As filed with the Securities and Exchange Commission on October 27, 2006

Registration No. 333-136341

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2
to
FORM SB-2
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

Full House Resorts, Inc.
(Name of Small Business Issuer as Specified in Its Charter)

Delaware	7990	13-3391527
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

4670 S. Fort Apache Road
Suite 190
Las Vegas, Nevada 89147
(702) 221-7800
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Andre M. Hilliou
Chief Executive Officer
4670 S. Fort Apache Road
Suite 190
Las Vegas, Nevada 89197
(702) 221-7800
(Name, Address Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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Approximate Date of Proposed Sale to Public: As soon as practicable after the effective date of the Registration Statement.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ☐

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

Subject to Completion, dated October 26, 2006

PROSPECTUS

6,900,000 Shares

FULL HOUSE RESORTS, INC.

Common Stock

We are offering 6,000,000 shares of our common stock.

Our common stock is traded on the American Stock Exchange, or AMEX, under the symbol "FLL." The last reported sale price of our common stock on AMEX on October 24, 2006 was $3.25 per share. We currently expect the price per share in the offering to be between $3.25 and $3.50.

Investing in our common stock involves risks. See " Risk Factors" beginning on page 6 of this prospectus to read about certain risks that you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission, any state securities commission, any state gaming commission nor any other gaming authority has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Offering

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$

The underwriter may also purchase up to an additional shares of our common stock from us at the public offering price less underwriting discounts and commissions within 30 days of the date of this prospectus.

The underwriter is offering the shares of our common stock as described in "Underwriting" of this prospectus. Delivery of the shares will be made on or about , 2006.

STERNE, AGEE & LEACH, INC.

The date of this prospectus is , 2006

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As used in this prospectus, the terms "we," "us," "our," and "Full House" refer to Full House Resorts, Inc. and its subsidiaries, unless the context indicates a different meaning.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

Except as otherwise indicated, all information in this prospectus assumes no exercise of the underwriter's over-allotment option.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all the information that you should consider before investing in our common stock. You should read this entire prospectus carefully, including "Risk Factors" and our consolidated financial statements and related notes.

Our Company

We develop, manage and invest in gaming related opportunities. In May 1994, Lee Iacocca, who has been one of our directors since 1998, brought to us several opportunities to become involved in gaming projects, including the proposed Firekeeper's Casino near Battle Creek, Michigan with the Nottawaseppi Huron Band of Potawatomi, which we refer to in this prospectus as the Michigan tribe, and a "racino" in Harrington, Delaware. As a result of these opportunities, we are currently a 50% investor in Gaming Entertainment (Delaware), LLC, a joint venture with Harrington Raceway, Inc. that manages Midway Slots and Simulcast at the Delaware State Fairgrounds in Harrington, Delaware. Midway Slots has approximately 1,580 gaming devices, a 450-seat buffet, a 50-seat diner, a gourmet steakhouse and an entertainment lounge area. In addition, through our 50%-owned Michigan joint venture, Gaming Entertainment (Michigan), LLC, we and RAM Entertainment, LLC, a privately held investment company, have an agreement to develop and manage the Firekeeper's Casino near Battle Creek, Michigan for the Michigan tribe.

We also have agreements with the Nambé Pueblo of New Mexico and the Northern Cheyenne Tribe of Montana for the development and management of gaming facilities in New Mexico and Montana, respectively. We have been selected by the Manuelito Chapter of the Navajo Nation to develop and manage gaming facilities near Gallup, New Mexico and have been in discussions with other chapters of the Navajo Nation regarding similar gaming ventures.

On April 6, 2006, we entered into a stock purchase agreement with James R. Peters, Trustee of the James R. Peters Family Trust, under which we intend to acquire all of the outstanding shares of capital stock of Stockman's Casino, Inc., which operates Stockman's Casino and Holiday Inn Express in Fallon, Nevada, for $25.5 million. The purchase price is subject to increase if the operation exceeds certain financial targets during the 12 months prior to closing of the transaction. We expect the closing of the transaction to occur in the first quarter of 2007, subject to the receipt of all regulatory approvals. We expect to use a portion of the net proceeds from this offering, cash on hand and approximately $16 million in debt financing to complete the acquisition.

Strategy

We are involved in the development, management and operation of both Indian and commercial casino gaming ventures. We pursue those Indian gaming ventures:

- where the tribe is federally recognized;
- where the tribe has land in trust or which is otherwise suitable for gaming under federal law;
- where the tribe has a compact with the state in which the proposed site is located to conduct Class III gaming, as defined by federal law;
- where the tribe is stable in its governance;
- which can be developed within the financial and other resources that we can provide; and
- which are anticipated to provide sufficient income to us to support the development commitment.

We also seek acquisition of commercial gaming opportunities which are within the financial and other resources that we can extend to the venture and which are underperforming or priced to permit acceptable returns on our investment.

Our Offices

Our executive offices are located at 4670 S. Fort Apache Road, Suite 190, Las Vegas, Nevada 89147, and our telephone number is (702) 221-7800. Our website is located at ***www.fullhouseresorts.com***. The information contained on our website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

The Offering

Common stock offered by us	6,000,000 shares
Over-allotment option	900,000 shares
Common stock outstanding immediately prior to this offering	11,008,380 shares[(1)]
Common stock to be outstanding after this offering	17,708,380 shares[(1)] (or 18,608,380 shares if the underwriter exercises the over-allotment option in full)
Use of proceeds	We estimate that our net proceeds from this offering will be approximately $18,766,000 after payment of underwriting discounts, commissions and our estimated offering expense (or $21,655,900 if the underwriter exercises the over-allotment in full). We intend to use the net proceeds from this offering to fund a portion of the acquisition of all of the outstanding shares of capital stock of Stockman's Casino, Inc., to pay accrued dividends on our Series 1992-1 Preferred Stock, to fund a portion of the development costs for the Michigan, New Mexico and Montana gaming facilities, and future casino projects and for general corporate purposes.
Risk Factors	See "Risk Factors" beginning on page 6, and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
AMEX Symbol	FLL

(1) Excludes up to 132,000 shares available for issuance under our incentive compensation plan and 325,000 shares issuable upon exercise of outstanding options.

Summary Historical and Pro Forma Consolidated Financial Data

The following tables set forth:

- selected consolidated financial data for the years ended December 31, 2005 and 2004, as derived from our audited consolidated financial statements included elsewhere in this prospectus;
- selected consolidated financial data for the six-month periods ended June 30, 2006 and 2005, as derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus;
- selected consolidated financial data as of June 30, 2006 and as of December 31, 2005 and 2004, as derived from our unaudited and audited consolidated financial statements, respectively, included elsewhere in this prospectus;
- selected consolidated pro forma financial data for the year ended December 31, 2005 and for the six-month period ended June 30, 2006, reflecting pro forma adjustments for the following as if each had occurred on January 1, 2005:
    - the sale of 6,000,000 shares in this offering at an assumed public offering price of $3.38 per share (based on the midpoint of the expected price range),
    - the application of the estimated net proceeds of $18,766,000 of this offering,
    - the conversion of 700,000 shares of our outstanding preferred stock into common stock following payment of accrued but unpaid dividends of $2,940,000 from the net proceeds of this offering,
    - the Stockman's Casino acquisition for a purchase price of approximately $25.5 million, and
    - our proposed debt financing of approximately $16 million in connection with the Stockman's Casino acquisition; and
- selected consolidated pro forma financial data as of June 30, 2006, reflecting pro forma adjustments for the following as if each had occurred on June 30, 2006:
    - the sale of 6,000,000 shares in this offering at an assumed public offering price of $3.38 per share (based on the midpoint of the expected price range),
    - the application of the estimated net proceeds of $18,766,000 of this offering,
    - the conversion of 700,000 shares of our outstanding preferred stock into common stock following payment of accrued but unpaid dividends of $2,940,000 from the net proceeds of this offering,
    - the Stockman's Casino acquisition for a purchase price of approximately $25.5 million, and
    - our proposed debt financing of approximately $16 million expected to be incurred in connection with the Stockman's Casino acquisition.

Data from interim periods are not necessarily indicative of the results to be expected for a full year. You should read this information in conjunction with our consolidated financial statements, including the related notes, "Capitalization" and "Management's Discussion and Analysis or Plan of Operation" included elsewhere in this prospectus.

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Statement of Income Data:

	Six Months Ended June 30, (Unaudited)			Year Ended December 31,		
	Pro Forma 2006	2006	2005	Pro Forma 2005 (Unaudited)	2005	2004 (As previously restated)
Revenue						
Casino	$ 3,864,411	$ —	$ —	$ 7,450,655	$ —	$ —
Food and beverage	971,973	—	—	1,980,096	—	—
Hotel	902,079	—	—	1,826,213	—	—
	5,738,463	—	—	11,256,964	—	—
Equity in net income of unconsolidated joint venture	1,994,591	1,994,591	1,888,554	3,700,916	3,700,916	3,586,160
Operating costs and expenses						
Project development costs	432,024	432,024	764,172	1,234,571	1,234,571	777,502
Casino, food and beverage and hotel	2,880,449	—	—	6,287,673	—	—
Selling, general and administrative	2,470,202	1,696,183	999,906	2,992,920	2,342,260	1,652,545
Depreciation and amortization	481,176	37,539	48,376	962,312	76,960	102,256
	6,263,851	2,165,746	1,812,454	11,477,476	3,653,791	2,532,303
Unrealized gains on notes receivable	717,749	717,749	25,577	119,274	119,274	518,133
Arbitration award, net	—	—	848,393	922,611	922,611	—
Income from operations	2,186,952	546,594	950,070	4,522,289	1,089,010	1,571,990
Other income (expense)	(626,665)	(44,172)	(49,385)	(1,135,448)	(86,780)	(97,421)
Income before non-controlling interest in net loss of consolidated joint venture and income taxes	1,560,287	502,422	905,685	3,386,841	1,002,230	1,474,569
Non-controlling interest in net loss of consolidated joint venture	18,049	18,049	457,143	630,788	630,788	—
Income before income taxes	1,578,336	520,471	1,362,828	4,017,629	1,633,018	1,474,569
Income taxes	(443,140)	(83,466)	(557,776)	(1,604,448)	(793,680)	(697,555)
Net income	1,135,196	437,005	805,052	2,413,181	839,338	777,014
Less undeclared dividends on cumulative preferred stock	—	(105,000)	(105,000)	—	(210,000)	(210,000)
Net income applicable to common shares	$ 1,135,196	$ 332,005	$ 700,052	$ 2,413,181	$ 629,338	$ 567,014
Net income per common share						
Basic	$ 0.07	$ 0.03	$ 0.07	$ 0.14	$ 0.06	$ 0.05
Diluted	$ 0.06	$ 0.03	$ 0.06	$ 0.14	$ 0.06	$ 0.05
Weighted-average number of common shares outstanding						
Basic	17,151,098	10,451,098	10,340,380	17,040,380	10,340,380	10,340,380
Diluted	17,879,336	11,179,336	11,131,289	17,740,380	11,040,380	11,040,380

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Balance Sheet Data:

	June 30,		December 31,	
	Pro Forma 2006	2006	2005	2004
	(Unaudited)			(As previously restated)
Assets				
Current assets	$ 8,282,720	$ 1,115,811	$ 3,394,080	$ 2,641,803
Other assets	41,380,605	16,260,605	13,544,187	12,358,602
	$ 49,663,325	$ 17,376,416	$ 16,938,267	$ 15,000,405

	June 30,		December 31,	
	Pro Forma 2006	2006	2005	2004
	(Unaudited)			(As previously restated)
Liabilities and stockholders' equity				
Current liabilities	$ 694,822	$ 233,913	$ 820,960	$ 436,002
Long-term liabilities	19,061,590	3,061,590	3,016,717	2,472,363
Non-controlling interest in consolidated joint venture	2,080,579	2,080,579	2,098,628	1,929,416
Stockholders' equity	27,826,334	12,000,334	11,001,962	10,162,624
	$ 49,663,325	$ 17,376,416	$ 16,938,267	$ 15,000,405

RISK FACTORS

You should consider carefully the following risk factors and all other information contained herein in evaluating our company and our business. Our common stock involves a high degree of risk. If any of the following risks actually occur, our business, financial condition or operating results will suffer. Moreover, the price of our common stock could decline and you could lose all of your investment.

Risks Related to Our Business

Development of new casinos is subject to many risks, some of which we may not be able to control.

The opening of our proposed gaming facilities will depend on, among other things, obtaining adequate financing, the completion of construction, hiring and training of sufficient personnel and obtaining all regulatory licenses, permits, allocations and authorizations. The number of the approvals by federal and state regulators and other authorities needed to construct and open new gaming facilities is extensive, and any delay in obtaining or the failure to obtain these approvals could prevent or delay the completion of construction or opening of all or part of the gaming facilities or otherwise adversely affect the design and features of the proposed casinos.

Even if approvals and financing are obtained, building a new casino is a major construction project that entails significant risks. These risks include, but are not limited to:

- shortages of materials or skilled labor;
- unforeseen engineering, environmental and/or geological problems;
- work stoppages;
- weather interference;
- unanticipated cost increases; and
- unavailability of construction equipment.

Obtaining any of the requisite licenses, permits, allocations and authorizations from regulatory authorities could increase the total cost, delay or prevent the construction or opening of any of these planned casino developments or otherwise affect their design. In addition, once developed, we may be unable to manage these casinos on a profitable basis or to attract a sufficient number of guests, gaming customers and other visitors to make the various operations profitable independently.

We have a limited base of operations.

Our principal operations currently consist of the management of one facility in Delaware, Midway Slots. This single source of income, combined with the potentially significant investment associated with any new managed facilities, may cause our operating results to fluctuate significantly. Additionally, delays in the closing of our acquisition of Stockman's Casino or the opening of any future casinos or our failure to close the acquisition or open a new casino could also significantly adversely affect our profitability. Future growth in revenues and profits will depend on our ability to increase the number of our owned and managed casinos and facilities or develop new business opportunities. We may be unable to successfully acquire, develop or manage any additional casinos or facilities.

We will need additional capital to fund development projects and pursue additional gaming opportunities.

We expect to use approximately $10 million of the net proceeds from this offering, cash on hand and approximately $16 million in debt financing to complete the acquisition of Stockman's Casino. In addition, we are obligated to arrange for up to $50 million of financing in connection with the Nambé Pueblo project, and up to $18 million in financing in connection with the Northern Cheyenne Tribe project and additional financing for the Michigan tribe project, which is projected to be approximately $150 million. We may be unable to arrange

the required additional financing on acceptable terms or at all. An inability to raise funds when needed might require us to delay, scale back or eliminate some of our planned expansion and development goals, and might require us to cease operations entirely.

We have limited recourse against tribal assets.

Development of our gaming opportunities will require us to make, arrange or guarantee substantial loans to tribes for the construction, development, equipment and operations of the relevant casino. We also make advances to tribes in connection with our development and management agreements. Our only recourse for collection of indebtedness from, and repayment of advances to, a tribe or money damages for breach or wrongful termination of such agreements is from revenues, if any, from prospective casino operations. Under our management agreements, the repayment of our loans made to a tribe and other distributions due from a tribe (including management fees) is subordinated in favor of other obligations of the tribe to other parties related to the casino operations. Accordingly, in the event of a default by a tribe under such obligations, our loans and other claims against the tribe will not be repaid until such default has been cured or the tribe's senior casino-related creditors have been repaid in full. In addition, because we have not yet filed financing statements to perfect our security interest in the net revenues from the proposed casinos, the repayment of our loans and advances made to a tribe and other distributions due to us from a tribe may also be subordinated in favor of other creditors.

The Indian tribes have sovereign powers and we may be unable therefore to enforce remedies against them.

The tribes with which we have agreements are independent governments that have rights to tax persons and enterprises conducting business on their lands. They also have the right to require licenses and to impose other forms of regulation and regulatory fees on persons and businesses operating on their tribal lands. As a sovereign power, Indian tribes are generally subject only to federal regulation. States do not have the authority to regulate them, unless such authority has been specifically granted by the U.S. Congress. Thus, state laws generally do not apply to tribes or to activities taking place on tribal lands. In the absence of a conflicting federal or properly authorized state law, tribal law governs. Unless another law is specified, contracts with the tribes are governed by tribal law (and not state or federal law). In our agreements with these tribes, we generally have agreed that state law will govern the rights and obligations under these agreements. However, such provisions may be unenforceable particularly with respect to remedies against collateral located on tribal lands and they offer no protection against third-party claims against the collateral. If such provisions are determined to be unenforceable, then we may be unable to recover any amounts loaned or advanced to the tribes.

The waiver of sovereign immunity and jurisdiction provisions in our agreements may not be enforceable and thus we may be further limited in recourse with respect to Indian tribes and their assets.

Indian tribes enjoy sovereign immunity from unconsented suit similar to that of the states and the United States. In order to sue them (or one of their agencies or instrumentalities), the tribe must have clearly and explicitly waived its sovereign immunity with respect to the matter in dispute. The various Indian tribes that are parties to our management, development and related agreements have granted a limited waiver of their sovereign immunity only to the extent of providing for binding arbitration, judicial review, and enforcement of any arbitration award in any court of competent jurisdiction. In the event that the waiver of sovereign immunity is held to be ineffective, we could be precluded from judicially enforcing any rights or remedies against the tribes.

Assuming that the tribes have clearly and explicitly waived their sovereign immunity, the question remains as to the forum in which a lawsuit or other action can be brought against them, particularly with respect to the enforcement of any arbitration award generally provided for under our agreements with the tribes. Since the parties to a transaction cannot confer jurisdiction on a court which does not otherwise have jurisdiction, it is possible that neither a federal nor a state court would have jurisdiction over a case relating to them. Federal courts are courts of limited jurisdiction and generally do not have jurisdiction to hear civil cases relating to Indians. Federal courts may have jurisdiction if a federal question is raised by the suit, which is unlikely in a typical contract suit or other enforcement action. Diversity of citizenship, another common basis for federal court

jurisdiction, is not generally present in a suit against an Indian tribe because the tribe would not be considered a citizen of any state. Accordingly, in most commercial disputes with Indian tribes, the jurisdiction of the federal courts, which are courts of limited jurisdiction, may be difficult or impossible to obtain. State courts may also lack jurisdiction over suits brought by us against a tribe in the states in which we operate casinos.

The remedies available against the tribes also depend, at least in part, upon the rules of comity requiring initial exhaustion of remedies of tribal tribunals and, as to some judicial remedies, the tribe's consent to jurisdictional provisions contained in the disputed agreements. The U.S. Supreme Court has held that where a tribal court exists, the jurisdiction in that forum must first be exhausted before any dispute can be properly heard by federal courts which would otherwise have jurisdiction. Where a dispute as to the existence of jurisdiction in the tribal forum exists, the tribal court must first rule as to the limits of its own jurisdiction. In this event, we could be subjected to substantial delay, cost and expense while seeking such remedies pursuant to the relevant tribe's procedures of which currently there may be none and they are not obligated to create any. In addition, unless the decisions of the tribunals of the specific tribe violate applicable state or federal law, there might be no effective right to appeal such decisions in state or federal court. Many tribes have established tribal courts to hear cases relating to their tribes or arising on their reservations. Although a tribe's constitution may permit the establishment of a tribal court system, they may not have one nor are they obligated to establish one.

The tribes with which we have agreements have agreed to binding arbitration with respect to disputes arising from our agreements with them and have consented to the enforcement of any arbitration award in any court of competent jurisdiction which, as described above, may be a tribal court, pursuant to a limited waiver of their sovereign immunity. However, enforcement of an arbitration award against the tribes could be affected by disputes over the waiver of their sovereign immunity and will be subject to limitations imposed by federal law as described above.

We are dependent on our key employees and may not find suitable replacements if our key personnel are no longer available to us.

We currently have only nine employees. If any or all of our key employees, particularly Andre Hilliou, Wesley Elam and James Dacey, were to terminate their relationship with us, then we may be unable to find suitable replacements to manage our operations. We do not have employment agreements with any of our employees and we do not maintain key-man life insurance with respect to any of our employees. We also have a consulting agreement with Lee Iacocca, one of our directors. However, if we were to lose the services of Mr. Iacocca, our marketing and development efforts may be adversely affected. The loss of the services of any of our key personnel or our inability to hire or retain qualified personnel would make it difficult for us to implement our business plan.

The gaming industry is subject to many risks, including adverse economic and political conditions and changes in the legislative and land use regulatory climate.

Similar to investment in other entertainment enterprises, adverse changes in general and local economic conditions may adversely impact investments in the gaming industry. Examples of economic conditions subject to change include, among others:

- competition in the form of other gaming facilities and entertainment opportunities;
- changes in regional and local population and disposable income;
- unanticipated increases in operating costs;
- restrictive changes in zoning and similar land use laws and regulations, or in health, safety and environmental laws, rules and regulations;
- risks inherent in owning, financing and developing real estate as part of our casino operations;
- the inability to secure property and liability insurance to fully protect against all losses, or to obtain such insurance at reasonable costs;
- inability to hire trained and knowledgeable managers and supervisors;

- inability to hire a sufficient number of employees to maintain our desired level of operations;
- seasonality;
- changes or cancellations in local tourist, recreational or cultural events; and
- changes in travel patterns or preferences (which may be affected by increases in gasoline prices, changes in airline schedules and fares, strikes, weather patterns or relocation or construction of highways).

Our management agreements for gaming facilities are of limited duration.

We currently have management agreements with three tribes and one commercial entity to operate gaming facilities. Our management agreements for Midway Slots in Delaware, which is currently our sole source of income, ends in August 2011. With respect to our management agreements for the proposed Indian gaming facilities, we are prohibited by law from having an ownership interest in any casino we manage for an Indian tribe. Federal law limits the term of management agreements with Indian tribes to seven years. If a management agreement is not renewed, then we will lose the revenues from that agreement which would negatively affect our results of operations.

The acquisition of all the outstanding shares of capital stock of Stockman's Casino may divert the attention of management from normal operations and involve risk of undisclosed liabilities.

The acquisition of Stockman's Casino involves risks that could adversely affect our business, including the diversion of management time from our normal operations to complete the acquisition, and we could experience difficulties in integrating additional operations and personnel. In addition, the acquisition could result in significant costs and contingent or undisclosed liabilities, all of which could materially adversely affect our business, financial condition and results of operations.

In connection with the Stockman's Casino acquisition, we have sought to minimize the impact of contingent and undisclosed liabilities by obtaining indemnities and warranties from the seller. However, these indemnities and warranties may not fully cover all liabilities due to their limited scope, amount or duration, the financial limitations of the indemnitor or warrantor, or other reasons.

We may be unable to successfully compete with other gaming activities.

The gaming industry is highly competitive. Gaming activities include traditional land-based casinos; river boat and dockside gaming; casino gaming on Indian land; state-sponsored lotteries and video poker in restaurants, bars and hotels; pari-mutuel betting on horse racing, dog racing and jai alai; sports bookmaking; Internet gaming; and card rooms. Our Delaware operations, Stockman's Casino and the Indian-owned casinos that we are trying to develop and operate, compete or will compete, as the case may be, with all these forms of gaming, and any new forms of gaming that may be legalized in additional jurisdictions, as well as with other types of entertainment. Our operations may be unable to successfully compete with new or existing gaming operations within the vicinity of our operations or with gaming operations available on the Internet.

We have pledged our sole current income source and expect to pledge all of the stock and assets of Stockman's Casino.

Under our agreements with our Michigan joint venture partner, we have pledged the income from our Delaware operations, Midway Slots, to secure a partially convertible loan for approximately $2.4 million. In connection with our pending acquisition of Stockman's Casino, we expect to pledge all of the capital stock and assets of Stockman's Casino to the lender which provides the approximately $16 million of debt financing. If we are unable to generate sufficient cash flow to make payments under one or both of these loans, then the lender or lenders will be able to foreclose on these assets, and we may be required to scale back or curtail operations. In the event of a liquidation, these lenders would have priority over our stockholders.

We expect that credit agreements which we enter into will impose restrictions on us which may prevent us from engaging in transactions that might benefit us, including responding to changing business and economic conditions or securing additional financing, if needed.

We expect that the debt financing we will enter into in order to finance a portion of the acquisition of Stockman's Casino and other agreements which we may enter into to finance our other projects will involve customary events of default and restrictive covenants that will require us to maintain specified levels of performance and financial ratios and prohibit us from taking certain actions without satisfying the financial tests or obtaining the consent of the lenders. Additionally, we expect the debt financing in connection with the acquisition of Stockman's Casino will be secured by all of the capital stock and assets of Stockman's Casino. The prohibited actions will likely include, among other things:

- making investments in excess of specified amounts;
- incurring additional indebtedness in excess of a specified amount;
- paying cash dividends;
- making capital expenditures in excess of a specified amount;
- creating certain liens;
- prepaying our other indebtedness;
- engaging in certain mergers or combinations; and
- engaging in transactions that would result in a change of control of our company.

Should we be unable to comply with the terms and covenants of our credit agreements, we would be required to obtain modifications of the terms of these agreements or secure another source of financing to continue to operate our business. A default could result in the acceleration of our obligations under the credit agreements. In addition, these covenants may prevent us from engaging in transactions that benefit us, including responding to changing business and economic conditions or securing additional financing, if needed. Our business is capital intensive and, to the extent we need additional financing, we may not be able to obtain such financing at all or on favorable terms, which may decrease our profitability and liquidity.

Adverse changes in discretionary consumer spending would decrease our gaming revenues.

The gaming industry is heavily dependent on discretionary consumer spending patterns. Our business is sensitive to numerous factors that affect discretionary consumer income, including adverse general economic conditions, changes in employment trends and levels of unemployment, increases in interest rates, acts of war, terrorist or political events, a significant rise in energy prices or other events or actions that may lead to a decrease in consumer confidence or a reduction in discretionary income. Declines in consumer spending within the gaming industry, especially for extended periods, could have a material adverse effect on our business, financial condition and results of operations.

If we do not complete the Stockman's Casino acquisition, we may lose our deposits.

We have previously placed $750,000 as a deposit toward the purchase price for Stockman's Casino. In the event we do not close the acquisition through no fault of the seller on or prior to January 31, 2007, we are obligated to place an additional $250,000 on deposit. These deposits are not refundable unless the acquisition does not close because of a seller default. We may be unable to complete the acquisition by January 31, 2007, or at all. If we are unable to complete the acquisition through no fault of the seller, then we will forfeit the entire deposit.

Naval Air Station Fallon is a significant part of the economy of Fallon, Nevada, the site of Stockman's Casino.

Stockman's Casino is located in Fallon, Nevada, which is the location of Naval Air Station Fallon, the home of the Naval Strike and Air Warfare Center. The naval base is an important employer in the region and accounts for a significant part of the economy. Any future decrease of operations or closure of the naval base would have a

negative impact on the region's economy, and in turn the future financial performance of Stockman's Casino and our results of operations.

We will need to make substantial financial and manpower investments in order to assess our internal controls over financial reporting, and our internal controls over financial reporting may be found to be deficient.

Section 404 of the Sarbanes-Oxley Act of 2002 requires management to assess its internal controls over financial reporting and requires auditors to attest to that assessment. Current regulations of the Securities and Exchange Commission will require us to include this assessment and attestation in our Annual Report on Form 10-KSB commencing with the annual report for our fiscal year ended December 31, 2007. If proposed changes to this rule are adopted, this attestation requirement will be required of us beginning with our annual report for the fiscal year ending December 31, 2008, or, if revisions to Auditing Standard No. 2 have not yet been finalized, a later date subject to further postponement by the SEC.

We will incur significant increased costs in implementing and responding to these requirements. In particular, the rules governing the standards that must be met for management to assess its internal controls over financial reporting under Section 404 are complex and require significant documentation, testing and, if necessary, possible remediation. Our process of reviewing, documenting and testing our internal controls over financial reporting may cause a significant strain on our management, information systems and resources. We may have to invest in additional accounting and software systems. We may be required to hire additional personnel and to use outside legal, accounting, and advisory services. In addition, we will incur additional fees from our auditors as they perform the additional services necessary for them to provide their attestation. If we are unable to favorably assess the effectiveness of our internal controls over financial reporting when we are required to, or if our independent auditors are unable to provide an unqualified attestation report on such assessment, then we may be required to change our internal controls over financial reporting to remediate deficiencies. In addition, investors may lose confidence in the reliability of our financial statements, causing our stock price to decline. We currently only have four persons in our finance department. This limited number of staff will make it harder for us to comply with Section 404 and consequently a loss of any of our finance staff members will adversely affect our ability to comply with Section 404.

Risks Related to Gaming Regulations

Inability to obtain and maintain necessary approvals from various gaming regulators will limit our expansion and our operations.

Our operations and proposed expansion depend on our ability to obtain and maintain regulatory approvals with various gaming regulators. In order to complete the acquisition of Stockman's Casino, we must receive approvals and obtain and maintain licenses from the Nevada Gaming Commission. Our management agreements with the Michigan tribe, Nambé Pueblo and the Northern Cheyenne Tribe and any future management agreements we enter into with Indian tribes are subject to approval by the National Indian Gaming Commission, which we refer to in this prospectus as the NIGC. In addition, in order to conduct Class III gaming, which includes typical Las Vegas style games, as defined by the Indian Gaming Regulatory Act, a tribe must have entered into a gaming compact with the state in which the casino is to operate, which has been approved by the NIGC. The Northern Cheyenne Tribe's gaming compact with the State of Montana expires in 2007. If the Northern Cheyenne Tribe's compact with the State of Montana is not renewed, then we will be unable to develop the proposed casino and recover the expenses we have already incurred in pursuing this project.

Gaming facility ownership, management and operation is subject to many federal, state, provincial, tribal and/or local laws, regulations, and ordinances which are administered by particular regulatory agency or agencies in each jurisdiction. These laws, regulations and ordinances are different in each jurisdiction but generally deal with the responsibility, financial stability and character of the owners and managers of gaming operations and persons financially interested or involved in gaming operations. Our inability to obtain or maintain required gaming regulatory approvals and licenses, including from the Nevada Gaming Commission and the NIGC, would materially adversely affect our business and financial condition. Changes in these laws, regulations or ordinances could adversely affect our future performance.

The proposed sites for the Northern Cheyenne Tribe project and the Michigan project require approvals before development on the land can begin.

The site for the Northern Cheyenne Tribe project must be approved for gaming by the Secretary of the Interior with the consent of the Governor of Montana. If the Northern Cheyenne Tribe's gaming compact with the State of Montana is not renewed or a satisfactory site for the project is not approved, then we will be unable to develop the proposed casino and recover the expenses we have already incurred pursuing this project. In a lawsuit on appeal in Michigan, Taxpayers of Michigan Against Casinos has asked the Michigan Supreme Court to reverse its prior ruling and invalidate four Michigan gaming compacts, including the compact with the Michigan tribe, in connection with an appeal regarding the authority of the governor to amend the gaming compacts. While the compact with the Michigan tribe has not been amended, reversal by the court finding that the compact as a whole is invalid would disallow Class III gaming at our Battle Creek, Michigan site.

Our management agreements with the various tribes are subject to governmental or regulatory modification.

The NIGC has the power to require modifications to Indian management agreements under some circumstances or to void such agreements or secondary agreements, including loan agreements, if we fail to obtain the required approvals or to comply with the necessary laws and regulations. While we believe that our management agreements and related secondary documents meet the applicable requirements, the NIGC has the right to review each of these agreements and has the authority to reduce the term of a management agreement or the management fee or otherwise require modification of the management agreements and secondary agreements. Such changes would negatively affect our profitability.

The rate of taxation on gaming profits may not be predictable.

The legislatures in the various states in which we operate commercial casinos have the authority to set gaming tax rates. These state legislatures may revise their gaming taxes at any time and increase the tax rates applicable to our casinos. The compacts between the states and the tribes contain provisions with respect to fees due to the state from gaming facilities and these fees may be increased upon renewal of the compact. Additionally, from time to time, certain federal legislators have proposed the imposition of federal tax on gaming revenues. Any increase in tax rates or imposition of new taxes on gaming operations applicable to our casinos either at the state or federal level, or both, could materially adversely affect our financial condition or results of operations.

The approval of the Tribal Council of the Navajo Nation is necessary in order for us to operate casinos on Navajo land.

During 2005, we were chosen by each of the Manuelito Chapter and the Shiprock Chapter of the Navajo Nation as its designated gaming developer and manager. We have also been in discussions with other chapters of the Navajo Nation concerning development and management of gaming casinos. Several determinations must be made by the Tribal Council of the Navajo Nation before gaming can be developed on tribal lands, including whether the Nation as a whole, or individual chapters in particular, will be allowed to conduct gaming, where gaming casinos will be located and which management contractors may be approved. Unless the Tribal Council approves gaming for the Manuelito Chapter and/or the Shiprock Chapter and approves us as a management contractor, we will be unable to pursue the development of these opportunities and recover the expenses that we have already incurred in connection with these projects.

Risks Related to our Common Stock

Our controlling stockholder has significant influence over management and has the power to elect a majority of our board of directors.

Prior to this offering, Mr. Michael Paulson, our controlling stockholder, beneficially owns (individually and as trustee of the Allen E. Paulson Living Trust) 29.8% of our outstanding shares of common stock and our other executive officers and directors collectively beneficially own an additional 27.7% of our outstanding shares of common stock. Assuming that none of them purchase any common stock in this offering, Mr. Paulson will beneficially own 18.5% and our other executive officers and directors will own beneficially 19.1% of our outstanding common stock after the completion of this offering. As a result, our controlling stockholder and our other executive officers and directors are able and will continue to exercise significant influence over our company, including, but not limited to, any stockholder approvals for the election of our directors and, indirectly, the selection of our senior management, new securities issuances, mergers and acquisitions and any amendments to our by-laws or charter. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of our company. Our stockholders may be deprived of an opportunity to receive a premium for their shares as part of a sale of our company and it may negatively affect the market price of our common stock. When voting on such matters, our controlling stockholders' interests may conflict with yours.

We will have broad discretion in using the proceeds from this offering.

In the event we do not close the acquisition of Stockman's Casino when expected, or at all, we will be able to determine an alternative use for a substantial portion of the net proceeds from this offering. We may use the net proceeds in ways with which you may not agree, including for investments that are not currently contemplated.

We have the right under our amended and restated charter to redeem our capital stock under certain circumstances.

One of the requirements of gaming licenses in Nevada is that our directors, officers and those who own specified percentages of our capital stock must meet eligibility requirements for licenses. In order to ensure compliance with regulatory requirements in Nevada following our acquisition of Stockman's Casino, our amended and restated certificate of incorporation allows us to repurchase shares of our capital stock from any stockholder if continued ownership of those shares by that stockholder would jeopardize any gaming license, approval, franchise, consent or management agreement held by us or any of our subsidiaries. Payment of the redemption price may be made by an unsecured promissory note. This redemption will apply even if the stockholder would not have chosen to sell the stock at such time.

Our preferred stockholders have certain liquidation rights that are superior to those of our common stockholders.

Holders of our Series 1992-1 Preferred Stock have priority over holders of our common stock in the event we are subject to liquidation. In the event that we become subject to liquidation, and the Series 1992-1 Preferred Stock remains outstanding, any distributions upon our liquidation will be first distributed to our preferred stockholders before distributions, if any at all, are made to our common stockholders.

Our dividend policy is such that our preferred stockholders have superior dividend rights to those of our common stockholders.

For so long as the Series 1992-1 Preferred Stock remains outstanding, we may not pay any dividends with respect to our common stock until all accrued and unpaid dividends with respect to the Series 1992-1 Preferred Stock are paid. As of June 15, 2006, the accrued and unpaid dividends totaled $2,940,000.

There are trading risks for low priced stocks.

The Securities Enforcement and Penny Stock Reform Act of 1990 requires additional disclosure, relating to the market for penny stocks, in connection with trades in any stock defined as a penny stock. The Securities and Exchange Commission has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than $5.00 per share, subject to certain exceptions. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated therewith.

If our common stock is delisted from the American Stock Exchange, then trading in our common stock will be covered by Rules 15-g-1 through 15-g-6 promulgated under the Securities Exchange Act of 1934, as amended. Under such rules, broker-dealers who recommend such securities to persons other than established customers and accredited investors must make a special written suitability determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to this transaction. Securities are exempt from these rules if the market price of the common stock is at least $5.00 per share.

Our stock price may be volatile because of factors beyond our control and you may lose all or a part of your investment.

The market price of our common stock has been volatile in recent years. The market price of our common stock could be subject to significant fluctuations after this offering and may decline below the offering price. Any of the following factors could affect the market price of our common stock:

- our failure to meet financial analysts' performance expectations;
- changes in earnings estimates and recommendations by financial analysts;
- actual or anticipated variations in our quarterly results of operations;
- changes in market valuations of similar companies;
- announcements by us or our competitors of significant contracts, acquisitions, renovations, joint ventures or capital commitments;
- regulatory action or changes; or
- general market, political and economic conditions.

Purchasers of our common stock will experience immediate and substantial dilution.

Based on an assumed offering price of $3.38 per share, purchasers of our common stock in this offering will experience an immediate and substantial dilution of $0.26 per share in the net tangible book value per share of our common stock from the public offering price. Our pro forma net tangible book value as of June 30, 2006 after giving effect to this offering would be $0.84 per share of common stock.

Our common stock is thinly-traded.

For most of our history our common stock has been thinly-traded, both privately and on the various exchanges on which it has been listed, making it difficult for stockholders to sell shares of our common stock at a predictable price or at all. Following this offering, an active trading market for our common stock may not develop and you may be unable to sell our common stock quickly or at predictable prices. The volatility in the market price of our common stock may cause stockholders to encounter significant short term variations in the market price of the stock on account of factors beyond our control.

FORWARD-LOOKING INFORMATION

The statements contained in this prospectus that are not purely historical are forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include statements regarding our "expectations," "anticipation," "intentions," "beliefs," or "strategies" regarding the future. Forward-looking statements also include statements regarding revenue, expenses, and earnings for fiscal years 2006 and 2007 and thereafter; contemplated and future development projects; development strategies; potential acquisitions or strategic alliances; the success of a particular project or gaming facility; and liquidity and anticipated cash needs and availability. All forward-looking statements included in this prospectus are based on information available to us as of the filing date of this prospectus, and we assume no obligation to update any such forward-looking statements. Our actual results could differ materially from the forward-looking statements. Among the factors that could cause actual results to differ materially are the following:

- our growth strategies;
- our development and potential acquisition of new facilities;
- risks related to development and construction activities;
- anticipated trends in the gaming industries;
- patron demographics;
- general market and economic conditions;
- access to capital, including our ability to finance future business requirements;
- the availability of adequate levels of insurance;
- changes in federal, state, and local laws and regulations, including environmental and gaming license legislation and regulations;
- regulatory approvals;
- competitive environment; and
- risks, uncertainties and other factors described in this prospectus under the heading "Risk Factors."

USE OF PROCEEDS

The net proceeds from the sale of the shares of common stock offered by us will be approximately $18,766,000, or approximately $21,655,900 if the underwriter exercises its over-allotment option in full, based on a public offering price of $3.38 per share (the midpoint of the expected price range), underwriting discounts, commissions and estimated offering expenses.

We expect to use the net proceeds of this offering as follows:

- approximately $10.5 million along with approximately $16 million in debt financing and deposits that have already been made to fund our acquisition of all of the outstanding shares of capital stock of Stockman's Casino from the James R. Peters Family Trust;
- approximately $3 million to pay the accrued dividends on our outstanding Series 1992-1 Preferred Stock;
- approximately $2.5 million to fund gaming development projects, including the proposed gaming facilities in Michigan, New Mexico, and Montana, and future casino projects; and
- any remaining amounts for general corporate purposes.

The total price of the acquisition of the capital stock of Stockman's Casino is $25.5 million, and is subject to increase if the operation exceeds certain financial targets during the 12 months prior to closing of the transaction. Stockman's Casino, Inc. owns and operates Stockman's Casino and Holiday Inn Express in Fallon, Nevada, located about one hour east of Reno, Nevada. Stockman's Casino completed a renovation in May 2006, which resulted in a total of almost 8,400 square feet of gaming space with approximately 280 gaming machines, 4 table games and a keno game. The casino has a bar, a fine dining restaurant and a coffee shop. The Holiday Inn Express has 98 guest rooms, indoor and outdoor swimming pools, a sauna, fitness club, meeting room and business center.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

On July 28, 2005, our common stock began trading on the American Stock Exchange, or AMEX, under the symbol "FLL". Previously, our common stock was listed by The Nasdaq SmallCap Market under the symbol "FHRI" until April 17, 2001 and then the stock began trading on the OTC Bulletin Board. Set forth below are the high and low sales prices of our common stock as reported on the OTC Bulletin Board and the AMEX for the periods indicated:

	High	Low
Year Ended December 31, 2006		
First Quarter	$3.59	$2.90
Second Quarter	3.60	3.10
Third Quarter	3.92	3.05
Fourth Quarter (through October 24, 2006)	3.45	3.10
Year Ended December 31, 2005		
First Quarter	$4.25	$0.50
Second Quarter	4.10	2.63
Third Quarter	4.99	3.40
Fourth Quarter	4.19	2.55
Year Ended December 31, 2004		
First Quarter	$1.00	$0.62
Second Quarter	0.97	0.75
Third Quarter	1.10	0.70
Fourth Quarter	0.92	0.56

The OTC Bulletin Board quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions, and may not represent actual transactions.

Holders

As of October 15, 2006, we had approximately 132 record holders of our common stock. We believe that there are over 800 beneficial owners of our common stock.

DIVIDEND POLICY

We have never paid dividends on our common stock or preferred stock. Holders of our common stock are entitled to receive such dividends as may be declared by our board of directors out of funds legally available.

Holders of our Series 1992-1 Preferred Stock are entitled to receive dividends, when, as and if declared by our board of directors out of funds legally available in the annual amount of $.30 per share, payable in arrears semi-annually on the 15th day of December and June, in each year. Dividends on the Series 1992-1 Preferred Stock commenced accruing on July 1, 1992 and are cumulative. We have not declared or paid the accrued dividends on our Series 1992-1 Preferred Stock, which were payable since issuance, and equaled $2,940,000 as of June 15, 2006.

Since we have not declared, set apart for payment or paid accrued dividends on the Series 1992-1 Preferred Stock, we are restricted from paying any dividend or making any other distribution or redeeming any stock ranking junior to our preferred stock.

We intend to retain future earnings, if any, to provide funds for the operation of our business, retirement of our debt and payment of preferred stock dividends and, accordingly, do not anticipate paying any cash dividends on our common stock in the near future.

We have agreements with the holders of the 700,000 outstanding shares of our Series 1992-1 Preferred Stock, including William McComas, one of our directors, to pay the accrued and unpaid dividends on our preferred stock from the proceeds of this offering in exchange for each holder's agreement to convert each outstanding share of preferred stock held by him into one share of common stock and to not sell or otherwise transfer any of these shares of common stock at any time prior to the 90th day following the closing of this offering. These agreements expire on October 31, 2006 but we expect to extend the agreements for 30 days.

DILUTION

At June 30, 2006, our net tangible book value was approximately $6,834,990, or $0.62 per outstanding share of our common stock. Net tangible book value per share of our common stock represents the amount of our total tangible assets, reduced by the amount of our total liabilities, divided by the number of shares of our common stock outstanding.

Assuming the underwriter does not exercise its over-allotment option and after giving effect to this offering and the application of the net proceeds therefrom, the net tangible book value at June 30, 2006 would have been approximately $14,483,913, or $0.84 per share of common stock, representing an immediate increase in net tangible book value of $0.22 per share to existing shareholders and an immediate dilution of $0.26 per share to new investors. The following table illustrates this per share dilution:

Public offering price per share	$	3.38
Net tangible book value at June 30, 2006	$	6,834,990
Increase attributable to price paid by investors in the offering (net)	$	18,766,000
Adjusted net tangible book value per share, after giving effect to the offering	$	0.84
Dilution in net tangible book value per share to new investors in the offering[1)]	$	0.26

(1) Dilution is determined by subtracting adjusted net tangible book value per share of our common stock, after giving effect to this offering, and the application of the net proceeds therefrom, from the gross offering price of $3.38 per share.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2006:

- On a historical basis, which reflects our actual capitalization as of June 30, 2006, without any adjustments to reflect subsequent or anticipated events; and
- On a pro forma basis, which reflects our capitalization as of June 30, 2006, with adjustments to reflect (1) the sale of the 6,000,000 shares of common stock offered by us in this offering at an assumed offering price of $3.38 per share (the midpoint of the expected price range), (2) the application of the estimated net proceeds of $18,766,000 from this offering, (3) the conversion of 700,000 shares of our outstanding preferred stock into common stock following payment of accrued but unpaid dividends of $2,940,000 from the net proceeds of this offering, (4) the Stockman's Casino acquisition for a purchase price of approximately $25.5 million, and (5) our proposed debt financing of approximately $16 million expected to be incurred in connection with the Stockman's Casino acquisition, as if each had occurred on June 30, 2006.

You should read this table together with "Selected Historical and Pro Forma Consolidated Financial Data," and "Management's Discussion and Analysis or Plan of Operation" and our audited consolidated financial statements, including the notes thereto, each of which is included elsewhere in this prospectus.

	June 30, 2006 (Unaudited)	
	Actual	Pro Forma
Cash and cash equivalents	$ 820,745	$ 7,667,564
Long-term debt, including accrued interest	2,710,277	18,710,277
Stockholders' equity:		
Series 1992-1 Preferred stock, par value $0.0001 per share:		
5,000,000 shares authorized; 700,000 shares issued; no shares issued, pro forma	70	—
Common stock, par value $0.0001 per share:		
25,000,000 shares authorized: 11,008,380 shares issued; shares issued, pro forma	1,101	1,771
Additional paid-in capital	19,607,302	38,372,702
Deferred compensation	(1,616,113)	(1,616,113)
Deficit	(5,992,026)	(8,932,026)
Total stockholders' equity	12,000,334	27,826,334
Total capitalization	$ 14,710,611	$ 46,536,611

SELECTED HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL DATA

The following tables set forth:

- selected consolidated financial data for the years ended December 31, 2005 and 2004, as derived from our audited consolidated financial statements included elsewhere in this prospectus;
- selected consolidated financial data for the six-month periods ended June 30, 2006 and 2005, as derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus;
- selected consolidated financial data as of June 30, 2006 and as of December 31, 2005 and 2004, as derived from our unaudited and audited consolidated financial statements, respectively, included elsewhere in this prospectus;
- selected consolidated pro forma financial data for the year ended December 31, 2005 and for the six-month period ended June 30, 2006, reflecting pro forma adjustments for the following as if each had occurred on January 1, 2005:
    - the sale of 6,000,000 shares in this offering at an assumed public offering price of $3.38 per share (based on the midpoint of the expected price range),
    - the application of the estimated net proceeds of $18,766,000 of this offering,
    - the conversion of 700,000 shares of our outstanding preferred stock into common stock following payment of the accrued but unpaid dividends of $2,940,000 from the net proceeds of this offering,
    - the Stockman's Casino acquisition for a purchase price of approximately $25.5 million, and
    - our proposed debt financing of approximately $16 million in connection with the Stockman's Casino acquisition; and
- selected consolidated pro forma financial data as of June 30, 2006, reflecting pro forma adjustments for the following as if each had occurred on June 30, 2006:
    - the sale of 6,000,000 shares in this offering at an assumed public offering price of $3.38 per share (based on the midpoint of the expected price range),
    - the application of the estimated net proceeds of $18,766,000 of this offering,
    - the conversion of 700,000 shares of our outstanding preferred stock into common stock following payment of the accrued but unpaid dividends of $2,940,000 from the net proceeds of this offering,
    - the Stockman's Casino acquisition for a purchase price of approximately $25.5 million, and
    - our proposed debt financing of approximately $16 million expected to be incurred in connection with the Stockman's Casino acquisition.

The information below is summary in nature and should be read in conjunction with "Management's Discussion and Analysis or Plan of Operation" and our unaudited and audited consolidated financial statements, including the notes thereto, each of which is included elsewhere in this prospectus.

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Statement of Income Data:

	Six Months Ended June 30, (Unaudited)			Year Ended December 31,		
	Pro Forma 2006	2006	2005	Pro Forma 2005 (Unaudited)	2005	2004 (As previously restated)
Revenue						
Casino	$ 3,864,411	$ —	$ —	$ 7,450,655	$ —	$ —
Food and beverage	971,973	—	—	1,980,096	—	—
Hotel	902,079	—	—	1,826,213	—	—
	5,738,463	—	—	11,256,964	—	—
Equity in net income of unconsolidated joint venture	1,994,591	1,994,591	1,888,554	3,700,916	3,700,916	3,586,160
Operating costs and expenses						
Project development costs	432,024	432,024	764,172	1,234,571	1,234,571	777,502
Casino, food and beverage and hotel	2,880,449	—	—	6,287,673	—	—
Selling, general and administrative	2,470,202	1,696,183	999,906	2,992,920	2,342,260	1,652,545
Depreciation and amortization	481,176	37,539	48,376	962,312	76,960	102,256
	6,263,851	2,165,746	1,812,454	11,477,476	3,653,791	2,532,303
Unrealized gains on notes receivable	717,749	717,749	25,577	119,274	119,274	518,133
Arbitration award, net	—	—	848,393	922,611	922,611	—
Income from operations	2,186,952	546,594	950,070	4,522,289	1,089,010	1,571,990
Other income (expense)	(626,665)	(44,172)	(49,385)	(1,135,448)	(86,780)	(97,421)
Income before non-controlling interest in net loss of consolidated joint venture and income taxes	1,560,287	502,422	905,685	3,386,841	1,002,230	1,474,569
Non-controlling interest in net loss of consolidated joint venture	18,049	18,049	457,143	630,788	630,788	—
Income before income taxes	1,578,336	520,471	1,362,828	4,017,629	1,633,018	1,474,569
Income taxes	(443,140)	(83,466)	(557,776)	(1,604,448)	(793,680)	(697,555)
Net income	1,135,196	437,005	805,052	2,413,181	839,338	777,014
Less undeclared dividends on cumulative preferred stock	—	(105,000)	(105,000)	—	(210,000)	(210,000)
Net income applicable to common shares	$ 1,135,196	$ 332,005	$ 700,052	$ 2,413,181	$ 629,338	$ 567,014
Net income per common share						
Basic	$ 0.07	$ 0.03	$ 0.07	$ 0.14	$ 0.06	$ 0.05
Diluted	$ 0.06	$ 0.03	$ 0.06	$ 0.14	$ 0.06	$ 0.05
Weighted-average number of common shares outstanding						
Basic	17,151,098	10,451,098	10,340,380	17,040,380	10,340,380	10,340,380
Diluted	17,879,336	11,179,336	11,131,289	17,740,380	11,040,380	11,040,380

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Balance Sheet Data:

	June 30,		December 31,	
	Pro Forma 2006	2006	2005	2004
	(Unaudited)			(As previously restated)
Assets				
Current assets	$ 8,282,720	$ 1,115,811	$ 3,394,080	$ 2,641,803
Other assets	41,380,605	16,260,605	13,544,187	12,358,602
	$ 49,663,325	$ 17,376,416	$ 16,938,267	$ 15,000,405

	June 30,		December 31,	
	Pro Forma 2006	2006	2005	2004
	(Unaudited)			(As previously restated)
Liabilities and stockholders' equity				
Current liabilities	$ 694,822	$ 233,913	$ 820,960	$ 436,002
Long-term liabilities	19,061,590	3,061,590	3,016,717	2,472,363
Non-controlling interest in consolidated joint venture	2,080,579	2,080,579	2,098,628	1,929,416
Stockholders' equity	27,826,334	12,000,334	11,001,962	10,162,624
	$ 49,663,325	$ 17,376,416	$ 16,938,267	$ 15,000,405

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements and related notes contained elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Overview

We develop, manage and invest in gaming related opportunities. We continue to actively investigate, on our own and with partners, new commercial and tribal gaming opportunities. We seek to expand our business operations through acquiring, managing, or developing gaming facilities in profitable markets. Currently, we are a 50% investor in a joint venture with Harrington Raceway, Inc., which manages Midway Slots and Simulcast at the Delaware State Fairgrounds in Harrington, Delaware. Midway Slots has approximately 1,580 gaming devices, a 450-seat buffet, a 50-seat diner, a gourmet steak house and an entertainment lounge area. Our 50% owned Michigan joint venture has a management agreement with the Nottawaseppi Huron Band of Potawatomi Indians for the development and management of Firekeeper's Casino in the Battle Creek, Michigan area, which is currently in the pre-development stage. The planned casino resort is expected to have more than 2,000 gaming devices. The management agreement is subject to NIGC approval.

During 2005, we entered into agreements with the Nambé Pueblo of New Mexico and the Northern Cheyenne Tribe of Montana to develop and manage gaming casinos for each. Each management agreement is subject to approval by the NIGC and the project site must be approved for gaming by appropriate officials in the Department of the Interior. The proposed site for the Nambé Pueblo project is on land that is held in trust for the tribe, has been determined suitable for gaming pursuant to the Indian Gaming Regulatory Act, and is not subject to any further approvals. The proposed site for the Northern Cheyenne Tribe project is on land, which, although it is already held in trust for the tribe, must be approved by the Secretary of the Interior in conjunction with the Governor of Montana pursuant to a process set forth in the Indian Gaming Regulatory Act. In 2005, legislative bills were introduced into committees of both the U.S. Senate and House of Representatives which, if passed into law in their current form, would impact the ability of the Northern Cheyenne Tribe to use its chosen site for gaming. These bills seek to limit or curtail so-called "off-reservation" gaming by Indian tribes. Section 20 of the Indian Gaming Regulatory Act requires that gaming by Indian tribes be conducted on land which was held in trust for the benefit of the tribe prior to October 17, 1988, the effective date of such act, unless one of several exceptions stated in Section 20 applies. The currently pending legislative bills, if passed and signed into law, would eliminate some of these exceptions and place added burdens on compliance with those that remain, making it more difficult, costly and time consuming for an Indian tribe to obtain permission to use such land for gaming.

In addition, during 2005, we were chosen by the Manuelito Chapter of the Navajo Nation as its designated gaming developer and manager. We have also been in discussions with other chapters of the Navajo Nation concerning development and management of gaming facilities for them. Several determinations must be made by the Tribal Council of the Navajo Nation before gaming can be developed on tribal lands, including whether the Nation as a whole, or individual chapters in particular, will be allowed to conduct gaming, where gaming facilities will be located and which management contractors may be approved.

On April 6, 2006, we signed a Stock Purchase Agreement under which we intend to acquire all of the outstanding shares of capital stock of Stockman's Casino, Inc. for $25.5 million. Stockman's Casino, Inc. owns and operates Stockman's Casino and Holiday Inn Express in Fallon, Nevada. The purchase price is subject to increase if the operation exceeds certain financial targets during the 12 months prior to closing of the transaction. The closing of the transaction is expected to occur in the first quarter of 2007 and is subject to the receipt of all regulatory approvals. We intend to finance the transaction with a portion of the net proceeds from this offering,

cash on hand and approximately $16 million of debt. On July 6, 2006, the Nevada State Bank issued a commitment for a $16 million senior secured facility to be secured by the capital stock and assets of Stockman's Casino. The facility will have a reducing balance and bear interest at a premium above LIBOR based on our leverage ratio. Funding is subject to finalizing definitive loan documents, receipt of regulatory approvals, no material or adverse changes, review of financial performance and collateral prior to funding, proof of insurance and endorsement of title insurance policies.

Our revenues during the first quarter of 2006, and the calendar years 2005 and 2004 were derived solely from our Delaware joint venture, as we have been unable to proceed with development of our Michigan project until certain litigation was resolved in our favor and we receive NIGC approval of the management agreement.

Critical Accounting Estimates and Policies

As discussed below and in notes 2 and 3 to our consolidated financial statements, we recently retroactively changed our method of accounting for advances made to the tribes. The estimated fair value of our notes receivable are now accounted for as in-substance structured notes in accordance with the guidance contained in Emerging Issues Task Force (EITF) Issue No. 96-12, *Recognition of Interest Income and Balance Sheet Classification of Structured Notes*).

Although our financial statements necessarily make use of certain accounting estimates by management, we believe that, except as discussed below, no matters that are the subject of such estimates are so highly uncertain or susceptible to change as to present a significant risk of a material impact on our financial condition or operating performance.

