

## Nevada Probe of Saxbe Stock Deal

## Reno

Nevada gaming authorities are investigating the circumstances in which U.S. Attorney General William B. Saxbe and Teamsters President Frank E. Fitzsimmons acquired stock in the world's biggest gambling machine producer, the Los Angeles Times has learned.

Investigators want to know if Bally Manufacturing Co. of Chicago made gifts of its stock or allowed cut-rate stock sales 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. But they are not the only ones examining the firm.

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

Saxbe has said he sold his Bally stock in 1970, which

was a year before it soared from \$26.50 to \$70. (The stock now goes for about \$38.) Fitzsimmons refused last week to confirm or deny a report he still holds 900 Bally shares.

Bally is increasing its global domination of the slot machine market with the help of a new \$12 million loan at the low interest rate of 6½ per cent from the Teamsters central states pension fund. Fitzsimmons is co-chairman of the much-investigated pension fund, which has lent additional millions to Bally.

The fund holds hundreds of millions of dollars in mortgages on Las Vegas casinos. Bally has a near monopoly in Nevada on slot machines, which are helping owners of the gambling palaces to pay those mortgages. The 42,000 slot machines in the state bring in a reported \$250 million a year.

Bally's president, William T. O'Donnell, confirmed in response to questions that Fitzsimmons and Allen Dorfman, former consultant

to the Teamster fund, had obtained Bally stock in 1969 when the company was going public. Dorfman recently was released after serving nine months of a one-year federal prison term for fraud and accepting investment kickbacks.

O'Donnell said he did not know if Fitzsimmons and Dorfman still own their Bally stock.

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 Teamster leaders and some of Saxbe's fellow Ohio politicians (Saxbe served as Ohio attorney general and later as U.S. senator.)

It was learned that Bally's biggest stockholder, Cleveland multimillionaire Sam Klein, had withdrawn a letter of reference that Saxbe wrote to Nevada gaming authorities for him in 1969. Klein is one of the Bally officers under investigation on a renewed application for a Nevada gaming license.

After his nomination as attorney general, Saxbe had given the text of his letter to a Midwestern newspaper, which published it. Klein reportedly told Nevada authorities later that he and Saxbe had been embarrassed by the matter.

Consequently, Klein said he would submit other letters of recommendation for the pending license application.

Saxbe sold his Bally stock in 1970 after hearing that "there might have been involvement of people of unsavory reputation, not including Klein," according to his administrative assistant.

Although Saxbe's connections with Klein and Bally were known, they were not explored thoroughly during his Senate confirmation hearings. There was some gentle questioning about the Bally stock but no senator asked about Saxbe's personal finances.