a financial planner, but as a private investigator. After managing an investigative department for a firm for several years, he felt he could do better on his own.

In 1963 Jones opened his own private investigation service in Hollywood, Calif., grandiloquently dubbing it "The Central Bureau of Investigation." He chuckles as he tells how he was not above picking up bail jumpers for $3.50 an hour to get the firm off the ground. In fact, he was in downtown Watts, Los Angeles' high crime area, doing just that when the racial riots broke out. "That was a scary situation, let me tell you!" he says. But he also adds that he is much happier as his own boss.

Just one year after he founded CBI he began doing internal investigation for Harrah's Club. He found himself doing more and more work for Harrah's, and before long was handling security plans, background checks, polygraph testing and other investigative work for the corporation. By 1971 his business with Harrah's had reached such a high volume that he sold CBI and moved to Reno to open Russ Jones & Associates. Eventually he became responsible for the personal security of Bill Harrah and his two sons.

It was here that Jones got his initial training in the financial arena. He began doing asset investigations for Harrah. He would research and check potential acquisitions and investments prior to final approval. This naturally required some financial expertise on his part. It wasn't too long before he discovered he had a real interest in investments and began serious study in order to one day start another business in financial planning.

In 1982 Jones sold Russ Jones & Associates. He was contacted by a private party at this time to investigate a gold mining opportunity in northern California. He advised the individual to steer clear of gold mining because it was too risky for the inexperienced investor. But, to make a long story short, Jones ignored his own best counsel.

In a reflective mood, Jones says that every man should have at least one "gold mine" in his past—"but keep it short and learn fast."

Shortly thereafter Jones joined with Isler—a man he describes as "a jolly little wizard of money." Isler has a loyal following in his financial planning, which includes former basketball star Zelmo Beatty. Both Jones and Isler are licensed in health and life insurance, are stockbrokers and are registered investment advisers with the Securities Exchange Commission. Jones is also a longtime student of national and international political and banking trends and is licensed in real estate.

The partners have high goals for Isler-Jones Inc. Jones hopes to become known throughout Nevada for "fine products, exceptional service and integrity." Eventually he envisions expansion into other states.

Jones is also a firm believer in self reliance. And he enjoys helping people become self reliant and create personal wealth. He proudly displays a letter sent to Joe Francis, general manager of Harrah's Holiday Hotel in Las Vegas. It is a message from a young man employed by Harrah's who, through attending the series of seminars offered by Jones through the corporation, was able to purchase a home and develop a personal financial plan. Part of Jones' "prosperity thinking" says that people will just naturally want to take care of themselves if given half a chance.

Jones also feels that one law of prosperity is generosity. He hopes to help build a full-service Christian high school in the Reno area someday. And if he has any say in the matter, the curriculum will include strong emphasis on financial training. □

They're Not Playing Games

They said it couldn't be done—that a non-gaming hotel didn't have a chance in Nevada. But a handful of obstinate rebels are surviving, even thriving, and turning some heads.

By Linn Brasher Thome

Nevada and gaming are synonymous. At least that's what a lot of people associated with the hotel industry seemed to think until a few years ago. "When I first got here," says Tom Vetta, "all I heard was 'The place will never make it without a casino.'"

Vetta, director of marketing for the Alexis Park Hotel in Las Vegas, acknowledges that prior to 1984, non-gaming hotels in the state were pretty much an unknown entity. And, according to some insiders, the general consensus in those days appears to have been that Nevada had little else to offer besides slot machines, craps tables and high-priced entertainment.

Enter Bob Schulman and partner Frank Nielsen of Schulman Development Corp. of Nevada. Despite warnings and adverse reactions from the press and others, the two built Alexis Park, a 500-suite, Mediterranean-style hotel—*sans* casino.

"Being in business, any business, is a risk," says Schulman. "In this case, no one had really done anything major in the area of non-gaming hotels. I foresaw what everybody else now sees in hindsight."

With business and industry being attracted to the state and solid efforts being made toward economic diversification, Schulman felt the climate was right. "It's naive to think that people come here only to gamble," he says. "There is a substantial amount of business coming in here now. These people happen to be coming to a city where there is gaming, but that doesn't mean that this is what they have come here to do. So basically, that was my thinking."