The significant accounting estimates inherent in the preparation of our financial statements include estimates associated with management's fair value estimates related to notes receivable from tribal governments, and the related evaluation of the recoverability of our investments in contract rights. Various assumptions, principally affecting the probability of completing our various projects under development and getting them open for business, and other factors underlie the determination of these significant estimates. The process of determining significant estimates is fact and project specific and takes into account factors such as historical experience and current and expected legal, regulatory and economic conditions. We regularly evaluate these estimates and assumptions, particularly in areas, if any, where changes in such estimates and assumptions could have a material impact on our results of operations, financial position and, generally to a lesser extent, cash flows. Where recoverability of these assets is contingent upon the successful development and management of a project, we evaluate the likelihood that the project will be completed and then evaluate the prospective market dynamics and how the proposed facilities should compete in that setting in order to forecast future cash flows necessary to recover the recorded value of the assets. In most cases, we engage independent experts to prepare market and/or feasibility studies to assist in the preparation of forecasted cash flows. Our conclusions are reviewed as warranted by changing conditions.

Long-term assets related to Indian casino projects

We account for the estimated fair value of advances made to tribes as in-substance structured notes in accordance with the guidance contained in Emerging Issues Task Force Issue No. 96-12*, Recognition of Interest Income and Balance Sheet Classification of Structure Notes*.

Because our right to recover our advances and development costs with respect to Indian gaming projects is limited to the future net revenues of the proposed gaming facilities, we evaluate the financial opportunity of each potential service arrangement before entering into an agreement to provide financial support for the development of an Indian project. This process includes (1) determining the financial feasibility of the project assuming the project is built, (2) assessing the likelihood that the project will receive the necessary regulatory approvals and funding for construction and operations to commence, and (3) estimating the expected timing of the various

elements of the project including commencement of operations. When we enter into a service or lending arrangement, management has concluded, based on feasibility analyses and legal reviews, that there is a high probability that the project will be completed and that the probable future economic benefit is sufficient to compensate us for our efforts in relation to the perceived financial risks. In arriving at our initial conclusion of probability, we consider both positive and negative evidence. Positive evidence ordinarily consists not only of project-specific advancement or progress, but the advancement of similar projects in the same and other jurisdictions, while negative evidence ordinarily consists primarily of unexpected, unfavorable legal, regulatory or political developments such as adverse actions by legislators, regulators or courts. Such positive and negative evidence is reconsidered at least quarterly. No asset, including notes receivable or contract rights, related to an Indian casino project is recorded on our books unless it is considered probable that the project will be built and will result in an economic benefit sufficient for us to recover the asset.

In initially determining the financial feasibility of the project, we analyze the proposed facilities and their location in relation to market conditions, including customer demographics and existing and proposed competition for the project. Typically, independent consultants are also hired to prepare market and financial feasibility reports. These reports are updated periodically as conditions change.

We also consider the status of the regulatory approval process including whether:

- the federal Bureau of Indian Affairs, or BIA, recognizes the tribe;
- the tribe has the right to acquire land to be used as a casino site;
- the Department of the Interior has put the land into trust as a casino site;
- the tribe has a gaming compact with the state government;
- the National Indian Gaming Commission has approved a proposed management agreement; and
- other legal or political obstacles exist or are likely to occur.

The development phase of each relationship commences with the signing of the development and management agreements and continues until the casinos open for business. Thereafter, the management phase of the relationship, governed by the management contract, continues for a period of up to seven years. We make advances to the tribes, which are recorded as notes receivable, primarily to fund certain portions of the projects, which bear no interest or below market interest until operations commence. Repayment of the notes receivable and accrued interest is only required if the casino is successfully opened and distributable profits are available from the casino operations. Under the management agreement, we typically earn a management fee calculated as a percentage of the net operating income of the gaming facility. In addition, repayment of the loans and the manager's fees are subordinated to certain other financial obligations of the respective operations. Generally, the order of priority of payments from the casinos' cash flows is as follows:

- a certain minimum monthly priority payment to the tribe;
- repayment of various senior debt associated with construction and equipping of the casino with interest accrued thereon;
- repayment of various debt with interest accrued thereon, if any, due to us;
- management fee to us;
- other obligations; and
- the remaining funds distributed to the tribe.

Notes receivable

We account for our notes receivable from and management agreements with the tribes as separate assets. Under the contractual terms, the notes do not become due and payable unless and until the projects are completed

and operational. However, if our development activity is terminated prior to completion, we generally retain the right to collect in the event of completion by another developer. Because the stated rate of the notes receivable alone is not commensurate with the risk inherent in these projects (at least prior to commencement of operations), the estimated fair value of the notes receivable is generally less than the amount advanced. At the date of each advance, the difference between the estimated fair value of the note receivable and the actual amount advanced is recorded as either an intangible asset, contract rights, or expensed as period costs of retaining such rights if the rights were acquired in a separate unbundled transaction.

Subsequent to its effective initial recording at estimated fair value, the note receivable portion of the advance is adjusted to its current estimated fair value at each balance sheet date using typical market discount rates for prospective Indian casino operations, and expected repayment terms as may be affected by estimated future interest rates and opening dates, with the latter affected by changes in project-specific circumstances such as ongoing litigation, the status of regulatory approvals and other factors previously noted. The notes receivable are not adjusted to an estimated fair value that exceeds the face value of the note plus accrued interest, if any. Due to the uncertainties surrounding the projects, no interest income is recognized during the development period, but changes in estimated fair value of the notes receivable are recorded as unrealized gains or losses in our statement of operations.

Upon opening of the casino, the difference, if any, between the then recorded estimated fair value of the notes receivable, subject to any appropriate impairment adjustments pursuant to Statement of Financial Accounting Standards No. 114, *Accounting by Creditors for Impairment of a Loan,* and the amount contractually due under the notes would be amortized into income using the effective interest method over the remaining term of the note.

Contract rights

Intangible assets related to the acquisition of the management agreements are periodically evaluated for impairment based on the estimated cash flows from the management agreement on an undiscounted basis and amortized using the straight-line method over the lesser of seven years or contractual lives of the agreements, typically beginning upon commencement of casino operations. In the event the carrying value of the intangible assets were to exceed the undiscounted cash flow, the difference between the estimated fair value and carrying value of the assets would be charged to operations.

The cash flow estimates for each project were developed based upon published and other information gathered pertaining to the applicable markets. We have many years of experience in making these estimates and also utilize independent appraisers and feasibility consultants in developing our estimates. The cash flow estimates are initially prepared (and periodically updated) primarily for business planning purposes with the tribes and are secondarily used in connection with our impairment analysis of the carrying value of contract rights, land held for development, and other capitalized costs, if any, associated with our Indian casino projects. The primary assumptions used in estimating the undiscounted cash flow from the projects include the expected number of Class III gaming devices, table games, and poker tables, and the related estimated win per unit per day. Our estimates of the number of units and daily win per unit for the first year of operation for our Michigan project are (1) 2000 devices ($210), (2) 44 table games ($2,250), and (3) 8 poker tables ($500). For the second through fifth year of operations, we estimate that our cash flow from management fees from the Michigan project will increase 4% to 10% annually. Generally, within reasonably possible operating ranges, our impairment decisions are not particularly sensitive to changes in these assumptions because estimated cash flow greatly exceeds the carrying value of the related intangibles and other capitalized costs. We believe that the primary competitors to our Michigan project are five Northern Indiana riverboats whose published win per device per day has consistently averaged above $300, as compared to $210 used in our undiscounted cash flow analysis. Our Michigan project is also located approximately 120 miles west of Detroit and 100 miles northeast of another Michigan Indian casino project which is under construction near New Buffalo. Both were considered but not thought to be as directly competitive to our Michigan project as the Northern Indiana riverboats.

Summary of long-term assets related to Indian casino projects

Long-term assets associated with Indian casino projects are summarized as follows:

	June 30, 2006	December 31, 2005	December 31, 2004 (As previously restated)
Michigan project:			
Notes receivable, tribal governments	$ 5,054,083	$ 4,038,427	$ 3,098,950
Contract rights, net	4,721,296	4,754,597	4,927,814
Land held for development	3,858,832	3,858,832	3,858,832
	13,634,211	12,651,856	11,885,596
Other projects:			
Notes receivable, tribal governments	$ 524,336	$ 230,102	$ 25,000
Contract rights, net	444,048	333,155	—
Land held for development	130,000	130,000	—
	1,098,384	693,257	25,000
	$ 14,732,595	$ 13,345,113	$ 11,910,596

As noted above, the Michigan project comprises the majority of long-term assets related to Indian casino projects. We have a management agreement with the Michigan tribe for the development and operation of a casino resort near Battle Creek, Michigan which provides that we will receive, only from the operations and financing of the project, reimbursement for all advances we have made to the tribe (without interest until the opening of the project as required by the National Indian Gaming Commission and thereafter with interest at prime plus 1%) and a management fee equal to 26% of the net operating income of the casino (as defined) for a period of seven years. While the advances are expected to be repaid prior to commencement of operations, if they are not, the repayment term is seven years, commencing 30 days from the opening of the project. Before the issuance of our 2004 Form 10-KSB, we learned that the United States Supreme Court had upheld the validity of tribal-state gaming compact with the State of Michigan, which resulted in a reduction of our estimated timetable for opening the casino from four to three years. However, because of other legal delays experienced during 2005, our estimate at December 31, 2005 of the time until opening remained three years. During the second quarter of 2006, we accelerated the estimated opening date for the Michigan casino from the fourth quarter of 2008 to the third quarter of 2008. Based on our meetings with the Department of Interior and the Justice Department during the second quarter of 2006, and the commencement of construction on Pokagon casino located approximately 100 miles from the intended Michigan project site, we estimate the transfer of the Michigan land into trust will occur sooner than we previously anticipated. The acceleration of the opening date resulted in approximately $250,000 of additional unrealized gains for the second quarter of 2006. These estimates include approximately 16 months to complete the required construction. In arriving at our estimate of three years until the opening, we considered the status of the following conditions and estimated the time necessary to obtain the required approvals, secure financing and complete the construction:

- the tribe is federally recognized;
- adequate land for the proposed casino resort has not been placed in trust pending the outcome of the last item below;
- the tribe has a valid gaming compact with the State of Michigan;
- the National Indian Gaming Commission has not yet approved the management agreement;
- the Bureau of Indian Affairs issued a record of decision approving the final environmental impact statement in September 2006; and
- proposals for approximately $142 million of construction financing have been obtained and the completion of financing documentation is expected in third quarter of 2007.

At June 30, 2006 and December 31, 2005, the sensitivity of changes in the assumptions related to the Michigan project are illustrated by the following increases (decreases) in the estimated fair value of the note receivable:

	June 30, 2006	December 31, 2005
• Discount rate increases to 25%	$ (237,062)	$ (237,491)
• Discount rate decreases to 20%	255,921	257,696
• Forecasted opening date delayed one year	(805,703)	(741,751)
• Forecasted opening date accelerated one year	986,986	908,647

Selected key assumptions and information used to estimate the fair value of the notes receivable for all projects at June 30, 2006, December 31, 2005 and December 31, 2004, as previously restated, is as follows:

	June 30, 2006	December 31, 2005	December 31, 2004
Aggregate advances/face amount of the notes receivable	$8,687,111	$8,577,979	$6,541,337
Estimated years until opening of casino:			
Michigan	2.75	3.00	3.00
Nambé, New Mexico	1.75	2.00	N/A
Montana	1.75	2.00	N/A
Discount rate	22.5%	22.5%	22.5%

If these loans are not repaid as expected prior to commencement of operations, we estimate that the stated interest rates of prime plus 1% during the loan repayment terms will be commensurate with the inherent risk at that time for similar credit based upon what is commercially available for comparable operations.

Factors that we consider in arriving at a discount rate include discount rates typically used by gaming industry investors and appraisers to value individual casino properties outside of Nevada and discount rates produced by the widely accepted Capital Asset Pricing Model, or CAPM, using the following key assumptions:

- S&P 500, 10 and 15-year average benchmark investment returns (medium-term horizon risk premiums);
- Risk-free investment return equal to the 10-year average for 90-day Treasury Bills;
- Investment beta factor equal to the unleveraged five-year average for the hotel and gaming industry; and
- Project specific adjustments based on typical size premiums for “micro-cap” and “low-cap” companies using 10 and 15-year averages.

Management believes that, under the circumstances, essentially three critical dates and events impact the project specific discount rate adjustment when using CAPM: (1) the date that management completes its feasibility assessment and decides to invest in the opportunity; (2) the date when construction financing has been obtained after all legal obstacles have been removed; and (3) the date that operations commence.

Amortization of gaming and contract rights is, or is expected to be provided on a straight-line basis over the contractual lives of the assets. The contractual lives may include, or not begin until after a development period and/or the term of the subsequent management agreement. Because the development period may vary based on evolving events, the estimated contractual lives may require revision in future periods. Accordingly, we have extended the amortization period in 2004 and 2005 to reflect the revised anticipated opening date for the Michigan casino. These gaming and contract rights are held by us and are to be assigned to the appropriate operating subsidiary when the related project is operational and, therefore, they are not part of the calculation of the minority interests in the subsidiaries.

Due to our current financing arrangement for the development of the Michigan project through the 50% owned joint venture, we believe we are exposed to the majority of risk of economic loss from the entity’s

activities. Therefore, in accordance with Financial Accounting Standards Board Interpretation No. 46 (Revised),*Consolidation of Variable Interest Entities*, or FIN 46(R), we consider this venture a variable interest entity that requires consolidation into our financial statements. We adopted FIN 46(R) in 2004, without retroactive restatement to our 2003 financial statements, as permitted under FIN 46(R), by consolidating the 50% in-substance joint venture. Since this venture was previously carried on the equity method of accounting, there was no cumulative effect of an accounting change.

Recent Accounting Pronouncements

In 2005, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 155,*Accounting for Certain Hybrid Instruments*, or SFAS 155, amending the guidance in SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, and No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. SFAS 155 allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS 155 will be effective for financial instruments acquired or issued during our fiscal year that begins after September 15, 2006. We presently do not expect SFAS 155 to be applicable to any instruments likely to be acquired or issued by us.

In June 2006, the FASB issued Interpretation No. 48,*Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109*,or FIN 48. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes.* FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return that results in a tax benefit. Additionally, FIN 48 provides guidance on de-recognition, income statement classification of interest and penalties, accounting in interim periods, disclosure, and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. We are currently evaluating the effect that the application of FIN 48 will have on our results of operations and financial condition.

Results of Operations

Six Months Ended June 30, 2006 Compared to Six Months Ended June 30, 2005

Equity in Net Income of Unconsolidated Joint Venture

Our share of income from the Delaware joint venture increased $106,037, or 16.0%, for the six months ended June 30, 2006, compared to the same six-month period in 2005. The increase is due primarily to an expansion of the Midway Slots and Simulcast facilities including the addition of 140 gaming machines and extended operating hours, all of which occurred in the second quarter of 2005.

Project Development Costs

Project development costs decreased $332,148, or 43.0%, for the six months ended June 30, 2006, compared to the same time period in the prior year because the majority of the costs related to an environmental impact study for the Michigan project were incurred in 2005.

General and Administrative Expenses

General and administrative expenses for the six months ended June 30, 2006, increased by $696,277, or 70.0%, over the same period last year, due primarily to share based compensation expense of $554,887 related to stock grants in the second quarter of 2006 to certain officers and directors and a $125,000 provision for valuation allowances on a receivable.

Unrealized Gains on Notes Receivable

Unrealized gains on notes receivable are determined based upon the estimated fair value of our notes receivable related to Indian casino projects, as discussed in more detail in "Critical Accounting Estimates and

Policies" above. The increase in unrealized gains of $692,172 over the same period last year is due mainly to our Indian casino projects continuing to progress towards their anticipated opening dates. In addition, in the second quarter of 2006 we revised and accelerated the estimated opening date of our Michigan casino project by one quarter to third quarter 2008, which resulted in additional unrealized gains of $250,024 for the second quarter of 2006.

Arbitration Award, Net

The arbitration award is the cost reimbursement and damages resulting from a favorable arbitration ruling regarding terminated development and management agreements entered into in 1995 and 1997 in connection with the now terminated project in California. The settlement income of $848,393 is net of the write-off of related net gaming rights and advances and collection costs. The settlement was collected in December 2005.

Non-controlling Interest in Loss of Consolidated Joint Venture

RAM Entertainment, LLC, a privately held investment company, has a 50% non-controlling interest in our consolidated joint venture for the Michigan project. The venture's income consists of unrealized gains in the note receivable related to the Michigan project partially offset by development costs.

Income Taxes

For the six months ended June 30, 2006, the effective income tax rate is approximately 16% compared to 41% for the same time period in 2005. The decrease in the effective tax rate from the prior year is due primarily to additional share-based compensation expense in 2006, partially offset by unrealized gains on valuation of notes receivable from tribal governments.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004 (as previously restated)

Equity in Net Income of Unconsolidated Joint Venture

Our share of income from the Delaware joint venture increased $114,756, or 3.2%, in 2005, compared to 2004. The increase is due to an expansion of the facilities, the addition of 140 gaming machines and extended operating hours in the second quarter of 2005. This was partially offset by an increase to the estimated management fee rebate of $33,632 in the first quarter of 2005. Rebate provisions call for the Delaware joint venture to repay 50% of management fees received in excess of $7,000,000. The estimated rebate is accrued throughout the fiscal year.

Project Development Costs

Project development costs in 2005 increased by $457,069, or 59.0%, over the prior year, due mainly to increased professional fees associated with the environmental impact study for the Michigan development, as required by the court in which the litigation relating to taking the land into trust was pending. The increase in environmental impact study-related costs is the result of engaging legal counsel and other professionals for environmental litigation issues.

General and Administrative Expenses

General and administrative expenses in 2005 increased by $689,715, or 42.0%, from 2004, partially due to an increase of $355,142 in payroll related to new development projects and additional staff. We have added executive staff in an effort to plan and program our projects so that development and construction can be expedited once the required approvals are obtained. The remaining increase is largely attributable to director's

fees of $130,000, increased business travel of $99,763, American Stock Exchange listing fees of $50,000 and other overhead costs resulting from researching and identifying new business opportunities.

Depreciation and Amortization

Depreciation and amortization in 2005 decreased by $25,296, or 24.7%, from 2004 primarily due to the $16,650 reduction in amortization expense as a result of a prospective increase in the estimate used to amortize the management agreement with the Michigan tribe. The remaining difference was due to the disposal of the California gaming rights.

Unrealized Gains on Notes Receivable

Unrealized gains on notes receivable are determined based upon the estimated fair value of our notes receivable related to Indian casino projects, as discussed in more detail in "Critical Accounting Estimates and Policies" above. The decrease in unrealized gains in 2005 of $398,859, or 77.0%, from 2004 is primarily due to favorable court rulings related to the Michigan project in 2004 that caused us to revise the estimated timetable for opening the project from four years to three years.

Arbitration Award, Net

The arbitration award is the reimbursement and damages resulting from a favorable arbitration ruling regarding terminated development and management agreements entered into in 1995 and 1997 in connection with the now terminated project in California. The settlement income of $1,050,898 was partially offset by the write-off of the related remaining net gaming rights of $103,287 and advances of $25,000 related to the terminated California project.

Interest and Other Income

The increase in 2005 of $50,763, or 514.4%, is due to investing cash at a higher interest rate than in the prior year.

Interest Expense

The increase in 2005 of $40,122, or 37.4%, is due to the increase in the prime rate during 2005 compared to 2004 which affects our variable-rate note payable.

Income Taxes

The effective tax rate reflects Delaware state taxes on joint venture earnings determined on a separate return basis, combined with the statutory federal income tax adjusted for non-deductible expenses. Tax returns for 2001, 2002 and 2003 were amended in 2005 to adjust contract rights amortization and to properly characterize the 2003 tax loss on the sale of Mississippi property, resulting in a tax refund in 2005.

Non-controlling Interest in Loss of Consolidated Joint Venture

RAM Entertainment, LLC, a privately held investment company, has a 50% non-controlling interest in our consolidated Michigan joint venture. The joint venture's losses are the result of funding development costs associated with the Michigan project. Since RAM did not fund any expenses of the joint venture prior to 2005, there was no non-controlling interest in the consolidated investee's losses reported in the comparable prior year.

Liquidity and Capital Resources

Our Delaware joint venture is currently our sole source of recurring income and significant positive cash flow. The 15-year management agreement for Midway Slots, which expires in the year 2011, provides that net

cash flow (after certain deductions) is to be distributed monthly to us and our joint venture partner. Distributions are governed by the terms of the applicable joint venture agreement. Our continuing cash flow is dependent on the operating performance of this joint venture, and its ability to make monthly distributions to us. Our portion of the management fee is subject to rebates back to the owner of Midway Slots if our fee exceeds $3,500,000 annually. The owner of Midway Slots is currently funding a renovation of the facility for which we have no financial obligation.

Net cash used in operating activities for the six months ended June 30, 2006 increased $700,735, from the same period in 2005, primarily due to the prior year's deposits from RAM of approximately $373,000 being applied to development costs and a $200,000 higher rebate being paid by our Delaware joint venture due to higher earnings while the payment of our June distribution of $278,341 from the Delaware joint venture was received in July. Net cash flow provided from operations in 2005 increased $1,308,188, or 123.4%, over 2004 due mainly to the arbitration award related to our now terminated project in California. Net cash used in investing activities for the six months ended June 30, 2006 increased $826,833, or 117.6%, from the same period in 2005 primarily due to deposits paid as part of our casino acquisition plans. Net cash used in investing activities in 2005 increased $1,023,218, or 190.8%, from 2004 due to the increased advances to tribal governments. Developers of Indian gaming projects are typically expected to advance funds on behalf of tribes during the development process and before the gaming venture is approved and operational. Investing activities also included the purchase of land and gaming rights related to the Manuelito Chapter of the Navajo Nation. There were no financing activities in either period. At June 30, 2006, we had cash on deposit of $820,745.

Our future cash requirements will be primarily to fund the balance of development expenses for the Michigan, New Mexico, Montana and other projects, and general and administrative expenses. We believe that adequate financial resources should be available to execute our current growth plan from a combination of operating cash flows and external debt and equity financing. A decrease in our cash receipts or the lack of available funding sources would limit our development. Additional projects are considered based on their forecasted profitability, development period and ability to secure the funding necessary to complete the development, among other considerations. As part of our agreements for tribal developments, we typically fund costs associated with projects which may include legal, civil engineering, environmental, design, training, land acquisition and other related advances while assisting the tribes in securing financing for the construction of the project. A majority of these costs are advances to the tribes and are reimbursable to us, as documented in our management and development agreements, as part of the financing of the project's development. The development and other costs that we fund for Indian tribes are only reimbursable from net revenues from the proposed gaming facilities, if any, and are not general obligations of the tribes. While each project is unique, we forecast these costs when determining the feasibility of each opportunity. Such agreements to finance costs associated with the development and furtherance of projects are typical in this industry and have become expected of Indian gaming developers.

Indian casino projects

Because we have received proposals from several funding sources for our Indian casino projects, we expect to successfully obtain third party funding for the construction stage of our Indian casino projects. However, if none of these proposals result in funding on acceptable terms, we could either, sell our rights to one or more projects and land held, find a partner with funding, or abandon the project and have our receivables reimbursed from the gaming operations, if any, developed by another party.

Presently, we do not generate sufficient internal cash flow to fund the construction phase of our Indian casino projects. If we were to discontinue any or all of these projects, the related receivables and intangibles would then be evaluated for impairment. The June 2006 balance of notes receivable from Indian advances is recorded at $3,108,692 below the contractual value of the notes and the majority of contract rights are for the Michigan project and valued below the anticipated cash flow from the management fees of that project.

Therefore, although the actual amount cannot be estimated at this time, we do not expect a substantial impairment charge.

Our funding of the Michigan project and our liquidity are affected by an agreement with RAM Entertainment, LLC, the owner of a 50% interest in our Michigan joint venture, in exchange for funding a portion of the development costs. Previously, RAM advanced $2,381,260 to us, which is partially convertible into a capital contribution to the Michigan joint venture upon federal approval of the land into trust application and federal approval of the management agreement with the Michigan tribe. As of the date hereof, these contingencies had not occurred. On May 31, 2005, we and RAM agreed to, among other items, extend the maturity date of the note payable to RAM to July 1, 2007, with interest continuing to accrue without requiring payment or penalty. This note is secured by our income from our Delaware joint venture. As part of that agreement, RAM subordinated its security interest in the collateral to our other borrowings up to $3,000,000 subject to certain terms, and committed to fund a portion of Michigan development expenditures, previously absorbed and expensed by us, of up to $800,000, retroactive to January 1, 2005. RAM has fulfilled its $800,000 obligation related to the Michigan development expenditures.

If RAM were to exercise its conversion option, then $2.0 million would be converted to a capital contribution to the Michigan joint venture, and the balance of $381,260, plus any unpaid interest would remain as debt. As stipulated in our agreements, once the land is in trust and the management agreement is approved by the NIGC, development costs up to $12.5 million will be initially financed by RAM if not financed by another source. Total projected development costs for the Michigan project are approximately $150 million. If the proposed casino is constructed, then forecasted revenues indicate that the underlying project will generate sufficient excess operating cash flow to repay or refinance the project development costs incurred by us on behalf of the Michigan tribe.

Our Michigan joint venture has the exclusive right to arrange the financing and provide casino management services to the Michigan tribe in exchange for a management fee of 26% of net profits for seven years and certain other specified consideration from any future gaming or related activities conducted by the Michigan tribe. If the project is developed, then a third party will be paid a royalty fee equating to 15% of the management fees earned by us in lieu of its original ownership interest in earlier contracts with the Michigan tribe.

In February 2005, we were named as the developer and manager of a gaming project to be developed by the Manuelito Chapter of the Navajo Nation in New Mexico. In order to pursue this opportunity, we entered into an agreement with NADACS, Inc., which has an agreement with the Manuelito Chapter to locate a developer. Pursuant to the agreement, we paid NADACS $200,000 as partial payment for the right to pursue development and management agreements for this and future Navajo gaming facilities. This project and other projects with Navajo chapters are subject to the consent of the Navajo Nation, including approval as a manager and grant of a gaming license, compliance with its yet to be created gaming commission rules and regulations, and approval by the NIGC. As part of the agreements with the Manuelito Chapter, we have provided some advances and paid costs associated with the development and furtherance of this project. Our agreements with the Manuelito Chapter provide for the reimbursement of these advances either from the proceeds of the financing of the development, the actual operation itself or, in the event that we do not complete the development, from the revenues of the tribal gaming operation undertaken by others.

In May 2005, we entered into development and management agreements with the Northern Cheyenne Tribe of Montana for a proposed casino to be built approximately 28 miles north of Sheridan, Wyoming. The Northern Cheyenne Tribe currently operates the Charging Horse casino in Lame Deer, Montana, consisting of 125 gaming devices, a 300 seat bingo hall and restaurant. As part of the agreements, we have committed to arrange financing for the costs associated with the development and furtherance of this project up to $18,000,000. Our agreements with the tribe provide for the reimbursement of these advances either from the proceeds of the financing of the development, the actual operation itself or, in the event that we do not complete the development, from the revenues of the tribal gaming operation undertaken by others.

In June 2005, we signed gaming development and management agreements with the Nambé Pueblo of New Mexico to develop a 50,000 square foot facility including gaming, restaurants, entertainment and other amenities as part of the tribe's multi-phased master plan of economic development. The agreements have been submitted to the NIGC for required approval. As part of the development agreement, we advanced $194,076 and are responsible for arranging financing of up to $50,000,000. Our agreements with the tribe provide for the reimbursement of advances either from the proceeds of the financing of the development, the actual operation itself or, in the event that we do not complete the development, from the revenues of the tribal gaming operation undertaken by others.

Our agreements with the various Indian tribes contain limited waivers of sovereign immunity and, in many cases, provide for arbitration to enforce the agreements. Generally, our only recourse for collection of funds under these agreements is from revenues, if any, of prospective casino operations.

Other

As part of the termination of our Hard Rock licensing rights in Biloxi, Mississippi, we agreed to provide consulting services to Hard Rock if and when the Biloxi facility opens, entitling us to annually receive the greater of $100,000 or 10% of licensing fees for the two year consulting period. However, due to the devastation caused by Hurricane Katrina, which caused severe damage to the Hard Rock Casino in Biloxi, the opening of the facility, which was originally scheduled for the third quarter of 2005, has been delayed. The fate of the facility is uncertain and we may not receive any additional fees from that licensing agreement.

As of June 15, 2006, the cumulative undeclared and unpaid dividends on the 700,000 outstanding shares of our Series 1992-1 Preferred Stock equaled $2,940,000. Such dividends are cumulative whether or not declared, and are currently in arrears.

We have agreements with the holders of the 700,000 outstanding shares of our Series 1992-1 Preferred Stock, including William McComas, one of our directors, to pay the accrued and unpaid dividends on our preferred stock from the proceeds of this offering in exchange for each holder's agreement to convert each outstanding share of preferred stock held by him into one share of common stock and to not sell or otherwise transfer any of these shares of common stock at any time prior to the 90th day following the closing of this offering. These agreements expire on October 31, 2006 but we expect to extend the agreements for 30 days.

On April 6, 2006, we signed a Stock Purchase Agreement under which we intend to acquire all of the outstanding shares of capital stock of Stockman's Casino, Inc. for $25.5 million. Stockman's Casino, Inc. owns and operates Stockman's Casino and Holiday Inn Express in Fallon, Nevada. The purchase price is subject to increase if the operation exceeds certain financial targets during the 12 months prior to closing of the transaction. The closing of the transaction is expected to occur in the first quarter of 2007 and is subject to the receipt of all regulatory approvals. We intend to finance the transaction with a portion of the net proceeds from this offering, cash on hand and approximately $16 million of debt. On July 6, 2006, the Nevada State Bank issued a commitment for a $16 million senior secured facility to be secured by the capital stock and assets of Stockman's Casino. The facility will have a reducing balance and bear interest at a premium above LIBOR based on our leverage ratio. Funding is subject to finalizing definitive loan documents, receipt of regulatory approvals, no material or adverse changes, review of financial performance and collateral prior to funding, proof of insurance and endorsement of title insurance policies.

We expect to incur significant costs and cash outflows of approximately $450,000 in connection with the gaming licensing application process to primarily reimburse the Nevada regulators for the cost of suitability and background investigations. We expect to fund these costs from cash on hand and operating cash flows.

Under our agreements with our Michigan joint venture partner, we have pledged the income from our Delaware operations, Midway Slots, to secure a partially convertible loan for approximately $2.4 million. In

connection with our pending acquisition of Stockman's Casino, we expect to pledge all of the capital stock and assets of Stockman's Casino to the lender that provides the approximately $16 million of debt financing.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss from changes in market rates or prices, such as interest rates and commodity prices. We are exposed to market risk in the form of changes in interest rates and the potential impact such changes may have on our variable rate debt. We have not invested in derivative based financial instruments.

Our total outstanding variable rate debt of approximately $2.4 million at June 30, 2006, is subject to variable interest rates, which averaged 7.9% during the current quarter. The applicable interest rate is based on the prime lending rate and therefore, the interest rate will fluctuate as the prime lending rate changes. Based on our outstanding variable rate debt at June 30, 2006, a hypothetical 100 basis point (1%) change in rates would result in an annual interest expense change of approximately $24,000. At this time, we do not anticipate that either inflation or interest rate variations will have a material impact on our future operations.

Results of Operations of Stockman's Casino

Six Months Ended June 30, 2006 Compared to Six Months Ended June 30, 2005

Casino Revenues

Casino revenue increased $255,230, or 7.1%, for the six months ended June 30, 2006, compared to the same six-month period in 2005, due primarily to increased slot machine revenue. Stockman's Player's Club, which was activated in August 2004, has contributed to increased revenue by increasing play per guest and also increasing the number of players at the casino as it is the only casino in Fallon that offers player tracking and loyalty rewards. Stockman's win per machine per day averaged $70.09 at June 30, 2005 and $77.03 at June 30, 2006. From June 30, 2005 through February 2006, the number of slot machines in the casino and club area was reduced by as many as 36 due to remodeling. Once the remodeled section was reopened, Stockman's was able to generate additional revenue from an increased number of slot machines and a more enjoyable environment.

Food and Beverage Revenues

Food and beverage revenues decreased by $39,535, or 3.9%, for the six months ended June 30, 2006, compared to the same six-month period in 2005, due to reduced hours of operations for the coffee shop. The remodeling of the casino during 2006 also negatively affected Stockman's food sales.

Hotel Revenues

Hotel revenues were down $8,190 in the six months ending June 30, 2006 compared to the same six months ending June 30, 2005. This $1,365 per month reduction is due to having less military related customers in Fallon in 2006 than in 2005, due to the training schedule at the nearby naval base. The Fallon Naval Air Station continues to have ongoing training exercises, but their schedule can change and is not always predetermined.

Casino Expenses

Casino expenses increased $32,533, or 2.9%, for the six months ended June 30, 2006, compared to the same six-month period in 2005. The principal reasons for the increase were a $22,848 increase in taxes and licenses as a result of higher slot machine revenue, higher advertisement and promotion costs of $28,060, additional participation payments of $21,039, reflecting an increased number of participation games, and increased supplies of $12,663, as a result of converting more machines this period. Slot machine conversions are generally expensed because they have a useful life of less than one year.

Food and Beverage Expenses

Food and beverage expenses decreased $6,103, or 0.6%, for the six months ended June 30, 2006, compared to the same six-month period in 2005. The majority of this decrease is attributable to the reduction in complementary beverages as hotel guests are no longer provided with drink coupons on a daily basis.

Hotel Expenses

Hotel expenses increased $77,293, or 14.3%, for the six months ended June 30, 2006, compared to the same six-month period in 2005 as a result of increases of $54,199 in supplies for the purchase of new mattresses and linens, $13,757 in payroll, and $8,658 in property taxes.

Related Party Rent

Related party rent increased $15,286, or 1.9%, for the six months ended June 30, 2006, compared to the same six-month period in 2005. Two of Stockman's four leases have an automatic increase each December 1st based on increases in the consumer price index. The increase for 2006 was 2%.

Other Selling, General and Administrative Expenses

Other selling, general and administrative expenses increased $167,921, or 25.4%, for the six months ended June 30, 2006, compared to the same six-month period in 2005. The principal reasons for the increase include $76,187 for architectural plans, a portion of which was written off following a determination that the plans would not be used, an $8,638 increase in rent expense, an $8,591 increase in payroll and a $42,307 increase in legal and professional expense due to the pending sale of the company. Employer contributions to the 401k plans were increased by 1% and participation is up on the 401(k) plan since it was changed to a safe harbor plan in January 2006.

Depreciation and Amortization

Depreciation and amortization expense increased by $51,634 or 23.9%, for the six months ended June 30, 2006, compared to the same six-month period in 2005 due to the addition of slot machines, a point of sale system, a Keno counter in April 2006 and the remodeling of the bar area.

Interest and Other Income

Interest and other income increased $25,205, or 26.3%, for the six months ended June 30, 2006, compared to the same six-month period in 2005. This increase consists primarily of $27,468 higher interest income resulting from a 1.5% to 2.0% increase in interest rates during the six months ended June 30, 2006 compared to the same six-month period in 2005.

Realized Loss on Sale of Marketable Securities

In January 2006, Stockman's sold all of its marketable securities, resulting in a realized loss of $55,416 for the six-months ended June 30, 2006. Prior to the sale, these securities were accounted for as available-for-sale instruments, with changes in market value recorded in unrealized gains or losses, reported accordingly as a component of stockholder's equity.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Casino Revenues

Casino revenues increased $447,372, or 6.4% in 2005, compared to 2004 primarily due to the addition of the Oasis player tracking system encouraging guest loyalty as evidenced by an increase in average win per machine per day of $10.41 in 2005 over 2004.

Food and Beverage Revenues

Food and beverage revenues increased by $17,915, or 0.9% in 2005, compared to 2004, due to more hours of coffee shop operation and higher hotel occupancy.

Hotel Revenues

Hotel revenues increased $212,838, or 13.2% in 2005, compared to 2004, due to 5.19% higher occupancy with increased military related guests including visitors in connection with union negotiations and $3.39 higher average daily room rate.

Casino Expenses

Casino expenses increased $148,911, or 6.2% in 2005, compared to 2004, due to increased taxes as a result of increased revenue and slot advertisements and promotions tied to the Player's Club which was operational for all of 2005 as opposed to only four months in 2004.

Food and Beverage Expenses

Food and beverage expenses increased $33,154, or 1.7% in 2005, compared to 2004, primarily as a result of the completion of the bar remodeling of it being operational for the full year in 2005.

Hotel Expenses

Hotel expenses increased $114,471, or 11.5% in 2005, compared to 2004. The areas of increased expenses were supplies, franchise fees and travel commissions, property and real estate taxes and utilities. Stockman's began purchasing new mattresses for the hotel in 2005. Franchise fees and travel commissions increased as they are directly related to the increased revenue. Utilities expenses were higher due to increased occupancy.

Related Party Rents

Related party rent increased $38,638, or 2.5% in 2005, compared to 2004, due to the increase in the consumer price index.

Other Selling, General and Administrative Expense

Other selling, general and administrative expenses increased $199,463, or 15.9% in 2005, compared to 2004, due to increased payroll, increased insurance expense and increased leased equipment expense.

Depreciation and Amortization

Depreciation and amortization expense increased $16,983, or 3.3% in 2005, compared to 2004, due to increased capital purchases.

Interest and Other Income

Interest and other income increased $83,824, or 59.1% in 2005, compared to 2004, due mostly to higher interest rates. Interest income increased by $78,248, while ATM rebate/fees increased by $7,417 which was indicative of the increased activity in the casino.

Unrealized Holding Loss on Securities

Unrealized holding loss on securities increased $7,401, or 82.2% in 2005, compared to 2004, due to the decrease in the market value of the security.

BUSINESS

Overview

We develop, manage and invest in gaming related opportunities. In May 1994, Lee Iacocca, who has been one of our directors since 1998, brought to us several opportunities to become involved in gaming projects, including one near Battle Creek, Michigan with the Michigan tribe, and a "racino" in Harrington, Delaware. As a result of these opportunities, we are currently a 50% investor in a joint venture with Harrington Raceway that manages Midway Slots and Simulcast at the Delaware State Fairgrounds in Harrington, Delaware. Midway Slots has approximately 1,580 gaming devices, a 450-seat buffet, a 50-seat diner, a gourmet steakhouse and an entertainment lounge area. In addition, through our 50%-owned Michigan joint venture, we and RAM Entertainment, LLC, have an agreement to develop and manage a gaming facility near Battle Creek, Michigan for the Michigan tribe.

We also have agreements with the Nambé Pueblo and the Northern Cheyenne Tribe of Montana for the development and management of gaming facilities in New Mexico and Montana, respectively. We have been selected by the Manuelito Chapter of the Navajo Nation to develop and manage gaming facilities near Gallup, New Mexico and have been in discussions with other chapters of the Navajo Nation regarding similar gaming ventures.

On April 6, 2006, we entered into a stock purchase agreement with James R. Peters, Trustee of the James R. Peters Family Trust, under which we intend to acquire all of the outstanding shares of capital stock of Stockman's Casino, Inc., which operates Stockman's Casino and Holiday Inn Express in Fallon, Nevada, for $25.5 million. The purchase price is subject to increase if the operation exceeds certain financial targets during the 12 months prior to closing of the transaction. We expect the closing of the transaction to occur in the first quarter of 2007, subject to the receipt of all regulatory approvals. We expect to use a portion of the net proceeds from this offering, cash on hand and approximately $16 million in debt financing to complete the acquisition.

We were originally incorporated in Delaware under the name Hour Corp in December 1986 and we changed our name to Full House Resorts, Inc. in August 1992.

Our Strategy

We are involved in the development, management and operation of both Indian and traditional casino gaming ventures. We seek to provide superior development and management services to well-placed and successful Indian gaming operations. In general, Indian gaming ventures provide an opportunity for revenue and earnings growth, but the development projects have a long lead time before realizing revenues. We pursue those Indian gaming ventures:

- where the tribe is federally recognized;
- where the tribe has land in trust or which is otherwise suitable for gaming under federal law;
- where the tribe has a compact with the state in which the proposed site is located to conduct Class III gaming, as defined by federal law;
- where the tribe is stable in its governance;
- which can be developed within the financial and other resources that we can provide; and
- which are anticipated to provide sufficient income to us to support the development commitment.

We seek acquisition of commercial gaming opportunities which are within the financial and other resources that we can extend to the venture and which are underperforming or priced to permit acceptable returns on our investment. These commercial gaming ventures may be quickly accretive to earnings and may benefit from our management experience, but competition for these acquisitions may hinder our ability to acquire these properties.

Description of Operations

Project Currently Operating

Midway Slots and Simulcast—Harrington, Delaware

Midway Slots, which is owned by Harrington Raceway, Inc., commenced operations on August 20, 1996. Our Delaware joint venture provided over $11 million in financing, developed the project and acts as manager of the gaming facility under a 15-year management agreement. The facility was originally 35,000 square feet and opened with 500 gaming devices, a simulcast parlor and a small buffet. Following expansions in 1998 and 2000, the facility now includes a 450-seat buffet, a 50-seat diner, a gourmet steakhouse and an entertainment lounge area and accommodates 1,581 gaming devices.

In May 2006, a substantial expansion and renovation of Midway Slots was commenced, with a projected increase of 66,630 square feet to the existing 75,128 square feet and an increase to 2,000 slot machines together with remodeling and expansion of the food and beverage and related amenities. This renovation does not require any financial obligation on our part.

Midway Slots is located in Harrington, Delaware on Route 13, approximately 20 miles south of Dover, Delaware between Philadelphia and Baltimore/Washington, D.C. and is one of three gaming facilities operating in Delaware. The closest competing casino is in Dover and operates 2,000 devices, until recently, the maximum number allowed in Delaware. In February 2006, the law was changed to allow up to 4,000 gaming devices at each of the three authorized locations in Delaware. The third facility is approximately 60 miles north of Harrington. Under the management agreement, which expires in 2011, the joint venture receives a percentage of gross revenues and operating profits as a management fee, subject to rebates for fees above $7,000,000 annually.

In November 2002, Maryland elected a governor supporting some type of gaming legalization. Our facility draws a significant number of customers from Maryland and we believe that competitive gaming in Maryland would have a negative impact on our facility. The magnitude would depend on both the form of gaming that is authorized, and the locations of competing facilities. Maryland's legislature remains deadlocked over approval of slot machines. After three consecutive legislative sessions at which a bill to approve some form of slot machine gambling was introduced but not passed in the Maryland legislature, this past year saw no further movement toward authorizing slot machines in Maryland.

In 2004, the Pennsylvania legislature passed a law authorizing gambling. Included in the authorized types of games are slot machines similar to those operated in Delaware. In 2005, the Pennsylvania Gaming Control Board accepted applications for licensure of operators and gaming equipment suppliers. We do not expect that gaming operations in Pennsylvania will begin before the second half of 2007. Harrington Raceway is located the furthest South of the three authorized gaming locations in Delaware and does not attract a substantial patronage from Pennsylvania. We do not anticipate that the commencement of gaming operations in Pennsylvania will have a material adverse effect on our operations.

Agreement to Acquire Stockman's Casino

On April 6, 2006, we entered into a stock purchase agreement with James R. Peters, Trustee of the James R. Peters Family Trust, under which we intend to acquire all of the outstanding shares of Stockman's Casino, Inc. for $25.5 million. The purchase price is subject to increase if the operation exceeds certain financial targets during the 12 months prior to closing of the transaction. We expect the closing of the transaction to occur in the first quarter of 2007, subject to the receipt of all regulatory approvals. We expect to finance the transaction with a portion of the net proceeds from this offering, cash on hand, and approximately $16 million in debt financing.

Stockman's Casino, Inc. owns and operates Stockman's Casino and Holiday Inn Express in Fallon, Nevada, located about one hour east of Reno, Nevada. Fallon is the location of Naval Air Station Fallon, the home of the

Naval Strike and Air Warfare Center. Stockman's Casino has completed a renovation, which resulted in a total of almost 8,400 square feet of gaming space with approximately 280 gaming machines, 4 table games and a keno game. The casino has a bar, a fine dining restaurant and a coffee shop. The Holiday Inn Express has 98 guest rooms, indoor and outdoor swimming pools, a sauna, fitness club, meeting room and business center.

Projects in Development

Nottawaseppi Huron Band of Potawatomi—Battle Creek, Michigan

Our 50%-owned Michigan joint venture entered into a series of agreements in January 1995 with the Michigan tribe to develop and manage gaming and non-gaming commercial opportunities on reservation lands in south central Michigan. If developed, the Firekeeper's Casino will target potential customers in the Battle Creek, Kalamazoo, and Lansing, Michigan metropolitan areas, as well as the Ft. Wayne, Indiana area.

The Michigan tribe achieved final federal recognition as a tribe in April 1996 and obtained a gaming compact from Michigan's governor early in 1997 to operate an unlimited number of electronic gaming devices as well as roulette, keno, dice and banking card games. The Michigan legislature ratified the compact by resolution in December 1998, along with compacts for three other tribes.

A lawsuit was filed in 1999 by Taxpayers of Michigan Against Casinos (TOMAC) in Ingham County Circuit Court, Michigan. The lawsuit challenged the constitutionality of the approval process of four gaming compacts between the State of Michigan and Indian tribes, including the Huron Band. After several years of litigation, on July 30, 2004, the Michigan Supreme Court ruled that the Michigan Legislature did not violate the state constitution when it approved the four tribal casino compacts in 1998 by a resolution. This ruling removes the objection to the Tribal-State Compact between the Michigan tribe and the State of Michigan to allow Class III casino gaming at the proposed site near Battle Creek. However, the Michigan Supreme Court remanded for further proceedings one issue related to the Governor's authority to amend the Compacts. The Michigan Court of Appeals found the Governor's amendment powers illegal. In response to the appeal by the state of that ruling, TOMAC has argued before the Michigan Supreme Court that the Compacts as a whole must be held invalid. While the Huron compact has not been amended, reversal by the court finding that the compact as a whole is invalid would disallow Class III gaming at our Battle Creek, Michigan site.

In December 1999, the management agreements with the Michigan tribe, along with the required licensing applications, were submitted to the NIGC. We met with the NIGC several times to review suggested revisions to the management agreements and, working with the Michigan tribe, have incorporated all the appropriate changes. In June 2006, we entered into a revised management agreement with the Michigan tribe, which supersedes the previous temporary facility management agreement, in accordance with our current plans to forego a temporary facility and develop a full-scale permanent facility. The revised management agreement is subject to NIGC approval.

Also in December 1999, the Michigan tribe applied to have its existing reservation lands, as well as additional land in its ancestral territory, taken into trust by the BIA. The parties selected a parcel of land for the gaming enterprise, which was purchased in September 2003, and completed a fee-to-trust application that was submitted to the BIA in February 2002. On August 9, 2002, the Department of Interior issued its notice to take the land into trust for the benefit of the Michigan tribe. On August 30, 2002 Citizens Exposing Truth About Casinos filed a complaint in United States District Court for the District of Columbia, seeking to prevent this land from being taken into trust. On April 23, 2004, the U.S. District Court rejected all of the plaintiff's arguments except it found that the environmental assessment was insufficient and entered an injunction prohibiting the BIA from taking the land into trust until a more complete environmental analysis was done. The BIA issued an environmental impact statement in August 2006 and the final agency action of a record of decision in September 2006, following which the lawsuit was settled and the injunction removed. The BIA is now able to take the land into trust, as it commenced in 2002, which is the final step in utilizing the parcel for gaming. We have begun final planning, financing and construction on the Michigan project. Assuming we receive NIGC

approval of the revised management agreement, we expect the casino to open in the third quarter of 2008, with approximately 2,000 slot machines and 44 table games.

Our joint venture has the exclusive right to arrange the financing and provide casino management services to the Michigan tribe in exchange for 26% of net profits for seven years and certain other specified consideration from any future gaming or related activities conducted by the Michigan tribe. If the project is developed, then a third party will be paid a royalty fee equating to 15% of management fees in lieu of its original ownership interest in earlier contracts with the Michigan tribe.

In February 2002, following our acquisition of our then partner's interest in the Michigan project, we entered into an agreement with RAM Entertainment, LLC, whereby RAM was admitted as a 50% member in our Michigan and California joint ventures in exchange for providing a portion of the necessary funding for the development of the projects. Accordingly, RAM loaned us $2,381,260, which we used to retire an outstanding loan. The loan is secured by our income from our Delaware joint venture. RAM has the right to convert the loan into a $2,000,000 capital contribution and a $381,260 short-term loan to the Michigan venture, once our management agreements receive regulatory approval, and the gaming site is taken into trust for the Michigan tribe. We expect RAM will convert the loan upon the occurrence of these contingencies. As of the date hereof, these contingencies had not occurred. On May 31, 2005, we entered into an agreement with RAM to modify certain terms of the investor agreement. The parties agreed that RAM would advance one-half of the continuing development expenses for the Michigan project up to a maximum of $800,000, to extend the maturity date of the loan to July 1, 2007 with further extensions at its option, to allow interest on the loan to accrue without payment and to modify certain other terms of the agreement concerning repayment from the gaming operations. RAM has already advanced the maximum $800,000 toward the development expenses. As of June 30, 2006, we had advanced $8,798,647 to or on behalf of the Michigan tribe (plus $1,929,416 for the purchase of land) related to development costs. We expect total development costs for the project will be approximately $150 million.

The closest competition to the proposed Michigan project is located in Detroit, approximately 100 miles from the Battle Creek area. We do not believe that the gaming facilities in Detroit will have a material adverse impact on the proposed Michigan project. In addition, the BIA recently took land into trust for the benefit of the Pokagon Band of Potawatomi Indians casino project in the New Buffalo, Michigan area, approximately 100 miles south of the Huron location. This project is not expected to open until late 2007. The impact of this competing casino cannot be estimated at this time.

Nambé Pueblo Indian Tribe—Santa Fe, New Mexico

In April 2004, the Nambé Pueblo signed a letter of intent to negotiate a management agreement with us for a proposed casino to be built approximately 15 miles north of Santa Fe, New Mexico. On October 3, 2004, the tribe passed a referendum which approved development of the casino. On January 26, 2005, the Tribal Council voted to select us as the developer and manager of the tribe's casino project. During 2005, we entered into development and management agreements with the tribe, which provide for a management fee of 30% of revenues net of prizes and operating expenses. The management agreement was submitted in March 2006 for approval by the NIGC in accordance with federal law. The master plan of economic development includes a full-scale casino with other amenities to follow. In order to approve the management agreement, the NIGC must comply with the National Environmental Policy Act, which we refer to in this prospectus as NEPA. We have commenced an environmental assessment of the location to analyze the impact of the development project on the natural and human environment. We anticipate completing the environmental assessment during the fourth quarter of 2006 and expect that the NIGC will adopt its findings. We expect the casino will open in the fourth quarter of 2007, with approximately 500 slot machines and 8 table games.

Northern Cheyenne Tribe—Decker, Montana

On March 7, 2005, we signed a letter of intent with the Northern Cheyenne Tribe of Montana to explore gaming and other economic development. In May 2005, we signed a development agreement and in January

2006 we signed a revised gaming management agreement for the development and management of a site held in trust for the tribe in the Tongue River Reservoir area. The management agreement provides for a management fee of 30% of revenues net of prizes and operating expenses. Plans are for a 25,000 square foot facility housing 250 gaming devices and related amenities. The proposed site for this project is on land, which although held in trust for the tribe, must be approved by the Secretary of the Interior and the Governor of Montana, pursuant to the Indian Gaming Regulatory Act. We have commenced the environmental review to comply with the NEPA and have requested NIGC approval of the management agreement. The tribe is also holding discussions with the Governor of Montana to extend and expand the gaming compact existing with the State of Montana which is set to expire in 2007. We expect to receive the environmental assessment in the fourth quarter of 2006, and we expect the casino will open in the fourth quarter of 2007.

Navajo Nation—New Mexico

On February 20, 2005, the Manuelito Chapter of the Navajo Nation selected us to develop and manage a gaming facility near Gallup, New Mexico. If developed, we expect the casino to be a 50,000-square-foot facility with 600 slot machines and eight table games. We have also been in discussions with other chapters of the Navajo Nation to develop and manage other gaming facilities. Each of these development projects requires the approval and consent of the Navajo Nation. The Navajo Nation has created a gaming office and retained the services of an executive director for that office. The Navajo Nation must still determine whether the Navajo Nation as a whole, or individual chapters in particular, will be allowed to conduct gaming, and if so, which individual chapters will be allowed to conduct gaming, where gaming will be authorized and which management contractors may be approved, among other things. In addition, other issues related to gaming are to be decided by the Navajo Nation.

We have also been selected by the Shiprock Chapter of the Navajo Nation to develop and manage a gaming facility in Shiprock, New Mexico. Plans for the casino include a 50,000-square-foot facility with 500 slot machines, eight table games, three food outlets, a gift shop, lounge and other amenities. As with the Manuelito Chapter, the Navajo Nation must still determine whether the Navajo Nation as a whole, or individual chapters in particular, will be allowed to conduct gaming, and if so, which individual chapters will be allowed to conduct gaming, where gaming will be authorized, and which management contractors may be approved, among other things.

Discontinued Projects

Torres Martinez Band of Desert Cahuilla Indians—Thermal, California

In April 1995, our 50%-owned California subsidiary entered into a gaming and development agreement and a gaming management agreement with the Torrez Martinez Band of Desert Cahuilla Indians, which was amended in 1997. These agreements gave the subsidiary certain rights to develop, manage, and operate gaming activities for the Torres Martinez Band and the right to receive a defined percentage of the net revenues from gaming activities as a management fee, subject to our obligation to arrange or provide financing for the development. Since 1995, we incurred approximately $1 million in costs on the Torres Martinez Band's behalf that were expensed as incurred.

In August 2001, we received a notice from the Torres Martinez Band purporting to sever our contractual relationship. On December 20, 2005, we received $1,050,897 from the Torres Martinez Band and signed a mutual release and satisfaction of all claims.

Hard Rock Casino, Biloxi, Mississippi

In November 2002, we entered into a termination agreement with Hard Rock Café International with respect to licensing the rights to develop a Hard Rock Café-themed casino and hotel in Biloxi, Mississippi. We received $100,000 in exchange for relinquishing any right we had to prevent Hard Rock from entering into any other

licensing agreements in Mississippi prior to the original contract termination date of November 20, 2003, and we also sold the land we previously acquired in connection with the proposed development. Additionally, if Hard Rock executed a new licensing agreement for Biloxi within one year of the termination agreement, we agreed to provide consulting services to Hard Rock for a two year period for annual fees of $100,000 or 10% of the licensing fees, whichever is greater. During 2003 and within the one-year period, Hard Rock executed a new licensing agreement. Our consulting fees become payable upon opening of the facility. The casino was scheduled to open on September 1, 2005. On August 29, 2005, Hurricane Katrina devastated the Mississippi Gulf Coast, causing substantial damage to the Hard Rock Casino facility. The fate of the facility is uncertain, and we may not receive any additional fees from that licensing agreement.

Government Regulation

The ownership, management, and operation of gaming facilities are subject to many federal, state, provincial, tribal and/or local laws, regulations and ordinances, which are administered by the relevant regulatory agency or agencies in each jurisdiction. These laws, regulations and ordinances are different in each jurisdiction, but primarily deal with the responsibility, financial stability and character of the owners and managers of gaming operations as well as persons financially interested or involved in gaming operations.

We may not own, manage or operate a gaming facility unless we obtain proper licenses, permits and approvals. Applications for a license, permit or approval may be denied for reasonable cause. Most regulatory authorities license, investigate, and determine the suitability of any person who has a material relationship with us. Persons having material relationships include officers, directors, employees, and security holders.

Once obtained, licenses, permits, and approvals must be renewed from time to time and generally are not transferable. Regulatory authorities may at any time revoke, suspend, condition, limit, or restrict a license for reasonable cause. License holders may be fined and in some jurisdictions and under certain circumstances gaming operation revenues can be forfeited. We may be unable to obtain any licenses, permits, or approvals, or if obtained, they may not be renewed or may be revoked in the future. In addition, a rejection or termination of a license, permit, or approval in one jurisdiction may have a negative effect in other jurisdictions. Some jurisdictions require gaming operators licensed in that state to receive their permission before conducting gaming in other jurisdictions.

The political and regulatory environment for gaming is dynamic and rapidly changing. The laws, regulations, and procedures dealing with gaming are subject to the interpretation of the regulatory authorities and may be amended. Any changes in such laws, regulations, or their interpretations could have a negative effect on our operations and future development of gaming opportunities. Certain specific provisions applicable to us are described below.

Delaware Regulatory Matters

As the owner of at least 10% of the management company operating video lottery machines in Delaware, we are subject to approval under the Delaware Video Lottery Code in order for our Delaware joint venture to maintain its license to manage the video lottery location of Midway Slots at Harrington Raceway. That law authorized the ownership and operation of video lottery machines, as defined in the law and commonly known as slot machines, by the State Lottery Office through certain licensed agents, including our Delaware joint venture.

