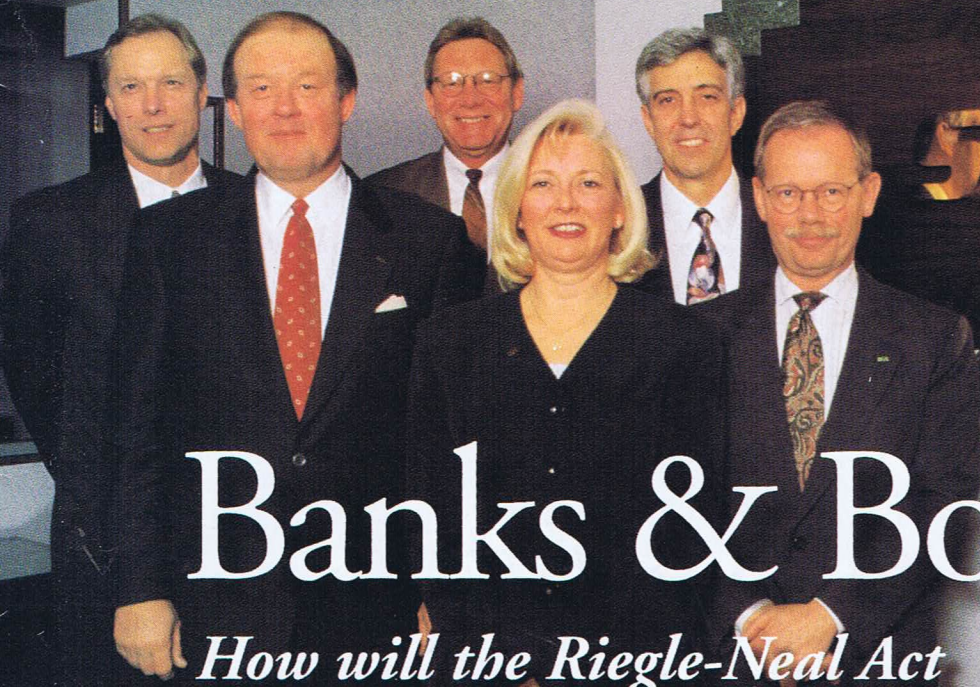


Nevada

BUSINESS JOURNAL

March 1995

Nevada's Only Statewide Business Magazine



Banks & Borders

How will the Riegle-Neal Act affect Nevada's own?

First Security Bank: Better equipped than ever to serve its market niche

Nevada's economic base continues diversification, job growth

Easing the federal paperwork burden on financial institutions

Controlling embezzlement

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U.S. Senator Harry Reid ... on a balanced budget:

*"It would be the easiest vote in the world for me to vote for the amendment. Everyone in Nevada is in favor of it."*¹

.....

Senator Reid
voted against
the balanced
budget.



So, Senator ... Who do you represent?

Nevada BUSINESS JOURNAL



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Banking on Nevada

On the Cover: First Security Bank of Nevada execs: (foreground) Colleen Misfeldt, senior vice president; (clockwise from left) David J. Smith, president and chief executive officer; Mark Dreschler, First Security Trust of Nevada president; Russell J. Petersen, senior vice president; Sherm Needham, First Security Services Company of Nevada president; Thomas Needham, executive vice president.

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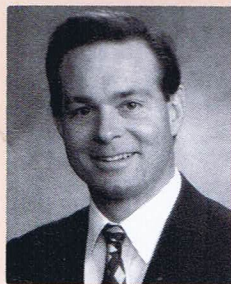
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Banks & Borders



How will Nevada's banks stack up against the competition when the Riegle-Neal Act goes into effect?

by David Hofstede

If you walk into a Los Angeles McDonald's and order a Big Mac, you can expect, with relative certainty, that the Big Mac will taste the same and be served the same way as the one you had back home in Las Vegas, or the one you enjoyed last year during your ski vacation in Colorado.

And after lunch, you head for the bank, (if you were eating at McDonald's you were probably short of cash); at first, this L.A. branch looks similar to the Vegas branch where you opened your account – same sign outside, same plastic plants inside – and, just like McDonald's,

you expect the same treatment that you received at home. So you go to the first open teller window and try to make a withdrawal.

... Uh-oh.

Or maybe the transaction went off without a hitch. The outcome would depend on the bank itself, and also the confusing laws that govern interstate banking, many of which are now universally considered archaic.

Last August, Congress passed, and President Clinton signed into law, the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, which

cancels out several silly regulations that seem designed solely to make the consumer's life more frustrating, and will guarantee that Bank of America will be Bank of America, no matter what part of America your account is in.

Hooray for Washington. But the changes this law makes to the Bank Holding Company Act of 1956, and the Federal Deposit Insurance Act to provide for interstate banking and branching, may have other ramifications in the structure of the industry through the year 2000 and beyond. Some local bank president/CEOs expect the changes to be

profound, while others greet the new legislation with minimal interest.

Starting June 1, 1997, a bank may branch into another state by simply acquiring a bank and converting it into a branch of the out-of-state bank, regardless of state law. Also, subsidiary banks of an out-of-state holding company may be converted into a single entity. If Riegle-Neal results in full interstate branching in three years, as some experts predict, how will Nevada be affected?

"Some will say (Riegle-Neal) will be a non-event. I don't believe it. There will be massive changes," said Sun State Bank's John DeDolph. Any type of business, DeDolph argues, would consider Nevada a desirable market, based on its favorable tax structure and other economic advantages. He reads off a list of major banks currently doing business in adjoining states, such as Norwest and Wells Fargo. "There are five of the nation's top 100 banks already in this market, plus we have all these others surrounding us, some of which are doing business here in loan production offices and other subsidiary operations. Given what's happening with all these companies moving in this direction, it doesn't take a rocket scientist to figure out there are likely to be more acquisitions."

Richard Etter, Nevada chairman and chief executive officer of Bank of America, agrees that more financial institutions may locate here, but he views the new law as a long overdue blow against protectionism. "There won't be an overnight change, but this is a big step in the right direction of allowing a free flow of competition."

At one time there were over 15,000 banks in the United States, plus thousands of savings and loans. "We had a bloated, inefficient industry," said Etter, "consisting of small banks with high costs that were passed on to the customer."

The restrictions placed on banks from going out of state, argues Etter, prevented market forces from taking effect as they



"Some will say (Riegle-Neal) will be a non-event. I don't believe it. There will be massive changes."

— John DeDolph, Sun State Bank

have in other industries. "In many states, banks were not allowed to operate outside of their city; in other states, we weren't allowed across county lines. This new law means that banking has got to get more competitive, which is good news for the consumer."

At Bank of America, changes are already taking place in anticipation of Riegle-Neal. "We're trying to get our costs in line, and be more efficient. We don't need an office on every corner, though there was a time we thought we did. We'll look at everything we do, and do some pruning where it's needed."

Streamlining. Efficiency. These are the buzzwords of those in favor of the law. When U.S. Bank opened in Nevada in September of 1992, they had already taken every possible step to keep their five-state operation running smoothly. "We wanted our computers to run the same systems everywhere, so the same software controls all savings accounts,

checking accounts, etc." said President and CEO Pete Landis. "Most people don't care if the computer is located out-of-state, as long as it works."

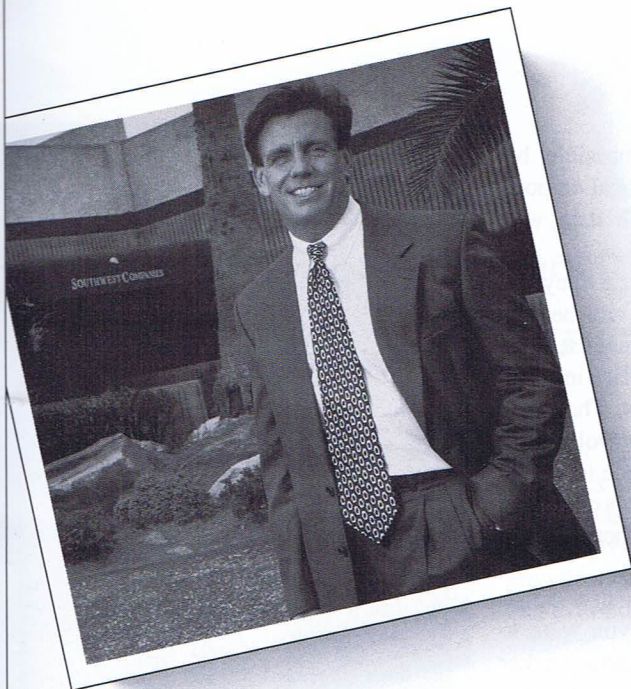
Cost reductions in delivering services to customers are another possible by-product. "We need to be able to operate the entire company like one bank: by aligning policies and procedures between branches; having just one type of form to do something, instead of a different one for different states. It's easier to manage the company more efficiently, easier to train employees, and better for our customers, who can anticipate the same level of service wherever they go."

First Interstate Bank, a 13-state franchise, is also making preparations, according to Nevada Chief Executive Officer Clint Arnoldus. "This will be a great boon for our customers, who will be able to freely conduct transactions throughout our territory."

Like all those who are in favor of the law, Arnoldus cites an increase in efficiency as its greatest consequence. "Our expense-to-revenue ratio was at 50 percent last year, which means it cost us 50 cents for every dollar generated in Nevada. This should improve, now that we can eliminate duplicate positions, and centralize such functions as marketing."

Predictably, the banks most likely to build or expand interstate operations are the law's strongest proponents, but most smaller banks are not preparing for war. "I don't think the law will affect us," said Pioneer Citizens Bank president, Bill Martin, who endorses the change. He would not be surprised to see larger banks with a Western strategy, such as Chase Manhattan, eventually entering Nevada. "But we compete against these (interstate) banks now," said Martin, "I don't see how the law will change their ability, or our ability, to do so in the future."

"The assumption is that when a larger organization acquires a smaller organization, it will be able to cut costs. But it depends upon the organization, whether

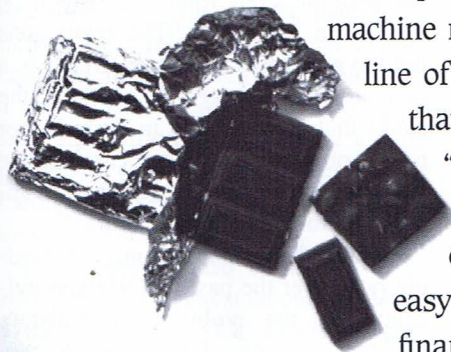


PriMerit Bank Satisfied 18,916 Sweet Teeth Last Year.



"We needed a partner that came to us with solutions to our financial needs." That's the goal Brad Pederson set for himself when he went in search of a local bank to lead Southwest Companies into the future. With sound advice and solid banking products from PriMerit, their vending machine business has been bringing smiles to the faces of thousands of hungry snack food junkies for years. And when the company decided to expand into telephone services and gaming machine routes, the people at PriMerit suggested an affordable line of credit to purchase the equipment. Valuable financing that positioned Brad's business for a prosperous future.

"They had the answers before we asked the questions," Brad adds. The next time you're debating between chips or cookies, remember there's still one important decision that's easy to make. Successful companies select PriMerit as their financial partner. The bank that builds business.



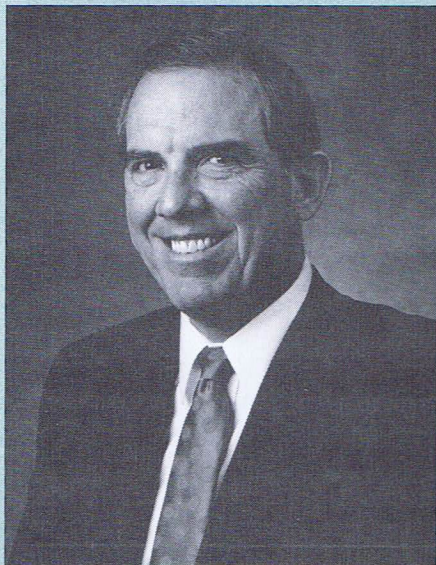
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"There won't be an overnight change, but this is a step in the right direction of allowing a free flow of competition."

