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11 3200 North Central Avenue, Suite 2000  
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15 *Special Counsel for Debtor*

11 UNITED STATES BANKRUPTCY COURT  
12 DISTRICT OF ARIZONA

13 In re:  
14 MATHON FUND, L.L.C., et al,  
15 Debtors.

Chapter 11 Proceedings  
Case No: 05-27993 PHX GBN  
(Jointly Administered with Case Nos.  
05-27994 PHX-SSC and  
05-27995 PHX- JMM)

16 THIS FILING APPLIES TO:

- 17  ALL DEBTORS  
18  SPECIFIED DEBTORS

**MOTION TO AUTHORIZE SALE OF  
MATHON FUND, LLC'S INTERESTS IN  
LAS VEGAS RESORT DEVELOPMENT**

19 Mathon Fund LLC, the Debtor in the above-referenced matter, through counsel of record  
20 undersigned hereby requests that this Court enter an Order authorizing the Debtor to enter into the  
21 Purchase Agreement (hereinafter "Agreement") attached hereto as Exhibit "A", and incorporated  
22 herein in its entirety by reference. The Motion is based upon the following the Memorandum of  
23 Points and Authorities.

24 DATED this 7<sup>th</sup> day of August, 2006.

25 **JABURG & WILK, P.C.**

26 /s/ 006510

27 \_\_\_\_\_  
28 Lawrence E. Wilk  
Special Counsel for Debtor

1 MEMORANDUM OF POINTS AND AUTHORITIES

2 I. Procedural Background

3  
4 1. On or about April 1, 2005, the Arizona Corporation Commission caused to be  
5 filed, in the Superior Court in and for the State of Arizona, a Verified Complaint in the above-  
6 captioned matter against numerous individual defendants and entities, seeking the appointment of  
7 a Receiver over the named Defendants.

8 2. On April 5, 2005, this Court issued its Order appointing James C. Sell Receiver for  
9 the approximately 30 entities named in the Receivership complaint.

10 3. Subsequently, after notice and hearing, the Court on April 14, 2005 issued its  
11 Order approving the Stipulation Regarding Order Appointing Conservator, in which the title of  
12 James C. Sell was changed from Receiver to Conservator (hereinafter, the "Conservatorship  
13 Order"). The rights and obligations of the Conservator remained identical to those of the  
14 Receiver.

15 4. Paragraph 19 of the Conservatorship Order provides as follows:

16 19. The Conservator is authorized to liquidate Conservator-ship  
17 Assets, as may in his discretion be advisable. The Conservator  
18 shall first seek and obtain the approval of the Court for the  
19 proposed sale. Court approval may be sought on an expedited  
20 basis.

21 5. Pursuant to an Order entered in the State Court proceeding on October 25, 2005,  
22 that Court authorized the filing of Bankruptcy for three Conservatorship Entities, Mathon Fund I,  
23 LLC, Mathon Fund, LLC and W.S.F. – World Sports Fans, LLC.

24 6. On January 12, 2006, this Court entered an Order allowing for the Joint  
25 Administration of the three bankruptcy estates referenced in paragraph 5, hereof. This Motion is  
26 filed in the Mathon Fund LLC jointly administered case in accordance with the Court's prior Joint  
27 Administration Order. The asset being sold is an asset of the jointly administered Debtors.

28 7. The Property being sold represents one million shares of common stock of Las  
Vegas Resort Development, Inc., a Nevada corporation. The stock represents a minority interest  
in that entity. Las Vegas Resort Development, Inc., retains the development rights of  
approximately 12.01 acres located on the "Strip" in Las Vegas, Nevada. Winnick Holdings, LLC,

1 has offered \$11.00 per share for the purchase of this common stock, resulting in a total purchase  
2 price of \$11,000,000.

3 II. Factual Background

4 1. On or about July 31, 2006, James C. Sell, on behalf of the Debtor Entities entered  
5 into a Purchase Agreement, for the sale of one million shares of common stock in Las Vegas  
6 Resort Development, for a total purchase price of \$11,000,000. The Agreement is subject to  
7 bankruptcy court approval and shall not be binding upon the parties until such time as approval is  
8 obtained.  
9

10 2. Pursuant to the terms of the Agreement, buyer is to pay \$11,000,000 at closing,  
11 which is to occur two business days after court approval of the Purchase Agreement.

12 3. The buyer understands that the sale is subject to 11 U.S.C. §363, and requires that  
13 a sale date be set within 60 days after execution of the Agreement. Accordingly, a 363 sale is  
14 mandated to occur on or before October 3, 2006, pursuant to the parties agreement.

15 4. Debtors do not retain an ownership interest directly in the real property owned by  
16 Las Vegas Resort Development. Debtors interest represents a minority shareholders interest in  
17 the entity known as Las Vegas Resort Development. Based upon the existing corporate  
18 relationship of the Debtor to the ownership entity, negotiations with Winnick and other third  
19 parties, and an evaluation obtained by the Debtor as to the valuation of the Debtor's interest, the  
20 Debtor believes that the value set forth in the Purchase Agreement represents a fair value for the  
21 property, and that it is in the best interest of the Debtor's estate to complete the sale.  
22  
23

24 III. Legal Argument

25 11 U.S.C. 363 provides as follows:

26 (b)(1) the Trustee, after noticing hearing, may use, sell or lease,  
27 other than in the ordinary course of business, property of the Estate.

28 The Property sought to be sold represents a minority shareholder's interest in a  
development in Las Vegas, Nevada. In compliance with 11 U.S.C. 363 of the Bankruptcy Code,

1 the Debtor is seeking court approval to allow the transfer of the property in accordance with  
2 applicable law, for the purchase price of \$11,000,000.

3 The sale shall be subject to higher and better offers, and shall be auctioned, provided there  
4 are additional qualified bidders.

