

SPEECH OF NOVEMBER 8, 2007

KEYSTONE CLUB EVENT

Our founding fathers were the first group of humans on earth to get it right. To establish a country based on the 18th century enlightenment principal, the “natural rights of man”... the rights to life, liberty and the pursuit of happiness.

Tonight I want to talk about our freedoms, global and local, and what we are doing to preserve them for future generations to come.

As our forefathers so rightly articulated in their declaration, freedom to LIVE, is the most fundamental freedom; they listed it first...they were threatened with death from a coercive economic “ISM”; mercantilism...the idea that royalty could use its power to monopolize trade to enrich its treasury to finance armies to project more power and gather ever more treasure for its treasury.

The American colonies represented a drain from King George’s treasury and he sought to balance his budget through taxation - taxation, of course, without representation. Taxation without representation was their rallying cry, but it was the concept of mercantilism that threatened to kill them.

Now let’s turn to a contemporary ‘ism’ that would take away our most fundamental freedom...Our lives...it’s called Islamo-fascism.

And, talk about a very important organization we are deeply involved in...Freedom’s Watch. An organization that I am sure you will hear more about over the ensuing months. Freedom’s Watch is currently dedicated to several priorities, the most pressing of which is educating Americans to the danger of radical Islam and supporting our military to protect us from its coercive forces.

In the past, our country has survived a lot of bad ideas that would threaten our lives.

As I mentioned, our forefathers opposed Mercantilism; we and our Parents opposed National Socialism (Nazism), Fascism, and Communism...but now we face the worst, most coercive dictatorial idea of all.

The combination of the church (or in this case mosque), the state, the economy and an army of terrorists that would strike at us to destroy our way of life, our refusal to submit to some belief formulated in the dark ages... a toxic mix that rewards martyrs in the afterlife,...with committed adherents that actually believe it and willingly carry it out.

We, and Freedom's Watch, recognize the threat and we are doing something about it.

Our second global commitment to freedom is our commitment to free trade...particularly to trade with our most important trading partner, China...we are currently developing the Adelson Center for US-China Enterprise in Beijing. The intent of the Adelson Center is to reduce trade tensions between the U.S. and China.

China bashing has become a popular political pastime. For China's conversion from Communism to phenomenal trade success is easy to attack...even though they have a \$2.7 trillion economy and 1.3 billion people to feed and ours is \$13.5 trillion - an economy five times the size of China's with less than 25% of the population. The fact is in the last decade, our economy has produced 16.5 million new jobs, while losing 3.3 million manufacturing jobs; a net gain largely due to robust trade environment. So why attack China and free trade?

Because it's easier to attack China than to oppose the real cause of the 3.3 million industrial job loss: industrial unions; who used their political power to boost wages and restrictive work rules that have destroyed our ability to compete in world markets...Our industrial unions ruined our auto, steel and other heavy industries,...preferring to destroy them, rather than modifying the gains their power had won.

Believe it or not the United Autoworkers Union is still picking at the bones of poor old Chrysler Corp. that, just last week announced a further 10,000 job workforce reduction. The UAW now represents thousands of casino dealers in Detroit, and Atlantic City and is now knocking at our door right here in Las Vegas.

Speaking of our Union friends, lets now talk of freedom of choice in the workplace...The hotel casino you are sitting in right now is the most successful investment in the history of Las Vegas...and soon to become the world's largest...and is a shining example of challenging the union status quo... each and every person serving you and 40,000 other customers here today is non-union...soon 16,000 will work here in the middle of the Strip...in the world's largest resort...

- We are the best example of the fallacy of the “Conventional Wisdom” that we must deliver up our employees to unionism
- Unions use their coerced dues to support a democrat agenda and unionized Las Vegas casinos’ latest reward for “going along to get along” is a pledge by Hillary, Barack & John Edwards to join their picket line; a wake-up call that industry leaders have chosen to ignore.
- The Democrats advance the cause of their union paymasters, to gain power for the party and economic leverage for their union puppetmasters. This is a truly dangerous combination...
- What happened to the auto, steel, and other heavy industries in this nation can and will happen to Us! Just a matter of time....the difference is that we can’t move to China. Our stewardship of this wonderful economic engine is suffering a leadership failure and we’ll go the way of the Big 4 (autos), Big 3 (steel)...if our leadership continues to embrace this “conventional wisdom”; we have faced up to this challenge and shown the way...

Let’s now return to that freedom that was the flashpoint that caused our forefathers to fight in the first place...Freedom from taxation without representation...A populist union cartel...the teachers’ union, now advances the latest taxation without representation idea...the tax referendum...a scheme to go straight to the voter, bypassing our elected representatives, to take money from our leading economic engine – our casino industry - and convert it to dues to advance their political interests... the teachers’ union proposes to raise casino taxes 48% to raise about \$430 million of new casino taxes from Clark County by 2012.

We have the solution to the current tax crunch... Let me explain...

Let's use a practical example, do some math and define a solution...right here in this room tonight...if you walked out of this very room some 150 yards you'd step into a sales office and be offered 200,000sq.ft. of trade show space for a rental of about \$420,000.00. Catch a cab to Mandalay Bay and rent the same space for about \$360,000.00. Each of these facilities was built for millions of dollars (at least a half billion dollars replacement value) by private concerns and operates without subsidy while actually paying taxes...