— Richard A. Etter,
Bank of America-Nevada

it actually will," said Jim Bradham of American Bank of Commerce. "This is not watershed legislation. It will encourage consolidation over a gradual period, but it will not have a significant impact."

PriMerit, the largest locally-owned bank, has "no intention of going over state lines, or of being bought out by somebody else," according to President Dan Cheever. "But we're still in favor of the legislation, because it will help preserve the industry." Cheever predicts cutbacks in the local operations of the major interstate players already here, some of which will be moved to more centralized locations elsewhere. He will then happily accept the business of any customer "who does not want their banking decisions made out-of-state."

U.S. Bank's Pete Landis is aware of this potential problem. "As we consolidate, we must also be aware that geographic markets can be different — Las Vegas is not like Portland, Oregon. We'll

try to do as much alike as possible, but it's still important to have local empowerment and authority in each state, with people who know their market."

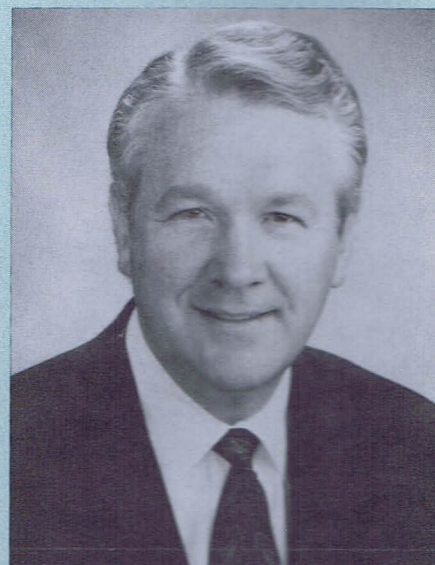
John DeDolph doesn't think they can pull it off. Theoretically, it will be possible for a bank's Nevada interest to be operated out of a regional office in Oklahoma City or Topeka, Kansas. That probably won't happen, but DeDolph still questions the ability of a large interstate bank to fulfill the requirements of a small business with the same expertise as a community bank.

"If you're trying to establish a meaningful relationship, that is, you want to depend on having a local decision-maker to take care of your banking needs, the kind of personal service you need comes from one or two individuals, not a corporate structure," DeDolph said. "There will be greater mobility of management personnel at all levels throughout these organizations, so your chances of having the same banker year after year become even smaller."

Sun State Bank has no plans to become one of the acquired, "but market forces can be hard to resist, and what happens, happens," said DeDolph. "The people who say they don't want to sell, throw enough money at them and see what happens — it's just a matter of money and opportunity."

Bank of America's Richard Etter does not foresee the same amount of turnover. "Larger banks will have certain advantages, but so will smaller banks which have a solid market niche. There's room for everybody, it's just that the level of intensity will be turned up a notch."

Legal provisions remain, to guard against one bank obtaining a monopolistic market share, but Etter believes small banks are already well-protected enough, because they don't live with the same "onerous" collection of regulations as the big boys. "America is biased toward the underdog," says Etter with a laugh. "I don't have a problem with that — we are focused on our employees



"This will be a boon for our customers, who will be able to freely conduct transactions throughout our territory."

— Clint Arnoldus,
First Interstate Bank-Nevada

and our customers, not our competitors."

Etter is bothered by any dampers on competition, even when they might be stacked in his favor. "The regulations used to give banks that were already in a market a definite edge. At one time, the banks that were already in business got to vote on letting newcomers in; imagine if Wendy's had to get McDonald's approval before opening a restaurant!"

He cites the decline in consumer lending rates over the past five years as evidence that the evolution of interstate banking has been advantageous to customers. "Banks have been insulated from the marketplace for too long; if anyone is against competition, I think you should turn the spotlight on them and ask 'Why? What are you afraid of?' It's nice to be the only game in town, but it's not fair. If you have a product or service, you'd better figure out a way to make it price-competitive and service-competitive, or you don't deserve to be in business." 🍀



FSBN: The bank is better equipped than ever to serve its market niche

In 1994, First Security Bank of Nevada (FSBN) was formed through a merger of Continental National Bank and Nevada Community Bank. After just one year, FSBN has posted record earnings of \$4.7 million, a significant return on equity, and is well on its way to becoming a major player in southern Nevada.

The commitment to southern Nevada's business and professional community, which originated at Continental National Bank, remains a priority.

"We are still very much a local bank, determined to take care of our customer and provide superior service," said David J. Smith, president and chief executive officer. "Our affiliation with First Security Corporation of Utah has expanded our lending capacity and our resources."

In 1994, FSBN's business development department generated more than 1,200 new deposit relationships, and the increased lending capacity has resulted in a new corporate business banking division. In addition to introducing a comprehensive cash management service, the bank plans to expand its lending base to include corporate entities.

Loan demand also continued to be strong in 1994. Interest income exceeded \$20 million, while \$1.8 million was generated in loan fees. In the commercial lending area, 1994 was a watershed year. FSBN witnessed a dramatic increase in SBA loan demand after the bank received its official certification, ranking third in the state in local SBA loan generation.

"A healthy loan demand is generally a result of a booming Nevada economy," said Smith. "Although interest rates and inflation will be higher in 1995, the fore-

cast for our community is optimistic. Nevada's overall 1994 economic performance was spectacular – it was the fastest job-producing and personal income growth state in the nation and we expect that to continue."

Advances in technology during 1994 allowed FSBN to open First Security Services of Nevada, a data processing and payroll service utilized by other area businesses and financial institutions.

In anticipation of another prosperous year, FSBN will introduce a private banking department in 1995. Supervised by the First Security Trust Company of Nevada, this program is designed to attract new upscale investors and borrowers.

To better serve the expanding local market, FSBN is constructing its sixth branch, located in Henderson/Green Valley, and has plans for one more new branch this year.

The bank views interstate branching as constructive, according to Smith, though he advises customers to not expect any sort of revolutionary upheaval. "First Security is already in six states, so I don't think the new laws will change a great deal of the way we deliver service to our markets. There may be some consolidation on a retail level, but the customer will not notice a big change – if anything, they might see more available products and even better service."

Smith stressed that FSBN, despite its interstate ties, is a Nevada bank with a Nevada charter. "We are an affiliate, not a branch, of First Security Corporation. It's important to have local people dealing with local people, and that hasn't changed. Our market niche – small- and



medium-sized businesses – remains the same, only now we have more capital, our loan limits are higher and our capacity to serve them is much better."

The larger organizations will be able to branch out with less difficulty – if they choose to do so, says Smith. However, unless they have a market in a particular state, expanding there could be a very expensive proposition.

"It is possible to over-bank an area, and we have quite a few institutions here already. There's a possibility of more coming in, but you have to look at who has what in market share and how much it will cost a newcomer to acquire some of that share," said Smith. "I don't see Wells Fargo, a good-sized California bank, coming to Nevada just to get 1 percent of our market; if they can find a way to get 10 percent to 20 percent, then it might happen."

As a result, Smith does not expect to see every big bank coming into Las Vegas and purchasing small financial institutions. However, Smith does believe it is the consumer, and not the institution, that will have the final say. "The consumer will tell us whether these new regulations are a good idea or not. The banks can do what they please, but what drives this business is what the customer wants."

Responding to customer needs has been at the core of First Security Bank of Nevada's success, and according to Smith, the bank will continue to competitively serve its market niche. 🍀



U.S. Bank of Nevada: Big bank resources, local bank resourcefulness

With a plan to build on U.S. Bank of Nevada's successes in commercial lending and community investment, Diane B. Torry took over the helm as president and chief executive officer of the bank on February 1. Her basic goal is to continue the company's growing presence as a significant player on the Nevada banking scene.

"We have aggressive growth goals, both in the retail and commercial areas, which are larger than the predicted growth of the marketplace," Torry stated. "We have access to 'big bank' resources and industry-leading products and services through our parent company, U.S. Bancorp. Yet, our local managers are empowered to make loans that are approved and processed locally; we see this as key to our continued success."

One measure of that success is evident in U.S. Bank's boom in loans to businesses. With a strong team of commercial banking professionals and a thriving Nevada business environment, the financial institution's 1994 commercial loan production increased 53 percent. Loans to small businesses accounted for the majority of that growth, according to Kenneth G. Ladd, executive vice president and commercial services manager.

"U.S. Bank is pursuing both the small business and corporate banking market, and these numbers reflect that direction," Ladd said. "We're committed to being responsive and innovative in providing business loans, SBA products and a host of financial services to serve businesses of all sizes throughout Nevada."

Ladd is optimistic about the growth of small business in Nevada for 1995. "As

Nevada continues its reign as the nation's gaming industry capital, small businesses in particular will emerge to service it," said Ladd.

Ladd also noted that U.S. Bank has a history of doing business with the gaming industry and stated the bank plans to continue to expand that area in 1995.

U.S. Bank of Nevada's commercial real estate lending totals also soared in 1994. The dollar total of commercial real estate loans outstanding doubled from year-end 1993 to the end of 1994. The home-building industry is the primary source of that business, although U.S. Bank also provided financing for apartment complexes, office buildings and land acquisitions. Bank officials believe they will exceed that figure in 1995 by offering competitive products and superior customer service.

Rounding out U.S. Bank's services to the business market is the company's recent announcement that it has become the first commercial bank in Nevada to receive "delegated authority" from the Export-Import Bank of the United States, allowing the bank to streamline the loan process for exporters. Under this arrangement, U.S. Bank's local decision makers can commit up to \$1 million for any single transaction, before going through the underwriting process at the Export-Import Bank of the U.S.

"Our delegated authority designation sends a clear signal to the Nevada business community that U.S. Bank is committed to and has expertise in international business lending, and is willing to work with small exporters," Ladd said.

Commercial lending isn't the only busi-

ness U.S. Bank is pursuing. U.S. Bank broke new ground in 1994 when it joined with the National Association for the Advancement of Colored People to open the West's first Community Development Resource Center (CDRC), based in Las Vegas. The CDRC, fully funded by U.S. Bank for an initial period of three years, focuses on education and financial advocacy for both consumers and businesses.

"Since we opened the CDRC in July, we have completed community needs assessment studies, and established channels for cooperative efforts with a number of local organizations," said Torry. "Already the center has helped more than 200 individuals deal with business and personal financial needs."

Making banking easy and efficient is a hallmark of U.S. Bank, according to Torry. "The trend in our company is to provide as much convenience as possible," she said, "by using the most advanced technology in the industry."

Torry cited on-line banking services, enhanced ATMs, loans by phone, fully-electronic and grocery store branches as the wave of the consumer banking future. "We're building to meet our customers' needs," Torry said.

U.S. Bank of Nevada is the state's third largest commercial bank, providing comprehensive financial products and services to consumers and businesses throughout Nevada, particularly through its commercial banking centers located in Las Vegas and Reno. U.S. Bank of Nevada is a subsidiary of U.S. Bancorp, the largest bank holding company headquartered in the Northwest, and with assets of nearly \$22 billion. U.S. Bancorp operates other U.S. Bank subsidiaries in Oregon, Washington, Idaho and northern California, as well as financial businesses providing mortgage lending, merchant services, equipment leasing, investment and trust services. ♦



NFCU: A new breed of credit union

by Kathleen Foley

Among the one hundred largest credit unions in the nation and the largest in the state, Nevada Federal Credit Union (NFCU) closed its 1994 fiscal year with \$36 million in capital and \$360 million in assets; an impressive 10 percent ratio compared to the 5 percent average for most banks.