5 DATED this 7<sup>th</sup> day of August, 2006.

**JABURG & WILK, P.C.**

/s/ 006510

Lawrence E. Wilk  
Jonathan P. Ibsen  
*Special Counsel for Debtor*

11 COPY of the foregoing mailed  
12 this 7<sup>th</sup> day of August, 2006.

13 Michael W. Carmel 80 E. Columbus Ave. Phoenix, AZ 85012-4965 <i>Counsel for Debtor</i>	OFFICE OF THE U.S. TRUSTEE 230 N. 1 <sup>st</sup> Avenue, Suite 204 Phoenix, AZ 85003-1725 <i>U.S. Trustee</i>
14 Keith L. Beauchamp, Esq. Bret A. Maidman, Esq. LEWIS & ROCA, LLP 40 N. Central Avenue, Suite 1900 Phoenix, AZ 85004-4429 <i>Attorney for Duane Slade and Guy Williams</i>	Wendy L. Coy, Esq. ARIZONA CORPORATION COMMISSION, SECURITIES DIVISION 1300 West Washington, 3 <sup>rd</sup> Floor Phoenix, Arizona 85007 <i>Counsel for Arizona Corporation Commission</i>
15 Robert A. Shull, Esq. MARISCAL, WEEKS, MCINTYRE & FRIEDLANDER, P.A. 2901 N. Central Avenue, Suite 200 Phoenix, AZ 85012-2705 <i>Attorney for Scott Johnson &amp; Ross Farnsworth, Jr.</i>	Taylor Ashworth Alan A. Meda STINSON, MORRISON & HECKER, LLP 1850 N. Central Avenue, Suite 2100 Phoenix, Arizona 85004-4584 <i>Attorneys for the Official Creditor's Committee</i>
16 Merwin D. Grant, Esq. GRANT & VAUGHN, PC 6225 N. 24 <sup>th</sup> Street, Suite 125 Phoenix, Arizona 85016 <i>Attorney for Dr. Glauser, Larry Pew &amp; Rich Stewart</i>	Scheer & Imfeld, LLP 100 Smith Ranch Road, Suite 306 San Rafael, CA 94903
17 Charles L. Firestein, P.C. CHARLES L. FIRESTEIN, P.C. 1300 E. Missouri Avenue, Suite D-200 Phoenix, AZ 85014	Robert B. Lochhead PARR WADDUPS BROWN GEE & LOVELESS 185 S. State Street, Suite 1300 Salt Lake City, UT 84111 <i>Attorney for O &amp; A Development</i>

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Barry Bursley BURSLEY & ASSOCIATES, P.C. 3561 E. Sunrise Drive, Suite 225 Tucson, AZ 85718 <i>Attorney for R&amp;A CPAs</i>	Thomas C. Axelsen MOHR, HACKETT, PEDERSON, BLAKLEY & RANDOLPH, P.C. 2800 N. Central Avenue, Suite 1100 Phoenix, Arizona 85004-3000 <i>Attorney for Peoples State Bank</i>
Steven M. Berman, Esq. BERMAN, PLC 401 S. Florida Avenue, # 300 Tampa, Florida 33602 <i>Attorney for Alan C. Bentley</i>	James C. Sell 2222 E. Camelback Road, #110 Phoenix, Arizona 85016 <i>Court Appointed Conservator</i>

And the Twenty Largest Unsecured Creditors  
attached hereto as Exhibit "1"

*/s/Janet Forster*  
\_\_\_\_\_

## Exhibit "1"

Newman Family Trust  
Jan Newman  
245 E Hudson Lane  
Elk Ridge, UT 84651

Randall Skidmore  
1550 N. 40th Street, #3  
Mesa, AZ 85205

4-Sight Integrated, LLC  
Karl Hiatt  
3418 E. Encanto  
Mesa, AZ 85213

Alan Archibald Limited  
Alan Archibald  
20 N. Main Street, Suite 312  
St. George, UT 84770

Asay II Wadsworth, LLC  
John Wadsworth  
333 West River Park Drive  
Provo, UT 84604

Benimoto Funding  
Ben & Christie Funk  
4040 E. McLellan, #8  
Mesa, AZ 85205

Eagles Pointe, LLC  
David Robison  
9100 Eagle Hills Drive  
Las Vegas, NV 89134

Geiser Group, LLC  
Alwynn Geiser  
1845 E Grandview Street  
Mesa, AZ 85203

Clair & Nancy Jenkins  
6106 204th Drive NE  
Redmond, WA 98052

King Henry, Inc  
Kurt Taylor  
3999 Ponderosa Way  
Las Vegas, NV 89118

Ty D. Mattingly  
22 West 620 South  
Orem, UT 84058

Meta Funding  
Mel Hawkins  
12642 N. 113th Way  
Scottsdale, AZ 85259

NM Land, LLC  
Mitch NM Land, LLC  
5664 S. Green Street  
Salt Lake City, UT 84123

Pacific Friends, LLC  
Don Jones  
723 S. Casino Center Blvd. 2nd Fl.  
Las Vegas, NV 89101

Greg Porter  
685 Glen-Mady Way  
Folsom, CA 95630

Dennis Reese  
1760 West 1900 South  
Salt Lake City, UT 84104

Secured Loan Fund, LLC  
David Stayner  
1522 Stayner Drive  
Farmington, UT 84025

Sweating Bricks Investments, LLC  
David Ruff  
11232 N. 5600 West  
Highland, UT 84003

John Wadsworth  
333 West River Park Drive  
Provo, UT 84604

R. Phil & Janet Zobrist Family Trust  
R. Phil Zobrist  
2870 Quartz Canyon Drive  
Henderson, NV 89052

Ferrin Electric Co., Inc.  
P.O. Box 2828  
Mesa AZ 85214

Howard LI Drafting & Design  
3949 N. Arboles Circle  
Mesa AZ 85207

LANDAMERICA Account  
Servicing Center  
P.O. Box 52159  
Phoenix AZ 85072

Pinal County Treasurer  
P.O. Box 729  
Florence AZ 85232

Exhibit "A"

**PURCHASE AGREEMENT**

between

**WINNICK HOLDINGS, LLC,**  
a Delaware limited liability company

Purchaser,

and

**MATHON FUND, L.L.C.,**  
a Delaware limited liability company

Seller

Dated as of July 31, 2006

This PURCHASE AGREEMENT dated as of July 31, 2006, is made by and among Winnick Holdings, LLC, a Delaware limited liability company ("Purchaser") and Mathon Fund, L.L.C., a Delaware limited liability company ("Seller").

