

The Great Stardust Skim

by Stephen Fischer

This is such a wonderful American success story. In 1976 the president of the Stardust Hotel was 34-year old Allan Glick. Seemingly out of nowhere, this nice clean-cut young man and head of the ARGENT Corporation secured a Teamsters loan for about \$146 million that enabled him to take over the Stardust Hotel and Casino. The ARGENT name was an abbreviation of Allan R. Glick Enterprises.

The timing on this loan was very important. By 1976, many of the Las Vegas casino “cash cows” the Mob throughout the country depended on were beginning to dry up.

Between the Federal Government and the state of Nevada, it was becoming more and more difficult for a mobster to make a decent living. The Chicago Outfit still had control over the Stardust, Marina, Fremont and Hacienda, but it became necessary to increase the size of the skim to make up for other lost business.

Let’s take a moment to discuss the meaning of the word “skim”. It isn’t stealing in the usual sense. It isn’t taking money that belongs to someone else. Skimming is hiding money from Uncle Sam. Every time a dollar would come into the casino, it had to be reported to the government. So at the end of the year, when the Stardust would do its 1040-EZ or whichever form they used, they would have to pay income tax on every penny the casino took in.



Stardust 1975

How much more profitable would it be if the US Government and Nevada State Revenue people just didn’t know how much money the Stardust and the other hotels had actually made? (“Wow! What a good idea! That way, we could get to keep a lot more money, right boss?”)

In the old days in Las Vegas this was pretty easy to do. A casino owner could wander into the “soft count room” where the bills were counted, take a few handfuls of the big ones, put them in his pocket and then go have a cup of coffee and a Danish.. Who was going to stop him? He owned the place. This was his money. He wasn’t stealing. He just wanted to take a few thousand bucks as “walking around money.” What Uncle Sam doesn’t know ain’t gonna’ hurt him,

Then the hotel owner could find a nice corner on a hot-looking craps table, call Tony D., the pit boss there at craps pit 3, have Tony D. bring him a marker for “10 large,” and get \$10,000 in chips. He’d play a few minutes, lose a couple of thousand, scoop up the remaining 8 G’s in chips, take them over to the cashier and cash out.

When his signed marker arrived in the accounting department, his girlfriend, Lola, would take the \$10,000 marker and put it in her pocket. (“Honest, she’s not my girlfriend, sweetheart, I hardly know the woman”). And that was that. No marker means no money owed the casino, right? It’s his money anyway, right? Who is he stealing from – himself?

Believe it or not, this very simple method of taking a few million dollars out of the Las Vegas hotels would work, year after year after year. Then the Nevada Tax and the Gaming Commission boys set down some rules. Damn spoilsports

Rule Number 1 – An owner is never allowed in a counting room.
Rule Number 2 – An owner is never allowed to play at his own hotel.
Rule Number 3 – All money that comes into a casino. I reiterate, 100% of the money, has to be reported as income.

The US Government trained its eyes on the casino business through the Organized Crime Commission, the Kefauver Committee and, later, the Church Committee. Despite all the Fed's money spent on all the investigations of the Las Vegas hotels and their owners, the only thing they could get the owners on was good old tax evasion. Skimming money means taking money from the pot before Uncle Sam has a chance to count it and tell you how much tax you owe on it. If the money can't be accounted for, it can't be taxed, plain and simple.

The Chicago Outfit was faced with a cash flow problem. The answer presented itself in the Stardust, and Allan Glick. Nice, clean-cut Allan Glick and his partner, Gene Frisch, were both young men who were making a pretty fair living owning the Hacienda. Everything was above board and going along well until a company called RECRION, that then owned the Stardust, got into trouble.

Without going into the personalities of RECRION, the company was being forced to sell the Stardust. There was some silliness about money from the Stardust Hotel finding its way on a weekly basis to Joey Aiuppa of the Chicago Outfit, Moshe Rockman of the Mayfield Road Gang



Allan Glick

in Cleveland, and to Frank Balistieri of the Milwaukee Mafia. Both Cleveland and Milwaukee in the mid-1970s were subsidiaries of the Chicago Outfit, which was run by Joey Aiuppa.

Right up until June 19, 1975 Sam "Momo" Giancana had run Chicago. However, Momo wasn't the best of bosses of the Chicago Outfit. He was very high visibility, with his flamboyant personality, and his highly publicized affair with Phyllis McGuire.

Then there was his friendship with Frank Sinatra, and with Judy Campbell, and with the Rat Pack ... he was just too visible for the old school dons. On top of everything else, their money stream, Las Vegas, became delivering less and less money. Enough was enough.