However, that is not the most impressive statistic for Bradley W. Beal, president and chief executive officer. "In a 1994 survey, our members rated overall service at 4.525 on a scale of 1 to 5," he proudly relates. "That tells me that we are doing a good job in treating our members like what they are, the owners of our company. If the owner of a company visits any one of its branches, he or she expects to be treated with respect and given prompt, friendly service. This is the way we train our employees to deal with the member-owners of the credit union." NFCU's formal training program for service representatives includes classroom and video lessons, role-playing exercises and even training in shaking hands and making eye contact.

Credit unions differ from banks in that they are owned by members, are operated not-for-profit, and have no outside shareholders. Directors are elected by, and responsible to, the membership. Individuals serving on NFCU's board of directors are elected from the general membership to three-year terms as unpaid volunteers. They appoint a supervisory committee to evaluate operational policies and procedures and to ensure the safety of members' funds.

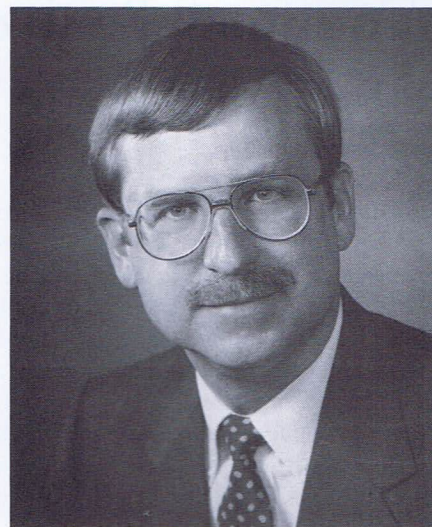
Nevada Federal Credit Union, with 70,000 members, serves 200 employers

throughout Nevada, including Nellis Air Force Base, federal, state and city governments and several large casinos. According to Brad Beal, "We must pay attention to the needs of all members. They come from all walks of life, from casino executives to casino porters; from the two-star general to the young airman who has only been in the service two weeks."

The average depositor maintains a \$4,000 account balance, but many accounts are less than \$2,000. NFCU has programs to help new borrowers establish credit and to make sure that new employees of member companies receive all the information they need about the credit union and its services.

During 1994, NFCU processed 13,503 consumer loans for a total of \$144.6 million, while its mortgage division made 410 first mortgage loans for \$40 million. The ratio for delinquent loans is down to 1 percent, well below the national average. During the year, the credit union distributed almost \$7.8 million to its members as dividends on checking accounts, savings and investments. To stay competitive, however, the new breed of credit union must also offer its members more services; including checking accounts, and low rate, no-fee VISA cards and ATM cards.

Members use their ATM cards to make point-of-sale purchases at participating businesses or use a "telephone teller" system to inquire about balances, transfer funds, etc. Credit unions generally offer lower fees and loan interest rates than banks, according to Beal. "Our mission is to provide as many low-cost and zero-cost services as we can. We encourage



Bradley W. Beal

people to use the automated systems, because it saves time and costs for everyone. In designing any customer service, we must keep in mind the set-up costs and operating costs of that system come out of members' pockets."

NFCU has 11 branches statewide, including two new locations in the Las Vegas Valley: a 4,000-square-foot branch office at Sunset Road and I-95 in the Green Valley area, and an express office at Cheyenne and Jones in the northwest. To make services more accessible to members, more neighborhood express offices are in the planning stages.

Beal says that credit unions have been the fastest growing type of financial institution in the nation for the last 10 years. There are 12,000 nationwide, including 34 in Nevada.

"There is a need in the marketplace for different types of financial institutions," states Beal. "Banks are necessary for community growth because of their support of commercial venture. But the addition of credit unions to the economy helps keep rates and fees competitive, so that, in the end, the consumer wins." ♦



Comstock Bank opens branch on site of new Reno headquarters

Nevada-based Comstock Bank, which has grown steadily since its current management team took over a decade ago, plans to open a temporary bank branch this month at the future site of the bank's new headquarters building.

"The new branch will allow us to better serve our customers," said Bob Barone, chairman and CEO of Comstock Bank. "It's also another example of the bank's steady growth and continued success here in Nevada."

The temporary bank branch will be located at South Virginia Street and Neil Road, where Comstock recently broke ground on a new corporate headquarters and bank branch building. The \$2.5 million, three-story building is scheduled to be completed late in 1995 and is expected to house about 70 employees when it opens for business.

"It will be a focal point for our commercial and real estate lending activities in Reno," said Comstock president, Larry Platz, of the new building.

Besides allowing the bank to centralize many of its functions and employees, Comstock officials say the 26,000-square-foot building will also include its largest full-service branch.

Meanwhile, Comstock officials say the temporary branch on Neil Road will open its doors during the first week of March. Carol Rhodes, the bank's human resources and marketing representative, said it will open with an initial staff of four employees. More employees will likely be added as the bank grows.

The new Comstock branch, which will offer a full range of banking services, will be the bank's second full-service

location in Reno. The other is Comstock's Caughlin Ranch branch.

Comstock Bank's continued growth is all the more remarkable considering its history. When the current management team took over the Nevada-based bank in 1984, business wasn't exactly booming. In fact, the bank lost \$681,000 in 1983, the year before Barone and Platz took over its operation.

By 1986, Barone and Platz had led the community bank to the first annual profit in its history. Now, 11 years after the two executives came over from another Nevada bank, Comstock is one of the banking industry's biggest success stories. In 1993, the bank listed a profit of \$1.6 million, the sixth consecutive year it turned a profit. Later that year, Comstock also opened a successful real estate lending office in Las Vegas. In 1994, *Banking Week* magazine named Comstock as one of the nation's 100 most profitable community banks and ranked it fifth nationally in asset growth.

Although profits were down slightly in 1994 to just less than \$1 million, Barone said that still represented a return on shareholders' equity of nearly 15 percent.

And now, as the bank prepares to move into its new headquarters, Comstock is celebrating another landmark — the recent news that it has surpassed \$100 million in assets. That's a far cry from the \$10.7 million in assets it had when Platz and Barone took the helm.

Platz and Barone attribute the turnaround to a combination of factors, including efforts to cut costs, expand lending activity and carve out a niche for the bank — which has found success making

loans to home builders and developers.

"We've come to specialize in real estate loans from the ground up," Platz said. "We make loans that help builders develop lots and help individual Nevadans build their dream homes."

In northern Nevada, where the bank is based, Platz said Comstock consistently ranks first or second among financial institutions in mortgage lending and is involved in 35 different subdivisions.

Within the next three to five years, Platz said he expects Comstock to be in a similar position in Las Vegas, where the bank operates a successful mortgage lending office.

"We're as committed to Las Vegas and southern Nevada as we are to Reno and northern Nevada," Platz said.

The Las Vegas office is already paying dividends. In 1994, Barone said Comstock funded about \$34 million in loans through its southern Nevada office, a dramatic increase from the total of \$9 million in loans that originated from Las Vegas in 1993.

"We expect the Las Vegas office to do somewhere near \$60 million in loans in 1995," Barone added.

Barone believes Comstock also profits from being based in Nevada, where he said about 90 percent of all bank assets are controlled from outside the state. Because Comstock is based in Nevada and run by Nevadans, Barone said it knows more about the state's banking needs and business conditions than banks based in other states. Basically, he said, Comstock is better equipped to make good loans.

"The advantage is the community bank lends back to the community," he said.

Comstock's stock is listed on the NASDAQ exchange under the symbol LODE. The bank operates full-service branches in Reno and Carson City and has additional lending centers in Minden/Gardnerville and Las Vegas.



Citibank's banking innovations offer ease and variety



Citibank breaks ground on its new Summerlin branch. Joining in the ceremony (from left to right): Russ Dorn, Citibank (Nevada) board member; Mike Patton, Patton Development; Francine Pulliam, Citibank (Nevada) board member; Ed Skonicki, Citibank (Nevada) president; Las Vegas Mayor Jan Jones; Shariq Mukhtar, Citibank director of retail banking in Nevada; and Bill Smith, Citibank Summerlin branch manager.

Continuing the commitment to offer the best in financial services, Citibank is nearing completion on an innovative new branch designed to improve the banking experience for its customers. The branch will be located in Summerlin, at Lake Mead Boulevard and Rampart Road, and is expected to open this April.

According to Shariq Mukhtar, director of Citibank retail banking in Nevada, the goal for the Citibank branch is to create an ideal environment for banking, one

that simplifies banking and makes it easy for customers.

"By emphasizing the 'personal' in personal finance and focusing on the customer, the new branch design will allow customers to do any kind of banking transaction more quickly and easily than ever before," Mukhtar stated.

The new branch concept was initially developed by Citibank's branch network in Chile in 1988. Since that time, the design has been further refined, always

with the intention of giving customers the power to manage their money – anytime, anywhere, and in any way they choose. The worldwide implementation of the branch design also provides customers with a method of doing business at any Citibank branch in the world.

Citibank's Summerlin office will offer a full range of financial services, including checking, savings, mortgages, investments, Citibank credit cards, loans and business banking. State-of-the-art Citicard Banking Centers (CBCs) will give customers access to their money 24 hours a day, in addition to increased security and privacy in enclosed vestibules. The user-friendly, color, touch-screen CBCs are multilingual and multifunctional, allowing customers to transfer funds, make payments to Citibank credit cards, move money between accounts, receive a printed statement of account activity for the past 90 days, make deposits, buy and sell stocks and bonds, and withdraw up to \$1,000 in cash daily.

In 1993, Citibank announced enhanced CBC capability through services for visually impaired customers. At that time, the machines featured a new "language" for the vision-impaired, blind and those with learning disabilities, as well as a physical design created to provide superior access for people with disabilities.

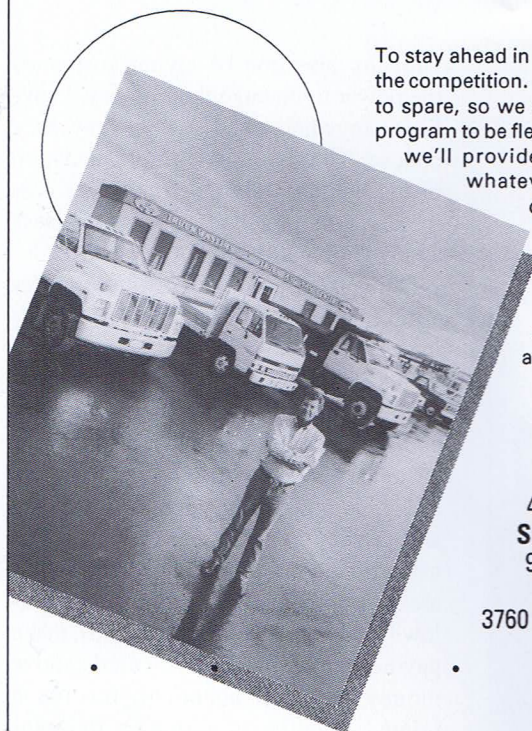
"Citibank offers a level of accessibility that's unmatched, and a staff whose commitment to service will deliver the best possible banking experience for the customer," said Mukhtar.

Accessibility has become a watchword for Citibank, Nevada. According to Mukhtar, the Citibank strategy is to carefully evaluate the customer's needs and then utilize the most state-of-the-art technology to meet it.

"Meeting the customer's needs can take many forms," explained Mukhtar. "It can

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be a new branch or it can be new technology – services which are brought to the customers through specialized centers or phone banking.”

By using a wide range of technologies and services, Citibank has been able to introduce banking products to fit the needs of almost every kind of customer – mortgages, trust or private banking, business, consumer or international.

