

# CAL NEVA RESORT

## 75<sup>th</sup> ANNIVERSARY

by Amanda **Anderson**  
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When Robert Sherman constructed a log cabin in 1926, he was undoubtedly ignorant of the rich history that he was building alongside his modest endeavor. Over the course of 75 years, long after it left Sherman's hands, the Cal-Neva has become the proud owner of an intriguing life, steeped in star-studded glamour, seedy underworld legend, and historical significance. Over the years, its profound place amidst Nevada and California history has led to it being called "The Lady of the Lake" and "The Castle in the Sky," names well applied because of its pristine setting. If Sherman could stand now, in 2001, and look back on the impact his creation had on Nevada history, it would probably bring a startled smile to his face.



Nevada. This eventually led to the moniker "Cal-Neva" a name that would stick with it throughout its illustrious history.

Little else appears to be known about the man who founded the Cal-Neva, and, in the late 1920s, the property left his

hands and he faded out of the lodge's history. For commissions owed to another real estate mogul, Norman Blitz, Sherman deeded the property to him in 1928.

Norman Blitz, like Sherman, was a real estate businessman from the San Francisco Bay Area. At the age of 25, he began selling properties along Lake Tahoe's coast, as well as buying up property in his own name. By the year 1932, Blitz owned 42,000 acres around the lake. Establishing

Sherman was a wealthy businessman from San Francisco, California, when he decided to tackle real estate in Nevada. With two partners, Harry Comstock and Spencer Grant, Sherman had a hand in developing King's Beach, Tahoe Vista, and Lake Vista. He decided to have a log cabin built in order to entertain guests and potential real estate clients. Modeled after Frank Bacon's cabin in the hit Broadway play, "Lightnin", he chose to construct his cabin straddling the border between California and

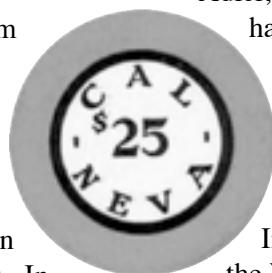


Gaming at the Cal-Neva Lodge - 1944

his fortune in Nevada, he also had a strong hand in forming the state's history. His influences brought many notable people to the state, leading to the creation of the Washoe County Library, KCRL television and radio, and the University of Nevada, Reno's Planetarium. Despite his overwhelming presence in Nevada, he represents only a small fraction of the Cal-Neva's history, having leased it out from the moment he came to own it and selling it by 1930. However, that this "Duke of Nevada," as he came to be called by *Fortune Magazine*, owned the Cal-Neva demonstrates the historically significant past of lodge. That two of the Lake Tahoe region's most prominent founders were the first two owners of the lodge places it dramatically within important Nevada history. Of course, the lodge would go on to collect an even fuller, richer history on its merits alone.

In 1930, for what today would be considered the meager amount of \$65,000, Bill Graham and Jim McKay bought the Cal-Neva

from Blitz. While Graham and McKay, like the lodge's previous owners, helped to shape Nevada culture and history, their influence was of a far more infamous nature than that of Sherman and Blitz. In the late 1920s, McKay and Graham bought and renovated Rick's Resort in Reno. Ironically, Rick's Resort was forced to close because of Prohibition, and Graham and McKay reopened it as a speakeasy called The Willows. By the 1920s, Graham and McKay also were in control of the Stockade of the Cribbs, the red-light district of Reno; essentially, the two single-handedly ran the prostitution business in that city from the 1920s to the World War II. It was with the money from these investments that they were able to purchase the Cal-Neva in 1930. Unfortunately for the pair, they were arrested for mail fraud in 1934 and sent to jail for a nine-year prison sentence. This allowed the Cal-Neva to fall under the control of a gentleman by the name of Elmer "Bones" Remer, who was best known for liquor smuggling and his rough-and-tumble demeanor.



On May 17, 1937, the Cal-Neva suffered its first great tragedy when a fierce blaze raced through it, burning the still-young lodge to the ground. However, apparently having captured the affection of a previous owner, the Cal-Neva's history was not destined to end on that fateful day. Norman Blitz, the brief owner from 1928 to 1930, and contractor Adler Larsen attended to the lodge's speedy recovery. Employing over 500 men to work around the clock, the lodge was resurrected in just over 30 days.