While doing preliminary research on room occupancy rates for the area, Schulman found the figures to be impressive and encouraging. "Las Vegas has the highest room occupancy rates in the country—around 87 percent compared to about 65 percent nationally. Now we're talking about hotels here, not motels. I don't really have the figures on those. At any rate, even in the bad times, during the recession years of '82 and '83, room occupancy was still around the 70s. I figured that if we captured even a small percentage of that market—business people and others who prefer a non-gaming atmosphere—we'd do well."

And they did. So well, in fact, Schulman and Nielsen are poised to break ground for another non-gaming hotel in Las Vegas. The Saint Tropez Resort Hotel and Shopping Plaza, on the corner of Paradise and Harmon roads, will offer 154 rooms, divided between mini-suites and two-room suites.

Each room will feature an in-room jacuzzi, separate dressing area with vanity and mirrors, fully stocked European wet bar and many other luxuries.

How will this new resort affect the Alexis Park? Will the competition prove to be a negative factor, or will it serve to stimulate the growth of other non-gaming hotels? Is Alexis Park's success due to its new-kid-on-the-block status—offering something a little different—or is it an idea whose time has come?

As far as Vetta is concerned, the outlook is promising. "Being that it's going to be right next door to us, I welcome it," he says of the new hotel. "There are many times when I can't accommodate rooms. As a matter of fact, we had two airlines staying with us—United and TWA—and by virtue of sheer economics, because of the amount of business we've had to turn away at a higher room rate, we've decided not to renew their contracts."

Obviously enthusiastic, Vetta continues, "I believe Schulman is putting in around 170 suites next door, as well as a shopping complex, so that's actually going to help us out. As I mentioned, there have been a number of times when we've had to turn people away, so I don't see any problem with competition here."

According to Vetta, there's less to fear from outside competition than from inside inefficiency. "We feel that as long as we continue to take exceptional care of our guests while they are here and our repeat customer factor continues to rise, we have nothing to fear from our competition. Aside from the ambiance, one of the reasons we've been so successful is our service. The hotel is really geared toward service. Unfortunately, that's a term that previously has been misused and misrepresented. We take the product—our hotel and our service—and we constantly upgrade it. And the results have been gratifying, to say the least."

The Sheffield Inn, also in Las Vegas, began as a time-share operation, but evolved into a non-gaming hotel. With 171 suites and proximity to the convention center and the Strip, it offers an ele-

gant, though homelike, atmosphere.

"The absence of gaming is what makes Sheffield Inn so desirable," General Manager Dee Brown reports. "There are a lot of people who, for whatever reason, prefer this type of atmosphere. We advertise the 'Suite Difference' in corporate journals and other publications and the response has been good. We have people from various companies, for example, who are here for as long as two to four months on business. They are here basically to work and not to look for amusement. Because we offer the amenities like refrigerators, microwaves and jacuzzis in our suites and can offer specialized attention, we are able to compete quite adequately with gaming hotels.

"I want to mention, too, that our rates are constant and don't fluctuate according to season or to conventions that happen to be in town," Brown continues. "So we feel that we offer as much and, in many cases, more than many of the larger, more established hotels."

The Sheffield's meeting facility, pool and other attractions are clearly a source of pride to Brown. But most of all, she stresses the homelike atmosphere the hotel is able to provide. "We are able to get to know our guests and give them personal attention. This is no cattle-car operation where people are herded in and herded out. We offer specialized service and our guests respond to that."

To date, the rest of the state appears to be taking a cautious but curious look at non-gaming hotels. There is a certain reluctance to dip into untested waters. As one man puts it, "The Reno area, until just recently, has not had the phenomenal growth seen in southern Nevada and there are actually some advantages to that. Then, too, Reno is more tourism oriented. I suspect that it may be some time before you see a noticeable shift in emphasis."

Roger Life, general manager for Nendels Inn in Sparks, indicates the tide may be turning. With 221 deluxe guest rooms, hourly shuttle service to the downtown area and a banquet facility that can handle up to 500 people, Nendels caters heavily to the business person as well as to the family traveler. "We do have 12 slot machines," Life says, "but we are not involved in any other gaming operation. Not surprisingly, we have found that there are many people who prefer not to have the noise and other distractions commonly associated with gaming environments."

