

BEFORE THE NEVADA GAMING COMMISSION
AND THE STATE GAMING CONTROL BOARD

In the Matter of

JACKPOT ENTERPRISES, INC.

(Registration)

THIRD REVISED ORDER OF REGISTRATION

THIS MATTER came on regularly for hearing before the State Gaming Control Board on January 16, 1991, at Carson City, Nevada, and before the Nevada Gaming Commission on January 30, 1991, 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, are hereby accepted as filed:
 - a. The application of Jackpot City, Inc., dba The Nugget, for approval to add a live "21" game; and
 - b. The application of Jackpot Enterprises, Inc., for an amendment to its Revised Order of Registration.
2. THAT the Second Revised Order of Registration of Jackpot Enterprises, Inc., dated June 21, 1990, and the First, Second, and Third Amendments thereto

dated June 21, 1990, September 27, 1990, and November 21, 1990, respectively, are hereby consolidated into and updated by this Third Revised Order of Registration.

3. THAT Jackpot Enterprises, Inc. is registered as a publicly traded corporation and found suitable to be the sole shareholder of Cardivan Company, Corral United, Inc., Corral Coin, Inc., Jackpot Gaming, Inc., and J.J. Parker Co.

4. THAT Cardivan Company is licensed as a slot route operator, a manufacturer and distributor, and that Cardivan Company, dba Cardivan Company at the Las Vegas Inn, is licensed to conduct nonrestricted gaming operations (slot machines only) at 1501 West Sahara Avenue, Las Vegas.

5. THAT Corral United, Inc., dba Corral United, is licensed as a slot route operator.

6. THAT Corral Coin, Inc., dba Corral Coin, is licensed as a slot route operator.

7. THAT J.J. Parker Co. is licensed as a manufacturer and distributor, and as an operator of a slot machine route.

8. THAT Jackpot Gaming, Inc. is registered as an intermediary company and found suitable as the sole shareholder of Jackpot Owl, Inc. and as a shareholder of 500 shares of common stock of Jackpot City, Inc.

9. THAT Jackpot City, Inc., dba The Nugget, is licensed to conduct nonrestricted gaming operations at 231-233 North Virginia Street, Reno.

10. THAT Jackpot Owl, Inc., dba The Owl Club, is licensed to conduct nonrestricted gaming operations at 72 East Front Street, Battle Mountain.

11. THAT pursuant to NRS 463.625(2), Jackpot Enterprises, Inc. is exempted from compliance with NRS 463.585 (1), (2), (6) and (7), and NRS 463.595 through NRS 463.615, inclusive, and shall instead comply with NRS 463.635 through

NRS 463.645, inclusive.

12. THAT Jackpot Enterprises, Inc. is exempted from NGC Reg. 15, except for the provisions of NGC Regs. 15.585.3-1, 15.585.3-2 and 15.585.4-1, and shall instead comply with NGC Reg. 16.

13. THAT except as provided by NRS 463.690(2), neither Jackpot Enterprises, Inc., nor any person controlling, controlled by, or under common control with Jackpot Enterprises, Inc., shall have any involvement with gaming or pari-mutuel wagering outside the State of Nevada without first obtaining the approval of the Nevada Gaming Commission.

14. THAT all voting securities of Jackpot Enterprises, Inc. shall bear a statement which shall be substantially as follows:

"Beneficial owners of the Common Stock issued by this Corporation are subject to the regulatory provisions of the Nevada Gaming Control Act (Nevada Revised Statutes, Ch. 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 the securities evidenced by this certificate to be unsuitable to hold such securities, they must be disposed of by such beneficial owner. The laws and gaming regulations of the State of Nevada restrict the rights of a beneficial owner of such securities under certain circumstances (a) to receive any dividend upon such securities or (b) to exercise directly or indirectly any voting rights conferred by such securities or (c) to receive any remuneration in any form from this Corporation for services rendered or otherwise."

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

16. THAT except for public offerings subject to NGC Reg. 16.110, any offer for the sale of any equity security, as defined by NRS 463.484, by any affiliated company of Jackpot Gaming, Inc., Corral Coin, Inc., Cardivan Company, or Corral United, Inc., shall not become effective without the prior approval of the State Gaming Control Board. Such approval is deemed to be granted if an application for the same has been filed with the Board for 30 days and the Board has not ordered an acceleration or extension of time, or issued a stop order during such period.

17. THE COMMISSION hereby delegates to the Chairman of the State Gaming Control Board the authority to issue interlocutory stop orders for good cause pertaining to any equity security subject to this Third Revised Order of Registration. Any stop order so issued may be reviewed by the Commission.

18. THAT Jackpot Enterprises, Inc. shall maintain a Compliance Committee for the purpose of performing due diligence in future acquisitions of gaming locations, and determining the suitability of relationships with other business entities and individuals, including but not limited to key employees, officers and directors of the corporation; and further, to review all operations areas of it and its subsidiaries for compliance with Nevada Gaming Commission Regulations and Chapter 463 of the Nevada Revised Statutes. The Compliance Committee shall conduct its affairs in accordance with the plan for such committee submitted to the Board on August 7, 1986.

19. THE COMMISSION hereby delegates to the Chairman of the State Gaming Control Board the authority to require and administratively approve amendments to the Compliance Committee plan and to the composition and duties of the Compliance Committee.