In the basement of his Oak Park, Illinois mansion, Momo made himself a before bedtime snack of Italian sausage and peppers ... and he died. After his snack, at the top of the stairs, a gunman was waiting for him,

and shot him six times in the mouth, Joey Aiuppa became capo of the Chicago Outfit.

No such things as a "honeymoon period" for Joey Aiuppa either. The Feds and the Nevada State Gaming Commission, who were both developing real power in Nevada, were beginning to make daily visits and phone calls to Aiuppa. It seems all they wanted to talk about was the Stardust. The question of real ownership of the Stardust, which had been hidden for many years, was beginning to bubble to the surface.

At the same time, Allan Glick, who had just turned 32, was beginning to make quite a few bucks at the Hacienda. He decided he wanted to make even more money if he could only figure out a way to do it. Talk about a fortuitous set of circumstances. Here were the owners of the Stardust being told to get out or lose their license, and here was Allan Glick, a nice, clean cut young man, who wanted desperately to get into the big time.

So Allan let it be known all over Las Vegas that he wanted to buy the Stardust. His big problem was that he didn't have the money to buy it. But he let it be known, "If anyone wants to lend me the \$100 million dollars to buy it, I wouldn't say no."

So one day, Alan got a phone call at his Hacienda office from Del Coleman, the largest stockholder in the RECRION Corporation. Coleman, besides his RECRION affiliation, was also the unofficial representative of the Teamsters Union and the Chicago Outfit in Las Vegas. That meant watched over their business affairs. Del Coleman said, "Allan, we got somebody you should meet," and Allan was introduced to the boss of the Milwaukee Mob, Frank Balistieri.

Balistieri said he could help Glick get a loan. A friend of his was an official at the Teamsters Central States Pension Fund. Sam Giancana had called Balistieri and told him to help Glick get the money he needed to buy the Stardust.

Then Glick starting getting calls from some of the other Mob families, all wanting to be helpful to Glick in getting the Stardust loan. One call came from Kansas City. Glick was told the caller knew another Central States Teamsters official who could help arrange the loan. Then more calls came into Allan Glick's office from very well-connected and very friendly men from Cleveland and Chicago. And believe it or not, just like in the movies, the money started coming in.

Before long, our hero, Allan Glick, had enough money to buy the RECRION Corporation along with all of its assets including the giant Stardust Hotel. And all for next to no money out of his own pocket! Nearly \$140 million dollars was raised to install this nice young man as owner of the Stardust. What a wonderful country we live in!

Glick's predecessor at the Stardust was a man named Al Sachs. During the changeover, Sachs went to Paris to renew the contract on the amazingly successful Lido de Paris show. He got the new contract signed, but returned to find his office furniture in the hall. The transition was now complete. (This is a bit of an oversimplification on how Allan Glick, at the ripe old age of 34, actually got control of the ARGENT Corporation and the Stardust Hotel. But actually, that's pretty damn close to exactly how it did happen).

With Chicago's assistance, Glick became the new president of the ARGENT Corporation and owner of

the four hotels. He packed his bags and moved from the Hacienda to the Presidents Suite at the Stardust. On his first day at his new job, Glick hired bookmaker-dealmaker-odds-maker Frank "Lefty" Rosenthal to be his assistant at a salary of "250 large," Two Hundred & Fifty Thou A Year!

That same day, Lefty replaced Bobby Strella, who was a pretty good casino boss at the Stardust, with a fella' whose previous job experience was owner-operator of the gift shop at Circus Circus, which he purchased for peanuts. The gift shop at Circus Circus was given as a favor to one of Momo Giancana's friends from Chicago at a "friends and family" price of \$70,000. It was worth over \$2 Million. It was purchased by Momo's friend Tony.

When Tony was at Circus Circus, he was Tony Stewart, but when he moved to the Stardust he went back to Tony Spilotro. Spilotro was a hit man, a street-enforcer and Mob killer who worked for the Chicago Outfit.

He had been sent to Las Vegas a few years earlier by Sam Giancana to learn the city and to watch out for Chicago's interests there. The movie *Casino* starring Joe Pesci as the Tony Spilotro character and Robert De Niro as Lefty Rosenthal was one of the better Las Vegas mob movies.

OK, RECRION was out as owners of the Stardust. They were bought out, not kicked out, and they were pretty happy with their \$30 million or so of profit. Sure, a few of them had to go to prison, but overall, it was a pretty good ownership transition.

But then there was a problem with Rosenthal's position as Stardust general manager.

