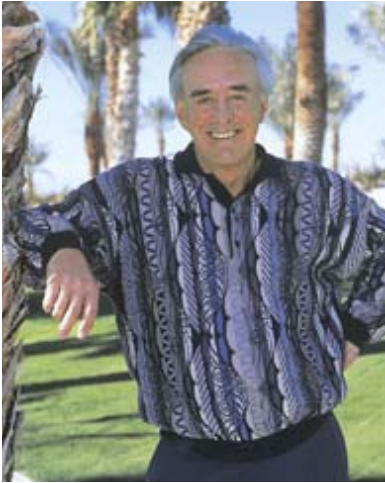


## FEATURED ARTICLE



BILL WALTERS, FOUNDER & CEO,  
THE WALTERS GROUP

## The Good, Bad, and Ugly Investment Returns that Golf has to Offer Entrepreneurs. Here's Vegas Mogul Bill Walters' Point of View

*An accomplished and daring professional gambler, Bill Walters, is also—conversely—an astute and conservative businessman. He believes nothing succeeds like success and that success leads to opportunities for even greater successes.*

BY MARK PAZDUR, PUBLISHER

DEL MAR, CALIFORNIA: How lucky, I thought, could you get? Here I am, at the crème de la crème Del Mar Country Club just north of San Diego, hobnobbing with Bill Walters, one of America's most colorful and successful CEOs. The occasion was an interview, lunch and golf. We enjoyed a tasty two-hour cuisine luncheon during the interview followed by nine holes of golf. We're both single-digit golfers and toured the front nine under one hour. It turns out that his primary residence is in Las Vegas, where he founded The Walters Group in 1988, and Del Mar is his coveted hideaway.

Walters' original goal, in 1988, was to gamble professionally in Vegas and simply cultivate some high profile public golf courses. His entrepreneurial instincts led him from one project to another until he grew a company that encompasses business ventures ranging from golf clubs, convention bookings, and commercial real estate to auto dealerships. Although he makes his primary residence in America's favorite playground, Las Vegas, he prefers to jet his sleek Gulfstream 200 into Del Mar to unwind and luxuriate in a more tranquil and private climate. Heck, I thought, why not pick up some investment tips. He did, after all, arrive in Vegas dead broke and became a millionaire in spite of being an avid gambler. Walters laughed when I asked about business opportunities. He said economic times, like recessions, present opportunities in all types of businesses. "But," he warned, "you've got to be very careful.

"Vegas pioneer Bennie Binion, who founded Binion's Horseshoe Casino in 1951, coined the term 'good food, good whiskey and good gambling,'" said Walters. "Even though he only had a 6th grade education, he was one of the smartest men I ever met. When I asked him about opportunities, I remember him telling me: 'I know a guy who went broke buying bargains.'"

"You're tactfully trying to caution me," I mused. "What advice would you give small business owners in this tough economy?"

"I recommend they stay the course and be conservative," replied Walters. "Don't stretch yourself too thin. Tread water. We'll be swamped with more rough water, but we'll get through it."



WALTERS FREQUENTLY ENJOYS PLAYING GOLF AT DEL MAR COUNTRY CLUB, HIS COVETED HIDEAWAY JUST NORTH OF SAN DIEGO.

“You own a Ford-Lincoln-Mercury dealership in Kentucky. What, in your opinion, does the future hold for Chrysler, General Motors and Ford?”

He was amused, saying, “Here’s how I’d handicap them. Ford will steal market share from GM and Chrysler. They have a dynamite management team, a great product pipeline, unions are not in control, and their quality has improved dramatically. Chrysler is a company controlled and operated by the government, unions, and Fiat [the Italian auto maker]. I think Chrysler will disappear within the next five years. If Daimler, a great company with no capital issues in a strong car sales market, ‘lost their shirt’ with Chrysler, how do we expect the unions to succeed in this tough market. I hope I am wrong, but I think Chrysler is in a very difficult position.

“A portion of GM will survive,” said Walters, “because the Chevy and Cadillac brands are American icons and the government will support GM more than Chrysler. That will put Buick and GMC at risk to be discontinued. GM must get the government and unions out of the decision making process. The government’s chance of running a successful business is abysmal,” groused Walters.



WALTERS CATCHES UP WITH THE WALL STREET JOURNAL ABOARD HIS GULFSTREAM 200, CAPABLE OF MAKING EUROPE NONSTOP FROM NEW YORK CITY.

#### TIPS FOR RECREATIONAL GAMBLERS

“I know you’re an avid—I’d even say professional—gambler who plays for very high stakes. How about a tip for the average recreational gambler.”

“If you gamble for recreation and not an investment, then you’ll be OK,” said Walters. “It’s important you have a budget and stick to it. Craps is the only game where the house doesn’t have an advantage—if you play the odds correctly. If you play blackjack by the book, and not by emotion, you give the house a 2 percent advantage. However, most players follow their instincts, and thus, the house advantage jumps to 20 percent. Since the house has an advantage, give yourself a chance to let it ride if you get on a hot streak,” advised Walters. “If you don’t, you will lose because the house will win more hands in the long run.”

#### HOW IS LAS VEGAS HOLDING UP?

“We both know,” I suggested, “that Vegas is suffering because of the economy. The first thing the public will do is to cut recreation expenses to the bone for the duration. Can Vegas survive?”

