

Larry Ellison Bets on Sinatra's Tahoe Resort in Bankruptcy Sale
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By Robert Lee

(Bloomberg) -- A defunct Lake Tahoe gambling resort once owned by Frank Sinatra is Larry Ellison's newest bet on real estate.

Lawrence Investments, the billionaire's venture capital firm, agreed to buy Cal Neva Resort and Casino for \$35.8 million, according to an Oct. 16 filing in federal bankruptcy court.

Ellison's purchase of Cal Neva is a fresh start for the shuttered Tahoe property, which sits across the Nevada-California border north of the lake and includes a 10-floor hotel tower and a casino. It was sold to a new developer in 2013 and promptly closed, with plans for \$49 million in renovations, according to the Sacramento Bee, which first reported Ellison's purchase.

The resort sought Chapter 11 bankruptcy protection from creditors in 2016 after defaulting on a \$6 million loan, the newspaper reported. A July 2016 filing by Cal Neva Lodge LLC speculated it would cost \$23.8 million more to redevelop the space.

Adam Stein-Sapir, a managing partner of **Pioneer Funding Group LLC**, which buys assets from creditors of bankrupt companies, called the project a "blank slate" for Ellison.

Ellison's Wager

"It's a distressed asset, so not every investor has the stomach for it," said **Stein-Sapir**, who isn't involved in the case, said in a phone interview. "With Ellison being able to purchase the property without debt financing, I think he will have the flexibility to bring the property to its best use."

Jane Kim, an attorney for New Cal-Neva Lodge, and Eric Goldberg, a lawyer for Lawrence Investments, declined to comment.

Ellison, better known for creating Oracle Corp., is no stranger to lavish real-estate purchases. He bought 98 percent of the Hawaiian island of Lanai, which included two Four Seasons resorts, for a reported \$300 million in 2012. Stein-Sapir also pointed to Ellison's previous interest in hotel management, citing Ellison's purchase of the Epiphany Hotel in Palo Alto, California, for \$72 million in September 2015.

Sinatra, along with fellow entertainer Dean Martin and Hank Sanicola, took joint ownership of the property in 1960, according to the Incline Village Crystal Bay Visitors Bureau.

Sinatra was forced to divest his stake in 1963 after the Nevada Gaming Commission threatened to revoke the gaming licenses, according to the Bee. This came amid allegations Sinatra let a notorious Chicago mobster, Sam Giancana, stay on the premises.

"The property has been boarded and chained up for years," Andy Chapman, CEO of the Incline Village Crystal Bay Visitor Bureau, said in a phone interview. "It's an important employment driver for us in the area and has great historic value."

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