Lefty had a "past." He was a



Frank Rosenthal

known associate of the Mob and had a conviction on his police record for fixing a basketball game some years earlier. Rosenthal's conviction, however, was conveniently removed from the record before he arrived in Las Vegas. But the guys who made up the Nevada Gaming Commission knew gambling and gamblers, and Lefty Rosenthal had a widely known reputation.

On the second day of Rosenthal's new job at the Stardust, the gaming authorities called Allan Glick and advised him that Lefty was never going to be given the "key employee" designation – ever. By the mid-1970s the Nevada Gaming Commission, commonly referred to as the NGC, said that every employee who worked in a key position within a casino that had a gambling license was going to be called a key employee. As a key employee, they, too, had to have a gambling license.

Allan Glick had to tell this news to Rosenthal. Glick was perfectly aware that Lefty was fully running the Stardust, even though he'd only been on the job for two days. Glick ran

around until he found Lefty and told him the news. What's in a title, right? Lefty gave up his position as general manager/casino manager and became the Stardust Hotel's poker room coordinator. As a lowly poker room coordinator, chances are he wouldn't have to get that stupid key employee designation from the Gaming Commission.

He was still making his \$250,000 and he still absolutely oversaw every single detail at the Stardust. Just to make it look even more presentable to the gaming guys, Rosenthal took over one of the poker tables as his permanent office. No one else sat there. It was in the back of the poker room with a phone on the table, and he worked there right in the open. The Nevada Gaming Commission then told him that he couldn't be the poker room coordinator, either. It seems the NGC had just made Las Vegas poker room coordinators key employees as well.

Not to be outdone, Lefty became the assistant entertainment director of the hotel for a while, and when those bureaucrats at the NGC said "no" to that, he became the assistant marketing manager. When that was stopped, he began broadcasting a nightly show from the Stardust interviewing celebrities on Las Vegas television channel. This ploy of musical jobs really did work for quite a few years.

Lefty Rosenthal was running the Stardust Hotel, Tony Spilotro was taking care of the casino and any other problems that might arise, and Allan Glick was off playing golf down at La Costa on the California coast. Everyone seemed to be in place. Rosenthal had understood from day one what was expected of him. Chicago was deadly serious about making the Stardust and their other Las Vegas properties more profitable.

There are two murders that take

place during this story and the first one happens right about here. There was a friend of ours from the Chicago Outfit named Marty Buccieri, who worked as a Casino Boss at Caesars Palace. Marty had been instrumental at the beginning of Allan Glick's money search by introducing Allan to some of his friends in Chicago.

Just a quick aside here. 25 years ago casino bosses on the Las Vegas Strip all dressed in the same uniform. It didn't matter if they worked at Caesars or the Hacienda, casino bosses always wore black silk suits, white on white shirts with either solid white or solid black silk ties, high polished black shoes and big gold cufflinks. Just one of those Las Vegas "things" -- it's the way things were done.

Anyway, one day Buccieri showed up at the Stardust looking for Allan Glick. Marty was told that Allan probably was down in the coffee shop, or maybe still in San Diego, or "you might want to try the health club". Buccieri found Glick in the steam room and told him that he owes him money -- a finder's fee. He said something like: "I put you together with my boss, and look at you now. You own this joint. It was me who got you the \$100 million and I want my piece. And I want it by next week, capice?"

Glick found Lefty Rosenthal, which wasn't all that hard to do. Lefty had taken over Glick's office in the executive suite. Glick told him about the meeting he just had in the Stardust health club with Marty and all the noise Buccieri was making. A week later, Buccieri was found sitting in the front seat of his car in the Caesars Palace parking lot.

He had just left work, and someone was waiting in the back seat of his car, and popped him twice in the head with a 22-caliber pistol. A small



Tony Spilotro

time Las Vegas hood named Horton was arrested for the murder, he said that he shot Buccieri because he "wised off at me" however, word on the street has always been that it was because of the pressure he was trying to put on ARGENT through Alan Glick for a finder's fee.

Now, with Stardust completely in control of the ARGENT Corporation, it was time to institute The Great Stardust Skim. Here's how it worked. There was so much money coming into the "hard count" room every night, where the nickels, dimes and quarters were counted, that it was practically impossible to tally them even with the fastest change-counting machines in the world. The coins might not be totally counted, but they certainly could be weighed.

The casinos purchased supersensitive scales that could weigh these coins very accurately. A thousand dollars in nickels, 20,000 nickels, could be weighed and the scale would register plus or minus two nickels. If the scales, however, were adjusted just a

little, let's say 10% light, the number of unaccounted-for nickels, dimes and quarters, to say nothing of the \$1 tokens in the same size and weight as silver dollars, would add up pretty quickly.