#### R E C I T A L S:

WHEREAS, on November 13, 2005, Seller and two affiliates filed voluntary petitions for relief under Chapter 11 of Title 11, United States Code (the "Bankruptcy Code"), in the United States Bankruptcy Court for the District of Arizona, Case No. 05-27993-GBN (the "Bankruptcy Case");

WHEREAS, on January 12, 2006, the Bankruptcy Court entered an Order allowing for the joint administration of the Seller's bankruptcy estate and the bankruptcy estate's of Seller's two affiliates;

WHEREAS, Seller is continuing to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code;

WHEREAS, Seller is the owner of 1,000,000 shares of the Common Stock (as defined below) of Las Vegas Resort Development, Inc., a Nevada corporation (the "Company") (the "Acquisition Shares");

WHEREAS Seller and Purchaser acknowledge that the Acquisition Shares are property of Seller's bankruptcy estate, that the Acquisition Shares are subject to the jurisdiction of the Bankruptcy Court under Case No. 05-27993-GBN and that the approval of the Bankruptcy Court is required the close the transaction contemplated herein; and

WHEREAS, Seller desires to sell to Purchaser and Purchaser desires to purchase from Seller the Acquisition Shares on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, representations and warranties made herein and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

#### ARTICLE I DEFINITIONS

The terms defined in this Article, whenever used in this Agreement, shall have the respective meanings indicated below for all purposes of this Agreement.

"Affiliate": of a specified Person means a Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person, or a member of such Person's immediate family.

"Agreement": means this Purchase Agreement (including the Exhibits and the Schedules), as the same from time to time may be amended, supplemented or waived.

"Business Day": means any day other than a Saturday, a Sunday or any other day on which banks in Nevada are required or authorized to be closed.

"Claims": means all claims, costs, demands, damages, debts, losses, liabilities, obligations, expenses (including reasonable attorneys' fees), rights, and causes of action of every kind and nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent.

"Closing": has the meaning set forth in Section 2.1.

"Closing Date": means the date on which the Closing occurs.

"Closing Documents": means documents, instruments and agreements executed and/or delivered at the Closing in connection with the acquisition of the Acquisition Shares contemplated hereby.

"Common Stock": means the common stock, \$0.001 par value, of the Company.

"Consent": means any consent, approval, authorization, stipulation, waiver, agreement or order of, any Person, including any Governmental Authority.

"Court Approval": means the entry of an order of the Bankruptcy Court authorizing the Seller to consummate the sale of the Acquisition Shares to the Purchaser in accordance with the terms of this Agreement.

"Development Rights": means the rights and assets described in the attached Schedule I.

"Disclosing Party": has the meaning set forth in Section 5.2(c).

"Governmental Approval": means any Consent of any Governmental Authority.

"Governmental Authority": means any nation, government, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any governmental authority, agency, department, board, commission or instrumentality of the United States, any State of the United States or any political subdivision thereof.

"Law": means any and all (i) constitutions, treaties, statutes, laws (including the common law), rules, regulations, ordinances, codes or orders of any Governmental Authority, and (ii) orders, judgments, awards and decrees of or agreements with any Governmental Authority.

"Lien": means any mortgage, pledge, hypothecation, right of others, claim, security interest, encumbrance, lease, sublease, license, occupancy agreement, adverse claim or interest, easement, covenant, encroachment, burden, title defect, title retention agreement, voting trust agreement, interest, equity, option, lien, right of first refusal, charge or other restriction or limitation.

"Notice": has the meaning set forth in Section 7.4.

"Person": means any natural person, corporation, trust, association, limited liability company, partnership, joint venture, other entity or Governmental Authority.

"Purchase Consideration": has the meaning set forth in Section 2.2.

"Purchaser's Knowledge": means the actual knowledge of Charles L. Atwood.

"Securities Act": means the Securities Act of 1933, as amended.

"Sale Order" means the Order entered by the Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code authorizing and approving the sale by Seller of the Acquisition Shares to Purchaser.

"Seller's Knowledge": means the actual knowledge of Seller.

"Released Claims": means any and all Claims that are in any way related to the business affairs of the Company or the Acquisition Shares.

"Seller Released Parties": refers collectively to the Company, the Purchaser, their respective Affiliates (including, but not limited to, Harrah's Operating Company, Inc. and Harrah's Entertainment, Inc.) and each of their respective directors, officers, managers, members, shareholders, beneficiaries, representatives and agents.

"Stock Power": means the document attached hereto as Exhibit A.

## ARTICLE II THE PURCHASE

Section 2.1. Closing. Upon the terms and subject to the conditions set forth in this Agreement, the closing of the acquisition of the Acquisition Shares contemplated hereby (the "Closing") shall take place at 10:00 A.M. Pacific time on the date that is two (2) business days after Court Approval at the offices of Schreck Brignone, 300 South Fourth Street, Suite 1200, Las Vegas, Nevada 89191, or such other time and place upon which the parties may agree.

Section 2.2. Purchase. At the Closing, upon the terms and subject to the conditions set forth in this Agreement, Purchaser shall purchase and take assignment and delivery of, and the Seller shall sell, assign, transfer and deliver, all of the Acquisition Shares. The purchase price shall be \$ 11,000,000.00 (determined on the basis of Eleven Dollars (\$11.00) per Acquisition Share) (the "Purchase Consideration"). The Purchaser will cause the Purchase Consideration to be wired transferred to the Seller to a bank account designated in writing by the Seller or in the Sale Order.

## ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

The Seller represents and warrants to Purchaser as follows:

Section 3.1. Authorization, etc. Subject to obtaining Court Approval, Seller has all requisite power and authority (corporate limited liability company or otherwise) to execute and deliver this Agreement, the Closing Documents to which it is a party, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. Subject to obtaining Court Approval, this Agreement is, and at the Closing the Closing Documents to which Seller is a party will be, legal, valid and binding obligations of the Seller, enforceable against Seller in accordance with their respective terms.

Section 3.2. Seller Interests.

(a) Seller owns the Acquisition Shares. The Acquisition Shares are the only shares of capital stock of the Company (of any class) or interest (whether debt or equity) in the Company owned or held by Seller.