...now go to the L.V. Convention Center and get their quote...\$225,000 for the same space... 87% less than the space in this very building!...next year The Venetian/Palazzo is budgeted to pay about \$61 million of room tax subsidy and Mandalay Bay will pay in excess of \$30 million of subsidy to support our competitors' publicly owned exhibition space...

All 3 centers are effectively sold out, yet the convention authority squanders precious tax resources to subsidize multi-million dollar trade show entities like the Consumer Electronics Show that has nowhere else to go...I ask you - what's wrong with this picture?

Here's the solution: I propose we change the LVCVA to the LVVA, provide the new entity \$100 million, increasing with inflation, to continue to promote visitation to Las Vegas and releasing the remaining \$120 million of their \$220 million budget by privatizing the Las Vegas Convention Center.

Then capture the increasing room tax revenues from the rate increases on our current 133,000 room base and new added tax revenues from the 35,000 new rooms in the pipeline to be open by 2012. This will provide an additional \$360 million dollars of new tax revenues...that's a \$480 million dollar new source of annual tax Revenues without increasing taxes at all...do the math, this new idea would provide \$50 million dollars more than the Unions new proposed casino tax.

As relates to future tax revenues, I point out to you that over the last decade, room revenue growth has exceeded gaming revenue growth by 36.4%! In the not-too-distant future, room taxes will actually exceed gaming taxes.

Why haven't we tapped into this extraordinarily powerful source of tax pressure relief? The fact is that the LVCVA is just too politically wired to attack...I can at least vouch for that; I went to Carson City about diverting some of the future new room taxes to relieving our traffic problems in the valley and I was met with an onslaught of lobbyists...in opposition...all paid for by our coveted room tax subsidies – some way to treat what is soon to be your biggest customer!

Wow! Think of it...an entity that converts room tax resources to discounts for multi-million dollar tradeshows, gives up 53% of its gross revenues to political entities in the form of grants and gifts to curry their favor, absorbs a tax source that could take pressure off our leading industry, uses its resources to lobby against its leading tax payer and puts money in the pocket of the primary political operative in our state who helps to elect democrats so they may advance their union paymasters' political agenda...of course to complete this puzzling picture, our industry's leading lobbyist...happens to be one in the same man...the man who carries our industry's tax message...the need for a broader tax base...a philosophy; the legendary Hughey Long articulated long ago – “don't tax you, don't tax me, tax the man behind the tree”... in other words, don't touch our room tax and go tax someone else. We have lost the “low tax, control spending” high ground by advancing the concept that its ok to spend more as long as you tax someone else...the room tax must be on the table...it's too powerful and a too rapidly growing source of tax revenues to ignore...and we will do our best to keep it on the table...

Hope you found this talk to be provocative...the ideas perhaps “politically incorrect”, challenging to the status quo...for the only way for us to progress is to challenge conventional wisdom, push the envelope, and let the free market for ideas judge their validity.

Tonight I want to express my deepest ‘thank you’ to all who have gone before me to assure my own freedom... including our forefathers and all those who fought and died to protect me from all the ‘isms’ that would have killed me... and particularly to the brave soldiers of today, who continue to protect my freedom to advance ideas like those articulated here tonight...for unless Billy Vasilaitis and the LVCVA have a gulag somewhere and the forces to go along with it, I’ll walk out of this room a free manthere are still many places on the earth where that wouldn’t happen!

Truly thankful for Las Vegas Sands’ extraordinary success achieved largely by showing the way, by challenging conventional wisdoms...the status quo...

And for our lead iconoclast Sheldon Adelson; perhaps the world’s most successful contrarian who has taught us that an idea shouldn’t be repeated unless it has been examined thoroughly and you stand ready to defend it...passionately.

Also thankful for the friendship and camaraderie of the other two of our four-legged stool, and I use “stool” advisedly, cohorts and friends of 30+ years; Brad Stone, Rob Goldstein and to the additional key executives who have pushed this company forward. I’m also thankful for my many friends here tonight listening to these ideas for the umpteenth time.

Thankful for my supportive family...our two sons in absentia – diligently studying away as we speak...and a lovely daughter, Kim, here tonight,...children who have been a source of endless pride...our daughter and her husband Jerry have produced 3 incredible experiences – our beloved grandchildren.

And particularly Jim Gibbons & Rudy Giuliani...for honoring us all with their presence here tonight and for their decision to serve their communities and their country;

...and lastly the Keystone corporation for its activities and its platform in defense of liberty...the liberty we all so much enjoy and that has made our country the most successful experiment in governance in the history of this planet...I want to thank them and thank you for being here this evening

(pause)

One person I purposefully and conspicuously left out of my thank you's is my Wife... my understanding, beautiful, smart and articulate much better half who helps me in too many ways to count; our familial 'voice of reason' Lynn. She also just happens to be the Chairwoman of Nevada Women for Rudy Giuliani. Lynn will now introduce our very special guest...