Nendels, a Portland-based corporation with a network of inns in several other states, perhaps is not as vulnerable as some of the independents. Nonetheless, company officials fully realize the fact that they are offering an alternative in a gaming-oriented environment—and that their progress is being monitored with interest.

John Martin, vice president of marketing for the Nendel Corp., explains: "The Nendel Inn there in Sparks sits in the midst of the industrial community. We have specifically targeted business people. And that's the beauty of Nendels. We afford the business traveler a place to meet and do business, but at the same time one which is close to gaming and other entertainment. Reno is gaming oriented, but in many instances, gaming is not appropriate. We help to fill that gap."

Alexis Park's Vetta explains that

"Basically, we sort of follow the 'Douglas MacArthur School of Warfare.' Douglas MacArthur's attitude was 'You hit the enemy where he is not.' What we have tried to do is go after the market segments that perhaps the rest of the town has ignored."

Tom Vetta, director of marketing, Alexis Park Hotel

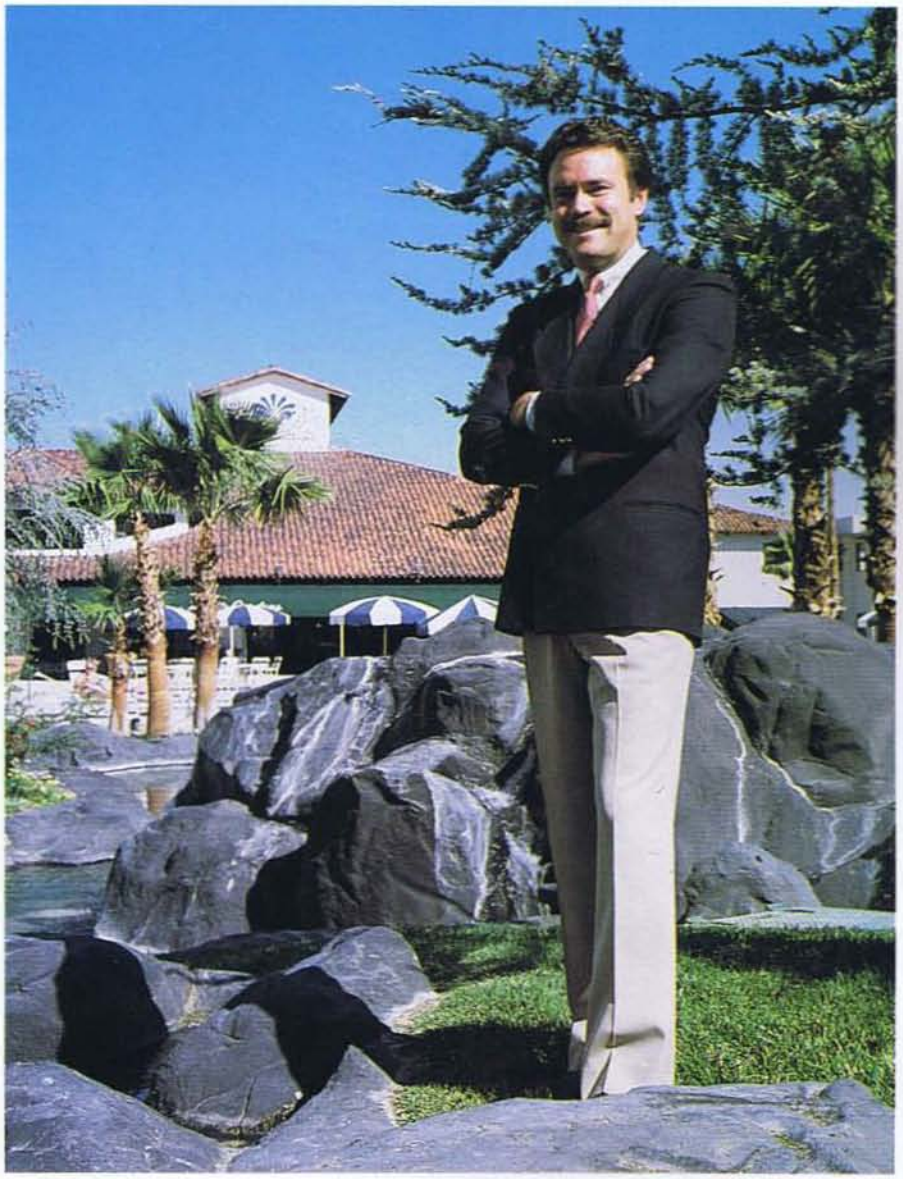

PHOTO BY NICK DOMSCHOT, PRESTIGE PHOTOS

while the potential is there for the non-gaming hotels, they nonetheless require a different, more innovative marketing approach. "Basically, we sort of follow—and I hate to use the cliche—the 'Douglas MacArthur School of Warfare.' Douglas MacArthur's attitude was 'You hit the enemy where he is not.' What we have tried to do is go after the market segments that perhaps the rest of the town has ignored.

"We make a concerted effort to lure the corporate traveler," he continues. "Las Vegas has taken very good care of tourist and the convention delegate. But the corporate traveler, who's typically here to meet and doesn't have anything to do with gaming, is obviously not their market segment."

Alexis Park has adopted a Corporate Traveler Program called "ESP"—"Extra Special Patrons." Individuals who make at least 50 reservations a year are, under this program, entitled to a special corporate rate, use of a corporate lounge in which complimentary breakfasts and cocktail service are available, along with other fringe benefits. Additionally, they receive an upgrade to a deluxe room (600 square feet), complete with king-size bed, fireplace and jacuzzi.

