

BEFORE THE NEVADA GAMING COMMISSION  
AND THE STATE GAMING CONTROL BOARD

\_\_\_\_\_  
In the Matter of

ALLIANCE GAMING CORPORATION

(Registration)\_\_\_\_\_

ELEVENTH REVISED ORDER OF REGISTRATION

THIS MATTER came on regularly for hearing before the State Gaming Control Board ("Board") on November 5, 1997, and before the Nevada Gaming Commission ("Commission") on November 20, 1997, at Las Vegas, Nevada; and

THE BOARD AND COMMISSION having considered all information pertinent hereto;

IT IS HEREBY ORDERED BY THE NEVADA GAMING COMMISSION UPON THE RECOMMENDATION OF THE STATE GAMING CONTROL BOARD:

1. THAT the following applications, as amended and supplemented, have been filed:

a. The application of Alliance Gaming Corporation for an amendment to its Tenth Revised Order of Registration; and

b. The application of United Coin Machine Co. for licensure to conduct nonrestricted gaming activities (slot machines only) db at Cal's Jackpot Casino, 3012 Griswold Street, North Las Vegas.

2. THAT the Tenth Revised Order of Registration of Alliance Gaming Corporation dated May 23, 1996, is hereby amended and restated, in its entirety, by this Eleventh Revised Order of Registration.

3. THAT Alliance Gaming Corporation is registered as a publicly traded corporation and found suitable as the sole stockholder of Alliance Holding Company, APT Games, Inc. and Casino Electronics, Inc.

4. THAT Alliance Gaming Corporation is granted approval, pursuant to NGC Regulation 16.200, to acquire control of BGII, pursuant to the Amended and Restated Agreement and Plan of Merger.

5. THAT Alliance Holding Company is registered as an intermediary company and found suitable as the sole shareholder of BGII.

6. THAT BGII is registered as an intermediary company and found suitable as the sole shareholder of Bally Gaming, Inc.

7. THAT APT Games, Inc. is registered as an intermediary company and found suitable as the sole stockholder of United Coin Machine Co., APT Coin Machines, Inc., Mizpah Investments, Inc., Plantation Investments, Inc., WCAL, Inc. and Slot Palace, Inc.

8. THAT United Coin Machine Co. is licensed as a manufacturer, distributor, operator of a slot machine route and to conduct nonrestricted gaming operations (slot machines only) db at Cal's Jackpot Casino, 3012 Griswold Street, North Las Vegas, subject to such conditions or limitations as may be imposed by the Commission.

9. THAT APT Coin Machines, Inc. is licensed as an operator of a slot machine route, subject to such conditions or limitations as may be imposed by the Commission.

10. THAT Plantation Investments, Inc., dba Plantation Station Gambling Hall, is licensed to conduct nonrestricted gaming operations, including a sports pool, at 2121 Victorian Avenue, Sparks, subject to such conditions or limitations as may be imposed by the Commission.

11. THAT Mizpah Investments, Inc., dba Mizpah Casino, is licensed to conduct nonrestricted gaming operations (slot machines only) at 100 Main Street, Tonopah, subject to such conditions or limitations as may be imposed by the Commission.

12. THAT WCAL, Inc. is registered as an intermediary company and found suitable as the sole stockholder of FCJI, Inc.

13. THAT FCJI, Inc. dba One-Eyed Jacks #4, is licensed to conduct nonrestricted gaming operations (slot machines only) at 2823 North Green Valley Parkway, #D, Henderson, subject to such conditions or limitations as may be imposed by the Commission.

14. THAT Slot Palace, Inc., db at Quality Inn & Casino, is licensed to conduct nonrestricted gaming operations at 377 East Flamingo Road, Las Vegas, subject to such conditions or limitations as may be imposed by the Commission.

15. THAT Bally Gaming, Inc. is licensed as a manufacturer, distributor, and operator of a slot machine route, subject to such conditions or limitations as may be imposed by the Commission.

16. THAT Casino Electronics, Inc. is licensed as a manufacturer, distributor, and operator of a slot machine route, subject to such conditions or limitations as may be imposed by the Commission.

