

BEFORE THE NEVADA GAMING COMMISSION
AND THE STATE GAMING CONTROL BOARD

In the Matter of

LAS VEGAS GAMING, INC.

(Modification of a periodic payment plan and related conditions)

ORDER

THIS MATTER came on regularly for hearing before the State Gaming Control Board ("Board") on June 7, 2006, and before the Nevada Gaming Commission ("Commission") on June 22, 2006, at Carson City, 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 application, as amended and supplemented, has been filed:
 - a. The application of Las Vegas Gaming, Inc. for a modification of a periodic payment plan, pursuant to NGC Regulation 5.115(3)(d).
2. THAT Las Vegas Gaming, Inc. is granted approval of a periodic payment plan, pursuant to NGC Regulation 5.115(3)(d), subject to the following conditions or limitations:
 - a. Either Las Vegas Gaming, Inc., or another entity licensed or found suitable by the Nevada Gaming Commission, must maintain sufficient reserves in restricted accounts as calculated pursuant to Regulation 5.115(2)(m) and reconciled on at least a monthly basis, provided however, that administrative approval by the Chairman of the Board or his designee shall be required prior to Las Vegas Gaming, Inc. utilizing another licensee or registered company to satisfy such reserves.

b. Either Las Vegas Gaming, Inc. or a subsidiary licensee identified to the Board must satisfy the following financial requirements at all times:

1. A current ratio of not less than 2 to 1. "Current ratio" is defined as current assets divided by current liabilities.

or

Working Capital, defined as current assets minus current liabilities, in excess of the greater of:

- a. \$50 million, or;
- b. an amount equal to the total current liabilities for all wide area progressive jackpot systems reported on the balance sheet as calculated under NGC Regulation 5.115(9)(a) and (b).

and

2. An interest coverage ratio of not less than 3 to 1. "Interest coverage ratio" is defined as earnings before interest and taxes (i.e., operating income), plus depreciation and amortization, divided by interest expense.

or

A debt to EBITDA ratio of not more than 4.75 to 1. "Debt to EBITDA" is defined as total debt (current and long-term debt plus capitalized leases) divided by earnings before interest and taxes (i.e. operating income) plus depreciation and amortization. For purposes of this calculation, EBITDA shall be computed for a rolling twelve month period.

3. THAT Las Vegas Gaming, Inc. shall at all times comply with the following monitoring and reporting requirements:

a. Las Vegas Gaming, Inc. must send written notification to the Chairman identifying which of its gaming or promotional activities using periodic payments will be funded using the reserve method. Such notification shall be submitted by the chief financial officer, or equivalent thereof, at least 45 days prior to the commencement of such activity. The funding method shall be deemed approved unless Las Vegas Gaming, Inc. is otherwise informed in writing by the Chairman upon the expiration of such time. Once the activity is approved, Las Vegas Gaming, Inc. need not resubmit such notification for continuing gaming or promotional activity where a prize has been awarded and such activity is immediately begun

again or continuously operated. Las Vegas Gaming, Inc. must also send written notification to the Chairman identifying the single entity that will meet the ratio or working capital requirements (parent holding company or licensee) and must submit to the Chairman written notification of any change thereto at least 45 days prior to the end of the quarter or year end, as appropriate. The Chairman may, for any cause deemed reasonable, require the ratios to be met by either Las Vegas Gaming, Inc. or a subsidiary licensee.

