



JIM GIBBONS
Governor

STATE OF NEVADA
GAMING CONTROL BOARD

1919 College Parkway, P.O. Box 8003, Carson City, Nevada 89702
555 E. Washington Ave., Suite 2600, Las Vegas, Nevada 89101
3650 S. Pointe Circle, Suite 203, P.O. Box 31109, Laughlin, Nevada 89028
557 W. Silver St., Suite 207, Elko, Nevada 89801
6980 Sierra Center Parkway, Suite 120, Reno, Nevada 89511
750 Pilot Road, Suite H, Las Vegas, Nevada 89119

DENNIS K. NEILANDER, *Chairman*
RANDALL E. SAYRE, *Member*
MARK A. LIPPARELLI, *Member*

April 7, 2009

Carson City, Nevada
(775) 684-7740
Facsimile: (775) 687-8221

TO: All Licensees and Interested Persons
FROM: Dennis K. Neilander, Chairman
SUBJECT: Attention to Economic Consequences

Unfortunately, Nevada gaming and tourism have not been spared consequences of the ongoing economic challenges facing the country. The calendar year commenced with guarded hopes that declining gaming revenues would at least flatten. The first quarter of the year has not borne out that hope. The duration of the current recession and how quickly recovery will occur are unknowns. As a result, State gaming regulators have taken steps to endure an ongoing downturn in the industry and are preparing for what may be a prolonged recovery.

In the last several weeks, prospects for bankruptcy and major debt restructuring among licensees have risen. Already, there are a few large gaming companies in bankruptcy, along with a few smaller licensees. More are anticipated and, potentially, there could be several. The Board will be focusing resources on debt restructurings and regulatory considerations necessary to complete these debt restructurings. In fact, the timing could very well be such that the State Gaming Control Board and Nevada Gaming Commission will be asked to grant several approvals for emergence from bankruptcy within a limited timeframe.

The Board strives to maintain staffing levels commensurate with efficiently regulating gaming on an ongoing basis with essential standard routines and practices that have withstood the test of time. The agency is also accustomed to addressing the latest developments and adjusting to change as necessary to evolve with the dynamic Nevada gaming industry. In view of the current and foreseeable economic conditions, however, all of us are finding ourselves in unprecedented times. With respect to the business of gaming regulation, in addition to continuing essential ongoing tasks, the Board is going to be compelled to focus substantial resources on debt restructurings and necessary approvals resulting therefrom.

To plan for, and in order to resourcefully handle the extraordinary circumstances, a special purpose entity has been assembled within the Board comprised of management staff representative of each division of the agency. The entity will dictate the course through which applications and ancillary processes for approval to bring gaming licensees out of bankruptcy will be most efficiently readied for Board and Commission disposition. Interdivisional resources will be engaged to process the applications and the entity will report directly to the Chairman of the Board. All of the Board's seven divisions (Administration, Audit, Corporate Securities, Enforcement, Investigations, Tax & License, and Technology) will be tapped.

The timeframes within which the Board typically performs standard regulatory routines and practices may be disrupted, depending upon the volume and complexity of applications for bankruptcy-related approvals the Board and Commission receive. Likewise, the Board's responsiveness to latest developments and adjustments to change may be slowed. Patience and collaboration exercised by all will facilitate navigation through this extraordinary episode. Toward these ends, if licensees are aware of matters that will require Board or Commission action, early submissions will be appreciated.

The special purpose entity will meet regularly to chart and provide coordination of Board activities related to reorganizations and bankruptcies. Questions regarding the special purpose entity and related licensing matters should be directed to Deputy Chief A.G. Burnett in our Corporate Securities Division at (775) 684-7882 or agburnett@gcb.nv.gov.

Thank you in advance for your cooperation.

DKN:TNW:dl

Cc: Nevada Gaming Commission
State Gaming Control Board Members
Division Chiefs
Executive Secretary
A.G. Burnett, Deputy Chief, Corporate Securities Division
Senior Research Specialists
Office of the Attorney General – Gaming Division
Records and Research Services