17. THAT Alliance Gaming Corporation is granted approval, pursuant to NGC Regulations 16.110 and 16.125, to make the following public offerings of debt, convertible debentures, common stock, pay-in-kind stock, and special stock, and any securities subsequently issuable as an attribute of such securities: (i) up to \$140,000,000 in Senior Secured Notes; (ii) up to \$17,250,000 in 15% Non-Voting Junior Pay-in-Kind Special Stock, Series B; (iii) up to \$85,000,000 in New Debentures to be offered in exchange for up to \$85,000,000 in Old Debentures which New Debentures are convertible into approximately 120 shares of Common Stock per \$1,000 principal amount of New Debentures, and which automatically convert upon consummation of the Plan of Merger into a combination of up to

approximately 210 shares of Common Stock per \$1,000 principal amount of New Debentures (up to 17,858,000 shares of Common Stock) and/or 10 shares of 11.5% Non-Voting Junior Convertible Pay-in-Kind Special Stock, Series E per \$1,000 principal amount of New Debentures (up to 850,000 shares), and such Common Stock issuable upon conversion of the New Debentures and/or 11.5% Non-Voting Junior Convertible Pay-in-Kind Special Stock, Series E, and (iv) Common Stock and 15% Non-Voting Junior Pay-in-Kind Special Stock, Series B, all pursuant to and as more fully described in the Registration Statements and the Joint Proxy Statement (as referenced in the Tenth Revised Order of Registration).

18. THAT the approvals set forth in paragraph 17 above are specifically conditioned as follows:

a. That Alliance Gaming Corporation shall keep the Board's Corporate Securities Division continuously and promptly informed as to the progress of the public offerings and as to any other event that would have a material effect on Alliance Gaming Corporation or its subsidiaries which would be subject to reporting on SEC Form 8-K; and

b. That the approvals granted herein may be rescinded without prior notice upon the issuance of an interlocutory stop order by the Chairman of the Board. Said interlocutory stop order, if issued, shall remain in effect until the interlocutory stop order is lifted by the Commission upon such terms as are satisfactory to the Commission.

19. THE Commission hereby delegates to the Chairman of the Board the authority to issue interlocutory stop orders for good cause, which shall remain in effect until lifted by the Commission as provided in paragraph 18(b) above.

20. THE Commission hereby delegates to the Chairman of the Board the authority to administratively approve an increase in the amount of the public offerings and conversion ratios approved by paragraph 17; provided, that the Chairman of the Board finds that such increase does not constitute a material change from the public offerings approved hereby. For the

purposes hereof only, an increase of 10% or less in the amount of securities offered, in connection with the public offerings shall not be deemed a material change.

21. THAT Alliance Gaming Corporation is granted approval, pursuant to NRS 463.510(1) and NGC Regulations 8.030 and 15.585.7-2, as appropriate, to pledge the equity securities of APT Games, Inc., Casino Electronics, Inc. and Alliance Holding Company to U.S. Trust, provided that:

a. The pledge is pursuant to the fully executed Pledge Agreement dated May 11, 1996;

b. The prior approval of the Commission must be obtained before any foreclosure or transfer of any possessory security interest in such securities (except back to Alliance Gaming Corporation) and before any other resort to the collateral or other enforcement of a security interest in such securities may occur; and

c. Pursuant to NGC Regulations 15.510.1-3 and 8.030(4)(a), the stock certificates of APT Games, Inc., Casino Electronics, Inc. and Alliance Holding Company evidencing said pledge of equity securities must at all times remain physically within the State of Nevada at a location designated to the Board and must be made available for inspection by agents of the Board immediately upon request during normal business hours.

22. THAT Alliance Gaming Corporation is granted approval, pursuant to NGC Regulations 15.510.1-4 and 15.585.7-3, as appropriate, to enter into agreements with U.S. Trust to place restrictions upon the transfer of, and agree not to encumber, the equity securities of APT Games, Inc., Casino Electronics, Inc. and Alliance Holding Company.

23. THAT Alliance Holding Company is granted approval, pursuant to NRS 465.510(1) and NGC Regulations 8.030 and 15.585.7-2, as appropriate, to pledge the equity securities of BGII to U.S. Trust provided that:

a. The pledge is pursuant to the fully executed Pledge Agreement dated May 11, 1996;

b. The prior approval of the Commission must be obtained before any foreclosure or transfer of any possessory security interest in such securities (except back to Alliance Holding Company) and before any other resort to the collateral or other enforcement of a security interest in such securities, may occur; and

c. Pursuant to NGC Regulations 15.510.1-3 and 8.030(4)(a), the stock certificates of BGII evidencing said pledge of equity securities must at all times remain physically within the State of Nevada at a location designated to the Board and must be made available for inspection by agents of the Board immediately upon request during normal business hours.

24. THAT Alliance Holding Company is granted approval, pursuant to NGC Regulations 15.510.1-4 and 15.585.7-3, as appropriate, to enter into agreements with U.S. Trust to place restrictions upon the transfer of, and agree not to encumber, the equity securities of BGII.

