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# How Ol' Blue Eyes lost his casino license

The Cal Neva Lodge, straddling the California-Nevada border on the north shore of Lake Tahoe, is believed to be the oldest licensed gambling facility in the country. It was built in the 1920s, but its heyday came in the early 1960s, after singer Frank Sinatra became part owner.

Sinatra booked major stars, including his Rat Pack buddies, into the new Sinatra Celebrity Showroom, had a helicopter pad incorporated into the lodge's new roof design, and dug a tunnel beneath the lodge so

the stars and his other special guests could travel between the showroom and the bungalows behind the hotel without being seen.

Sinatra's days as a Nevada casino owner became numbered, however, in the summer of 1963, after the *Chicago Sun-Times* had published a story describing how the singer broke up an altercation at the club that involved Chicago mafia boss Sam Giancana.

Giancana had disappeared after being subpoenaed to appear before a federal grand jury investigating organized crime. The Nevada



Don Dondero

*Frank Sinatra talks with Marilyn Monroe during her visit to his Cal Neva Lodge in 1960. Also pictured is Cal Neva Lodge club manager Bert "Wingy" Grober. Monroe is known to have visited the Cal Neva a week prior to her apparent suicide in August 1962.*

Gaming Control Board, under the direction of Governor Grant Sawyer, was on a crusade to clean up the reputation of the state's gaming industry and had placed Giancana's name on its "List of Excluded Persons," people not allowed in a licensed casino.

On Saturday, Aug. 31, 1963, Sinatra phoned Ed Olsen, chairman of the Nevada Gaming Control Board, to discuss the situation. Another board official, Guy Farmer, recalls the conversation in this 2001 interview from the University of Nevada Oral History Program.

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Giancana wasn't just a Chicago mobster, he was the Chicago "godfather," one of the top organized crime figures in the United States.

As I recall, the FBI had lost his trail. They usually followed him around Chicago, but somehow he made it out to Nevada, invited by his friend, Frank Sinatra, who had a life-long association with organized crime figures. He'd been invited to come out to have a rendezvous with his girlfriend, Phyllis McGuire, of the singing McGuire Sisters.

Grant Sawyer and Ed Olsen were very unhappy about Frank's operations at the Cal Neva at Crystal Bay. Ed had talked to Frank at the outset of that summer season about the unsavory characters that we were seeing up there and about running prostitutes or call girls through the lobby — a pretty shabby operation — and said that we wanted him to

The University of Nevada Oral History Program produces and preserves primary-source oral histories that document the history and culture of Nevada and the Intermountain West. For more information on the holdings: [unr.edu/oral-history](http://unr.edu/oral-history)

clean that up and behave himself. Sinatra's basic response to all of this was, "I've got a lot of friends, and I treat them right, and that's what I'm going to do, and there's nothing you can do about it."

Ed wanted to talk to Sinatra about the Giancana visit. Sinatra called Olsen — he was agitated about publicity that the board and commission were going to subpoena him and some of his friends to come and tell them what was going on up there. I had gone to work for the board in July or August of 1963, and I happened to be in the office that day. When Frank called, Ed told me to get on the phone.

It was before all the sophisticated listening devices, so I was the listening device, and I heard the conversation, which got increasingly heated. . . . Sinatra was profane in the extreme. He called him every name in the book. Sinatra even called Ed, who was crippled by polio in his youth, "a crippled SOB."

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Olsen picks up the story in his own oral history, dictated in 1967-69, from a memorandum he wrote about the Sinatra call a few days after it happened:

[Sinatra] asked why I couldn't come up to Cal Neva to see him. I gave him the same reasons as I had given Hancock [Newell Hancock, an original member of the Gaming Control Board who, in 1963, was a partner in the accounting firm representing the Cal Neva Lodge]. To which he replied, "You're acting like a f-----g cop . . . I just want to talk to you off the record."

I asked him why he couldn't just as easily come to my office. [Olsen wanted the conversation to take place on his own turf.] He indicated he didn't wish to encounter reporters. As I started to assure him such would not be the case, he said in essence: "Listen, Ed, I haven't had to take this kind of s--t from anybody in the country, and I'm not going to take it from you people." He continued: "I want you to come up here and have dinner with me, and bring that s--t heel friend, La France."

[Charles La France was chief of the board's investigative division.]

Mr. Sinatra went on to say: "It's you and your goddamn subpoenas which have caused all this trouble."

I replied that only the board and the people subpoenaed the day before were aware of the subpoenas.

"You are a goddamn liar. It's all over the papers," he said.

I said the subpoenas were not in the papers.

He said they were.

I said they were not.

He said, "I'll bet you \$50,000."

I said, "I haven't got \$50,000 to bet."

He said, "You're not in the same class with me."

I said, "I certainly hope not."

Mr. Sinatra continued: "All right. I'm never coming to see you again. I came to see you in Las Vegas, and if you had conducted this investigation like a gentleman and come up here to see my people instead of sending those goddamn subpoenas, you would have gotten all the information you wanted."

I pointed out that I had indeed sent three agents and a stenographer to Cal Neva Lodge to interview witnesses the same night Mr. Leypoldt [W.E. "Butch" Leypoldt, a member of the Gaming Control Board] and myself had interviewed Sinatra in Las Vegas. I noted that Mr. D'Amato [Paul D'Amato, executive in charge at the Cal Neva] had declined to be interviewed by our agents and that Mr. King [Eddie King, the Cal Neva maitre d' who supposedly had witnessed the altercation] had declined to be interviewed by our agents and that Mr. King obviously had lied. I added that I wasn't satisfied at this time that Sinatra himself had told us the truth.

He said, "What about?"

I said he denied breaking up the fight involving Giancana, while another witness said otherwise. [This witness said Sinatra applied a Band-Aid after Giancana and King combined forces to work him over in Phyllis McGuire's chalet at Cal Neva Lodge.]



Sam Giancana

"I'm never coming to see you again," said Sinatra.

I told him if I wanted to see him I would send a subpoena.

"You just try and find me," he said. "And if you do, you can look for a big, fat surprise . . . a big, fat, f-----g surprise. You remember that. Now listen to me, Ed. Don't f--- with me. Don't f--- with me. Just don't f--- with me."

The tone of his voice was menacing, and I asked, "Are you threatening me?"

He replied, "No, just don't f--- with me. And you can tell that to your f-----g Board and that f-----g Commission, too."

Repeatedly, during the conversation, I suggested to Mr. Sinatra that he hang up and call me back another time when he was not so emotionally overwrought. This suggestion only seemed to make him angrier. He noted that he has other enterprises from which he makes his living, that Cal Neva is only incidental to his welfare but is important to the livelihoods of many "little people."

I suggested it might be better for all concerned if he concentrated on his enterprises elsewhere and departed the Nevada gambling scene.

He replied, "I might just do that, and when I do, I'm going to tell the world what a bunch of f-----g idiots run things in this state."

At this point he renewed his invitation to me and my friends to come up for dinner. I refused the invitation.

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Under intense pressure from gaming regulators, Sinatra told the state on Oct. 7, 1963, that he would sell off his Lake Tahoe and Las Vegas properties and give up his casino ambitions in Nevada, which he did. [N](#)

*In 2006, the program published Guy Farmer's oral history, Gaming Regulation in Nevada: The Second Sawyer Administration, as part of its series on the casino industry.*