The bank's parent company, New York-based Citicorp, a \$250 billion international bank, has a global strength and name recognition that is vital to doing international business. For example, the bank offers “International Wallet Service”, a service designed for the international traveler. The International Wallet Service includes features like: foreign currency, foreign travelers' checks and a lot of travel tips. Mukhtar said Citibank lets international tourists access their funds easily in Las Vegas, as well as offering much appreciated services and peace of mind to local customers heading overseas.

Citibank also is looking to serve companies moving into McCarran International Airport's Trade Zone.

“Many financial institutions talk about a market niche or specializing in a certain financing category,” stated Mukhtar. “For Citibank, the world is our market and our services are targeted to the complex needs of today's consumer.”

Citibank (Nevada) currently operates four branches in Las Vegas, and is a subsidiary of Citicorp, a global financial services organization, with over \$250 billion in assets. In addition, the nation's largest banking holding company operates a credit card operation and provides investment management services in Las Vegas. Citicorp has some 80,000 employees serving consumers and business in more than 90 countries worldwide. ♦

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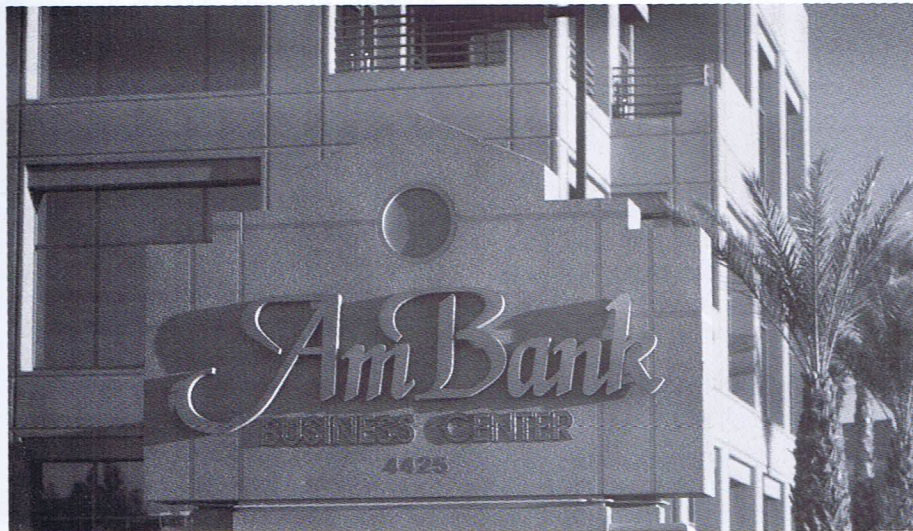
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American Bank of Commerce: Quality customer service key to success



In the late 1970s, as Las Vegas stood on the brink of an economic and building boom, a group of local business leaders determined there was a need for a community-based bank that would consistently provide superior service to the expanding Las Vegas Valley. It was in November 1979, with an asset base of \$2 million and 12 employees, that American Bank of Commerce opened its doors and began the climb to financial success.

Fifteen years later, American Bancorp of Nevada, parent company of American Bank of Commerce, has taken its place as the longest established, independent financial institution in Las Vegas, boasting \$240 million in assets, four branches, 108 employees and 3,500 customers.

In 1980, after surveying the local market and identifying a need in the business community for specialized banking products, American Bank of Commerce made a decision to target its services toward the business community. The fi-

nancial institution continues to build upon this original formula – developing innovative products aimed at the entrepreneurial business owner while continuing to deliver personalized service.

"Our board of directors, officers and employees remain focused on providing superior service," stated James V. Bradham, American Bank of Commerce president and chief executive officer. "We feel our level of service is what sets us apart and gives us a competitive edge."

The bank introduced a courier service that picks up deposits at customers' offices as an example of doing those extra things necessary to attract and retain business customers. A trust department that can set up and manage pension and profit sharing plans is another example of the bank's commitment to providing a full range of services to business clientele.

The strategy of concentrating on the business community has proven successful. Earnings for 1994 were up 40 per-

cent over the previous year, marking the highest earnings in the bank's history. Bradham said, "The improved earnings can be attributed to the quality of the bank's loan portfolio and a concentrated effort to control expenses."

American Bank of Commerce and its employees also lead in their commitment to the community. From supporting local philanthropic events to time spent volunteering for charitable organizations, the bank's employees are continually seeking opportunities to give back to the city in which they live and work.

Many of these community efforts involve the branches and their customers. A Christmas tree designed to encourage the donation of blankets, mittens and other clothing items for the homeless and a Valentine's Day event benefiting an organization fighting against child abuse, are only a few of the ways that American Bank of Commerce, its employees and customers are making a difference.

"Being a good corporate citizen is a vital part of our commitment to the communities we serve," said Bradham.

Looking ahead, Bradham indicated the bank will be seeking additional opportunities to expand its customer base and product line.

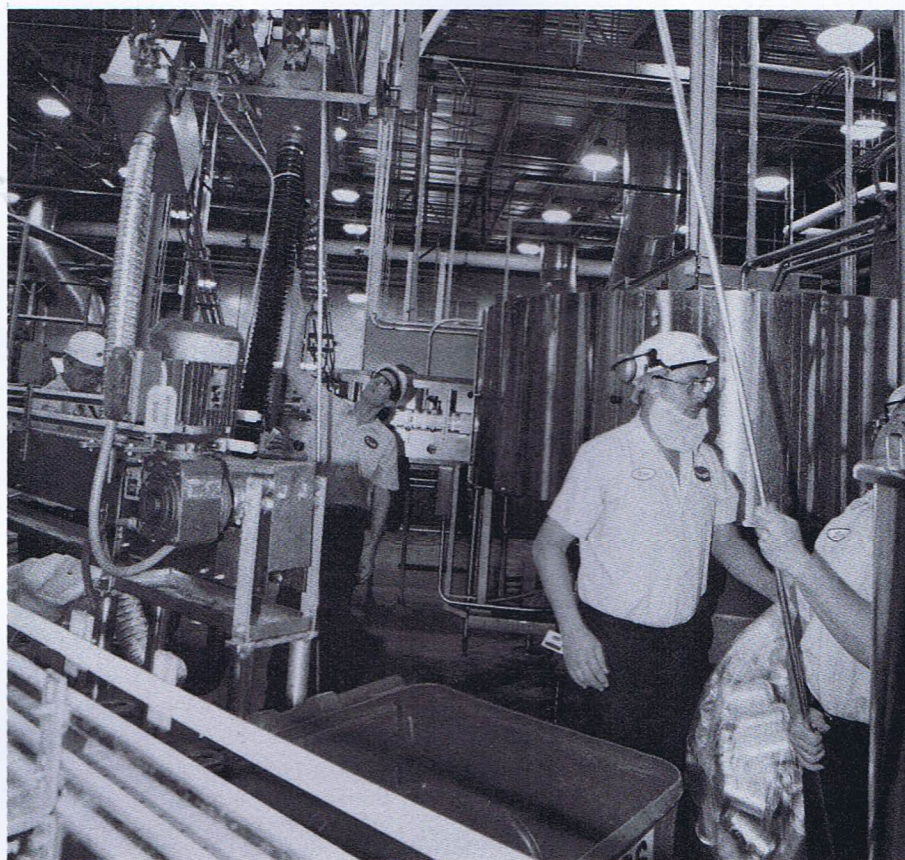
"We are currently exploring further branch locations to meet the needs of the growing Clark County market," said Bradham. "Also, we have recently introduced two new services to assist our business clients. The first is a computer-based program to help business owners better manage their cash flow. The second is an accounts receivable financing program for small businesses.

"We want to build on our reputation as being 'The Business Bank' in southern Nevada," added Bradham.

"We believe our unyielding commitment to quality customer service will continue to be the key to our success." ■

Nevada's economic base shows continued diversification and job growth

The Nevada Commission on Economic Development (CED) recently released its *Fiscal 1993 & 1994 Biennial Report*. An extensive overview of the agency's activities, the report will be used in the upcoming legislative session to illustrate the agency's role in the state's economic diversification efforts.



The biggest juice and juice drink processor in the nation, Ocean Spray's newest processing plant, located in Henderson, is the company's largest such facility.

Governor Bob Miller, in his forward to the report, wrote "Nevada's success in diversification and business investment is the result of a strong partnership between local development authorities and the CED. Their combined efforts in marketing, research and quality service are the key elements in generating new and expanded businesses."

Echoing the governor's comments, Tim Carlson, executive director of the CED added, "This biennial report highlights the many programs which collectively serve to promote Nevada. It also serves as a reminder that our success over the past two years cannot be attributed to any one individual or activity."

Included within the report are summary overviews of each of the CED's on-going programs to assist Nevada businesses in expanding their market bases and to attract new industry to the state. For example, in 1993, the international division assisted Nevada companies in achieving over \$24 million in export sales to Mexico, up from \$2 million in 1987. The procurement outreach program, which assists Nevada businesses in securing federal and state government contracts, worked with over 1,200 Nevada firms during the two-year reporting period and helped obtain \$41.7 million in federal contracts.

"The CED's marketing and advertising activities to attract new and relocating industry to the state have focused on targeting Nevada's message to industries and companies that are compatible with both our state's resources and long-range goals," said Carlson. "Our mission to strengthen Nevada's economic base by expanding our manufacturing, research and distribution sectors is being realized."

As outlined in the report, 151 new

manufacturing, distribution, financial services and research-oriented companies relocated to or opened a new facility in Nevada during fiscal 1993/94. Those firms brought 6,261 new jobs to the state.

Similarly, 38 non-gaming or non-tourism related businesses significantly expanded Nevada operations, adding over 1.5 million square feet in facility space and creating 3,659 new jobs.

While the report is a summary of the past two years' activities, Carlson also gave an overview of some of the commission's goals and activities for the upcoming year. Marketing efforts will include penetrating Chicago and selected New Jersey markets with a cable television commercial airing on CNN and ESPN. The CED will use direct mail and print ad campaigns to target manufactur-

ers of telecommunications equipment, an industry noted for above-average wages and unlimited growth opportunities.

Carlson also reported that his agency is close to completing an integrated computer network that will bring all the 12 regional development authorities on-line with the commission. "By linking the regional development authorities to our information library and client services database, we will be able to provide these organizations with instant access to up-to-the-minute information that will assist them in carrying out their economic development activities," Carlson noted.

Because the CED's international division has been so successful in expanding exports to Mexico, future efforts will focus on creating similar exporting opportunities for Nevada businesses in Cen-

tral and South America and Europe. Likewise, the procurement outreach program has plans underway to host a training conference to demonstrate how Nevada industries can participate in the latest federal technology reinvestment initiatives.

"The CED's six-member commission has directed us to continue to explore innovative ways to stimulate Nevada's economic progress," Carlson offered. "The Commission on Economic Development looks forward with enthusiasm at the opportunities we have to ensure that Nevada continues to succeed in its economic expansion and diversification efforts," he concluded.

Copies of the *Fiscal 1993 & 1994 Biennial Report* are available by calling the Nevada Commission on Economic Development in Carson City, 687-4325.