The lottery director has discretion to adopt such rules and regulations as the lottery director deems necessary or desirable for the efficient and economical operation and administration of the system, including:

- type and number of games permitted;
- pricing of games;

- numbers and sizes of prizes;
- manner of payment;
- value of bills, coins or tokens needed to play;
- requirements for licensing agents and service providers;
- standards for advertising, marketing and promotional materials used by licensed agents;
- procedures for accounting and reporting;
- registration, kind, type, number and location of video lottery (slot) machines on a licensed agent's premises;
- security arrangements for the video lottery system; and
- reporting and auditing of financial information of licensed agents.

There are continuing licensure requirements for all officers, directors, key employees and persons who own directly or indirectly 10% or more of a licensed agent, which licensure requirements shall include the satisfaction of such security, fitness and background standards as the lottery director may deem necessary relating to competence, honesty and integrity, such that a person's reputation, habits and associations do not pose a threat to the public interest of the State or to the reputation of or effective regulation and control of the video lottery; it being specifically understood that any person convicted of any felony, a crime involving gambling, or a crime of moral turpitude within 10 years prior to applying for a license or at any time thereafter shall be deemed unfit.

The lottery director may revoke or suspend the license of a licensed agent for "cause." "Cause" is broadly defined and could potentially include falsifying any application for license or report required by the rules and regulations, the failure to report any information required by the rules and regulations, the material violation of any rules and regulations promulgated by the lottery director or any conduct by the licensee which undermines the public confidence in the video lottery system or serves the interest of organized gambling or crime and criminals in any manner. A license may be revoked for an unintentional violation of any federal, state or local law, rule or regulation provided that the violation is not cured within a reasonable time as determined by the lottery director. A hearing officer's decision revoking or suspending the license shall be appealable to the Delaware Superior Court under the provisions of the Administrative Procedures Act. All existing or new officers, directors, key employees and owners of a licensed agent are subject to background investigation. Failure to satisfy the background investigation may constitute cause for suspension or revocation of the license.

The license of our Delaware joint venture may also be revoked or suspended in the event that we do not maintain our approval to own at least 10% of the joint venture. The same standard of "Cause" defined above applies to our approval. Currently, our officers have filed the required application forms and have been found suitable by the Delaware State Police, which is empowered to conduct the security, fitness and background checks required by the lottery director.

Indian Gaming

Gaming on Indian Lands (lands over which Indian tribes have jurisdiction and which meet the definition of Indian Lands under the Indian Gaming Regulatory Act of 1988, which we refer to in this prospectus as the Regulatory Act), is regulated by federal, state and tribal governments. The regulatory environment regarding Indian gaming is always changing. Changes in federal, state or tribal law or regulations may limit or otherwise affect Indian gaming or may be applied retroactively and could then have a negative effect on our operations.

The terms and conditions of management agreements or other agreements, and the operation of casinos on Indian Land, are subject to the Regulatory Act, which is implemented by the NIGC. The contracts also are subject to the provisions of statutes relating to contracts with Indian tribes, which are supervised by the Department of the

Interior. The Regulatory Act is interpreted by the Department of the Interior and the NIGC and may be clarified or amended by the judiciary or legislature. Under the Regulatory Act, the NIGC has the power to:

- inspect and examine certain Indian gaming facilities;
- perform background checks on persons associated with Indian gaming;
- inspect, copy and audit all records of Indian gaming facilities;
- hold hearings, issue subpoenas, take depositions, and adopt regulations; and
- penalize violators of the Regulatory Act.

Penalties for violations of the Regulatory Act include fines, and possible temporary or permanent closing of gaming facilities. The Department of Justice may also impose federal criminal sanctions for illegal gaming on Indian Lands and for theft from Indian gaming facilities.

The Regulatory Act also requires that the NIGC review tribal gaming ordinances. Such ordinances are approved only if they meet certain requirements relating to:

- ownership;
- security;
- personnel background;
- record keeping and auditing of the tribe's gaming enterprises;
- use of the revenues from gaming; and
- protection of the environment and the public health and safety.

The Regulatory Act also regulates Indian gaming and management agreements. The NIGC must approve management agreements and collateral agreements, including agreements like promissory notes, loan agreements and security agreements. A management agreement can be approved only after determining that the contract provides for:

- adequate accounting procedures and verifiable financial reports, copies of which must be furnished to the tribe;
- tribal access to the daily operations of the gaming enterprise, including the right to verify daily gross revenues and income;
- minimum guaranteed payments to the tribe, which must have priority over the retirement of development and construction costs;
- a ceiling on the repayment of such development and construction costs; and
- a contract term not exceeding five years and a management fee not exceeding 30% of profits and a determination by the Chairman of the NIGC that the fee is reasonable considering the circumstances; provided that the NIGC may approve up to a seven year term and a management fee not to exceed 40% of net revenues if the NIGC is satisfied that the capital investment required or the income projections for the particular gaming activity justify the larger profit allocation and longer term.

Under the Regulatory Act, we must provide the NIGC with background information, including financial statements and gaming experience, on:

- each person with management responsibility for a management agreement;
- each of our directors; and
- the ten persons who have the greatest direct or indirect financial interest in a management agreement to which we are a party.

The NIGC will not approve a management company and may void an existing management agreement if a director, key employee or an interested person of the management company:

- is an elected member of the Indian tribal government that owns the facility being managed;
- has been or is convicted of a felony or misdemeanor gaming offense;
- has knowingly and willfully provided materially false information to the NIGC or a tribe;
- has refused to respond to questions from the NIGC;
- is a person whose prior history, reputation and associations pose a threat to the public interest or to effective gaming regulation and control, or create or enhance the chance of unsuitable, unfair or illegal activities in gaming or the business and financial arrangements incidental thereto; or
- has tried to influence any decision or process of tribal government relating to gaming.

Contracts may also be voided if:

- the management company has materially breached the terms of the management agreement, or the tribe's gaming ordinance; or
- a trustee, exercising the skill and diligence to which a trustee is commonly held, would not approve such management agreement.

The Regulatory Act divides games that may be played on Indian Land into three categories. Class I Gaming includes traditional Indian games and private social games and is not regulated under the Regulatory Act. Class II Gaming includes bingo, pull tabs, lotto, punch boards, tip jars, instant bingo, and other games similar to bingo, if those games are played at a location where bingo is played. Class III Gaming includes all other commercial forms of gaming, such as video casino games (e.g., video slots, video blackjack), so-called "table games" (e.g., blackjack, craps, roulette), and other commercial gaming (e.g., sports betting and pari-mutuel wagering).

Class II Gaming is allowed on Indian Land if performed according to a tribal ordinance which has been approved by the NIGC and if the state in which the Indian Land is located allows such gaming for any purpose. Class II Gaming also must comply with several other requirements, including a requirement that key management officials and employees be licensed by the tribe.

Class III Gaming is permitted on Indian Land if the same conditions that apply to Class II Gaming are met and if the gaming is performed according to the terms of a written gaming compact between the tribe and the host state. The Regulatory Act requires states to negotiate in good faith with Indian tribes that seek to enter into tribal-state compacts, and gives Indian tribes the right to get a federal court order to force negotiations.

The negotiation and adoption of tribal-state compacts is vulnerable to legal and political changes that may affect our future revenues and securities prices. Accordingly, we cannot predict:

- which additional states, if any, will approve casino gaming on Indian Land;
- the timing of any such approval;
- the types of gaming permitted by each tribal-state compact;
- any limits on the number of gaming machines allowed per facility; or
- whether states will attempt to renegotiate or take other steps that may affect existing compacts.

Under the Regulatory Act, Indian tribal governments have primary regulatory authority over gaming on Indian Land within the tribe's jurisdiction unless a tribal-state compact has delegated this authority. Therefore, persons engaged in gaming activities, including us, are subject to the provisions of tribal ordinances and regulations on gaming.

Tribal-State compacts have been litigated in several states, including Michigan. In addition, many bills have been introduced in Congress that would amend the Regulatory Act, including bills introduced in 2005 that seek to limit "off reservation" gaming by Indian tribes. If the Regulatory Act were amended, then the governmental structure and requirements by which Indian tribes may perform gaming could be significantly changed, which could have an impact on our future operations and development of tribal gaming opportunities.

Nevada Regulatory Matters

In order to acquire and own Stockman's Casino or any other gaming operation in Nevada, we will be subject to the Nevada Gaming Control Act and to the licensing and regulatory control of the Nevada State Gaming Control Board, the Nevada Gaming Commission, and various local, city and county regulatory agencies.

The laws, regulations and supervisory procedures of the Nevada gaming authorities are based upon declarations of public policy which are concerned with, among other things:

- the character of persons having any direct or indirect involvement with gaming to prevent unsavory or unsuitable persons from having a direct or indirect involvement with gaming at any time or in any capacity;
- application of appropriate accounting practices and procedures;
- maintenance of effective control over the financial practices and financial stability of licensees, including procedures for internal controls and the safeguarding of assets and revenues;
- record-keeping and reporting to the Nevada gaming authorities;
- fair operation of games; and
- the raising of revenues through taxation and licensing fees.

In May 2006, we applied for registration with the Nevada Gaming Commission as a publicly traded corporation. The registration, if obtained, is not transferable and requires periodic payment of fees. The Nevada gaming authorities may limit, condition, suspend or revoke a license, registration, approval or finding of suitability for any cause deemed reasonable by the licensing agency. If a Nevada gaming authority determines that we violated gaming laws, then the approvals and licenses we hold could be limited, conditioned, suspended or revoked, and we, and the individuals involved, could be subject to substantial fines for each separate violation of the gaming laws at the discretion of the Nevada Gaming Commission. Each type of gaming device, slot game, slot game operating system, table game or associated equipment manufactured, distributed, leased, licensed or sold in Nevada must first be approved by the Nevada State Gaming Control Board and, in some cases, the Nevada Gaming Commission. We must regularly submit detailed financial and operating reports to the Nevada State Gaming Control Board. Certain loans, leases, sales of securities and similar financing transactions must also be reported to or approved by the Nevada Gaming Commission.

Certain of our officers, directors and key employees are required to be found suitable by the Nevada Gaming Commission and employees associated with gaming must obtain work permits which are subject to immediate suspension under certain circumstances. An application for suitability may be denied for any cause deemed reasonable by the Nevada Gaming Commission. Changes in specified key positions must be reported to the Nevada Gaming Commission. In addition to its authority to deny an application for a license, the Nevada Gaming Commission has jurisdiction to disapprove a change in position by an officer, director or key employee. The Nevada Gaming Commission has the power to require licensed gaming companies to suspend or dismiss officers, directors or other key employees and to sever relationships with other persons who refuse to file appropriate applications or whom the authorities find unsuitable to act in such capacities.

The Nevada Gaming Commission may also require anyone having a material relationship or involvement with us to be found suitable or licensed, in which case those persons are required to pay the costs and fees of the Nevada State Gaming Control Board in connection with the investigation. We customarily reimburse such costs

and fees. Any person who acquires more than 5% of our voting securities must report the acquisition to the Nevada Gaming Commission; any person who becomes a beneficial owner of 10% or more of our voting securities is required to apply for a finding of suitability. Under certain circumstances, an "institutional investor," as such term is defined in the regulations of the Nevada Gaming Commission, which acquires more than 10% but not more than 15% of our voting securities, may apply to the Nevada Gaming Commission for a waiver of such finding of suitability requirements, provided the institutional investor holds the voting securities for investment purposes only. The Nevada Gaming Commission has amended its regulations pertaining to institutional investors to temporarily allow an institutional investor to beneficially own more than 15%, but not more than 19%, if the ownership percentage results from a stock repurchase program. These institutional investors may not acquire any additional shares and must reduce their holdings within one year from constructive notice of exceeding 15%, or must file a suitability application. An institutional investor will be deemed to hold voting securities for investment purposes only if the voting securities were acquired and are held in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of our board of directors, any change in our corporate charter, bylaws, management, policies or operations, or any of our gaming affiliates, or any other action which the Nevada Gaming Commission finds to be inconsistent with holding our voting securities for investment purposes only.

Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being ordered to do so by the Nevada Gaming Commission may be found unsuitable based solely on such failure or refusal. The same restrictions apply to a record owner if the record owner, when requested, fails to identify the beneficial owner. Any security holder found unsuitable and who holds, directly or indirectly, any beneficial ownership of the common stock beyond such period of time as may be prescribed by the Nevada Gaming Commission may be guilty of a gross misdemeanor. We are subject to disciplinary action if, after we receive notice that a person is unsuitable to be a security holder or to have any other relationship with us, we:

- pay that person any dividend or interest upon our voting securities;
- allow that person to exercise, directly or indirectly, any voting right conferred through securities held by that person; or
- give remuneration in any form to that person.

If a security holder is found unsuitable, then we may be found unsuitable if we fail to pursue all lawful efforts to require such unsuitable person to relinquish his or her voting securities for cash at fair market value.

The Nevada Gaming Commission may also, in its discretion, require any other holders of our debt or equity securities to file applications, be investigated and be found suitable to own the debt or equity securities. The applicant security holder is required to pay all costs of such investigation. If the Nevada Gaming Commission determines that a person is unsuitable to own such security, then pursuant to the regulations of the Nevada Gaming Commission, we may be sanctioned, including the loss of our approvals, if, without the prior approval of the Nevada Gaming Commission, we:

- pay to the unsuitable person any dividends, interest or any distribution whatsoever;
- recognize any voting right by such unsuitable person in connection with such securities;
- pay the unsuitable person remuneration in any form; or
- make any payment to the unsuitable person by way of principal, redemption, conversion; exchange, liquidation or similar transaction.

We will be required to maintain a current stock ledger in Nevada which may be examined by the Nevada Gaming Commission at any time, and to file with the Nevada Gaming Commission, at least annually, a list of our stockholders. The Nevada Gaming Commission will have the power to require our stock certificates to bear a legend indicating that the securities are subject to the Nevada Gaming Control Act and the regulations of the Nevada Gaming Commission.

Once licensed, we may not make certain public offerings of our securities without the prior approval of the Nevada Gaming Commission. Also, changes in control of us through merger, consolidation, acquisition of assets, management or consulting agreements or any form of takeover cannot occur without prior investigation by the Nevada State Gaming Control Board and approval by the Nevada Gaming Commission.

The Nevada legislature has declared that some repurchases of voting securities, corporate acquisitions opposed by management, and corporate defense tactics affecting Nevada gaming licensees, and registered companies that are affiliated with those operations, may be harmful to stable and productive corporate gaming. The Nevada Gaming Commission has established a regulatory scheme to reduce the potentially adverse effects of these business practices upon Nevada's gaming industry and to further Nevada's policy to:

- assure the financial stability of corporate gaming licensees and their affiliates;
- preserve the beneficial aspects of conducting business in the corporate form; and
- promote a neutral environment for the orderly governance of corporate affairs.

Because we will be a registered company, approvals may be required from the Nevada Gaming Commission before we can make exceptional repurchases of voting securities above their current market price and before a corporate acquisition opposed by management can be consummated. The Nevada Gaming Control Act also requires prior approval of a plan of recapitalization proposed by a registered company's board of directors in response to a tender offer made directly to its stockholders for the purpose of acquiring control.

Any person who is licensed, required to be licensed, registered, required to be registered, or who is under common control with those persons, collectively, "licensees," and who proposes to become involved in a gaming venture outside of Nevada, is required to deposit with the Nevada Gaming Control Board, and thereafter maintain, a revolving fund in the amount of $10,000 to pay the expenses of investigation by the Nevada Gaming Control Board of the licensee's participation in foreign gaming. We currently comply with this requirement. The revolving fund is subject to increase or decrease at the discretion of the Nevada Gaming Commission. Licensees are required to comply with the reporting requirements imposed by the Nevada Gaming Control Act. A licensee is also subject to disciplinary action by the Nevada Gaming Commission if it:

- knowingly violates any laws of the foreign jurisdiction pertaining to the foreign gaming operation;
- fails to conduct the foreign gaming operation in accordance with the standards of honesty and integrity required of Nevada gaming operations;
- engages in any activity or enters into any association that is unsuitable because it poses an unreasonable threat to the control of gaming in Nevada, reflects or tends to reflect, discredit or disrepute upon the State of Nevada or gaming in Nevada, or is contrary to the gaming policies of Nevada;
- engages in activities or enters into associations that are harmful to the State of Nevada or its ability to collect gaming taxes and fees; or
- employs, contracts with or associates with a person in the foreign operation who has been denied a license or a finding of suitability in Nevada on the ground of unsuitability.

In May 2006, we adopted a compliance plan and appointed a compliance committee consisting of Carl Braunlich, one of our directors, and Barth Aaron, our general counsel, in accordance with Nevada Gaming Commission requirements. Our compliance committee will meet quarterly and be responsible for implementing and monitoring our compliance with Nevada regulatory matters. This committee will also review information and reports regarding the suitability of potential key employees or other parties who may be involved in material transactions or relationships with us.

Costs and Effects of Compliance with Environmental Laws

In order to have land taken into trust or otherwise be approved for use by an Indian tribe for gaming purposes by the BIA, as a federal agency, the NIGC is required to comply with NEPA. Likewise, in order for the NIGC to approve a management agreement for us to manage an Indian gaming casino as required by the Indian Gaming Regulatory Act, the NIGC, as a federal agency, is required to comply with NEPA. For these purposes NEPA requires a federal agency to consider the effect on the human, physical and natural environment of a development project as part of its approval process. Compliance with NEPA begins with conducting of environmental assessment, which considers the factors identified in NEPA, as implemented by the Council on Environmental Quality, and determines whether the development will cause a significant impact on the environment. If not, the federal agency may issue a finding of no significant impact. If the federal agency determines the development project may cause a significant impact on the environment, then it will conduct a further study resulting in an environmental impact statement, which considers all impacts on the environment and what can be done to mitigate those impacts. Since this constitutes action by a federal agency, any of these determinations can be the subject of litigation as was commenced by Citizens Exposing the Truth About Casinos with respect to the Michigan project, which is described below under the heading "Legal Proceedings."

As reported, an environmental impact statement was prepared by the BIA reviewing the impacts caused by the proposed Nottawaseppi Huron Band of Potawatomi casino project in Michigan. This effort is conducted by environmental engineers and those in related fields whose services are compensated by the proponent of the project. In this case, pursuant to our agreement with the Michigan tribe, we are advancing these costs subject to the tribe's agreement to reimburse these and other costs related to the development project from the proceeds of the casino once open. The environmental impact statement was finalized in August 2006 and the BIA issued a record of decision in September 2006.

During 2005, we also funded environmental assessments related to the casino development project for the Nambé Pueblo and for the Northern Cheyenne Tribe. The environmental assessment related to the Nambé Pueblo project is on behalf of the NIGC in conjunction with its required approval of the management agreement between us and the tribe. The environmental assessment related to the Northern Cheyenne Tribe is on behalf of the BIA in conjunction with its approval of the land chosen by the tribe for its casino site for use for gaming. We anticipate both environmental assessments to be completed during the fourth quarter of 2006. As stated above, the result of an environmental assessment can be a determination of a finding of no significant impact or the requirement that an environmental impact statement be prepared. While we are unable to predict the determination to be made by each agency, to date we have no reason to believe that there are significant impacts to the environment caused by either of these development projects.

Competition

The gaming industry is highly competitive. Gaming activities include traditional land-based casinos; river boat and dockside gaming, casino gaming on Indian land, state-sponsored lotteries, video poker in restaurants, bars and hotels, pari-mutuel betting on horse racing, dog racing and jai alai, sports bookmaking, card rooms, Internet gaming, and casinos at racetracks. The Indian-owned casinos that we intend to develop and manage will compete with all these forms of gaming, and will compete with any new forms of gaming that may be legalized in additional jurisdictions, as well as with other types of entertainment.

In Michigan, there are three gaming facilities operating in Detroit and numerous other Indian casinos. The closest competitor to our location is approximately 100 miles away in Detroit and offers approximately 2,500 gaming devices and 100 table games. We do not believe that these gaming facilities in Detroit will have a material adverse impact on the proposed Michigan project. In addition, the BIA recently took land into trust for the benefit of the Pokagon Band of Potawatomi Indians casino project in the New Buffalo, Michigan area, approximately 100 miles south of the Huron location. That casino is not expected to open until late 2007. The impact of this competing casino cannot be estimated at this time.

Midway Slots is one of three facilities currently operating in Delaware and draws customers from surrounding states, primarily Maryland. In addition, Maryland's current governor supports some type of gaming legalization. We believe that competitive gaming in Maryland would have a negative impact on our facility. The magnitude of the negative impact would depend on both the form of gaming that is authorized, and the locations of competing facilities. After three consecutive legislative sessions at which a bill to approve some form of slot machine gambling had been introduced and defeated, there is no certainty about gaming's future in Maryland.

In 2004, the Pennsylvania legislature approved gaming to be held at racetracks as well as selected stand-alone facilities and resort hotel sites. In December 2005, the Pennsylvania Gaming Control Board completed accepting license applications from operators to be used in a competitive bidding process and from gaming equipment suppliers. Midway Slots is the furthest south of the three racetrack slot operations in Delaware. Residents of Pennsylvania do not constitute a material portion of the market for Midway Slots.

The Stockman's Casino's approximately 280 slot machines and four gaming tables in Fallon, Nevada compete with eight other casinos, with an aggregate of 733 slot machines. The smallest competitor has 18 slot machines and the three largest competitors have between 140 and 220 slot machines and a total of five table games.

Additionally, we are in constant competition with other companies in the industry to acquire other legal gaming sites and for opportunities to manage casinos on Indian land. Many of our competitors are larger in terms of potential resources and personnel. Competition in the gaming industry could adversely affect our ability to attract customers and thus, adversely affect future operating results. In addition, further expansion of gaming into new jurisdictions could also adversely affect our business by diverting customers from our managed casinos to competitors in those jurisdictions.

Employees

As of October 15, 2006, we had nine full time employees, four of whom are executive officers and an additional two are senior management. Upon the closing of the acquisition of Stockman's Casino, we expect to have approximately 200 employees. Our Delaware joint venture has approximately 380 full time employees, and management believes that its relationship with its employees is good. None of our employees are currently represented by a labor union, although such representation could occur in the future.

Legal Proceedings

We have a management agreement with the Michigan tribe for the development and operation of a casino upon federal approval of the land into trust application and federal approval of the management agreement with the Michigan tribe. A legal challenge preventing the land from being taken into trust is pending in Federal District Court in Washington, D.C.

A lawsuit was filed in 1999 by Taxpayers of Michigan Against Casinos in Ingham County Circuit Court, Michigan. The lawsuit challenged the constitutionality of the approval process of four gaming compacts between the State of Michigan and Indian tribes, including the Huron Band. After several years of litigation, on July 30, 2004, the Michigan Supreme Court ruled that the Michigan Legislature did not violate the state constitution when it approved the four tribal casino compacts in 1998 by a resolution. This ruling removes the objection to the Tribal-State Compact between the Michigan tribe and the State of Michigan to allow Class III casino gaming at the proposed site near Battle Creek. However, the Michigan Supreme Court remanded for further proceedings one issue related to the Governor's authority to amend the Compacts. The Michigan Court of Appeals found the Governor's amendment powers illegal. In response to the appeal by the state of that ruling, Taxpayers of Michigan Against Casinos has argued before the Michigan Supreme Court that the Compacts as a whole must be held invalid. While the Huron compact has not been amended, reversal by the court finding that the compact as a whole is invalid would disallow Class III gaming at our Battle Creek, Michigan site.

On August 30, 2002 Citizens Exposing Truth About Casinos filed a complaint in United States District Court for the District of Columbia, seeking to prevent the part of land selected for the Michigan project from being taken into trust. On April 23, 2004, the U.S. District Court rejected all of the plaintiff's arguments but found that the environmental assessment was insufficient and entered an injunction prohibiting the BIA from taking the land into trust until a more complete environmental analysis was done. The BIA issued an environmental impact statement in August 2006 and the final agency action of a record of decision in September 2006, following which the lawsuit was settled and the injunction was removed.

Description of Property

Our Michigan joint venture owns an eighty-acre parcel of land outside Battle Creek, Michigan which is intended to be a future gaming development site for the Michigan project.

We own a twelve-acre parcel in McKinley County, New Mexico which is intended to be a future gaming development site for the Manuelito project.

MANAGEMENT

Directors and Executive Officers

The following table sets forth certain information regarding our directors, executive officers, and key employees:

Name	Age	Position
J. Michael Paulson	51	Chairman
Andre M. Hilliou	58	Director/Chief Executive Officer
Carl G. Braunlich	54	Director
Lee A. Iacocca	81	Director
William P. McComas	80	Director
Mark J. Miller	49	Director
Barth F. Aaron	58	Secretary and General Counsel
Greg Violette	55	Executive Vice President—Development
James. D. Meier	42	Treasurer and Chief Financial Officer
T. Wesley Elam	52	Vice President of Operations and Project Management

J. Michael Paulson has been our Chairman and one of our directors since March 2004. Mr. Paulson has been involved in the real estate development and investment business since 1986 as the Founder, Owner and President of Nevastar Investments Corp. and Construction Specialist of Nevada, Inc. Mr. Paulson has been a director, president and general manager of Gold River Resort and Casino, Inc. and Gold River Operating Corporation since 2000. Mr. Paulson also serves as a director or officer of various businesses involving thoroughbred racing and breeding operations, oil exploration and real estate, gaming and equity investments. Mr. Paulson worked in the aerospace industry for 17 years, including 11 years with Gulfstream Aerospace Corporation.

Andre M. Hilliou became our President and Chief Executive Officer in March 2004 and has been one of our directors since May 2005. From 2001 until joining us, he served as Chairman and Chief Executive Officer of Vision Gaming and Technology. Mr. Hilliou held executive positions with various companies including Chief Executive Officer of American Bingo and Gaming, Inc. and Chief Executive Officer of Aristocrat, Inc. He also spent 16 years with the Showboat Corporation, reaching the level of Senior Vice President of Operations for its Atlantic City, New Jersey property, and Chief Executive Officer of Showboat's Sydney Harbour Casino, a $1 billion development project.

Dr. Carl G. Braunlich has been one of our directors since May 2005. Since January 2006, he has been Associate Professor in the William F. Harrah College of Hotel Administration of University of Nevada-Las Vegas. From 1990 through 2005, Mr. Braunlich was an Associate Professor in the Department of Hospitality and Tourism Management, at Purdue University, West Lafayette, Indiana. Dr. Braunlich holds a Doctor of Business Administration in International Business from United States International University, San Diego, CA. Previously he was on the faculty at United States International University. Dr Braunlich has held executive positions at the Golden Nugget Hotel and Casino in Atlantic City, NJ and at Paradise Island Hotel and Casino, Nassau, Bahamas. He has been a consultant to Wynn Las Vegas, Harrah's Entertainment, Inc., Showboat Hotel and Casino, Bellagio Resort and Casino, International Game Technology, Inc., Atlantic Lottery Corporation, Nova Scotia Gaming Corporation and the Nevada Council on Problem Gambling. He was on the Board of Directors of the National Council on Problem Gambling and has served on several Problem Gambling Committees, including those of the Nevada Resort Association and the American Gaming Association.

Lee A. Iacocca has been one of our directors since April 1998. In 1997, he founded EV Global Motors, to design, market and distribute the next generation of electric vehicles. Mr. Iacocca is former Chief Executive

Officer and Chairman of the Board of Directors of Chrysler Corporation, retiring from those positions in 1992. He retired as a Chrysler Director in September 1993 and continued to serve as a consultant to Chrysler until 1994. He is Chairman of the Iacocca Foundation, a philanthropic organization dedicated to educational projects and the advancement of diabetes research, and is Chairman of the Committee for Corporate Support of Joslin Diabetes Foundation. Mr. Iacocca is also Chairman Emeritus of the Statue of Liberty—Ellis Island Foundation and serves on the Advisory Board of Reading Is Fundamental, the nation's largest reading motivation program.

William P. McComas has been one of our directors since November 1992. He served as our interim President between October 7, 1997 and April 9, 1998 and became Chairman of the Board and Chief Executive Officer on April, 1998 and served in that capacity until March 2004. He has been President of McComas Properties, Inc., a California real estate development company, since January 1984. Mr. McComas and companies controlled by him have owned or developed several hotels and resorts, including Marina Bay Resort, Fort Lauderdale, Florida; Ocean Colony Hotel and Resort, Half Moon Bay, California; Residence Inn by Marriott, Somers Point, New Jersey; and five Holiday Inns located in Des Moines, Iowa; San Angelo, Texas; Suffern, New York; Niagara Falls, New York; and Fort Myers, Florida.

Mark J. Miller has been one of our directors since May 2005. Since 2003, Mr. Miller has served as Executive Vice President and Chief Financial Officer of Aero Products International, a leading maker of premium, air-filled bedding products. From 1998 until 2003, Mr. Miller was Executive Vice President and Chief Financial Officer and then, Chief Operating Officer of American Skiing Company, owner and operator of seven well-known ski resorts located in New England, Colorado and Utah. From 1994 until 1998, he was an Executive Vice President of Showboat, Inc. with responsibility for operational support for new casino development. Previously, Mr. Miller served in various positions within the Showboat organization, including President and Chief Executive Officer of Atlantic City Showboat, Inc. Mr. Miller holds a Master Degree in Accountancy from Brigham Young University and is a Certified Public Accountant.

Greg Violette became Executive Vice President of Development in December 2005. Prior to that he served as our Chief Operating Officer since January 2005 and served as our Chief Financial Officer from March 2004 until January 2005. Mr. Violette has 12 years of gaming experience. From August 2001 until joining the Company he was a financial and operational consultant to the gaming industry. From August 1997 until August 2001 he served as Chief Financial Officer of Pacific Coast Gaming and Michels Development Company (under common ownership) in the business of developing and managing casinos. Prior to that Mr. Violette served as the Chief Financial Officer for casinos in the Midwest. He has been involved in developing and managing several casinos for tribes in the Midwest and Southwest. Prior to his gaming experience, Mr. Violette worked in the travel industry for 10 years, holding middle and senior management positions with Hertz Rent a Car and Northwest Airlines.

Barth F. Aaron was appointed as our Secretary in March 2004. He has served as our General Counsel since March 2004. From April 2002 until 2005, Mr. Aaron was General Counsel of Vision Gaming and Technology, Inc. From January 2001 until April 2002, Mr. Aaron served as Corporate Director of Regulatory Compliance and Risk Management for Penn National Gaming, Inc. From August 1996 until May 2000, Mr. Aaron was Corporate General Counsel for Aristocrat, Inc., the U.S. subsidiary of Australia's largest slot machine manufacturer, where he was a legal consultant from May 2000 until January 2001. Mr. Aaron has been a Deputy Attorney General with the New Jersey Division of Gaming Enforcement and is admitted to practice law in the states of Nevada, New Jersey and New York.

James D. Meier became Chief Financial Officer in January 2005 and served as our Controller from July 2004 until January 2005. Prior to joining us, he served as Chief Financial Officer of Capital One, LLC, a gaming development and financing company. From 2001 to 2003, he served as the Controller/ Chief Financial Officer of Phoenix Leisure Corporation, and prior to that, he was Financial Reporting Manager for Ameristar Casinos, Inc. beginning in 2000. He has held financial and accounting positions at Nevada Palace Hotel and Casino and until 1999 was an auditor with Piercy Bowler Taylor & Kern. Mr. Meier is a Certified Public Accountant and Certified

Management Accountant with a Master's Degree in Hotel Administration from University of Nevada, Las Vegas. He received his Bachelor of Science degree in Business Administration from Minnesota State University.

T. Wesley Elam became our Vice President of Operations and Project Management in May 2005. Prior to joining us, he served as general manager of the Argosy Casino in Baton Rouge, Louisiana beginning in December 1998. From September 1994 until August 1998 he served as chief operating officer for the Star City Casino in Sydney, Australia, responsible for the openings and operations of both the temporary and permanent casino/hotel. Prior to that, he served as controller for Casino Windsor, Ontario, Canada, overseeing the construction and opening of the temporary casino, which was a fast track project of only six months. Previously, he served in various executive positions with responsibilities for opening and operations of the Trump Taj Mahal Casino, Showboat Casino, Trump Castle Casino and Tropicana Casino. Mr. Elam holds a Bachelor of Science degree in Business Administration from the University of Nevada—Reno.

The term of office of each director ends at the next annual meeting of stockholders or when his successor is elected and qualified. Our officers serve at the discretion of the board of directors. None of our officers has an employment agreement with us.

Information Relating to Corporate Governance and the Board of Directors

Under the corporate governance standards of the American Stock Exchange, or AMEX, at least 50% of our board of directors and all of the members of our audit committee, compensation committee and the nominating committee must meet the test of independence as defined by the listing requirements of AMEX. Our board of directors, in the exercise of its reasonable business judgment, has determined that 50% of our directors qualify as independent directors pursuant to the AMEX and SEC rules and regulations. In making the determination of independence, our board considered that no independent director has a material relationship with us, either directly or as a partner or stockholder of an organization that has a relationship with us, any other relationships that, in their judgment, would interfere with the director's independence. Our independent directors are Mr. Paulson, Dr. Braunlich, and Mr. Miller.

Committees of the Board of Directors

We have three standing committees: the audit committee, the nominating committee and the compensation committee. Our audit committee is currently comprised of three members, Mr. Miller, Dr. Braunlich and Mr. Paulson. Our compensation committee is currently comprised of three members, Messrs. Paulson, Iacocca, and Dr. Braunlich. Our nominating committee is currently comprised of two members, Messrs. Paulson and Iacocca.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of the compensation committee of the board of directors of any entity one or more of whose executive officers serves as a member of our board of directors.

Director Compensation

Non-executive directors receive $20,000 per year for service on our board of directors plus $1,000 for each meeting attended in excess of four per year. The chairperson of each committee of the board receives an additional $10,000 and each committee member receives $1,000 per committee meeting attended. Independent directors also receive 2,000 shares of fully vested restricted stock at each annual meeting.

EXECUTIVE COMPENSATION

Summary of Cash and Other Compensation

The following table sets forth the annual compensation paid or accrued by us for services rendered during each year presented, for the named executive officers, for services in all capacities to us and our subsidiaries. No other executive officer received over $100,000 in salary and bonus in 2005.

Summary Compensation Table

		Annual Compensation	
Name and Principal Position	Fiscal Year	Salary	Other Annual Compensation
Andre M. Hilliou	2005	$150,000	$ 100,000
Chief Executive Officer	2004	125,000(1)	-0-
	2003	-0-	-0-
Greg Violette			
Executive Vice President of	2005	$125,000	$ 100,000
Development/Chief Operating	2004	94,583(1)	-0-
Officer	2003	-0-	-0-
James Meier	2005	$ 94,583	$ 10,000
Treasurer and Chief Financial	2004	45,000(2)	-0-
Officer	2003	-0-	-0-

(1) Messrs Hilliou and Violette became employees in March 2004.
(2) Mr. Meier became an employee in July 2004.

Option Grants in Last Fiscal Year

We did not grant any options to purchase common stock to these executive officers during 2005. None of these executive officers held any unexercised stock options as of December 31, 2005.

Stock Option Plans

At December 31, 2005, we had three stock-based compensation plans. The ability to issue stock option grants under each of these plans expired on June 30, 2002. Because options have historically been granted with exercise prices equal to market value on the grant date, no compensation cost has been recognized for options granted under the incentive stock plan, except with respect to those options granted under the 1992 plan to Lee Iacocca, or under the 1997 director stock grants. Since all options that are outstanding as of December 31, 2005 have vested, applying the fair value recognition provisions of SFAS No. 123 (R) does not result in additional compensation expense.

We had reserved 3,000,000 shares of our common stock for issuance under the 1992 Incentive Plan, as amended in June 1999. This plan allowed for the issuance of options and other forms of incentive awards, including qualified and non-qualified incentive stock options at market or less than market value at the date of the grant. The persons eligible for such plan included our employees, officers, consultants and advisors. Options issued under the 1992 plan were generally exercisable over a term of ten years.

On March 3, 1997, our board of directors approved a grant of options to each of our then three directors, to purchase 250,000 shares of common stock at an exercise price per share equal to the fair market value.

As of June 30, 2006, under the three stock-based compensation plans there were a combined total of 575,000 options outstanding. Of these, 250,000 have been subsequently forfeited.

A summary of the status of our stock option plans as of December 31, 2005 and 2004, and changes during the years then ended is presented below:

	2005		2004	
	Shares	Weighted-Average Exercise Price	Shares	Weighted- Average Exercise Price
Outstanding at beginning of year	575,000	$ 2.88	725,000	$ 2.75
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited			150,000	2.25
Outstanding at end of year	575,000	2.88	575,000	2.88
Exercisable at year-end	575,000	2.88	575,000	2.88

As of December 31, 2005, the 575,000 options outstanding and exercisable had exercise prices ranging between $2.25 and $3.69, and a weighted-average remaining contractual life of 1.3 years.

On May 31, 2006, our stockholders approved our 2006 Incentive Compensation Plan. The 2006 Incentive Compensation Plan is administered by our compensation committee. In consideration of their services, employees who serve as officers, employees or consultants of us or a related entity are eligible to receive awards under the 2006 Incentive Compensation Plan. The plan permits grants of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, deferred stock, dividend equivalents, bonus stock and performance awards. The total aggregate amount of shares reserved for issuance under the plan is 1,100,000 shares. As of September 25, 2006, we had issued 968,000 shares of restricted stock under the plan and 132,000 shares were available for issuance under the plan.

Employment Agreements and Arrangements

None of our officers has an employment agreement with us.

Certain Relationships and Related Transactions

In 2001, we agreed to make, and subsequently made, a payment for architectural drawings relating to a development project in Mississippi. The Allen E. Paulson Living Trust, of which Michael Paulson, Chairman of our Board, is trustee, previously agreed to pay us $125,000, which is half the amount we paid. We are currently in discussions with the trust regarding payment of such amount and any potential license fees that are payable to the trust.

On September 25, 2006, we entered into a consulting agreement with Lee Iacocca, one of our directors, under the terms of which Mr. Iacocca will provide consulting services to us related to marketing and advertising for a period of three years. In consideration of these services, we have agreed to grant Mr. Iacocca 300,000 restricted shares of our common stock to be valued at the closing price on the grant date with no discount, which vest in equal amounts over the three year term of the agreement or immediately on his death. In addition, Mr. Iacocca forfeited 250,000 options to purchase our common stock at an exercise price of $3.69 per share that were fully vested.

The 300,000 shares we agreed to grant to Mr. Iacocca will be initially recorded as deferred compensation expense, reported as a reduction of stockholder's equity, and will subsequently be amortized into compensation expense on a straight-line basis as services are provided over the vesting period. Based upon the closing price of our common stock of $3.20 at October 16, 2006, we expect that $960,000 of additional share-based compensation expense will be amortized over the term of the consulting agreement (three years). The forfeit of the 250,000 of options had no effect on the financial statements, since the options were fully vested.

Indemnification Under our By-laws

Under our by-laws, we indemnify and will advance expenses on behalf of our officers and directors to the fullest extent permitted by law.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of October 25, 2006 concerning the beneficial ownership of our common stock by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding common stock;
- each director;
- each of the named executive officers (as defined below); and
- all executive officers and directors as a group.

Unless otherwise listed below, the address for each of our officers and directors is c/o Full House Resorts, Inc., 4670 South Fort Apache Road, Suite 190, Las Vegas, Nevada 89147.

Shares of our common stock are considered beneficially owned, for purposes of this table only, if held by the person indicated as beneficial owner, or if such person, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares the power to vote, to direct the voting of and/or dispose of or to direct the disposition of, such security, or if the person has a right to acquire beneficial ownership within 60 days, unless otherwise indicated below. Any securities outstanding which are subject to options or warrants exercisable within 60 days are deemed to be outstanding for the purpose of computing the percentage of outstanding securities of the class owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of the class owned by any other person.

Name and Address of Beneficial Owner	Number of Shares Owned Prior to Offering	Percentage of Class Outstanding
Common Stock:		
William P. McComas	1,695,134(1)	14.6%
Lee A. Iacocca	1,133,471(2)	10.2%
LKL Family Limited Partnership 10900 Wilshire Boulevard, Suite 310 Los Angeles, California 90024	1,056,471	9.6%
J. Michael Paulson	3,283,500(3)	29.8%
Allen E. Paulson Living Trust 514 Via De La Valle, Suite 210 Solana Beach, California 92075	3,181,500	28.9%
Andre Hilliou	282,500(4)	2.6%
Carl G. Braunlich	2,000	*
Mark J. Miller	2,000	*
Greg Violette	282,500(4)	2.6%
James Meier	20,000(5)	*
T. Wesley Elam	35,000(6)	*
All Officers and Directors as a Group (11 Persons)	6,736,105(7)	57.7%
Series 1992-1 Preferred Stock:		
William P. McComas	350,000	50.0%
H. Joe Frazier 99 SE Mizner Blvd, PH 919 Boca Raton, Florida 33432	350,000	50.0%

* Less than one percent.

(1) Includes options to purchase 250,000 shares of common stock and 350,000 shares of common stock issuable upon conversion of preferred stock.

(2) Includes options to purchase 75,000 shares of common stock and 1,056,471 shares held by the LKL Family Limited Partnership of which Lee A. Iacocca is the General Partner. but excludes 300,000 shares of restricted stock which vest over a three-year period, to be issued pursuant to his consulting agreement.

(3) Includes 3,181,500 shares held by the Allen E. Paulson Living Trust of which J. Michael Paulson is the trustee.

(4) Includes 206,250 shares of restricted stock which vest over a three- year period, subject to obtaining performance goals.

(5) Consists of 20,000 shares of restricted stock which vest over a three-year period, subject to obtaining performance goals.

(6) Includes 35,000 shares of restricted stock which vest over a three-year period, subject to obtaining performance goals.

(7) Includes 325,000 shares of common stock which may be purchased upon exercise of currently exercisable options and the restricted stock described in notes (2), (4), (5) and (6) above.

DESCRIPTION OF SECURITIES

We are authorized to issue 25,000,000 shares of common stock, $0.0001 par value, and 5,000,000 shares of preferred stock, $.0001 par value. The following description of our capital stock is intended to be a summary and does not describe all provisions of our certificate of incorporation or by-laws or Delaware law applicable to us. For a more thorough understanding of the terms of our capital stock, you should refer to our certificate of incorporation and by-laws, which are included as exhibits to the registration statement of which this prospectus is a part.

Common Stock

The holders of our common stock are entitled to one vote per share on all matters to be voted upon by stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably dividends as may be declared by our board of directors out of funds legally available for that purpose. In the event of our liquidation, dissolution, or winding up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding preferred stock. The common stock has no cumulative voting, preemptive or conversion rights, other subscription rights, or redemption or sinking fund provisions.

Preferred Stock

We are authorized to issue 5,000,000 shares of preferred stock, $0.0001 par value per share. Of these 1,500,000 were designated Series 1992-1 Preferred Stock. As of October 15, 2006, 700,000 shares of Series 1992-1 Preferred Stock are outstanding. The issuance of additional shares of preferred stock could adversely affect the rights of the holders of common stock and therefore, reduce the value of the common stock.

Holders of our Series 1992-1 Preferred Stock have the right to $.30 per share cumulative dividends, which are payable semi-annually and as of June 15, 2006 totaled $2,940,000. Through the date hereof, no dividends have been declared or paid.

Series 1992-1 Preferred Stock

Voting

Each share of Series 1992-1 Preferred Stock entitles the holder to one vote on all matters submitted to a vote of the Corporation's stockholders; except as otherwise provided in the Certificate of Designation of Series 1992-1 Preferred Stock or by law, the holders of Series 1992-1 Preferred Stock and the holders of common stock vote together as one class on all matters submitted to a vote of the Corporation's stockholders; the consent of the holders of at least a majority of the outstanding shares of the Series 1992-1 Preferred Stock, voting separately as a single class is necessary to amend our certificate of incorporation, including the provisions of the Certificate of Designation of Series 1992-1 Preferred Stock in any manner which materially alters the relative rights and preferences of the Series 1992-1 Preferred Stock so as to adversely affect holders thereof.

Dividends

The holders of Series 1992-1 Preferred Stock are entitled to receive dividends, when, as and if declared by the Board of Director out of funds legally available for the purpose, in the annual amount of $.30 per share, payable in arrears semi-annually. Dividends shall be payable in cash.

Liquidation

No distribution is made upon our liquidation, dissolution or winding up to the holders of the our $.0001 par value common stock or any preferred stock ranking junior to the Series 1992-1 Preferred Stock unless, prior thereto, the holders of the Series 1992-1 Preferred Stock receive $3.00 per share, plus an amount equal to unpaid dividends thereon, whether or not declared, to the date of such payment.

Redemption

Our right to redeem shares of the Series 1992-1 Preferred Stock expired in December 1994.

The foregoing is only a summary of certain material terms of the Series 1992-1 Preferred Stock. For a complete description of the rights and preferences of the Series 1992-1 Preferred Stock, reference is made to our certificate of designation.

We have agreements with the holders of the 700,000 outstanding shares of the Series 1992-1 Preferred Stock, including William McComas, one of our directors, to pay the accrued and unpaid dividends on the preferred stock from the proceeds of this offering in exchange for each holder's agreement to convert each outstanding share of preferred stock held by him into one share of common stock and to not sell or otherwise transfer any of these shares of common stock at any time prior to the 90th day following the closing of this offering. These agreements expire on October 31, 2006 but we expect to extend the agreements for 30 days.

Transfer Agent and Registrar.

The transfer agent and registrar for our common stock is the American Stock Transfer & Trust Company. The transfer agent's address is 59 Maiden Lane, New York, New York 10007.

UNDERWRITING

Subject to the terms and conditions contained in the underwriting agreement between us and Sterne, Agee & Leach, Inc., Sterne Agee has agreed to purchase from us, and we have agreed to sell to Sterne Agee, the number of shares of our common stock indicated opposite the name of Sterne Agee, at the public offering price less the underwriting discount set forth on the cover page of this prospectus:

Name of Underwriter	Number of Shares
Sterne, Agee & Leach, Inc.	
Total	

The underwriting agreement provides that Sterne Agee's obligation to purchase shares of our common stock depends on the satisfaction of the conditions contained in the underwriting agreement, including:

- the representations and warranties made by us to Sterne Agee being true and correct;
- there has been no material adverse change in the financial markets since signing the underwriting agreement; and
- our delivery of customary closing documents to Sterne Agee.

Subject to these conditions, Sterne Agee is committed to purchase and pay for all shares of our common stock offered by this prospectus, if any such shares are taken. However, Sterne Agee is not obligated to take or pay for the shares of our common stock covered by Sterne Agee's over-allotment option described below, unless and until this option is exercised by Sterne Agee. Sterne Agee reserves the right to reject any order for our common stock in whole or in part.

Over-Allotment Option

We have granted Sterne Agee an option, exercisable no later than 30 days after the date of the underwriting agreement, to purchase up to an aggregate of 900,000 additional shares of our common stock at the public offering price, less the underwriting discount and commissions set forth on the cover page of this prospectus. We will be obligated to sell these shares of common stock to Sterne Agee to the extent the over-allotment option is exercised by Sterne Agee. Sterne Agee may exercise this option only to cover over-allotments made in connection with the sale of our common stock offered by this prospectus.

Commissions and Expenses

Sterne Agee proposes to offer our common stock directly to the public at the offering price set forth on the cover page of this prospectus and to dealers at the public offering price less a concession not in excess of $ per share. Sterne Agee may allow, and the dealers may reallow, a concession not in excess of $ per share on sales to other brokers and dealers. After the public offering of our common stock, Sterne Agee may reduce the offering price and other selling terms. No reduction will change the amount of proceeds to be received by us as stated in this prospectus.

The following table shows the per share and total underwriting discounts and commissions that we will pay to Sterne Agee and the proceeds we will receive before expenses. These amounts are shown assuming both no exercise and full exercise of Sterne Agee's option to purchase additional shares of our common stock.

	Per Share	Total Without Over-Allotment Exercise	Total With Over-Allotment Exercise
Public offering price	$	$	$
Underwriting discount payable by us			
Proceeds to us before expenses			

We estimate that the total expenses of this offering, exclusive of underwriting discounts and commissions, will be approximately $500,000, and are payable by us.

Determination of Offering Price

The public offering price will be determined by negotiation between us and Sterne Agee. The principal factors that will be considered in determining the offering price include, but are not limited to, the following:

- the prevailing market and general economic conditions;
- our results of operations in recent periods;
- the price to earnings and price to book value multiples of publicly-traded common stock of comparable companies;
- our current financial position, including, but not limited to, our stockholders' equity and the composition of assets and liabilities reflected on our balance sheet;
- our business potential and prospects in our principal market areas;
- an assessment of our management; and
- the history of, and prospects for, the industry in which we operate.

In determining the final offering price, the factors described above will not be assigned any particular weight. Rather, these factors will be considered in totality in setting the offering price.

Our common stock is traded on the American Stock Exchange, or AMEX, under the symbol "FLL".

Indemnity

We have agreed to indemnify Sterne Agee and persons who control Sterne Agee against certain liabilities, including liabilities under the Securities Act of 1933, as amended, and to contribute to payments that Sterne Agee may be required to make for these liabilities.

Stabilization

In connection with this offering, Sterne Agee may engage in stabilizing transactions, passive market making and over-allotment transactions.

Stabilizing transactions permit bids to purchase common stock so long as the stabilizing bids do not exceed a specified maximum and are engaged in for the purpose of preventing or retarding a decline in the market price of our common stock while the offering is in progress. In passive market making, Sterne Agee, in its capacity as market maker in our common stock, may, subject to limitations, make bids for or purchases of our common stock until the time, if any, at which a stabilizing bid is made.

Over-allotment transactions involve sales by Sterne Agee of common stock in excess of the number of shares Sterne Agee is obligated to purchase. This creates a syndicate short position that may be either a covered short position or a naked short position. In a covered short position, the number of shares of common stock over-allotted by Sterne Agee is not greater than the number of shares that it may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares that may be purchased in the over-allotment option. Sterne Agee may close out any short position by exercising its over-allotment option and/or purchasing shares in the open market.

These stabilizing transactions may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock in the open market may be higher than it would otherwise be in the absence of these transactions. Neither we nor Sterne Agee makes any representation or prediction as to the effect that the transactions described above may have on the price of our common stock. These transactions may be effected on AMEX or otherwise and, if commenced, may be discontinued at any time.

Our Relationship with the Underwriter

The underwriter and some of its respective affiliates have performed and expect to continue to perform financial advisory and investment banking services for us in the ordinary course of their respective businesses, and may have received, and may continue to receive, compensation for such services.

We, our subsidiaries, our executive officers, our directors and our stockholders owning over 10% of our outstanding common stock have agreed with Sterne Agee not to, directly or indirectly, without the prior written consent of Sterne Agee, offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of our common stock or securities convertible into, exchangeable for, or that represent the right to receive, shares of our common stock or any substantially similar securities, whether now owned or hereafter acquired (other than, with respect to us, an issuance of options or shares of our common stock pursuant to our executive incentive compensation plan or an issuance of shares of our common stock upon the conversion of our preferred stock outstanding on the date of the prospectus), for a period of 180 days after the date of this prospectus or 90 days after the date of this prospectus with respect to the common stock issued upon conversion of our Series 1992-1 Preferred Stock. The lock-up agreements by these individuals cover an aggregate of 6,803,105 shares of our outstanding common stock.

LEGAL MATTERS

The validity of the common stock in this offering will be passed upon for us by Greenberg Traurig, P.A., Miami, Florida. Certain legal matters in connection with this offering will be passed upon for the underwriter by Haskell Slaughter Young & Rediker, LLC, Birmingham, Alabama.

EXPERTS

The consolidated balance sheets of Full House Resorts, Inc. and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, deficit, and cash flows for the years then ended, and the

balance sheet of Stockman's Casino, Inc. as of December 31, 2005, and the related statements of income and comprehensive income, statements of stockholder's equity and cash flows for the years ended December 31, 2005 and 2004, included elsewhere in this prospectus, have been audited by Piercy, Bowler, Taylor & Kern Certified Public Accountants and Business Advisors, A Professional Corporation, an independent registered public accounting firm, as stated in their reports appearing herein and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Deloitte & Touche LLP served as our independent auditors for the year ended December 31, 2003. Deloitte & Touche LLP was dismissed as the Company's independent auditor on July 12, 2004. Their reports on the consolidated financial statements for the two years prior to dismissal did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles. There were no disagreements with Deloitte & Touche LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

On July 12, 2004, we retained Piercy Bowler Taylor & Kern as our independent registered public accounting firm. There have been no disagreements with Piercy Bowler Taylor & Kern on any matter of accounting principles or practices, financial statement disclosure or audit scope.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed a registration statement on Form SB-2 with the Securities and Exchange Commission relating to the common stock offered by this prospectus. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. Statements contained in this prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance we refer you to the copy of the contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by such reference. For further information with respect to our company and the common stock offered by this prospectus, we refer you to the registration statement, exhibits, and schedules.

Anyone may inspect a copy of the registration statement without charge at the public reference facility maintained by the Securities and Exchange Commission in Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of all or any part of the registration statement may be obtained from that facility upon payment of the prescribed fees. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC.

Our website is located at *www.fullhouseresorts.com*. The information contained on our website does not constitute part of this prospectus. Through our website, we make available free of charge our annual reports on Form 10-KSB, our proxy statements, our quarterly reports on Form 10-QSB, our current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. These reports are available as soon as reasonably practicable after we electronically file those materials with the Securities and Exchange Commission. We also post on our website the charters of our Audit, Compensation, and Nomination Committees; our Code of Conduct and Ethics applicable to each of our directors, officers and employees, and any amendments or waivers thereto; and any other corporate governance materials contemplated by SEC or AMEX regulations. The documents are also available in print by contacting our corporate secretary at our executive offices.

FULL HOUSE RESORTS

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Full House Resorts, Inc.
Las Vegas, Nevada:

We have audited the accompanying consolidated balance sheets of Full House Resorts, Inc. and Subsidiaries (the "Company") as of December 31, 2005 and 2004, and the related consolidated statements of income, deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Full House Resorts, Inc. and Subsidiaries as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The consolidated financial statements as presented herein were previously included in the Company's annual report on Form 10-KSB for the year ended December 31, 2005. In that filing, the 2004 financial statements were presented on a restated basis to give retroactive effect to the accounting method for long term assets related to Indian casino projects, as described in Notes 2 and 3 to the consolidated financial statements.