25. THAT APT Games, Inc. is granted approval, pursuant to NRS 463.510(1) and NGC Regulations 8.030 and 15.585.7-2, as appropriate, to pledge the equity securities of United Coin Machine Co., APT Coin Machines, Inc., Mizpah Investments, Inc., Plantation Investments, Inc., WCAL, Inc., and Slot Palace, Inc. to U.S. Trust, provided that:

a. The pledge is pursuant to the fully executed Pledge Agreement in the form of a draft dated May 11, 1996;

b. The prior approval of the Commission must be obtained before any foreclosure or transfer of any possessory security interest in such securities (except back to APT Games, Inc.) and before any other resort to the collateral or other enforcement of a security interest in such securities, may occur; and

c. Pursuant to NGC Regulations 15.510.1-3 and 8.030(4)(a), the stock certificates of United Coin Machine Co., APT Coin Machines, Inc., Mizpah Investments, Inc., Plantation Investments, Inc., WCAL, Inc. and Slot Palace, Inc. evidencing said pledge of equity

securities must at all times remain physically within the State of Nevada at a location designated to the Board and must be made available for inspection by agents of the Board immediately upon request during normal business hours.

26. THAT APT Games, Inc. is granted approval, pursuant to NGC Regulations 15.510.1-4 and 15.585.7-3, as appropriate, to enter into agreements with U.S. Trust to place restrictions upon the transfer of, and agree not to encumber, the equity securities of United Coin Machine Co., APT Coin Machines, Inc., Mizpah Investments, Inc., Plantation Investments, Inc., WCAL, Inc. and Slot Palace, Inc.

27. THAT WCAL, Inc. is granted approval, pursuant to NRS 463.510(1) and NGC Regulation 8.030, to pledge the equity securities of FCJI, Inc. to U.S. Trust provided that:

a. The pledge is pursuant to the fully executed Pledge Agreement dated May 11, 1996;

b. The prior approval of the Commission must be obtained before any foreclosure or transfer of a possessory security interest in such securities (except back to WCAL, Inc.) and before any other resort to the collateral or other enforcement of a security interest in such securities may occur; and

c. Pursuant to NGC Regulations 15.510.1-3 and 8.030(4)(a), the stock certificates of FCJI, Inc. evidencing said pledge of equity securities must at all times remain physically within the State of Nevada at a location designated to the Board and must be made available for inspection by agents of the Board immediately upon request during normal business hours.

28. THAT WCAL, Inc. is granted approval, pursuant to NGC Regulation 15.510.1-4, to enter into agreements with U.S. Trust to place restrictions upon the transfer of, and agree not to encumber, the equity securities of FCJI, Inc.

29. THAT BGII is granted approval, pursuant to NRS 463.510(1) and NGC Regulation 8.030, to pledge the equity securities of Bally Gaming, Inc. to U.S. Trust provided that:

- a. The pledge is pursuant to the fully executed Pledge Agreement dated May 11, 1996;
- b. The prior approval of the Commission must be obtained before any foreclosure or transfer of a possessory security interest in such securities (except back to BGII) and before any other resort to the collateral or other enforcement of a security interest in such securities may occur; and
- c. Pursuant to NGC Regulations 15.510.1-3 and 8.030(4)(a), the stock certificates of Bally Gaming, Inc. evidencing said pledge of equity securities must at all times remain physically within the State of Nevada at a location designated to the Board and must be made available for inspection by agents of the Board immediately upon request during normal business hours.

30. THAT BGII is granted approval, pursuant to NGC Regulation 15.510.1-4, to enter into agreements with U.S. Trust to place restrictions upon the transfer of, and agree not to encumber, the equity securities of Bally Gaming, Inc.

31. THAT Alliance Holding Company, BGII, Bally Gaming, Inc., APT Games, Inc., WCAL, Inc., Casino Electronics, Inc., United Coin Machine Co., APT Coin Machines, Inc., Mizpah Investments, Inc., Plantation Investments, Inc., FCJI, Inc., and Slot Palace, Inc., are each approved, pursuant to NRS 463.510(1) and NGC Regulations 15.585.7-1, 15.585.7-2, and 16.100(3), as appropriate, to guarantee securities issued by, and to hypothecate their assets to secure the payment or performance of any obligations evidenced by securities issued by Alliance Gaming Corporation in a public offering.

32. THAT, the Pledge and Security Agreement shall not be further amended without the prior administrative approval of the Chairman of the Board, or his designee. Such



administrative approval may not be granted regarding amendments to the Pledge and Security Agreement that increase the number of shares of stock that are the subject of the Pledge, or that change the identity of the secured party.

33. THAT all voting securities of Alliance Gaming Corporation shall each bear a statement which shall be substantially as follows:

"Beneficial owners of the voting securities issued by this corporation are subject to the regulatory provisions of the Nevada Gaming Control Act (NRS 463.010, et. seq.) and the regulations of the Nevada Gaming Commission. If at any time the Nevada Gaming Commission finds a beneficial owner of such securities to be unsuitable to hold such securities, the beneficial owner must dispose of the securities. The laws and gaming regulations of the State of Nevada restrict the rights of a beneficial owner under certain circumstances (i) to receive any dividend or interest upon such securities, or (ii) to exercise directly or indirectly any voting rights conferred by such securities, or (iii) to receive any remuneration in any form from the corporation for services rendered or otherwise."