(b) Except pursuant to this Agreement, there are no outstanding agreements or commitments obligating Seller to issue, grant, award, purchase, acquire, sell or transfer any of the Acquisition Shares.

(c) The Seller is the sole owner beneficially and of record of all the Acquisition Shares and has good and valid title to all such Acquisition Shares, free and clear of all Liens. Notwithstanding the foregoing, as described in Section 4.6 hereof, the Acquisition Shares have not been registered under the Securities Act or qualified under any securities law of any State, and Seller is making no representation or warranty with respect to the same.

(d) On the Closing Date, Purchaser shall acquire good and valid title to the Acquisition Shares, free and clear of all Liens.

Section 3.3. No Conflicts, etc. No Governmental Approval or other Consent (other than the Court Approval), is required to be obtained or made by Seller in connection with the execution and delivery of this Agreement and the Closing Documents to which they are a party, or the consummation of the transactions contemplated hereby or thereby. Notwithstanding the foregoing, as described in Section 4.6 hereof, the Acquisition Shares have not been registered under the Securities Act or qualified under any securities law of any State, and Seller is making no representation or warranty with respect to the same.

Section 3.4. Litigation. Except as otherwise set forth in Schedule 3.4, there is no action, claim, suit or proceeding pending, or to the knowledge of Seller threatened, by or against or affecting Seller in connection with or relating to the transactions contemplated by this Agreement or any action taken or to be taken by Seller in connection herewith or the consummation of the transactions contemplated hereby.

Section 3.5. Brokers, Finders, etc. All negotiations relating to this Agreement, and the transactions contemplated hereby, have been carried on without the participation of any Person acting on behalf of Seller or any of its Affiliates in such manner as to give rise to any claim against Purchaser or any of its Affiliates for any brokerage or finder's commission, fee or similar compensation.

Section 3.6. Disclosure. No representation or warranty of Seller in this Agreement or in any certificate or instrument delivered by them in accordance with the terms hereof contains any untrue statement of a material fact or omits any statement of a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading.

ARTICLE IV  
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as follows:

Section 4.1. Status. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware.

Section 4.2. Authorization, etc. Purchaser has all requisite limited liability company power and authority to execute and deliver this Agreement and the Closing Documents to which Purchaser is a party, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Purchaser of this Agreement and the Closing Documents to which Purchaser is a party and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all requisite limited liability company action of Purchaser. Purchaser has duly executed and delivered this Agreement, and will duly execute and deliver the Closing Documents to which Purchaser is a party, and such Closing Documents will be the legal, valid and binding obligations of Purchaser, enforceable against it in accordance with their respective terms.

Section 4.3. No Conflicts, etc. Except as set forth herein, no Governmental Approval or other Consent is required to be obtained or made by Purchaser in connection with Purchaser's execution and delivery of this Agreement, the Closing Documents to which Purchaser is a party or the consummation by Purchaser of the transactions contemplated hereby or thereby.

Section 4.4. Litigation. There is no action, claim, suit or proceeding pending, or to Purchaser's Knowledge threatened, by or against or affecting Purchaser in connection with or relating to the transactions contemplated by this Agreement or any action taken or to be taken by Purchaser in connection herewith or the consummation of the transactions contemplated hereby.

Section 4.5. Brokers, Finders, etc. All negotiations relating to this Agreement, and the transactions contemplated hereby, have been carried on without the participation of any Person acting on behalf of Purchaser or its Affiliates in such manner as to give rise to any valid claim against Seller for any brokerage or finder's commission, fee or similar compensation upon consummation of the transactions contemplated hereby.

Section 4.6. Restricted Securities. Purchaser acknowledges that the Acquisition Shares have not been registered under the Securities Act or qualified under any securities law of any State, and Purchaser is acquiring the Acquisition Shares for investment purposes, without a view or intent toward the sale or distribution of same.

## ARTICLE V COVENANTS

Section 5.1. Covenants of Purchaser. Purchaser hereby covenants and agrees with Seller as follows.

(a) From and after the Closing, Purchaser shall not make any public announcement, or disclosure to any Person (other than Purchaser's financial and legal advisors, lenders and members) of this Agreement or the transactions contemplated hereby without the prior written consent of Seller (provided that the negotiation between Purchaser and holders of capital stock and debt securities of the Company who are not signatories to this Agreement, disclosure of the terms or existence of this Agreement to such holders, and any discussion between Purchaser and Summer Bay Vegas, LLC, or any of its Affiliates, shall not be deemed to be a violation of this

Section 5.1 (a). Notwithstanding the foregoing, any Purchaser and its Affiliates may disclose such information (i) if the Purchaser or its Affiliates are compelled to disclose the same by judicial or administrative process or by other requirements of Law (but subject to the following provisions of this Section), (ii) if the same hereafter is in the public domain through no fault of any of the Purchaser or its Affiliates, or (iii) if the same is later acquired by Purchaser or its Affiliates from another source not under an obligation to another Person to keep such information confidential. If Purchaser or any of its Affiliates is requested or required (by oral questions, interrogatories, requests for information or documents in legal proceedings, subpoena, civil investigative demand, rule of civil procedure or other similar process) to disclose any such information, they shall provide Seller with prompt written notice of any such request or requirement so that Seller may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section. If, in the absence of a protective order or other remedy or the receipt of a waiver by Seller, Purchaser or its Affiliates nonetheless, based on the written advice of counsel, is required to disclose such information to any tribunal or else stand liable for contempt or suffer other censure or penalty, the Purchaser or its Affiliates, without liability hereunder, may disclose that portion of such information which such counsel advises the Purchaser or its Affiliates it is legally required to disclose.

(b) As promptly as practicable, Purchaser shall use commercially reasonable efforts to take all actions and to do all things necessary to consummate the transactions contemplated hereby by the Closing Date.