/s/ Piercy Bowler Taylor & Kern

Piercy, Bowler, Taylor & Kern,
Certified Public Accountants and Business Advisors
A Professional Corporation
Las Vegas, Nevada

March 21, 2006, except for Notes 2 and 3, as to which the date is April 12, 2006, and Note 13 as to which the date is June 1, 2006.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2005 AND 2004

	2005	2004 (Previously restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,275,270	$ 2,466,365
Other	118,810	54,684
Income tax receivable	—	120,754
	3,394,080	2,641,803
Investment in unconsolidated joint venture	—	152,043
Notes receivable, tribal governments	4,268,529	3,123,950
Contract rights, net of accumulated amortization of $542,299 and $551,858	5,087,752	4,927,814
Land held for development	3,988,832	3,858,832
Deferred income tax asset	—	64,257
Deposits and other assets	199,074	231,706
	$ 16,938,267	$ 15,000,405
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 130,580	$ 371,144
Accrued expenses	369,268	64,858
Income tax payable	321,112	—
	820,960	436,002
Note payable to co-venturer, including accrued interest of $238,513 and $91,103	2,619,773	2,472,363
Deferred income tax liability	124,807	—
Other long-term liabilities	272,137	—
	3,016,717	2,472,363
Non-controlling interest in consolidated joint venture	2,098,628	1,929,416
Stockholders' equity:		
Series 1992-1 cumulative Preferred Stock, par value $.0001, 5,000,000 shares authorized; 700,000 shares issued and outstanding; aggregate liquidation preference of $4,935,000 and $4,725,000, including dividends in arrears of $2,835,000 and $2,625,000	70	70
Common stock, par value $.0001, 25,000,000 shares authorized; 10,340,380 shares issued and outstanding	1,034	1,034
Additional paid-in capital	17,429,889	17,429,889
Deficit	(6,429,031)	(7,268,369)
	11,001,962	10,162,624
	$ 16,938,267	$ 15,000,405

See notes to consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004 (Previously restated)
Equity in net income of unconsolidated joint venture	$ 3,700,916	$ 3,586,160
Operating costs and expenses		
Project development costs	1,234,571	777,502
General and administrative	2,342,260	1,652,545
Depreciation and amortization	76,960	102,256
	3,653,791	2,532,303
Unrealized gains on notes receivable	119,274	518,133
Arbitration award, net	922,611	—
Income from operations	1,089,010	1,571,990
Other income (expense)		
Interest and other income	60,631	9,868
Interest expense	(147,411)	(107,289)
Income before non-controlling interest in net loss of consolidated joint venture and income taxes	1,002,230	1,474,569
Non-controlling interest in net loss of consolidated joint venture	630,788	—
Income before income taxes	1,633,018	1,474,569
Income taxes	(793,680)	(697,555)
Net income	839,338	777,014
Less undeclared dividends on cumulative preferred stock	(210,000)	(210,000)
Net income applicable to common shares	$ 629,338	$ 567,014
Net income per common share		
Basic and diluted	$ 0.06	$ 0.05
Proforma (unaudited)	$ 0.05	
Weighted-average number of common shares outstanding		
Basic	10,340,380	10,340,380
Diluted	11,040,380	11,040,380
Proforma (unaudited)	11,692,943	

See notes to consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004 (Previously restated)
Deficit, beginning of period, as previously reported	$ (7,268,369)	$ (8,657,932)
Adjustment	—	612,549
As adjusted	(7,268,369)	(8,045,383)
Net income	839,338	777,014
Deficit, end of period	$ (6,429,031)	$ (7,268,369)

See notes to consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004 (Previously restated)
Operating activities:		
Net income	$ 839,338	$ 777,014
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net income of unconsolidated joint venture	(3,700,917)	(3,586,160)
Distributions from unconsolidated joint venture	3,863,117	3,551,192
Unrealized gain on notes receivable, tribal governments	(119,274)	(518,133)
Depreciation	7,030	5,681
Amortization of gaming rights	69,930	96,575
Deferred income taxes	189,064	434,638
Non-controlling interest in net loss of consolidated venture	169,212	—
Loss on disposition of California contract rights and note receivable	128,287	—
Increases in operating (assets) and liabilities:		
Other assets	(2,611)	(30,021)
Accounts payable and accrued expenses	483,393	450,215
Income taxes payable	441,866	(120,754)
Net cash provided by operating activities	2,368,435	1,060,247
Investing activities:		
Advances to tribal governments, excluding $878,183 and $547,489 expensed	(1,050,305)	(529,186)
Purchases of other assets	(8,855)	(7,126)
Advances to co-venturer	(37,215)	—
Purchase of contract rights	(333,155)	—
Purchase of land held for development	(130,000)	—
Cash used in investing activities	(1,559,530)	(536,312)
Net increase in cash and cash equivalents	808,905	523,935
Cash and cash equivalents, beginning of year	2,466,365	1,942,430
Cash and cash equivalents, end of year	$ 3,275,270	$ 2,466,365

See notes to consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. ORGANIZATION, NATURE AND HISTORY OF OPERATIONS

Full House Resorts, Inc., a Delaware corporation (the "Company" or "Full House"), develops, manages and/or invests in gaming related opportunities. The Company continues to actively investigate, individually and with partners, new business opportunities including commercial and tribal gaming operations. The Company seeks to expand through acquiring, managing, or developing casinos in profitable markets. Currently, the Company is a 50% investor in Gaming Entertainment (Delaware), LLC, a joint venture with Harrington Raceway, Inc., which manages Midway Slots and Simulcast at the Delaware State Fairgrounds in Harrington, Delaware. As of December 31, 2005, Midway Slots has 1,581 gaming devices, a 350-seat buffet, a 50-seat diner, a gourmet steak house and an entertainment lounge area. The Company also has a management agreement with the Nottawaseppi Huron Band of Potawatomi Indians, referred to herein as the Michigan tribe, for the development and management of a casino/resort in the Battle Creek, Michigan area, which is currently in the pre-development state. The planned casino / resort is expected to have more than 2,000 gaming devices.

In addition, the Company has entered into development and gaming management agreements with the Nambé Pueblo tribe of New Mexico for the development of a coordinated entertainment venue centered on a 50,000 square foot casino to be built approximately 15 miles north of Santa Fe, New Mexico (New Mexico tribe). The Company also has development and management agreements with the Northern Cheyenne Tribe of Montana (Montana tribe) for the development and management of a 25,000 square foot gaming facility to be built approximately 28 miles north of Sheridan, Wyoming. The management agreements are subject to approval by the National Indian Gaming Commission (NIGC).

Certain directors and officers of the Company (including the chairman of the Board) collectively beneficially own 58.5% of the Company's outstanding shares of common stock. As a result, they are able and will continue to exercise significant influence over the Company, including, but not limited to, the election of directors, the selection of senior management, new securities issuances, mergers and acquisitions, amendments to the Company's by-laws or charter, and any other matters requiring stockholder approval.

History and status of the Michigan project. The management contract with the Michigan tribe was originally negotiated in 1996. The Company, through Gaming Entertainment (Michigan), LLC, a 50%-owned subsidiary (GEM) is to finance, develop and manage the gaming operations on reservation lands to be acquired near Battle Creek, Michigan. The former owner of the contract rights will be paid a royalty fee in lieu of its original 15% ownership interest.

The Michigan tribe achieved final federal recognition as a tribe in April 1996, and obtained a Gaming Compact with Michigan early in 1997, which was ratified by the Michigan Legislature in 1998. A lawsuit was filed in 1999 that challenged the constitutionality of the approval process. On July 30, 2004, the Michigan Supreme Court ruled that the compacts were valid. Subsequent appeal to the United States Supreme Court was denied.

In December 1999, the management agreements, along with the required licensing applications were submitted to the NIGC. We met with the NIGC several times to review suggested revisions to the management agreements and, working with the Michigan tribe, have incorporated all the appropriate changes.

A parcel of land for the gaming enterprise was selected and the United States Department of Interior was petitioned during 2002 to take the land into trust for the benefit of the Michigan tribe. On August 30, 2002, a complaint was filed in United States District Court, seeking to prevent this land from being taken into trust. The parties filed their initial briefs and oral arguments were held on August 28, 2003. The U.S. District Court ruled that a previously completed environmental assessment regarding the proposed project was inadequate. As a

result, the Company has contracted with a consulting firm to perform a comprehensive environmental impact study. The construction of the proposed project will not commence until the results of the environmental impact study are evaluated and approved by the U.S. District Court and construction financing has been secured. A Draft Environmental Impact Statement (DEIS) was issued in August 2005 and a second public hearing occurred to receive comment on the DEIS. Based upon that public comment, the consulting firm, on behalf of the BIA, is drafting a final Environmental Impact Statement (EIS) which is expected to be issued in the third quarter of 2006. The BIA will then issue a Record of Decision (ROD) as the final agency action. This will allow the Company to present the EIS before the District Court and seek to remove the injunction. If successful in court, the BIA will be free to take the land into trust for its intended purpose.

In February 2002, the Company entered into an agreement with RAM Entertainment, LLC, (RAM) a privately held investment company, whereby RAM was admitted as a 50% member in GEM and Gaming Entertainment (California), LLC, (GEC) in exchange for providing a portion of the necessary funding for the development of the projects. Accordingly, RAM loaned the Company $2,381,260. RAM has the right, and we expect that $2,000,000 of the loan will be converted into a capital contribution to GEM once the Michigan management contract receives regulatory approval, and the gaming site is taken into trust for the Michigan tribe (collectively referred to as the "Investor Contingencies"). The Company and RAM have agreed to, among other items, extend the maturity date of the note payable and accrued interest to July 1, 2007. As part of that agreement, RAM subordinated its security interest to up to $3,000,000 of other Company borrowings subject to certain terms, and RAM has committed to fund up to $800,000 of Michigan development expenditures. As of March 15, 2006, RAM has fully funded this commitment.

History and status of the California project. In 1995, GEC entered into a series of agreements with the Torres Martinez Band of Desert Cahuilla Indians, (California tribe) for economic development and gaming management near Palm Springs, California. In August 2001, the California tribe rejected the existing agreements and terminated the Company's services. As a result, the Company pursued reimbursement from the California tribe for expenses and damages and other relief of approximately $1.1 million. A favorable arbitration award was issued on February 16, 2005, which upheld the 1995 development agreement. In December 2005, the Company received a cash settlement from the tribe of $1,050,897 for relinquishment of its rights under the development agreement, and the parties issued mutual releases in satisfaction of all claims. The settlement resulted in income of $922,611, net of previously capitalized costs of $128,287.

2. RESTATEMENT

In connection with the filing of the Company's annual report on Form 10-KSB for the year ended December 31, 2005 (the "2005 10-KSB"), the Company re-evaluated its accounting methodology surrounding its advances to and contractual relations with Indian tribes. As is becoming the dominant practice in the industry, management has determined to retroactively account for the advances to Indian tribes as in-substance structured notes pursuant to Emerging Issues Task Force (EITF) Issue No. 96-12, *Recognition of Interest Income and Balance Sheet Classification of Structured Notes*, and give separate accounting recognition to the contractual notes receivable and the related contract rights when advances are made pursuant to the agreements. Historically, the Company recorded its advances to Indian tribes as development expenses or notes receivable, carried at cost, subject to allowances for doubtful collectibility, and deferred recognition of interest income due to the contingent repayment terms of the notes. As a result, the accompanying consolidated financial statements for 2004 were previously restated in the 2005 10-KSB to give retroactive effect to the accounting method described in Note 3 below for long term assets related to Indian casino projects.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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A summary of the significant effects of the previous restatement is as follows:

	As of December 31, 2004:	
	As Previously Reported	As Previously Restated
	(In thousands)	
Consolidated balance sheet:		
Notes receivable, tribal governments	$ 1,737	$ 3,124
Deferred income tax asset	459	64
Total assets	13,931	15,000
Total stockholders' equity	9,093	10,163

	For the Year Ended December 31, 2004:	
	As Previously Reported	As Previously Restated
	(In thousands, except per share data)	
Consolidated statement of income:		
Project development costs	$ 1,067	$ 778
Unrealized gain on notes receivable	—	518
Income taxes	(347)	(698)
Net income	320	777
Net income applicable to common shares	110	567
Net income per share, basic and diluted	0.01	0.05

The previous restatement also resulted in an increase in previously reported retained earnings as of January 1, 2004 of $612,549.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation—The consolidated financial statements include the accounts of the Company and all of its subsidiaries, including its 50%-owned subsidiary, Gaming Entertainment (Delaware), LLC (GED). Due to Company's current financing arrangements for the Michigan development, the Company is exposed to the majority of risk related to the activities of GEM. Consequently, GEM is considered to be a variable interest entity as defined in Financial Accounting Standards Board (FASB) Interpretation No. 46R, *Consolidation of Variable Interest Entities* (FIN 46(R)) and therefore, GEM is consolidated into the Company's financial statements as of December 31, 2005 and 2004, in accordance with the provisions of FIN 46R. All material inter-company accounts and transactions have been eliminated.

Cash equivalents—Cash in excess of daily requirements is invested in highly liquid short-term investments with maturities of three months or less when purchased. Such investments are stated at cost, which approximates market, and are deemed to be cash equivalents for purposes of the consolidated financial statements.

Concentrations of credit risk—The Company's financial instruments that are exposed to concentrations of credit risk (or market risk) consist primarily of long term notes receivable, tribal advances. A portion of the Company's cash equivalents are in high quality securities placed with major banks and financial institutions. Management does not believe that there is significant risk of loss associated with such investments. Advances to tribal governments are primarily related to the Michigan development and represent advances made to the tribe to fund its operations. This amount is repayable from the operations of the gaming facility and, although there can be no assurance that a facility will be opened, management does not believe that there is significant risk of loss associated with such investment, but considers its assessment of such risk in its fair value estimates. However,

the maximum loss that could be sustained if such advances prove to be uncollectible is limited to the recorded amount of the receivable and the related contract rights, less any impairment or other allowances that may be provided. The Company defers the recognition of interest revenue accrued on tribal advances due to the uncertainty of collectibility inherent in their terms.

Investment in unconsolidated joint venture—The Company accounts for its investment in GED using the equity method of accounting (Note 4). Under the equity method, original investments are recorded at cost and adjusted by the Company's share of net income and distributions of the venture.

Fair value of financial instruments—The carrying value of the Company's cash and cash equivalents and accounts payable, approximates fair value because of the short maturity of those instruments. As discussed above, substantially all of the Company's receivables are carried at estimated fair value. The estimated fair values of the Company's debt approximate their recorded values at December 31, 2005, based on the current rates offered to the Company for loans of the same remaining maturities.

Long-term assets related to Indian casino projects—The Company evaluates the financial opportunity of each potential service arrangement before entering into an agreement to provide financial support for the development of an Indian casino project. The Company accounts for its notes receivable from and management contracts with the tribes as separate assets.

The estimated fair value of the advances (notes receivable, tribal governments) made to the tribes are accounted for as in-substance structured notes in accordance with the guidance contained in EITF 96-12. Under their terms, the notes do not become due and payable unless and until the projects are completed and operational. However, in the event the Company's development activity is terminated prior to completion, the Company generally retains the right to collect in the event of completion by another developer. Because the stated rate of the notes receivable alone is not commensurate with the risk inherent in these projects (at least prior to commencement of operations), the estimated fair value of the notes receivable is generally less than the amount advanced. At the date of each advance, the difference between the estimated fair value of the note receivable and the actual amount advanced is recorded as an intangible asset, management contract rights, or expensed as period costs of retaining such rights if the rights were acquired in a separate unbundled transaction.

Subsequent to its initial recording at estimated fair value, the note receivable portion of the advance is adjusted to its current estimated fair value at each balance sheet date using typical market discount rates for prospective Indian casino operations, and expected repayment terms as may be affected by estimated future interest rates and opening dates, with the latter affected by changes in project-specific circumstances such as ongoing litigation, the status of regulatory approvals and other factors previously noted. The notes receivable are not adjusted to a fair value estimate that exceeds the face value of the note plus accrued interest, if any. Due to uncertainties surrounding the projects, no interest income is recognized during the development period, but changes in estimated fair value of the notes receivable are recorded as unrealized gains or losses in the Company's statement of operations.

Upon opening of the casino, any difference between the then estimated fair value of the notes receivable and the amount contractually due under the notes will be amortized into income using the effective interest method over the remaining term of the note. Such notes would then be evaluated for impairment pursuant to Statement of Financial Accounting Standards No. 114, *Accounting by Creditors for Impairment of a Loan.*

Intangible assets related to the acquisition of the management contracts (contract rights) are periodically evaluated for impairment based on the estimated cash flows from the management contract on an undiscounted basis. In the event the carrying value of the intangible assets were to exceed the undiscounted cash flow, the difference between the estimated fair value and carrying value of the assets is charged to operations. The

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
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Company expects to amortize the contract rights using the straight-line method over seven years, or the term of the related management contract, whichever is shorter, typically beginning upon commencement of casino operations.

Awards of stock-based compensation—Presently, the Company measures stock-based employee and directors compensation cost (Note 12) using the intrinsic value based method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees.* Since no options were granted in the year presented, and all options that are outstanding as of December 31, 2005 are fully vested, there is no pro form presentation necessary to demonstrate the effect of applying the fair value recognition provisions of SFAS No. 123 on historical reported results of operations for 2005 and 2004.

In December 2004, FASB issued Statement of Financial Accounting Standards No. 123 (Revised 2004),*Share-Based Payment* (SFAS 123R). SFAS 123R requires that compensation cost related to share-based employee compensation transactions be recognized in the financial statements. The provisions of SFAS 123R are to be effective for the Company beginning January 1 2006. Since all employee options outstanding at December 31, 2005, are fully vested, there will be no effect of applying the new standard on future periods with respect to such options currently outstanding. Management cannot predict the effect, if any, of the new standard on the accounting for future option grants, none of which have been approved to date.

Legal defense costs—The Company does not accrue for estimated future legal and related defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

Earnings per common share—Basic earnings per share (EPS) is computed based upon the weighted-average number of common shares outstanding during the year. Diluted EPS is ordinarily computed based upon the weighted-average number of common and common equivalent shares if their effect upon exercise would have been dilutive using the treasury stock method. Refer to Note 14 for information regarding pro forma earnings per share.

Use of estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect reported amounts. Accordingly, actual results could differ from those estimates. Significant estimates used by the Company include evaluation of the recoverability of its investment in an unconsolidated joint venture, fair value and impairment estimates relative to notes receivable related to Indian casino projects and related contract rights, any of which could change materially in the next twelve months based on evolving developments and events.

Reclassifications—In addition to the effects of the restatement discussed in Note 2, certain minor reclassifications have been made to conform to the current presentation, which had no effect on reported net income.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

4. INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

The investment in unconsolidated joint venture on the balance sheet is comprised of the Company's 50% ownership interest in GED, a joint venture between the Company and Harrington Raceway Inc., carried on the equity method of accounting.

CONDENSED BALANCE SHEET INFORMATION

	2005	2004
Total assets	$ 699,886	$ 613,169
Total liabilities	720,200	379,448
Members' capital (deficiency)	(20,314)	233,721

CONDENSED STATEMENT OF INCOME INFORMATION

	2005	2004
Revenues	$ 21,623,810	$ 20,917,324
Net income	7,469,096	7,172,320

Since GED has no non-operating income or expenses, income from operations and net income are the same for each period presented. Full House Resorts' earnings from GED have been reduced by $33,632 due to a rebate payment timing difference in 2005. GED is treated as a partnership for income tax purposes and consequently, recognizes no federal or state income tax provision.

5. NOTES RECEIVABLE, TRIBAL GOVERNMENTS

As of December 31, 2005 and 2004 (as previously restated), the Company has made advances to tribal governments totaling $8,577,979 and $6,541,337 as follows:

	2005	2004
Contractual (stated) amount		
Michigan tribe	$ 8,243,344	$ 6,516,337
Other	334,635	25,000
	$ 8,577,979	$ 6,541,337
Estimated fair value of notes receivable related to Indian casino projects		
Michigan tribe	$ 4,038,427	$ 3,098,950
Other	230,102	25,000
	$ 4,268,529	$ 3,123,950

Certain portions of the advances to or on behalf of the tribal governments are in dispute, which has been considered in management's fair value estimates.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The following table summarizes the changes in notes receivable, tribal governments for 2005 and 2004:

	Total	Michigan tribe	Other tribes
Balances, January 1, 2005	$ 3,123,950	$ 3,098,950	$ 25,000
Total advances	2,061,643	1,727,007	334,635
Allocation to contract rights	(133,155)	—	(133,155)
Expensed as period costs	(878,183)	(878,183)	—
Writeoff of California receivable	(25,000)	—	(25,000)
Changes in estimated fair value	119,274	90,653	28,622
Balances, December 31, 2005	$ 4,268,529	$ 4,038,427	$ 230,102
Balances, January 1, 2004, as previously reported	$ 1,497,291	$ 1,472,291	$ 25,000
Prior period adjustment for change in accounting methodology	579,340	519,340	—
Balances, January 1, 2004, as restated	2,016,631	2,051,631	25,000
Total advances	1,076,675	1,076,675	—
Allocation to contract rights	—	—	—
Expensed as period costs	(547,489)	(547,489)	—
Changes in estimated fair value	518,133	518,133	—
Balances, December 31, 2004	$ 3,123,950	$ 3,098,950	$ 25,000

6. CONTRACT RIGHTS

Contract rights are comprised of the following as of December 31, 2005:

	Cost	Accumulated amortization	Net
Michigan project, initial cost	$ 4,155,213	$ —	$ 4,155,213
Michigan project, additional	1,141,683	(542,299)	599,384
Other projects	333,155	—	333,155
	$ 5,630,051	$ (542,299)	$ 5,087,752

The initial cost of the Michigan contract rights were the result of a 1995 merger agreement whereby LAI (then owned 100% by a current director in the Company, Lee A. Iacocca) and Omega Properties, Inc. (then owned 30% by another director, William P. McComas) merged into a wholly-owned subsidiary of the Company. Pursuant to the merger, the Company issued a $375,000 promissory note and 1,750,000 shares of common stock in return for contract rights primarily related to the Michigan project. An independent valuation consultant was retained to assist in the valuation of the merger and the contributed rights. The initial contract rights relate to the management of the Michigan project and amortization will commence once operations commence, at which time the rights will be contributed to GEM.

In 2001, the Company acquired the remaining 50% interest in three joint venture projects for $1,800,000. $1,141,683 was allocated to the Michigan project with the balance relating to a project in Oregon (written off in 2002) and the California project, which was part of the cost of the arbitration settlement in 2005.

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In addition to acquiring the remaining 50% interest in the Michigan project, the additional rights include gaining control of the development processes. Therefore, amortization of the acquired additional contract rights commenced in 2001. The amortization period was previously estimated to be nine years which reflected a two-year expected development period prior to the seven-year management contract, but due to legal delays, the estimate was extended to ten years in 2005. Revisions were accounted for as changes in estimate, which does not require retroactive restatement of prior financial statements.

7. LAND HELD FOR DEVELOPMENT

As of December 31, 2005 and 2004 (as previously restated), land held for development consists of:

	2005	2004
Michigan project	$ 3,858,832	$ 3,858,832
Other projects	130,000	—
	$ 3,988,832	$ 3,858,832

The Company has agreed to effectively sell the land to the respective tribes once the United States Department of the Interior approves its placement into trust as a casino site. The in-substance sales price of the Michigan land is to equal the Company's cost plus, in effect, an agreed appreciation factor intended to compensate the Company for its carrying cost totaling $894,087 and $473,315 through December 31, 2005 and 2004, respectively.

8. STOCKHOLDERS' EQUITY

The Company's preferred stock has a $.30 per share cumulative dividend rate, and has a liquidation preference equal to $3.00 per share plus all unpaid dividends. Since the Company is in default in declaring payment of dividends on the preferred stock, it is restricted from paying any dividend, making any other distribution, or redeeming any stock ranking junior to the preferred stock. The stockholders' right to the $.30 per share cumulative dividends on the preferred stock commenced in 1992, and totaled $2,835,000 and $2,625,000 at December 31, 2005 and 2004, respectively. Through the date of issuance of this report, no dividends have been declared or paid.

9. INCOME TAX PROVISION

Tax returns for the 2001, 2002, and 2003 years were amended to adjust contract rights amortization and to properly characterize the 2003 tax loss on the sale of Mississippi property. The income tax provision recognized in the consolidated financial statements for 2005 and 2004 (as previously restated) consists of the following:

	2005	2004
Current:		
Federal	$ 306,555	$ 18,598
State	298,060	244,319
Total current	604,615	262,917
Deferred:		
Federal	167,164	371,841
State	21,901	62,797
Total deferred	189,065	434,638
Total provision	$ 793,680	$ 697,555

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

A reconciliation of the income tax provision with amounts determined by applying the statutory U.S. Federal income tax rate of 34% to consolidated income before income taxes is as follows:

	2005	2004
Tax provision at U.S. statutory rate	$ 555,226	$ 501,353
State taxes, net of federal benefit	218,629	224,070
Other	19,825	(27,868)
Total	$ 793,680	$ 697,555

The Company's deferred tax items as of December 31, are as follows:

	2005	2004
Deferred tax assets:		
Net operating loss carry-forward	$ —	$ 263,199
Tax credit carryforwards	—	37,480
Deferred compensation and other expenses	106,313	115,868
Total deferred tax assets	106,313	416,547
Deferred tax liabilities:		
Income related to Indian casino projects	(226,916)	(349,231)
Depreciation	(4,204)	(3,059)
Total deferred tax liabilities	(231,120)	(352,290)
Net	$ (124,807)	$ 64,257

10. SUPPLEMENTAL STATEMENT OF CASH FLOW INFORMATION

Cash payments for interest were immaterial.

Cash payments for income taxes were $162,749 and $314,392, for 2005 and 2004, respectively.

11. COMMITMENTS

The Company leases office space under a non-cancelable operating lease expiring on March 31, 2007. The future minimum lease obligation is $43,115 for 2006, and $11,182 for 2007. Rent expense was $48,247 and $50,801 for 2005 and 2004, respectively.

Through our management or development agreements, we have agreed to arrange financing for Michigan and Montana tribes and have agreed to obtain financing on behalf of the Nambe tribe in New Mexico. The amounts to be financed may change based on the individual project's planned size and costs. Currently, Michigan requires approximately $140,000,000 and Montana requires approximately $16,000,000. In addition, the Company is to provide $50,000,000 for the Nambe project.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

12. STOCK-BASED COMPENSATION PLANS

At December 31, 2005, the Company had three stock-based compensation plans. The ability to issue option grants under these plans expired on June 30, 2002.

A summary of the status of the Company's stock option plans as of December 31, 2005 and 2004 (as previously restated), and changes during the years then ended is presented below:

	2005		2004	
	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at beginning of year	575,000	$ 2.88	725,000	$ 2.75
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	150,000	2.25
Outstanding at end of year	575,000	2.88	575,000	2.88
Exercisable at year-end	575,000	2.88	575,000	2.88

As of December 31, 2005, the 575,000 options outstanding and exercisable have exercise prices ranging between $2.25 and $3.69, and a weighted-average remaining contractual life of 1.3 years.

13. SUBSEQUENT EVENTS

Acquisition—On April 6, 2006, Full House Resorts signed a Stock Purchase Agreement under which the Company will acquire all of the outstanding shares of Stockman's Casino, Inc. for $25.5 million. Stockman's Casino, Inc. owns and operates Stockman's Casino and Holiday Inn Express in Fallon, Nevada. An adjustment to the purchase price could occur if the operation exceeds certain financial targets during the 12 months prior to closing of the transaction. The closing of the transaction is expected to occur later this year and is subject to the receipt of all regulatory approvals and acquisition financing. The Company intends to finance the transaction with a combination of cash, debt, and equity.

Incentive Compensation Plan—On May 31, 2006, the Company's stockholders approved the 2006 Incentive Compensation Plan (the "Plan"), which will be administered by the compensation committee. In consideration of their services, employees who serve as officers, employees or consultants of the Company or a related entity are eligible to receive awards under the Plan, which permits grants of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, deferred stock, dividend equivalents, bonus stock and performance awards. The total aggregate amount of shares reserved for issuance under the Plan is 1,100,000 shares.

14. PRO FORMA EARNINGS PER SHARE (UNAUDITED)

As of December 31, 2005, the pro forma earnings per share and weighted-average common shares outstanding were calculated assuming that a dilutive payment to preferred stockholders of $2,835,000 had been funded by the issuance of 735,221 shares of the Company's common stock, with an estimated offering price of $3.00 per share.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2006 AND DECEMBER 31, 2005

	Proforma June 30, 2006 (unaudited)	June 30, 2006 (unaudited)	December 31, 2005
ASSETS			
Current assets:			
Cash and cash equivalents	$ 820,745	$ 820,745	$ 3,275,270
Other	295,066	295,066	118,810
	1,115,811	1,115,811	3,394,080
Investment in unconsolidated joint venture	562,413	562,413	—
Notes receivable, tribal governments	5,578,419	5,578,419	4,268,529
Land held for development	3,988,832	3,988,832	3,988,832
Contract rights, net of accumulated amortization	5,165,344	5,165,344	5,087,752
Deposits and other assets	965,597	965,597	199,074
	$ 17,376,416	$ 17,376,416	$ 16,938,267
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accrued preferred dividends	$ 2,940,000	$ —	$ —
Accounts payable	132,617	132,617	130,580
Accrued expenses	101,296	101,296	369,268
Income tax payable	—	—	321,112
	3,173,913	233,913	820,960
Note payable to co-venturer, including accrued interest of $329,017 and $238,513	2,710,277	2,710,277	2,619,773
Deferred income tax liability	79,176	79,176	124,807
Other long-term liabilities	272,137	272,137	272,137
	3,061,590	3,061,590	3,016,717
Non-controlling interest in consolidated joint venture	2,080,579	2,080,579	2,098,628
Stockholders' equity:			
Series 1992-1 cumulative Preferred Stock, par value $.0001, 5,000,000 shares authorized; 700,000 shares issued and outstanding; aggregate liquidation preference of $5,040,000 and $4,987,500 including undeclared dividends in arrears of $2,940,000 and $2,887,500	70	70	70
Common stock, par value $.0001, 25,000,000 shares authorized; 11,008,302 shares issued and outstanding	1,101	1,101	1,034
Additional paid-in capital	19,607,302	19,607,302	17,429,889
Deferred compensation	(1,616,113)	(1,616,113)	—
Deficit	(8,932,026)	(5,992,026)	(6,429,031)
	9,060,334	12,000,334	11,001,962
	$ 17,376,416	$ 17,376,416	$ 16,938,267

See notes to unaudited condensed consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

	2006	2005
Equity in net income of unconsolidated joint venture	$ 1,994,591	$ 1,888,554
Operating costs and expenses		
Project development costs	432,024	764,172
General and administrative	1,696,183	999,906
Depreciation and amortization	37,539	48,376
	2,165,746	1,812,454
Unrealized gains on notes receivable	717,749	25,577
Arbitration award, net	—	848,393
Income from operations	546,594	950,070
Other income (expense)		
Interest and other income	46,332	22,666
Interest expense	(90,504)	(67,051)
Income before non-controlling interest and income taxes	502,422	905,685
Non-controlling interest in net loss of consolidated joint venture	18,049	457,143
Income before income taxes	520,471	1,362,828
Income taxes	(83,466)	(557,776)
Net income	437,005	805,052
Less undeclared dividends on cumulative preferred stock	(105,000)	(105,000)
Net income applicable to common shares	$ 332,005	$ 700,052
Net income per common share		
Basic, diluted and proforma	$ 0.03	$ 0.07
Weighted-average number of common shares outstanding		
Basic	10,451,098	10,340,380
Diluted	11,179,336	11,131,289
Proforma	11,950,932	

See notes to unaudited condensed consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2006 AND 2005

	Preferred stock		Common stock		Additional Paid-In Capital	Deficit	Deferred Compensation	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balances, January 1, 2006	700,000	$ 70	10,340,380	$ 1,034	$ 17,429,889	$ (6,429,031)	$ —	$ 11,001,962
Issuance of restricted stock grants	—	—	668,000	67	2,177,413	—	(1,698,125)	479,355
Previously deferred share based compensation recognized	—	—	—	—	—	—	82,012	82,012
Net income	—	—	—	—	—	437,005	—	437,005
Balances, June 30, 2006	700,000	$ 70	11,008,380	$ 1,101	$ 19,607,302	$ (5,992,026)	$ (1,616,113)	$ 12,000,334

	Preferred stock		Common stock		Additional Paid-In Capital	Deficit	Deferred Compensation	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balances, January 1, 2005	700,000	$ 70	10,340,380	$ 1,034	$ 17,429,889	$ (7,268,369)	$ —	$ 10,162,624
Net income	—	—	—	—	—	805,052	—	805,052
Balances, June 30, 2005	700,000	$ 70	10,340,380	$ 1,034	$ 17,429,889	$ (6,463,317)	$ —	$ 10,967,676

See notes to unaudited condensed consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

	2006	2005
Net cash used in operating activities	$ (874,531)	$ (173,796)
Investing activities:		
Advances to tribal governments, excluding 226,741 and 410,616 expensed	(592,141)	(500,185)
Acquisition of contract rights and other assets	(110,893)	(202,773)
Repayments by co-venturer	37,215	—
Deposits and other costs related to the Stockman's Casino acquisition	(863,972)	—
Net cash used in investing activities	(1,529,791)	(702,958)
Financing activities:		
Offering costs	(50,203)	—
Net decrease in cash and cash equivalents	(2,454,525)	(876,754)
Cash and cash equivalents, beginning of period	3,275,270	2,466,365
Cash and cash equivalents, end of period	$ 820,745	$ 1,589,611

See notes to unaudited condensed consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

1. BASIS OF PRESENTATION

The interim condensed consolidated financial statements of Full House Resorts, Inc. (the "Company" or "Full House") included herein reflect all adjustments that are, in the opinion of management, necessary to present fairly the financial position and results of operations for the interim periods presented. Certain information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America has been omitted pursuant to the interim financial information rules and regulations of the Securities and Exchange Commission.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005, from which the balance sheet information as of December 31, 2005, was derived. Certain minor reclassifications have been made to conform to the current presentation. The results of operations for the period ended June 30, 2006, are not necessarily indicative of the results to be expected for the year ending December 31, 2006.

2. SHARE-BASED COMPENSATION

Beginning January 1, 2006, the Company was required to adopt the Financial Accounting Standards Board's Statement of Financial Accounting Standard (SFAS) No. 123R, *Share-Based Payment* (SFAS 123R), to account for its stock-based compensation, and elected the modified prospective method of transition. However, since all outstanding stock options were fully vested as of January 1, 2006, the adoption of SFAS 123R did not have any effect on the Company's results of operations for the current quarter period of adoption.

On May 31, 2006 (the "Grant date"), the Company's stockholders approved the 2006 Incentive Compensation Plan (the "Plan"), authorizing the issuance of up to 1,100,000 restricted shares of the Company's common stock as incentive compensation to officers, directors and consultants. Also on the Grant date, Company's compensation committee approved the issuance of 668,000 shares of restricted stock pursuant to the Plan, valued at the closing price of the Company's stock ($3.25), with no discount. Of the total shares granted, 145,500 vested on the Grant date and the remaining 522,500 are expected to vest through January 7, 2009 upon certain conditions including continuous service of the recipient. The unvested grants are viewed as a series of individual awards and the related share-based compensation expense has initially been recorded as deferred compensation expense, reported as a reduction of stockholder's equity, and will subsequently be amortized into compensation expense on a straight-line basis as services are provided over the vesting period. For the six months ended June 30, 2006, share-based compensation expense of $554,887 is included general and administrative expenses.

3. INVESTMENT IN UNCONSOLIDATED JOINT VENTURE

The investment in unconsolidated joint venture on the balance sheet is comprised of the Company's 50% ownership interest in Gaming Entertainment (Delaware), LLC (GED), a joint venture between the Company and Harrington Raceway Inc., carried on the equity method of accounting.

Summary information for GED's operations for the six months ended June 30, is as follows:

	2006	2005
Management fee revenues	$ 4,222,433	$ 4,091,152
Net income	3,989,181	3,844,373

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

4. NOTES RECEIVABLE, TRIBAL GOVERNMENTS

The Company has advanced funds directly to tribes to fund tribal operations and for development expenses related to potential projects. The repayment of these notes is contingent upon the development of the projects, and ultimately, the successful operation of the facilities. The Company's agreements with the tribes provide for the reimbursement of these advances plus applicable interest either from the proceeds of any outside financing of the development, the actual operation itself or in the event that the Company does not complete the development, from the revenues of the tribal gaming operation following completion of development activities undertaken by others.

As of June 30, 2006 and December 31, 2005, the Company has notes receivable from various tribal governments valued respectively, as follows:

	June 30, 2006	December 31, 2005
Estimated fair value of notes receivable:		
Michigan tribe	$ 5,054,083	$ 4,038,427
Other	524,336	230,102
	$ 5,578,419	$ 4,268,529
Contractual (face) value of notes		
Michigan tribe	$ 7,979,002	$ 8,243,344
Other	708,109	334,635
	$ 8,687,111	$ 8,577,979

Certain portions of the advances to or on behalf of the tribal governments are in dispute, the likely resolution of which has been considered in management's fair value estimates.

The following table summarizes the changes in notes receivable, tribal government for December 31, 2005 to June 30, 2006:

	Total	Michigan tribe	Other tribes
Balance, January 1, 2006	$ 4,268,529	$ 4,038,427	$ 230,102
Total advances	929,775	555,302	374,473
Allocation to contract rights	(110,893)	0	(110,893)
Expensed as period costs	(226,741)	(226,741)	0
Changes in estimated fair value	717,749	687,095	30,654
Balance, June 30, 2006	$ 5,578,419	$ 5,054,083	$ 524,336

5. COMMITMENTS AND CONTINGENCIES

Casino acquisition. On April 6, 2006, the Company signed an agreement under which it has committed to acquire all of the outstanding shares of Stockman's Casino, Inc., d/b/a Stockman's Casino and Holiday Inn Express in Fallon, Nevada (Stockman's), for $25.5 million in cash (subject to future upward adjustment if the operation exceeds certain financial targets during the 12 months prior to closing). The closing of the transaction is expected to occur in the first quarter of 2007, subject to the receipt of all necessary regulatory approvals.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

The Company plans to use a combination of debt and equity financing from this offering. On July 6, 2006, the Company obtained a commitment from a bank for a $16 million financing facility to be secured by the capital stock and assets of Stockman's. The facility will bear interest at a premium above LIBOR based on the Company's leverage ratio and will require interest payments monthly in addition to semi-annual principal payments, which are currently expected to be $533,333. Funding is subject to finalizing definitive loan documents, receipt of regulatory approvals, no material or adverse changes, review of financial performance and collateral prior to funding, proof of insurance and endorsement of title insurance policies. The Company expects to use approximately $10 million from the equity offering to fund the balance of the Stockman's acquisition price. An estimated adjusted purchase price including acquisition costs cannot be reasonably determined at this time.

Preferred stock dividend. Pursuant to agreements with the holders of the Company's preferred stock, the Company has agreed to pay the accrued and unpaid dividends on the Company's total preferred stock from a portion of the net proceeds of the Company's aforementioned secondary public offering in the approximate amount of $3 million. These agreements also provides for the holders to convert their shares to common stock on a one-for-one basis.

Environmental litigation. Litigation involving environmental issues in Michigan has been filed to prevent the Secretary of the Interior from taking the site for the Michigan project into trust, which in the event of an unfavorable outcome, might prevent or delay the completion of the Michigan project and realization of a portion of the Company's investment therein. The legal challenge is pending in federal district court in Washington, D.C. As a result, a final environmental impact statement (EIS) has been prepared.

6. SUPPLEMENTAL CASH FLOW INFORMATION

The following is a reconciliation of net income to net cash used in operating activities for the six months ended June 30, 2006 and 2005:

	2006	2005
Net income	$ $437,004	$ 805,052
Adjustments to reconcile net income to net cash used in operating activities:		
Equity in net income of unconsolidated joint venture	(1,994,591)	(1,888,555)
Distributions from unconsolidated joint venture	1,422,021	1,721,218
Arbitration award	—	(976,680)
Unrealized gain on notes receivable, tribal governments	(717,749)	—
Depreciation	4,240	3,421
Amortization of gaming rights	33,301	44,955
Deferred income taxes	(45,631)	135,782
Non-controlling interest in net loss of consolidated joint venture	(18,049)	(76,069)
Loss on disposition of California contract rights and note receivable	—	128,287
Deferred compensation	561,367	—
Other	153,569	18,499
Increases in operating (assets) and liabilities:		
Other assets	(213,471)	124,587
Accounts payable and accrued expenses	(175,430)	(13,109)
Income taxes payable	(321,112)	(201,184)
Net cash used in operating activities	$ (874,531)	$ (173,796)

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

7. SUBSEQUENT EVENTS

Consulting Agreement. On September 25, 2006, the Company entered into a consulting agreement with Lee Iacocca, one of its directors, under the terms of which Mr. Iacocca will provide consulting services to the Company related to marketing and advertising for a period of three years. In consideration of these services, the Company has agreed to grant Mr. Iacocca 300,000 restricted shares of the Company's common stock to be valued at the closing price on the grant date with no discount, which vest in equal amounts over the three year term of the agreement or immediately on his death. In addition, Mr. Iacocca forfeited 250,000 options to purchase the Company's common stock at an exercise price of $3.69 per share that had previously been granted and vested. The restricted stock grant will be initially recorded as deferred compensation expense, reported as a reduction of stockholders' equity and will subsequently be amortized into compensation expense on a straight-line basis as services are provided over the vesting period. Based upon the closing price of the Company's common stock of $3.20 at October 16, 2006, the Company expects that $960,000 of additional share-based compensation expense will be amortized over the term of the consulting agreement (three years). The forfeit of the 250,000 of options had no effect on the financial statements, since the options were fully vested.

Michigan project. On September 4, 2006, the Bureau of Indian Affairs accepted the EIS and issued a Record of Decision as the final agency action in the matter. Both the Michigan tribe and the Department of Justice have filed motions to dismiss the lawsuit based on the issuance of the EIS.

8. PRO FORMA DISCLOSURES

As of June 30, 2006, the pro forma earnings per share, weighted-average shares of common stock outstanding and balance sheet information were calculated assuming a dilutive dividend payment to preferred stockholders of $2,940,000 had been funded by the issuance of 869,332 shares of the Company's common stock, with an estimated offering price of $3.00 per share.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Full House Resorts, Inc.
Las Vegas, Nevada

We have audited the accompanying balance sheet of Stockman's Casino, Inc. (the "Company") as of December 31, 2005, and the related statements of income and comprehensive income, stockholder's equity and cash flows for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2005, and the results of its operations and cash flows for the years ended December 31, 2005 and 2004, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the accompanying 2005 and 2004 financial statements have been restated.

/s/ Piercy Bowler Taylor & Kern

Piercy, Bowler, Taylor & Kern
Certified Public Accountants and Business Advisors
A Professional Corporation
Las Vegas, Nevada

July 18, 2006

STOCKMAN'S CASINO
BALANCE SHEETS

	June 30, 2006 (Unaudited)	December 31, 2005 (Restated)
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,927,597	$ 4,171,212
Investments	2,120,300	2,278,160
Prepaid expenses	365,059	405,057
Other	164,751	123,804
	4,577,707	6,978,233
Property and equipment, net of accumulated depreciation and amortization	2,617,869	2,619,715
Other assets	288,820	282,512
	$ 7,484,396	$ 9,880,460
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	$ 205,854	$ 264,275
Accrued expenses	255,325	245,472
	460,909	509,747
Stockholder's equity		
Common stock, no par value, 2,000 shares authorized, 1,000 shares issued and outstanding	1,000	1,000
Retained earnings	7,022,487	9,422,616
Accumulated other comprehensive loss	—	(52,903)
	7,023,487	9,370,713
	$ 7,484,396	$ 9,880,460

See notes to financial statements

STOCKMAN'S CASINO
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Six Months Ended June 30,		Year Ended December 31,	
	2006 (Unaudited)	2005 (Unaudited)	2005 (Restated)	2004 (Restated)
Revenues				
Casino	$ 3,864,411	$ 3,609,181	$ 7,450,655	$ 7,003,283
Food and beverage	971,973	1,011,508	1,980,096	1,962,181
Hotel	902,079	913,092	1,826,213	1,613,375
	5,738,463	5,533,781	11,256,964	10,578,839
Operating costs and expenses				
Casino	1,172,826	1,140,293	2,566,969	2,418,058
Food and beverage	1,090,891	1,096,994	1,943,149	1,909,995
Hotel	616,732	539,439	1,112,680	998,209
Related party rent	823,607	808,321	1,616,661	1,578,023
Other selling, general and administrative	829,492	661,571	1,457,035	1,257,572
Depreciation and amortization	268,149	216,465	534,378	517,395
	4,801,697	4,463,083	9,230,872	8,679,252
Income from operations	936,766	1,070,698	2,026,092	1,899,587
Other income (expense)				
Interest and other income	120,923	95,718	225,731	141,907
Realized loss on sale of marketable securities	(55,416)	—	—	—
Net income	1,002,273	1,166,416	2,251,823	2,041,494
Unrealized holding loss on securities	—	(8,600)	(16,400)	(8,999)
Comprehensive income	$ 1,002,273	$ 1,157,816	$ 2,235,423	$ 2,032,495

See notes to financial statements

STOCKMAN'S CASINO
STATEMENTS OF STOCKHOLDER'S EQUITY

	Common stock	Retained earnings	Accumulated other comprehensive loss	Total
Balances, January 1, 2006	$ 1,000	$ 9,422,616	$ (52,903)	$ 9,370,713
Net income	—	1,002,273	—	1,002,273
Unrealized holding loss on marketable securities	—	—	(2,513)	(2,513)
Realized loss on sale of marketable securities	—	—	55,416	55,416
Dividends	—	(3,402,402)	—	(3,402,402)
Balances, June 30, 2006	$ 1,000	$ 7,022,487	$ —	$ 7,023,487
Balances, January 1, 2005, as restated	$ 1,000	$ 8,204,923	$ (36,503)	$ 8,169,420
Net income	—	1,166,416	—	1,166,416
Unrealized holding loss on marketable securities	—	—	(8,600)	(8,600)
Dividends	—	(774,429)	—	(774,429)
Balances, June 30, 2005, as restated	$ 1,000	$ 8,596,910	$ (45,103)	$ 8,552,807
Balances, January 1, 2005, as restated	$ 1,000	$ 8,204,923	$ (36,503)	$ 8,169,420
Net income	—	2,251,823	—	2,251,823
Unrealized holding loss on marketable securities	—	—	(16,400)	(16,400)
Dividends	—	(1,034,130)	—	(1,034,130)
Balances, December 31, 2005, as restated	$ 1,000	$ 9,422,616	$ (52,903)	$ 9,370,713
Balances, January 1, 2004	$ 1,000	$ 6,789,162	$ (27,504)	$ 6,762,658
Net income	—	2,041,494	—	2,041,494
Unrealized holding loss on marketable securities	—	—	(8,999)	(8,999)
Dividends	—	(625,733)	—	(625,733)
Balances, December 31, 2004, as restated	$ 1,000	$ 8,204,923	$ (36,503)	$ 8,169,420

See notes to financial statements

STOCKMAN'S CASINO
STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,		Year Ended December 31,	
	2006 (Unaudited)	2005 (Unaudited)	2005 (Restated)	2004 (Restated)
Operating activities				
Net cash provided by operating activities	$ 1,288,344	$ 1,316,679	$ 2,650,330	$ 2,774,492
Investing activities				
Purchase of short-term investments	—	(1,706,228)	(1,516,540)	(3,760)
Proceeds from sale of short-term investments	155,347	—	—	—
Purchase of property and equipment	(265,354)	(588,918)	(1,180,922)	(985,940)
Repayment of related party note receivable	—	—	—	189,041
Proceeds from sale of property and equipment	450	—	650	13,919
Net cash used in investing activities	(109,557)	(2,295,146)	(2,696,812)	(786,740)
Financing activities				
Dividends	(3,402,902)	(774,429)	(1,034,130)	(625,732)
Net increase (decrease) in cash and cash equivalents	(2,243,615)	(1,752,896)	(1,080,612)	1,362,020
Cash and cash equivalents, beginning of year	4,171,212	5,251,824	5,251,824	3,889,804
Cash and cash equivalents, end of year	$ 1,927,597	$ 3,498,928	$ 4,171,212	$ 5,251,824
Reconciliation of net income to net cash provided by operating activities				
Net income	$ 1,002,273	$ 1,166,416	$ 2,251,823	$ 2,041,494
Depreciation and amortization	268,149	216,465	534,378	517,395
Increase in operating (assets) liabilities:				
Prepaid expenses	39,998	8,446	(47,426)	2,802
Other assets	6,762	(45,066)	(56,110)	(17,712)
Accounts payable	(58,691)	(120,065)	(66,411)	210,954
Accrued expenses	9,853	90,483	34,076	19,559
Net cash provided by operating activities	$ 1,268,344	$ 1,316,679	$ 2,650,330	$ 2,774,492

See notes to financial statements

STOCKMAN'S CASINO
NOTES TO FINANCIAL STATEMENTS

1. Nature of operations and background information:

Business activities and basis of presentation. Stockman's Casino, Inc. (the "Company") owns and operates Stockman's Casino and Holiday Inn Express located in Fallon, Nevada. The amenities of the property include a 98-room hotel, approximately 275 slot machines, 4 table games, a keno operation, a coffee shop, a gourmet restaurant, and a bar and lounge area.

Concentrations. Because the Company operates exclusively in northern Nevada, its future operations could be affected by adverse economic conditions in the area and its key feeder markets in the western United States, particularly northern California.

The Company manages credit risk by evaluating the credit worthiness of customers before extending credit. Potential credit risks are limited to recorded receivables, net of the allowance (if any), which receivables are not material at December 31, 2005.

The United States is involved in a war against terrorism that is likely to have far-reaching effects on the economic activity in the country for an indeterminable period. The long-term impact on the Company's operating activities cannot be predicted at this time but may be substantial.

2. Summary of significant accounting policies:

Unaudited interim financial statements—The unaudited interim financial statements of the Company included herein reflect all adjustments that are, in the opinion of management, necessary to present fairly the financial position and results of operations for the interim periods presented. Certain information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America has been omitted pursuant to the interim financial information rules and regulations of the Securities and Exchange Commission. The results of operations for the period ended June 30, 2006, are not necessarily indicative of the results to be expected for the year ending December 31, 2006. In addition, all information in the accompanying notes to the financial statements regarding the interim periods is unaudited.

Use of estimates. Timely preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect reported amounts, some of which may require revision in future periods.

Cash and cash equivalents. Cash and cash equivalents include highly liquid investments with initial maturities of three months or less. Restricted cash of $132,505 at December 31, 2005, consisting of certificates of deposit held jointly with state taxing agencies in lieu of posting security bonds, is excluded from cash and cash equivalents for financial statement purposes.

Investments. The Company's investments consist primarily of certificates of deposit ($2,120,300 at December 31, 2005 and 2004) with original maturities of greater than three months. All of the Company's investments have been classified as available for sale and are reported at fair value, with unrealized gains and losses on marketable securities reported as accumulated other comprehensive earnings (loss), in the accompanying statements of income and comprehensive income. Market value of marketable equity securities ($58,870 at December 31, 2005) is determined by the most recently traded price at the balance sheet date.

Inventories. Inventories consisting principally of food and beverage items are valued at the lower of cost, determined using the first-in, first out (FIFO) method, or market.

STOCKMAN'S CASINO
NOTES TO FINANCIAL STATEMENTS

Property and equipment. Property and equipment (Note 3) is stated at cost, net of accumulated depreciation and amortization computed using the straight-line method over the estimated useful lives of the assets, which for leasehold improvements is limited to the term of the lease and renewal periods so long as there is intent to exercise renewal options.

Revenue recognition and promotional allowances. Casino revenue is the aggregate net difference between gaming wins and losses, with liabilities recognized for chips and tokens in the customers' possession (outstanding chip and token liability). Hotel, food and beverage, entertainment and other operating revenues are recognized as services are performed. Advance deposits on rooms, if any, are recorded as deferred revenue until services are provided to the customer.

Revenues are recognized net of certain sales incentives in accordance with Emerging Issues Task Force (EITF) Issue 01-9*Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)* (EITF 01-9) . Accordingly, cash incentives to customers for gambling, including cash points and coupons earned by players club members totaling $250,846 and $221,754 for the six months ended June 30, 2006 and 2005 (unaudited) and $420,500 and $356,724 in 2005 and 2004, respectively, have been recognized as a direct reduction of casino revenue.

Revenue does not include the retail value of accommodations, food and beverage, and other services gratuitously furnished to customers totaling $110,453 and $116,098 for the six months ended June 30, 2006 and 2005 (unaudited) and $343,256 and $355,555 in 2005 and 2004, respectively. The estimated cost of providing such gratuities is included in casino expenses as follows:

	Six Months Ended June 30,		Years ended December 31,	
	2006	2005	2005	2004
	(Unaudited)			
Food and beverage	$ 104,875	$ 110,343	$ 346,536	$ 332,703
Hotel	3,335	3,398	10,876	14,290
	$ 108,210	$ 113,741	$ 357,412	$ 346,993

Advertising. Advertising costs of $16,838 and $22,268 for the six months ended June 30, 2006 and 2005 (unaudited) and $100,993 and $23,237 in 2005 and 2004, respectively, were expensed as incurred and included in the various applicable departmental expense categories.

Legal defense costs. The Company does not accrue for estimated future legal and related defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such costs in the period in which the services are rendered.

Income taxes. The Company has elected to be taxed as an "S Corporation" under the Internal Revenue Code. Accordingly, no provision or liability for federal income tax has been included in the accompanying financial statements.

Franchise fees. Franchise fees related to the operation of the Holiday Inn Express are amortized using the straight-line method over the contractual life of the agreement (15 years), and the remaining net book value of $19,872 and $21,272 is included in other long-term assets at June 30, 2006 (unaudited) and December 31, 2005, respectively. Amortization expense for 2005 and 2004 is not material.

Reclassifications. Previously issued statements of operations for 2005 and 2004 have been restated for the reclassification of cash incentives provided to casino customers of $420,500 and $356,724, respectively, previously classified erroneously as casino expenses, which are now netted directly against casino revenues pursuant to EITF 01-9. In addition, the 2005 balance sheet and statement of cash flows have been restated for the effect of reclassifying $192,041 to cash and cash equivalents, which was previously reported in error as investments.

STOCKMAN'S CASINO
NOTES TO FINANCIAL STATEMENTS

Other significant reclassifications include the direct netting of the retail value of promotional room, food and beverage allowances against the respective departmental revenues, rather than presenting them gross, and the presentation of the estimated cost of providing complimentary services ($357,413 and $346,993 in 2005 and 2004, respectively) as casino expenses, rather than as food, beverage and hotel expenses. Other minor reclassifications have been made to previously reported amounts in both years. These reclassifications have no effect on previously reported net income or equity for 2005 and 2004.

3. Property and equipment:

As of December 31, 2005 and June 30, 2006, property and equipment consists of the following:

	June 30, 2006	December 31, 2005
Leasehold improvements	$ 1,188,069	$ 1,138,789
Equipment, furniture and fixtures	5,531,237	5,316,229
	6,719,306	6,455,018
Less accumulated depreciation and amortization	4,101,437	(3,835,303)
	$ 2,635,920	$ 2,619,715

Substantially all property and equipment is pledged as collateral to guarantee loans of the Company's sole stockholder. (Note 4).

4. Related party transactions:

Operating lease agreements. The Company leases land and certain buildings from its sole stockholder and a relative thereof. The real estate leases are renewable at the option of the Company for two additional terms of 10 years each and provide for the payments of real estate taxes and certain occupancy expenses. The casino and administrative building lease agreements call for annual increases in the base rental payment, based upon the consumer price index. At December 31, 2005, future minimum rental payments under the related party operating leases recognized on a straight-line basis are as follows:

Year ending December 31,	
2006	$ 1,629,014
2007	1,691,111
2008	99,387
2009	100,264
2010	101,159
Thereafter	61,110
	$ 3,682,045

As of June 30, 2006 and as of December 31, 2005, monthly minimum rental payments were approximately $137,000, and related party rent expense related to these operating lease agreements was $823,506 for the six months ended June 30, 2006, $1,616,161 for 2005 and $1,578,023 for 2004. A majority of these related party leases are expected to terminate upon the planned change in ownership (Note 6) since the underlying property is being acquired.

Guarantee. The Company has guaranteed personal loans of the sole stockholder by pledging substantially all property and equipment as collateral. As of June 30, 2006 and December 31, 2005, the aggregate principal balance of the loans was approximately $3.5 million and $3.8 million respectively, the majority of which is scheduled to mature in December 2008. However, the guarantees are expected to terminate upon the planned change in ownership (Note 6) since the underlying loans are expected to be repaid with part of the sale proceeds.

STOCKMAN'S CASINO
NOTES TO FINANCIAL STATEMENTS

5. Contingencies:

The Company is involved in various claims and legal actions which relate to routine matters incidental to its business. In the opinion of management, based in part on advice from legal counsel, neither the ultimate disposition of these matters nor the related legal costs are likely to have a material adverse effect on the Company's future financial position, results of operations or cash flows. Accordingly, no provision for estimated losses has been recorded with regard to these matters.

6. Subsequent event:

On April 6, 2006, the Company's sole stockholder signed a stock purchase agreement to sell all of the outstanding shares of the Company to Full House Resorts, Inc. for $25.5 million (subject to upward adjustment if the operation exceeds certain financial targets during the 12 months prior to closing). The closing of the transaction is expected to occur later this year, subject to the receipt of all necessary regulatory approvals and the availability of adequate financing to Full House Resorts, Inc., which may include debt, equity or a combination thereof.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated balance sheet as of June 30, 2006, and unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2005, and the six months ended June 30, 2006, give effect to:

- the sale of 6,000,000 shares in this offering at an assumed public offering price of $3.38 per share (based on the midpoint of the expected price range),
- the application of the estimated net proceeds of $18,766,000 of this offering,
- the conversion of 700,000 shares of our outstanding preferred stock into common stock following payment of accrued but unpaid dividends of $2,940,000 from the net proceeds of this offering,
- the planned acquisition of all of the capital stock of Stockman's Casino, Inc., for a purchase price of approximately $25,500,000 and
- the proposed debt financing of approximately $16 million expected to be incurred in connection with the Stockman's Casino acquisition.