Money from the slot machines were emptied into bags, placed in steel cages and rolled into the hard count room. You've probably seen those cages rolling around the casino attended by armed guards. They look like they are carrying a ton of money, which is pretty close. As money from the slots rolled into the count room, the ultra-sensitive scales were put to work. After the weigh-in, a small portion of the coins were recycled back onto the casino floor as rolls of coins that players could buy. The rest of the coins were put loose into bags for armored transport to the bank.

It's here where the scheme begins.

ARGENT owned four hotels: the Stardust, the Marina, the Fremont and the Hacienda. Each day the coins from the Fremont would be put into coin bags and taken by armored car to the Stardust. Coin bags from the Hacienda would also arrive at the Stardust by armored car. The bags would be opened and poured through chutes directly into hoppers located atop big scales. ARGENT hired a scale mechanic who would recalibrate these scales perfectly so when four thousand quarters (\$1,000) were placed in the hopper, it only registered as nine hundred dollars. It was simple enough, \$1,000 input and \$900 output. "All right, if it's working so well on the quarters, lets recalibrate those machines over there that weigh the dollar tokens".

The \$900 in silver coins and dollar tokens was handled exactly by the book. Each roll was inspected and initialed by a Stardust employee as to accuracy. The tokens were recirculat-

ed onto the floor for resale and replay or were placed in the Stardust's bank account. But what do you do with the dollar coins and tokens? A few silver dollars can be passed at the grocery store to pay your bill, but not in great quantity. But try to spend one-dollar tokens from the Stardust that have the Stardust logo on them. There's not a lot of place anywhere except the Stardust that will take them from you. So what the heck are you going to do with all those tokens?

Back in 1975, in every casino in Las Vegas with the exception of the Stardust, if you wanted change from the "change girls," they would sell it to you. Then they'd take your \$20 dollar bill, along with all the other bills, to the cashiers cage "employees only" window. They'd hand over the bills and get more rolls of coins in return. This was the standard way of dispensing coins in a casino.

The Stardust, however, told their change girls that instead of going to the cashier's cage, they were to go to a few locked coin cabinets placed against the walls around the casino. With a key to the cabinet, they'd take the bills and dollar tokens, put them in the drop box inside the cabinet, take the correct number of rolls, and get back to work. The change girls knew damn well that the "honor system" required them to take the correct number of rolls each time. They also knew the cameras were watching them. To try to swipe a roll of coins was absurd, and they all knew it.

What they didn't know was this cabinet situation was the backbone of a multimillion dollar skim, the largest casino skim ever uncovered in Las Vegas. And it only involved slot machines. Dozens of times a day, each change girl would open one of the coin cabinets with her key, deposit her money into the slot and take the right amount of wrapped coins.

What they were taking was the 10% residue from the hard count room. Those coins that were not weighed by the ultra-sensitive scales, the one-dollar coins, were being turned back into foldable cash through this elegant little system of washing tons and tons of quarters and dollars. And there were literally tons of them. It was not unusual for one of these illegal coin boxes on the floor to have \$10,000 in bills in it each evening when it was emptied.

Additionally, an "extra" change booth was set up on the Stardust floor. For quite a few years it was never noticed by the State, like a toll booth set up on a stretch of two-lane road in the dead of night. It looked and operated just like all the other change booths, get in line and change your bills into coins, get on line and change your coins into bills. Except this change booth wasn't registered with any governmental authority. One hundred percent of the money that came in went directly to the coffers of Momo Giancana and the Chicago Outfit.

These coin cabinets around the casino and the extra change booth worked for nearly five years. It finally came out in the 1979 and 1980 trials that the quarter and dollar skim was so successful at the ARGENT properties that the Chicago Mob was receiving \$15 million per year for each of five years. That's \$75 million in skim money shipped to the Mob without any tax being paid on it!

As an aside to this story, there was a very sharp slot department manager working at the Fremont Hotel downtown. His name was Jay VanDermark. He was extremely valuable because he allegedly set up the entire skim operation there. All the little things necessary to take \$300,000 per week out of the ARGENT properties were allegedly designed and implemented by VanDermark.

One of the first things Lefty Rosenthal did after he was brought in was to move VanDermark from the Fremont to the flagship of ARGENT Corporation, the giant Stardust. VanDermark came in, managed the entire slot department, and watched

over the day-to-day operation of the skim.

As a special “thank you,” Jay was given an all-expense paid trip to Mazatlan in Mexico. His head was bashed in while he was sunbathing on

the beach in Mazatlan, and all the loose ends were now tied up.

It’s so nice when a plan works.

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