The lodge next came under the ownership of Sanford "Sandy" Adler, who, while not seeming to have contributed heavily to the region's general historicity like Blitz did, contributed many of the Cal-Neva's famous and enduring attributes. Under his rule, the Indian Room, initially called the Wigwam Room, was built, featuring a collection of trophy heads, antlers, and skins along its walls. Three wigwams, giving the room its original name, graced the stage, and, even more impressively, a grand fireplace was set into the wall near the entrance. Massive granite boulders, effectively bringing the natural beauty of Lake Tahoe inside the lodge, flanked the fireplace, which is still in existence today.

A few of Adler's contributions have not lasted to the present day. During his time as owner, the lodge's land included a small beachfront on which a sizeable steel pier was constructed. As one of the perks for his wealthy clients, Adler had a small fleet of fast speedboats available for their disposal. At any time of day or night, these boats would escort elite guests to any destination that they wished to visit. In addition to this luxury in transportation, Adler

commissioned the building of a trolley car so that his guests could tour Lake Tahoe's north shore at leisure. Although setting him back over \$18,000, the trolley became a regular tourist attraction of Lake Tahoe, later transporting tourists staying at the Tahoe Biltmore (then named the Nevada Lodge) and currently being housed at Ponderosa Ranch in Incline Village, Nevada.

At the age of 30, the Cal-Neva left the extravagant hands of Sandy Adler and entered into those of Wingy Grober. This era began the draw of celebrities to the lodge's comforts. Throughout his life, Grober found success starting up businesses in various locations, including places like Miami, Philadelphia, and Havana. An acquaintance that fostered into friendship from his Miami Beach days was a man by the name of Joe Kennedy, the father of future president, John F. Kennedy. The Kennedys, over the next span of years, often visited the Cal-Neva for recreation and to escape the public eye.

This marked the beginning of the Cal-Neva's most decadent and luxurious era, brought to a climax with the introduction of Frank Sinatra. The incredibly popular entertainer had become so attached to



the lodge and its pristine surroundings that he chose to undertake its ownership. Convinced that, under the right management and with the proper investment power, the lodge could achieve unparalleled success, Sinatra bought out Grober and his partners in 1960. After receiving his gaming license, the singer threw himself into reviving the Cal-Neva, initiating extensive remodeling and construction.

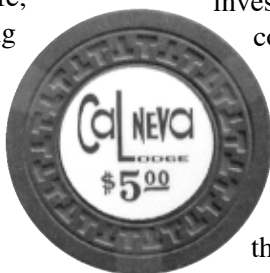
Among his many projects, the well-known Celebrity Show Room was built, featuring a helicopter pad on its roof. As its name suggests, this room became the showcase of a parade of celebrities that visited during Sinatra's reign. The names of those that joined the attraction ranged from glamorous Hollywood starlets to notorious underworld figures. Judy Garland, Mickey Rooney, Ella Fitzgerald, Jimmy Durante, Lena Horne, Tony Bennett, and the McGuire Sisters are some of the stars that patronized and performed at the Celebrity Show Room. Marilyn Monroe as well as President John F. Kennedy's family members were also regular visitors, which sparked anticipated rumors of secret trysts.



In those early days, the lodge not only consisted of the main building complex that housed the casino but also included 57 chalets that served as guestrooms. Sinatra had one of the best chalets with an incomparable view of Lake Tahoe reserved for Monroe to use during her many visits. Sinatra also kept a private chalet for himself on the grounds. During his ownership, he had a secret tunnel installed between his chalet and the main casino that allowed hassle-free trips back and forth. The brick tunnel is still in existence and boasts a staircase with the original patterned casino carpeting of Sinatra's heyday. Both Monroe's and Sinatra's chalets are still available for the Cal-Neva's guests to rent but, understandably, the entrance to the singer's tunnel has been closed off.

Of course, in addition to the other slew of famous faces frequenting the lodge, Sinatra's famous closely-knit group, the Rat Pack, was often in attendance. Consisting of Sinatra, Sammy Davis Jr., Dean Martin, Joey Bishop, and Peter Lawford (who was married to Patricia Kennedy, President Kennedy's sister), this group alone carried with it an immeasurable amount of star

power. On occasion, Martin and Sinatra were even known to have given impromptu performances on the Celebrity Show Room's stage. Davis Jr., Monroe, and singer Juliet Prowse also took the stage for awe-struck audiences. At this time, however, it appears that the multitude of celebrity faces was more expected than abnormal. While those like Martin, Prowse, and the lodge's owner crooned through songs on stage, other equally recognizable stars and politicians sat in the audience and played at the casino.