For balance sheet purposes, it is assumed that all of such transactions had taken place on June 30, 2006, and for purposes of statements of operations, it is assumed that all of such transactions had taken place on January 1, 2005.

The planned acquisition of Stockman's Casino, Inc. may not be consummated and the expected debt financing may not be obtained. The unaudited pro forma condensed consolidated financial data are provided for illustrative purposes only and are not necessarily indicative of the results that would have been reported had the acquisition of Stockman's Casino and other transactions actually occurred as of the dates indicated, nor are they indicative of the Company's future results of operations or financial condition. The unaudited pro forma condensed consolidated financial data should be read in conjunction with Full House's and Stockman's historical consolidated financial statements and notes thereto appearing elsewhere in this Registration Statement.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED PRO FORMA BALANCE SHEET
AS OF JUNE 30, 2006

	Historical	Pro Forma Adjustments: Financing Transactions	Pro Forma Adjustments: Stockman's Acquisition	Pro Forma Consolidated Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 820,745	$15,680,000(1)	$ —	
		18,766,000(2)		
		(2,940,000)(3)		
			(23,609,181)(5)	
			(1,050,000)(10)	7,667,564
Prepaid expenses	—		227,808(5)	227,808
Other			35,687(5)	
	295,066		56,595(5)	387,348
	1,115,811	31,506,000	(24,339,091)	8,232,720
Other assets				
Investment in unconsolidated joint venture	562,413			562,413
Notes receivable, tribal governments	5,578,419			5,578,419
Deposits and other assets	965,597	320,000(1)	(750,000)(5)	
			19,872(5)	
			450,000(10)	
			18,051(5)	
				1,023,520
Contract rights	5,165,344			5,165,344
Goodwill	—		7,577,077(5)	
			600,000(10)	8,177,077
Land	3,988,832		2,809,000(5)	6,797,832
Other property and equipment, net	—		14,076,000(5)	14,076,000
	$17,376,416	$31,826,000	$ 460,909	$49,663,325
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$ 132,617	$ —	$ 205,586(5)	$ 338,203
Accrued expenses	101,296		255,323(5)	356,619
	233,913	—	460,909	694,822
Other liabilities				
Note payable to co-venturer	2,710,277			2,710,277
Deferred income tax	79,176			79,176
Other long-term liabilities	272,137			272,137
Note payable	—	16,000,000(1)		16,000,000
	3,295,503	16,000,000	460,909	19,756,412
Non-controlling interest in consolidated joint venture	2,080,579			2,080,579
Stockholders' equity				
Cumulative preferred stock	70	(70)(4)		—
Common stock	1,101	600(2)		
		70(4)		1,771
Additional paid-in capital	19,607,302	13,765,400(2)		38,372,702
Deferred compensation	(1,616,113)			(1,616,113)
Retained earnings	(5,992,026)	(2,940,000)(3)		(8,932,026)
	12,000,334	15,826,000	—	27,826,334
	$17,376,416	$31,826,000	$ 460,909	$49,663,325

See notes to unaudited pro forma consolidated financial statements

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED PRO FORMA INCOME STATEMENT
SIX MONTHS ENDED JUNE 30, 2006

	Historical		Pro Forma Adjustments			
	Full House	Stockman's	Funding of Full House Dividends	Replenishment of Stockman's Working Capital	Acquisition Adjustments	Pro Forma Consolidated Totals
Revenues						
Casino	$ —	$ 3,864,411			$ —	$ 3,864,411
Food and beverage	—	971,973			—	971,973
Hotel	—	902,079			—	902,079
	—	5,738,463			—	5,738,463
Equity in net income of unconsolidated joint venture	1,994,591					1,994,591
Operating expenses						
Casino expenses	—	1,172,826			—	1,172,826
Food and beverage	—	1,090,891			—	1,090,891
Hotel	—	616,732			—	616,732
General and administrative	1,696,183	1,653,099			(879,081)(8)	2,470,202
Depreciation and amortization	37,539	268,149			164,820(6)	481,176
					10,668(7)	
Project development	432,024	—			—	432,024
	2,165,746	4,801,697			(703,592)	6,263,851
Unrealized gains on notes receivable	717,749	—			—	717,749
Income from operations	546,594	936,766			703,592	2,186,952
Other income (expense)	(44,172)	65,507			(648,000)(7)	(626,665)
Income before non-controlling interest in net loss of consolidated joint venture	502,422	1,002,273			55,592	1,560,287
Non-controlling interest in net loss of consolidated joint venture	18,049	—			—	18,049
Income before taxes	520,471	1,002,273			55,592	1,578,336
Income taxes	(83,466)	—			(359,674)(9)	(443,140)
Net income	437,005	1,002,273			(304,082)	1,135,196
Less undeclared dividends or cumulative preferred stock	(105,000)	—			105,000(4)	—
Net income applicable to common shares	$ 332,005	$ 1,002,273			$ (199,082)	$ 1,135,196
Net income per common share						
Basic	$ 0.03					$ 0.07
Diluted	$ 0.03					$ 0.06
Weighted-average number of common shares outstanding						
Basic	10,451,098		869,822(11)	349,833(12)	5,480,345(2)	17,151,098
Diluted	11,179,336		869,822(11)	349,833(12)	5,480,345(2)	17,879,336

See notes to unaudited pro forma consolidated financial statements

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED PRO FORMA INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2005

	Historical		Pro Forma Adjustments			
	Full House	Stockman's	Funding of Full House Dividends	Replenishment of Stockman's Working Capital	Acquisition Adjustments	Pro Forma Consolidated Totals
Revenues						
Casino	$ —	$ 7,450,655			$ —	$ 7,450,655
Food and beverage	—	1,980,096			—	1,980,096
Hotel	—	1,826,213			—	1,826,213
	—	11,256,964			—	11,256,964
Equity in net income of unconsolidated joint venture	3,700,916	—			—	3,700,916
Operating costs and expenses						
Casino	—	2,566,969			—	2,566,969
Food and beverage	—	1,943,149			—	1,943,149
Hotel	—	1,777,555			—	1,777,555
Selling, general and administrative	2,342,260	2,408,821			(1,758,161)(8)	2,992,920
Depreciation and amortization	76,960	534,378			329,641(6)	962,312
Project development	1,234,571				21,333(7)	1,234,571
	3,653,791	9,230,872			(1,407,187)	11,477,476
Arbitration award, net	922,611	—			—	922,611
Unrealized gains on valuation of notes receivable	119,274	—			—	119,274
Income from operations	1,089,010	2,026,092			1,407,187	4,522,289
Other expenses	(86,780)	225,732			(1,274,400)(7)	(1,135,448)
Income before non-controlling interest in loss of consolidated joint venture and income taxes	1,002,230	2,251,824			132,787	3,386,841
Non-controlling interest in loss of consolidated joint venture	630,788	—			—	630,788
Income before taxes	1,633,018	2,251,824			132,787	4,017,629
Income taxes	(793,680)	—			(810,768)(9)	(1,604,448)
Net income	839,338	2,251,824			(677,981)	2,413,181
Less undeclared dividends on cumulative preferred stock	(210,000)	—			210,000(4)	—
Net income applicable to common shares	$ 629,338	$ 2,251,824			$ (467,981)	$ 2,413,181
Net income per common share						
Basic	$ 0.06					$ 0.14
Diluted	$ 0.06					$ 0.14
Weighted-average number of common shares outstanding						
Basic	10,340,380		869,822(11)	349,833(12)	5,480,345(2)	17,040,380
Diluted	11,040,380		869,822(11)	349,833(12)	5,480,345(2)	17,740,380

See notes to unaudited pro forma consolidated financial statements

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Transaction structure:

The acquisition of Stockman's Casino, Inc. ("Stockman's") is governed by a Stock Purchase Agreement (the "Agreement") which provides for the purchase of all of the outstanding shares of capital stock of Stockman's following the transfer to Stockman's of certain assets held by the sole shareholder.

As of June 30, 2006, the Company had deposited $750,000 with Stockman's related to the pending acquisition, which deposits are to be applied against the final purchase price upon consummation of the transaction and accordingly are classified as non-current in the balance sheet. If the transaction has not closed on or before January 31, 2007, through no fault of the seller, then on such date, the Company may deposit an additional $250,000 in the deposit escrow to extend the period for closing until April 30, 2007. If the transaction does not close (1) on or before January 31, 2007, (2) in the event the Company pays the additional deposit, April 30, 2007, or (3) such other date that is seven days after the Company's notification to the seller that the Company has obtained all applicable Nevada gaming and liquor license approvals, then the deposit will be released to the seller on or before such date. Pursuant to the Agreement, Stockman's sole shareholder is required to transfer certain land and buildings owned personally and valued at $6,810,233 to Stockman's immediately before the acquisition.

If the Company is licensed by the Nevada gaming authorities and the remaining contemplated series of transactions are consummated, approximately $25.5 million will be exchanged for a 100% interest in Stockman's. The purchase price may be increased by an amount equal to the excess, if any, of (a) 5.75 times the EBITDA for Stockman's for the twelve month period ending on the last day of the month preceding the closing date over (b) $25,500,000. The amount of this adjustment, if any, is delivered in a note made by Full House in favor of the seller and if the amount of the note exceeds $200,000, the note will be secured by a subordinated lien on the real property being transferred to Stockman's as part of the transaction. The note bears interest at a rate of one year LIBOR plus 2% per annum, matures on the fifth anniversary of the closing and may be offset by any amounts due for indemnification under the stock purchase agreement. The Company plans to use the $750,000 cash deposit, net debt proceeds after fees of approximately $15.7 million and the remainder from the proceeds of this offering to complete the acquisition.

1) Reflects estimated debt financing of $16 million and loan fees of approximately $320,000 expected to be incurred in connection with the acquisition.

2) Reflects estimated $20.3 million equity offering less $1.5 million of capital raising costs expected to be incurred as part of the acquisition. Proceeds and uses of funds are estimates based upon the bank term sheet, underwriter agreement, preferred stock agreement and management's estimates. Net proceeds are calculated as:

$ 20,280,000	6,000,000 shares at $3.38
(1,014,000)	Underwriter fee
(500,000)	Legal, accounting, printing, exchange and other professional fees
$ 18,766,000	

The 6,700,000 shares reflected in the pro forma adjustments include the 6,000,000 from the offering and 700,000 converted from preferred pursuant to the agreements with the preferred stockholders as described in note 4 below.

3) Records the $2,940,200 dividend payment through June 2006 on the Company's preferred stock.

4) Represents the conversion of 700,000 shares of the Company's preferred stock to common stock at par value.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

5) Represents the $25.5 million purchase price of Stockman's assets and liabilities and the assets to be transferred by Stockman's sole shareholder immediately prior to the closing of the acquisition with estimated fair values, as follows plus related capitalized costs:

Cash	1,140,819
Other assets	358,013
Land	2,809,000
Buildings	11,033,000
Equipment	3,043,000
Payables and accrued	(339,466)
Other liabilities	(121,443)
Goodwill	7,577,077
	25,500,000

Estimated fair values were derived from a May 2006 appraisal by an independent real estate appraiser/consultant. Because the purchase price was determined based on a multiple of cash flows within the standard range of multiples in this industry and not based on the fixed assets, a significant portion of the purchase price is allocated to goodwill.

6) Represents revised depreciation based on the estimated fair value of Stockman's property and equipment and the assets to be transferred by Stockman's sole shareholder immediately prior to the closing of the acquisition. Depreciation is calculated on a straight line basis.

	Fair market value adjustment	Life	Annual depreciation expense	Quarterly depreciation expense
Buildings	$ 6,054,600	39	$ 155,247	$ 38,812
Slots	4,497	5	899	225
Furniture, fixtures and equipment	1,214,465	7	173,495	43,373
	$ 15,711,909		$ 329,641	$ 82,410

Land recorded by Stockman's sole shareholder at $1,947,730 is to be transferred to Stockman's immediately before the acquisition. The appraised value of the land is $2,809,000 resulting in an $861,270 fair market adjustment.

7) Represents estimated interest expense of $648,000 for the six-months ended June 2006 and $1,274,400 for the year ended December 31, 2005 and loan fee amortization of $10,667 for the six-months ended June 2006 and $21,333 for the year ended December 31, 2005. The debt facility will bear interest at a premium above LIBOR based on our leverage ratio and will require interest payments monthly in addition to semi-annual principal payments. Expected interest rate used in the pro forma was 8.1% based on management's estimate of the applicable leverage ratio and is subject to annual performance adjustments. Loan fees are amortized over the 15 year expected term of the loan using the effective interest method. An increase of 0.125 percent would increase interest by $10,000 for the six-month period and by $19,667 for the 12-month period.

8) Represents elimination of rental payments to related parties of $799,081 for the six months ended June 30, 2006 and $1,598,161 for the year ended December 31, 2005, since Stockman's will acquire assets previously leased from Stockman's sole shareholder. Also represents the elimination of compensation to Stockman's owner in the amount of $80,000 for the six months ended June 30, 2006 and $160,000 for the year ended December 31, 2005.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

9) Represents estimated federal income tax expense expected to be incurred in connection with the acquisition at a rate of 34%.

10) Represents capitalized acquisition costs including $450,000 for licensing of the Company and certain officers and directors with the Nevada Gaming Commission. The licenses do not have a finite life but will be subject to impairment review pursuant to SFAS No. 142. Pursuant to paragraph 24 and A8 of SFAS 141, the $600,000 entry to goodwill consists of direct costs of the Stockman's acquisition including a $500,000 finder's fee and an estimated $100,000 for other professional fees.

11) Assuming pursuant to Staff Accounting Bulletin Topic 1B(3) that proceeds from the sale of 869,823 shares of the Company's common stock at $3.38 per share are used to fund $2,940,000 in dividends payable to certain preferred shareholders of Full House Resorts, Inc.

12) Assuming pursuant to Staff Accounting Bulletin Topic 1B(3) that proceeds from the sale of 349,833 shares at $3.38 per share are used to replenish $1,182,436 of working capital previously distributed through dividends to Stockman's sole shareholder in excess of Stockman's net income for the period. However, management expects that no more than $500,000 of such proceeds will be used for this purpose.

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6,900,000 Shares

Full House Resorts, Inc.

Common Stock

PROSPECTUS

STERNE, AGEE & LEACH, INC.

, 2006

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 24. Indemnification of Directors and Officers.

Under Section 145(a) of the General Corporation Law of Delaware, we may indemnify any of our officers or directors in any action other than actions by or in the right of our company, whether civil, criminal, administrative or investigative, if such director or officer acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of our company, and, with respect to any criminal action or proceedings if such director or officer has no reasonable cause to believe his conduct was unlawful. Under Section 145(b), we may indemnify any of our officers or directors in any action by or in the right of our company against expenses actually and reasonably incurred by him in the defense or settlement of such action if such officer or director acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interest, except where such director or officer shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to us, unless, on application, the Court of Chancery or the court in which such action or suit was brought shall determine that, despite the adjudication of liability, such person in view of all the circumstances is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper. Section 145(c) provides for mandatory indemnification of officers or directors who have been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to in subsections (a) and (b). Section 145(d) authorizes indemnification under subsections (a) and (b) in specific cases if approved by our board of directors or stockholders upon a finding that the officer or director in question has met the requisite statutory standards of conduct. Section 145(g) empowers us to purchase insurance coverage for any director, officer, employee or agent against any liability incurred by him in his capacity as such, whether or not we would have the power to indemnify him under the provisions of the Delaware General Corporation Law. The foregoing is only a summary of the described sections of the Delaware General Corporation Law and is qualified in its entirety by reference to such sections.

Under our by-laws, we indemnify and will advance expenses on behalf of our officers and directors to the fullest extent permitted by law.

Item 25. Other Expenses of Issuance and Distribution.

The following table sets forth the expenses in connection with the offering described in this Registration Statement. All such expenses are estimates except for the SEC registration fee, the NASD filing fee and American Stock Exchange listing fee.

SEC registration fee	$ 2,550
NASD filing fee	10,000
American Stock Exchange listing fee	38,000
Accountants' fees and expenses	150,000
Legal fees and expenses	200,000
Printing and engraving expenses	75,000
Miscellaneous fees	24,450
Total	$ 500,000

Item 26. Recent Sales of Unregistered Securities.

None

Item 27. Exhibits.

1.1*	Form of Underwriting Agreement.
2.5	Assignment and Sale Agreement dated March 30, 2001 by and among GTECH Corporation, Dreamport, Inc., GTECH Gaming Subsidiary 2 Corporation, Full House Resorts, Inc., and Full House Subsidiary, Inc. (Incorporated by reference to Full House's Current Report on Form 8-K as filed with the Securities and Exchange Commission on April 12, 2001).
2.6	Stock Purchase Agreement, dated April 6, 2006, between Full House Resorts, Inc. and the James R. Peters Family Trust. (Incorporated by reference to Exhibit 2.1 to Full House's Current Report on Form 8-K as filed with the Securities and Exchange Commission on April 10, 2006).
3.1***	Amended and Restated Certificate of Incorporation.
3.2	Certificate of Designation of Series 1992-1 Preferred Stock of Full House Resorts, Inc. (Incorporated by reference to Exhibit 3.1 to Full House's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).
3.3	By-laws of Full House Resorts Inc. (As amended by Resolutions dated July 28, 1995, September 29, 1995, and November 24, 1997). (Incorporated by reference to Exhibit 3.3 to Full House's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).
5.1*	Opinion of Greenberg Traurig, P.A.
10.50	Agreement dated as of November 18, 1996 by and among Green Acres Casino Management Company, GTECH Corporation, Gaming Entertainment (Michigan) LLC and Full House (Incorporated by reference to Full House's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1996).
10.56	Investor Agreement by and between Full House Resorts, Inc. and RAM Entertainment, LLC, dated February 15, 2002 (Incorporated by reference to Full House's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2002).
10.57	Management Agreement by and between Gaming Entertainment (Delaware), LLC and Harrington Raceway, Inc. dated January 31,1996 (Incorporated by reference to Full House's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2002).
10.58	Amendment to Management Agreement by and between Gaming Entertainment (Delaware), LLC and Harrington Raceway, Inc. dated March 18, 1998 (Incorporated by reference to Full House's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2002).
10.59	Amendment to Management Agreement by and between Gaming Entertainment (Delaware), LLC and Harrington Raceway, Inc. dated July 1, 1999 (Incorporated by reference to Full House's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2002).
10.60	Amendment to Management Agreement by and between Gaming Entertainment (Delaware), LLC and Harrington Raceway, Inc. dated February 4, 2002 (Incorporated by reference to Full House's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2002).

10.61	Forbearance Agreement dated December 29, 2004 entered into between Full House and RAM Entertainment, LLC (Incorporated by reference to Full House's Current Report on Form 8-K as filed with the Securities and Exchange Commission on January 3, 2005).
10.62	Amendment to Investor Agreement by and between Full House Resorts, Inc. and RAM Entertainment, LLC, dated May 31, 2005. (Incorporated by reference to Exhibit 10.62 to Full House's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).
10.63	Economic Development Agreement by and between Full House Resorts, Inc. and Northern Cheyenne Tribe dated May 24, 2005. (Incorporated by reference to Exhibit 10.63 to Full House's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).
10.64	Development Agreement by and among Pueblo of Nambé, Nambé Pueblo Gaming Enterprise Board and Gaming Entertainment (Santa Fe), LLC dated as of September 20, 2005. (Incorporated by reference to Exhibit 10.64 to Full House's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).
10.65	Security and Reimbursement Agreement by and among the Nambé Pueblo Gaming Enterprise Board, Gaming Entertainment (Santa Fe), LLC and the Pueblo of Nambé dated as of September 20, 2005. (Incorporated by reference to Exhibit 10.65 to Full House's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).
10.66*	Revised and Restated Class III Gaming Management Agreement by and among, Pueblo of Nambé, Nambé Pueblo Gaming Enterprise Board and Gaming Entertainment (Santa Fe), LLC, dated as of August 17, 2006.
10.67	Class III Gaming Management Agreement by and between the Northern Cheyenne Tribe and Gaming Entertainment (Montana), LLC dated January 20, 2006. (Incorporated by reference to Exhibit 10.67 to Full House's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).
10.68	Development Agreement by and between the Northern Cheyenne Tribe and Full House Resorts, Inc. dated May 24, 2005. (Incorporated by reference to Exhibit 10.68 to Full House's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2006).
10.69	Security and Reimbursement Agreement by and between the Northern Cheyenne Tribe and Full House Resorts, Inc. dated August 23, 2005. (Incorporated by reference to Exhibit 10.69 to Full House's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2006).
10.70	Management Agreement between Nottawaseppi Huron Band of Potawatomi and Gaming Entertainment (Michigan), LLC dated June 12, 2006. (Incorporated by reference to Exhibit 10.70 to Full House's Current Report on Form 8-K as filed with the Securities and Exchange Commission on June 16, 2006).
10.71***	Loan Agreement between Nottawaseppi Huron Band of Potawatomi and Gaming Entertainment (Michigan), LLC dated November 3, 2002.
10.72***	Security Agreement between Nottawaseppi Huron Band of Potawatomi and Gaming Entertainment (Michigan), LLC dated November 3, 2002.
10.73***	Promissory Note by the Nottawaseppi Huron Band of Potawatomi dated November 3, 2002.
10.74***+	2006 Incentive Compensation Plan (Incorporated by reference to Appendix E to Full House's Definitive Proxy Statement as filed with the Securities and Exchange Commission on May 1, 2006).
10.75+	Form of Restricted Stock Agreement. (Incorporated by reference to Exhibit 10.75 to Full House's Quarterly Report on Form 10-QSB as filed with the Commission on August 14, 2006).
10.76*	Consulting Agreement dated September 25, 2006 between Full House and Lee Iacocca.
10.77*	Letter Agreement dated May 19, 2006 with Joe Frazier.
10.78*	Letter Agreement dated September 29, 2006 with William P. McComas.

14	Code of Ethics for CEO and Senior Financial Officers. (Incorporated by reference to Full House's Annual Report on Form 10-KSB for the year ended December 31, 2003).
21	List of Subsidiaries of Full House Resorts, Inc. (Incorporated by reference to Exhibit 21 to Full House's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).
23.1*	Consent of Greenberg Traurig, P.A. (contained in Exhibit 5.1).
23.2*	Consent of Piercy, Bowler, Taylor & Kern, Certified Public Accountants and Business Advisors, a Professional Corporation.
31.1	Certification of principal executive officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Incorporated by reference to Exhibit 31.1 to Full House's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).
31.2	Certification of principal financial officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Incorporated by reference to Exhibit 31.2 to Full House's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).
32.1	Certification of principal executive and financial officers pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Incorporated by reference to Exhibit 32.1 to Full House's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).

* Filed herewith.
** To be filed by Amendment.
*** Previously filed.
\+ Executive compensation plan or arrangement.

Item 28. Undertakings.

(a) Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, the small business issuer has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the small business issuer in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the small business issuer will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(b) We hereby undertake that:

(i) For purposes of determining any liability under the Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430(A) and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

(ii) For the purpose of determining any liability under the Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and authorized this Registration Statement to be signed on its behalf by the undersigned, in the city of Las Vegas, state of Nevada, on October 23, 2006.

FULL HOUSE RESORTS, INC.

Date: October 23, 2006

By: /s/ ANDRE M. HILLIOU
Andre M. Hilliou, Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Name and Capacity	**Date**
J. Michael Paulson, Chairman of the Board	October , 2006
/s/ ANDRE M. HILLIOU Andre M. Hilliou, Chief Executive Officer and Director (Principal Executive Officer)	October 23, 2006
** Lee A. Iacocca, Director	October 23, 2006
William P. McComas, Director	October , 2006
** Carl G. Braunlich, Director	October 23, 2006
** Mark J. Miller, Director	October 23, 2006
/s/ JAMES MEIER James Meier, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	October 23, 2006

**By: /s/ ANDRE M. HILLIOU
Andre M. Hilliou
Attorney-in-fact

Exhibit 1.1

UNDERWRITING AGREEMENT

FULL HOUSE RESORTS, INC.

_____ SHARES OF COMMON STOCK

October __, 2006

STERNE, AGEE & LEACH, INC.
800 Shades Creek Parkway, Suite 700
Birmingham, Alabama 35209

Gentlemen:

The undersigned, Full House Resorts, Inc., a Delaware corporation (the "Company"), hereby confirms its agreement with Sterne, Agee & Leach, Inc. (the "Underwriter"), as follows:

1. INTRODUCTION.

(a) Subject to the terms and conditions of this Underwriting Agreement (the "Agreement"), the Company proposes to issue and sell to the Underwriter an aggregate of _____ shares of its common stock, par value $.0001 per share (the "Common Stock"), and the Underwriter agrees to purchase the Common Stock pursuant to Section 3(a) hereof. The Common Stock to be purchased pursuant to Section 3(a) of this Agreement is hereinafter referred to as the "Firm Shares."

(b) Solely for the purpose of covering over-allotments, if any, the Company proposes to grant to the Underwriter a one-time option (the "Over-Allotment Option") to purchase from the Company, in the aggregate, up to an additional _____ shares of Common Stock (up to 15% of the Firm Shares) pursuant to the terms and conditions of Section 3(b) hereof. The Common Stock to be purchased pursuant to Section 3(b) of this Agreement is hereinafter referred to as the "Option Shares." The Firm Shares and the Option Shares are referred to collectively herein as the "Shares."

2. REPRESENTATIONS AND WARRANTIES.

The Company represents and warrants to, and agrees with, the Underwriter that:

(a) The Company has prepared and filed with the United States Securities and Exchange Commission (the "Commission"), in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Securities Act"), a registration statement on Form SB-2 (File No. 333-136341), including a prospectus subject to completion, relating to the Shares. Such registration statement, as amended, including the financial statements, exhibits and schedules thereto, at the

time when it becomes effective and as thereafter amended by any post-effective amendment, is referred to in this Agreement as the "Registration Statement." The prospectus in the form included in the Registration Statement or, if the prospectus included in the Registration Statement omits certain information in reliance upon Rule 430A under the Securities Act and such information is thereafter included in a prospectus filed with the Commission pursuant to Rule 424(b) under the Securities Act or as part of a post-effective amendment to the Registration Statement after the Registration Statement becomes effective, the prospectus as so filed, is referred to in this Agreement as the "Prospectus." If the Company files another registration statement with the Commission to register a portion of the Shares pursuant to Rule 462(b) under the Securities Act (the "Rule 462 Registration Statement"), then any reference to "Registration Statement" herein shall be deemed to include the registration statement on Form SB-2 (File No. 333-136341) and the Rule 462 Registration Statement, as each such registration statement may be amended pursuant to the Securities Act. The prospectus subject to completion in the form included in the Registration Statement at the time of the initial filing of such Registration Statement with the Commission and as such prospectus is amended from time to time until the date of the Prospectus is referred to in this Agreement as the "Preliminary Prospectus." All references in this Agreement to the Registration Statement, the Rule 462 Registration Statement, a Preliminary Prospectus or the Prospectus, or any amendments or supplements to any of the foregoing, shall include any copy thereof filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval System ("EDGAR").

(b) The Commission has not issued an order suspending the effectiveness of, or preventing or suspending the use of, the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, refusing to permit the effectiveness of the Registration Statement, or suspending the registration or qualification of the Shares nor has it instituted or threatened to institute any proceedings with respect to a stop order. The Registration Statement, Preliminary Prospectus and Prospectus and any amendments and supplements thereto have conformed in all material respects to the requirements of the Securities Act and the rules and regulations thereunder (the "Rules and Regulations") and, as of their respective dates, did not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. On the effective date of the Registration Statement (the "Effective Date") and at all times subsequent thereto up to and on the Closing Time (as hereinafter defined) and on any later date on which Option Shares are to be purchased, (i) the Registration Statement and the Prospectus, and any amendments or supplements thereto, contained and will contain all material information required to be included therein by the Securities Act and the Rules and Regulations, did and will in all material respects conform to the requirements of the Securities Act and the Rules and Regulations, and did not and will not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Notwithstanding the foregoing, none of the representations and warranties contained in this subparagraph (b) shall apply to information contained in or omitted from the Registration Statement, Prospectus, or any amendment or supplement thereto, in reliance upon, and in conformity with, written information relating to the Underwriter furnished to the Company by the Underwriter specifically for use in the preparation thereof.

(c) As of the Applicable Time (as defined below), neither (i) any Issuer-Represented General Use Free Writing Prospectus (as defined below) issued at or prior to the Applicable Time and the Statutory Prospectus (as defined below), all considered together (collectively, the "General Disclosure Package"), nor (ii) any individual Issuer-Represented Limited Use Free Writing Prospectus (as defined below), when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

As used in this subsection and elsewhere in this Agreement:

"Applicable Time" means ___:00 [a/p]m (Eastern time) on the date of this Agreement or such other time agreed to by the Company and the Underwriter.

"Statutory Prospectus" as of any time means the prospectus relating to the Registration Statement immediately prior to that time, including any document incorporated by reference therein and any preliminary or other prospectus deemed to be a part thereof. For purposes of this definition, information contained in a form of prospectus that is deemed retroactively to be a part of the Registration Statement pursuant to Rule 430A shall be considered to be included in the Statutory Prospectus as of the actual time that form of prospectus is filed with the Commission pursuant to 424(b).

"Issuer-Represented Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433 under the Securities Act, relating to the Shares in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g) under the Securities Act.

"Issuer-Represented General Use Free Writing Prospectus" means any Issuer-Represented Free Writing Prospectus that is intended for general distribution to prospective investors, as evidenced by its being specified in **Schedule 1** attached hereto.

"Issuer-Represented Limited Use Free Writing Prospectus" means any Issuer-Represented Free Writing Prospectus that is not an Issuer-Represented General Use Free Writing Prospectus.

(d) Each Issuer-Represented Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sales of the Shares or until any earlier date that the Company notified or notifies the Underwriter as described in Section 5(c), did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, including any documents incorporated by reference therein and any preliminary or other prospectus deemed to be a part thereof that has not been superseded or modified.

(d) Subsequent to the respective dates as of which information is given in the Registration Statement, the General Disclosure Package and the Prospectus, except as set forth in the Registration Statement, the General Disclosure Package and the Prospectus, the Company has not paid any dividends or distributions on its capital stock or issued any options, warrants or rights to purchase the capital stock of the Company and there has not been any material adverse change or any development involving a material adverse change (or a prospective material adverse change) in the business, prospects, properties, operations, condition (financial or otherwise), stockholders' equity or results of operations of the Company and the Subsidiaries (as hereinafter defined) taken as a whole, whether or not arising from transactions in the ordinary course of business (a "Material Adverse Change" or "Material Adverse Effect"), and since the date of the latest balance sheet presented in the Registration Statement and the Prospectus, neither the Company nor any of the Subsidiaries (as hereinafter defined) has incurred or undertaken any obligations, direct or contingent, or entered into any transactions which are material to the Company and the Subsidiaries taken as a whole, except for liabilities or obligations which are reflected in the Registration Statement, the General Disclosure Package and the Prospectus.

(f) The Company has been duly incorporated and is validly existing in good standing as a corporation under the laws of the State of Delaware, with the requisite corporate power and authority to own its properties and conduct its business as described in the Registration Statement and the Prospectus. The Company is duly qualified to transact business as a foreign corporation under the laws of, and is in good standing in, each other jurisdiction where the conduct of its business or the character of its properties may require it to be qualified to do business, except where failure to so qualify would not have a Material Adverse Effect.

(g) All of the Company's subsidiaries are listed on **Schedule 2** attached hereto (each, a "Subsidiary", and collectively, the "Subsidiaries"). Each of the Subsidiaries has been duly incorporated or organized, as the case may be, and is validly existing in good standing under the laws of the state of its incorporation or organization, as the case may be, with the requisite power and authority to own its properties and conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus. Each of the Subsidiaries is duly qualified to transact business as a foreign corporation or organization, as the case may be, under the laws of, and is in good standing in, each other jurisdiction where the conduct of its business or the character of its properties may require it to be qualified to do business, except for jurisdictions in which the failure to so qualify would not have a Material Adverse Effect.

(h) The Company and each of the Subsidiaries possess, or at the pertinent time will possess, all licenses (including, but not limited to, gaming licenses, permits, franchises, certificates, consents, orders, approvals and other authorizations) from, and have made all declarations and filings with, all federal, state, local and other governmental authorities, all self-regulatory organizations, all courts and other tribunals, and all third parties, presently required or necessary to own or lease, as the case may be, and to operate their respective properties and to carry on their respective businesses as now conducted, as set forth in the Registration Statement, the General Disclosure Package and the Prospectus ("Permits"), except where the failure to possess such Permits would not, individually or in the aggregate, have a Material Adverse Effect; the Company and each of the Subsidiaries have fulfilled and performed in all material respects,

all of their respective obligations with respect to such Permits and no event has occurred (including, without limitation, the receipt of any notice from any regulatory entity) that allows, or after notice or lapse or time or both, would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such Permit; and none of the Company or the Subsidiaries has received any notice of any proceeding relating to the revocation or modification of any such Permit, except as described in the Registration Statement, the General Disclosure Package and the Prospectus and except where such revocation or modification would not, individually or in the aggregate, have a Material Adverse Effect. No Permit contains a materially burdensome restriction not adequately disclosed in the Registration Statement, the General Disclosure Package and the Prospectus. To the knowledge of the Company, no regulatory entity is considering limiting, suspending or revoking any Permit or is investigating the Company or any of the Subsidiaries, other than ordinary course administrative reviews.

(i) The Company has all requisite power and authority (corporate and other) to execute and deliver this Agreement and to issue, sell and deliver the Shares to the Underwriter as provided in this Agreement, and this Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes a legal, valid, and binding obligation of the Company and is enforceable against the Company in accordance with its terms (except in all cases to the extent that (i) such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium, or similar laws affecting the enforcement of creditors' rights and remedies generally, (ii) general principles of equity apply, including, without limitation, (a) that the availability of the equitable remedy of specific performance and injunctive relief is subject to the discretion of the court before which the proceeding may be brought, and (b) the application of concepts of materiality, reasonableness, good faith and fair dealing, and (iii) the enforceability of the indemnification and contribution provisions hereof and the waiver of service of process may be limited under applicable federal or state or other securities laws or the public policy underlying such laws).

(j) No consent, authorization, registration, qualification, approval, order, license, certificate, or permit of or from, or declaration or filing with, any federal, state, local, or other governmental authority or agency or any court or other tribunal is required for the performance of this Agreement by the Company or the consummation by the Company of the transactions contemplated hereby, except such as have been obtained or made under the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or applicable state securities or "blue sky" laws applicable to the public offering of the Shares, and the clearance of such offering and the underwriting arrangements evidenced hereby with the National Association of Securities Dealers, Inc. ("NASD"). Other than the American Stock Exchange, no consent of any party to any material contract, agreement, instrument, lease, license, arrangement, or understanding to which the Company or any of the Subsidiaries is a party, or to which any of its properties or assets is subject, is required for the execution, delivery, or performance of this Agreement, and the execution, delivery, and performance of this Agreement will not (i) violate, result in a breach of, or conflict with any term of the certificate of incorporation or bylaws or other charter or organizational document of the Company or any of the Subsidiaries, (ii) violate or result in a breach or violation by the Company or any of the Subsidiaries of any of the terms or provisions of, or constitute a default by the Company or any of the Subsidiaries under, or

result in the creation or imposition of any lien, encumbrance, pledge, charge, security interest or claim of any kind (each, a "Lien") upon any properties or assets of the Company or any of the Subsidiaries pursuant to any indenture, mortgage, deed of trust, loan agreement, lease or other agreement to which the Company or any of the Subsidiaries is a party or to which the Company or any of the Subsidiaries or any of their respective properties is subject, or (iii) violate, result in a breach of, or conflict with any law or any rule, regulation, order, judgment, or decree of any court or governmental agency or body applicable to the Company or any of the Subsidiaries or to which any of their respective operations, businesses, properties, or assets are subject, except in the case of clauses (i) and (iii) to the extent that any such violation, breach, conflict, creation or imposition of a Lien does not have a Material Adverse Effect.

(k) The authorized, issued and outstanding shares of capital stock of the Company is as set forth in the Prospectus in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement or pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities, options or warrants referred to in the Prospectus). The shares of capital stock of the Company outstanding prior to the issuance of the Shares pursuant to this Agreement (i) have been duly authorized and validly issued and are fully paid and nonassessable, (ii) have been issued in compliance with, or pursuant to exemptions from, the registration provisions of the Securities Act and applicable state securities and "blue sky" laws, and (iii) were not issued in violation of any preemptive rights or other rights to subscribe for or purchase securities. The authorized and outstanding capital stock of the Company conforms to the description thereof contained in the Registration Statement and the Prospectus under the caption "Description of Securities."

(l) The Shares have been duly authorized for issuance and sale to the Underwriter pursuant to this Agreement and, when issued and delivered by the Company against payment therefor in accordance with the terms of this Agreement, will be duly and validly issued and fully paid and nonassessable, and will be sold free and clear of any Liens; and no pre-emptive right, co-sale right, registration right, right of first refusal or other similar right of stockholders issued or granted by the Company exists with respect to any of the Shares or the issuance and sale thereof. No further approval or authorization of any stockholder, the Board of Directors of the Company or others is required for the issuance and sale or transfer of the Common Stock except as may be required under the Securities Act, the Exchange Act, or under applicable state or other securities or "blue sky" laws, and the clearance of such offering and the underwriting arrangements evidenced hereby with the NASD.

(m) Except as disclosed in or contemplated by the Prospectus and the financial statements of the Company and the related notes thereto included in the Prospectus, the Company does not have outstanding or authorized any warrants or options to subscribe or purchase, or any preemptive rights or other rights to subscribe for or to purchase, any securities or obligations convertible into, or any contracts or commitments to issue or sell, shares of its capital stock or any such options, rights, convertible securities or obligations (it being understood that all shares of Common Stock reserved for issuance pursuant to existing stock option plans described therein are so contemplated). The description of the Company's stock option, other stock plans or arrangements, and the options or other rights granted and exercised thereunder, set

forth in the Prospectus accurately and fairly presents the information required to be shown with respect to such plans, arrangements, options and rights.

(n) All of the issued and outstanding shares of capital stock or ownership interests, as the case may be, of each of the Subsidiaries are duly authorized, validly issued, fully paid and nonassessable, and none of such outstanding shares of capital stock or ownership interests, as the case may be, was issued in violation of any preemptive rights or other rights to subscribe for or purchase securities. The outstanding shares of capital stock or ownership interests, as the case may be, of each of the Subsidiaries which are owned beneficially or of record by the Company are owned free and clear of any Lien. Other than the Subsidiaries, neither the Company nor any of the Subsidiaries owns, directly or indirectly, any capital stock or other equity securities of any corporation, partnership, limited liability company, joint venture or other association.

(o) Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, there is not pending or, to the Company's knowledge, threatened any action, suit, claim, proceeding, inquiry or investigation to which the Company or any of the Subsidiaries is a party, or to which the Company or any of the Subsidiaries is subject, before or brought by any court or governmental agency or body which might reasonably be expected to result in any Material Adverse Change or which might reasonably be expected to materially and adversely affect the consummation of the transactions contemplated hereby or the performance by the Company of its obligations hereunder.

(p) The audited and unaudited consolidated financial statements of the Company, together with the related schedules and notes forming part of the Registration Statement, the General Disclosure Package and the Prospectus, fairly present the financial position and the results of operations and cash flows of the Company and the Subsidiaries at the respective dates and for the respective periods to which they apply and have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved. The other financial statements and schedules included in or as schedules to the Registration Statement, the General Disclosure Package and the Prospectus conform in all material respects to the requirements of the Securities Act and the Rules and Regulations and present fairly the information set forth therein for the periods shown. The pro forma and as adjusted financial information included in the Registration Statement, the General Disclosure Package and the Prospectus has been properly compiled, and prepared in accordance with the applicable requirements of the Securities Act and the Rules and Regulations and includes all adjustments necessary to present fairly the pro forma financial position of the respective entity or entities presented therein at the respective dates indicated and the results of their respective operations for the respective periods specified. All of the financial and statistical data set forth in the Registration Statement, the General Disclosure Package and the Prospectus fairly present the information set forth therein on the basis stated therein. No financial statements or schedules are required to be included in the Registration Statement, the General Disclosure Package and the Prospectus that are not so included.

(q) Except as set forth in the Registration Statement, the General Disclosure Package and the Prospectus, (i) each of the Company and the Subsidiaries has good and marketable title to all properties and assets described in the Registration Statement, the General Disclosure

Package and the Prospectus as owned by it, free and clear of any Lien other than such as would not have a Material Adverse Effect, (ii) all agreements to which the Company or any of the Subsidiaries is a party described in the Registration Statement, the General Disclosure Package and the Prospectus are valid agreements, enforceable by the Company and the Subsidiaries (except in all cases to the extent that (x) such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium, or similar laws affecting the enforcement of creditors' rights and remedies generally, (y) general principles of equity apply, including, without limitation (A) that the availability of the equitable remedy of specific performance and injunctive relief is subject to the discretion of the court before which the proceeding may be brought, and (B) the application of concepts of materiality, reasonableness, good faith and fair dealing, and (z) the enforceability of the indemnification and contribution provisions thereof, if any, and the waiver of service of process, if applicable, may be limited under applicable federal or state or other securities laws or the public policy underlying such laws), and to the Company's knowledge, the other contracting party or parties thereto are not in material breach or material default under any of such agreements, and (iii) the Company and the Subsidiaries have valid and enforceable leases for all properties described in the Registration Statement, the General Disclosure Package and the Prospectus as leased by them (subject to the enforceability exceptions listed in clause (ii) above). Except as set forth in the Registration Statement, the General Disclosure Package and the Prospectus, the Company and the Subsidiaries own or lease all such properties as are necessary to its operations as described therein.

(r) The Company and the Subsidiaries have timely filed all necessary federal, state and foreign income and franchise tax returns that are required to be filed or have requested extensions thereof, and have paid all taxes, assessments, governmental or other charges, shown thereon as due to the extent that such taxes, assessments or charges are due and payable, except for any such tax, assessment or charge that is currently being contested in good faith by appropriate actions, and there is no tax deficiency that has been or, to the knowledge of the Company, might be asserted against the Company or any of the Subsidiaries that might have a Material Adverse Effect, and all tax liabilities are adequately provided for on the books of the Company.

(s) The Company and the Subsidiaries maintain insurance with insurers of recognized financial responsibility of the types and in the amounts generally deemed adequate for their respective businesses and consistent with insurance coverage maintained by similar companies in similar businesses, including, but not limited to, insurance covering real and personal property owned or leased by the Company and the Subsidiaries against theft, damage, destruction, acts of vandalism and all other risks customarily insured against, all of which insurance is in full force and effect; the Company and the Subsidiaries are in compliance with the terms of such policies and instruments in all material respects; during the past three years, the Company and the Subsidiaries have not been refused any insurance coverage sought or applied for and otherwise commonly available to similarly situated insureds; and the Company has no reason to believe that it will not be able to renew its or the Subsidiaries' existing insurance coverage as and when such coverage expires or to obtain similar insurance coverage as may be necessary to continue their respective businesses at a cost that would not materially and adversely affect the condition

(financial or otherwise), earnings, operations, business or business prospects of the Company and the Subsidiaries taken as a whole.

(t) To the knowledge of the Company, no labor disturbance by the employees of the Company or the Subsidiaries exists or is imminent that might be expected to result in a Material Adverse Change. No collective bargaining agreement exists with any of the Company's or the Subsidiaries' employees and, to the knowledge of the Company, no such agreement is imminent.

(u) The Company and the Subsidiaries own or possess adequate rights (where appropriate, in reliance upon representations by licensors of such rights or related products or properties) to use all patents, patent rights, inventions, trade secrets, know-how, trademarks, service marks, trade names and copyrights that are necessary to conduct their respective businesses as described in the Registration Statement, the General Disclosure Package and the Prospectus; the expiration of any patents, patent rights, trade secrets, trademarks, service marks, trade names or copyrights would not have a Material Adverse Effect; the Company and the Subsidiaries have not received any notice of, and have no knowledge of, any infringement of or conflict with asserted rights of the Company and the Subsidiaries by others with respect to any patent, patent rights, inventions, trade secrets, know-how, trademarks, service marks, trade names or copyrights; and neither the Company nor the Subsidiaries have received any notice of, or have any knowledge of, any infringement of or conflict with asserted rights of others with respect to any patent, patent rights, inventions, trade secrets, know-how, trademarks, service marks, trade names or copyrights which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

(v) The descriptions in the Registration Statement, the General Disclosure Package and the Prospectus of statutes, regulations, legal and governmental proceedings, contracts and other documents are accurate in all material respects and present fairly the information required to be stated therein; there are no statutes, regulations, or legal or governmental proceedings required by the Securities Act or by the Rules and Regulations to be described in the Registration Statement, the General Disclosure Package or the Prospectus which are not described as required, and there are no contracts or other documents required by the Securities Act or by the Rules and Regulations to be described in the Registration Statement, the General Disclosure Package and the Prospectus or to be filed as exhibits thereto that have not been described or filed as required.

(w) The Company has been advised concerning the Investment Company Act of 1940, as amended (the "1940 Act"), and the rules and regulations thereunder, and has in the past conducted, and intends in the future to conduct, its affairs in such a manner as to ensure that it will not become an "investment company" or a company "controlled" by an "investment company" within the meaning of the 1940 Act and the rules and regulations thereunder.

(x) The Company has not distributed and will not distribute prior to the later of (i) the Closing Time or the Option Closing Time, as the case may be, or (ii) the completion of the distribution of the Shares, any offering material in connection with the offering and sale of the Shares, other than any Preliminary Prospectuses, the Registration Statement, the General

Disclosure Package and the Prospectus and other materials, if any, permitted by the Securities Act.

(y) Other than excepted activity pursuant to Regulation M under the Exchange Act, neither the Company nor any of the Subsidiaries, nor any of the directors, officers, or employees of the Company or any Subsidiary acting on behalf of the Company, has taken or will take, directly or indirectly, any action designed to cause or result in, or that might reasonably be expected to cause or result in, stabilization or manipulation of the price of the Common Stock.

(z) The Company has provided or made available to the Underwriter a complete and accurate list of all security holders of the Company and the number and type of Company securities held by each security holder. Each officer, director and 10% stockholder of the Company as set forth on **Schedule 3** attached hereto has agreed to refrain from disposing of his or her shares of capital stock, options and other securities of the Company, or any securities convertible into or exercisable for, or any rights to purchase or otherwise acquire, such stock, options or other securities, for a period of 180 days following the Effective Date pursuant to a lock-up agreement in the form attached hereto as **Exhibit A** (the "Lock-Up Agreement"), except that the holders of the preferred shares of the Company, par value $0.0001 per share (the "Preferred Shares"), pursuant to their agreements to convert the Preferred Shares into Common Stock, have agreed to a 90 day "lock-up" as to those shares of Common Stock issued upon conversion. The Company has provided to counsel for the Underwriter true and complete copies of all of the Lock-Up Agreements executed by its executive officers, directors and 10% stockholders. The Company hereby agrees that it will not release any party from its obligation under a Lock-Up Agreement currently existing or hereafter effected without the prior written consent of the Underwriter.

(aa) Except as set forth in the Registration Statement, the General Disclosure Package and the Prospectus or to the extent it would not have a Material Adverse Effect, (i) the Company and the Subsidiaries are in compliance with all rules, laws and regulations relating to the use, treatment, storage and disposal of toxic substances and protection of health or the environment ("Environmental Laws") that are applicable to their respective businesses, (ii) neither the Company nor any of the Subsidiaries has received any notice from any governmental authority or third party of an asserted claim under Environmental Laws, which claim is required to be disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, (iii) to the knowledge of the Company, the Company will not be required to make future material capital expenditures to comply with Environmental Laws and (iv) no property that is owned, leased or occupied by the Company or any of the Subsidiaries has been designated as a Superfund site pursuant to the Comprehensive Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. ss. 9601, *et seq.*), or otherwise designated as a contaminated site under applicable state or local law.

(bb) Except as otherwise disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company and the Subsidiaries and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "ERISA")) established or maintained by the Company, the Subsidiaries or their "ERISA Affiliates" (as

defined below) are in compliance in all material respects with ERISA and all other applicable state and federal laws. The term "ERISA Affiliate" means, with respect to the Company or a Subsidiary, any member of any group or organization described in Section 414(b), (c), (m) or (o) of the Code of which the Company or such Subsidiary is a member. No "reportable event" (as defined in ERISA) has occurred or is reasonably expected to occur with respect to any "employee benefit plan" established or maintained by the Company, the Subsidiaries or any of their ERISA Affiliates. No "employee benefit plan" established or maintained by the Company, the Subsidiaries or any of their ERISA Affiliates, if such "employee benefit plan" were terminated, would have any "amount of unfunded benefit liabilities" (as defined in ERISA). Neither the Company, the Subsidiaries nor any of their ERISA Affiliates has incurred or reasonably expects to incur any liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "employee benefit plan" or (ii) Section 412, 4971, 4975 or 4980B of the Code. Each "employee benefit plan" established or maintained by the Company, the Subsidiaries or any of their ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or failure to act, that would cause the loss of such qualification.

(cc) The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorizations and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, neither the Company nor any of the Subsidiaries nor any employee or agent of the Company or any Subsidiary has made any payment of funds of the Company or any Subsidiary or received or attained any funds in violation of any law, rule or regulation, the receipt or payment of which could have a Material Adverse Effect.

(dd) The Company has established and maintains disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Such disclosure controls and procedures (A) are designed to ensure that material information relating to the Company and the Subsidiaries is made known to the Company's chief executive officer and its chief financial officer by others within those entities to allow timely decisions regarding disclosures, (B) have been evaluated for effectiveness as of the end of the most recent fiscal quarter, and (C) are effective to perform the functions for which they were established. The Company's independent registered public accounting firm and the Audit Committee of the Board of Directors of the Company have been advised of (1) any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data, and (2) any fraud, whether or not material, that involves management or other employees who have a role in the Company's internal control over financial reporting. Since the date of the most recent evaluation of such disclosure controls and procedures, there

have been no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(ee) No material default exists, and no event has occurred which with notice or after the lapse of time to cure, or both, would constitute a material default in the due performance and observance of any term, covenant or condition of any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Company or any of the Subsidiaries is a party or to which they or any of their respective properties are subject, or of the certificate of incorporation, bylaws or other charter or organizational document of the Company or any of the Subsidiaries.

(ff) Neither the Company nor any of the Subsidiaries is in material violation of any law, ordinance, administrative or governmental rule or regulation applicable to the Company and the Subsidiaries and material to the Company and the Subsidiaries taken as a whole, or of any decree of any court or governmental agency or body having jurisdiction over the Company or any of the Subsidiaries.

(gg) Piercy Bowler Taylor & Kern, who has certified the consolidated financial statements and supporting schedules of the Company included in the Registration Statement and the Prospectus, are independent registered public accountants as required by the Securities Act and the Rules and Regulations, and such accountants are not in violation of the auditor independence requirements of the Sarbanes-Oxley Act of 2002 with respect to the Company.

(hh) Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, there are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), or any other relationships with unconsolidated entities or other persons, that may have a current or future Material Adverse Effect.

(ii) Except as set forth in the Registration Statement, the General Disclosure Package and the Prospectus, there are no transactions with "affiliates" (as defined in Rule 405 promulgated under the Securities Act) or any officer, director or security holder of the Company (whether or not an affiliate) that are required by the Securities Act to be disclosed in the Registration Statement, the General Disclosure Package and the Prospectus. Additionally, no relationship, direct or indirect, exists between the Company or any of the Subsidiaries, on the one hand, and the directors, officers, stockholders, customers or suppliers of the Company or any Subsidiary, on the other hand, that is required by the Securities Act to be disclosed in the Registration Statement, the General Disclosure Package and the Prospectus that is not so disclosed.

(jj) To the Company's knowledge, there are no affiliations or associations between any member of the NASD and any of the Company's officers, directors or 5% or greater security holders.

(kk) The Company has not prior to the date hereof offered or sold any securities which would be "integrated" with the offer and sale of Shares pursuant to the Registration Statement, the General Disclosure Package and the Prospectus.

(ll) The outstanding shares of Common Stock (including the Shares) are listed for trading on The American Stock Exchange, and the Company has taken no action designed to terminate, or likely to have the effect of terminating, the registration of the Common Stock under the Exchange Act or de-listing the Common Stock from The American Stock Exchange, nor has the Company received any notification that the SEC or The American Stock Exchange is contemplating terminating such registration or listing.

(mm) The Common Stock is registered with the Commission pursuant to Section 12 of the Exchange Act, and the Company has timely complied with and will continue to timely comply with all registration, filing, and reporting requirements of the Exchange Act that have been or will be applicable to the Company.

3. PURCHASE, SALE, AND DELIVERY OF THE FIRM SHARES AND OPTION SHARES.

(a) On the basis of the representations, warranties, covenants, and agreements of the Company herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the Underwriter, and the Underwriter agrees to purchase from the Company, _____ Firm Shares, at a purchase price of $_____ per share.

(b) The Company hereby grants to the Underwriter the Over-Allotment Option to purchase up to _____ Option Shares at the same purchase price per share as the Firm Shares to be paid by the Underwriter to the Company as provided for in Section 3(a). The Over-Allotment Option may be exercised only to cover over-allotments in Common Stock by the Underwriter. The Over-Allotment Option may be exercised as to all or any part of the Option Shares included therein at any time (but only once) within thirty (30) days after the date the Registration Statement becomes effective. The Underwriter shall not be under any obligation to purchase any Option Shares prior to the exercise of such option. The Over-Allotment Option may be exercised by giving written notice to the Company setting forth the number of Option Shares to be purchased from the Company and the date and time for delivery of and payment for such Option Shares and stating that the Option Shares therein are to be used for the purpose of covering over-allotments in connection with the distribution and sale of the Firm Shares. If such notice is given prior to the Closing Time, the date set forth therein for such delivery and payment shall not be earlier than two (2) full business days thereafter or the Closing Time, whichever occurs later. If such notice is given on or after the Closing Time, the date set forth therein for such delivery and payment shall not be earlier than three (3) full business days thereafter. In either event, the date so set forth shall not be more than fifteen (15) full business days after the date of such notice. The date and time set forth in such notice, or such other time not later than the seventh full business day thereafter as the Underwriter and the Company may determine, is herein called the “Option Closing Time.” Upon exercise of the Over-Allotment Option, the Company shall become obligated to sell to the Underwriter and, subject to the terms and conditions herein set forth, the Underwriter shall become obligated to purchase from the Company, the number of Option Shares specified in such notice.

(c) Delivery of the certificates for the Firm Shares to be purchased by the Underwriter pursuant to this Section 3 shall be made against payment of the purchase price

therefor by the Underwriter in immediately available funds by wire transfer to the Company at the offices of Greenberg Traurig, P.A., Miami, Florida (or at such other place as may be agreed upon between the Underwriter and the Company), at 11:00 A.M., Eastern time, either (a) on the third (3rd) full business day after this Agreement becomes effective or (b) if this Agreement is executed and delivered after 4:30 P.M., Eastern time, the fourth (4th) full business day following the day that this Agreement becomes effective, such time and date of payment and delivery being herein called the "Closing Time"; provided, however, that if the Company has not made available to the Underwriter copies of the Prospectus within the time provided in Section 5(d) hereof, the Underwriter may, in its sole discretion, postpone the Closing Time until no later than two (2) full business days following delivery of copies of the Prospectus to the Underwriter. Delivery of certificates for the Option Shares shall be similarly delivered on the Option Closing Time. The certificates for the Firm Shares and the Option Shares to be so delivered will be made available to the Underwriter for checking and packaging at such office or such other location as the Underwriter may reasonably designate at least two (2) full business days prior to the Closing Time or the Option Closing Time, as the case may be, and will be in good delivery form and will be in such names and denominations as the Underwriter may request, such request to be made at least two (2) full business days prior to the Closing Time or the Option Closing Time, as the case may be. If the Underwriter so elects, delivery of the Firm Shares and Option Shares may be made by credit through full fast transfer to the account at The Depository Trust Company designated by the Underwriter.

4. OFFERING BY THE UNDERWRITER AND UNDERWRITER DISCLOSURE.

(a) Upon authorization by the Company of release of the Shares, the Underwriter proposes to offer the Shares for sale upon the terms and conditions set forth in the Prospectus.

(b) The information set forth under the caption "Underwriting" in any Preliminary Prospectus and in the final form of Prospectus filed pursuant to Rule 424(b) constitutes the only information furnished by the Underwriter to the Company for inclusion in any Preliminary Prospectus, General Disclosure Package, the Prospectus or the Registration Statement, and the Underwriter represents and warrants to the Company that the statements made therein do not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. FURTHER AGREEMENTS OF THE COMPANY.