20. THAT Jackpot Enterprises, Inc. shall fund and maintain with the State Gaming Control 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 Third Revised Order of Registration, as amended. 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 reviews of all activities, including public offerings, of Jackpot Enterprises, Inc., Jackpot Gaming, Inc., Cardivan Company, Corral United, Inc., Corral Coin, Inc., Jackpot City, Inc., Jackpot Owl, Inc., and J.J. Parker Co., and their affiliated companies, which relate to any of the terms of this Third Revised Order of Registration, as amended.

21. THAT Jackpot Enterprises, Inc. and Jackpot Gaming, Inc. are granted approval to participate in gaming operations at the Nugget and the Lucky Miner in Deadwood, South Dakota, while continuing their gaming operations in the State of Nevada through their affiliated companies.

22. THAT the approval granted in paragraph 21 above is specifically conditioned as follows:

a. That the foreign gaming affiliates of Jackpot Enterprises, Inc. and Jackpot Gaming, Inc. ("Jackpot") shall timely receive all licenses and approvals from the South Dakota Commission on Gaming ("SDCG") necessary to participate in gaming operations at the Nugget and the Lucky Miner in Deadwood, South Dakota.

b. That Jackpot shall file with the Board copies of annual audited financial statements of its foreign gaming operations and a report by an independent, public accounting firm of its foreign gaming operations compliance

with the system of internal controls within 120 days after its fiscal year end.

c. That the following information shall be reported in writing to the Board by Jackpot within 30 days after the end of each quarter regarding the occurrence or absence of the following:

(1) Any changes in ownership or control of any interest in the subject foreign gaming operations;

(2) Any changes in Jackpot's foreign affiliates' officers, directors, or key personnel earning \$25,000 or more annually, or its equivalent;

(3) All gaming related complaints, disputes, orders to show cause, and disciplinary actions instituted by the State of South Dakota, involving Jackpot and its foreign affiliates, and any officer, director or key personnel thereof. This must include, but not be limited to, all matters, contested or not, in which the SDCG presides or is a party thereto;

(4) All arrests made of employees of the foreign affiliates of Jackpot involving gaming cheating or theft in the State of South Dakota. The report must include the name, position, charge, arresting agency, and a brief description of the event;

(5) All arrests or convictions of officers, directors, key employees, and equity owners of Jackpot's foreign affiliates in the State of South Dakota, regarding offenses which would constitute a gross misdemeanor or felony in the State of Nevada. The report must include the name, position, charge, arresting agency, and a brief description of the event; and

(6) Any additional financial commitments, infusion of capital or guarantees, including the details thereof, made by Jackpot or its affiliates in connection with the operations of the Nugget and the Lucky Miner in Deadwood,

South Dakota.

d. That the approval granted relates solely to the approval which was voluntarily sought and received and does not involve any exercise of Nevada regulatory jurisdiction over the entity pertaining to these operations and activities. Jackpot shall ensure that no representation shall be made by Jackpot Gaming, Inc. and its affiliates, directly or indirectly, that the operations are within the regulatory control of the State of Nevada or any agency thereof.

e. That Jackpot shall engage the services of an independent public accounting firm of good standing and reputation to perform a certified audit (or reasonable equivalent) of its foreign gaming operations for the purpose of rendering an opinion.

f. That Jackpot shall submit to the Board a copy of the prescribed system of accounting and internal controls, and any changes thereto, which are identical to those provided to the SDCG for the Nugget and the Lucky Miner in Deadwood, South Dakota.

g. That Jackpot shall simultaneously provide the Board with a copy of all audited or reviewed annual financial statements for, and any other financial reports requested from, Jackpot Gaming, Inc. and its affiliates which are submitted to the SDCG.

h. That Jackpot shall maintain its world gaming headquarters in Nevada and shall maintain at such offices those detailed financial records maintained in the ordinary course of accounting for its investment in the Nugget and the Lucky Miner in Deadwood, South Dakota. In addition, Jackpot shall also maintain at such offices in Nevada records of ownership pertaining to Jackpot's investment in the Nugget and the Lucky Miner in Deadwood, South Dakota.

Specifically, copies of the following documents related to Jackpot Gaming, Inc. and its affiliates shall be maintained:

- (1) Certified copy of the articles of incorporation and any amendments;
- (2) Bylaws and any amendments;
- (3) A list of current and former officers and directors and any changes;
- (4) Minutes of all meetings of stockholders and directors;
- (5) A listing of each stockholder's name, address, number of shares held and date shares were acquired;
- (6) A record of all transfers of the stock of Jackpot Gaming, Inc. and its affiliates; and
- (7) A record of all amounts paid to Jackpot Gaming, Inc. or its affiliates for issuance of stock and other capital contributions.

Such records of accounting and ownership must be retained by Jackpot within Nevada for at least five (5) years after they are made and must be made available for inspection to agents of the Board immediately upon request.

i. That Jackpot shall provide to the Board access to all files, books, records, photographs, and memoranda related to its foreign gaming operations, and provide copies of said documents when requested, and provide immediate access to all gaming-related areas to Board employees or agents upon request.

j. The Board may, in its sole discretion and at Jackpot's expense, conduct other on site inspections of its foreign gaming operations.

and its affiliates, directly or indirectly, that the operations are within the regulatory control of the State of Nevada or any agency thereof.

ENTERED at Las Vegas, Nevada, this 30th day of January, 1991.

FOR THE COMMISSION:



John F. O'Reilly, Chairman

Submitted by:


P. Gregory Giordano, Chief
Corporate Securities Division

APPROVED AS TO FORM:

FRANKIE SUE DEL PAPA
ATTORNEY GENERAL

By 
Gloria Stendardi
Deputy Attorney General
Gaming Division