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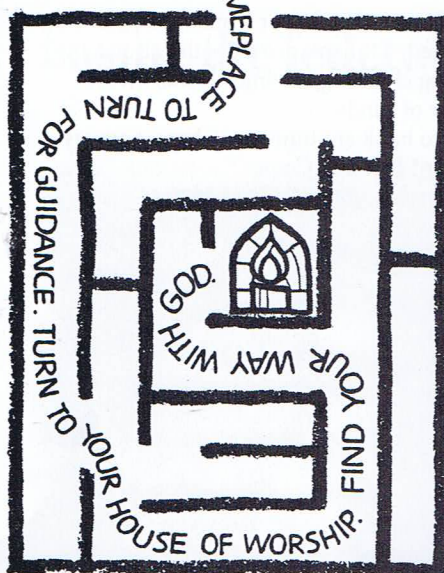
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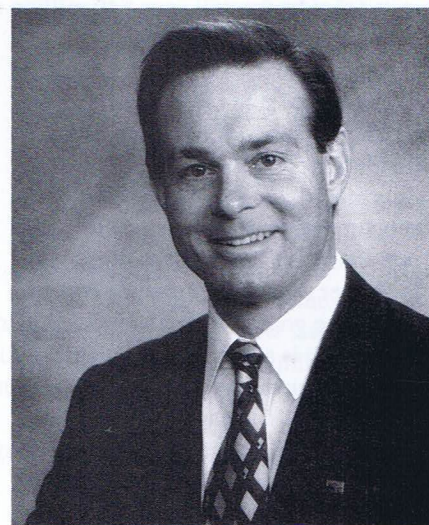
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EXECUTIVE PROFILE

PriMerit Bank's president/CEO believes community involvement a wise investment

PriMerit Bank's president and chief executive officer, Dan J. Cheever, believes that community involvement is an integral part of doing business in Nevada.

"The bank encourages employees to get involved in every way possible with the community. We've got to give back (to the community) and serve," asserts Cheever.



Dan J. Cheever

And Cheever practices what he preaches. He is personally involved in a number of non-profit organizations. He serves on boards for the United Way of Southern Nevada, St. Jude's Ranch for Children and the Boys and Girls Clubs of Las Vegas. Additionally, Cheever is involved in countless business and banking organizations.

Under his direction, PriMerit Bank is getting more involved in community projects. "We have a program whereby we adopt an area of town for rehabilitation. We fund it, and the city administers the improvements. This program is working well and the local community is responding positively," said Cheever.

In addition to being a leader in community improvement projects, Cheever is recognized by his peers as a leader in the banking industry. He was recently elected to the board of directors of the Federal Home Loan Bank (FHLBank) of San Francisco.

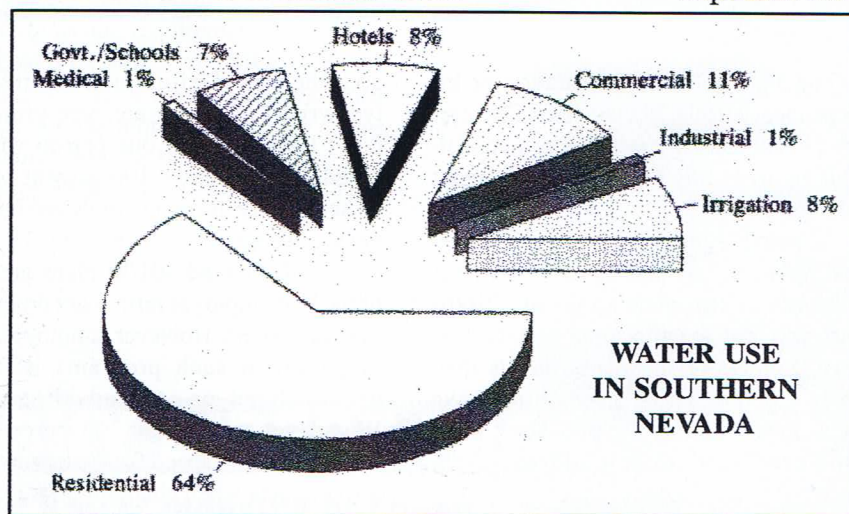
The FHLBank of San Francisco is one of 12 regional shareholder-owned FHLBanks comprising the FHLBank System, a government-sponsored enterprise. Its mission is "to serve the public purpose of enhancing the availability of residential mortgage credit by providing a readily available, low-cost source of funds to its member institutions."

"I am honored my peers in the Nevada banking community chose me to represent them on the FHLBank Board," said Cheever. "I think it says a lot about what PriMerit has done for the residential mortgage industry in Nevada."

PriMerit, a subsidiary of Southwest Gas Corporation, is the largest Nevada-based financial institution with 25 offices statewide - 17 in southern Nevada and eight in northern Nevada. The bank currently lists \$1.8 billion in assets. Cheever joined PriMerit Bank in 1989, and has been the bank's chief executive officer for the last three years.

RETHINKING THE WAY SOUTHERN NEVADANS THINK ABOUT WATER

Many Southern Nevadans are surprised to learn that residential outdoor water use -- not commercial use -- makes up the largest slice of the water pie. There are other myths and misconceptions about *where* and *how* water is used in this region that further complicate water resource planning. However, the fact is that as a community and as individuals, we need to rethink the way we think about water and its uses.



Specifically, the Southern Nevada Water Authority, the regional organization responsible for managing our water resources, says we all must adopt a *conservation ethic* and change our outdoor watering habits today, tomorrow and every day.

According to the Water Authority, three times the amount of water is delivered to customers through the Las Vegas Valley during the summer months as is delivered in the winter. "And the majority of that water is used *outdoors*," notes Mrs. Mulroy, Southern Nevada Water Authority general manager.

"This seasonal increase in water use impacts our purveyors' ability to deliver enough water to meet peak summer demands.

"The community has an important role to play in conserving our region's water supplies. We recommend that each Southern Nevadan set a personal goal of conserving 10 percent of their water use," explains Mrs. Mulroy.

"For the average customer, this may mean saving thousands of gallons per month by just *decreasing* their lawn watering times a few minutes per cycle per day."

To encourage widespread adoption of a *conservation ethic*, the Water Authority plans to support its customers water efficiency efforts by providing user friendly conservation ideas that will result in water savings -- and dollar savings.

As a first step in establishing a water conservation plan for home or business, Water Authority officials recommend residents visit the Desert Demonstration Gardens to learn more about desert landscaping, drip irrigation systems, lawn watering times, and appropriate turf and plant selections. The Desert Demonstration Gardens is located at 3701 West Alta Drive.

(Second in a four-part series.)

For more information on the Southern Nevada Water Authority's conservation programs, contact the Public Services Office, 258-3930 or call the Conservation Hotline, 258-3102.

The Southern Nevada Water Authority • 1001 So. Valley View Boulevard, Las Vegas, Nevada 89153

Advertorial

by Tom Cameron

Plan for your own retirement

As government spending
begins to outstrip the means
of taxpayers to support it,
it is becoming increasingly
important for individuals to
rely on themselves to provide
for their own retirement —
Uncle Sam's pockets just won't
be deep enough.

The signers of the Declaration of Independence declared that all men are created equal and born with certain inalienable rights of life, liberty and the pursuit of happiness.

Although Americans continue to pursue those rights, this country has seen the birth of two generations of citizens that will, for the first time in U.S. history, have lower economic levels than their parents. These generations have been indentified as the post-war "Baby Boomers" and their children, often referred to as "Generation X".

Contributing to each citizen's economic woes is the fact that every tax-paying American is entering the work force with a \$40,000 debt. This obligation stems not from his or her own consumer purchases, living expenses or even mortgage, but rather from government spending that has far out-paced tax revenues for nearly three decades.

As members of these two generations age and continue towards retirement, it is vital that they realize the obstacles that stand between them and a comfortable retirement. While their parents and grandparents may have been able to survive on company pensions and Social Security, the "Boomers" and "Xers" will, more than likely, not have such income sources available for retirement.

Employer-paid pensions have all but

gone the way of leisure suits and manual typewriters. Chances are, you probably don't know of even one person who is scheduled to receive 100 percent of his or her income from an employer-funded pension program.

Tax-advantaged 401(k) plans are one of the best employee retirement programs ever conceived. However, employee participation in such programs is often underutilized or ignored altogether. Worse yet, more than 40 percent of today's workers spend the savings in their 401(k) plans when changing jobs.

While elected officials continue to promise the salvation and security of the Social Security System, the government's own numbers tend to say otherwise. When Social Security began at the end of World War II, there were 42 workers paying into the system for each person receiving benefits. While the number of persons eligible for Social Security benefits has expanded tremendously during the last two decades, the number of workers paying into Social Security has decreased. Today, just *three* workers pay into the system for each recipient, according to the Social Security Administration Trust Fund Report of April 1993.

Most distressing of all is the government's figures that by the year 2014, the budgeted expenses just for Social Security and other entitlement programs will

exceed all revenues the government receives. This means there will be no money to run the government.

What is the significance behind these statistics? The pursuit of happiness may become a frustrating chase unless our elected representatives find a way to curb runaway spending. It is possible the inalienable right of liberty will be encroached upon as our financially troubled federal government further taps into its citizen's assets through increased taxes. And any future government assistance for retirees could come with additional restrictions and requirements.

What is the solution? Start saving now, save more, save often and invest prudently. Saving more, quite simply means, spending less; not following the footsteps of 94 percent of this country's citi-

Ninety-four percent of this country's citizens have allowed their expenses to rise to meet or exceed their level of income and will be unable to retire financially independent.

zens, who have allowed their expenses to rise to meet or exceed their level of income and will be unable to retire financially independent.

While the overall financial outlook for the average working citizen may seem less than optimistic, there is every reason to believe that a disciplined approach to saving and investing can change your personal financial forecast. Quite simply, don't spend your IRA or 401(k) rollovers. Contribute at least 10 percent of your gross income on a systematic basis, with an investment professional that you have met and trust, and invest only when you understand the concept of each investment. 🍁

Tom Cameron is a financial planner with The TriStar Group

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Making sense of your financial records

The practice of proper, organized record keeping can save time and money, as well as protect one from bank or credit card errors. Well-kept tax records can also save much grief in the event of an IRS audit.

When it comes to financial record-keeping, people generally fall into one of two categories – those who still have the first check they ever wrote and those who would be hard-pressed to locate last month's credit card statement. If you fall into the latter category, the Nevada Society of CPAs offers the following advice to help you identify and organize important records.

Your home and possessions

Records and receipts for capital improvements made to your home can be valuable tax-savings documents. The cost of improvements that enhance the value of your home – such as a new roof, kitchen renovation, or landscaping – can be added to the home's purchase price to increase its cost basis. An increased basis reduces capital gains taxes you may owe if you sell your home for a profit.

It's also a good idea to keep cancelled checks, receipts and photographs or a videotape of jewelry, furniture, collectibles, or other major purchases. Should you have to file an insurance claim in the event of damage, loss, or theft, you'll need these documents to substantiate their value.

Securities Records

Investors need to keep trade confirmation forms concerning all purchases and sales of securities and mutual funds. For tax purposes, you'll need to know what

you paid for an investment, what you sold it for, what dividends you received and which were reinvested, and any brokerage commission you paid. Trying to reconstruct this information years later can be time-consuming.

Tax Records

Generally, the IRS has three years from the due date to challenge your tax return. If a return is filed after the original due date, the IRS has three years from the date of receipt to question your return. However, if the IRS can show that you underreported income by more than 25 percent, it then has six years to audit your return. For these reasons, CPAs recommend that you retain your tax returns and supporting documents for six years. Be aware that if you fail to file a tax return, or if you file a false or fraudulent return with the intent to evade tax, the IRS can come after you at any time.

There are certain tax documents you should keep indefinitely. One is Form 8606, which you are required to file when you make non-deductible contributions to your individual retirement account (IRA). You should keep copies of Form 8606 until all your IRA funds are withdrawn to verify what part of your withdrawal was funded with after-tax money.

Credit card receipts and statements

Keep receipts of purchases until you've compared them to your monthly credit

card statements. If any errors show up, you may want to keep the statements a few months longer. If your credit card company offers a buyer-protection or extended warranty plan on merchandise purchased with the credit card, keep your receipts and statements until the period of coverage expires.