Circle Bar as seen in 1945

However, despite what some may assume, Sinatra did not only increase the number of celebrities in the area. He brought two stores into the lodge, housing them outside of the Show Room: Joseph Magnin's and another men's shop became available for curious shoppers. From a Los Angeles artist, Ben Mayer, Sinatra also commissioned two large murals to flank either the Show Room's stage. The murals elegantly depicted the evolution of show business throughout history, beginning with the Stone Age and bringing it into modern times. Sinatra also helped in redecorating the widely known Circle Bar. In a move that amusingly shows Sinatra's sense of humor, he personally chose various stuffed animals to place around the room's high ceiling. Each animal was named after a personal friend of Sinatra's, which no doubt initiated a lot of teasing and ribbing among the elite group that had the honor bestowed upon them.

In his three short years of control, Sinatra ushered in the Cal-Neva Lodge's most profitable and popular era yet experienced. Not too surprisingly, Sinatra was not ready to

sit back, relax, and enjoy his accomplishments. He had the desire to extend the lodge's season year-round (at that time, it was only open for business during the summer months, closing on Labor Day of each year). He also had plans to utilize his helicopter pad for guest excursions to Reno, where he planned to build Sinatra's Shangri-La. Opening up that route of transportation between the two cities could have increased the lodge's profit margin considerably. With a seemingly endless potential for improvement, the lodge was an

alluring challenge. Unfortunately, for Sinatra, that challenge ended after three years.

Nevada kept what was known as its Black Book – a list of individuals who were unwelcome in the state's casinos. They were not allowed to enter any gaming establishment, even if invited as guests. Sam Giancana, an acquaintance, if not close friend, of Sinatra's was on that list.

Giancana had the notorious reputation of being linked to underworld crime organizations, and Nevada was heavily trying to discourage that world's influence on its own. Many people have commented that Giancana was Chicago's most flamboyant mob boss since the days of Al Capone, having wide social circles, an intense amount of power, and a tendency to mingle with Hollywood stars. Whether or not Giancana visited Sinatra at the Cal-Neva in the past is unknown. What is definite, however, is that he did show up in 1963 and was subsequently caught by the FBI.

In 1963, Sinatra invited the McGuire Sisters to perform in his



The Nevada/California border divides the pool

Celebrity Show Room. The musical combo consisted of three attractive sisters, and Phyllis McGuire, the youngest of the combo, was known to be Giancana's girlfriend. When Giancana went to visit her at the lodge, authorities somehow got wind of it and controversy ensued. Despite the fact that Sinatra had an inarguable impact on the local economy with his flashy guests and premier entertainment, he broke one of Nevada's inflexible rules when he allowed Giancana to enter the Cal-Neva. Sinatra, as he did every year, closed the club on Labor Day that year. On October 22, 1963, the Nevada Gaming and Control Board revoked his license and deprived him of the ability to reopen the club in its new season. It was in this way that Cal-Neva ended the most extravagant, profitable, and awe-inducing reign of its existence. Even though it has gone through many incarnations over the years, by bringing the glamour of Hollywood to its floors, Sinatra arguably provided the lodge with its most fascinating era.

The ensuing decades were ones of decline, at least when compared to the sudden resurgence of interest in the early 60s. Obviously, after that glamorous, short-lived era ended, it was difficult for people to look at the lodge with something other than indifference. The famous figures drifted away taking with them their draw and their money. The following twenty years saw the popularity and the prestige of the lodge fade into obscurity.

A succession of several investment companies moved in to run the lodge but they never remained for more than a few years at a time. In 1964, the Crystal Bay Development Company leased the

Cal-Neva; to their credit, they introduced the area's first ice show to the Celebrity Room that summer. A California man with a varied past, Robert Peccole, was next in line to lease the lodge, running it from 1965 to 1966. Peccole came to the Cal-Neva in the early 50s when he worked as a dealer for Sandy Adler. Over the years, his involvement in the Nevada business world increased with the ownership or management of several gaming establishments, such as Caesar's Palace, Howard Johnson's in Sparks, A and P Slots in Reno, and the Lake Tahoe Hotel in Incline Village. It was the purchase of that latter hotel that caused him to leave the Cal-Neva. The next owners of the lodge were, coincidentally, the owners of Club Cal-Neva in Reno; they purchased and operated the lodge in Tahoe until 1969, spending only two years with the property. The following two operators of the Cal-Neva Lodge were investment companies – the Ohio Investment and Trust Company which bought the lodge in 1970 and Kirk Kerkorian's Tracinda Investment Corporation which took over the property in 1976.