- b. Within 10 days of funding the periodic payments for prizes won or awarded and where U.S. Treasury securities are used as the approved funding source, Las Vegas Gaming, Inc. shall submit written notification to the Chairman that identifies the name(s) of the financial institution or brokerage firm which were selected to maintain the securities. Such securities shall not be released or redeemed by the financial institution or brokerage firm, except at maturity, without the prior written approval of the Chairman. In addition, prior to maturity, such securities shall not be sold, assigned, transferred, pledged, hypothecated, or disposed of in any manner without the prior written approval of the Chairman. Executed agreements between Las Vegas Gaming, Inc. and such entities setting forth these restrictions must be provided to the Chairman in conjunction with the notification discussed herein. Amendments to such agreements must be approved in the same manner.
- c. To demonstrate compliance with the financial requirements, the ratios and working capital figures for both Las Vegas Gaming, Inc. and any subsidiary licensee identified to meet the financial requirements, including copies of the appropriate financial statements, shall be provided to the Board for the quarter or fiscal year, as appropriate.
- d. Las Vegas Gaming, Inc. must engage at its sole expense an independent certified public accountant ("accountant") licensed in the State of Nevada to examine on a fiscal year basis, and Las Vegas Gaming, Inc.'s chief financial officer or equivalent thereof must examine on a fiscal quarter basis, the pertinent records and information relating to the aforementioned financial requirements and compliance for each such fiscal year or quarter, respectively.
- e. Las Vegas Gaming, Inc. must make available to the accountant all books, records and information which may be necessary to enable him to make the determinations specified in letter (d) above. The accountant and chief financial officer shall report and certify to the Chairman in writing, in a format acceptable to the Chairman, their findings with regard to each respective period under review. The reports and certifications by the accountant and chief financial

officer must be submitted to the Chairman no later than 90 days after the end of Las Vegas Gaming, Inc.'s fiscal year and 30 days after the end of the quarter, respectively. Such reports must demonstrate Las Vegas Gaming, Inc.'s (or a subsidiary licensee) compliance with the financial requirements of this letter and identify the names of the independent financial institutions or brokerage firms responsible for maintaining the funds or securities, and/or remitting payments to patrons along with the amount of the approved funding sources held by such entities.

- f. If the accountant or chief financial officer reports and certifies to the Chairman that Las Vegas Gaming, Inc. (or a subsidiary licensee) was not in full compliance with all of the aforementioned financial and reporting requirements for the period under review, the Chairman may require Las Vegas Gaming, Inc. to obtain a 1 year letter of credit. The letter of credit shall be in the name of the Gaming Control Board for an amount sufficient to fund the present value of the then outstanding obligations to be paid to patrons of the affected Nevada gaming or promotional activity, including progressive systems, of Las Vegas Gaming, Inc., and to fund any payments due upon validation of prizes on public display. The Chairman may also impose additional monitoring or reporting requirements.

If by the end of the quarter preceding the expiration date of the letter of credit Las Vegas Gaming, Inc. continues to be in a state of noncompliance and has not provided documentation satisfactory to the Chairman conclusively demonstrating that the letter of credit shall be renewed or replaced or has filed an application for and received a waiver thereof from the Commission, the Chairman may require draw down(s) on the letter of credit and distribute to any such unpaid patrons, cash equal to the present value of such unpaid prizes.

- g. If the letter of credit described in letter (f) above is not obtained within 15 days after the Chairman directs Las Vegas Gaming, Inc. to obtain such letter and an administrative extension has not been granted by the Chairman, Las Vegas Gaming, Inc. shall immediately notify the Chairman in writing of such circumstances. Such notification shall also include a written plan that addresses Las Vegas Gaming, Inc.'s arrangements to make payments to unpaid patrons in amounts equal to the present value of any unpaid Nevada obligations. Pursuant to Regulation 5.115(14), the Chairman may also require that Las Vegas Gaming, Inc. immediately cease offering any Nevada gaming or promotional activity, including any of its progressive systems, for which periodic payments are utilized.
- h. Las Vegas Gaming, Inc.'s chief financial officer must immediately

notify the Chairman of any nonpayment of a periodic payment to a winning patron through any Nevada gaming or promotional activity, or any event or circumstance which may cause Las Vegas Gaming, Inc. to not be able to fulfill, or which may otherwise impair its ability to satisfy, its payment obligations to any such unpaid patrons. Upon such notification, the Chairman may invoke or take any additional remedies or corrective action pursuant to Regulation 5.115(15).

ENTERED at Carson City, Nevada, this 22nd day of June 2006.