34. THAT Alliance Gaming Corporation shall provide written notification to the Chairman of the Board of any offer by the Board of Directors to sell any equity security, as defined by NRS 463.484, and except for public offerings subject to NGC Regulations 16.110 or 16.115, grants of stock options to officers, directors and employees under a bona fide stock option plan and issuances of common stock upon the exercise of such stock options, any sale of any equity security, as defined by NRS 463.484, shall be void without the prior administrative approval of the Chairman of the Board or his designee. Such approval is deemed granted if an application for the same has been filed with the Chairman of the Board for 30 days and he has not ordered an acceleration or extension of time, or issued a stop order during such period.

35. THAT the Commission hereby delegates to the Chairman of the Board the authority to issue interlocutory stop orders for good cause pertaining to any equity security

subject to paragraph 34 above. Any stop order so issued may be reviewed by the Commission in accordance with NGC Regulation 16.040.

36. THAT Kirkland Investment Corporation has been approved, pursuant to NGC Regulation 16.200, to acquire control of Alliance Gaming Corporation (f/k/a United Gaming, Inc.) and shall be deemed a controlling person of Alliance Gaming Corporation.

37. THAT Kirkland-Ft. Worth Investment Partners, L.P. is found suitable, pursuant to NRS 463.643(4), to beneficially own more than 10% of the common stock of Alliance Gaming Corporation.

38. THAT the administrative approval of the Chairman of the Board, or his designee, shall be received before any change in the ownership or operational structure of Kirkland-Ft. Worth Investment Partners, L.P. or Kirkland Investment Corporation shall be effective.

39. No limited partner of Kirkland Investors, L.P. shall have any involvement in the management of Kirkland-Ft. Worth Investment Partners, L.P., or Kirkland Investment Corporation related to Alliance Gaming Corporation, or its subsidiaries, without the prior approval of the Chairman of the Board or a finding of suitability by the Commission, as appropriate.

40. THAT Alliance Gaming Corporation's amended Gaming Compliance Program Plan has been submitted to the Chairman of the Board for administrative review and approval. Alliance Gaming Corporation shall maintain a compliance committee for the purpose of, at a minimum, performing due diligence, determining the suitability of relationships with other entities and individuals, and to review and ensure compliance by Alliance Gaming Corporation, its subsidiaries and any affiliated entities, with the Nevada Gaming Control Act ("the Act"), as amended, the Commission's Regulations, as amended (the "Regulations"), and the laws and regulations of any other jurisdictions in which Alliance Gaming Corporation, its subsidiaries and any affiliated entities operate. The compliance committee plan, any amendments thereto, and the members, one such member which shall be independent, shall be administratively reviewed

and approved by the Chairman of the Board, or his designee. Furthermore, upon request of the Chairman of the Board, or his designee, Alliance Gaming Corporation shall amend the compliance committee plan, or any element thereof, and perform such duties as may be assigned by the Chairman of Board, or his designee related to a review of activities relevant to the continuing qualification of Alliance Gaming Corporation, under the provisions of the Act and Regulations.

41. THAT Alliance Gaming Corporation shall fund and maintain with the Board a revolving fund in the amount of \$10,000 for the purpose of funding investigative reviews by the Board for compliance with the terms of this Order of Registration. Without limiting the foregoing, the Board shall have the right, without notice, to draw upon the funds of said account for the payment of costs and expenses incurred by the Board and its staff in the surveillance, monitoring and investigative review of all activities of alliance Gaming Corporation, Alliance Holding Company, BGII, Bally Gaming, Inc., United Coin machine Co., APT Games, Inc., Mizpah Investments, Inc., Plantation Investments, Inc., APT Coin machines, Inc., Casino Electronics, Inc., WCAL, Inc., FCJI, Inc. and their affiliated entities, and Kirkland-Ft. Worth Investment partners, L.P., Kirkland Investment Corporation and their affiliated entities.

42. THAT pursuant to NRS 463.625, Alliance Gaming Corporation is exempted from compliance with subsections 1, 2, 6, and 7 of NRS 463.585, and NRS 463.595 through NRS 463.615, inclusive, and shall instead comply with NRS 463.635 through 463.645, inclusive.

43. THAT Alliance Gaming Corporation is exempted from NGC Regulation 15, except for the provisions of NGC Regulations 15.585.3-1, 15.585.3-2 and 15.585.4-1, and shall instead comply with NGC Regulation 16.

44. THAT the Commission hereby expressly finds that the exemptions granted hereinabove are consistent with the State policy set forth in NRS 463.0129 and NRS 463.489.

ENTERED at Las Vegas, Nevada, this 20th day of November 1997.