"One of the problems we've run into," says Vetta, "is that when we compete head-to-head with one of the hotels on the Strip for any kind of group, they always manage to undercut us. Our average rate at this hotel is running easily $30 to $40 higher than those on the Strip and so it's sort of folly to go after the same kind of business they do."

Most of the gaming hotels in the state utilize television and the print media to a large degree, and get overlapping support from "package" deals with travel agents and airlines. Vetta explains that while this has worked successfully for these hotels, Alexis Park decided not to follow the same route. "We've decided to take just the opposite approach, specifically going to directories and trade journals and publications of that nature. We may appear in some Las Vegas magazines and newspapers, but basically we try to go after the business traveler and that particular group. One important thing we've done is taken that money that would have spent in advertising and translated it into people."

In addition to Vetta, Alexis Park has four sales managers working locally. To supplement their efforts, the hotel has also opened three regional sales offices across the United States. One is in Los Angeles, another is in St. Louis and the third is in the Washington, D.C. area. From all appearances, this personal, "hands-on" sales approach seems to have paid off handsomely.

Smaller non-gaming hotels don't appear to be faring quite as well. "It's very difficult for us to compete with the gaming hotels in this environment," says Frank Colomb, interim manager for the Apple Inn in Reno. "Those are problems we are attempting to address."

Colomb, who is actually the internal auditor for the organization, indicates that the hotel is currently going through a management change. "At this time, our place is not large enough [95 rooms] to have meeting facilities. We could probably use another 50 rooms on Friday and Saturday nights, but Monday through Thursday, that's another story.

"What we hope to do, as a non-gaming property, is capitalize on the fact that we are offering an alternative," he

