

File No. SD-065

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BEFORE THE NEVADA GAMING COMMISSION
AND THE STATE GAMING CONTROL BOARD

In the Matter of

SOUTHMARK CORPORATION
and
AMERICAN REALTY TRUST

(Registration)

AMENDMENT NO. 2 TO ORDER OF REGISTRATION

THIS MATTER came on regularly for hearing before the State Gaming Control Board on October 1, 1987, and before the Nevada Gaming Commission on October 15, 1987 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 application of Southmark Corporation, as amended and supplemented, for approval to participate in foreign gaming in San Juan, Puerto Rico, is hereby accepted as filed.

2) THAT paragraph 6 of Amendment No. 1 to the Southmark Corporation Order of Registration is rescinded and the following is substituted in lieu

thereof:

"That commencing on November 20, 1987, Southmark Corporation is granted approval to share in gaming revenues at Circus Circus Casinos, Inc. dba Silver City Casino through Novus Nevada, Inc., while participating in gaming activities in Atlantic City, New Jersey, through its equity interest in Pratt Hotel Corporation; and while participating in gaming activities at the Sands Hotel and Casino in San Juan, Puerto Rico, both through its equity interest in Pratt Hotel Corporation and through its affiliate, Southmark San Juan, Inc."

3) THAT the above approval relating to gaming activities in Puerto Rico is hereby conditioned as follows:

a) Southmark Corporation shall engage the services of an independent certified public accounting firm of good standing and reputation to perform an annual audit of Southmark San Juan, Inc. for the purpose of rendering an opinion;

b) Internal audit reviews of the gaming operations of the Sands Hotel and Casino in San Juan, Puerto Rico, must be conducted no less often than once every calendar quarter by the Internal Audit Department of the Sands' Atlantic City, New Jersey, affiliate; and

c) Southmark Corporation, through Southmark San Juan, Inc. shall provide access to, and copies of, any information related to the foreign operation as may be requested by the Board or its staff, and is further subject to the reporting requirements as set forth in Exhibit A, which is attached to this Order and incorporated by reference herein.

4) THAT the Board and its staff may use the existing Southmark