It was the Cloud family – Ronald, Jessman, and their son, Stephen – that purchased the Cal-Neva in July of 1980. Like the early creators and owners of the lodge, Ronald Cloud was a Californian that began dealing with real estate in order to make his fortune. His ensuing ventures involved a variety of arenas, including wholesale heating and plumbing concerns, wine vineyards, and a national bank. The Cloud family eventually moved to Incline Village in Nevada, where Cloud gained the reputation of being a skilled gambler. Nine years after their move, in 1980, the Cloud family purchased the Cal-Neva Lodge. Despite his constant assurances that he was a very involved owner, Jessman Cloud was once quoted as commenting that "Cal-Neva [was] just a toy" for Ronald. Regardless of how directly he was involved in the running of the Cal-Neva, Ronald Cloud never denied how heavily he relied upon managers and advisors; his son, Stephen, an attorney in Fresno, supplied his father with legal counsel regularly. Perhaps the greatest skill that Cloud lacked was that of public relations, at once being a very determined and inflexible businessman. He preferred pursuing the business aspects of his lodge than



Poolside in the early 50's





70th anniversary chip set by Chipco. This was the first stackable set made for any casino.

mingling with the guests that it served.

Beginning with the Cloud family's ownership, the Cal-Neva Lodge became the center of a whirlwind of legal battles. Cloud was forced to deal with several hassles, involving various Nevada branches of government. At one point, when 46 slot machines were tampered with, the Nevada Gaming Control Board and the Tahoe Regional Planning Agency stepped in. While it resulted in accusations and, ultimately, a large fine and unflattering press, Cloud was exonerated from the charges. Yet, other problems followed and, in 1983, Cloud lost his gaming license and was forced to give the lodge up. In January of 1985, it was sold to Cobalt Capital Corporation.

Unfortunately, the Cal-Neva still had a while to wait before reaching calm waters. The Cobalt Capital Corporation was a newly formed organization who's Vice President, John R. Perroton, had questionable business tactics. The Corporation paid an exorbitant amount for the lodge, in excess of \$17,000,000, and consisted of ten shareholders that Perroton refused to name. One of the factors that allowed Perroton to purchase the lodge was a loan he obtained from Hibernia Bank. Ironically, barely a week after the

loan was issued, Perroton was convicted of fraud and jailed; that criminal activity surrounded a completely separate loan that Perroton had taken out from another bank. In connection with an auto leasing company, Perroton defrauded Crocker National Bank of \$1,000,000 and was subsequently caught by the FBI. Unfortunately, for Hibernia Bank, the federal agency did not catch him before they handed over their loan. When Perroton testified that the Sheraton Corporation had promised to back him, guarantee the loan, and lease the lodge, he presented documents with made-up names and forged signatures. He was charged a \$1,000,000 fine and sentenced to twenty years in prison.

Hibernia Bank gained possession of the Cal-Neva and moved to liquidate the property as quickly as possible, having claimed Chapter 11 in the federal bankruptcy court. Several potential deals took shape, one of them made by a trio of businessmen that offered a cash bid of \$16,500,000. For unexplained reasons, this and

other deals fell through. However, in the grand view of the Cal-Neva, these collapsed business deals ultimately worked in its favor. In 1985, the Cal-Neva was finally sold to another California man, Charles Bluth, who would change the face of the aging lodge.

Just as Sherman, Blitz, and Cloud were Californians with backgrounds in real estate, Bluth and his family hail from Arcadia, California, where he was a real estate developer and builder. He was a newcomer to the gaming industry and the Lake Tahoe area, but, because of that, his vision for the Cal-Neva Lodge was an entirely unique one. While waiting for his application for a gaming license to be accepted, Bluth threw himself into reviving the dormant



A cabin at the Cal-Neva Resort



75th Anniversary chip set

Common Back

lodge with this new vision. When his license was approved, on August 21, 1986, his ambition and excitement opened the lodge's door only a short 21 hours later.