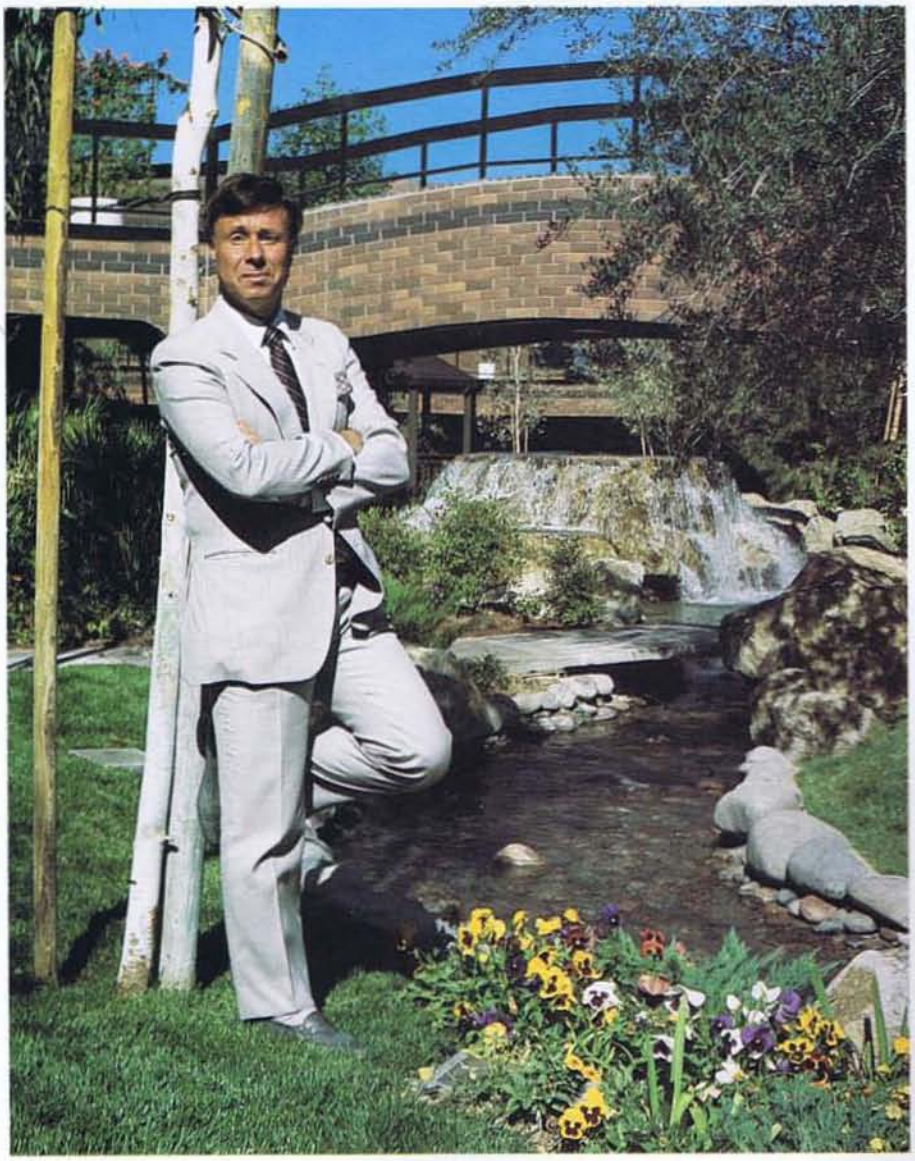

PHOTO BY NICK DOMSCHOT, PRESTIGE PHOTOS

"Being in business, any business, is a risk. In this case, no one had really done anything major in the area of non-gaming hotels. I foresaw what everybody else now sees in hindsight."

Bob Schulman, president, Schulman Development Corp. of Nevada

adds. "There are a number of older couples and families who would prefer a non-gaming environment in which to stay. Then, of course, there are firemen, nurses, cops, etc.—really all sorts of people—who take their days off during the week rather than on the weekends. We are looking to cultivate that market. We offer them a place to get away from noise and confusion, but if they want it, gaming is close and entertainment is close."

According to Colomb, the inn plans to hit travel agents in the California area, as well as the Pacific Northwest, with travel packages and other promotional deals. "That is what we're working on right now," he says. "In the future, I'm sure we may target other areas. Basically, most of us in the hospitality industry want to provide clean, comfortable accommodations at a reasonable price. From the comments we've received from many of our guests, we appear to be accomplishing that. What we need to do now is just let more people know we're here."

The Boulder Dam Hotel has had a proud, though not always profitable, history. With 61 rooms that have been charmingly refurbished, it offers a quiet getaway from the rush and noise of everyday life.

"Our basic attraction is the fact that we are a national landmark," says Manager Tod Peterson. "The building of the hotel was designed to house the VIPs who came to see the dam back in the '30s while it was still being constructed. It's quiet here, yet we're close to gaming, the lake [Mead] and other types of recreation."