ATM receipts and cancelled checks

Keep all cash machine receipts until the transactions have been properly credited to or debited from your account. For cancelled checks and bank statements, you can generally follow the six-year tax return rule, except for documents that record purchases such as stock or real estate, which you may need in the future to support your cost basis in the event you sell these items.

Insurance policies

Make sure you have copies of all current life, auto, health and homeowner's insurance policies. It's a good idea to keep old policies for several years after the expiration date in case it becomes necessary to file a delayed claim.

Where to put it all

CPAs recommend important documents that are valuable or difficult to replace – like birth certificates, securities, passports and deeds – be stored in a fireproof family safe or in a safe deposit box. Also, you should keep copies of these same documents in a more accessible place. It's generally not a good idea to store your insurance policies and will in a safe deposit box because some states seal a box upon the death of its owner.

As far as other financial records are concerned, the key is to set up a record-keeping system that works for you and that you can regularly maintain. 🍀

Prepared by members of the Nevada Society of Certified Public Accountants.



The Center for Business and Economic Research
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Las Vegas, Nevada 89154-6002
(702) 895-3191 • FAX: (702) 895-3606

New Releases

The Southern Nevada Business Directory: 1994 provides information on firms located in Southern Nevada. Businesses are listed by Standard Industrial Classification (SIC) and alphabetically.
Price: \$75.00 plus \$5.00 for shipping and handling

The Historical Perspective of Southern Nevada: 1969-1993 includes historical data on the Las Vegas economy. Data include characteristics of Southern Nevada's population, building permits, gaming revenue, visitor volume, and other key indicators.
Price \$15.00 plus \$3.00 for shipping and handling

Economic Outlook: 1995 provides current information and forecasts for the U. S. and Southern Nevada economies.
Price: \$15.00 plus \$3.00 for shipping and handling

We, the Southern Nevadans includes current racial, ethnic, and demographic profiles of Clark County residents.
Price: \$15.00 plus \$3.00 for shipping and handling

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Controlling Embezzlement

Embezzlement is the most common crime against businesses. Embezzlers steal \$4 billion to \$6 billion a year from their employers. Yet thefts by embezzlers are said to be rarely detected, and if detected, their crimes are seldom prosecuted, and, if prosecuted, their sentences are usually light.

Embezzlers often hold positions of trust in a company which means they have ready access to books, records, cash and other assets. While each embezzler has a pattern of theft that is somewhat unique, embezzlers generally commit their thefts alone, over a long period of time, taking increasing amounts. Unlike con men, embezzlers do not make one grand hit and run away. Yet most long-term embezzlement schemes, after discovery, are found to be very simple.

Embezzlement, like all crimes, is a product of motive and opportunity. Opportunity is created through the absence of, or weaknesses in internal controls. Embezzlers are adept at finding a company's control weaknesses. Here are two common embezzlement methods:

Cash disbursement embezzlement – the most common fraud in books of account. It generally involves the creation of fake documents, false entries, or both, in some category of expense, such as purchases or payroll. This is usually accomplished in the form of a phony invoice from a phantom supplier or a faked time card from a phantom employee. The fabricated purchases may be for merchandise, raw materials, repairs, maintenance, temporary help, insurance, travel and entertainment, benefits and so forth.

Cash disbursement frauds are very common in small firms with one-person accounting departments or in situations in which separation of duties and audit trails are weak or nonexistent. Computerization of small firms exacerbates the disbursement fraud problem because

small business owners are too trusting of the data generated by computer.

Cash receipts fraud – also very common in small firms. The common classic cash receipts fraud involves the lapping of cash and accounts receivable or both; that is, "borrowing" from today's sales or receipts and replacing them with tomorrow's sales or receipts. In either event, the fraud requires the creation of fake data, fake reports, or false entries.

Other receipts frauds include skimming, which is the holding out, or intercepting of proceeds from cash sales before any entry is made of their receipt. Another fraud can be generated by the issuance of fake credits for discounts, refunds, or returns and allowances. In this case, a conspiracy may be required with a customer who shares the proceeds of the fake credit with an insider.

Most embezzlements can be prevented if companies would pay attention to the "red flags" of fraud. Coupling this awareness with a system of internal controls is the key to preventing internal theft.

One resource offering advice on controlling embezzlement is a report on the subject entitled *How to Detect Embezzlement*. Written by Jack Bologna, author of several books on fraud investigation, the report includes discussion on: embezzlement discovery; embezzler profiles; embezzlement investigation; proving criminal intent; establishing internal controls; and computer embezzlement.

The report is available for \$5.95 from Assets Protection Publishing, P.O. Box 5323, Madison, Wis. 53705-0323. 🍀

by Bill D. Hager

Reporting workers compensation fraud can help slow spiraling premiums

America loves a good con job.
In no other nation's literature
and performing arts does the
con artist play so prominent
a role. But in real life,
workplace insurance con
artists cost jobs and inflate
operating expenses.

From Mark Twain to Kurt Vonnegut, Jr., from *The Music Man* to *Guys and Dolls*, from *The Grifters* to *The Sting*, we have applauded the schemes, the schemers and the scammed.

But in real life the con job should get two thumbs down. In real life, and especially in the real workplace, the con artist ends up costing jobs and salaries as business owners see their workers compensation insurance premiums increase.

In fact, U.S. business has seen premiums increase 150 percent over the past decade to an average today of \$500 per year for each employee. And while the insurance industry has no exact price tag on fraud, *The New York Times* recently labeled it a "\$3-billion-a-year rip-off."

It seems that recipients of workers compensation payments are not always as disabled as they claim. In one recent case, an expert-class jet skier was collecting \$1,000 per month in benefits the day he entered a major competition.

And a recent national survey reported that one in 12 adults thought it was okay to file a claim for an injury sustained at home. Unlike most medical insurance plans, workers compensation covers 100 percent of the medical costs and provides payments for salary disruption. It is paid for entirely by the employer.

Fraud within Florida alone cost that state's business community \$52 million last year. It is also costing the state's taxpayers, because in 1991 Florida be-

came one of 15 states to create and fund a fraud division within its department of insurance. Florida started with five investigators. It now has 21.

Fortunately there is something each of us can do: we can report suspected fraudulent activities.

The National Council on Compensation Insurance, Inc. (NCCI) publishes a free *Fraud Hotline Directory*. It contains phone numbers in all 50 states and the District of Columbia that can be used to report all types of suspected workers compensation insurance fraud.

There is even an 800 number for the National Insurance Crime Bureau, which offers rewards of up to \$1,000 for tips leading to arrests or indictments.

There is also a big payoff if employees and employers work together to reduce the incidence of this type of fraud. When claims increase, companies are forced to spend more money on insurance premiums. They often have to cut back on hiring, salaries, raises, safety programs and the purchase of ergonomic equipment. Ultimately they may even have to increase consumer prices.

A free *Fraud Hotline Directory* is available by writing Corporate Communications, 750 Park of Commerce Drive, Boca Raton, FL 33487.

Bill D. Hager is president of the National Council on Compensation Insurance, Inc., a non-profit provider of workers comp data, products and services.

People on the Move



Richard B. Altz



Bruce Daly

Newly appointed **Bank of America Nevada** senior vice presidents are **Richard B. Altz**, manager of depositor services; **Bruce Daly**, district manager of the bank's southern retail banking district;



Paula Dorney



Tim Mahoney

Paula Dorney, district manager of convenience banking district; **Tim Mahoney**, manager of real estate industries division; **Andrew Miller**, manager of



Andrew Miller



Don Overlock

marketing and product management department; and **Don Overlock**, manager of the operations support department.

Appointed to vice presidents: **James Corrigan**, private banking trust tax division; **Stephan Fenton**, account officer, real estate industries division; **Jacki Hansen**, manager of the Ely/McGill branch; and **Linda Snyder**, customer service manager of Paradise Valley branch.



Amber Michael

Amber Michael, a recent graduate of UNLV, Communications Studies, will be assisting account executive and president of **Hands Ink**, Rick Smith. Michael has been an in-

tern at UNLV TV-4 and KTNV TV-13 in sales and marketing, and with DRGM Advertising and Public Relations.

Kevin Elder, with 18 years of banking experience, has joined **Comstock Bank** as a commercial loan officer. Elder and his family have lived in Carson City for more than four years.



Robert M. Bowen

Robert M. Bowen has been promoted by **First American Title Insurance Company** to the position of Nevada regional vice president. He will continue as president of First America's subsidiary, **First American Title Company of Nevada**, a position he has held since 1975.



Brent Buma

R. Brent Buma, general manager of **Shonkwiler/Marcoux Advertising, Marketing and Public Relations** since 1988, has become a full partner.

Previously, Buma was with **Western Airlines**, and has served as a marketing vice president for both the **Reno Convention and Visitors Authority** and **Summa Corporation**.



John Chiero

The president and general manager of the **Tropicana Resort & Casino**, **John Chiero**, has assumed the chairmanship of the **Nevada Resort Association**. Chiero will work with NRA President **Richard W. Bunker** and Legislative Chairman **Bruce Aguilera** to complete the 1995 legislative program.

Although threats of a federal gaming tax and other regulations were resolved, the NRA will continue to monitor developments in Washington D.C. ■

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Banking Briefs

U.S. Bank doubles commercial real estate and business lending in state

U.S. Bank of Nevada, a division of U.S. Bancorp Company, announced that lending totals soared in 1994, with a production of \$166 million.

"We've been working hard to make U.S. Bank the lender of choice in commercial real estate," said Rick Yach, commercial real estate lending manager.

U.S. Bank's total commercial real estate loans outstanding doubled from \$23.2 million at the end of 1993, to more than \$50 million at the end of 1994, according to Yach.

State commercial loans increased by \$58 million, representing a 53 percent gain, and small business lending totaled more than \$26 million – a 75 percent increase over 1993. According to Commercial Services Manager Ken Ladd, "U.S. Bank is aggressively pursuing the small business market, and these numbers reflect that objective."

Pete Landis, president and CEO of U.S. Bank of Nevada, has been appointed to take a position as manager of the new business banking group for the company's five-state region of Oregon, Washington, Idaho, Nevada and northern California. The new structure reflects a desire to more effectively serve businesses and to facilitate interstate banking.



Las Vegas resident and prospective home buyer Elliott Lowery (l. to r.) is greeted by Bank of America's newly appointed community development loan officers, Carmen Rodriguez and Tanya Viner as he visits the bank's new mobile home-loan center.

Bank of America Nevada introduces mobile home-loan center

As part of a program to carry banking services to low-income areas, BofA announced the use of a mobile ATM/branch home loan center to serve low-income census tract areas in Las Vegas.

The facility is staffed by the bank's community development loan officers, who have been specially trained to meet the mortgage lending needs of low-income consumers.

Sun State Bank reports record 1994 earnings

Sun State Bank reported record earnings of \$1.82 million for 1994, up 33.1 percent over the earnings of \$1.37 million netted in 1993, announced Sun State Bank President John Dedolph.

The bank registered a 2.16 percent return on assets and 26.9 percent return on common shareholder equity for the year.

Dedolph also announced a 50-cent per-share cash dividend was declared in December – the third paid in 1994 – for shareholders of common stock of Sun State Capital Corporation, the bank's parent company.

Assets grew to \$87.6 million, a 1.4 percent increase over 1993. "This was our seventh consecutive year of solid growth," said Dedolph. "We attribute that performance to southern Nevada's up-beat economy, more efficient operations and diversification of our target market."

Sun State Bank, locally owned and operated, serves the southern Nevada business community from three offices. Sun State Capital Corporation, comprised of about 50 local businessmen and women, is the sole owner.

PriMerit Bank to provide electronic tax service

PriMerit Bank now offers the Annual Tax Checkup, an electronic filing service from Tax Shop. The bank joins 32 institutions and over 400 branches across the nation offering this service.