Yet, before his license was approved, Bluth had taken steps to transform the Cal-Neva, and his work continues to this day. When it came into his hands, he immediately began renovating the lodge, restoring it to the original appearance it held after being gutted by fire in 1937.



Completely renovating the hotel rooms, coffee shop, and kitchen, he's also retained some of the famous landmarks of the lodge, such as the massive stone

fireplace with its natural boulders. This fireplace, beloved by so many of the Cal-Neva's patrons, has once again become the focal point of the Indian Room. When Sinatra took over the lodge from Wingy Grober, the Indian Room had virtually disappeared, being replaced by the more extravagant Celebrity Show Room and such additions as the helicopter pad. For the first time in the lodge's history, both the Indian Room and the Celebrity Room exist side-by-side, exhibiting the many phases of the Cal-Neva's history within the main building. In fact, instead of simply resurrecting the Indian Room, Bluth

has converted it into a virtual shrine to Native American culture. The room has regained its original open beam ceiling, and its walls are adorned with Native American art, historical artifacts of the local Washoe Indian tribe, and memorabilia from the original lodge. The delicate skill of Native American art is depicted in baskets dating to the turn of the century as well as two Kachina dolls that are rumored to protect the Cal-Neva from evil spirits.

To also express the respect he carries for Native American culture and history, Bluth commissioned a bronze statue from David Manuel, a highly respected sculpture in the American art scene. The 16-foot-high statue is an elaborate depiction of Chief Joseph, the man that led 700 of his people over 1,800 miles in the pursuit of freedom in Canada. Captured only 50 miles from the Canadian border, where he was attempting to meet up with Sitting Bull, Chief Joseph represents bravery, spirit, and endurance during difficult times, traits that all people can admire. Bluth has made this statue a very visible focal point for his lodge, knowing that the area the Cal-Neva resides in acted as a resting spot for the Washoe Indian tribe for thousands of years.



Bluth's renovations did not end there. He also introduced many new stores and a children's arcade into the spot that J. Magnin's used to claim. The arcade is a lavish distraction for guests' children, including a pizza bar and up-to-date video games. The Circle Bar was also retained, now boasting a dazzling crystal dome that is suspended from the bar's ceiling. Containing over 7,000 hand-cut pieces of German crystal, the impressive structure took six months to engineer. To draw those beginning new lives together, he incorporated several venues for weddings onto the lodge's premises. A chapel for indoor weddings, a pool-adjacent gazebo for outdoor weddings, honeymoon suites, catering services, reception facilities, and florist shops have all been added. In 1991, he also added a 3,000 square foot European Health Spa that personalizes its treatments for every individual. Dim lighting, soothing music, and complimentary bathrobes and beverages all add to the relaxing atmosphere that draw patrons looking to pamper themselves.

In fact, from the moment he opened the doors of the lodge, Bluth transferred the emphasis from a gaming establishment to an atmospheric resort, a change non-existent in the lodge's past. When he reopened the Cal-Neva in 1986, there were no keno or poker tables; instead, he provided a little over 200 slot machines and less than a dozen table

games. In 1994, he cut these amenities down by an additional 40 percent. His preference was to focus on the lodge's ability to provide a more traditional vacation, evidenced in his tasteful, historical décor, the introduction of wedding and spa facilities, and the introduction of children's entertainment. In line with all of these changes, Bluth renamed the decades-old lodge to fit with its new transformation: after 70 years of history, the Cal-Neva Lodge became the Cal-Neva Resort.

Built in 1926, this year brings the Cal-Neva Resort its 75<sup>th</sup> birthday. Not only can it boast the proud title of "the country's oldest casino," it can also demonstrate with pride the history that that name implies. Over three-quarters of a century, the Cal-Neva Resort has been a witness to a varied past, from its humble

beginnings to luxurious, celebrity-studded times to worrisome decline and, finally, to a much-deserved revival. The progression of Nevada's history, its diverse people and culture, is evidenced within its four walls. From its ideal setting, amid rugged

snow-clad peaks and the serenity of Lake Tahoe, to its rich history, the Cal-Neva Resort epitomizes enduring vacation ideals. And with the new-found interest and care being placed in it, it will be sure to retain its title as "the Lady of the Lake."