(c) Effective as of immediately following the Closing: (i) Purchaser irrevocably and unconditionally releases and forever (and absolutely) discharges Seller (including its directors, officers, managers, direct members, direct shareholders, direct beneficiaries, representatives and agents) from any and all Released Claims that Purchaser may have against Seller or any of its respective directors, officers, managers, direct members, direct shareholders, direct beneficiaries, representatives or agents as of such date; (ii) Purchaser agrees that the release is effective as a full and final accord and satisfaction and release of each and every Released Claim; (iii) Purchaser acknowledges that it is aware that it may thereafter discover facts in addition to or different from those which as of such date, it knows or believes to be true with respect to the Released Claims; (iv) nevertheless, Purchaser agrees that (effective as of immediately following the Closing) it intends by the release given in this Section to fully, finally and forever settle and release any and all released matters, disputes and differences, known and unknown, suspected and unsuspected, which as of such date exist or may exist between Purchaser and Seller (including any of its respective, directors, officers, managers, direct members, direct shareholders, direct beneficiaries, representatives and agents) with respect to the Released Claims and the release given in this Section shall be and remain in effect as a full and complete general release of the Released Claims notwithstanding the discovery or existence of any such additional or different facts; and (v) Purchaser represents and warrants to Seller that Purchaser has not assigned or transferred to any other Person any of its rights or interests in any of the Released Claims. The provisions of this Section shall not apply to a Claim based solely on a default by Seller hereunder.

Section 5.2. Covenants of Seller. Seller hereby covenants and agrees with Purchaser as follows.

(a) Seller will not challenge the Company's ownership of the Development Rights, or prevent, hinder or interfere with the Company's exercise or exploitation of the Development Rights, or take any action which is intended to or could reasonably be expected to result in any of the foregoing. As between the Company and Seller, nothing in the preceding sentence shall be deemed to confer on Seller the right to take any of the actions described in the preceding sentence prior to the Closing Date.

(b) Seller will not, and will cause its Affiliates not to, publicly or privately criticize, denigrate or disparage the Company, the Purchaser or its Affiliates (including but not limited their involvement or dealings with the Company and Seller or its Affiliates), and Seller agrees not to publicly or privately criticize, denigrate or disparage the current or prior management of the Company or manner in which the Company's business was operated or take any action which is intended to or could reasonably be expected to result in any of the foregoing.

(c) From and after the Closing, Seller will and will cause its Affiliates to, hold in strict confidence, any information with respect to the Company or Purchaser or any of their Affiliates and the transactions contemplated by this Agreement. Notwithstanding the foregoing, Seller may disclose such information (i) if Seller is compelled to disclose the same by judicial or administrative process or by other requirements of Law (but subject to the following provisions of this Section), (ii) if the same hereafter is in the public domain through no fault of Seller or its Affiliates, or (iii) if the same is later acquired by Seller from another source not under an obligation to another Person to keep such information confidential. If Seller or any of its Affiliates (the "Disclosing Party") is requested or required (by oral questions, interrogatories, requests for information or documents in legal proceedings, subpoena, civil investigative demand, rule of civil procedure or other similar process) to disclose any such information, the Disclosing Party shall provide Purchaser with prompt written notice of any such request or requirement so that Purchaser may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section. If, in the absence of a protective order or other remedy or the receipt of a waiver by Purchaser, the Disclosing Party nonetheless, based on the written advice of counsel, is required to disclose such information to any tribunal or else stand liable for contempt or suffer other censure or penalty, the Disclosing Party, without liability hereunder, may disclose that portion of such information which such counsel advises the Disclosing Party it is legally required to disclose. Notwithstanding the foregoing, the disclosure of this Agreement and the transactions contemplated herein in connection with obtaining the Court Approval shall not be considered a breach of this Section.

(d) Except as required by applicable Law (in which case the nature of the announcement shall be described to Purchaser and Purchaser shall be allowed reasonable time to comment prior to dissemination to the public), Seller and its Affiliates shall not make any public announcement, or disclosure to any Person (other than in connection with seeking the Court Approval or to the financial and legal advisors of Seller), of this Agreement or the transactions contemplated hereby without the prior written consent of Purchaser.

(e) Following the Closing, Seller shall from time to time execute and deliver such additional instruments, documents, conveyances or assurances and take such other actions as shall be necessary, or otherwise reasonably requested by Purchaser, to confirm and assure the rights and obligations provided for in this Agreement and render effective the consummation of the transactions contemplated hereby.

(f) Effective as of immediately following the Closing: (i) Seller irrevocably and unconditionally releases and forever (and absolutely) discharges each of the Seller Released Parties from any and all Released Claims that they may have against any of the Seller Released Parties as of such date; (ii) Seller agrees that the release is effective as a full and final accord and satisfaction and release of each and every Released Claim; (iii) Seller acknowledges that it is aware that it may thereafter discover facts in addition to or different from those which as of such date, it knows or believes to be true with respect to the Released Claims; (iv) nevertheless, Seller agrees that (effective as of immediately following the Closing) Seller intends by the release given in this Section to fully, finally and forever settle and release any and all released matters, disputes and differences, known and unknown, suspected and unsuspected, which as of such date exist or may exist between Seller (including its directors, officers, managers, direct members, direct shareholders, beneficiaries, representatives and agents) and any of the Seller Released Parties with respect to the Released Claims and the release given in this Section shall be and remain in effect as a full and complete general release of the Released Claims notwithstanding the discovery or existence of any such additional or different facts; and (v) Seller represents and warrants to Purchaser that Seller has not assigned or transferred to any other Person any of its rights or interests in any of the Released Claims. The provisions of this Section shall not apply to a Claim based solely on a default by Purchaser hereunder.

(g) Seller will undertake any and all actions to promptly obtain the Court Approval. In the event that the Court Approval has not been obtained within 60 days of execution, this Agreement shall automatically terminate and the parties relieved from any obligation or liability to the other which may arise by virtue of this Agreement or the transactions contemplated herein.

## ARTICLE VI CONDITIONS PRECEDENT

Section 6.1. Conditions to Obligations of Each Party. The obligations of the parties to consummate the acquisition of the Acquisition Shares shall be subject to the fulfillment on or prior to the Closing Date of the following conditions:

(a) Consummation of the transactions contemplated hereby shall not have been restrained or enjoined, including by any order, injunction, decree or judgment of any court or other Governmental Authority, and no Person shall have initiated or threatened to initiate any proceeding or action seeking to restrain or enjoin the transactions contemplated hereby or seeking damages from any party to this Agreement by reason of the transactions contemplated hereby.