Customers bring their tax returns to PriMerit branches for electronic filing. For a flat \$39 fee, the returns are reviewed for errors and additional allowable credits or deductions. Customers are also given tax-saving advice, and an easy-to-read tax summary report is included.

Tax Shop software is used by more than 5,000 tax professionals in the U.S.

American Bancorp reports 1994 increases

American Bancorp of Nevada, parent company of American Bank of Commerce, has reported a 43 percent increase in profits for 1994.

The corporation showed net income of \$3,314,000 or \$1.39 per share, up from a \$1 a share in the same period last year.

Total assets for 1994 increased to \$227,419,000 and total stockholders equity rose more than \$2 million, to \$20,131,000 for year-end 1994.

Bank of America Nevada installs 500th ATM

Bank of America (BoFA) Nevada passed a milestone in January, when the company installed the 500th automated teller machine at the Turtle Stop, 2885 Nellis Boulevard in Las Vegas.

"This achievement is a tribute to both the bank and its employees for their commitment to providing our customers with the most convenient banking services allowing them to bank when and where they want," said BoFA Nevada chairman and CEO, Richard A. Etter.

BoFA has the largest ATM network in Nevada, increasing 127 percent last year from a total of 385 machines at the end of 1993. The network also has the highest on-line availability ratings in the nation with machines available for customer transactions over 99 percent of the time. The bank deploys Versateller ATMs, Casino Cash machines in hotels and casinos, as well as ATM Cash devices in retail outlets statewide.



L. to r.: Robert Webb, vice president and director of the Turtle Stops in Las Vegas, talks with Dean Thomas, field services manager, and Cal Roskeland, account manager, for BoFA Nevada's ATM service department as they complete installation of the bank's 500th ATM.

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Nevada Briefs

Health Plan of Nevada awarded grant

Health Plan of Nevada, a HMO subsidiary of Sierra Heath Services, Inc., has been awarded a one-year demonstration project grant of \$150,000 from the Health Care Financing Administration (HCFA) to establish a "social HMO" to provide enhanced medical and social services to the frail elderly population of southern Nevada. If the first year is successful, HPN will be offered a three-year contract to serve as a geriatric model social HMO.

Enhanced services will include the development of a geriatric model of care, overseen by a multi-disciplinary professional geriatric team. Services will include respite care, adult day care, medical transportation, mental health benefits, patient education on medicines, and home visits by a geriatric nurse practitioner.

Partnership formed at Lake Las Vegas

Lyle Anderson, who has developed three golf courses in *Golf Digest's* top 100, has formed a partnership with Transcontinental Corporation, developer of the \$3.8 billion Lake Las Vegas residential and resort master-planned community, currently under construction just east of Las Vegas. The newly formed partnership expects to break ground on the first North Shore resort golf course in the summer of 1995.

"Lyle Anderson is unquestionably the premier developer of high-end, exclusive, master-planned golf communities in the



William D. Foote, Lake Las Vegas president (left) and renowned golf course developer Lyle Anderson, have formed a partnership to build the first resort golf course on the North Shore at Lake Las Vegas. The duo are pictured on the SouthShore Jack Nicklaus signature course currently under construction.

country," said William D. Foote, president of Lake Las Vegas. "We've been associated with Lyle for many years and he has an impeccable reputation for developing the finest residential, master-planned golf communities. He'll add a tremendous amount of expertise to the development of Lake Las Vegas."

"Lake Las Vegas has the potential to become truly one of the most outstanding world-class developments anywhere," Anderson said. "I couldn't be more enthusiastic about our company's involvement in this exciting venture."

The Lyle Anderson Companies, based in Scottsdale, Ariz., have developed such renowned golf communities as Desert Highlands, which was the site of the 1983 and 1984 "Skins" games; and Desert Mountain, whose Cochise course is the site of The Tradition, one of the four major Senior PGA Tour events. Both courses are located in Scottsdale. The company also developed Las Campanas in Santa Fe, N.M., and recently acquired Loch Lomond Golf Club in Scotland.

Lake Las Vegas is being developed by Transcontinental Corporation, a Santa Fe-based real estate and investment company, in partnership with the Bass family

interests of Fort Worth, Texas. Both partners are also involved in the Las Campanas project.

Lake Las Vegas is Nevada's largest man-made lake, with 10 miles of shoreline. Currently, custom homesites, priced from \$185,000, are for sale in the gated community known as SouthShore, where Nevada's first Jack Nicklaus golf course is soon due to open to members.

Plans for North Shore include six hotel sites, three championship golf courses, a major tennis complex, equestrian facilities and a commercial resort village.

GE names Pardee Builder of the Year

For the second time, Pardee Construction Co. has received Builder of the Year Award for "outstanding performance and commitment to excellence in the building industry," according to Larry Lafata, a representative for General Electric.

"The basic value of doing business with GE is their wide range of products suitable for use in all types of projects," according to Pardee's senior vice president, Wesley Lester.

Pardee received the award based on the company's decision to use the finest possible products and materials in construction and installation, stated Lester.

Pardee has built nearly 16,000 homes in southern Nevada since 1952, and is currently developing eight neighborhoods and four master-planned communities.

National Bowling Stadium opens in Reno

The 92nd American Bowling Congress (ABC) Championships Tournament, long considered the showcase of bowling, opened the new Reno-Sparks Convention and Visitors Authority's \$35 million, 80-lane National Bowling Stadium last month.

Indoor fireworks, a laser show, marching bands, beauty queens, computerized pinsetting demonstrations and the debut of the world's longest video screen were among the festivities.

Special Olympics International got the ball rolling with its National Unified Bowling Championships February 2, when approximately 50 teams of Special Olympians and regular bowlers competed by teams and in doubles.

During the stadium's "official" open-

ing the following day, 78 dignitaries, including officials from the ABC and the Women's International Bowling Congress, simultaneously rolled the first ball.

The tournament was also the kickoff for the ABC's 100th Anniversary Celebration which will conclude in 1996. The American Bowling Congress, which is the world's largest sports membership organization, was founded in 1895.

Sierra Pacific Power scores low-cost in survey

A recent national survey by an independent research firm places Reno-Sparks' residential energy costs among the lowest in the country.

Of 301 cities surveyed by ACCRA of Louisville, Ky., two-thirds of the cities had higher energy costs than Reno-Sparks. The survey measured the costs of all fuels, including wood, for a new 1,800-square-foot house in an urban area.

Reno-Sparks, ranked in the lowest third, averaged monthly energy costs of \$101.12. Las Vegas ranked 144th, with average costs of \$108.02.

The lowest average cost was \$33.55 in Wenatchee, Wash., and the highest was \$220.74 in Philadelphia.

Reno gets new Sears

Krump Construction, Inc., has been selected to build the new 165,000-square-foot Sears Roebuck & Co. department store at Meadowood Mall in Reno. The Sears store will be joined by 50,000 square feet of new retail space adjacent to the east side of the mall. The project is scheduled for completion this fall.

Condor begins Las Vegas-Europe non-stop service

Last November marked the inauguration of non-stop scheduled passenger service between Europe and Las Vegas.

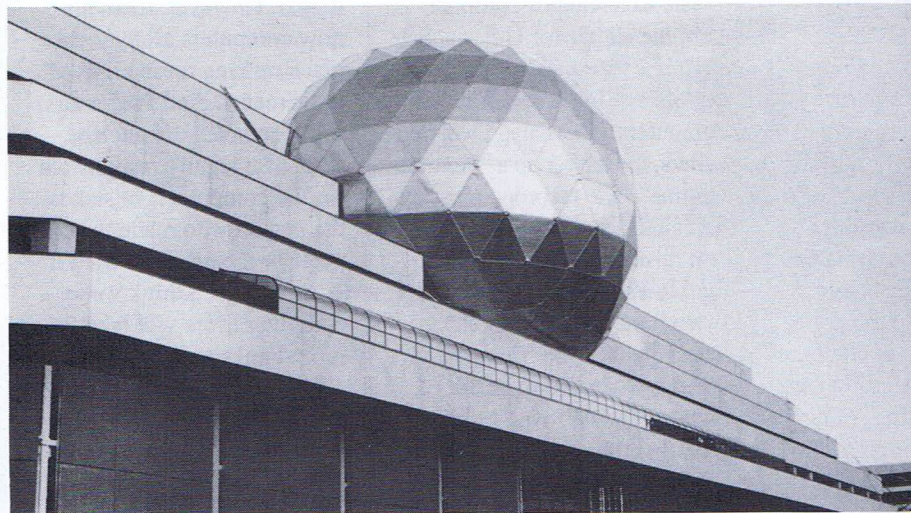
The 11-hour maiden flight by Condor Flugdienst GmbH, a subsidiary of Lufthansa Airlines, was the result of more than three years of negotiations between a Las Vegas Joint Air Service Task Force and various European airlines.

Condor will operate a flight each Monday, originating at the Cologne/Bonn Airport. The airline is networked throughout Germany to provide feeder flights into Cologne from Berlin, Frankfurt, Hamburg, Leipzig and Munich.

Nearly a quarter of a million Germans visited Las Vegas in 1993, and the number was estimated to increase to 309,000 for 1994. This new non-stop service will help them avoid the congested gateway cities of New York, Los Angeles and San Francisco; they can clear customs in Las Vegas, which has been a class "A" port of entry since 1989.

Lufthansa, which operates a fleet of all-cargo aircraft worldwide, will also benefit from the new Condor service, since the belly space on all Condor flights has been leased to the parent company.

Robert Broadbent, McCarran's director of aviation announced: "We are continuing our dialog with other world-class airlines. We think we will see many more non-stop flights from all over the world."



The National Bowling Stadium in Reno celebrates grand opening.



by Joe Mullich

Is Forrest Gump Inside Your Computer?

THE message on the Los Alamos Lab's "Pentium Hotline", explains, "the Pentium problem raises no risk of a nuclear meltdown," However, if you listen hard enough you can hear voices in the background saying, "Everybody in the bunker - NOW! And bring the canned hams."

Did you ever notice that computers are designed to make us feel like idiots?

My computer instruction manual, though thicker than Madonna's address book, is utterly useless. The index to my computer manual, presumably written by Klingons, is filled with phrases like "secondary buffer cache" and "Keyb command". I don't even know how to use the index to look up the stuff in the manual that I can't understand anyway.

Meanwhile, my computer sits on my desk looking aloof, smug and superior. It's the technological equivalent of George Will on a Sunday morning talk show. When I try to use the thing, it sends me an error message like "RSPREC error" or "COMREC error". I don't know what those terms mean, but I bet they're phonetic nerd jokes at my expense.

The error messages all translate into the same thing. The computer is telling me: "I can only do something wrong when techno-dorks like you force me to."

That's why I am delighted about this Pentium chip fiasco. If you're among the blessed few who don't deal with computers, I should explain the Pentium chip is a microprocessor. That's the "brains" of a computer. It turns out the Pentium chip had a flaw that caused computers to make errors in arithmetic. Depending

on who you ask, the error occurs once every 7 quadrillion years (according to the company that makes the chip). Or the errors occur about as often as it takes to write this sentence, according to just about everyone else who, g., nmgl;l..dknnal,,mna.

Whoops! It seems this new computer of mine crashes or erases files every 15 seconds or so. (Personal message to my computer: Don't worry, I'll type slowly so you can understand everything.)

Hee, hee! I LOVE being condescending to my computer.

Commenting on the flaw, a Pentium spokesman said, "The chip's math is close enough, because we say so. Remember, we're the same mega-brains whose test answers you copied in high school and you got through chemistry, didn't you?"

The Los Alamos National Lab, the center for U.S. nuclear weapons research, uses a number of Pentium chips in its computers. To assuage worried callers, the lab set up a "Pentium Hotline". The recorded message explains, "The Pentium problem raises no risk of a nuclear meltdown." However, if you listen hard enough you can hear voices in the background saying, "Everybody in the bunker - NOW! And bring the canned hams."