The Company agrees with the Underwriter that:

(a) The Company will use its best efforts to cause the Registration Statement and any amendment thereof, if not effective at the time and date that this Agreement is executed and delivered by the parties hereto, to be declared effective under the Securities Act by the Commission as promptly as possible. The Company will use its best efforts to cause any abbreviated registration statement pursuant to Rule 462(b) of the Rules and Regulations as may be required subsequent to the Effective Date to be declared effective under the Securities Act by the Commission as promptly as possible. The Company will notify the Underwriter promptly after it receives notice thereof, of the time when the Registration Statement, any subsequent

amendment to the Registration Statement or any abbreviated registration statement has been declared effective under the Securities Act by the Commission or any supplement to the Prospectus has been filed. If the Company omitted information from the Registration Statement at the time it was originally declared effective in reliance upon Rule 430A(a) under the Securities Act, the Company will provide evidence satisfactory to the Underwriter that the Prospectus contains such information and has been filed, within the time period prescribed, with the Commission pursuant to subparagraph (1) or (4) of Rule 424(b) under the Securities Act or as part of a post-effective amendment to such Registration Statement as originally declared effective which is declared effective under the Securities Act by the Commission. If for any reason the filing of the final form of Prospectus is required under Rule 424(b)(3), the Company will provide evidence satisfactory to the Underwriter that the Prospectus contains such information and has been filed with the Commission within the time period prescribed. The Company will notify the Underwriter promptly of any request by the Commission for the amending or supplementing of the Registration Statement, Issuer-Represented Free Writing Prospectus or the Prospectus or for additional information, and promptly upon the Underwriter's request, it will prepare and file with the Commission any amendments or supplements to the Registration Statement, Issuer-Represented Free Writing Prospectus or Prospectus that in the opinion of the Underwriter's counsel may be necessary or advisable in connection with the distribution of the Firm Shares and any Option Shares by the Underwriter. The Company will promptly prepare and file with the Commission, and promptly notify the Underwriter of the filing of, any amendments or supplements to the Registration Statement, Issuer-Represented Free Writing Prospectus or Prospectus that may be necessary to correct any statements or omissions, if, at any time when a prospectus relating to the Shares is required to be delivered under the Securities Act, any event shall have occurred as a result of which the Prospectus or any other prospectus relating to the Shares as then in effect would include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Company will not file any amendment or supplement to the Registration Statement, Issuer-Represented Free Writing Prospectus or Prospectus that shall not previously have been submitted to the Underwriter a reasonable time prior to the proposed filing thereof or to which the Underwriter shall reasonably object in writing.

(b) The Company will advise the Underwriter, promptly after it shall receive notice or obtain knowledge, of the issuance of any stop order by the Commission suspending the effectiveness of the Registration Statement, Issuer-Represented Free Writing Prospectus or Prospectus or of the initiation or threat of any proceeding for that purpose, and it will promptly use its best efforts to prevent the issuance of any stop order or to obtain its withdrawal at the earliest possible moment if such stop order should be issued.

(c) If at any time following issuance of an Issuer-Represented Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer-Represented Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, the Company has notified or will notify promptly the Underwriter so that any use of such Issuer-

Represented Free Writing Prospectus may cease until it is amended or supplemented and the Company has promptly amended or will promptly amend or supplement such Issuer-Represented Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission; provided, however, that this covenant shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Underwriter expressly for use therein.

(d) The Company represents and agrees that, unless it has obtained or obtains the prior written consent of the Underwriter, and the Underwriter represents and agrees that, unless it has obtained or obtains the prior written consent of the Company, it has not made and will not make any offer relating to the Shares that would constitute an "issuer free writing prospectus," as defined in Rule 433 under the Act, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405 under the Act, required to be filed with the Commission. Any such free writing prospectus consented to by the Company and the Underwriter is hereinafter referred to as a "Permitted Free Writing Prospectus." The Company represents that it has treated or agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping. The Company represents that it has satisfied the conditions in Rule 433 to avoid a requirement to file with the Commission any electronic road show.

(e) The Company will use its best efforts to qualify the Shares for offering and sale under the securities laws of such jurisdictions as the Underwriter may designate and to continue such qualifications in effect for so long as may be required for purposes of the distribution of the Shares, except that the Company shall not be required in connection therewith or as a condition thereof to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction in which it is not otherwise required to be so qualified or to so execute a general consent to service of process. In each jurisdiction in which the Shares shall have been qualified as above provided, the Company will make and file such statements and reports in each year as are or may be reasonably required by the laws of such jurisdiction.

(f) The Company will deliver without charge to the Underwriter such number of copies of the Preliminary Prospectus, General Disclosure Package, the Prospectus, the Registration Statement (with exhibits), and any amendments and supplements thereto as the Underwriter may reasonably request for the purposes contemplated by the Securities Act.

(g) The Company will make generally available to its security holders a consolidated earnings statement, which need not be audited, as soon as it is practicable to do so, but in any event not later than fifteen (15) months after the Effective Date, covering a period of twelve (12) consecutive calendar months beginning after the Effective Date, which consolidated earnings statement will satisfy the provisions of the last paragraph of Section 11(a) of the Securities Act and Rule 158 under the Securities Act.

(h) During the period ending three years after the date of this Agreement, the Company will furnish, if not otherwise available via EDGAR, to the Underwriter: (i) as soon as

practicable after the end of each fiscal year, copies of the annual report containing the consolidated audited financial statements of the Company and the report thereon of independent registered public accountants; (ii) as soon as available, a copy of each report, document, and definitive proxy or information statement furnished to or filed with any securities exchange or the NASD (including The American Stock Exchange, or any successor thereto) pursuant to the requirements of such exchange or the NASD, or with the Commission under the Securities Act or the Exchange Act; and (iii) copies of all other information or communications (financial or other) furnished to stockholders of the Company.

(i) The Company will apply the net proceeds from the sale of the Shares being sold by it hereunder in the manner set forth under the caption "Use of Proceeds" in the Prospectus.

(j) The Company will use its best efforts to list for trading the Shares on The American Stock Exchange.

(k) The Company will maintain a transfer agent and, if necessary under the jurisdiction of incorporation of the Company, a registrar (which may be the same entity as the transfer agent) for the Common Stock.

(l) The Company will comply with all registration, filing, and reporting requirements of the Exchange Act that may from time to time be applicable to the Company.

(m) The Company will comply with all provisions of all undertakings contained in the Registration Statement.

(n) Prior to the Closing Time or the Option Closing Time, as the case may be, the Company will not issue any press release or other communication (except for such communications issued in the ordinary course of business or communications otherwise required by law), directly or indirectly, and hold no press conference with respect to the Company, its financial condition, results of operations, business, properties, assets or liabilities, or this offering, without the prior consent of the Underwriter.

(o) The Company will not take, directly or indirectly, any action designed to cause or result in, or that might constitute or might be expected to constitute, stabilization or manipulation of the price of the Shares.

(p) For a period of 180 days after the Effective Date, the Company will not, without the Underwriter's prior written consent: (i) directly or indirectly, issue, sell, offer or contract to sell or otherwise dispose of or transfer any shares of Common Stock or securities convertible into or exchangeable or exercisable for shares of Common Stock (collectively, "Company Securities") or any rights to purchase Company Securities, or file any registration statement under the Securities Act with respect to any of the foregoing; or (ii) enter into any swap or other agreement that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of Company Securities, whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise. The foregoing restriction shall not apply to (i) the issuance by the Company of the Shares to the Underwriter pursuant to

this Agreement, (ii) the issuance by the Company of shares of Common Stock upon the conversion of shares of the Company's preferred stock outstanding as of the date of the Prospectus, (iii) the grant by the Company of options pursuant to the Company's executive incentive compensation plan in effect as of the date hereof and described in the Prospectus, and (iv) the issuance by the Company of shares of Common Stock under such plan, whether upon the exercise of options outstanding under such plan or otherwise.

6. PAYMENT OF EXPENSES.

The Company hereby agrees to pay all costs and expenses in connection with (a) the preparation, printing, filing, distribution, and mailing of the Registration Statement, the Preliminary Prospectus(es), any Permitted Free Writing Prospectus, the Prospectus, any amendments or supplements thereto, this Agreement and any related underwriting documents, including the cost of all copies thereof supplied to the Underwriter in quantities as hereinabove stated, (b) the issuance, offer, sale, transfer, and delivery (as applicable) of the Shares, including any transfer or other taxes payable thereon, (c) the qualification of the Shares under applicable state blue sky or securities laws, including the costs of printing and mailing the preliminary and final blue sky memorandum and the disbursements in connection therewith, (d) the filing fees payable to the Commission, the NASD, and any jurisdictions in which qualification of the Shares is sought, (e) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Securities Act, (f) any fees relating to the listing of the Shares on The American Stock Exchange or any other market upon which the Company lists the Common Stock, (g) the cost of printing certificates representing the Shares, (h) the fees of the transfer agent for the Common Stock, (i) all costs associated with the Company's "road show" with respect to the offer and sale of Shares as contemplated by the Prospectus, and (j) the reimbursement to the Underwriter for any and all expenses incurred by the Underwriter related to the offer and sale of Shares as contemplated by the Prospectus, including, but not limited to, all fees and disbursements of the Underwriter's counsel, up to a maximum of $100,000.

7. CONDITIONS OF THE UNDERWRITER'S OBLIGATIONS.

The obligations of the Underwriter to purchase and pay for the Shares as provided herein shall be subject, in the discretion of the Underwriter, to the continuing accuracy of the representations and warranties of the Company contained herein and in each certificate and document contemplated under this Agreement to be delivered to the Underwriter, as of the date hereof and as of the Closing Time (or the Option Closing Time, as the case may be), to the performance by the Company of its obligations hereunder, and to the following conditions:

(a) The Registration Statement shall have become effective under the Securities Act not later than 5:30 P.M., Eastern Time, on the date following the date of this Agreement or such later date and time as shall be consented to in writing by the Underwriter; on or prior to the Closing Time or the Option Closing Time, as the case may be, no stop order shall have been issued and no proceeding shall have been initiated or threatened with respect to a stop order; and any request by the Commission for additional information shall have been complied with by the Company to the reasonable satisfaction of the Underwriter. If required, the Prospectus shall have

been filed with the Commission in the manner and within the time period required by Rule 424(b) under the Securities Act.

(b) All corporate proceedings and other legal matters in connection with this Agreement, the forms of the Registration Statement, General Disclosure Package and the Prospectus, and the registration, authorization, issue, sale and delivery of the Shares shall have been reasonably satisfactory to the Underwriter's counsel, and such counsel shall have been furnished with such papers and information as it may reasonably have requested to enable it to pass upon the matters referred to in this Section 7.

(c) Subsequent to the execution and delivery of this Agreement and prior to the Closing Time or Option Closing Time, as the case may be, there shall not have been any change in the condition (financial or otherwise), earnings, operations, or business of the Company from that set forth in the Registration Statement, the General Disclosure Package or the Prospectus that in the Underwriter's sole judgment is material and adverse and that makes it, in the Underwriter's sole judgment, impracticable or inadvisable to proceed with the public offering of the Shares as contemplated by the Prospectus.

(d) At the Closing Time or the Option Closing Time, as the case may be, the Underwriter shall have received the opinion of Greenberg Traurig, P.A., counsel for the Company, dated the date of delivery, addressed to the Underwriter, and in form and scope satisfactory to the Underwriter, to the effect set forth on **Exhibit B** to this Agreement.

(e) On or prior to the Closing Time or the Option Closing Time, as the case may be, the Underwriter shall have been furnished such information, documents, certificates, and opinions as it may reasonably require in order to evidence the accuracy, completeness, or satisfaction of any of the representations, warranties, covenants, agreements, or conditions herein contained, or as the Underwriter may reasonably request.

(f) At the Closing Time or the Option Closing Time, as the case may be, (i) the Registration Statement, the General Disclosure Package and the Prospectus and any amendments or supplements thereto shall contain all statements that are required to be stated therein in accordance with the Securities Act and the Rules and Regulations, and shall in all material respects conform to the requirements thereof, and neither the Registration Statement nor the General Disclosure Package nor the Prospectus nor any amendment or supplement thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (ii) there shall have been, since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package and the Prospectus, no Material Adverse Change or any development involving a prospective Material Adverse Change from that set forth in the Registration Statement, the General Disclosure Package and the Prospectus, and the Company shall not have incurred any material liabilities or entered into any agreements not in the ordinary course of business other than as referred to in the Registration Statement, the General Disclosure Package and the Prospectus, and (iii) except as set forth in the Registration Statement and the Prospectus, no litigation, arbitration, claim, governmental, or other proceeding (formal or informal) or investigation shall

be pending, or, to the Company's knowledge, threatened (or any basis therefor), with respect to the Company or any of the Subsidiaries or any of their respective operations, businesses, properties, or assets that would be required to be set forth in the Registration Statement, wherein an unfavorable decision, ruling, or finding would have a Material Adverse Effect.

(g) At the Closing Time or the Option Closing Time, as the case may be, the Underwriter shall have received a certificate of the chief executive officer and the chief financial officer of the Company, dated the Closing Time or the Option Closing Time, as the case may be, to the effect that (i) the conditions set forth in Section 7(a) and 7(f) have been satisfied, (ii) as of the date of this Agreement and as of the Closing Time or the Option Closing Time, as the case may be, the representations and warranties of the Company contained herein were and are true and correct, and (iii) as of the Closing Time or the Option Closing Time, as the case may be, the obligations to be performed by the Company hereunder on or prior to such time have been fully performed.

(h) At the time this Agreement is executed and at the Closing Time or the Option Closing Time, as the case may be, the Underwriter shall have received a letter, addressed to the Underwriter, and in form and substance reasonably satisfactory to the Underwriter, from Piercy Bowler Taylor & Kern, the Company's independent registered public accounting firm, dated the date of delivery:

(i) confirming that they are, and during the period covered by their report(s) included in the Registration Statement and the Prospectus were, independent registered public accountants with respect to the Company within the meaning of the Securities Act and the published Rules and Regulations and stating that the disclosure under the heading entitled "Experts" in the Registration Statement is correct insofar as it relates to them;

(ii) stating that, in their opinion, the consolidated financial statements, including the notes thereto, of the Company included in the Registration Statement audited by them comply in form in all material respects with the applicable accounting requirements of the Securities Act and the related published Rules and Regulations;

(iii) stating that, on the basis of procedures (but not an audit made in accordance with generally accepted auditing standards) consisting of a reading of the latest available unaudited interim consolidated financial statements of the Company (with an indication of the date of the latest available unaudited interim financial statements), a reading of the latest available minutes of the shareholders and Board of Directors of the Company and committees of such Board of Directors, inquiries to certain officers and other employees of the Company responsible for financial and accounting matters, and other specified procedures and inquiries, nothing has come to their attention that caused them to believe that: (A) any unaudited consolidated financial statements (including, but not limited to, the pro forma and as adjusted financial information) and schedules of the Company included in the Registration Statement and Prospectus do not comply in

form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the related published Rules and Regulations under the Securities Act and the Exchange Act or are not fairly presented in conformity with accounting principles generally accepted in the United States (except to the extent that certain note disclosures regarding any interim or "stub" period may have been omitted in accordance with the applicable Rules and Regulations under the Exchange Act) applied on a basis consistent with that of the audited consolidated financial statements appearing therein, (B) there was any change in the capital stock, any increase in short-term or long-term debt of the Company or any decrease in total assets or stockholders' equity of the Company as of the date of the latest available interim financial statements of the Company and as of a specified date not more than five business days prior to the date of such letter, in each case as compared with the corresponding amounts shown as of June 30, 2006 in the Registration Statement and Prospectus, other than as properly described in the Registration Statement and Prospectus or any change (which shall be set forth therein) that the Underwriter in its sole discretion may accept, or (C) there was a decrease in consolidated net income or in total or per share amounts of consolidated net income of the Company during the period from June 30, 2006, to the date of the latest available interim financial statements of the Company and to a specified date not more than five business days prior to the date of such letter, in each case as compared to the corresponding period in 2005, other than as properly described in the Registration Statement and Prospectus or any decrease (which shall be set forth therein) that the Underwriter in its sole discretion may accept; and

(iv) stating that they have compared specific numerical data and financial information pertaining to the Company set forth in the Registration Statement that have been specified by the Underwriter prior to the date of this Agreement, to the extent that such data and information may be derived from the general accounting records of the Company, and excluding any questions requiring any interpretation by legal counsel, with the results obtained from the application of specified readings, inquiries, and other appropriate procedures (which procedures do not constitute an examination in accordance with generally accepted auditing standards) set forth in the letter, and found them to be in agreement.

(i) At the time this Agreement is executed and at the Closing Time or the Option Closing Time, as the case may be, the Underwriter shall have received a letter, addressed to the Underwriter, and in form and substance reasonably satisfactory to the Underwriter, from Piercy Bowler Taylor & Kern, the independent registered public accounting firm of Stockman's Casino, Inc. ("Stockman's Casino"), dated the date of delivery:

(i) confirming that they are, and during the period covered by their report(s) included in the Registration Statement and the Prospectus were, independent registered public accountants with respect to Stockman's Casino within the meaning of the Securities Act and the published Rules and Regulations

and stating that the disclosure under the heading entitled "Experts" in the Registration Statement is correct insofar as it relates to them;

(ii) stating that, in their opinion, the financial statements, including the notes thereto, of Stockman's Casino included in the Registration Statement audited by them comply in form in all material respects with the applicable accounting requirements of the Securities Act and the related published Rules and Regulations; and

(iii) stating that, on the basis of procedures (but not an audit made in accordance with generally accepted auditing standards) consisting of a reading of the latest available unaudited interim financial statements of Stockman's Casino (with an indication of the date of the latest available unaudited interim financial statements), a reading of the latest available minutes of the shareholders and Board of Directors of Stockman's Casino and committees of such Board of Directors, if any, inquiries to certain officers and other employees of Stockman's Casino responsible for financial and accounting matters, and other specified procedures and inquiries, nothing has come to their attention that caused them to believe that: (A) any unaudited financial statements (including, but not limited to, the pro forma and as adjusted financial information) and schedules of Stockman's Casino included in the Registration Statement and Prospectus do not comply in form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the related published Rules and Regulations under the Securities Act and the Exchange Act or are not fairly presented in conformity with accounting principles generally accepted in the United States (except to the extent that certain note disclosures regarding any interim or "stub" period may have been omitted in accordance with the applicable Rules and Regulations under the Exchange Act) applied on a basis consistent with that of the audited financial statements appearing therein, (B) there was any change in the capital stock, any increase in short-term or long-term debt of Stockman's Casino or any decrease in total assets or stockholders' equity of Stockman's Casino as of the date of the latest available interim financial statements of Stockman's Casino and as of a specified date not more than five business days prior to the date of such letter, in each case as compared with the corresponding amounts shown as of June 30, 2006, in the Registration Statement and Prospectus, other than as properly described in the Registration Statement and Prospectus or any change (which shall be set forth therein) that the Underwriter in its sole discretion may accept, or (C) there was a decrease in net income or in total or per share amounts of net income of Stockman's Casino during the period from June 30, 2006, to the date of the latest available interim financial statements of Stockman's Casino and to a specified date not more than five business days prior to the date of such letter, in each case as compared to the corresponding period in 2005, other than as properly described in the Registration Statement and Prospectus or any decrease (which shall be set forth therein) that the Underwriter in its sole discretion may accept.

(j) All proceedings taken in connection with the issuance, sale, transfer, and delivery of the Shares shall be reasonably satisfactory in form and substance to the Underwriter and to counsel for the Underwriter, and the Underwriter shall have received from such counsel for the Underwriter an opinion, dated as of the Closing Time or the Option Closing Time, as the case may be, with respect to the sufficiency of such corporate proceedings and other legal matters relating to this Agreement and the transactions contemplated hereby as the Underwriter may reasonably require. The Company shall have furnished to such counsel such documents as they may have requested for the purpose of enabling them to pass upon such matters.

(k) The NASD, upon review of the terms of the public offering of the Shares, shall not have objected to the Underwriter's participation in such offering.

(l) Prior to or on the Effective Date, The American Stock Exchange shall have approved the Shares for listing.

(m) Prior to or on the Effective Date, the Company shall have delivered to the Underwriter, or its counsel, executed copies of the Lock-Up Agreements referred to in Section 2(z) of this Agreement.

Any certificate or other document signed by the Chief Executive Officer, the Chief Financial Officer, or the Secretary of the Company and delivered to the Underwriter or to counsel for the Underwriter shall be deemed a representation and warranty by the Company hereunder to the Underwriter as to the statements made therein. If any condition to the Underwriter's obligations hereunder to be fulfilled prior to or at the Closing Time or the Option Closing Time, as the case may be, is not so fulfilled, the Underwriter may terminate this Agreement or, if the Underwriter so elects, in writing waive any conditions that have not been fulfilled or extend the time for their fulfillment.

8. INDEMNIFICATION AND CONTRIBUTION.

(a) The Company agrees to indemnify and hold harmless the Underwriter against any losses, claims, damages, liabilities or expenses (including reasonable costs of investigation) to which the Underwriter may become subject under the Securities Act or otherwise, arising out of or based upon (i) the breach of any representation, warranty, agreement or covenant of the Company herein contained, or (ii) any untrue statement or alleged untrue statement of any material fact contained in any Preliminary Prospectus, the Prospectus or the Registration Statement, or any amendment or supplement thereto, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and agrees to reimburse the Underwriter for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such Registration Statement, Preliminary Prospectus or Prospectus, or any such amendment or supplement thereto, in reliance upon and in conformity with written information relating to the Underwriter furnished to the Company by the Underwriter specifically for use in the preparation thereof and, provided further,

that the indemnity agreement provided in this Section 8(a) with respect to any Preliminary Prospectus shall not inure to the benefit of the Underwriter if a copy of the Prospectus in which such untrue statement or alleged untrue statement or omission or alleged omission was corrected had not been sent or given to the purchaser of Shares that is asserting a loss, claim, damage, liability or action within the time required by the Securities Act and the Rules and Regulations, unless such failure is the result of noncompliance by the Company with Section 5(d) hereof.

The indemnity agreement in this Section 8(a) shall extend upon the same terms and conditions to, and shall inure to the benefit of, each person, if any, who controls the Underwriter within the meaning of the Securities Act or the Exchange Act. This indemnity agreement shall be in addition to any liabilities the Company may otherwise have hereunder.

(b) The Underwriter agrees to indemnify and hold harmless the Company against any losses, claims, damages or liabilities, or expenses (including reasonable costs of investigation) to which the Company may become subject under the Securities Act or otherwise, arising out of or based upon (i) any breach of any representation, warranty, agreement or covenant of the Underwriter herein contained, or (ii) any untrue statement or alleged untrue statement of any material fact contained in any Preliminary Prospectus, the Prospectus or the Registration Statement, or any amendment or supplement thereto, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, to the extent such untrue statement, alleged untrue statement, omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by the Underwriter specifically for use in the preparation thereof (it being understood that the only information so provided is the information described in Section 4(b) of this Agreement). The Underwriter agrees to reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such loss, claim, damage, liability or action. The indemnity agreement in this Section 8(b) shall extend upon the same terms and conditions to, and shall inure to the benefit of, each officer of the Company who signed the Registration Statement and each director of the Company, and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act. This indemnity agreement shall be in addition to any liabilities the Underwriter may otherwise have under this Agreement.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against any indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof, but the omission so to notify the indemnifying party will not relieve it from any liability it may have to any indemnified party otherwise than under this Section 8. In case any such action is brought against any indemnified party, and it notified the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it shall elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party; provided, however, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there

may be legal defenses available to it and/or other indemnified parties that are inconsistent with those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of the indemnifying party's election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 8 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in accordance with clause (ii) of this Section 8(c) (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel (together with appropriate local counsel) approved by the indemnifying party representing all the indemnified parties under Section 8(a) or 8(b) hereof who are parties to such action), (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time (no more than fifteen (15) days) after notice of commencement of the action or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. In no event shall any indemnifying party be liable in respect of any amounts paid in settlement of any action unless the indemnifying party shall have approved the terms of such settlement, with such consent not to be unreasonably withheld. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party or indemnification could have been sought hereunder by such indemnified party unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in this Section 8 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to herein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriter on the other hand from the offering of the Shares pursuant to this Agreement, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Underwriter on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company on the one hand and the Underwriter on the other hand in connection with the offering of the Shares pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Shares pursuant to this Agreement (before deducting expenses) received by the Company on the one hand, and the total underwriting discount and commissions received by the Underwriter on the other hand, as set forth on the cover of the Prospectus.

The relative fault of the Company on the one hand and the Underwriter on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriter and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriter agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 8. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 8 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 8, the Underwriter shall not be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which the Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 8, each person, if any, who controls the Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and the Underwriter's affiliates and selling agents shall have the same rights to contribution as the Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Company.

(e) The parties hereby acknowledge that they are sophisticated business persons who are represented by counsel during the negotiations regarding the provisions hereof, including, without limitation, the provisions of this Section 8, and are fully informed regarding said provisions. They further acknowledge that the provisions of this Section 8 fairly allocate the risks in light of the ability of the parties to investigate the Company and its business in order to assure that adequate disclosure is made in the Registration Statement and Prospectus as required by the Securities Act and the Exchange Act.

9. EFFECTIVE DATE OF THIS AGREEMENT.

This Agreement shall become effective upon the later of (a) the execution and delivery hereof by the parties hereto or (b) the release of notification of the effectiveness of the

Registration Statement by the Commission; provided, however, that the provisions of Sections 6, 8, 10 and 11 hereof shall at all times be effective.

10. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY.

The agreements contained in this Agreement, and the representations, warranties, covenants, and other statements of the Company and of its directors and officers set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, the Company, or any of its or their partners, officers, directors, or any controlling person, as the case may be, and will survive delivery of and payment for the Shares sold hereunder or any termination or cancellation of this Agreement.

11. TERMINATION.

(a) If the Underwriter terminates this Agreement because a condition in Section 7 is not satisfied, then the Company will reimburse the Underwriter for such out-of-pocket expenses (including the fees and disbursements of the Underwriter's counsel) as shall have been incurred by the Underwriter in connection with this Agreement or the proposed offer, sale, and delivery of the Shares, up to a maximum of $100,000, in accordance with Section 6, and, upon demand, the Company agrees to pay promptly the full amount thereof to the Underwriter.

(b) In addition to the right to terminate this Agreement pursuant to Sections 7 and 11(a) hereof, the Underwriter shall have the right to terminate this Agreement at any time prior to the Closing Time or the Option Closing Time (if different from the Closing Time and then only as to the Option Shares) by giving prior notice to the Company in the event of the following: (i) if there has been, since the time of the execution of this Agreement or since the respective dates as of which information is given in the Preliminary Prospectus, the General Disclosure Package, or the Prospectus, any Material Adverse Change in the condition, financial or otherwise, or in the earnings or business affairs of the Company or the Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business; (ii) if any domestic or international event, act, or occurrence has materially and adversely disrupted, or, in the reasonable opinion of the Underwriter, will in the immediate future materially and adversely disrupt, the securities markets generally, such that, in the reasonable opinion of the Underwriter, it would be inadvisable to proceed with the offering, sale, or delivery of the Firm Shares or the Option Shares, as the case may be; (iii) if there shall have been a general suspension of, or a general limitation on prices for, trading in securities on The American Stock Exchange; (iv) if there shall have been an outbreak or increase in the level of major hostilities or other national or international calamity; (v) if a gaming moratorium has been declared by federal, state or local authorities with respect to Delaware or Nevada; (vi) if the Company shall have sustained a material loss by fire, flood, accident, hurricane, earthquake, theft, sabotage, or other calamity or malicious act, whether or not such loss shall have been insured, or from any labor dispute or court or government action, order, or decree, that will, in the reasonable opinion of the Underwriter, make it inadvisable to proceed with the offering, sale, or delivery of the Firm Shares or the Option Shares, as the case may be; or (vii) if any material governmental restrictions shall have been imposed on trading in securities in general, which restrictions are not in effect on the date hereof. In such a case, and absent any failure by the Company to satisfy the provisions

of Section 7, the Company shall have no liability to the Underwriter other than for obligations assumed by the Company pursuant to Section 6.

(c) If the Underwriter elects to terminate this Agreement, the Underwriter shall notify the Company promptly by telephone, fax, or telegram, confirmed by letter.

(d) Notwithstanding any termination of this Agreement, and whether or not this Agreement is otherwise carried out, the provisions of Sections 6, 8, 10, 11(a) and 13 shall not be in any way affected by such election or termination or failure to carry out the terms of this Agreement or any part hereof.

12. NOTICES.

All communications hereunder, except as may be otherwise specifically provided herein, shall be in writing and, if sent to the Underwriter, shall be mailed, delivered, or telexed or telegraphed and confirmed by letter to Sterne, Agee & Leach, Inc., 800 Shades Creek Parkway, Suite 700, Birmingham, Alabama 35209, Attention: W. Barry McRae, with a copy to Haskell Slaughter Young & Rediker, LLC, 1400 Park Place Tower, 2001 Park Place North, Birmingham, Alabama 35203, Attention: S. Jason Nabors, or if sent to the Company, shall be mailed, delivered, or telexed or telegraphed and confirmed by letter, to Full House Resorts, Inc., 4670 S. Fort Apache Road, Suite 190, Las Vegas, Nevada 89197, Attention: Chief Executive Officer, with a copy to Greenberg Traurig, P.A., 1221 Brickell Avenue, Miami, Florida 33131, Attention: Paul Berkowitz. All notices hereunder shall be effective upon receipt by the party to which it is addressed.

13. PARTIES.

This Agreement shall inure solely to the benefit of, and shall be binding upon, the Underwriter and the Company and the persons and entities referred to in Section 8 who are entitled to indemnification or contribution, and their respective successors, legal representatives, and assigns (which shall not include any buyer, as such, of the Firm Shares or the Option Shares), and no other person shall have, or be construed to have, any legal or equitable right, remedy, or claim under, in respect of, or by virtue of this Agreement or any provision herein contained.

14. GOVERNING LAW.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to conflict of laws. TIME IS OF THE ESSENCE IN THIS AGREEMENT.

15. SERVICE OF PROCESS.

In any such action or proceeding with respect to this Agreement, the Underwriter and the Company each waive personal service of any summons, complaint, or other process and agree that service thereof may be made in accordance with Section 12.

16. HEADINGS.

The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

17. COUNTERPARTS.

This Agreement may be signed in several counterparts, each of which will constitute an original, but all such respective counterparts shall together constitute one and the same instrument.

Remainder of page intentionally left blank

If the foregoing correctly sets forth the understandings between the Underwriter and the Company, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,

FULL HOUSE RESORTS, INC.

By_____

Andre M. Hilliou
Chief Executive Officer

ACCEPTED as of the date first above
written, in Birmingham, Alabama

STERNE, AGEE & LEACH, INC.

By_____

Name_____

Title_____

SCHEDULE 1

Issuer-Represented Free Writing Prospectus

SCHEDULE 2

List of Subsidiaries

Manuelito LLC

Full House Subsidiary, Inc.

Full House Subsidiary of Nevada, Inc.

Gaming Entertainment (Delaware), LLC

Gaming Entertainment (Michigan), LLC

Gaming Entertainment (California), LLC

Gaming Entertainment (Santa Fe) LLC

Gaming Entertainment (New Mexico) LLC

Gaming Entertainment (Oklahoma) LLC

Gaming Entertainment (Montana) LLC

SCHEDULE 3

Lock-Up Agreements

William P. McComas
Lee A. Iacocca
LKL Family Limited Partnership
J. Michael Paulson
Allen E. Paulson Living Trust
Andre M. Hilliou
Carl G. Braunlich
Mark J. Miller
Greg Violette
James D. Meier
T. Wesley Elam
H. Joe Frazier
Barth F. Aaron
James P. Dacey

EXHIBIT A

_____, 2006

FULL HOUSE RESORTS, INC.
4670 South Fort Apache Road
Suite 190
Las Vegas, Nevada 89147

STERNE, AGEE & LEACH, INC.
800 Shades Creek Parkway
Suite 700
Birmingham, Alabama 35209

Re: Lock-Up Agreement

Ladies and Gentlemen:

This letter agreement (this "Agreement") is delivered to you pursuant to the Underwriting Agreement (the "Underwriting Agreement") to be entered into by Full House Resorts, Inc. (the "Company") and Sterne, Agee & Leach, Inc. (the "Underwriter"). Upon the terms and subject to the conditions of the Underwriting Agreement, the Company intends to issue and sell to the Underwriter, and the Underwriter intends to purchase from the Company, shares of Common Stock, par value $.0001 per share, of the Company (the "Shares"), as described in and contemplated by the registration statement on Form SB-2, File No. 333-136341 (the "Registration Statement"), as filed with the United States Securities and Exchange Commission on August 4, 2006 (the "Offering").

The undersigned recognizes that it is in the best financial interests of the undersigned, as an officer, director or owner of capital stock, options or other securities of the Company (the "Company Securities"), that the Offering be completed as contemplated.

The undersigned has agreed to enter into this Agreement to further assure the Underwriter that the Company Securities of the undersigned, now held or hereafter acquired, will not enter the public market at a time that might impair the Underwriter's underwriting effort in connection with the Offering.

Therefore, as an inducement to the Underwriter to enter into the Underwriting Agreement, the undersigned hereby acknowledges and agrees that the undersigned will not (i) offer, sell, contract to sell, pledge, grant any option to purchase or otherwise dispose of, directly or indirectly (collectively, a "Disposition"), any Company Securities, or any securities convertible into or exercisable or exchangeable for, or any rights to purchase or otherwise acquire, any Company Securities, held by the undersigned or acquired by the undersigned after the date hereof, or that may be deemed beneficially owned by the undersigned (collectively, the

"Lock-Up Shares"), pursuant to the Rules and Regulations promulgated under the Securities Act of 1933, as amended (the "Act"), and the Securities Exchange Act of 1934, as amended, for a period commencing on the date hereof and ending 180 days after the date of the Company's final Prospectus that forms a part of the Registration Statement and is filed with the United States Securities and Exchange Commission pursuant to Rule 424(b) under the Act, inclusive (the "Lock-Up Period"), without the prior written consent of the Underwriter, or (ii) exercise or seek to exercise or effect in any manner any rights of any nature that the undersigned has or may have hereafter to require the Company to register under the Act the undersigned's sale, transfer or other disposition of any of the Lock-Up Shares or other securities of the Company held by the undersigned, or to otherwise participate as a selling security holder in any manner in any registration effected by the Company under the Act, including under the Registration Statement, during the Lock-Up Period. The foregoing restrictions are expressly agreed to preclude the undersigned from engaging in any hedging, collar (whether or not for any consideration) or other transaction that is designed to or reasonably expected to lead or result in a Disposition of Lock-Up Shares during the Lock-Up Period, even if such Lock-Up Shares would be disposed of by someone other than such holder. Such prohibited hedging or other transactions shall include, but are not limited to, any short sale or any purchase, sale or grant of any right (including any put or call option or reversal or cancellation thereof) with respect to any Lock-Up Shares or with respect to any security (other than a broad-based market basket or index) that includes, relates to or derives any significant part of its value from the Lock-Up Shares.

It is understood that, if the Underwriting Agreement (other than the provisions thereof that survive termination) shall terminate or be terminated prior to payment for and delivery of the Shares, the undersigned shall be released from the obligations under this Agreement.

In furtherance of the foregoing, the Company and its transfer agent and registrar are hereby authorized to decline to make any transfer of Lock-Up Shares on the books of the Company if such transfer would constitute a violation or breach of this Agreement. This Agreement shall be binding on the undersigned and the respective successors, heirs, personal representatives and assigns of the undersigned. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to conflict of laws principles.

Very truly yours,

_____

Name: _____

EXHIBIT B

The opinion of counsel to the Company to be delivered pursuant to Section 7(d) of the Underwriting Agreement (the "Agreement") shall be substantially to the effect that:

(i) The Company has been duly incorporated and is validly existing in good standing as a corporation under the laws of the State of Delaware, with the requisite corporate power and authority to own its properties and conduct its business as described in the Registration Statement and the Prospectus. The Company is duly qualified to transact business as a foreign corporation under the laws of, and is in good standing in, each other jurisdiction where the conduct of its business or the character of its properties may require it to be qualified to do business, except where failure to so qualify would not have a Material Adverse Effect.

(ii) Each of the Subsidiaries has been duly incorporated or organized, as the case may be, and is validly existing in good standing under the laws of the state of its incorporation or organization, as the case may be, with the requisite power and authority to own its properties and conduct its business as described in the Registration Statement and the Prospectus. Each of the Subsidiaries is duly qualified to transact business as a foreign corporation or organization, as the case may be, under the laws of, and is in good standing in, each other jurisdiction where the conduct of its business or the character of its properties may require it to be qualified to do business, except for jurisdictions in which the failure to so qualify would not have a Material Adverse Effect.

(iii) The authorized, issued and outstanding shares of capital stock of the Company is as set forth in the Prospectus in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to the Agreement or pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities, options or warrants referred to in the Prospectus). The shares of issued and outstanding capital stock of the Company have been duly authorized and are validly issued, fully paid and nonassessable, and none of such outstanding shares of capital stock was issued in violation of any preemptive rights or other rights to subscribe for or purchase securities. All offers and sales of the Company's capital stock prior to the date hereof were at all relevant times duly registered or exempt from the registration requirements of the Securities Act.

(iv) The outstanding shares of capital stock or ownership interests, as the case may be, of each of the Subsidiaries are duly authorized, validly issued, fully paid and nonassessable, and none of such outstanding shares of capital stock or ownership interests, as the case may be, was issued in violation of any preemptive rights or other rights to subscribe for or purchase securities. The outstanding shares of capital stock or ownership interests, as the case may be, of each of the Subsidiaries which are owned beneficially or of record by the Company are owned free and clear of any security interest, lien, adverse claim or other encumbrance not otherwise described in the Registration Statement. No options, warrants or other rights to convert any obligations into any shares of capital stock or ownership interests, as the case may be, in any of the Subsidiaries granted by the Company or any of the Subsidiaries are outstanding.

(v) The Shares have been duly authorized, and when issued and delivered by the Company against payment therefor in accordance with the terms of the Agreement, will be validly issued, fully paid and nonassessable, and no holder of Shares will be subject to personal liability by reason of being such a holder. There are no preemptive rights or other rights to subscribe for or to purchase, or any restriction upon the transfer of, the Shares provided by law or pursuant to the Company's certificate of incorporation, bylaws or other governing documents or, to counsel's knowledge, any agreement or other instrument to which the Company is a party or by which it may be bound. Neither the filing of the Registration Statement nor the offer or sale of the Shares as contemplated by the Agreement gives rise to any rights for or relating to the registration of any shares of Common Stock or any other securities of the Company under United States federal securities laws. Upon delivery of certificates representing the Shares to the Underwriter against payment of the agreed consideration in accordance with the terms of the Agreement, the Underwriter will acquire the Shares free and clear of any lien, adverse claim or other encumbrance created by the Company or to which the Company is subject.

(vi) The capital stock of the Company and the Shares conform to the descriptions thereof set forth under the caption "Description of Securities" in the Prospectus. Except as set forth in the Prospectus, the Company is not a party to or bound by any outstanding options, warrants or similar rights to subscribe for, or contractual obligations to issue, sell, transfer or acquire, any of its capital stock or any securities convertible into or exchangeable for any such capital stock.

(vii) The Company has full requisite corporate power and authority to execute and deliver the Agreement and to issue, sell and deliver the Shares to the Underwriter as provided in the Agreement, and the Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms (except in all cases to the extent that (i) such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium, or similar laws affecting the enforcement of creditor rights and remedies generally, (ii) general principles of equity apply, including, without limitation, (a) that the availability of the equitable remedy of specific performance and injunctive relief is subject to the discretion of the court before which the proceeding may be brought, and (b) the application of concepts of materiality, reasonableness, good faith and fair dealing, and (iii) the enforceability of the indemnification and contribution provisions hereof and the waiver of service of process may be limited under applicable federal or state or other securities laws or the public policy underlying such laws).

(viii) No consent, authorization, registration, qualification, approval, order, license, certificate, or permit of or from, or declaration or filing with, any federal, state, local or other governmental authority or agency or any court or other tribunal is required for the performance of the Agreement by the Company or the consummation by the Company of the transactions contemplated thereby, except such as have been obtained or made under the Securities Act, the Exchange Act or applicable state securities laws and such as may be required by the NASD and the Nevada Gaming Commission.

(ix) The performance of the Agreement by the Company and the consummation by the Company of the transactions contemplated thereby (including, without limitation, the issuance and sale of the Shares by the Company and the use of the proceeds therefrom as described in the Prospectus under the caption "Use of Proceeds") will not (i) violate, result in a breach of or conflict with any term of the certificate of incorporation or bylaws or other charter or organizational document of the Company or any of the Subsidiaries; (ii) violate or result in a breach or violation by the Company or any of the Subsidiaries of any of the terms or provisions of, or constitute a default by the Company or any of the Subsidiaries under, or result in the creation or imposition of any lien, encumbrance, pledge, charge, security interest or claim of any kind upon any property or assets of the Company or any of the Subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument known to such counsel and to which the Company or any of the Subsidiaries is a party or to which the Company or any of the Subsidiaries or any of their respective properties is subject; or (iii) violate, result in a breach of or conflict with any law or any rule, regulation, order, judgment or decree known to such counsel of any court or governmental agency or body applicable to the Company or any of the Subsidiaries or any of their respective operations, businesses, properties or assets.

(x) To our knowledge, no material default exists, and no event has occurred which with notice or after the lapse of time to cure, or both, would constitute a material default in the due performance and observance of any term, covenant or condition of any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Company or any of the Subsidiaries is a party or to which they or any of their respective properties are subject, or of the certificate of incorporation, bylaws or other organizational document of the Company or any of the Subsidiaries.

(xi) To our knowledge, neither the Company nor any of the Subsidiaries is in material violation of any law, ordinance, administrative or governmental rule or regulation applicable to the Company and the Subsidiaries and material to the Company and the Subsidiaries taken as a whole, or of any decree of any court or governmental agency or body having jurisdiction over the Company or any of the Subsidiaries.

(xii) To our knowledge, there is not pending or threatened any action, suit, claim, proceeding, inquiry or investigation to which the Company or any of the Subsidiaries is a party, or to which the property of the Company or any of the Subsidiaries is subject, before or brought by any court or governmental agency or body which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in the Agreement or the performance by the Company of its obligations thereunder.

(xiii) The statements set forth in the Prospectus under the captions "Risk Factors," "Business-Legal Proceedings," "Management," "Description of Securities," and "Underwriting" and in Items 24 and 26 of the Registration Statement, insofar as such statements constitute matters of law, summaries of legal matters, the Company's certificate of incorporation and bylaws, legal proceedings or legal conclusions (other than with respect to gaming laws, rules,

regulations and proceedings), have been reviewed by counsel and fairly present and summarize, in all material respects, the matters referred to therein.

(xiv) The outstanding shares of Common Stock and the Shares are duly authorized for trading on The American Stock Exchange.

(xv) The form of certificate used to evidence the Common Stock complies in all material respects with all applicable statutory requirements, with any applicable requirements of the certificate of incorporation and bylaws of the Company and the requirements of The American Stock Exchange.

(xvi) The Company is not, and after receipt of payment for the Shares and the application of the proceeds thereof as contemplated under the caption "Use of Proceeds" in the Prospectus will not be, an "investment company" or a company "controlled" by an "investment company", as such terms are respectively defined in the 1940 Act and the rules and regulations thereunder.

(xvii) The Registration Statement has been declared effective under the Securities Act by the Commission, and, to the knowledge of such counsel, no stop order suspending the effectiveness of such Registration Statement has been issued and no proceedings for that purpose have been instituted or are threatened, pending or contemplated by the Commission. Any filing required by Rule 424(b) has been made within the time period and in the manner required by Rule 424(b). The Registration Statement, the Prospectus and any amendments or supplements thereto (except for the financial statements and schedules and summaries of financial information included therein as to which such counsel need express no opinion), as of their respective effective or issue dates, complied in all material respects with the requirements of the form on which the Registration Statement was filed with the Commission under the Securities Act and the Rules and Regulations; the descriptions in the Registration Statement and the Prospectus of statutes, regulations, and legal and governmental proceedings, and contracts and other documents are accurate in all material respects and present fairly the information required to be stated therein; and such counsel does not know of any statutes, regulations, or legal or governmental proceedings required to be described in the Registration Statement or the Prospectus which are not described as required, or of any contracts or documents of a character required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described and filed as required.

In addition to the opinions set forth above, counsel shall state that on the basis of the participation of such counsel in conferences at which the contents of the Registration Statement, the Prospectus and the General Disclosure Package and related matters were discussed, but without independent verification by such counsel of the accuracy, completeness, or fairness of statements contained in the Registration Statement, the Prospectus, the General Disclosure Package, or any amendment or supplement thereto (other than financial statements and other financial schedules and summaries of financial information which are or should be contained therein, as to which such counsel need express no opinion), nothing has come to the attention of such counsel that (A) the Registration Statement, the Prospectus, or any amendment or supplement thereto does not appear on its face to comply as to form in any material respects with

the requirements of the Securities Act and the Rules and Regulations; (B) the Registration Statement or any amendment thereto, at the time such Registration Statement or any such amendment became effective, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or that the Prospectus or any amendment or supplement thereto, at the time the Prospectus was issued, at the time any such amended or supplemented Prospectus was issued or at the Closing Time, contained or contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Furthermore, counsel has no reason to believe that the documents specified in the General Disclosure Package, as of the Applicable Time and as of the Closing Time, contained any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Counsel rendering the foregoing opinion may rely as to questions of law not involving the laws of the United States or the corporate laws of the States of New York and Delaware upon opinions of local counsel, and as to questions of fact upon representations or certificates of the Company and its officers or other representatives and of governmental officials, in which case their opinion is to state that they are so relying and that they have no knowledge of any material misstatement or inaccuracy in any such opinion, representation or certificate. Copies of any opinion, representation or certificate so relied upon shall be delivered to the Underwriter and to Underwriter's counsel.

Exhibit 5.1

OPINION OF GREENBERG TRAURIG, P.A.

October 26, 2006

Full House Resorts, Inc.
4670 S. Fort Apache Road
Suite 190
Las Vegas, Nevada 89147

Ladies and Gentlemen:

We have acted as counsel for Full House Resorts, Inc., a Delaware corporation (the "Company") in connection with the Company's Amendment No. 2 to Form SB-2, File No. 333-136341 (the "Registration Statement") filed by the Company under the Securities Act of 1933, as amended (the "Act"). This Registration Statement relates to the public offering (the "Offering") of up to 6,900,000 shares of the Company's common stock, par value $.0001 per share (the "Shares"). The Shares are to sold pursuant to an underwriting agreement to be entered into by and between the Company and Sterne, Agee & Leach, Inc. (in the form to be filed as Exhibit 1.1 to the Registration Statement, the "Underwriting Agreement").

In connection with the preparation of the Registration Statement and this opinion letter, we have examined, considered and relied upon the following documents (collectively, the "Documents"): (1) the Company's Amended and Restated Certificate of Incorporation, as filed with the Secretary of State of the State of Delaware, (2) the Company's By-laws, (3) resolutions of the Board of Directors of the Company, and (4) such other documents and matters of law as we have considered necessary or appropriate for the expression of the opinions contained herein.

In rendering the opinions set forth below, we have assumed without investigation the genuineness of all signatures and the authenticity of all Documents submitted to us as originals, the conformity to authentic original documents of all Documents submitted to us as copies, and the veracity of the Documents. As to questions of fact material to the opinions hereinafter expressed, we have relied upon the Documents.

Based solely upon and subject to the Documents, and subject to the qualifications set forth below, we are of the opinion that upon the execution of the Underwriting Agreement, the Shares will be duly authorized and the Shares will be validly issued, fully paid and non-assessable when the Shares have been issued and sold by the Company and the Company has received the purchase price therefor in accordance with the terms of the Underwriting Agreement.

Our opinion expressed above is limited to the General Corporation Law of the State of Delaware. Our opinion is rendered only with respect to the laws, and the rules, regulations and orders thereunder, which are currently in effect.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to us under the caption "Legal Matters" in the prospectus contained in the Registration Statement. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required by Section 7 of the Securities Act of 1933, as amended, and the rules and regulations thereunder.

Very truly yours,

GREENBERG TRAURIG, P.A.

By: /s/ Paul Berkowitz
Paul Berkowitz

Exhibit 10.66

REVISED & RESTATED

CLASS III GAMING

MANAGEMENT AGREEMENT

BY AND AMONG

PUEBLO OF NAMBÉ,

NAMBÉ PUEBLO GAMING ENTERPRISE BOARD

AND

GAMING ENTERTAINMENT (SANTA FE), LLC

DATED JULY 26, 2006

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REVISED & RESTATED CLASS III GAMING MANAGEMENT AGREEMENT

THIS REVISED & RESTATED CLASS III GAMING MANAGEMENT AGREEMENT (this "Agreement") has been entered into as of the 26TH day of July, 2006, by and among the NAMBÉ PUEBLO GAMING ENTERPRISE BOARD (the "Board"), GAMING ENTERTAINMENT (SANTA FE), LLC, a Delaware limited liability company established and operated by Full House Resorts, Inc., a Delaware corporation, ("Manager") (jointly and severally the "Parties" or "Party") and the PUEBLO OF NAMBÉ (the "Tribe") for the limited purposes stated in Sections 3.4, 5, 7.3, 8.2, 9.5, 9.16, 9.18, 13.1 and 17.

1. Recitals.

1.1 The Tribe and Manager intend that the Manager shall provide and/or arrange for funds to permit the Board (i) to construct a Gaming Facility (as that term is herein defined) suitable for conducting Gaming on Indian lands in the State of New Mexico pursuant to the Tribe's recognized powers of self- government and the statutes, codes, ordinances and resolutions of the Tribe, as well as (ii) for other purposes.

1.2 The Tribe has Property (as herein defined) held in trust by the United States of America for the benefit of the Tribe. The Tribe desires to establish an Enterprise (as herein defined) to conduct Gaming on the Property to serve the social, economic, educational and health needs of the Tribe, to increase Tribe's revenues and to enhance the Tribal economic self-sufficiency and self-determination. This Agreement sets forth the manner in which the Enterprise will be established and managed in a Gaming Facility.

1.3 The Tribe has established the Board, a commercial instrumentality of the Tribe, to which the Tribe has assigned its authority over the development and conduct of gaming on the Property.

1.4 The Board is seeking financial assistance and expertise for the construction of the Enterprise and technical experience and expertise for the management and operation of the Enterprise and instruction for members of the Tribe in the operation of the Enterprise. The Manager is willing and able to provide such assistance, experience, expertise and instruction.

1.5 The Board wants to grant the Manager the exclusive right and obligation to develop, manage, operate and maintain the Enterprise and to train Tribal members

and others in the operation and maintenance of the Enterprise during the term of this Agreement, in accordance with the provisions of this Agreement. The Manager wishes to perform these functions exclusively for the Tribe as limited in Section 3.3 below.

1.6 This Agreement will be submitted to the NIGC for approval pursuant to IGRA.

2. Definitions. As they are used in this Agreement, the terms listed below shall have the meaning assigned to them in this Section 2:

2.1 BIA. "BIA" is the Bureau of Indian Affairs of the Department of the Interior of the United States of America.

2.2 Budgets. "Budgets" shall mean the Operating Budget and the Capital Expense Budget for the Gaming Facility.

2.3 Capital Expenses. "Capital Expenses" shall mean the cost of construction, alteration or rebuilding of the Gaming Facility and any furniture, trade fixtures and equipment and other tangible or intangible property of the Gaming Facility, the costs of which are required by GAAP to be capitalized and depreciated.

2.4 Capital Expense Budget. "Capital Expense Budget" shall mean the budget for Capital Expenses adopted in accordance with Section 4.9.

2.5 Capital Reserve Fund. "Capital Reserve Fund" shall mean the reserve fund established in accordance with Section 4.13.6 to pay Capital Expenses.

2.6 Chairman. "Chairman" shall mean the Chairman from time to time of the NIGC.

2.7 Class III Gaming. "Class III Gaming" shall mean Class III Gaming as defined in IGRA.

2.8 Collateral. "Collateral" shall mean (a) The Tribe's share of future Net Revenues, before distribution pursuant to Section 6 of this Agreement, from the Enterprise and/or Gaming Facility, or other future undistributed Net Revenues from the Enterprise and/or the Gaming Facility arising or generated after the termination of this Agreement; and (b) Undistributed gaming and related Net Revenues from the Enterprise

and/or Gaming Facility arising or generated after the date that the matter in dispute is referred to arbitration.

2.9 Commencement Date. “Commencement Date” shall mean the first date that the Gaming Facility is substantially complete, open to the public and that Gaming is conducted in the Gaming Facility pursuant to the terms of this Agreement. The Manager shall memorialize the Commencement Date in a writing signed by the Manager and delivered to the Tribe and the Area Director, Area Office, BIA.

2.10 Compact. “Compact” shall mean a Tribal-State Compact between the Tribe and the State of New Mexico regarding Class III Gaming, as the same may, from time to time, be amended.

2.11 Development and Construction Costs. “Development and Construction Costs” shall mean the sum of all costs incurred in developing, designing and constructing the Gaming Facility and other Improvements, including, without limitation, any costs related to obtaining any Government Agency approvals, architect and engineering services, legal services and other professional services.

2.12 Effective Date. The “Effective Date” shall mean the date of written approval by the Chairman of (i) this Agreement, as executed by the Parties, (ii) any other documents collateral thereto that require approval by the Chairman or the BIA, as the case may be and (iii) a Tribal Gaming Ordinance, whichever occurs latest.

2.13 Enterprise. The “Enterprise” is any commercial enterprise of the Tribe operated through the Board authorized to conduct Gaming and any other activity to be conducted in or related to the Gaming Facility that is authorized by IGRA and operated and managed by Manager in accordance with the terms and conditions of this Agreement to engage in (a) Gaming under IGRA; and (b) Automatic Teller Machines (“ATM”) or other authorized electronic funds transfer (EFT) systems, the sale of food, beverages (including alcoholic beverages), gifts and souvenirs and the sale of tobacco conducted within the Gaming Facility. Enterprise shall also mean any entertainment, hospitality or related commercial enterprise operated by the Manager on behalf of the Tribe through the Board. The Tribe shall have the sole proprietary interest in and responsibility for the conduct of all Gaming conducted by the Enterprise, subject to the rights and responsibilities of the Manager under this Agreement.

2.14 Enterprise Employees. “Enterprise Employees” shall mean those employees working at the Gaming Facility who are not employees of Manager.

2.15 Enterprise Employee Policies. “Enterprise Employee Policies” shall have the meaning given to it in Subsection 4.6.2.

2.16 Financial Institution. “Financial Institution” shall mean a financial institution or a trustee for a financial institution or such other third party source selected by Manager to provide the necessary funding to pay all Project Costs.

2.17 Furniture and Equipment. “Furniture and Equipment” shall mean all furniture, furnishings and equipment required in the operation of the Enterprise in accordance with the Plans and Specifications.

2.18 Gaming. “Gaming” shall mean any and all activities defined as Class III Gaming under IGRA.

2.19 Gaming Commission. “Gaming Commission” shall mean the body created pursuant to the Tribal Gaming Ordinance to regulate Gaming in accordance with the Compact, IGRA and the Tribal Gaming Ordinance.

2.20 Gaming Facility. “Gaming Facility” shall mean the buildings, improvements, and fixtures, hereafter constructed on the Property pursuant to this Management Agreement within which the Enterprise will be housed. Title to the Property shall be held by the United States of America in trust for the Tribe.

2.21 GAAP. “GAAP” shall mean United States generally accepted accounting principles consistently applied.

2.22 General Manager. “General Manager” shall mean the person employed by Manager and licensed by the Gaming Commission to direct the operation of the Gaming Facility.

2.23 General Contractor. “General Contractor” shall mean the contractor or contractors selected by the Manager to construct the Gaming Facility and any additions or improvements thereto in accordance with the Plans and Specifications.

2.24 Gross Gaming Revenue (Win). "Gross Gaming Revenue (Win)" shall mean the net win from gaming activities which is the difference between gaming wins and losses before deducting costs and expenses determined in accordance with GAAP.

2.25 Gross Revenues. "Gross Revenues" shall mean all revenues of any nature derived directly or indirectly from the Enterprise including, without limitation, Gross Gaming Revenue (Win), food and beverage sales, and other rental or other receipts from lessees, sublessees, licensees or concessionaires (but not the gross receipts of such lessees, sublessees, licensees or concessionaires, provided that such lessees, sublessees, licensees or concessionaires are not subsidiaries or affiliates of the Tribe or the Manager), revenue recorded for Promotional Allowances, business interruption insurance proceeds, Gaming condemnation awards, proceeds from litigation and other claims against third parties.