Still, there have been ups and downs over the past few years. Peterson says the hotel is, however, becoming much more aggressive as far as marketing is concerned. "We're looking now at possibly using *Sunset* magazine because of their wider circulation into Arizona, Utah and the Southwest. Also, we're having billboards constructed on each end of town and are going to be using some TV, radio, newspaper and magazine advertising to get the word out that we have a lot to offer."

Obviously, the smaller hotels can't compete with the larger, more sophisticated non-gaming hotels. For one thing, the financial reserves just aren't there. Then again, they may not want to. Part of their charm, the managers insist, is that they are small and friendly. For many people, the more casual atmosphere holds an appeal. Yet regardless of size, the absence of casinos at these properties makes them worth watching in coming years.

Bob Schulman indicates that he is looking at Reno and several other areas for possible future development. While he is quick to point out that no definite plans have been made, there is nonetheless some interest.

"Quite frankly," Vetta says, speaking of the emergence of non-gaming hotels in Nevada, "I'm surprised it hasn't happened before this. My personal opinion is that we're going to see a lot more of it. I wouldn't be surprised if Marriott came in and developed something off the Strip as lavish as they have in Palm Springs. Some of the major chains, Hyatt for example, have avoided this area, but now the hurdle's been crossed. The very first ones have opened the way for the others." □

The Silver Dome

(Continued from page 7)

lengthy settlement delays.

• **Economic Development, Tourism:** The state Economic Development Commission asked for a sizeable increase in its funding to continue the effort to attract more business to Nevada. In advance of the session, the commission asked for $2.5 million to get more employees and provide more grants. The commission had proposed creating an office in Tokyo, Japan, and spending more money on promotions to lure more movie companies into Nevada. Economic development has been a continuing theme pressed by Gov. Bryan, who has said Nevada must ease its dependency on its casino-dominated economy. Legislators also have been told by experts that efforts to diversify the state's economy will fail unless economic development agencies play a greater role in helping new businesses find financing.

The state Tourism Commission also suggested increased funding, in order to put extra money into marketing and research. The commission also proposed sharing the economic development office proposed for Tokyo. Tourism Commission Executive Director Steve Richer also says the commission endorses the idea of a Las Vegas office that would handle tourism promotion and trade-show representation, plus some assistance for *Nevada Magazine*.

Both commission budgets are undergoing reviews in the Senate Finance and Assembly Ways and Means committees, and the final plan will be part of the two-year budget for all state agencies that will be approved at the end of the session.

• **Casino Taxes:** Major Nevada casinos, faced with a voter initiative that could have boosted their taxes nearly $60 million annually, agreed after the 1985 session to a compromise tax plan that would generate $20 million yearly by 1989. In exchange, Sen. Don Mello, D-Sparks, who suggested the initiative, said he would drop the plan. Gov. Bryan said the new gaming revenue would help fund improvements in education, senior citizens services and other areas. However, the proposal was complicated just prior to the start of the 1987 session by release of a report showing healthy profits for southern Nevada hotel-casinos, particularly in the largest clubs, but generally lower gains or losses for many northern Nevada resorts. The report request by the legislators covers all 240 nonrestricted gaming licenses in Nevada and gives lawmakers more information than they have had in the past in making decisions on casino taxes and fees. The gaming industry already accounts for about 45 percent of all state general-fund revenues.

• **Corporations:** Nevada now has about 79,000 corporations on file, including more than 40,000 in an active status, as a result of a deliberate effort by the state to make its corporation laws simple in order to attract the businesses and collect various filing fees. The effort was modeled after Delaware laws. But former Secretary of State Bill Swackhamer has warned that the fees could be endangered because Delaware passed a law limiting the monetary liability of corporate directors in lawsuits filed by shareholders or others. The Delaware law was prompted by hesitation of many directors to serve on corporate boards because it had become so expensive or difficult to get liability insurance. If Nevada's law was changed in the same manner, legislators were told the change wouldn't hurt corporate oversight. For example, a provision in the Delaware law doesn't affect the liability of inside, or managment, directors for negligence.