(b) No court or other Governmental Authority shall have determined that any applicable Law makes illegal the consummation of the transactions contemplated hereby, and no proceeding with respect to the application of any such applicable Law to such effect shall be pending.

(c) Seller has obtained the Court Approval or before the date specified in Section 5.2(g) hereof.

Section 6.2. Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the acquisition of the Acquisition Shares contemplated hereby at the Closing shall be subject to the fulfillment (or waiver by Purchaser) on or prior to the Closing Date of the following additional conditions:

(a) Each of the representations and warranties of Seller contained in this Agreement shall be true and correct in each case on the date hereof and at and as of the Closing Date as though made on and as of the Closing Date. Seller shall have duly performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

(b) Seller shall have delivered to Purchaser at the Closing (i) the certificates representing the Acquisition Shares, duly endorsed in blank or accompanied by stock powers duly endorsed in blank, in proper form for transfer; and (ii) the Stock Power.

(c) Seller has obtained the Court Approval on or before the date specified in Section 5.2(g) hereof.

Section 6.3. Conditions to Obligations of Seller. The obligation of Seller to consummate the acquisition of the Acquisition Shares contemplated hereby at the Closing shall be subject to the fulfillment (or waiver by Seller), on or prior to the Closing Date, of the following additional conditions:

(a) Each of the representations and warranties of Purchaser contained in this Agreement shall be true and correct in each case on the date hereof and at and as of the Closing Date as though made on and as of the Closing Date. Purchaser shall have duly performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

## ARTICLE VII MISCELLANEOUS

Section 7.1. (Intentionally Omitted).

Section 7.2. Expenses. Except to the extent as may otherwise expressly be provided hereby, Seller shall bear its expenses, costs and fees (including attorneys' and auditors' fees) in connection with the transactions contemplated hereby, including the preparation, execution and delivery of this Agreement and compliance herewith, whether or not the transactions contemplated hereby shall be consummated. Purchaser shall bear its expenses, costs and fees (including attorneys' and auditors' fees) in connection with the transactions contemplated hereby, including the preparation, execution and delivery of this Agreement and compliance herewith, whether or not the transactions contemplated hereby shall be consummated.

Section 7.3. Severability. If any provision of this Agreement, including any phrase, sentence, clause, Section or subsection is inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

Section 7.4. Notices. All notices, requests, demands, approvals, consents, waivers and other communications required or permitted to be given under this Agreement (each, a "Notice") shall be in writing and shall be (a) delivered personally, (b) mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, (c) sent by next-day or overnight mail or delivery, or (d) sent by facsimile transmission, provided such transmission is confirmed mechanically.

(i) if to Purchaser, to:

Winnick Holdings, LLC  
c/o Harrah's Operating Company, Inc.  
One Harrah's Court  
Las Vegas, NV 89119  
Facsimile: (702) 407-6284  
Attention: Anthony J. Pearl, Esq.

with a copy to:

Holland & Knight LLP  
633 West Fifth Street, Suite 2100  
Los Angeles, California 90071-2040  
Facsimile: (213) 896-2450  
Attention: Kevin J. Smith, Esq.

(ii) if to Seller:

Mr. James Sell  
2222 E. Camelback Road, Suite 110  
Phoenix, AZ 85016-3246  
Facsimile: (602) 265-3622

Mr. Edward Standage  
Mathon Management Company  
6816 East Brown Road  
Mesa, AZ 85207  
Facsimile: (480) 854-6760

with a copy to:

Jarburg & Wilk PC  
3200 North Central Avenue  
Suite 2000  
Phoenix, AZ 85012  
Attention: Lawrence E. Wilk, Esq.  
Facsimile: (602) 248-0522

or, in each case, at such other address as may be specified in a Notice to the other party hereto. Notices shall be deemed effective, given and received (A) on the date of delivery if delivered

personally, (B) on the third day following deposit in the mail if delivered by mail, (C) on the first Business Day following the date delivered to the overnight mail or delivery if delivered by overnight mail or delivery, and (D) on the date of transmission if delivered by facsimile transmission.

Section 7.5. Attorneys' Fees. If any party hereto initiates any legal action arising out of or in connection with this Agreement or any Closing Document, the prevailing party shall be entitled to recover from the other party all reasonable attorneys' fees, expert witness fees and expenses incurred by the prevailing party in connection therewith, including, but not limited to, attorneys' fees to enforce any judgment rendered on this Agreement or any Closing Document. This attorneys' fees provision shall survive any judgment rendered on this Agreement or any Closing Document and shall not be deemed merged into any such judgment.

Section 7.6. Liability for Transfer Taxes. Purchaser shall be responsible for and pay in a timely manner all sales, use, value added, documentary, stamp, gross receipts, registration, transfer, conveyance, excise, recording, license and other similar taxes and fees, arising out of or in connection with or attributable to the transfer of the Acquisition Shares.

Section 7.7. Headings. The headings contained in this Agreement are for purposes of convenience only and shall not affect the meaning or interpretation of this Agreement.

Section 7.8. Entire Agreement. This Agreement (including the Schedules and Exhibits hereto) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

Section 7.9. Counterparts. This Agreement may be executed (including by facsimile transmission) with counterpart signature pages or in several counterparts, each of which shall be deemed an original and all of which shall together constitute one and the same instrument.