2.26 Hard Count. "Hard Count" shall mean the count of the coin or tokens in a drop bucket (slots).

2.27 IGRA. "IGRA" shall mean the Indian Gaming Regulatory Act of 1988, PL 100- 497, 25 U.S.C. § 2701 et seq. as it may, from time to time, be amended.

2.28 Improvements. "Improvements" shall mean the improvements constructed and to be constructed (including but not limited to the Gaming Facility) or installed on the Property and on adjacent areas for the benefit of the Property, including without limitation, the Facility access ways and roadways, parking areas, drainage improvements, utility lines, and landscaping, all of which will be constructed in accordance with the Plans and Specifications approved by the Board.

2.29 Legal Requirements. "Legal Requirements" shall mean singularly and collectively all applicable laws and regulations including without limitation the Tribal Gaming Ordinance, IGRA, the Compact, and applicable Tribal, federal and state statutes and ordinances.

2.30 Loan. "Loan" shall mean the loan or loans made by a Financial Institution to the Manager or the Board to finance the cost of the Gaming Facility and the Furniture and Equipment, to provide Working Capital and to fund Start-up Expenses, as provided in Section 3, and to fund such other costs as are specified in this Agreement to be part of the Loan.

2.31 Loan Agreement. “Loan Agreement” shall mean the loan agreement(s), as the same may be amended, and any substitutions therefore, with respect to the Loan, to be executed by the Manager and/or the Board and a Financial Institution.

2.32 Loan Documents. “Loan Documents” shall mean the Loan Agreement, promissory note(s) evidencing the Loan, the security agreement securing the Loan and such other documents as may be executed from time to time with respect to the Loan and any amendments thereto and substitutions therefore.

2.33 Loan Payments. “Loan Payments” shall mean the principal and other payments due under the Loan Documents.

2.34 Management Fee. “Management Fee” shall mean the management fee as provided in Section 6.6.

2.35 NIGC. “NIGC” shall mean the National Indian Gaming Commission established pursuant to 25 U.S.C. § 2704, or any amendment to that Section.

2.36 Net Revenues. “Net Revenues” shall mean Gross Revenues from the Enterprise less (i) amounts paid out as, or paid-for, prizes and (ii) total Operating Expenses, excluding the Management Fee.

2.37 Operating Budget. “Operating Budget” shall mean the budget for Operating Expenses adopted in accordance with Section 4.9.

2.38 Operating Expenses. “Operating Expenses” shall mean all normal and necessary costs and expenses in the operation of the Enterprise as determined in accordance with GAAP including without limitation: (1) interest expense; (2) depreciation and amortization; (3) salaries, wages, and benefits for the employees of the Enterprise (other than the General Manager); (4) materials and supplies; (5) utilities; (6) repairs and maintenance; (7) accounting fees; (8) interest on installment contract purchases; (9) insurance and bonding; (10) advertising and marketing, including busing and transportation of patrons; (11) Promotional Allowances; (12) legal and professional fees; (13) fees, costs, dues and contributions associated with membership and participation in trade associations; (14) fire, safety and security costs; (15) reasonable travel expenses for officers and employees of the Enterprise ; (16) trash removal; (17) costs of goods and services sold; (18) recruiting and training expenses; (19) fees due to the NIGC under IGRA or the State of New Mexico pursuant to the Compact; (20) lease

payments for personal property; and (21) other costs and expenses determined in accordance with GAAP. Operating Expenses shall not include: (1) distributions to the Tribe; and (2) principal payments on debt.

2.39 Plans and Specifications. "Plans and Specifications" shall mean the plans and specifications specified in Section 3.1.5 herein and shall generally refer to the drawings (graphic and pictorial portions showing the design, location and dimensions, including plans, schedules and diagrams) and specifications (written requirements for materials, equipment, systems, standards and workmanship and performance of related services) for the Project.

2.40 Project. "Project" shall mean the Property, the Improvements and the Enterprise.

2.41 Project Costs. "Project Costs" shall mean all costs necessary to develop and open the Project, including Development and Construction Costs, Furniture and Equipment, Working Capital, start-up and pre-opening costs, the Tribal Advance and development fees to the Manager.

2.42 Promotional Allowances. "Promotional Allowances" shall mean the retail value of complimentary food and beverage, merchandise, entertainment and tokens for gaming, provided to patrons as promotional items.

2.43 Property. "Property" shall mean the parcel of land on which the Gaming Facility will be located that is contiguous to the Pueblo of Nambé Grant, as shown on the plat which is Attachment A to this Agreement.

2.44 Recoupment Payment. "Recoupment Payment" shall mean the repayment from the Tribe's share of Net Revenues of either (a) any advance made by the Manager to the Tribe of the Minimum Guaranteed Monthly Payment as contemplated in Section 6.3 and (b) any portion of the Management Fee which is not paid to the Manager as provided in Section 6.6, provided however that no interest shall be payable on any Recoupment Payment.

2.45 Reserve Funds. "Reserve Funds" shall mean the Capital Reserve Fund and such additional reserve funds as the parties, by mutual consent, may agree to create.

2.46 Scholarship Fund. “Scholarship Fund” shall mean the contribution made by Manager to a scholarship fund of the Tribe in accordance with Section 3.8.

2.47 Soft Count. “Soft Count” shall mean the count of the contents in a drop box or currency acceptor.

2.48 Term. “Term” shall mean the term of this Agreement as specified in Section 3.2.

2.49 Tribal Advance. “Tribal Advance” shall mean the total amount of Two Hundred and Fifty Thousand Dollars ($250,000) to be paid to the Tribe in accordance with Section 6.10 of this Agreement.

2.50 Tribal Council. “Tribal Council” shall mean the Tribal Council selected according to the traditional laws of the Tribe.

2.51 Tribal Gaming Ordinance. The “Tribal Gaming Ordinance” is the ordinance and any amendments thereto to be enacted by the Tribe, which authorizes and regulates Gaming on Indian lands within the jurisdiction of the Tribe.

2.52 Tribe’s Share of Net Revenues. The “Tribe’s Share of Net Revenues” shall mean 100% of the Net Revenues less the monthly (i) Management Fee ; (ii) repayment of the Loan; and (iii) Reserve Funds.

2.53 Working Capital. “Working Capital” consists of the funds required to “fill” slot machines and bankroll the cage for jackpot, chip and token redemption and other liquid assets as needed for the operation of the Enterprise.

3. Covenants. In consideration of the mutual covenants contained in this Agreement, the Parties agree and covenant as follows:

3.1 Engagement of Manager. The Board hereby exclusively retains and engages Manager as an independent contractor for the Term, and Manager accepts such engagement under which the Manager shall do the following:

3.1.1 Development and Construction Costs. The Manager shall have the responsibility to supervise, through an architect selected by the Manager with the approval of the Board (the “Architect”), the design and completion of all construction,

development, improvements and related activities undertaken pursuant to the terms and conditions of the contracts) with the General Contractor and will require the General Contractor and its subcontractors to furnish appropriate payment and performance bonds for work at the Gaming Facility. The Manager agrees to provide all funds necessary for the Development and Construction Costs, including payments to the Architect and General Contractor.

3.1.2 Equipment Costs. The Manager shall purchase on behalf of the Enterprise the necessary Furniture and Equipment, with the approval of the Board, which Furniture and Equipment shall be owned by the Tribe. The Manager agrees to arrange for or provide a minimum of One Million Dollars ($1,000,000) for the purchase of such Furniture and Equipment. The Manager may, upon securing lease financing, lease all or a portion of such Furniture and Equipment, subject to the Board approving the terms of the lease, provided that the Manager shall have no financial interest in the leasing entity.

3.1.3 Working Capital. The Manager agrees to provide the amount of Working Capital stipulated in the Budget on or before the Commencement Date. The Manager shall be responsible for providing any needed additional working capital provided that the total amount of working capital provided by the Manager shall not increase the Total Project Cost above that specified in section 3.1.6.

3.1.4 Start-Up and Pre-Opening Expenses. Prior to the Commencement Date, the Manager agrees to provide the funds necessary for start-up and pre-opening expenses.

3.1.5 Plans and Specifications: Cost Overruns. The Manager and the Board shall agree to Plans and Specifications for the Gaming Facility, defining all activities, materials and services necessary for the Property, the Gaming Facility and the Enterprise. If there are costs overruns for any activity, material or service previously agreed to that are required for the Project, the Manager shall borrow an additional amount equivalent to such overruns to achieve the goals of this Agreement up to the amount set forth in Section 3.1.6 herein.

3.1.6 Project Costs. The Manager and the Board agree that Projects Costs shall be advanced by the Manager for the Project in accordance with the terms and conditions herein not to exceed Fifty Million Dollars ($50,000,000). The project costs amount of no more than Fifty Millions Dollars is the agreed upon maximum dollar amount for the recoupment of development and construction costs.

3.1.7 Loan. The Manager shall borrow or arrange for the Board to borrow from a Financial Institution all funds required in Sections 3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.1.5, and 3.1.6, to be repaid in accordance with Section 6.4 of this Agreement. Advances under said Sections shall be made only upon adequate documentation that an obligation has been incurred and such obligation is currently due and owing and after review by the Manager and by the Board. Any amounts arranged for or provided by the Manager for the purposes of this Section 3.1 shall be deemed advanced pursuant to, payable under, and shall accrue interest as set forth in the Loan Agreement and the promissory note or notes evidencing the Loan. The interest rate on the Loan shall be equal to the Manager's cost of funds from a Financial Institution which shall be based on prevailing interest rates. Any funds advanced under this Section 3.1 shall only be repayable as provided in Section 6.4 and from the Collateral and shall not otherwise be an obligation of the Tribe. The Loan shall be secured by a first lien on the Collateral. The Board and the Manger agree to execute any and all documents required by the Financial Institution in order for Manager to receive the Loan.

3.1.8 Managing the Enterprise. The Board retains the Manager to manage the Enterprise and train Tribal members and others in the management of the Enterprise in accordance with the terms of this Agreement. The Manager hereby accepts such retention and engagement. Nothing contained herein grants or is intended to grant Manager a titled interest to the Gaming Facility or to the Enterprise.

3.1.9 Anti-Kickback Provision. Other than receiving the proceeds of the Loan, Manager shall be prohibited from accepting payment of any kind from any Financial Institution providing financing for the Enterprise or any commercial activity related to the Enterprise. Manager's acceptance of such a payment shall be grounds for immediate termination of this Agreement.

3.1.10 Manager's Business with the Enterprise. Notwithstanding the provisions of Section 3.1.9, Manager or its affiliated entities may conduct business with the Enterprise and receive payment or compensation for the provision of goods or services to the Enterprise other than as Manager where (i) the terms of any agreement for the provision of goods or services are more favorable than available from third party vendors in the open market and (ii) the Manager fully and completely discloses its involvement with the vendor and the payment and (iii) the transaction is approved by the Board.

3.2 Term. The Term of this Agreement shall begin on the Effective Date and continue for a period of seven (7) years after the Commencement Date, except as provided in Section 4.5.

3.3 Exclusivity of Operations. During the Term neither the Manager nor the Board will establish nor operate any other Gaming within fifty (50) miles of the Property without the express written consent of the other Party.

3.4 Parties' Compliance With Law; Licenses. Except as provided in Sections 3.4.1 and 4.4, the Manager, Tribe and the Board will at all times comply with all Legal Requirements. All Gaming covered by this Agreement shall be conducted in accordance with all Legal Requirements. Manager shall take no action or engage in any activity that would cause the Tribe or the Board to be in violation of any Legal Requirements, and the Tribe and the Board shall take no action or engage in any activity that (i) would cause Manager or the members of Manager to be in violation of any Legal Requirements or (ii) could result in the revocation of any gaming license held by Manager or the members of Manager.

3.4.1 Conflicting Legal Requirements. The Manager shall not be obligated to comply with any statutes, regulations or ordinances of the Tribe if to do so would cause the Manager to violate any applicable federal or state law.

3.4.2 Licenses. The Manager, Manager's executive officers and all other persons required by applicable law shall seek a license to operate the Enterprise pursuant to the Tribal Gaming Ordinance. The Gaming Commission shall act upon all such license applications promptly and may not arbitrarily or capriciously deny any license sought under this Subsection 3.4.2.

3.4.3 Indian Civil Rights Act. The Tribe shall take no action that violates the Indian Civil Rights Act (25 U.S.C. § 1301-1303) or the Tribe's Law and Order Code.

3.4.4 Internal Revenue Code and Bank Secrecy Act The Manager shall comply with all applicable provisions of the Internal Revenue Code and the Bank Secrecy Act including, but not limited to, the prompt filing of any cash transaction reports and W-2G reports that may be required by the Internal Revenue Service of the United States or under the Compact.

3.4.5 Compliance With the National Environmental Policy Act. The Board shall supply the NIGC with all information requested by the NIGC to comply with any regulations of the NIGC issued pursuant to the National Environmental Policy Act (NEPA).

3.5 Management Fee. The Board agrees that Manager is entitled to receive the Management Fee as provided in Section 6.6 within thirty (30) days of the end of each month for which the Management Fee applies.

3.6 Fire and Safety. The Gaming Facility shall be constructed and maintained in compliance with the standard uniform Building Officials and Code Administrators ("BOCA") code concerning fire and safety, provided that nothing in this Agreement shall grant any jurisdiction to any state government or any political subdivision thereof over the Property or the Gaming Facility.

3.6.1 Fire Protection. The Manager shall have the responsibility to provide the Gaming Facility with adequate fire protection services and equipment, including sprinklers. The Board shall have the responsibility for obtaining cooperative agreements under which the BIA, and/or local municipalities with volunteer fire departments, shall agree to provide firefighting services in the event of a fire at the Gaming Facility. The costs of fire protection under this Section 3.6.1 shall be an Operating Expense.

3.6.2 Public Safety Services. The Manager shall provide appropriate security and public safety services for the operation of the Enterprise. All aspects of the Gaming Facility security shall be the responsibility of the Manager. The cost of any charge for security and increased public safety services, including police protection and emergency medical services, shall be an Operating Expense.

3.7 Uniform Commercial Code. The parties agree that Articles I, II, IIA, III, IV, V, VI, VII and IX of the Uniform Commercial Code, as adopted by the State of New Mexico, shall govern this Agreement and all activities and contracts involving the Enterprise. All filings for perfection pursuant to Article IX shall be done with the Secretary of State for the State of New Mexico unless the Tribe shall establish an Office to receive such filings. Nothing in this Section 3.7 shall constitute a waiver of Tribal sovereign immunity, or constitute consent of the Tribe to the regulatory, adjudicatory or other jurisdiction of the State of New Mexico.

3.8 Scholarship Fund. The Manager agrees to contribute to a Scholarship Fund established by the Tribe for the educational benefit of the members of the Tribe as defined and determined by the Tribal Council two percent (2%) of the Management Fee up to a maximum of $20,000 per year. If requested by the Tribe, Manager agrees to assist the Tribal Council in establishing such a fund and the terms and conditions for its operation.

4. Business Affairs in Connection with Enterprise.

4.1.1 Manager's Authority and Responsibility. All business and affairs in connection with the day-to-day operation, management, maintenance and improvement of the Gaming Facility, including the establishment of operating days and hours, consistent with the Tribal Gaming Ordinance, shall be the responsibility of the Manager. The Manager is hereby granted the necessary power and authority to act, through the General Manager, in order to fulfill its responsibilities under this Agreement. The General Manager shall be a person selected by the Manager, subject to the approval of the Board, which approval shall not be unreasonably withheld.

4.1.2 Board's Authority and Responsibility. Oversight of the Enterprise, including approval of budgets, loans and contracts shall be the responsibility of the Board. In order for the Board to fulfill its responsibilities under this Agreement, the Board shall have the authority to inspect the books and records of the Enterprise as provided in Section 4.15.2 and to be provided with reports as specified in this Agreement.

4.2 Duties of the Manager. In managing, operating, maintaining, improving and repairing the Gaming Facility, the cost of which shall be either an Operating Expense or Capital Expense, the Manager's duties shall include, without limitation, the following:

4.2.1 Management. The Manager shall use reasonable measures for the orderly administration, management, and operation of the Enterprise including without limitation cleaning, painting, decorating, plumbing, carpeting, grounds care and such other maintenance and repair and improvement work as is reasonably necessary.

4.2.2 Contracts in Enterprise's Name and at Arm's Length; Limitations on Authority to Enter Contracts Contracts for the operations of the Enterprise shall be entered into in the name of the Enterprise and be signed by the General Manager. Except in the event of an emergency, any contract requiring an expenditure in any year

in excess of Twenty-Five Thousand Dollars ($25,000) or for more than one year, the expenditure of which is not provided for in the annual Budgets approved by the Board, shall require the approval of the Board. No contracts for the supply of goods or services to the Enterprise shall be entered into with parties affiliated with the Manager or its officers or directors unless the affiliation is disclosed to the Board, and the contract terms are determined by the Board to be no less favorable for the Enterprise than could be obtained from a non-affiliated contractor. Notwithstanding anything to the contrary contained herein, contracts for the supply of any goods or services paid for entirely by the Manager may be provided by parties affiliated with the Manager or its officers or directors, provided that payments on such contracts shall not constitute Operating Expenses and shall be the sole responsibility of the Manager.

4.2.3 Culturally Sensitive Material. The Manager agrees that the choices involving the Enterprise and Gaming Facility including but not limited to' the employees' uniforms, interior design, promotions and marketing shall be culturally appropriate and shall in no way denigrate Indian history or culture by the use of stereotyped images, symbols and language. If, at any time, the Manager is notified by the Board or the Tribe that any such activity is not culturally appropriate, the Manager shall have no more than ten working (10) days to cease such activity.

4.3 Damage to Gaming Facility.

4.3.1 Damage by Fire, War, Casualty, Act of God. The Manager agrees to carry sufficient insurance to rebuild the Gaming Facility and shall reconstruct the Gaming Facility to a condition at least comparable to that before the casualty or partial condemnation occurred, if, during the Term, the Gaming Facility is damaged or destroyed by fire, war, Act of God or other casualty. The insurance proceeds shall be applied to that reconstruction, which shall be completed as soon as possible. If the insurance proceeds are insufficient to reconstruct the Gaming Facility to such condition where Gaming can once again be conducted, the Manager may supply such additional funds as are necessary to reconstruct the Gaming Facility to such condition and such funds shall, with the prior consent of the Board, constitute a loan to the Tribe, secured by the revenues from the Enterprise and the Collateral and repayable under the terms of the Loan Agreement unless other terms are agreed upon by the Board and the Manager.

4.3.2 Total condemnation. In the event that the Enterprise or the Property is condemned in total by a governmental agency with the lawful authority to carry out such an action, the proceeds from any such condemnation award shall be applied (i) to

retire any amounts due under the Loan Agreement, and (ii) to pay the Parties in accordance with Section 6 of this Agreement. The Parties shall retain all money previously paid under Section 6 of this Agreement.

4.4 Manager's Obligation: Suspension of Manager's Duties. The Manager's obligations under this Agreement are conditioned on (i) NIGC approval of this Agreement and (ii) the timely issuance of all required approvals for the construction of the Gaming Facility. If during the Term, Gaming on the Property is: (i) legally prohibited or (ii) rendered economically unfeasible as a result of the Board's default under this Agreement or the adoption of a Tribal Ordinance or other Tribal law, the Manager may suspend its duties under this Agreement.

4.5 Tolling of the Agreement. If, after a period of cessation of Gaming on the Property because of damage, destruction or condemnation or because Gaming on the Property is: (i) legally prohibited or (ii) rendered economically unfeasible as a result of the Tribe's default under this Agreement or the adoption of a Tribal Ordinance or other Tribal law, the recommencement of Gaming shall be legally and commercially feasible in the sole judgment of the Manager, and if the Manager has not terminated this Agreement, the period of such cessation shall not be deemed to have been part of the Term and the date of expiration of the Term shall be extended by the number of days of such cessation period; provided that the extension shall not exceed twelve months.

4.6 Employees.

4.6.1 Manager's Responsibility. Manager shall have, subject to licensing by the Gaming Commission and the terms of this Agreement, the exclusive responsibility and authority to hire, direct, select, control, train, promote and discharge all employees, including security personnel, performing regular services for the Enterprise in connection with the maintenance, operation, and management of the Enterprise and the Gaming Facility and any activity upon the Property; and the sole responsibility for determining whether a prospective employee is qualified and the appropriate level of compensation to be paid. Manager will make all reasonable efforts to hire members of the Tribe into management positions for the Enterprise. Such efforts will include without limitation hiring qualified members of the Tribe in the management positions for the Enterprise.

4.6.2 Enterprise Employee Policies. The Manager shall prepare a draft of personnel policies and procedures (the "Enterprise Employee Policies"), including a job classification system with salary levels and scales, which policies and procedures the

Manager shall submit to the Board for its approval. The Enterprise Employee Policies shall include a grievance procedure in order to establish fair and uniform standards for the employees of the Tribe engaged in the Enterprise. The grievance procedure shall be administered by a Grievance Committee comprised of the General Manager, a person appointed by the Board and a third member agreed on by the Manager and the Board. Any revisions to the Enterprise Employee Policies shall not be effective unless they are approved in the same manner as the original Enterprise Employee Policies. All such actions shall comply with applicable Tribal Law.

4.6.3 Manager's Employees. The Manager shall employ the person holding the position of General Manager.

4.6.4 Enterprise Employees. All employees other than the General Manager will be employees of the Enterprise.

4.6.5 No Manager Wages or Salaries. Except for the Management Fee, neither the Manager nor any of its officers, directors or shareholders shall be compensated by wages from or contract payments other than the Management Fee by the Enterprise for their efforts or for any work which they perform under this Agreement. Nothing in this subsection shall restrict the ability of an employee of the Enterprise to purchase or hold stock in the Manager, its parents, subsidiaries or affiliates where (i) such stock is publicly held, and (ii) such employee acquires, on a cumulative basis, less than five percent (5%) of the outstanding stock in the corporation, provided that no elected member of the Tribal Council shall be permitted to have any financial interest in Manager. The Manager is prohibited from hiring consultants to perform Manager's responsibilities, unless paid for by the Manager.

4.6.6 Access of Gaming Commission and Appointed Agents. The Gaming Commission or their appointed agents shall have the full access to inspect all aspects of the Enterprise, including the daily operations of the Enterprise, and to verify daily Gross Revenues and all income of the Enterprise, at any time without notice.

4.6.7 Employee Background Checks. A background investigation shall be conducted in compliance with all Legal Requirements, to the extent applicable, on each applicant for employment as soon as reasonably practicable. No individual whose prior activities, criminal record, if any, or reputation, habits and associations are known to pose a threat to the public interest, the effective regulation of Gaming, or to the gaming licenses of the Manager or any of its affiliates, or to create or enhance the dangers of unsuitable, unfair or illegal practices and methods and activities in the conduct of

Gaming, shall be employed by the Manager or the Board. The background investigation procedures employed shall be formulated in consultation between the Board and the Manager and shall satisfy all regulatory requirements independently applicable to the Manager. Any cost associated with obtaining such background investigations shall constitute an Operating Expense, provided, however, the costs of background investigations relating to shareholders, officers, directors or employees of the Manager shall not constitute an Operating Expense, but shall be paid by the Manager.

4.6.8 Indian Preference in Employment. In order to maximize benefits of the Enterprise to the Tribe, the Manager shall, during the term of this Agreement, to the extent permitted by applicable law, give preference in recruiting, training and employment to qualified members of the Tribe and their spouses and children in all job categories of the Enterprise, including management positions. The Manager shall provide training programs for Tribal members and their spouses and children. Such training programs shall be available to assist Tribal members in obtaining necessary skills and qualifications relating to all job categories. Final determination of the qualifications of Tribal members and all other persons for employment shall be made by Manager, subject to licensing by the Gaming Commission.

4.6.9 Removal of Employees. The General Manager will act in accordance with the Enterprise Employee Policies with respect to the discharge, demotion or discipline of any Enterprise Employee.

4.7 Marketing and Advertising. Manager shall have the responsibility for setting the advertising budget and placing advertising and promoting the Enterprise and may do so in coordination with the sales and marketing programs of Manager for other gaming establishments managed by Manager or its affiliates, the budget for which shall be included in the annual budget approved by the Board as described in Section 4.9. Manager may participate in sales and promotional campaigns and activities involving complimentary rooms, food, beverage, shows, chips and tokens in conjunction with a sales and marketing program where equal or equivalent sales and marketing facilities are made available to patrons of the Enterprise at other locations operated by the Manager or its affiliated entities. Neither the Manager nor any of its affiliates, nor their officers, directors, employees or owners shall receive any compensation or remuneration from such sales, marketing or promotional activities.

4.8 Pre-Opening. Six (6) months prior to the scheduled Commencement Date, Manager shall commence implementation of a pre-opening program which shall include

all activities necessary to financially and operationally prepare the Gaming Facility for opening. To implement the pre-opening program, Manager shall prepare a comprehensive pre-opening budget which shall be submitted to the Board for its approval sixty (60) days after the Effective Date ("Pre-Opening Budget"). All costs and expenses of the pre-opening program shall be paid from the operating account(s) opened by Manager in the name of the Enterprise upon which only Enterprise's designees shall be authorized to draw.

4.9 Operating and Capital Budgets.

4.9.1 Approval of Budgets. Manager shall, at least thirty (30) days prior to the scheduled Commencement Date, submit to the Board, for its approval, a proposed Operating Budget and Capital Expense Budget for the remainder of the current fiscal year. Thereafter, Manager shall, not less than thirty (30) days prior to the commencement of each full or partial fiscal year, submit to the Board, for its approval, proposed Budgets for the ensuing full or partial fiscal year, as the case may be. Manager shall meet with the Board to discuss the proposed Budgets and the Board's approval of the Budgets shall not be unreasonably withheld.

4.9.2 Budget Revisions. Manager may submit to the Board revisions in the Budgets from time to time, as necessary, to reflect any unpredicted significant changes, variables or events or to include significant, additional, unanticipated items of expense. Manager may with approval of the Board reallocate part or all of the amount budgeted with respect to any line item to another line item and to make such other modifications to the Budgets as Manager deems necessary.

4.10 Contracting. In entering contracts for the supply of goods and services for the Enterprise, the Manager shall give preference to qualified members of the Tribe, their spouses and children, and qualified business entities certified by the Tribe to be controlled by members of the Tribe so long as the prices and/or rates are competitive. "Qualified" shall mean a member of the Tribe, a Member's spouse or children, or a business entity certified by the Tribe to be controlled by members of the Tribe, who or which is able to provide goods and/or services at competitive prices and/or rates, has demonstrated skills and abilities to perform the tasks to be undertaken in an acceptable manner, in the Manager's opinion, and can meet the reasonable bonding requirements of the Manager.

4.11 Litigation. If the Enterprise, the Board, the Manager, or any employee of the Enterprise, the Board or the Manager is sued by any person who is not a party to this

Agreement or is alleged by any such person to have engaged in unlawful or discriminatory acts in connection with the operation of the Enterprise, the Board or the Manager, as appropriate, shall defend such action. Except where there is a determination that the Manager acted outside of its authority or committed an act of misconduct other than in the operation of the Enterprise, any cost of such litigation shall constitute an Operating Expense, or, if incurred prior to the-Commencement Date, shall be a start-up expense. Nothing in this Section 4.11 shall be construed to waive or limit the Tribe's sovereign immunity.

4.12 Internal Control Systems. The Manager shall install systems for monitoring the Enterprise (the "Internal Control Systems") prior to the Commencement Date as required by 25 C.F.R. § 542.3 of the NIGC Minimum Internal Control Standards ("MICS") after review and approval by the Board. The Internal Control Systems shall comply with all Legal Requirements. The Manager shall submit the Internal Control Systems to the Gaming Commission, the Tribal Council and any other governmental agency required to approve such systems prior to its implementation. Any significant changes to the Internal Control Systems shall be subject to review and approval by the Board, Gaming Commission and the Tribal Council prior to implementation. The Gaming Commission shall have the right, at any time, to inspect and review the Internal Control Systems and to retain an auditor to (i) review the adequacy of the Internal Control Systems and (ii) perform internal audit functions at a minimum to meet the requirements of 25 C.F.R. § 542.14 of the NIGC MICS.

The Manager shall install and maintain a closed circuit television system to be used for monitoring all cash handling activities of the Enterprise at a minimum to meet all Legal Requirements. The Gaming Commission shall have full access to the closed circuit television system for use in monitoring the cash handling activities of the Enterprise.

4.13 Banking and Bank Accounts.

4.13.1 Bank Accounts. The Board and Manager shall agree upon a bank or banks for the deposit and maintenance of funds and shall establish such bank accounts insured by the FDIC as they deem appropriate and necessary in the course of business and as consistent with this Agreement.

4.13.2 Daily Deposits to Depository Account. The Manager with the Board's approval shall establish for the benefit of the Enterprise in the Enterprise's name a Depository Account or such other account as required by the Financial Institution. The Manager shall collect all Gross Revenues and other proceeds connected with or arising from the operation of the Enterprise, the sale of all products, food and beverage, and all

other activities of the Enterprise and deposit the related cash daily into the Depository Account at least once during each 24-hour period except where deposit cannot be made during a 24 hour period because (1) it is a Bank holiday, (2) an Act of God prevents the deposit of proceeds in the place designated for deposit, (3) bonded transportation service is not available, or (4) it is not cost effective to do so in which case the deposit shall be made on the next business day. All money received by the Enterprise on each day that it is open must be counted at the close of operations for that day or at least once during each 24-hour period except to the extent that slot machine drop for that day is insufficient to warrant daily drops and count. The Parties agree to obtain a bonded transportation service to effect the safe transportation of the daily receipts to the bank, which expense shall constitute an Operating Expense.

4.13.3 Disbursement Account. The Manager with the Board's approval shall establish for the benefit of the Enterprise in the Enterprise's name one or more disbursement accounts or such other accounts as required by the Financial Institution (collectively, the "Disbursement Accounts") for making all payments for Operating Expenses, Capital Expenses, debt service, the Management Fee and disbursements to the Tribe from the Disbursement Accounts.

4.13.4 No Cash Disbursements. The Manager shall not make any cash disbursements from the bank accounts. The Manager shall not make any cash disbursements to itself from any Enterprise fund or account for any reason. Except as provided in Section 4.13.5, any other payments or disbursements by the Manager shall be made by check drawn against an Operating Account.

4.13.5 Minimum Casino Bank Roll. Manager shall establish and maintain sufficient cash operating funds in the Enterprise vault and cage or other readily accessible funds to meet the daily operating needs of the Enterprise. The size of these funds shall be determined with due regard to the Operating Budget. The amounts included in such funds shall only be used for the payment of cash prizes or miscellaneous small expenditures of the Enterprise, treated as a current asset and accounted for in accordance with GAAP.

4.13.6 Capital Reserve Fund. The Manager shall establish and maintain for the benefit of and in the name of the Enterprise a Capital Reserve Fund to pay Capital Expenses in accordance with the Capital Expense Budget. To the extent that Net Revenues are available after payment of the Management Fee, the Manager shall deposit monthly in the Capital Reserve Fund an amount equal to two percent (2%) of the Net Revenues, provided that without the consent of the Board the Capital Reserve

Fund balance shall not exceed One Million Dollars ($1,000,000). Any interest earned on the Capital Reserve Fund shall be added to the Capital Reserve Fund, subject to the One Million Dollar ($1,000,000) cap, and otherwise distributed to the Tribe on a monthly basis.

4.13.7 Investments. The Manager may invest any of the funds in the Reserve Funds in bank accounts, treasury bills or other instruments guaranteed or insured by the United States with a term not to exceed three months unless the Manager and Board agree otherwise. All bank accounts shall be insured by the FDIC or other mutually agreed upon commercial insurance or shall be adequately collateralized by the financial institution.

4.14 Insurance. The Manager, on behalf of the Board, shall obtain and maintain, or cause its agents to obtain and maintain, with responsible insurance carriers licensed to do business in the State of New Mexico, insurance satisfactory to the Board covering the Property and the Enterprise, and naming the Tribe, the Enterprise, the Manager, its parent and other affiliates as insured parties, as follows.

4.14.1 Builder's "All Risk" Insurance. During the course of any new construction or substantial remodeling, builder's risk insurance on an "all risk" basis (including collapse) on a non-reporting form for full replacement value covering the interest of the Tribe and the Board in all work incorporated in the Gaming Facility, all materials and equipment on or about the Gaming Facility, and any new construction or substantial remodeling of the Gaming Facility. All materials and equipment in any off-site storage location intended for permanent use in the Gaming Facility, or incident to the construction thereof, shall be insured on an "all risk" basis as soon as the same have been acquired for the Enterprise.

4.14.2 Commercial General Liability Insurance. Commercial general liability insurance in an amount sufficient to comply with the Compact and not less than Two Million ($2,000,000) Dollars per person and Five Million ($5,000,000) Dollars per occurrence for all activities on, about or in connection with the Gaming Facility. The commercial general liability insurance shall include premises liability, contractor's protective liability on the operations of all subcontractors, completed operations and blanket contractual liability. The automobile liability insurance shall cover owned, non-owned and hired vehicles. Insurance coverage for bodily injury and property damage shall meet legal requirements, specifically Section 8 of the Compact.

4.14.3 "All Risk" Loss Insurance. Upon completion of the construction of the Gaming Facility, "all risk" insurance on the Gaming Facility against loss by fire, lightning, earthquake, extended coverage perils, collapse, water damage, vandalism, malicious mischief and all other risks and contingencies, in an amount equal to the actual replacement costs thereof, without deduction for physical depreciation, with coverage for demolition and increased costs of construction, and providing coverage in an "agreed amount" or without provision for co-insurance.

4.14.4 Worker's Compensation and Employer's Liability. Worker's Compensation and Employer's Liability Insurance as required by the Compact in respect of any work or other operations on, about or in connection with the Enterprise, provided that nothing in the Agreement shall grant any jurisdiction over the Enterprise or its employees to the State of New Mexico or any political subdivision thereof.

4.14.5 Business Interruption Insurance. Business interruption insurance in an amount to cover the projected Operating Expenses and Loan Payments for not less than twelve (12) months or such greater amounts as to which the Manager and Board may agree.

4.14.6 Other Insurance. Such other insurance with respect to the Enterprise and in such amounts as the Parties from time to time may reasonably agree upon against such other insurable hazards which at the time are commonly insured against in respect of businesses and property similar to the Enterprise.

4.14.7 Manager as Additional Loss Payee Insured. The insurance policies required under Subsections 4.14.1, 4.14.3, 4.14.5 and 4.14.6 above all have a standard noncontributory endorsement naming Manager as an additional loss payee. The insurance required under Subsection 4.14.2 above shall name the Manager as an additional insured. All insurance required hereunder shall contain a provision requiring at least thirty (30) days' prior written notice to the Manager and the Board before any cancellation, material changes or reduction shall be effective. Any deductibles must be approved by Manager and the Board.

4.14.8 Defense of Sovereign Immunity Limited. Each policy as to which the Tribe or the Board is named as an insured shall provide that the insurer shall not plead or assert the defense of sovereign immunity within the policy limits. The Tribe and the Board shall not be liable beyond those limits.

4.14.9 Cost of Premiums. The cost of premiums for all insurance obtained pursuant to this Section 4.14 and of Section 4.3 shall be a start-up expense or Operating Expense, as appropriate.

4.15 Accounting and Books of Account.

4.15.1 Operating Statements. The Manager shall prepare and provide monthly financial reports and operating statements and an annual report to the Tribal Council, the Board, the Gaming Commission and to such other government agency as the Compact or applicable law may require. The annual report shall include a written summary and report for the previous year and shall be due by April 1 of each year. The Operating Statements shall comply with all Legal Requirements and shall include an income statement, statement of cash flows (statement of changes in financial position) and balance sheet for the Enterprise. Such statements shall include the Operating Budget and Capital Budget projections (the Annual Plan) as comparative statements, and, after the first full year of operation, shall include comparative statements from the comparable period for the prior year of all revenues, and all other amounts collected and received and all deductions and disbursements made there from in connection with the Enterprise. All such statements shall be prepared in accordance with GAAP consistently applied.

4.15.2 Article for Newsletter. The Manager shall cooperate with the Board to prepare an article for the Pueblo Newsletter at least quarterly. The article shall provide information as necessary to keep the Pueblo community informed on the dealings of the Enterprise and upcoming events.

4.15.3 Books of Account. The Manager shall maintain full and accurate books of account and records at the Property. The Gaming Commission, the Board and any Tribal government official authorized by law to have such access, shall have immediate access to the daily operations of the Enterprise, including the books and records, and shall have the unlimited right to inspect, examine, and copy all such books and supporting business records, and the right to verify the daily Gross Revenues and income from the Enterprise and shall have access to any other gaming related information the Tribe deems appropriate. Such rights may be exercised through a duly authorized agent, employee, attorney, or independent accountant authorized in writing to act on behalf of the Gaming Commission, the Board or the authorized Tribal government agency.

4.15.4 Accounting Standards. Manager shall establish and maintain satisfactory accounting systems and procedures which comply with all applicable Legal Requirements. Such accounting systems and procedures, at a minimum, shall (i) include an adequate system of internal accounting controls; (ii) permit the preparation of financial statements in accordance with GAAP; (iii) be susceptible to audit; (iv) permit the calculation and payment of the Management Fee; (v) allow the Enterprise, the Tribe and the NIGC to calculate the annual fee under 25 C.F.R. § 514.1; and (vi) provide for any appropriate allocation of Operating Expenses or overhead expenses among the Tribe, the Enterprise, the Manager and any other user of shared facilities and services. The Manager shall follow the fiscal accounting periods used by the Tribe in its normal course of business.

4.15.5 Annual Audit. An independent certified public accounting firm, which is registered with the Public Company Accounting Oversight Board, shall be selected by the Board for the purpose of performing an annual audit of the books and records of the Enterprise. Said audit shall meet all Legal Requirements and shall, unless otherwise authorized by Tribal Council resolution, be separate and distinct from any audit required by the Single Audit Act of 1984, 31 U.S.C. § 7501 et seq. The Gaming Commission, the NIGC and any other legally authorized government agency shall also have the right to perform special audits of the Enterprise on any aspect of the Enterprise and its operations at any time without restrictions. Copies of such audits shall be provided by the Tribe to the Board and all applicable federal and state agencies, as may be required by law or the Compact, and may be used by the Manager for reporting purposes under federal and state securities laws, if required. The fees for the services of the independent auditor shall be an Operating Expense.

5. Liens. The Tribe specifically warrants and represents to the Manager that during the Term the Tribe shall not act in any way whatsoever, either directly or indirectly, to cause any party to become an encumbrancer or lien holder of the Property or the Enterprise, or to allow any party to obtain any interest in this Agreement without the prior written consent of the Manager, and where applicable, the consent of the United States. The Manager specifically warrants and represents to the Board that during the Term the Manager shall not act in any way, directly or indirectly, to cause any party to become an encumbrancer or lien holder of the Property or the Enterprise, or to obtain any interest in this Agreement without the prior written consent of the Tribe, and, where applicable, the consent of the United States. The Board and the Manager shall keep the Enterprise and Property free and clear of all enforceable mechanics' and other enforceable liens resulting from the construction of the Gaming Facility and all other enforceable liens which may attach to the Enterprise or the Property, which shall at all

times remain the property of the United States in trust for the Tribe. If any such lien is claimed or filed, it shall be the duty of the Party responsible for the lien to discharge the lien within thirty (30) days after having been given written notice of such claim, either by payment to the claimant, by the posting of a bond or the payment into the court placing the lien on the Enterprise or the Property of the amount necessary to relieve and discharge the Property from such claim, or in any other manner which will result in the discharge of such claim. Notwithstanding the foregoing, purchase money security interests in personal property may be granted with the prior written consent of the Tribe and, when necessary, the BIA, United States Department of Interior and/or the NIGC as appropriate. Nothing in this Section 5 shall be construed as a waiver of tribal sovereign immunity or consent to jurisdiction in state court.

6. Calculation and Distribution of Funds.

6.1 Calculation of Revenues and Payment of Operating Expenses. On or before the twentieth (20) day after the end of each calendar month of operations during the Term, the Manager shall calculate and report to the Tribe the Gross Revenues, Operating Expenses and Net Revenues for such month and the year to date. From the Gross Revenues, Manager shall pay all Operating Expenses and distributions of Net Revenues.

6.2 Distribution of Net Revenues. After the payment of Operating Expenses, Net Revenues shall be distributed in the following order of priority set out herein.

6.3 Minimum Guaranteed Monthly Payment. On or before the twentieth (20th) day of each calendar month following the first full calendar month after the Commencement Date, Manager shall pay the Tribe a minimum guaranteed monthly payment in the amount of Fifty Thousand Dollars ($50,000) (the "Minimum Guaranteed Monthly Payment"), and such payment shall have priority over the retirement of any Development and Construction Costs. The Minimum Guaranteed Monthly Payments shall be charged against the Tribe's Share of Net Revenues and, if there are insufficient Net Revenues in a given month to make the distribution, Manager shall advance the funds necessary to compensate for the deficiency and shall be reimbursed by the Tribe in the next succeeding month or months as a Recoupment Payment, without interest. No Minimum Guaranteed Monthly Payment shall be owed for any months during which Gaming is suspended or terminated at the Gaming Facility pursuant to Sections 4.3 or 4.4 and shall be prorated based on the number of days that Gaming is conducted during that month, and the obligation shall cease upon termination of this Agreement for any reason.

6.4 Repayment of Loan. Until paid in full, the Manager shall be entitled to an amount sufficient to repay principal and accrued interest due on the Loan. The principal and interest amounts due under this Section 6 shall be paid in monthly payments of principal and interest recalculated on a monthly basis so as to amortize the then-outstanding principal amount due under the Loan over the remaining Term.

6.5 Recoupment Payments. Next, until paid in full, the Manager shall be entitled to any Recoupment Payment, without interest, that may be owed.

6.6 Management Fee. Next, to pay the Manager a management fee in an amount equal to thirty percent (30%) of the Net Revenues of the Enterprise; provided that if there are insufficient funds in any month to pay the Management Fee in full, because the Tribe's Share of Net Revenues is insufficient to pay the principal and interest due under Section 6.4 (and therefore, the principal and interest is paid from funds that would have otherwise paid the Management Fee), then the shortfall shall be paid to the Manager in the next succeeding month or months as a Recoupment Payment, without interest.

6.7 Capital Reserve Fund. Next, to fund the Capital Reserve Fund in accordance with Section 4.13.6.

6.8 Tribal Disbursements. Finally, any amount remaining shall be distributed to the Tribe. The Net Revenues paid to the Tribe pursuant to this Section 6 shall be payable to a Tribal bank account specified by the Tribe.

6.9 Operative Dates. For purposes of this Section 6, the first year of operations shall begin on the Commencement Date and continue until the first day of the month following the first anniversary of the Commencement Date, and each subsequent year of operations shall be the 12-month period following the end of the previous year. Notwithstanding the foregoing, except as provided in Section 4.5, the Term shall not extend beyond seven years (7) after the Commencement Date.

6.10 Tribal Advance. The Tribe shall be paid the Tribal Advance on the first day of the month following the date on which financing for the Project is issued.

6.11 Development Fee. In consideration for its efforts in assisting the Tribe and the Board in organizing for a gaming development, in locating and coordinating with architects, engineers and related professionals, in coordinating the design of the facility

and related efforts in the initial development of the project, and in coordination with the Tribal Advance of section 2.49, the Manager shall be paid a development fee in the amount of $250,000 payable in 10 equal monthly installments of $25,000 commencing on the first day of the month following the date on which financing for the Project is issued.

6.12 Year-end Adjustment. Within thirty (30) days after the receipt of the audit for each fiscal year of the Enterprise, Manager shall determine in consultation with the Board the correct amount of the Management Fee for such fiscal year based on thirty percent (30%) of the Net Revenues for such year and either remit to the Tribe or deduct from the next distribution to the Tribe the amount of the over or underpayment of the Management Fee.

7. Trade Names, Trade Marks and Service Marks

7.1 Enterprise Name. The Enterprise shall be operated under such business name as the Parties may agree (the "Enterprise Name").

7.2 Trade Names. Trade Marks and Service Marks Prior to the Commencement Date, the Parties shall determine the other trade names, trade marks and service marks to be used by the Enterprise (the "Marks") and from time to time during the term hereof, Manager agrees to erect and install, in accordance with local codes and regulations, all signs Manager deems necessary in, on or about the Gaming Facility, including, but not limited to, signs bearing the Marks. The costs of purchasing, leasing, transporting, constructing, maintaining and installing the required signs and systems shall be accounted for in accordance with GAAP.

7.3 Manager's Marks. The Tribe and the Board agree to recognize the exclusive right of ownership of Manager or its parents to all of Manager's service marks, trademarks, copyrights, trade names, patents or other similar rights or registrations now or hereafter held or applied for in connection therewith (collectively, the "Manager's Marks"). The Tribe and the Board hereby disclaim any right or interest therein, regardless of any legal protection afforded thereto. The Tribe and the Board acknowledge that all of Manager's Marks might not be used in connection with the Enterprise, and Manager shall have sole discretion to determine which of Manager's Marks shall be so used. The Tribe and the Board covenant that in the event of termination, cancellation or expiration of this Agreement, whether as a result of a default by Manager or otherwise, the Tribe and the Board shall not hold themselves out as, or continue operation of the Enterprise as a Manager's casino nor will it utilize any of Manager's Marks or any variant thereof in the operation of the Facility. The Tribe and

the Board agree that Manager or its parent or their respective representative may, at any time thereafter, enter the Gaming Facility and may remove all signs, furniture, printed material, emblems, slogans or other distinguishing characteristics which are now or hereafter may be connected or identified with Manager such that a reasonable person may be confused or believe that Manager is still involved with the Enterprise or which carry any Manager's Mark. The Tribe and the Board shall not use the Manager's or its parent's name, or any variation thereof, directly or indirectly, in connection with (a) a private placement or public sale of security or other comparable means of financing or (b) press releases and other public communications, without the prior written approval of Manager or its parent. Manager shall provide the Board with a list of all Manager's Marks used at or in connection with the Enterprise. No Manager's Marks shall be used without prior Board approval. This Section 7.3 shall not apply to marks developed or used exclusively at the Tribe's Enterprise.

7.4 Litigation Involving Manager's Marks. The Enterprise and Manager hereby agree that in the event the Enterprise and/or Manager is (are) the subject of any litigation or action brought by anyone seeking to restrain the use, for or with respect to the Enterprise or the Manager of any Manager's Mark used by Manager for or in connection with the Enterprise, any such litigation or action shall be defended entirely at the expense of Manager, notwithstanding that Manager may not be named as a party thereto.

8. Taxes.

8.1 State and Local Taxes. The Parties agree that the State of New Mexico and its local governments have no authority to impose any possessory interest, property, or sales tax on any Party to this Agreement or upon the Enterprise, and that the Parties and the Enterprise shall take all reasonable steps to resist such a tax. The reasonable costs of such action and the compensation of legal counsel shall be an Operating Expense of the Enterprise. Any tax paid and determined lawful by a court of competent jurisdiction shall constitute an Operating Expense of the Enterprise. This Section 8.1 shall in no manner be construed to imply that any Party to this Agreement or the Enterprise is liable for any such tax. Notwithstanding the foregoing, the Parties acknowledge that the Tribe has a Gross Receipts Tax Sharing Agreement with the State of New Mexico, and therefore, the Parties shall require all contractors and subcontractors to report all construction project receipts in the "Nambé Pueblo" line of the New Mexico Gross Receipts Tax reporting forms.

8.2 Tribal Taxes. The Tribe agrees that neither it nor any agent, agency, affiliate or representative of the Tribe will impose any taxes, fees, assessments, or other charges of any nature whatsoever on payments of any debt service to Manager or to any lender furnishing financing for the Property, the Gaming Facility or for the Enterprise, or on the Enterprise, the Gaming Facility, Furniture and Equipment, the revenues there from or on the Management Fee. The Tribe further agrees that neither it nor any agent, agency, affiliate or representative will impose any taxes, fees, assessments or other charges of any nature whatsoever on the salaries or benefits, or dividends paid to, any of the Manager's stockholders, officers, directors, or employees, any of the employees of the Enterprise, or any provider of goods, materials, or services to the Enterprise. If, contrary to this Section 8.2, any taxes, fees or assessments are levied by the Tribe, such taxes, fees and assessments shall be paid solely from the Tribe's Share of Net Revenues.

9. General Provisions.

9.1 Governing Law. This Agreement shall be interpreted in accordance with the laws of the State of New Mexico it being understood by the Parties that this clause in no way constitutes any submission by the Tribe to the jurisdiction of the State of New Mexico; and the Parties further expressly recognize and agree that in addition to the provisions of Section 3.4, this Agreement shall be subject to all Legal Requirements as well as approval by the Chairman of the NIGC where required by IGRA. The arbitration provisions of this Agreement shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1, et seq.

9.2 Notice. Any notice required to be given pursuant to this Agreement shall be delivered to the appropriate Party by Certified Mail Return Receipt requested, addressed as follows:

If to the Board:	Pueblo of Nambé Gaming Enterprise Board The Nambe Pueblo Tribe of Indians Rt. 1 Box 117-BB, Nambé Pueblo, NM 87506 Telephone: (505) 455-2036 Fax: (505) 455-2038
If to Manager:	Gaming Entertainment (Santa Fe) LLC c/o Full House Resorts, Inc. 4670 South Fort Apache Road Suite 190 Las Vegas, Nevada 89147

or to such other different addresses as the Manager or the Board may specify in writing using the notice procedure called for in this Section 9.2. Any such notice shall be deemed given three days following deposit in the United States mail or upon actual delivery, whichever first occurs.

9.3 Authority to Execute and Perform Agreement. The Tribe, the Board and Manager represent and warrant to each other that they each have full power and authority to execute this Agreement and to be bound by and perform the terms hereof. On request, each Party shall furnish the other evidence of such authority.

9.4 Relationship. Manager and the Board shall not be construed as joint venturers or partners of each other by reason of this Agreement and neither shall have the power to bind or obligate the other except as set forth in this Agreement.

9.5 Further Actions. The Tribe, the Board and Manager agree to execute all contracts, agreements and documents and to take all actions necessary to comply with the provisions of this Agreement and the intent hereof.

9.6 Defenses. Except for disputes between the Board and Manager, the Board and Manager shall agree upon the bringing and/or defending and/or settling any claim or legal action brought against the Enterprise, the Manager or the Board, individually, jointly or severally in connection with the operation of the Enterprise, including the retention and supervision of legal counsel, accountants and other such professionals. All liabilities, costs, and expenses, including attorneys' fees and disbursements, incurred in defending and/or settling any such claim or legal action which are not covered by insurance shall be an Operating Expense.

9.7 Waivers. No failure or delay by Manager, the Board or the Tribe to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement, or to exercise any right or remedy consequent upon the breach thereof, shall constitute a waiver of any such breach or any subsequent breach of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Agreement and no breach thereof shall be waived, altered or modified except by written instrument. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other the existing or subsequent breach thereof.

9.8 Captions. The captions for each Article and Section are intended for convenience only.

9.9 Interest. Any amount payable to Manager or the Tribe by the other which has not been paid when due, following a default in this Agreement and specifically excluding any Recoupment Payment, shall accrue interest at the same rate as calculated under this Section. Unless otherwise agreed by the Parties, such rate shall be a fluctuating rate equivalent to one percent (1%) over the prime interest rate as published in the Wall Street Journal, adjusted monthly, with the monthly rate established according to the rate published on the third Tuesday of the preceding calendar month.

9.10 Third Party Beneficiary. This Agreement is exclusively for the benefit of the Parties hereto and it may not be enforced by any party other than the Parties to this Agreement and shall not give rise to liability to any third party other than the authorized successors and assigns of the Parties hereto.

9.11 Brokerage. Manager and the Board each hereby agrees to indemnify and hold the other harmless from and against any and all claims, loss, liability, damage or expenses (including reasonable attorneys' fees) suffered or incurred by the other Party as a result of a claim brought by a person or entity engaged or claiming to be engaged as a finder, broker or agent by the indemnifying Party.

9.12 Survival of Covenants. Any covenant, term or provision of this Agreement which, in order to be effective, must survive the termination of this Agreement, shall survive any such termination.

9.13 Estoppel Certificate. Manager and the Tribe agree to furnish to the other Party, from time to time upon request, an estoppel certificate in such reasonable form as the requesting Party may request stating whether there have been any defaults under this Agreement known to the Party furnishing the estoppel certificate and such other information relating to the Enterprise as may be reasonably requested.

9.14 Periods of Time. Whenever any determination is to be made or action to be taken on a date specified in this Agreement, if such date shall fall on a Saturday, Sunday or legal holiday under the applicable laws, then in such event said date shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

9.15 Preparation of Agreement. This Agreement shall not be construed more strongly against either Party regardless of who is responsible for its preparation.

9.16 Successors, Assigns and Subcontracting. The benefits and obligations of this Agreement shall inure to and be binding upon the Parties hereto and their respective successors and assigns. The consent of the Tribe and/or the Board shall not be required for Manager to assign or subcontract any of its rights interests or obligations as Manager hereunder to any parent, subsidiary or affiliate of Manager, or its successor corporation, provided that any such assignee or subcontractor agrees to be bound by the terms and conditions of this Agreement and shall be subject to background investigation and approval by the NIGC and licensure by the Gaming Commission. The Manager may collaterally assign its interest in the Net Revenues to a Financial Institution in connection with the Loan. The acquisition of Manager or its parent company by a party other than the parent, subsidiary, or affiliate of Manager, or its successor corporation, shall not constitute an assignment of this Agreement by Manager and this Agreement shall remain in full force and effect between the Board and Manager, subject only to NIGC completion of its background investigation and approval of the purchaser and licensure by the Gaming Commission. Other than as stated above, this Agreement may not be assigned or subcontracted by the Manager, without the approval by the Board, and the Chairman of the NIGC or his authorized representative after a complete background investigation of the proposed assignee. The Tribe shall, without the consent of the Manager but subject to approval by the Chairman of the NIGC or his authorized representative, have the right to assign this Agreement and the assets of the Enterprise to an instrumentality of the Tribe or to a corporation wholly owned by the Tribe organized to conduct the business of the Enterprise for the Tribe that assumes all obligations herein. Any assignment by the Tribe shall not prejudice the rights of the Manager under this Agreement. No assignment authorized hereunder shall be effective until all necessary government approvals have been obtained.

9.17 Time is of the Essence. Time is of the essence in the performance of this Agreement.

9.18 Confidential and Proprietary Information.

9.18.1 Confidential Information. The Parties agree that any information received concerning the other Parties during the performance of this Agreement, regarding the Parties' organization, financial matters, marketing plans, or other information of a proprietary nature, will be treated by the Parties in full confidence and except as required to allow Manager, the Board and the Tribe to perform their respective

covenants and obligations hereunder, will not be revealed to any other persons, firms or organizations except in the course of legal proceedings including arbitration as permitted by the court, arbitrator or arbitration panel. The reasonable costs of resisting such legal action shall be an Operating Expense. This provision shall survive the termination of this Agreement for a period of three (3) years.

9.18.2 Proprietary Information of Manager. The Tribe and the Board agree that Manager has the sole and exclusive right, title and ownership to (i) certain proprietary information, techniques and methods of operating gaming businesses; (ii) certain proprietary information, techniques and methods of designing games used in gaming businesses; (iii) certain proprietary information, techniques and methods of training employees in the gaming business; and (iv) certain proprietary business plans, projections and marketing, advertising and promotion plans, strategies, and systems, all of which have been developed and/or acquired over many years through the expenditure of time, money and effort and which Manager and its affiliates maintain as confidential and as a trade secret(s) (collectively, the "Confidential and Proprietary Information"). If it is not clear from the context of business operations, marketing or other similar strategy, technique or method of conducting business, Confidential and Proprietary Information shall be identified or marked as such.

The Tribe and the Board further agree to maintain the confidentiality of such Confidential and Proprietary Information and upon the termination of this Agreement, return same to Manager, including but not limited to, documents, notes, memoranda, lists, computer programs and any summaries of such Confidential and Proprietary Information.

9.19 Patron Dispute Resolution. The Manager shall submit all patron disputes concerning play to the Gaming Commission pursuant to the Tribal Gaming Ordinance, and the regulations promulgated there under.