• **Bank Laws:** The 1987 Legislature got a study report suggesting that the state hire a certified public accountant to review banks in order to spot problems that could lead to bank failures. A related proposal called for elimination of a requirement that mortgage companies alone pay for the cost of a CPA hired by the state Financial Institutions Division. Instead, the cost would be spread over the entire industry, which also includes banks, savings and loan associations, thrift companies and credit unions. Financial Institutions Director Scott Walshaw says a state CPA would be better than an accountant employed by a lending institution. For example, he says that in the case of failed All-State Thrift Co. of Las Vegas, an accountant there gave misleading information before the company shut down.

The 1985 Legislature provided for reports by certified public accountants on mortgage companies with trust accounts in order to provide earlier disclosures of irregularities in that area. Walshaw also says examination procedures were increased in order to make sure qualified people are involved in Nevada's mortgage industry.

• **Motorists:** Lawmakers also received a report from a subcommittee urging consideration of a measure to permit motorists who own several vehicles to save money by getting liability insurance on themselves instead of on all their cars and trucks. Also suggested was a plan that would help car rental agencies by making the insurer of a person who rents the car the primary insurer for the rented vehicle. The report also says that if someone is caught driving without insurance or proper vehicle registration, the arresting officer could cite the person and also remove the plates from the car. The proposal calls for penalties of up to six months in jail and $1,000 in fines for forging an insurance validity form or registration form. □

Small Business

(Continued from page 13)

largest flat-fee real estate company in the country with more than 150 franchises. Its main components: owners of residential properties show their own houses to potential buyers lined up through the company; agents receive a flat fee rather than a percentage commission; and franchises are provided an exclusive marketing program that bypasses the traditional multiple listings approach. Drakulich took the plunge in 1982. He and his father, Stan, purchased the right to franchise Help-U-Sell for the entire state of Nevada.

"What we do is charge a flat fee of $2,150 for residential sales," says Drakulich in his Sparks office. "Take a house that goes for $100,000. A normal percentage commission on that is six or seven thousand [dollars]. Our approach saves the seller $4,000.

"We find that this is much more consistent and successful," continues the broker. "The reason it is successful is that the marketing program generates quite a bit of activity on the properties we do list. We could sell any property

that's generating that activity. I don't take a listing on someone's house and wait for a broker from some other office to show it and sell. We sell 99 percent of the houses ourselves. We list them, the homeowner shows them and we sell them. Our fee of $2,150 is only payable if the property sells and there is close of escrow."

How successful is this approach?

"Let me put it this way," says Drakulich, "Never in traditional real estate did I ever sell 17 houses in one month. Typically, I'll have about 10 properties in escrow during a six-week period."

Despite his success with Help-U-Sell—or maybe because of it—Drakulich is not counting on a lot of congratulations from his peers. A broker that undercuts the normal percentage commission system is not well received by other real estate agents. Drakulich acknowledges that.

"Other brokers in the area don't like what I'm doing," he states flatly. "When we first started Help-U-Sell, we went to the Reno Board of Realtors on a number of occasions to discuss the concept. We told everyone what we planned to do and how we planned to do it because we didn't want anyone to think we were backdooring them. On a couple of occasions, my signs were jumped [other real estate agents attempting to steal his listings of properties]. Fortunately we were able to stave all that off and we've been able to be successful.

"I will say this," he says carefully. "There are a lot of brokers out there that I have a great deal of respect for and they do well at what they do and that's okay by me. I don't go to homes with Realtor signs out front, knock on the door, introduce myself and try to get their business. I've never done that and I never will. I don't want anyone else's business, I only want business that I generate."

Nonetheless, after a fee dispute with another Realtor that went against him, Drakulich quit the Reno Board of Realtors in 1984. Shortly after that, the young broker re-assessed his Nevada franchising rights.

"We planned to open offices around the state and sell mini-franchises under our franchise," says Drakulich. "But we soon figured out that we were spread a little bit thin to do that and run our office at the same time. A northern California group [in December of 1985] purchased the regional franchise from us while we kept the Sparks area."

Why Sparks?

"Nevada is one of the best real estate markets in the country and Sparks is the best market in the state of Nevada," Drakulich says.

The agent is convinced he's riding the wave of the future. He notes that Help-U-Sell was just purchased by Mutual Benefit Life, the 15th largest life insurance company in the country with more than $9 billion in assets. Mutual Benefit has indicated that it plans to open several hundred new offices within the next 48 months.