“It’s a painful time now,” agreed Walters, “but Vegas will do just fine. I’ll tell you why. A couple of months ago, my wife and I completed a trip to New York City; Nice, France; and Geneva, Switzerland. When we returned to Vegas, we both came to the same conclusion that no city in the world can compete with Vegas. Our problem is to overcome the notion that Vegas golf means \$500 golf rounds and that luxury strip hotels, shows, gourmet dining and shopping is over-priced. The contrary is true. We learned Vegas would cost half as much as the comparable facilities and activities we experienced in Nice and Geneva. It will survive this economic slump and prosper. No other city in the world could compete with it,” vaunted Walters.

#### GOLF: THE GOOD, BAD, AND UGLY

Nevadans acknowledge Walters to be a daring gambler and a skilled businessman. He’ll win or lose \$1 million on any given Sunday during football season. He is patently a man who takes recreational risks at gambling or golf shots, but not in the business world of golf. Walters initiated Walters Golf Company with the development of Desert Pines in the heart of downtown Las Vegas and grew it into three profitable themed public golf clubs.

“The possibility of more golf courses in Las Vegas is nil,” said Walters, “and for a lot of good reasons.”

“Like what?”

“To begin with, owning a golf course is one of the toughest businesses to be in because you’re actually managing three enterprises; food and beverage, lawn care, and retail shops. What’s worse is that you don’t have control over weather, funguses and water rates. Some courses in Vegas pay over \$1 million just for water. You soon realize you don’t have control over many aspects of your business,” he protested. “You have no pricing power and there is stagnant demand. With few exceptions, golf is not a business that produces a big return on investment. Unfortunately, many courses will close. That being said, from a personal standpoint, it is very fulfilling. Your customers come because they want to, not because they have to [think doctor’s office] so you see them at their best. It is very rewarding.

“Lots of young folks love the game. It is fun to watch them grow and mature. This is one of the ‘great returns’ for being in the business.”

“Why do you enjoy golf?” I asked Walters.

“It is one of the most pleasant experiences you can have,” he replied. “It is the greatest game in the world. Your performance is based on you. How you handle adversity and your interpretation of right and wrong [following the USGA rules] is measured during a round of golf. Golf is a game of skill, not luck. It is one continual test. It is a ‘jealous mistress.’ If you don’t practice, you are in trouble and your game will suffer.”

“Are you looking at golf properties now?”



“Sure, I am always looking for specific opportunities,” said Walters. “I wouldn’t buy in Phoenix or Florida, under any circumstance, because they are too overbuilt. What interests me is to ‘turn the ship around’ by bringing better management to where supply and demand is in equilibrium. It is very important to make sure that water is not an issue. Do you have enough? What is the cost? Make sure you are not ‘held hostage’ to water rates,” said Walters.

**THREE THEMED PUBLIC COURSES**  
Walters Golf, a division of The Walters Group, owns and operates three themed public golf courses appropriately titled Bali Hai, Royal Links, and Desert Pines.

**DESERT PINES GOLF CLUB**  
The Walters Golf three themed public

courses—on and around The Strip—began in 1996 with the development of Desert Pines, in the heart of downtown Vegas, in partnership with the City of Las Vegas. Desert Pines has a ‘Carolina’ theme with thousands of transplanted pine trees and bales of straw. A two-tiered, automatic teeing, climate controlled 55-stall driving range enhances your experience.

### ROYAL LINKS GOLF CLUB

Construction of Royal Links began the following year in 1997. It faithfully recreates holes inspired by the most famous British Open rotation golf courses. Included are such renowned sites as The Postage Stamp at Royal Troon, and The Road Hole and Hell Bunker at St. Andrews. It opened in 1998 and was rated one of the Top 10 New Courses by *Golf Magazine*.

### BALI HAI GOLF CLUB

Walters initiated a partnership with McCarran International Airport in 2000 to develop and open Bali Hai Golf Club on The Strip, next door to the Mandalay Bay Hotel. The Club replicates the South Pacific with black volcanic rock, white sand, 4,000 palm trees, 100,000 tropical plants, seven acres of water features and blue lagoons—all of which is topped off by some of the finest dining in Vegas offered by the Club's Cili Restaurant.



### LAS VEGAS GOLF GETAWAYS

“There are entry-level hotels and entry-level golf clubs with entry-level prices. There’s no other city in the world that offers the accessibility Vegas does,” said Walters. “I would not say Las Vegas will become America’s top golf destination, but it will become one of America’s top golf destinations. Our problem is to overcome the notion you come to Vegas to gamble, savor great food and enjoy dazzling shows. We have over 50 courses that include a large number of prime locations and distinguished designs by superstars.

“That’s why I created Las Vegas Golf Getaways, a company which offers stay-and-play packages for individuals, families, conventions, and companies,”

explained Walters. “We have customers that come here three to four times a year and stay at luxury hotels—like the Venetian, Bellagio, and the Four Seasons. They shop, dine in fine restaurants, play golf, see the shows, and never make it to the casinos. We can arrange transportation, hotels, shows, virtually everything you need for an exciting and memorable visit,” Walters continued. “We work with all of the top hotels and golf courses in town. All of Vegas’s super luxury casino/resorts are accessible to Vegas visitors. I don’t know of any other city in the world where the public can gain access to as many high-quality facilities as in Vegas,” said Walters.

*For more information on Walters Golf, you may phone toll free (866) 861-9764 or please visit their web site at [waltersgolf.com](http://waltersgolf.com).*