9.20 Claims Involving Authority. Etc. The Manager, the Tribe and the Board each hereby agree to indemnify and hold the others harmless from and against any and all claims, loss, liability, damage or expenses (including reasonable attorneys' fees) suffered or incurred by the other as a result of a claim brought by a person or entity claiming that the indemnifying party has no authority, power or right to enter into this Agreement.

9.21 Modification. Any change to or modification of this Agreement must be in writing signed by both Parties hereto and shall be effective only upon approval by the Chairman of the NIGC, the date of signature of the Parties notwithstanding.

10. Warranties.

10.1 Warranties. The Manager and the Board each warrant and represent that they shall not act in any way whatsoever, directly or indirectly, to cause this Agreement to be amended, modified, canceled or terminated, except pursuant to Section 11. The Manager and the Board warrant and represent that they shall take all actions necessary to ensure that this Agreement shall remain in full force and effect at all times.

10.2 Interference in Tribal Affairs. The Manager agrees not to interfere in or attempt to influence the internal affairs or governmental decisions of the Tribal government by offering cash or employment incentives, by making written or oral threats to the personal or financial status of any person, or by any other action, except for actions in the normal course of business of the Manager that only affect the activities of the Enterprise.

10.3 Prohibition of Payments to Members of Tribal Government. Manager represents and warrants that no payments have been or will be made to any member of the Tribal government, any Tribal official, any relative of a member of Tribal government or Tribal official, or any Tribal government employee for the purpose of obtaining any special privilege, gain, advantage or consideration.

10.4 Definitions. As used in this Section 10, the term “member of the Tribal government” means any member of the Tribal Council, the Gaming Commission, the Board or any independent board or body created to oversee any aspect of Gaming and any Tribal court official; the term “relative” means an individual residing in the same household who is related as a spouse, father, mother, son or daughter.

11. Grounds for Termination.

11.1 Voluntary Termination. This Agreement may be terminated upon the mutual written consent and approval of the Parties.

11.2 Termination for Cause.

11.2.1 Material Breach. Either Party may terminate this Agreement if the other Party commits or allows to be committed any material breach of this Agreement. A material breach of this Agreement means a failure of either Party to perform any material duty or obligation on its part for ten (10) consecutive days after receiving written notice of breach from the other Party. Neither Party may terminate this Agreement on grounds of material breach unless it has provided written notice to the other Party of its intention to terminate this Agreement and within ten (10) days following receipt of such notice the defaulting Party fails (a) to cure the default or (b) to commence curing the default and thereafter diligently to proceed to cure the default. Discontinuance or correction of a material breach shall constitute a cure thereof.

11.2.2 Manager's License Withdrawn. The Board may also terminate this Agreement where the Manager has had its license withdrawn because the Manager, or a director or officer of the Manager, has been convicted of a criminal felony or misdemeanor offense directly related to the performance of the Manager's duties hereunder; provided, however the Board may not terminate this Agreement based on a director or officer's conviction where the Manager terminates such individual immediately after receiving notice of the conviction. Any such director or officer charged with a criminal felony or misdemeanor offense directly related to the performance of Manager's duties shall have no role in the management of the Enterprise until such time as such person is cleared of the charge or charges.

11.2.3 Election to Pursue Damages, Specific Performance. An election to pursue damages or to pursue specific performance of this Agreement or other equitable remedies while this Agreement remains in effect shall not preclude the injured Party from providing notice of termination pursuant to this Section 11.2.

11.3 Involuntary Termination Due to Changes in Legal Requirements. It is the understanding and intention of the Parties that the establishment and operation of the Enterprise conforms to and complies with all Legal Requirements. If during the term of this Agreement, a final judgment of a court of competent jurisdiction determines Gaming at the Enterprise is unlawful, and all appeals from such judgment have been exhausted, the obligations of the Parties hereto shall cease and this Agreement shall be of no further force and effect except as to (a) accrued liabilities, (b) to the provisions of Section 12.2 and Section 17 and (c) to Manager's rights under the Loan Documents; provided that (i) the Manager and the Tribe shall retain all money previously paid to them pursuant to Section 6 of this Agreement; (ii) funds of the Enterprise in any account shall be paid and distributed as provided in Section 6 of this Agreement; (iii) any money loaned by or guaranteed by the Manager or its affiliates to the Tribe shall be repaid to the Manager;

and (iv) the Tribe through the Board shall retain its interest in the title (and any lease) to all Enterprise fixtures, supplies and equipment, subject to any requirements of financing arrangements.

11.4 Consequences of Manager's Breach. In the event of the termination of this Agreement by the Tribe for cause under Section 11.2, the Manager shall not, prospectively from the date of termination, have the right to its Management Fee from the Enterprise, but such termination shall not affect the Manager's rights under Section 12, the Loan Documents or any other agreements entered pursuant hereto.

11.5 Consequences of Tribe's Breach. In the event of termination of this Agreement by the Manager for cause under Section 11.2, the Manager shall not be required to perform any further services under this Agreement and the Board shall indemnify and hold the Manager harmless against all liabilities of any nature whatsoever relating to the Enterprise arising after the date of termination, but only insofar as these liabilities result from acts within the control of the Tribe or its agents. Any indemnification shall be made solely from Tribe's Share of Net Revenues.

11.6 Notice Provision. Except where the Tribal Gaming Ordinance, the Compact, or any other applicable law or regulation provide for immediate action or action in less than 30 days time, the Board or the Gaming Commission shall provide the Manager notice of any alleged violation of the Tribal Gaming Ordinance and thirty (30) days opportunity to cure before the Gaming Commission may take any action based on such alleged violation.

12. Conclusion of the Management Term. Upon the conclusion of the Term, or the termination of this Agreement under other of its provisions, in addition to other rights under this Agreement, the Manager shall have the following rights:

12.1 Transition. If termination occurs at any time other than upon the conclusion of its Term or revocation of the Manager's gaming license, Manager shall be entitled to a reasonable period of not less than thirty (30) days to transition management of the Enterprise to the Board or its designee during which period the Manager shall be entitled to pay an amount equal to its Management Fee as if the termination had not occurred, provided that the personnel of Manager so required continue to be licensed or found suitable by the Gaming Commission.

12.2 Undistributed Net Revenues. If the Enterprise has Net Revenues (irrespective of whether such Net Revenues are known or unknown upon the expiration of the Term or the sooner termination of this Agreement) which have not been distributed under Section 6 of this Agreement, the Manager shall receive at such time as such Net Revenues can be distributed that portion of such Net Revenues that it would have received had such Net Revenues been distributed during the Term.

13. Consents and Approvals.

13.1 Tribe; Board. Where approval or consent or other action of the Tribe is required, such approval, consent or other action shall mean the written approval of the Tribal Council evidenced by a resolution thereof, certified by a Tribal official as having been duly adopted, or, if provided by resolution of the Tribal Council, the approval of the Tribal Gaming Commission, or such other person or entity designated by resolution of the Tribal Council. Where approval or consent or other action of the Board is required, such approval, consent or other action shall mean the written approval of the Board. Any such approval, consent or action shall not be unreasonably withheld or delayed; provided the foregoing does not apply where a specific provision of this Agreement allows the Tribe or the Board an absolute right to deny approval or consent or withhold action.

13.2 Manager. Where approval or consent or other action of the Manager is required, such approval shall mean written approval. Any such approval, consent or other action shall not be unreasonably withheld or delayed.

14. Disclosures.

14.1 Shareholders and Directors. Manager shall provide to the Board and the NIGC on the date that this Agreement is submitted to the NIGC a list of all persons and entities identified in 25 C.F.R. §§ 537.1(a) and 537.1(c)(1) and the information required under 25 C.F.R. § 537.1(b)(1)(i).

14.2 Warranties. The Manager further warrants and represents as follows: (i) no person or entity has any beneficial ownership interest in the Manager other than as shall be identified pursuant to Section 14. 1; (ii) no officer, director or owner of five percent (5%) or more of the stock of the Manager has been arrested, indicted for, convicted of, or pleaded nolo contenders to any felony or any gaming offense, or had any association with individuals or entities known to be connected with organized crime; and

(iii) no person or entity disclosed pursuant to Section 14.1 of this Agreement, including any officers and directors of the Manager, has been arrested, indicted for, convicted of, or pleaded nolo contenders to any felony or any gaming offense, or had any association with individuals or entities known to be connected with organized crime.

14.3 Criminal and Credit Investigation. The Manager agrees that all of its members and its members' shareholders (owning five percent (5%) or more of the outstanding stock), directors and officers (whether or not involved in the Enterprise), shall:

(a) consent to background investigations to be conducted by the Tribe, the State of New Mexico, the Federal Bureau of Investigation (the "FBI") or any other law enforcement authority to the extent required by the IGRA or any Compact.

(b) be subject to licensing requirements in accordance with Tribal Law and this Agreement,

(c) consent to a background, criminal and credit investigation to be conducted by or for the NIGC, if required,

(d) consent to a financial and credit investigation to be conducted by a credit reporting or investigation agency at the request of the Tribe,

(e) cooperate fully with such investigations, and

(f) disclose any information requested by the Tribe which would facilitate the background and financial investigation.

Any materially false or deceptive disclosures or failure to cooperate fully with such investigations by an employee of the Manager or an employee of the Tribe shall result in the immediate dismissal of such employee. The results of any such investigation may be disclosed by the Tribe to federal officials as required by law.

14.4 Disclosure Amendments. The Manager agrees that whenever there is any proposed change with respect to the persons or entities with a financial interest in, or management responsibility for, this Agreement, it shall notify the NIGC and the Board of such change no later than ten days after it becomes aware of such change as required by 25 C.F.R. § 537.2. The Manager further agrees to notify the NIGC and the Board of any

change with respect to the warranties and representations contained on Section 14(ii) or (iii) of this Agreement no later than ten days after it becomes aware of such change. All of the warranties and agreements contained in this Section 14 shall apply to any person or entity who would be disclosed pursuant to this Section 14 as a result of such changes.

14.5 Breach of Manager Warranties and Agreements. The material breach of any warranty or agreement of the Manager contained in this Section 14 shall be grounds for immediate termination of this Agreement; provided that (a) if a breach of the warranty contained in clause (ii) of Section 14.2 is discovered, and such breach was not disclosed by any background check conducted by the FBI as part of the NIGC or other federal approval of this Agreement, or was discovered by the FBI investigation but all officers and directors of the Manager sign sworn affidavits that they had no knowledge of such breach, then the Manager shall have thirty (30) days after notice from the Board to terminate the interest of the offending person or entity and, if such termination takes place, this Agreement shall remain in full force and effect; and (b) if a breach relates to a failure to update changes in financial position or additional gaming related activities, then the Manager shaft have thirty (30) days after notice from the Board to cure such default prior to termination.

15. Recordation. If applicable, at the option of Manager or the Board, any security agreement related to the Loan Agreement may be recorded in any public records. Where such recordation is desired in any relevant recording office maintained by the Tribe, and/or in the public records of the BIA, the Board will accomplish such recordation upon the request of the Manager. Manager shall promptly reimburse the Tribe for all expense, including attorney fees, incurred as a result of such request. No such recordation shall waive the Tribe's sovereign immunity.

16. No Present Lien. Lease or Joint Venture. The Parties agree and expressly warrant that neither this Agreement nor any exhibit thereto is a mortgage or lease and, consequently, does not convey any such present interest whatsoever in the Gaming Facility or the Property, nor any proprietary interest in the Enterprise itself to Manager. The Parties further agree and acknowledge that it is not their intent, and that this Agreement shall not be construed, to create a joint venture between the Tribe and the Manager; rather, the Manager shall be deemed to be an independent contractor for all purposes hereunder.

17. Dispute Resolution.

17.1 Mediation. It is agreed that if a dispute arises concerning the matters set forth in this Agreement and the dispute cannot be resolved by the Parties, the Party making the claim of non-compliance shall deliver to the other Party a written notice thereof, specifying in detail the nature of the actions or failures to act that are alleged to be contrary to the terms of this Agreement. If after fifteen (15) days following receipt of the notice of claim the matter remains unresolved, the Parties shall submit the dispute to a professional mediator. The mediation shall be conducted under the voluntary Commercial Mediation Rules of the American Arbitration Association. The Parties shall bear their own costs and shall share costs charged by the mediator.

17.2 Arbitration. In the event that mediation does not result in resolution of the dispute, the Party making the claim of non-compliance can, by written notice to the other Party, invoke arbitration as to the dispute. Arbitration shall be conducted in New Mexico under the Commercial Arbitration Rules of the American Arbitration Association, and the Parties further agree that that the arbitrator(s) shall be attorney(s) who are licensed in good standing of the State Bar of New Mexico or the bar of another state, and shall have experience in Indian affairs and commercial law. The decision of the arbitrator(s) shall be final. All parties shall bear their own costs of arbitration and attorneys fees. Unless otherwise agreed by the Tribe and the Manager, all hearings shall be held at the Tribal Offices on the Pueblo of Nambé.

17.3 Decision of Arbitration Panel. The decision of the arbitrator or arbitration panel shall be presumed to be valid, shall be enforceable in full in any court of competent jurisdiction and may be vacated or modified only by the United States District Court for the District of New Mexico only on one of the following grounds; (a) the decision is not supported by substantial evidence; (b) the decision was procured by corruption, fraud or undue means; (c) there was evident partiality or corruption by the arbitrator, arbitration panel or any member; (d) the arbitrator, arbitration panel or any member was guilty of misconduct in refusing to hear the question, or in refusing to hear evidence pertinent and material to the question, or any other clear misbehavior by which the rights of either Party have been substantially prejudiced; (e) the arbitrator or arbitration panel or any member exceeded its authority under the terms of this Agreement; or (f) the arbitrator or arbitration panel's decision is contrary to law.

17.4 Limited Waiver of Sovereign Immunity. The Tribe or the Board waives its sovereign immunity only to the extent of allowing arbitration and judicial review and enforcement under the procedures set forth in this Section 17. This Agreement does not

constitute and shall not be construed as a waiver of sovereign immunity by the Tribe or the Board except to permit arbitration and judicial review and enforcement under the procedures set forth in this Section 17.

17.5 Enterprise Revenues Subject to Claim. Any decision of the Arbitrator(s) shall be limited to damages or an interpretation of this Agreement and any related agreement. The only Tribal income, assets and property which shall be subject to any claim or award under this Agreement are (a) any undistributed or future income, revenues or proceeds from the Enterprise and/or Gaming Facility, including without limitation such revenues arising or generated after the termination of this Agreement, and (b) Gaming and related revenues from the Enterprise and/or Gaming Facility arising or generated after the date that the matter in dispute is referred to arbitration.

17.6 Survival of Section 17. This Section 17 shall survive the termination of this Agreement.

17.7 Limitation of Effect of Section 17. The mediation and arbitration provisions of this Section 17 shall not apply to licensing determinations of the Gaming Commission nor to ordinances or other governmental actions of the Tribal Council or the Board.

18. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the Parties hereto with respect to the subject matter hereof and supersedes all other prior agreements and understandings, written or oral, between the Parties.

19. Government Savings Clause. Each of the Parties agrees to execute, deliver and, if necessary, record any and all additional instruments, certifications, amendments, modifications and other documents as may be required by the United States Department of the Interior, BIA, the NIGC, the Office of the Field Solicitor, or any applicable statute, rule or regulation in order to effectuate, complete, perfect, continue or preserve the respective rights, obligations, liens and interests of the parties hereto to the fullest extent permitted by law; provided, that any such additional instrument, certification, amendment, modification or other document shall not materially change the respective rights, remedies or obligations of the Board or the Manager under this Agreement or any other agreement or document related hereto.

20. Execution. This Agreement is being executed in four counterparts, two to be retained by each Party. Each of the four originals is equally valid. This Agreement shall be binding upon both Parties when properly executed and approved by the Chairman of the NIGC.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year first above written.

PUEBLO OF NAMBÉ

By: /s/ Phillip A. Perez

Name: Phillip A. Perez

Title: Lt. Governor

NAMBE PUEBLO GAMING ENTERPRISE BOARD

By: /s/ Brenda McKenna

Name: Brenda G. McKenna

Title: Chairman

Dated: 26 July 2006

GAMING ENTERTAINMENT (SANTA FE) LLC

By: FULL HOUSE RESORTS, INC.

By: /s/ Barth Aaron, Secretary

Name: Barth F. Aaron, Secretary

Title: Secretary and General Counsel

Dated: 17 August 2006

NATIONAL INDIAN GAMING COMMISSION

By: _____

Name:

Title: Chairman

Dated:

Exhibit 10.76

CONSULTING AGREEMENT

THIS AGREEMENT made as of the 25th day of September, 2006 by and between FULL HOUSE RESORTS, INC**,** a Delaware corporation ("FHRI"), located at 4670 South Fort Apache Road, Suite 190, Las Vegas, Nevada 89147, and Lido A. "Lee" Iacocca, ("Consultant") located at 11150 Santa Monica Blvd., Suite 400, Los Angeles, CA 90025.

WITNESSETH

WHEREAS, FHRI desires to enter into an agreement with Consultant for the providing of certain consulting services to FHRI for a term and at such compensation as are described below: and

WHEREAS, Consultant desires to enter into an agreement with FHRI pursuant to which Consultant will provide certain consulting services as outlined above for a term and at such compensation as are described below.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration the receipt and legal sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. **Scope of Services.**

(a) Consultant agrees to provide to FHRI, for the term of this Agreement, consulting services as more specifically identified and detailed in Schedule "A" attached hereto and made a part hereof, provided that such services are consistent with similar services previously provided by Consultant to FHRI. Consultant's duties, responsibilities and services as set forth are collectively referred to hereinafter as the "Services".

(b) Consultant agrees to devote so much of his time, attention and effort to the performance of the Services as may be required in Consultant's reasonable judgment to accomplish the goals and objectives of FHRI.

2. **Term of Agreement.**

This Agreement shall be effective as of June 1, 2006 and shall continue in full force and effect until May 31, 2009.

3. **Compensation.**

As compensation for the Services rendered by Consultant under this Agreement, Consultant shall receive a grant of 300,000 shares of common stock of FHRI in accordance with a Stock Award Agreement of even date. Consultant shall have the right in his sole discretion to assign or otherwise transfer the shares of common stock to any other person or entity. All compensation shall be payable without deduction or withholding for any State or Federal income Taxes, FICA or other similar withholding for taxes and any other government obligations which are the sole responsibility of Consultant as an independent contractor.

Consultant specifically agrees that the 250,000 stock options previously awarded to Consultant which expire in December 2006 shall terminate and no longer have any force or effect as of the date hereof.

4. **Compliance with Laws.**

In the performance of his duties, Consultant shall comply with all applicable laws, rules and regulations, including but not limited to all requirements and provisions of the laws and regulations of the United States, the States and subdivisions thereof in which FHRI or any of FHRI's subsidiaries or affiliates (regardless of when or how formed) carry on their business and all general rules, regulations and ethical standards of national.

5. **Regulatory Matters.**

FHRI, Inc., its affiliated companies and certain related entities (collectively the "FHRI Group") are licensed by or otherwise subject to the authority of various casino and gaming regulatory agencies ("Regulator"). The FHRI Group has adopted a regulatory compliance policy, and Consultant agrees to provide the FHRI Group with such documentation as needed from time to time.

6. **Relationship of the Parties.**

This Agreement does not constitute and shall not be construed as constituting a partnership or joint venture or agency relationship between any of the parties hereto.

7. **No Conflict.**

By entering into this Agreement and performing the Services, Consultant will not to the best of its knowledge be violating any other contract, agreement or understanding to which it is a party or any existing judicial or administrative order, decision or decision.

8. **Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without regard for choice of laws principles.

9. **Assignment.**

This Agreement is personal to Consultant and Consultant may not assign the obligations to provide the Services but Consultant may assign or otherwise transfer the Compensation as set forth in Paragraph 3. This Agreement is a personal contract and is entered into in reliance by FHRI and in consideration of the personal qualifications of Lido A. Iacocca.

10. **Binding Effect.**

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, personal and legal representatives, successors and permitted assigns.

11. **Entire Agreement.**

This Agreement, together with the Stock Award Agreement, sets forth and is an integration of all of the promises, agreements, conditions and understandings between the parties hereto and there are no promises, agreements, conditions, understandings, warranties or representations, oral or written, express or implied, among them other than as set forth herein.

12. **Validity of Provisions.**

Should any provision(s) of this Agreement be void or unenforceable in whole or in part, neither the validity of the remainder of such provision nor the validity of any other provision of this Agreement shall in any way be affected thereby.

13. **Modification or Discharge.**

This Agreement shall not be subject to waiver, change, modification, discharge or termination in whole or in part except as expressly provided for herein or by written instrument signed by the parties hereto.

14. **Waiver of Contractual Rights.**

The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

15. **Cure.**

Prior to any claim of termination or breach of this Agreement based on a claim of failure to perform, the aggrieved party shall provide written notice to the other party which shall specify the claimed breach or performance failure and the party receiving the notice shall have a period of thirty (30) days following receipt of such written notice to cure the claimed breach or failure to perform.

16. **Intellectual Property.**

Except as specifically set forth in Schedule A attached hereto, FHRI shall have no rights in the name or likeness of Consultant and shall not use the name or likeness of the Consultant without the Consultant's written permission, which may be withheld in Consultant's sole discretion.

IN WITNESS WHEREOF, the authorized representatives of FHRI have acknowledged and executed this Agreement and Consultant has hereby caused this Agreement to be executed all as of the day and year first written above.

FULL HOUSE RESORTS, INC.

By: /s/ BARTH F. AARON
Printed Name: Barth F. Aaron
Title: Secretary

CONSULTANT

/S/ LEE A. IACOCCA

SCHEDULE "A"
SERVICES

Subject to Consultant's specific prior approval, Consultant will make his name, likeness, voice and appearance available to FHRI at any and all mutually convenient times and places and make such personal appearances at such mutually convenient times and places, subject to Consultant's schedule and availability, as from time to time agreed by the parties, acting reasonably and in good faith for the purpose of marketing, advertising and advancing (a) to the general public the projects and operations of FHRI and its operating subsidiaries and affiliated companies and (b) to the investment community the corporation, all of which shall be consistent with similar services previously provided by Consultant to FHRI (the "Works"), provided however that Consultant shall not be required to travel on behalf of FHRI without his specific consent.

Subject to Consultant's specific prior approval, Consultant grants to FHRI the right to video tape, film, photograph, or otherwise record, or to authorize others to do so, by any media now known or hereinafter discovered, Consultant's appearance, performance, commentary, and any other work product for the Services.

Consultant understands that his services are provided on a work for hire basis and waives any right to any intellectual property, personal or individual property right or other right in and to his name, likeness, voice, manner, appearance in conjunction with the Works. FHRI shall have the right to produce, reproduce, reissue, manipulate, reconfigure, license, manufacture, record, perform, exhibit, broadcast, televise, transmit, publish, copy, reconfigure, compile, print, reprint, vend, distribute and use via any other medium now known or hereinafter discovered, and to authorize others to do so, Consultant's name, likeness, voice, manner, appearance and the Works, in perpetuity, in any manner or media and by any art, method or device, now known or hereinafter discovered.

All Works and Consultant's contributions thereto shall belong solely and exclusively to FHRI in perpetuity notwithstanding any termination of this Agreement.

Exhibit 10.77

Full House Resorts, Inc.
4670 S. Fort Apache Road, Suite 190
Las Vegas, Nevada 89147

LETTER AGREEMENT
May 19, 2006

H. Joe Frazier
99 SE Mizner Blvd. PH 919
Boca Raton, FL 33432

Dear Mr. Frazier:

This letter (this "Letter Agreement") sets forth the agreement between Full House Resorts, Inc. (the "Company") and Joe Frazier (the "Holder") with respect to the payment of accrued and previously unpaid dividends on and conversion of the 350,000 shares of Series 1992-1 Preferred Stock of the Company (the "Preferred Stock") owned by Holder, subject to the terms and conditions set forth herein.

1. **Payment of Dividends and Conversion of Preferred Stock**. Upon the closing of the proposed underwritten public offering (the "Offering") by the Company of shares of its common stock, par value $0.0001 per share (the "Common Stock"), the Company shall use a portion of the proceeds from the Offering to pay accrued and unpaid dividends on the Preferred Stock (which as of June 30, 2006 total $1,470,000 and thereafter increase at the rate of $291.67 per day) and Holder shall deliver to the company the certificates evidencing the Holder's shares of Preferred Stock for cancellation and conversion of each share of Preferred Stock into one issued and outstanding share of Common Stock. The delivery of the certificates for the Preferred Stock shall be accompanied by a stock power, duly executed in blank. The company shall deliver stock certificates evidencing the Common Stock issued in conversion to the Holder in exchange for the certificates evidencing the Preferred Stock.

2. **Lock-up**. The Holder agrees that from the date hereof until the date that is 90 days following the closing of the Offering, the Holder will not sell, offer, pledge, contract to sell, grant any option for the sale of, transfer or otherwise dispose of any of the Common Stock beneficially owned by, or issuable to, the Holder (the "lock-up period") except that the lock-up period shall be 90 days as to the 350,000 shares of stock converted pursuant hereto.

3. **Representations and Warranties of the Company**. The Company hereby represents and warrants to the Holder that (a) the Company has all requisite corporate power to execute, deliver and perform this Letter Agreement and (b) upon the issuance in exchange for the shares of Preferred Stock, the Common Stock issued pursuant hereto shall be duly authorized, fully paid and nonassessable.

4. **Representations and Warranties of the Holder**. The Holder hereby represents and warrants to the Company that (a) the Holder has all requisite power to execute, deliver and perform this letter agreement, and (b) as of the date hereof and immediately prior to conversion as provided herein, the Holder has valid title to the Preferred Stock, free and clear of all liens, encumbrances, proxies, voting agreements and other restrictions.

5. **Termination**. In the event that the Holder has not received the amount set forth in Section 2 hereof by 5:00 p.m., Las Vegas, Nevada time, on October 31, 2006, this letter shall be null and void.

6. **Notices**. Each notice required to be given pursuant to this Letter Agreement shall be properly given if sent by one party to the other by certified or registered mail, postage prepaid, or registered return receipt courier mail addressed to the other at the address provided above.

7. **Non-Waiver**. The failure of either party to exercise any of its rights under this Letter Agreement at any time shall not be deemed to be a waiver of such rights or a waiver of any subsequent breach.

8. **Confidential Information**. The Holder hereby acknowledges that prior to the filing of a registration statement by the Company, the proposed Offering is material non-public information and the Holder agrees that it will not utilize, divulge or disclose this information and the Holder will not trade while in possession of material non-public information.

9. **Severability**. Whenever possible, each provision of this Letter Agreement shall be interpreted in such manner as to be effective and valid under applicable law. If any court of competent jurisdiction determines that any part of this Letter Agreement is invalid or unenforceable, that determination shall not impair or nullify the remainder of the Letter Agreement.

10. **Miscellaneous**. This Letter Agreement (a) may only be amended by a writing signed by the Company and the Holder, (b) inures to the benefit of and is binding upon the Company and the Holder and each of their successors and assigns, except that neither party may assign any of its respective rights or obligations under this Letter Agreement without first obtaining the written consent of the other party, (c) constitutes the entire agreement between the Company and the Holder with respect to the subject matter of this Letter Agreement, superseding all oral and written proposals, representations, understandings and agreements previously made or existing with respect to such subject matter, and (d) may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same document.

11. **Governing Law**. This Letter Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws rules thereof. Exclusive jurisdiction for any claim hereunder shall be in the state or federal courts of Delaware and both parties agree that venue in such courts is not inconvenient.

If the foregoing is acceptable, please so signify by executing a copy of this Letter Agreement provided for that purpose and returning it to the undersigned, in which case it will become a binding agreement.

Very truly yours,

FULL HOUSE RESORTS, INC.

By: /s/ Barth F. Aaron
Name: Barth F. Aaron
Title: Secretary

Accepted and Agreed as of the __ day of September, 2006

/s/ Joe Frazier
Joe Frazier

Full House Resorts, Inc.
4670 S. Fort Apache Road, Suite 190
Las Vegas, Nevada 89147

AMENDMENT TO LETTER AGREEMENT
July 1, 2006

H. Joe Frazier
99 SE Mizner Blvd. PH 919
Boca Raton, FL 33432

Dear Joe:

This letter will serve as an amendment to the letter agreement dated May 19, 2006 between you and Full House Resorts, Inc. concerning your 350,000 shares of Series 1992 Preferred Stock.

When signed or accepted by you, paragraph 5 titled Termination of the May 19, 2006 agreement shall be amended to replace July 31, 2006 with September 30, 2006 with the effect that the agreement to convert your preferred shares into common upon the Company's payment of accrued and unpaid dividends on the preferred shall terminate and expire as of 5:00 PM Las Vegas time on September 30, 2006.

If this is your understanding, please countersign this letter and return to me at the office address above, or fax to 702-221-8101 or by noting your acceptance in a reply email to me.

We appreciate your understanding and consideration in this matter.

Very truly yours,

FULL HOUSE RESORTS, INC.

By: /s/ Barth F. Aaron
Name: Barth F. Aaron
Title: Secretary

Accepted and Agreed as of the __ day of July, 2006

/s/ Joe Frazier
Joe Frazier

Full House Resorts, Inc.
4670 S. Fort Apache Road, Suite 190
Las Vegas, Nevada 89147

SECOND AMENDMENT TO LETTER AGREEMENT
September 15, 2006

H. Joe Frazier
99 SE Mizner Blvd. PH 919
Boca Raton, FL 33432

Dear Joe:

This letter will serve as a second amendment to the letter agreement dated May 19, 2006 first amended by letter of July, 2006, between you and Full House Resorts, Inc. concerning your 350,000 shares of Series 1992 Preferred Stock.

When signed or accepted by you, paragraph 5 titled Termination of the May 19, 2006 agreement shall be amended to replace July 31, 2006 with October 31, 2006 with the effect that the agreement to convert your preferred shares into common upon the Company's payment of accrued and unpaid dividends on the preferred shall terminate and expire as of 5:00 PM Las Vegas time on October 31, 2006.

If this is your understanding, please countersign this letter and return to me at the office address above, or fax to 702-221-8101 or by noting your acceptance in a reply email to me.

We appreciate your understanding and consideration in this matter.

Very truly yours,

FULL HOUSE RESORTS, INC.

By: /s/ Barth F. Aaron
Name: Barth F. Aaron
Title: Secretary

Accepted and Agreed as of the __ day of September, 2006

/s/ Joe Frazier
Joe Frazier

Exhibit 10.78

Full House Resorts, Inc.
4670 S. Fort Apache Road, Suite 190
Las Vegas, Nevada 89147

LETTER AGREEMENT
September 13, 2006

William P. McComas
75-398 Morningstar Drive
Indian Wells, CA 92210

Dear Mr. McComas:

This letter (this "Letter Agreement") sets forth the agreement between Full House Resorts, Inc. (the "Company") and William P. McComas (the "Holder") with respect to the payment of accrued and previously unpaid dividends on and conversion of the 350,000 shares of Series 1992-1 Preferred Stock of the Company (the "Preferred Stock") owned by Holder, subject to the terms and conditions set forth herein.

1. **Payment of Dividends and Conversion of Preferred Stock**. Upon the closing of the proposed underwritten public offering (the "Offering") by the Company of shares of its common stock, par value $0.0001 per share (the "Common Stock"), the Company shall use a portion of the proceeds from the Offering to pay accrued and unpaid dividends on the Preferred Stock (which as of June 30, 2006 total $1,470,000 and thereafter increase at the rate of $291.67 per day) and Holder shall deliver to the company the certificates evidencing the Holder's shares of Preferred Stock for cancellation and conversion of each share of Preferred Stock into one issued and outstanding share of Common Stock. The delivery of the certificates for the Preferred Stock shall be accompanied by a stock power, duly executed in blank. The company shall deliver stock certificates evidencing the Common Stock issued in conversion to the Holder in exchange for the certificates evidencing the Preferred Stock.

2. **Lock-up**. The Holder agrees that from the date hereof until the date that is 90 days following the closing of the Offering, the Holder will not sell, offer, pledge, contract to sell, grant any option for the sale of, transfer or otherwise dispose of any of the Common Stock beneficially owned by, or issuable to, the Holder (the "lock-up period") except that the lock-up period shall be 90 days as to the 350,000 shares of stock converted pursuant hereto.

3. **Representations and Warranties of the Company**. The Company hereby represents and warrants to the Holder that (a) the Company has all requisite corporate power to execute, deliver and perform this Letter Agreement and (b) upon the issuance in exchange for the shares of Preferred Stock, the Common Stock issued pursuant hereto shall be duly authorized, fully paid and nonassessable.

4. **Representations and Warranties of the Holder**. The Holder hereby represents and warrants to the Company that (a) the Holder has all requisite power to execute, deliver and perform this letter agreement, and (b) as of the date hereof and immediately prior to conversion as provided herein, the Holder has valid title to the Preferred Stock, free and clear of all liens, encumbrances, proxies, voting agreements and other restrictions.

5. **Termination**. In the event that the Holder has not received the amount set forth in Section 2 hereof by 5:00 p.m., Las Vegas, Nevada time, on October 31, 2006, this letter shall be null and void.

6. **Notices**. Each notice required to be given pursuant to this Letter Agreement shall be properly given if sent by one party to the other by certified or registered mail, postage prepaid, or registered return receipt courier mail addressed to the other at the address provided above.

7. **Non-Waiver**. The failure of either party to exercise any of its rights under this Letter Agreement at any time shall not be deemed to be a waiver of such rights or a waiver of any subsequent breach.

8. **Confidential Information**. The Holder hereby acknowledges that prior to the filing of a registration statement by the Company, the proposed Offering is material non-public information and the Holder agrees that it will not utilize, divulge or disclose this information and the Holder will not trade while in possession of material non-public information.

9. **Severability**. Whenever possible, each provision of this Letter Agreement shall be interpreted in such manner as to be effective and valid under applicable law. If any court of competent jurisdiction determines that any part of this Letter Agreement is invalid or unenforceable, that determination shall not impair or nullify the remainder of the Letter Agreement.

10. **Miscellaneous**. This Letter Agreement (a) may only be amended by a writing signed by the Company and the Holder, (b) inures to the benefit of and is binding upon the Company and the Holder and each of their successors and assigns, except that neither party may assign any of its respective rights or obligations under this Letter Agreement without first obtaining the written consent of the other party, (c) constitutes the entire agreement between the Company and the Holder with respect to the subject matter of this Letter Agreement, superseding all oral and written proposals, representations, understandings and agreements previously made or existing with respect to such subject matter, and (d) may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same document.

11. **Governing Law**. This Letter Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws rules thereof. Exclusive jurisdiction for any claim hereunder shall be in the state or federal courts of Delaware and both parties agree that venue in such courts is not inconvenient.

If the foregoing is acceptable, please so signify by executing a copy of this Letter Agreement provided for that purpose and returning it to the undersigned, in which case it will become a binding agreement.

Very truly yours,

FULL HOUSE RESORTS, INC.

By: /s/ Barth F. Aaron
Name: Barth F. Aaron
Title: Secretary

Accepted and Agreed as of the 29th day of September, 2006

/s/ William P. McComas
William P. McComas

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Full House Resorts, Inc.
Las Vegas, Nevada

We consent to use in this Registration Statement on Form SB-2 of our reports dated March 21, 2006 (except for Notes 2, 3 and 13, as to which the date is April 12, 2006 and Note 13, as to which the date is June 1, 2006), relating to the consolidated financial statements of Full House Resorts, Inc. and July 18, 2006, relating to Stockman's Casino, Inc., respectively, as of and for the years ended December 31, 2005 and 2004. We also consent to the reference to our Firm under the caption "Experts" in the Prospectus.

/s/ Piercy Bowler Taylor & Kern

Piercy, Bowler, Taylor & Kern
Certified Public Accountants and Business Advisors
A Professional Corporation
Las Vegas, Nevada

October 25, 2006

Michele Keusch
(305) 579-0827

October 26, 2006

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0404
Attention: Joe Foti

Re: Full House Resorts, Inc.
Registration Statement on Form SB-2
Amendment No. 1
Filed September 27, 2006
File No. 333-136341

Ladies and Gentlemen:

On behalf of our client, Full House Resorts, Inc., a Nevada corporation (the "Company" or "we"), transmitted herewith are the Company's responses to the Staff's comments set forth in a letter dated October 10, 2006 (the "Comment Letter") to Andre M. Hilliou, Chief Executive Officer and Director of the Company. The Comment Letter relates to Amendment No. 1 to the Registration Statement on Form SB-2 filed with the Securities and Exchange Commission on September 27, 2006 (the "SB-2"), and the Company's responses to previous Staff comments set forth in a letter dated August 29, 2006. For ease of reference, we have reproduced comments set forth in the Comment Letter, as numbered, before each response below.

Risk Related to our Common Stock

Risk controlling stockholder has significant influence over management and has the power to elect a majority of our board, page 13

1. **We note your response to our prior comment 2. It would appear meaningful and useful to an investor to provide in the notes to your financial statements the nature of Mr. Paulson's and your other executive officers' significant control relationship with the company and suggest you enhance your financial statement foot note disclosure accordingly.**

   RESPONSE: Additional disclosure has been added on page F-7.

Capitalization, page 20

2. **Your cash and cash equivalent amount under the "Actual" column for June 30, 2006 does not agree to your financial statements on page F-l7. Please revise accordingly.**

   RESPONSE: The amount on page 20 has been corrected.

Management's Discussion and Analysis or Plan of Operations

Critical Accounting Estimates and Policies

Summary of long-term assets related to Indian casino projects, page 28

3. **We note your response to our prior comment 6, which states that "most changes in the status of the conditions listed on page 28, affect only the timing estimate and therefore the probability estimate typically does not have a material impact on the notes receivable valuation model and resultant value estimate." This statement conflicts with your response to our prior comment 5 where you state that the "probability of project completion and miscellaneous industry and project specific risk are primarily considered in the selection of an appropriated discount rate, which is one of your significant assumptions in your valuation model. You also state in your disclosure on page 27 that the "note receivable portion of the advance is adjusted to its current estimated fair value at each balance sheet date using typical discount rates for prospective Indian casino operations, as affected by project-specific circumstance such as estimated probabilities affecting the expected opening date and changes in the status of regulatory approvals in determining the financial feasibility of a project." Considering that the probability estimate affects your estimated casino opening date component of your notes receivable valuation model, we re-issue our prior comment in part. As previously requested, please include the casino opening probability rate applied to each notes receivable valuation model. Furthermore, please disclose how you assess factors used to evaluate project probability, how you weight positive and negative evidence, and how you determined that the evidence is objectively supportable. We may have further comment upon receipt of your response.**

   RESPONSE: We reconfirm from our response to prior comment 6 in the Staff's letter dated August 29, 2006, that "*most changes in the status of the conditions listed on page 28, affect only the timing estimate and therefore the probability estimate typically does not have a material impact on the notes receivable valuation model and resultant value estimate*."

However, to clarify the statement in our response to prior comment 5 in the Staff's August 29, 2006, letter that Staff views as conflicting, we edited the statement as follows [*in italics*]: "the probability factor is not a material assumption in the valuation model*since, in our view, it has been consistently very high for all periods presented from the inception of our involvement*.**"** Continuing later in the same paragraph of our response to prior comment 5, we add **[***in italics*]: "As a result, *the impact of insignificant factors, such as changes* in the probability of project completion and miscellaneous industry and project specific risks*on our estimates are inherently and primarily considered collectively by making a relatively minor adjustment* in the selection of an appropriate discount rate as more fully described on page 29."

Similarly, the language that the Staff referenced on page 27 has now been edited to read as follows, with clarifying language in italics: "…the note receivable portion of the advance is adjusted to its current estimated fair value at each balance sheet date using typical market discount rates for prospective Indian casino operations, *and expected repayment terms as may be affected by estimated future interest rates and opening dates, with the latter affected by changes in project-specific circumstances such as ongoing litigation, the status of regulatory approvals and other factors previously noted.*"

In the second paragraph of the critical accounting estimate and policies portion of the MD&A relating to "Long-term assets related to Indian casino projects", we have added the following clarifying language *[in italics]*: "When we enter into a service or lending arrangement, management has concluded based on feasibility analyses and *legal reviews*, *that there is a high probability that the project will be completed and* that the probable future economic benefit is sufficient to compensate us for our efforts in relation to the perceived financial risks." High probability and probable in this context mean that we have concluded [based on the feasibility and legal reviews] that there is less than a remote chance that the project will not be completed. We further clarified our disclosure by adding, **"***In arriving at our initial conclusion of probability, we consider both positive and negative evidence. Positive evidence ordinarily consists not only of project-specific advancement or progress, but the advancement of similar projects in the same and other jurisdictions, while negative evidence ordinarily consists primarily of unexpected, unfavorable legal, regulatory or political developments such as adverse actions by legislators, regulators or courts. Such positive and negative evidence is reconsidered at least quarterly.***"**

4. **The "aggregate advances/face amount of the notes" of $8,987,119 disclosed on page 29 does not agree with the amount disclosed on page F-22. Please revise accordingly.**

RESPONSE: The amount on page 29 has been corrected.

Results of operations of Stockman's Casino

Six Months Ended June 30 2006 Compared to Six Months Ended June 30, 2005, page 36 and 37

Casino Revenue, page 36

5. **We note from your disclosure that you believe that the Player's Club has contributed to the upward trend associated with your increase in revenue. Please revise your disclosure to quantify factors such as volume and price changes. Also we note from your depreciation and amortization discussion on page F-37 that you added slots machines and a Keno counter, please explain how these factors affected revenue for the respective period.**

   RESPONSE: Additional disclosure regarding the player's club and the increase in gaming devices has been added on page 36.

Hotel Revenues, page 36

6. **Please add a discussion which quantify and describes the factor(s) which contributed to your decrease in hotel revenue for the six month ended June 30, 2006 as compared to the comparable six-month period in 2005.**

   RESPONSE: Disclosure regarding Hotel Revenues has been added on page 36.

Interest and Other Income, page 37

7. **We note from your disclosure that interest and other income decreased $25,205. This statement is inconsistent with what is presented in the Stockman's statement of income on page F-26. It appears that interest and other income increased, not decreased by $25,205. In this regard, please revise accordingly and explain the nature of the offset to your interest expense increase of $29,000, which caused an increased of $25,205 in interest and other income.**

   RESPONSE: The description has been revised on page 37.

Realized Loss on Sale of Marketable Securities, page 37

8. **Please enhance your disclosure to explain the reason for the increase in loss on sale of marketable securities. Your disclosure should quantify the factors associated with the change.**

RESPONSE: Additional disclosure has been provided on page 37.

Unrealized Holding Loss on Securities, page 37

9. **The $45,103 amount for the June 30, 2005 period does not agree to the Stockman's statement of income and comprehensive income for the same period on page F-26. Please revise accordingly.**

RESPONSE: This disclosure has been removed as the relevant information has been provided in the disclosure mentioned in our response to comment 8 above.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Casino Revenues, page 37

10. **We note the reason for the increase in casino revenue was primarily due to the addition of the Oasis player tracking system encouraging guest loyalty. In this regard, quantify factors such as volume and price change, which was caused by your guest loyalty.**

RESPONSE: Additional disclosure has been provided on page 37.

Index to Consolidated Financial Statements

Audited Financial Statements of Full House Resort, Inc.

Consolidated Statement of Income, page F-4 and F-18

11. **We note your response to our prior comment 10, but do not concur with your conclusion. The response in the Staff Accounting Bulletin (SAB Topic 1-B (3)) provides extended application of the treatment besides the question for this topic. If a planned distribution to owners (whether already reflected in the balance sheet or not, whether declared or not) is to be paid out of proceeds of the offering rather than from current year's earnings, pro forma per share data should be presented (for the latest year and interim period only) giving effect to the number of shares whose proceeds would be necessary to pay the dividend (but only the amount that exceeds current year's earnings) in addition to historical earnings per share. Accordingly, as previously requested, please revise your financial statements in accordance with the guidance in Topic l.B (3) of the Staff Accounting Bulletins and provide the per share data described above. You should also include a pro forma per share data footnote to the historical financial statements that describes this treatment, including the number of additional common shares (with the offering price per share) included in the pro forma weighted average number of shares that gives effect to this dividend payment. In**

addition, similar treatment should be provided for in the unaudited consolidated pro forma income statements for both the fiscal year and interim periods as furnished on pages F-35 and F-36. Please revise the historical and pro forma statements accordingly.

RESPONSE: Additional disclosure has been provided on pages F-4, F-17, F-35, F-36 and F-38.

Note 4 — Investment in Unconsolidated Joint Venture, page F-12

12. **We note your response to our prior comment 13. Based on the business nature of GED, "income from operations" would appear to be analogous to the gross profit disclosure as required by Item 310(b) (2) (iii) of Regulation S-B. Please revise to disclose GED's income from operations for each period presented in your filing. If income from operations is equal to net income (i.e. GED has no non-operating income or expenses), state this fact in your disclosure.**

RESPONSE: Additional disclosure clarifying that income from operation is the same as net income has been added on page F-12.

Note 5 — Notes Receivable, Tribal Governments, Page F-12

13. **Reference is made to your revised disclosure on page F-13 labeled "Changes in estimated fair value for prior years" in the December 31, 2004 notes receivable roll- forward schedule. Please tell us and disclose why prior year amounts affected the notes receivable balance during 2004 and provide the accounting literature, which supports this treatment or revise accordingly.**

RESPONSE: The disclosure on page F-13 has been revised to clarify that the change in prior years relates to the prior period adjustment for the change in accounting methodology for advances to tribal governments. This treatment is supported by EITF Issue No. 96-12, *Recognition of Interest Income and Balance Sheet Classification of Structured Notes*, as described in note 2 on page F-8.

Unaudited Interim Condensed Consolidated Financial Statements of Full House Resort, Inc.

Unaudited Condensed Consolidated Balance Sheet, page F-17

14. **We note your response to our prior comment 17, but do not concur with your conclusion. If a planned distribution to owners (whether declared or not, whether to be paid from proceeds or not) is not reflected in the latest balance sheet but would be significant relative to reported equity, a pro forma**

balance reflecting the distribution accrual (but not giving effect to the offering proceeds) should be presented along side the historical balance sheet in the filing. This is an additional and separate disclosure from the pro forma information disclosure pursuant to Item 310(d)(ii) of Regulation S-B. Accordingly, as previously requested, please revise your financial statements to include along side the historical interim balance sheet the pro forma balance reflecting the $3 million stock distribution accrual (but not giving effect to the offering proceeds). In this regard, you should reflect the dividend payable and corresponding increase to the Accumulated Deficit account in Stockholders' Equity. Please revise accordingly.

RESPONSE: Additional disclosure has been provided on page F-17.

Unaudited Condensed Consolidated Statement of Cash Flows, page F-20

15. **We note your response to our prior comment 18. were your state that as "set forth more fully in Rule 10-01(a)(4) of Regulation S-X, which states, among other things, that the statement of cash flows may be abbreviated starting with a single figure or net cash flows from operating activities" Rule 10-01(a)(4) of Regulation S-X, also requires that changes that exceed 10% of the average of funds provided by operations for the most recent three years be separately disclosed. Based on your balance sheet it appears that you have several significant changes, as such please expand your statement of cash flow to disclose these significant changes. Your disclosure should include, but not limited to, changes in other current assets, investment in unconsolidated joint venture, deposits and other assets, accrued expenses and income tax payable. These additional line items facilitate the usefulness of the interim financial statements including their comparability with the audited annual financial statements.**

RESPONSE: As requested, a reconciliation of net income to net cash used in operating activities has been added in a note to the Company's unaudited interim condensed consolidated financial statements (Note 6). In preparing the reconciliation, the Company noted an inconsistency in the treatment of a portion of the advances to the Michigan tribe in the interim financial statements. Specifically, the portion of the Michigan advances that are expensed was misclassified as a reconciling item between net income and net cash used in operating activities, rather than as a reduction of a component of investing activities ("Advances to tribal governments"), as was more appropriately done in the annual audited financial statements. The magnitude of the misclassifications in the previously filed 10-QSB for the six months ended June 30, 2006 and 2005, was $226,741 and $410,616, respectively.

After consultation with its auditors, the Company has concluded and the auditors have agreed that the amounts are not material in relation to the statement of cash flows taken as a whole, and therefore do not require separate disclosure as a material reclassification as suggested by AU 420.17. In addition, with respect to the period ended June 30, 2005, the Company believes that the immateriality of the misclassification is further supported by the improbability of continuing investor reliance on the prior year's interim cash flow information for investment decision-making purposes. Accordingly, the Company believes that the misclassification does not warrant an amendment of the previously filed 10-QSB, and that the misclassification is effectively corrected through the filing of the SB-2. However, the Company wanted to bring this matter to the attention of the SEC Staff so that it is fully aware of the changes, and the rationale therefor, that have been made to the financial statements that are included as part of this amended registration statement.

Note 13 — Subsequent Events, page F-23

16. **We note your response to our prior comment 19, but do not believe you have fully addressed the comment. In this regard, as previously requested, please revise your subsequent event disclosure and your MD&A to provide a discussion of your accounting treatment and the annual and aggregate financial statement impact associated with the 300,000 restricted shares of common stock awarded to Mr. Iacocca in consideration for his consulting services.**

RESPONSE: Additional disclosure has been provided on page 58 and page F-24.

Unaudited Pro Forma Condensed Consolidated Financial Information

Unaudited Consolidated Pro Forma Balance Sheet, page F-34

17. **Please remove the pro forma adjustments under the column "Stockman's Acquisition" denoted with note "(6)", "(7)", "(8)", and "(9)". These pro forma adjustments assume that such transactions had taken place on January 1, 2005. We remind you that the pro forma balance sheet should reflect pro forma adjustments assuming that such transactions were consummated at the end of the most recent period presented. Please revise accordingly.**

RESPONSE: The specified adjustments have been removed in the revised pro forma presentation on page F-35.

Unaudited Consolidated Pro Forma Income Statements, page F-35 and F-36

18. **We note your response to our prior comment 26, but do not concur with your conclusion. Analogous to Topic 1.B (3) of the Staff Accounting Bulletins (SAB). although these dividends were not paid through the stated use of proceeds with this offering, for purposes of this SAB, a dividend declared in the latest year would be deemed to be in contemplation of the offering with the intention of repayment out of offering proceeds to the extent the dividend exceeded earnings during the previous twelve months. Based on the above we re-issue our previous comment. As disclosed in the acquired company's ("Stockman's") Statement of Stockholders' Equity, page F-27, in Stockman's latest fiscal year and interim period, we note they paid aggregate dividends ($4,436,532) that exceed its aggregate net income ($3,254,096) by approximately $1,182,436 for this period. Although these dividends were not paid through the stated use of proceeds with this offering, the pro forma income statements that gives effect to the acquisition of Stockman should be accorded similar treatment as provided in the guidance for Topic 1.B(3) of the Staff Accounting Bulletins. In this regard, the pro forma data per share should also give effect to the increase in the number of shares which, when multiplied by the offering price, would be sufficient to replace the approximate $1,182,436 of capital in excess of earnings withdrawn by the acquired company. The notes to the pro forma statements should disclose this treatment as well as the computation of the additional shares used in the denominator for computing the pro forma per share data. Please revise accordingly.**

    RESPONSE: Additional disclosure has been provided as described in our response to comment 11.

Notes to Unaudited Pro Forma Consolidated Financial Statements page F-37 and F-38

19. **We note your response to our prior comment 25. Please enhance note 10 by including disclosure that describes the nature of the $450,000 acquisition costs reflected in your unaudited pro forma balance sheet under the heading "Deposit and other assets" and your rational for determining that these acquisition costs are indefinite life assets not amortized and subjected to impairment review pursuant to SFAS No. 142. Also add a disclosure describing the nature of the $600,000 acquisition cost and your rational for classifying these costs as goodwill.**

    RESPONSE: Additional disclosure has been provided in note 10 on page F-40. The Company is not acquiring a gaming license as part of the Stockman's transaction. Licenses are issued to the operators (i.e., owners and certain key management executives), not the property, and are not transferable from one

operator to another. Gaming licenses in Nevada and many other regulatory jurisdictions grant the privilege or right to do business for an unlimited period of time, so long as there is compliance with the applicable rules and regulations (including the periodic payment of gaming fees and taxes). The initial costs of obtaining such licenses ordinarily include fees for professional services but consist primarily of the cost of reimbursing the regulator for its comprehensive investigations of the backgrounds of the proposed owners and key management executives. There are no license renewal costs, per se, in Nevada, only periodic fees and taxes, which are expensed when incurred. Therefore, license costs to be incurred in connection with the acquisition by the Company, as new owners, and any new key management executives, are capitalized (at cost) when the related costs are incurred and, accordingly, not amortized but, as indefinite life intangibles, subjected to impairment reviews pursuant to SFAS No. 142.

20. **We note your response to our prior comments 27 and 34. In this regard, please revise your note 2 to separately disclose the nature of each component that comprises the weighted-average number of common shares outstanding of 6,350,000 reflected in your "pro forma adjustments" column on page F-35 and F-36 and provide your basis for your accounting treatment related to the conversion of the 350,000 shares of preferred stock into common stock. Also as previously requested in our prior comment 34, please disclose the assumptions used in calculating the estimated proceeds from the equity offering of $20.7 million (i.e. number of stock and price per share).**

RESPONSE: Additional disclosure has been provided in note 2 on page F-38.

21. **Reference is made to your response to our prior comment 31. It does not appear that you reflected the pro forma effects of depositing $750,000 in to a restricted escrow account as disclosed in your revised disclosure on page F-37 in your unaudited pro forma balance sheet. Please revise accordingly.**

RESPONSE: At June 30, 2006, the $750,000 of deposits are reported as other non-current assets on the Company's balance sheet, and are not reflected in a restricted escrow account because the cash has been deposited in the seller's accounts and is no longer accessible by the Company. The reduction of the Company's deposits account, as part of the acquisition transaction shown in the pro forma balance sheet, has been moved to properly reduce other long-term assets (Deposits and other assets). The Stockman's acquisition deposits were classified as a long-term asset on the Company's June balance sheet because they will be applied in connection with the acquisition of long-term assets (primarily Stockman's property and equipment) in accordance with section B05.107 of the FASB Current Text.

22. **Reference is made to note 6. Please confirm that the property, plant and equipment transfer by Stockman's sole shareholder immediately before the acquisition valued at $6,810,233 is included in your pro forma depreciation calculation. Based on your disclosure in note 5 on page F-37 and the historical property and equipment balances in the Stockman's balance sheet as of June 30, 2006 on page F-25 and F-31, it appears that the assets transferred by Stockman's sole shareholder as mentioned above is not included in the pro form depreciation calculation in note 6 on page F-38. Please advise or revise accordingly. Also explain to us why you have two different "Hotel" categories with different useful lives in note 6. Additionally, reconcile the "Land" fair market value adjustment of $861,270 to the estimated allocated fair value of $2,809,000 in note 5 We may have further comment upon receipt of your response.**

    RESPONSE: The property, plant and equipment transfer by Stockman's sole shareholder immediately before the acquisition valued at $6,810,233 is included in the pro forma depreciation calculation in note 5 on page F-39 has been revised to clarify this point. The "Hotel" categories were the hotel building and FF&E-hotel was the assets inside the hotel. Note 6 on page F-39 has been revised to clarify the disclosure.

23. **Reference is made to note 7. Please disclose the maturity term of the $16 million debt financing. Also disclose your basis for establishing the amortization period of 15 years associated with the $320,000 loan fees.**

    RESPONSE: Additional disclosure has been provided on page F-39.

24. **Reference is made to your note 8. The amounts disclosed in note 8 do not agree to the amounts in your pro forma income statement on page F-35 and F-36. Also, we would expect these amounts to equal the amounts disclosed in note 4 to Stockman's financial statements on page F-31. Please revise accordingly.**

    RESPONSE: Additional disclosure has been provided in note 8 on page F-39. The amounts do not equal the amounts in note 4 page F-32 because those amounts do not include the compensation expense to Stockman's sole stockholder which is eliminated in the pro forma presentation.

* * * * *

Please call the undersigned with any questions or comments you may have regarding this letter. In addition, please send all written correspondence directly to the undersigned at Greenberg Traurig, P.A., 1221 Brickell Avenue, Miami, Florida 33131, telecopy (305) 579-0717, with copies to Barth Aaron, the Company's General Counsel, at 4670 S. Fort Apache Road, Suite 190, Las Vegas, Nevada 89147, telecopy (702) 221-8101.

Very truly yours,

/s/ MICHELE L. KEUSCH
Michele L. Keusch

cc: Full House Resorts, Inc.
Piercy Bowler Taylor & Kern
Haskell Slaughter Young & Rediker, LLC
Sterne, Agee & Leach, Inc.
Paul Berkowitz, Esq.