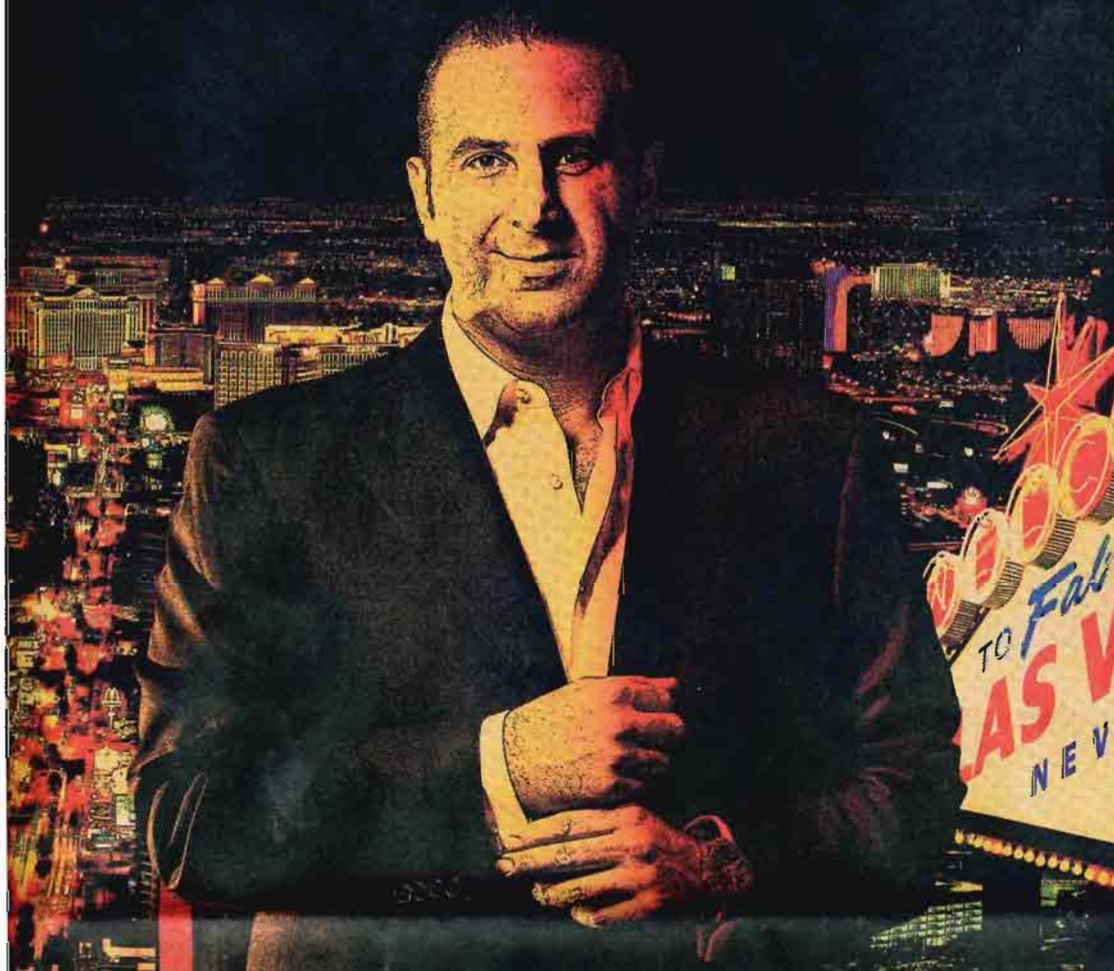


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Against All Odds

Sam Nazarian put Hollywood's club scene back on the map. Now he wants to make over an aging casino to bring the party to Vegas. By **Tamara Audi**



A *Las Vegas* black Maybach 57 rolls down the Strip ferrying another big dreamer. The luxury sedan passes the glittering gambling palaces and heads north to the Sahara Hotel & Casino, an aging, down-on-its-luck landmark that hardly seems fit for this well-heeled passenger. Except that he's the owner.

"Wait until you see this place," says Sam Nazarian, a 32-year-old real-estate entrepreneur and nightclub impresario from a wealthy Bev-

erly Hills family. Over the past few years he's injected new buzz into the Hollywood club scene and now intends to resurrect the forlorn Sahara with the same kind of cool.

The odds, as they say, are against him. Mr. Nazarian has never run a casino, and he is entering the business in a downturn that's fleecing existing casinos and snuffing out new ones. Gambling revenues are down. Room rates are falling. Some companies have filed for bankruptcy protection and others are poised to.

