

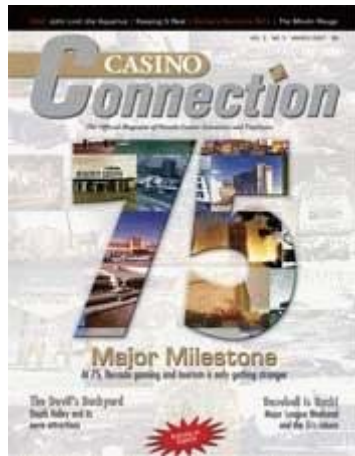
Casino Connection

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The Major Milestone

75th anniversary of commercial gaming in Nevada

by David G. Schwartz



About 75 years ago, Nevadans made a fateful decision: on March 19, 1931, Governor Fred Blazar signed a bill that legalized commercial gambling, paving the way for the eventual development of the casino gaming industry. Even the most far-sighted visionary could not have foreseen this law's impact, though at the time a colorful bunch of gambling hall proprietors looked to reap the benefits.

In the late 1920s, the state of Nevada weathered a severe economic downturn. The mining industry had declined, and neither agriculture nor commerce had expanded to create new jobs or revenue. With the Great Depression only worsening matters, Nevada decision makers began to seriously consider a turn towards gambling late in the year.

Gambling Returns

Gambling had been legal in the state, with few operating restrictions and fewer licensing requirements, from 1869 until 1910. Even after the legislature banned gambling in that year, small-stakes betting and social gambling was permitted. But the bank games—blackjack and craps—and the big slots payouts that could lure real gambling tourists were illegal. Nevada had gambling, but no gaming industry.

At least on paper it didn't. A number of card clubs could be found in Reno, Las Vegas and points in between. Most of them featured lawful low-limit poker games on the ground floor, with clandestine craps consigned to the second floor. The police rarely walked up the stairs, and for the most part, Nevadans were happy with the arrangement.

But with economic distress creating an opening, business interests—mostly hotel owners and proprietors of existing gambling establishments—sought to get legalized “wide-open” gambling on the legislature’s agenda in 1931. In a small state, with few other entrenched interests and no other real options for growth, they stood a decent chance, but were prepared for a fight.

Gambling proponents had a powerful ally in George Wingfield. Known by then as “King George,” Wingfield was a juggernaut of a Nevada power broker. His influence in both Republican and Democratic circles ran so deep that he was widely hailed as the most powerful man in the state.

Wingfield was no stranger to commercial gambling. Around the turn of the century, he strolled into the Winnemucca office of George S. Nixon, then a simple banker but later to become a U.S. senator. Pawning his diamond ring, he received enough cash to buy a faro layout. Relocating to Tonopah, then a booming mining town, he made himself a rich enough man to begin investing in mining stocks. He eventually owned no less than twelve banks, several mines, and the Riverside and Golden hotels in Reno.

Needless to say, when Wingfield talked, politicians listened. Still, the campaign for legalizing commercial gaming was, at first, muted, at least in Wingfield’s northern stronghold.

Another Advocate

But a loud voice was soon heard from the south. Thomas N. Carroll, a Las Vegas real estate developer, purchased newspaper advertisements in late 1930, arguing strenuously for the bill in language that, today, seems prophetic. Carroll proposed making Nevada the “Playground of the United States” by legalizing gambling and encouraging horse-racing. These, combined with the “scenic outdoor attractions” of the state, would draw wealthy tourists to Nevada.

In Carroll’s estimation, legal wide-open gambling, as part of the biggest tourist strategy, might one day bring thousands of tourists and million of dollars into the state annually. Today, it’s obvious that he was vastly underestimating the appeal of gambling and Las Vegas, but at the time, he was considered blindly optimistic.

When the bill passed, two Reno men benefited more than anyone: James McKay and William Graham, a pair of well-known “sportsmen” who already controlled most of the gambling, bootlegged booze, prostitution and narcotics trade in Reno. With the legalization of commercial gambling, they threw the covers off of their thriving illegal operations and “went legit,” at least on paper. Their Bank Club was the leading Reno casino of the 1930s, and featured twenty table games—about a quarter as many as the average Strip casino today.

McKay and Graham were not model citizens—they reportedly sabotaged and bullied rival operators and laundered money for some of the nation’s most

notorious gangsters, including George “Baby Face” Nelson. Dodging subpoenas and indictments for years, McKay and Graham were finally jailed for mail fraud in 1938.

With this violent pair out of the picture, a host of other operators began to shine, including John Petricianni at the Palace Club, Raymond I. “Pappy” Smith and his Harolds Club (the first casino to nationally market itself) and William F. Harrah, who opened his first Reno bingo hall in 1937 and whose operation developed into Harrah’s Entertainment, today the largest gaming company in the world. For the most part, these early clubs were small, homey and smoky places featuring keno, bingo, craps, blackjack, roulette and a few slot machines.

L.A. Connection

In Las Vegas, no one dominated gambling the way McKay and Graham did up north, though more than a few underworld characters from Los Angeles—including Tony Cornero, who eventually would plan the Stardust—showed up, particularly when the “heat” was on in Hollywood. Instead, several entrepreneurs opened gambling halls along Fremont Street.

The first four Las Vegas gambling halls were the Boulder, Las Vegas, Exchange and Northern Clubs. Mayme Stocker of the Northern Club has become famous as the first woman to hold a gambling license in Nevada. She had strong connections to the Union Pacific railroad (her husband and sons worked there), though she sold the club in 1933.

Stocker was only one of many interesting owners. From across the United States, professional gamblers, failed shopkeepers and former miners converged on Las Vegas, each hoping to parlay his (or her) luck into a successful enterprise. One of the most famous, J. Kell Houssels, was a trained mining engineer who opened the Las Vegas Club, first as a card room, then as a full-fledged gambling hall. He eventually became one of the state’s most respected businessmen, and his son followed him into the industry.

A few of the colorful early players—Pappy Smith, Bill Harrah, and Kell Houssels are the best known—would go on to lasting careers in Nevada gaming. But most of the early pioneers of the Silver State’s commercial gaming industry are forgotten today. Though their operations were modest, they blazed a trail for later mega-resorts by building reputations for honest games and good fun. Whatever the next 75 years of Nevada gaming will bring, these pioneers should always be remembered.

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