I think a pesky little mushroom cloud or two is a small price to pay for uncovering the

fact that computers aren't as smart as they pretend to be. Computers, it turns out, are darn stupid.

Consider a new book by Professor William A. Wallace called *Ethics in Modeling*. I found the book EXTREMELY disturbing because it was only after I purchased it that I learned it didn't have even one picture of Elle MacPherson or Christie Brinkley.

The book is actually about something called "computer modeling", or the way in which "expert computer systems" make decisions. Which is with the same keen logic that Bruce Willis picks film roles.

According to the book, a bank computer that evaluated data in loan applications rejected applicants because it put too much weight on old age. This was, of course, illegal. However, there are now computers all over the place making these kinds of judgements. And Professor Wallace notes it's unclear who'd be legally responsible for the computers' mistakes - the person who made the computer or the one who used it.

As always, I think we computer users will take the rap. Thanks to the Pentium chip, computers now can use a "temporary insanity" defense any time they want.

As Forrest Gump was fond of saying: "Stupid is as stupid does."

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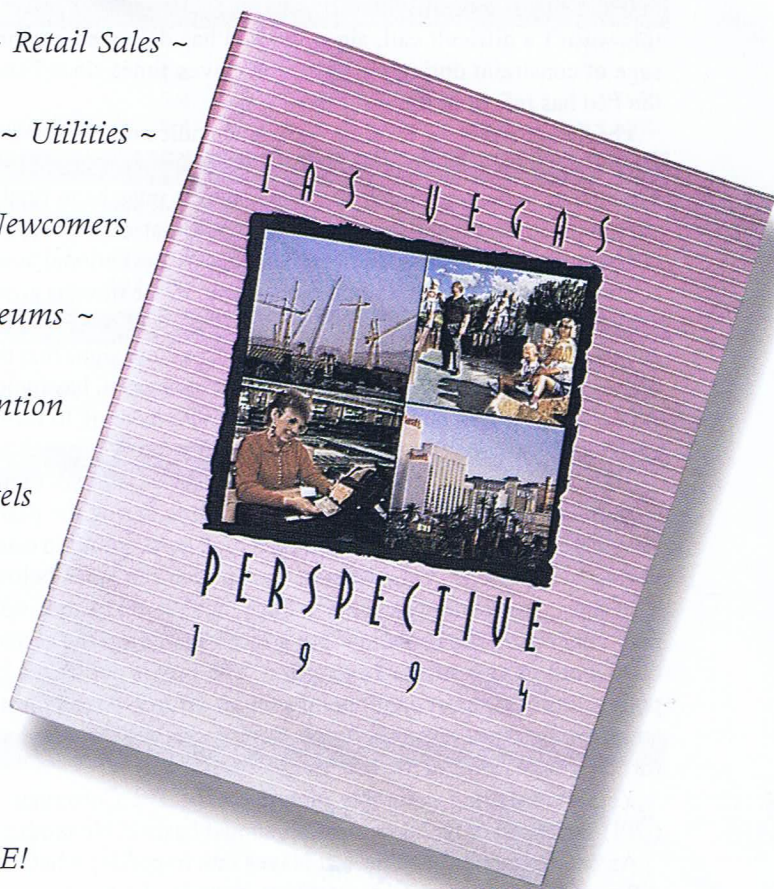
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business indicators & analysis

They were right. Economists, often maligned for forecasting inaccurately, correctly predicted that the Federal Reserve (Fed) would again increase interest rates at its February 1995 meeting. But this wasn't a difficult call, since the Fed has delivered a consistent message of constraint during the past year. Seven times since February 1994, the Fed has reined in interest rates.

The latest index of leading economic indicators shows a modest increase, with some components of the index now showing negative effects. The recent indicator hints that higher interest rates have finally begun to slow expenditures, particularly those items that consumers usually purchase with a loan. The indicator suggests the national economy will continue to grow, but at a more modest rate in the months ahead.

The unemployment rate dropped to 5.4 percent as of December 1994, and capacity utilization stood near 85 percent, both signs that the economy has reached threshold levels which, in previous years, has fueled inflation. As a result, the Fed opted in its February 1995 meeting to further increase the federal funds rate by 0.5 percent to 5.25 percent.

Since restraining the economy usually takes at least six to nine months, economists have watched for signs of inflation during the past year as the economy grew and monetary restraints took hold. Inflation often increases during such periods. Yet, inflation, thus far has remained below 3 percent.

In short, the economy seems on track, and the Fed's preemptive actions may either push the economy into a recession or nip the economic forces that would spoil continued expansion. The jury is out on the Fed's recent policy, although most continue to support efforts to restrain inflation and lengthen the current expansion, believing that a little economic discomfort now may result in the best long-term policy.

Yet, a continuing favorable picture exists. The Consumer Price Index (CPI) increased only 2.3 percent on annual basis in November.

As unemployment declines, it leaves one to ponder whether conditions differ markedly today from previous periods. To be sure, we now find ourselves with new and evolving world markets and an increasingly competitive American economy. As such, the threshold levels for activating contractionary monetary forces may not be the same as in the past.

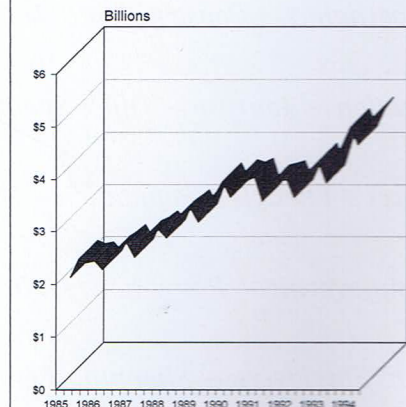
In the months ahead, attention will focus on inflation, unemployment and growth of gross domestic product (GDP). Should GDP growth slow, perhaps even decline, then Monday-morning quarterbacking of Fed policy will begin. Yet, should economic expansion continue without high inflation, the Fed should gain more support for its preemptive policy mode.

Nevada completed 1994 with a record-setting performance. Population growth set records, up 6.7 percent statewide. Not surprisingly, construction has shown strength in Reno and Las Vegas. This strength, however, should weaken some as projects reach completion and interest rates remain at higher levels. Nevertheless, the momentum of Nevada's growth should keep construction activity in 1995 at rates above the national level.

When computed over 1993, Nevada's gaming economy continues to show robust growth, reaching double-digit rates throughout most of 1994. For Las Vegas, this year's monthly gaming revenue growth rates will fall below those of 1994, reflecting in large part the year's phenomenal growth. On the other hand, Reno's 1995 revenue growth, considering the completion of the new Bowling Stadium and the Silver Legacy, should increase.

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

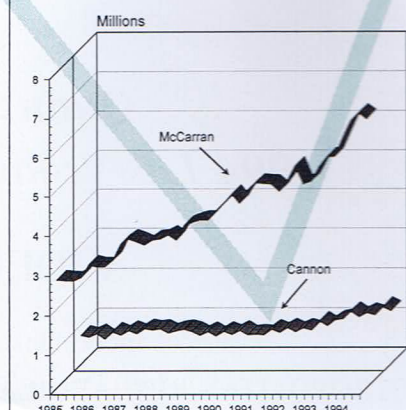
Nevada Taxable Sales
Quarterly, 1985 - 1994



Nevada Gross Gaming Revenue
Quarterly, 1985 - 1994



Air Passengers
Quarterly, 1985 - 1994



	DATE	UNITS	LATEST PERIOD	PREVIOUS PERIOD	YEAR AGO	CHANGE YR AGO
UNEMPLOYMENT						
Nevada	December, 1994	%	5.6	5.6	7.3	-23.29%
Las Vegas	December, 1994	%	5.8	5.7	7.2	-19.44%
Reno	December, 1994	%	5.4	5.1	6.3	-14.29%
U.S.	December, 1994	seasonally adj.	5.4	5.6	6.4	-15.63%
RETAIL ACTIVITY						
Nevada Taxable Sales	November, 1994	\$ thousand	1,644,349	1,588,871	1,457,950	12.79%
Clark County	November, 1994	\$ thousand	1,024,253	947,726	885,869	15.62%
Washoe County	November, 1994	\$ thousand	272,582	290,619	256,404	6.31%
U.S. Retail Sales	November, 1994	\$ million	194,160	191,899	178,622	8.70%
GROSS GAMING REVENUE						
Nevada	November, 1994	\$ thousand	544,079	625,220	502,794	8.21%
Clark County	November, 1994	\$ thousand	437,726	479,980	384,792	13.76%
Washoe County	November, 1994	\$ thousand	65,667	88,382	73,302	-10.42%
CONSTRUCTION ACTIVITY						
Las Vegas Area						
New Residences	3rd qtr 1994	# permits	4,953	5,437	4,704	5.29%
New Commercial Permits	3rd qtr 1994	# permits	169	149	129	31.01%
Reno Area						
New Residences	2nd Half 1993	# permits	1,469	962	684	114.77%
New Commercial Permits	2nd Half 1993	# permits	53	40	40	32.50%
U.S.						
Housing Starts	November, 1994	thousand	1,540	1,440	1,406	9.53%
Total Construction	October, 1994	\$ billion	518.1	513.4	477.8	8.43%
HOUSING SALES						
Las Vegas Area						
Average Sales Price ⁽¹⁾	3rd qtr 1994	\$	120,475	124,738	119,398	0.90%
Average Cost/Square Foot	3rd qtr 1994	\$ per sq. ft.	76.9	78.51	69.73	10.28%
Average Mortgage Rate ⁽²⁾	3rd qtr 1994	%	8.57	8.34	7.31	17.24%
Washoe County						
Average Sales Price ⁽¹⁾	2nd Half 1993	\$	170,325	157,825	151,403	12.50%
Average Cost/Square Foot	2nd Half 1993	\$ per sq. ft.	96.88	92.42	90.18	7.43%
Average Mortgage Rate ⁽²⁾	2nd Half 1993	%	7.20	7.70	8.30	-13.25%
U.S. Home Sales	October, 1994	thousand	726	717	723	0.41%
TRANSPORTATION						
Total Passengers ⁽³⁾						
McCarran Airport, LV	4th qtr 1994	passengers	6,809,896	6,956,897	5,854,948	16.31%
Cannon Airport, Reno	4th qtr 1994	passengers	1,350,585	1,445,209	1,196,677	12.86%
State Taxable Gasoline Sales	October, 1994	thousand gal.	64,657	60,766	62,834	2.90%
POPULATION ESTIMATES						
Nevada	July, 1994	people	1,493,000		1,398,760	6.74%
Clark County	July, 1994	people	971,680		898,020	8.20%
Washoe County	July, 1994	people	282,630		271,770	4.00%
NATIONAL ECONOMY						
Consumer Price Index ⁽⁴⁾	December, 1994	1982-84=100	149.7	149.7	146.0	2.53%
Money Supply — M1	November, 1994	\$ billion	1,147.7	1,148.5	1122.4	2.25%
Prime Rate	December, 1994	%	8.50	7.75	6.00	41.67%
Three-Month U.S. T-Bill	December, 1994	%	5.64	5.25	3.08	83.12%
Gross National Product	3rd qtr 1994	\$ billion	6,791.7	6,689.9	6,359.2	6.80%

NOTES: (1) houses, condos, townhouses; (2) 30 yr. FHA; (3) enplaned/deplaned passengers; (4) all urban consumers
 SOURCES: Nevada Dept. of Taxation; Nevada Employment Security Dept.; UNLV, Center for Business and Economic Research;
 UNR, Bureau of Business and Economic Research; US Dept. of Commerce; US Federal Reserve.
 COMPILED BY: UNLV, Center for Business and Economic Research

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