

Saxbe Ex-Holding Probed

By Al Delugach
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RENO, Nev., Feb. 16—Nevada gaming authorities are investigating the circumstances in which Attorney General William B. Saxbe and Teamsters President Frank E. Fitzsimmons acquired stock in the world's biggest gambling machine producer.

Investigators want to know if Bally Manufacturing Co. of Chicago made gifts or cut-rate sales of its stock just before selling stock to the public in 1969.

The interest in Fitzsimmons is particularly acute because his union's biggest pension fund lends millions of dollars to Bally.

Nevada authorities are conducting an international investigation of Bally because of its application to take over its Nevada distributor.

The Securities and Exchange Commission also is known to be looking into recent fluctuations in the price of Bally's stock on the over-the-counter market.

Saxbe said he sold his Bally stock in 1970, which was a year before it soared from \$26.50 to \$70. (The stock now sells for about \$36.) Fitzsimmons refused Friday to confirm or deny a published report he still held 900 Bally shares.

Bally is increasing its global domination of the slot machine market with the help of a new \$2 million loan at an interest rate of 6½ per cent from the Teamsters Central States Pension Fund. Fitzsimmons is cochairman of the pension fund, which holds hundreds of millions of dol-

lars in mortgages on Las Vegas Casinos.

Bally President William T. O'Donnell confirmed in response to questions that Fitzsimmons and Allen Dorfman, former consultant to the Teamsters fund, had obtained Bally stock in 1969 when the company was going public. Dorfman recently was released after serving 9 months of a one-year federal prison term for fraud and accepting investment kickbacks.

Fitzsimmons, who has been attending a Teamsters executive board meeting in Palm Springs, sent word through an aide that he would not comment on a report that he still owned the stock. The report was published in *Overdrive*, a trucking magazine that has been a foe of the Teamsters union.

Saxbe, who was appointed Attorney General in December by President Nixon, obtained his 600 shares of Bally in 1969—about the same time as did Fitzsimmons, other Teamsters leaders and some of Saxbe's fellow Ohio politicians (Saxbe served as state attorney general and later as U. S. senator from Ohio).

Saxbe sold his Bally stock in 1970 after hearing that "there might have been involvement of people of unsavory reputation. . . ."

The Justice Department lost a criminal case against the company and its president, O'Donnell. They were acquitted by a jury in New Orleans of 1971 charges of conspiring to violate federal antiracketeering laws.

Four Bally distributors were convicted on the charges,

which alleged interstate shipment to Louisiana of Bally "in-line" or bingo-type pinball machines for use in illegal gambling.

In 1972, the Justice Department filed a civil antitrust suit accusing Bally of an unlawful combination to restrain interstate and foreign trade in amusement and gaming equipment.

The case was settled out of court several months later. Bally, without admitting wrongdoing, agreed to change its system of giving exclusive territories to its distributors.

Bally, while little known to the public, is king of the slot machine business. It has annual sales of about \$80 million a year, nearly two-thirds of them abroad.

The multinational character of Bally is a matter of concern to Nevada gaming authorities, who would have to monitor it if Bally obtained a gaming license to become its own distributor in the state.

The Teamsters' financing and other relationships with Bally are material to the Nevada inquiry.

The latest financing, the terms of which are somewhat obscure, is the Teamsters' purchase last November of \$12 million in Bally debenture bonds.