"I'm really excited that Mutual Benefit is in it because they're going to spend big bucks on advertising. It's just going to promote me locally. I think Help-U-Sell is going to become one of the biggest real estate companies in the country."

As for Drakulich, he is currently developing plans for a new Sparks office building. That will enable him to expand his current operation to a staff of three or four real estate salespeople. He relishes the future.

Says Drakulich, "I anticipate doing the majority of the business in the city of Sparks within the next few years." □

The Nevada Small Business Development Center is a business development program funded through a cooperative agreement between the University of Nevada-Reno and the U.S. Small Business Administration. It is designed to provide all types of management assistance free of charge to businesses statewide, through offices located at the UNR and UNLV campuses and at the Northern Nevada Community College in Elko. In addition, the NSBDC cooperates with a variety of agencies and organizations to provide services to Nevada's rural communities.

Nevada Briefs

(Continued from page 16)

generally scheduled for six nine-hour days just prior to the test.

The Series 7 exam is given on the thrid Saturday of every month in Phoenix, Los Angeles, San Francisco, Salt Lake City, Denver and 21 other cities across the country.

Las Vegas Hosts Largest Trade Show

Caterpillar Inc. and its Las Vegas dealer, Cashman Equipment Co., have joined together to present the largest equipment exhibit in the history of the manufacturer at this year's CONEXPO '87.

CONEXPO '87, Feb. 21-26 at the Las Vegas Convention Center, will offer one of the biggest construction equip-

ment displays ever presented, and will attract more than 115,000 registrants from around the world. It will comprise over 403,000 square feet, making it the largest show (based on area) ever held in Las Vegas or in the country.

Caterpillar's exhibit will encompass 70,000 square feet—the entire Hilton Center, which is adjacent to the Las Vegas Convention Center Rotunda, and an additional 20,000 square feet of outdoor display.

More than 70 CAT products, including earthmoving and construction machines, paving equipment, engines and lift trucks will be on display, according to Cashman Special Services Manager Rick Macauley.

One reason for the exhibit's size, says Macauley, is the growth of the CAT product line. Caterpillar now manufactures well over 300 models of machines and engines, more than double the number offered at the time of the last CONEXPO held in 1981 in Houston.

The logistics involved in creating the exhibit are impressive. "Consider that as the host dealer, Cashman Equipment Co. is receiving, assembling, painting, making show-ready and transporting over 70 machines," says Russ Young, CONEXPO coordinator for Cashman Equipment Co., "many of which singly arrive on five low-boy trailers or three railroad cars. On top of that, we are using all the resources we ever developed in our 54 years of business to also maintain business as usual for our daily customers' routine and emergency needs."

Among CAT products to be displayed at the show, says Macauley, are the Century Line (approximately 100 horsepower or less); the recently unveiled H- and N-series track-type and dozer tractors; excavators ranging from small wheel- and track-type machines to the 245 mass excavator; and a selection of paving and compact equipment.

Additionally, a variety of Caterpillar and dealer services will be featured, according to Macauley, ranging from product support to financial services, and from custom machine products to defense-capable products.

In addition to the exhibits, CONEXPO will offer 36 seminars—both technical and management sessions. The trade show is produced by the Construction Industry Manufacturers Association (CIMA). It is held every six years.

New President Behind The Wheel At Bus Company

Robert McClure, a four-year resident of Pahrump, was recently named president of the Tecopa Hot Springs Transportation Inc. charter bus service. The Pahrump Recreation Co. (Pareco), owned by the Bob Huffman Enterprise which owns the Saddle West Casino in Pahrump, bought the bus company.

The bus line will continue its present service, but will expand routes, buy more buses and hopefully operate seven days a week soon.

Buses currently operate on Tuesdays and Fridays, leaving Tecopa, Calif., at 1:45 p.m. and stopping in Shoshone before coming into Pahrump. The bus goes to Las Vegas on Thursdays, leaving Tecopa at 12:45 p.m. and stopping in Shoshone and at 2 p.m. at Big Olaf's in Pahrump before continuing to Las Vegas.

McClure's background includes advertising, public relations, sales, marketing and transportation experience. □

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