But Mr. Nazarian, a tall, husky bachelor in a dark suit capped by a

baby face, says his hotel and casino will have an edge over competitors. It will serve a market that he says has been priced out of Vegas: the young party crowd that's dropped a fortune at his Los Angeles clubs and restaurants. "There is an alienation of the high-energy, youthful crowd," says Mr. Nazarian as he strides through the Sahara's lobby, where he has already spent about \$2 million in furnishings and décor.

Mr. Nazarian might be just another Vegas mark but for this: Where he goes, celebrities and mon-

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Against All Odds

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egyed youth tend to follow. His current slate of Hollywood-area hot spots—Area, Hyde, Foxtail, S Bar, Katsuya—draws such names as Paris Hilton and Lindsay Lohan.

Mr. Nazarian is more often noticed for his extravagant spending and social life than his savvy investments. He played himself on HBO TV's "Entourage" in a scene at one of his clubs. He is photographed with Salma Hayek. He lived in Jennifer Lopez's former digs, which he purchased for about \$12.5 million and then sold to Gwen Stefani two years ago for about \$15 million. In 2006, he said, he bought his Hollywood Hills home next door to Leonardo DiCaprio.

Mr. Nazarian will need all his tout skills to save the 56-year-old Sahara. Outside, life-size Arab figures pull a row of cheesy plaster camels. Inside, \$34-a-night rooms pull in pack-a-day low rollers.

THE USUAL VEGAS STYLE of renovation is implosion: the Sands leveled for the Venetian; the Dunes razed for the Bellagio. There is no other way, the reasoning goes, to compete with the Strip's new luxury casinos and hotels. But Mr. Nazarian has built his reputation on converting rundown pockets of real estate into trendy, A-list magnets. His company, SBE Entertainment Group LLC, and private-investment partner Stockbridge Capital, bought the 18-acre Sahara property last year for about \$300 million. Mr. Nazarian won't say how much he will spend on rehabilitation; plans include a new hotel tower and a makeover of the hotel's 1,700 rooms. "There's not one part of this property we're not touching," he says.

The work is expected to be completed by 2011. By the time it's done, Mr. Nazarian will face competition from an estimated \$23 billion in new development expected to be done by 2012. The big question is whether the Sahara can go head-to-head with these shiny, new luxury hotels and casinos. Whether the economy will rebound in time to bring customers for every room hangs like a giant neon question mark over the entire Strip.

Mr. Nazarian says he'll compete on price, keeping room rates about \$200 a night. Some Strip hotels ask for twice that. Back when the Sahara was Rat Pack hip—the original version of "Ocean's Eleven" was filmed here—Vegas casinos practically gave away food and lodging to lure gamblers. That's changed in recent years as gambling companies shifted into the luxury market and sought profits from their hotel, restaurant and retail operations.

As with many old buildings, the Sahara's problems are not just cosmetic. During a February meeting with his architect and contractors, for example, Mr. Nazarian learned the existing kitchen can't support planned restaurant operations; plumbing upgrades will bump costs \$20,000 per room in one of the hotel towers, and the original plans for a screen to buffer the new tower from desert winds would end up casting a shadow on the pool area. "That's great," Mr. Nazarian says. "We'll have the only pool in Las Vegas with shade."

When Mr. Nazarian says he wants to create more space by extending the roof of the casino, his budget man pipes up: "Sam, that's a premium. The more steel I add to the roof, the more it costs. Steel costs three times as much as concrete at current prices ..."

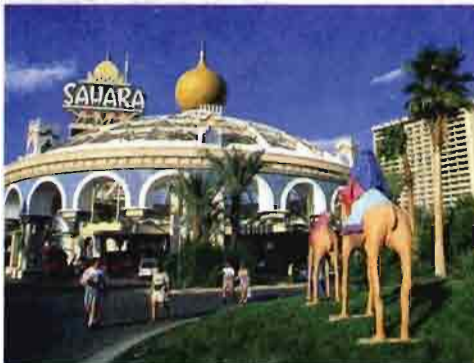
"Oh, John?" says Mr. Nazarian, feigning surprise. "You're still here? Weren't you taking a bathroom break?" The men laugh and move on to the next problem.

MR. NAZARIAN is aware his relative youth draws skepticism about the Las Vegas project. "I know what they say about me, 'He's a rich kid from Beverly Hills. What does he know?'" Mr. Nazarian says. "But they

The Sahara: Past, Present and Future



Then: A visitor in a Cadillac convertible, above, arrives at the Sahara in 1954. Elvis Presley signs autographs for fans in 1963.