Section 7.10. Governing Law, etc. SUBJECT TO SECTION 7.18, THIS AGREEMENT AND THE CLOSING DOCUMENTS SHALL BE GOVERNED IN ALL RESPECTS, INCLUDING AS TO VALIDITY, INTERPRETATION AND EFFECT, BY THE INTERNAL LAWS OF THE STATE OF NEVADA WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS RULES THEREOF, EXCEPT TO THE EXTENT GOVERNED BY THE BANKRUPTCY CODE OF THE UNITED STATES OF AMERICA. EXCEPT TO THE EXTENT THAT THE BANKRUPTCY COURT MAY HAVE EXCLUSIVE JURISDICTION, EACH OF PURCHASER AND SELLER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEVADA, AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN CLARK COUNTY, NEVADA SOLELY IN RESPECT OF THE INTERPRETATION AND ENFORCEMENT OF THE PROVISIONS OF THIS AGREEMENT AND OF THE DOCUMENTS REFERRED TO IN THIS AGREEMENT, AND HEREBY WAIVE, AND AGREE NOT TO ASSERT, AS A DEFENSE IN ANY ACTION, SUIT OR PROCEEDING FOR THE INTERPRETATION OR ENFORCEMENT HEREOF OR OF ANY SUCH DOCUMENT, THAT IT IS NOT SUBJECT THERETO OR THAT SUCH ACTION, SUIT OR PROCEEDING MAY NOT BE BROUGHT OR IS NOT MAINTAINABLE IN SAID COURTS OR THAT THE VENUE THEREOF MAY NOT BE APPROPRIATE OR THAT THIS AGREEMENT OR ANY OF SUCH DOCUMENT MAY NOT BE ENFORCED IN OR BY SAID COURTS, AND THE PARTIES HERETO

IRREVOCABLY AGREE THAT ALL CLAIMS WITH RESPECT TO SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN SUCH A NEVADA STATE OR FEDERAL COURT. EACH OF PURCHASER AND SELLER HEREBY CONSENTS TO AND GRANTS ANY SUCH COURT JURISDICTION OVER THE PERSON OF SUCH PARTIES AND OVER THE SUBJECT MATTER OF ANY SUCH DISPUTE AND AGREES THAT MAILING OF PROCESS OR OTHER PAPERS IN CONNECTION WITH ANY SUCH ACTION OR PROCEEDING IN THE MANNER PROVIDED IN SECTION 7.4, OR IN SUCH OTHER MANNER AS MAY BE PERMITTED BY LAW, SHALL BE VALID AND SUFFICIENT SERVICE THEREOF.

Section 7.11. Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH THIS AGREEMENT OR ANY CLOSING DOCUMENT.

Section 7.12. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

Section 7.13. Assignment. This Agreement shall not be assignable or otherwise transferable by Purchaser or Seller without the prior written consent of the other; provided, however, that Purchaser may assign this Agreement to any of its Affiliates (it being understood and agreed that no such assignment by Purchaser pursuant to this proviso shall relieve Purchaser of any of its obligations hereunder).

Section 7.14. No Third Party Beneficiaries. Except with respect to the Company, nothing in this Agreement shall confer any rights upon any Person other than the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

Section 7.15. Waivers. No discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the discharge or waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the party granting such waiver in any other respect or at any other time. Neither the waiver by any of the parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure by any of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any of such provisions, rights or privileges hereunder.

Section 7.16. Amendments. Seller and Purchaser may agree to an amendment or modification of the rights and obligations between Seller and Purchaser under this Agreement provided same shall be in a writing executed by all of the parties hereto.

Section 7.17. Acknowledgment by Seller. Seller acknowledges that the representations and warranties contained in this Agreement and in any document or instrument delivered to Purchaser pursuant hereto or in connection herewith shall not be deemed waived or otherwise affected by any investigation by Purchaser, or any of its respective officers, directors, managers, employees, counsel, accountants, advisors, representatives and agents.

Section 7.18. Specific Performance. The parties hereto agree that irreparable damage would occur if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 7.19. Time of the Essence. Seller and Purchaser expressly agree that time is of the essence with respect to this Agreement.

Section 7.20. Bankruptcy Court Approval. The obligations of Seller and Purchaser are expressly conditioned upon:

(a) The Bankruptcy Court entering a Sale Order approving the sale of the Acquisition Shares to Purchaser;

(b) Pursuant to Sections 363(f) and 105(a) of the Bankruptcy Code, the Sale Order shall provide that the Acquisition Shares are transferred to Purchaser upon and effective as of the Closing and shall be free and clear of all Liens and that such Liens shall be released, terminated and discharged as to the Acquisition Shares and, to the extent required by Section 363(f) of the Bankruptcy Code, shall attach to the net proceeds of the sale of the Acquisition Shares paid by Purchaser in the order of their priority, with the same validity, force and effect as they now have against the Acquisition Shares;

(c) The Sale Order shall provide that Purchaser is a good faith purchaser entitled to the protections of Section 363(m) of the Bankruptcy Code with respect to the transactions contemplated by this Agreement and, accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the sale of the Acquisition Shares will not affect the validity of the sale to Purchaser, unless such authorization as granted under the Sale Order is duly stayed pending such appeal prior to Closing; and

(d) Pursuant to Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules") 6004(g), 6006(d) and 7062, the Sale Order shall provide that the sale Order shall not be stayed for ten (10) days after entry and, notwithstanding any provision of the Bankruptcy Code or the Bankruptcy Rules to the contrary, the Sale Order shall be effective and enforceable immediately upon entry.

Section 7.21. Overbid Procedures. Seller and Purchaser acknowledge that Seller must take reasonable steps to demonstrate that it has sought to obtain the highest and best price for the Acquisition Shares and the consummation of the transactions contemplated by this Agreement, including giving notice thereof to Seller's creditors and other interested parties, providing information about the Acquisition shares to prospective bidders, entertaining higher and better offers from prospective bidders and, if necessary, conducting an auction. To facilitate the foregoing, Seller shall seek Bankruptcy Court approval of bidding provisions and procedures satisfactory to Seller and Purchaser ("Overbid Procedures"). These Overbid Procedures shall include the following provisions:

(a) Qualified Bidder. To bid at any auction, any potential bidder must first be pre-qualified ("Qualified Bidder") by the Seller by providing evidence of financial ability to consummate the purchase of the Acquisition Shares, by providing financial data supporting such ability in such a manner so as to be received by Seller sufficiently prior to any auction to allow Seller to pre-qualify bidder;

(b) Overbid Deadline. A Qualified Bidder that desires to make a bid shall deliver written copies of its bid to Seller at the addresses provided herein not later than such date and time as is specified in a Bankruptcy Court Order approving the Overbid Procedures ("Overbid Deadline"). Seller may extend the Overbid Deadline in its sole discretion, but Seller shall have no obligation to do so. If Seller extends the Overbid Deadline, Seller shall promptly notify Purchaser and all other Qualified Bidders of such extension.