Now: A plaster-camel caravan, left, draws budget-conscious gamblers to the current Sahara entrance.



Coming Soon: Sam Nazarian's vision for a revitalized Sahara Hotel & Casino.

don't see the whole picture."

Mr. Nazarian was born in Tehran, and his family made a second fortune in L.A. after fleeing Iran during the revolution. His father, Younes Nazarian, became a major shareholder in Qualcomm Inc., a wireless-communication company, and he owns the investment company YDS, named for Younes and his sons, David and Sam. After dropping out of college, Sam Nazarian invested family

money in commercial real estate and began to amass his own fortune. He was 22 years old and was known as Samsy Boy. Today, his public-relations team says pointedly, he is addressed as Sam.

Mr. Nazarian made money selling and refinancing commercial properties in L.A. with a persuasive personality that finds "a way to get people to sign on the dotted line," says Chris Bonbright, the head of a commercial real-estate

company that works with Mr. Nazarian. Mr. Bonbright recalled a stalled deal to purchase the Abbey, a West Hollywood lounge. Mr. Nazarian met with the property's owner, David Cooley and the deal went from dead to done.

Mr. Cooley said that when he first met Mr. Nazarian he told him what he'd told other suitors: The Abbey wasn't for sale. But Mr. Nazarian said, "OK, let's go get a drink at the Abbey. I want to get to know you." Mr. Nazarian told Mr. Cooley he wanted to expand the Abbey into other cities, and that he needed Mr. Cooley to do that. "He said, 'You are the Abbey.'" Mr. Cooley eventually agreed to sell Mr. Nazarian a 75% stake and now works for Mr. Nazarian scouting out new Abbey locations.

Mr. Nazarian is credited with transforming not only the L.A. nightclub industry, but entire chunks of Hollywood. "There were parts of the city that were a wasteland and Sam took a risk investing in," said Los Angeles City Council President Eric Garcetti. Mr. Garcetti cited Mr. Nazarian's investment in a building at the intersection of Hollywood Boulevard and Vine Street, a famous intersection gone to seed. Mr. Nazarian and a partner turned a historic but run-down building into high-end condominiums, and Mr. Nazarian later opened the restaurant Katsuya on the ground floor. That investment, Mr. Garcetti said, "led the way and now everybody is lining up to get in" the neighborhood.

ALTHOUGH HE and his PR handlers cringe at the term "nightclub king," Mr. Nazarian became known through the Hollywood club scene, starting in 2003. He formed SBE Entertainment (for Samsy Boy Entertainment), which has grown to 3,300 employees with divisions in hotels, film, clubs, restaurants and, now, casinos. Mr. Nazarian co-opted the most powerful promoter on the scene, Brent Bolthouse, in 2005, when he bought a controlling stake in the promoter's company, Bolthouse Productions.

Mr. Nazarian uses noted French designer Philippe Starck for all his SBE properties. Mr. Bolthouse and Mr. Starck are part of a team Mr. Nazarian is counting on to revive the Sahara. The old casino was one of the original Las Vegas destinations, but in recent years has turned into a haven for bargain hunters. Through this year's downturn, the Sahara's casino revenues have not fallen as fast as the rest of Strip, said Larry J. Woolf, founder of Navegante, which is running the Sahara casino while SBE seeks a Nevada gaming license. "It's not a Nazarian property yet," says Mr. Woolf. "He's got some unbelievably great plans."

Mr. Nazarian has launched a luxury hotel brand, SLS, for style, luxury, service. The first SLS property is slated to open in fall at the site of the former Le Meridien in Beverly Hills. His company is planning to open a new restaurant at one of his former clubs, and is starting work on another SLS in Miami, which will also make demands on his time and attention.

A Las Vegas casino owner needs "extreme focus. Extreme focus," says George Maloof Jr., owner of the popular Palms Hotel & Casino and a friend of Mr. Nazarian's. "You have to live it all the time. You have to be here. You have to watch your business, especially now."

But Mr. Nazarian has been lucky so far. Shortly after he purchased the Sahara in 2007, a number of casino projects were announced that stand to revitalize the aging north end of the Strip, where his property sits. Standing on a Sahara balcony that looks out at the new casinos glittering in the distance, Mr. Nazarian sees his dream. "We're going to be in the center of things," he says.

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See an slideshow of the Sahara in its heyday at WSJ.com/Lifestyle