(c) Overbid Requirements. A bid is a letter from a Qualified Bidder (other than Purchaser, whose participation as a Qualified Bidder shall be on the terms set forth in this Agreement) stating that (i) the Qualified Bidder offers to purchase the Acquisition Shares upon the terms and conditions set forth in a copy of this Agreement attached to such letter, marked to show any amendments and modifications to this Agreement and (ii) the Qualified Bidder's offer is irrevocable until the earlier of 48 hours after closing of the sale of the Acquisition Shares or such date as is specified in a Bankruptcy Court order approving the Overbid Procedures. A Qualified Bidder (other than Purchaser) shall accompany its bid with written evidence of a commitment for financing or other evidence of ability to consummate the transaction. Seller will consider a bid only if the bid is in an amount greater than the Purchase Consideration ("Initial Overbid").

(d) Deposit Requirement. All Initial Overbids shall be accompanied by a deposit of an amount equal to ten percent (10%) of the Initial Overbid payable by wire transfer to Seller's counsel or an escrow agent designated by Seller.

(e) Auction. If prior to the Bid Deadline, Seller has received at least one Qualified Bid that Seller determines is higher or otherwise better than the Purchase Consideration, Seller shall conduct an auction ("Auction") with respect to the Acquisition Shares consistent with the Auction procedures contained in the Bankruptcy Court Order approving the Overbid Procedures.

(f) Sale Hearing. As soon as practicable after the conclusion of the Auction, Seller shall (i) review each Qualified Bid on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the sale and (ii) identify the highest and best bid for the Acquisition Shares ("Successful Bid"). Seller shall present the Successful Bid to the bankruptcy Court for approval ("Sale Hearing").

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

WINNICK HOLDINGS, LLC,  
a Delaware limited liability company

By: Debbie Deschaine  
Debbie Deschaine  
Authorized Signatory

MATHON FUND, L.L.C.,  
a Delaware limited liability company

By: James C. Sell  
James C. Sell  
Conservator

## LIST OF EXHIBITS

A Stock Power

## LIST OF SCHEDULES

I Development Rights

3.4 Pending Litigation

**EXHIBIT A**  
**STOCK POWER**

The undersigned hereby sells, assigns and transfers unto WINNICK HOLDINGS, LLC., a Delaware limited liability company \_\_\_\_\_ number of shares of Common Stock in LAS VEGAS RESORT DEVELOPMENT, INC., a Nevada corporation (the "Corporation"), evidenced by certificate no(s) \_\_\_\_\_ (the "Shares"). The undersigned hereby irrevocably constitutes and appoints the Corporation as its attorney to transfer the Shares in the records of the Corporation, with full power of substitution with respect to this appointment.

Dated: \_\_\_\_\_

*[Name of seller]*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## SCHEDULE I

### DEVELOPMENT RIGHTS

The rights of the Declarant under the following declarations to develop, redevelop and expand the projects subject to the terms of the following Declarations, all as more particularly set forth therein:

1. That certain Declaration of the Timeshare Ownership Covenants, Conditions and Restrictions for the Grand Flamingo Fountains which was recorded on May 26, 1993 in Book 930526 as Instrument No. 00566 in the Office of the County Recorder of Clark County, Nevada (the "Recorder's Office"), as amended by that certain First Amendment to the Grand Flamingo Fountains Declaration of Timeshare Ownership Covenants, Conditions and Restrictions which was recorded in the Recorder's Office on January 22, 1999 in Book 990122 as Instrument No. 00239 and by that certain Grand Flamingo Fountains Second Amendment to the Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded in the Recorder's Office on March 31, 2003 in Book 20030331 as Instrument No. 01710, and other covenants, conditions, restrictions, reservations and easements of record, and subject to any occupancy restrictions contained in the unrecorded purchase or exchange agreements;

2. That certain Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded on May 23, 1997 in Book 970523 as Instrument No. 01649 in the Recorder's Office, as amended by that certain Grand Flamingo Plaza First Amendment to the Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded in the Recorder's Office on March 31, 2003 in Book 20030331 as Instrument No. 01712, and other covenants, conditions, restrictions, reservations and easements of record, and subject to any occupancy restrictions contained in the unrecorded purchase or exchange agreements;

3. That certain Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded on November 8, 1991 in Book 911108 as Instrument No. 000235 in the Recorder's Office, as amended and restated by that certain Amended and Restated Declaration of Timeshare Ownership Covenants, Conditions and Restrictions for the Grand Flamingo Suites which was recorded in the Recorder's Office on December 9, 1994 in Book 941209 as Instrument No. 00882 and by that certain Grand Flamingo Suites Second Amendment to the Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded in the Recorder's Office on March 31, 2003 in Book 20030331 as Instrument No. 01716, and other covenants, conditions, restrictions, reservations and easements of record, and subject to any occupancy restrictions contained in the unrecorded purchase or exchange agreements;

4. That certain Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded on August 17, 1995 in Book 950817 as Instrument No. 01139 in the Recorder's Office, as amended by that certain First Amendment to the Grand Flamingo Terrace Four Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded on January 22, 1999 in the Recorder's Office in Book 990122 as Instrument No. 00242 and by that certain Grand Flamingo Terrace Four Second Amendment to the Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded in the Recorder's Office on March 31, 2003 in Book 20030331 as Instrument No. 01711, and other

covenants, conditions, restrictions, reservations and easements of record, and subject to any occupancy restrictions contained in the unrecorded purchase of exchange agreements;

5. That certain Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded on December 12, 1989 in Book 891212 as Instrument No. 000188 in the Recorder's Office, as amended by that certain Amendment to the Declaration of Timeshare Ownership Covenants, Conditions and Restrictions for the Grand Flamingo Terrace recorded in the Recorder's Office on April 11, 1990 in Book 900411 as Instrument No. 00406 and by that certain Second Amendment to the Declaration of Timeshare Ownership Covenants, Conditions and Restrictions for that certain Grand Flamingo Terrace recorded in the Recorder's Office on January 22, 1999 in Book 990122 as Instrument No. 00241 and by that certain Grand Flamingo Terrace Third Amendment to the Declaration of Timeshare Ownership Covenants, Conditions and Restrictions which was recorded in the Recorder's Office on March 31, 2003 in Book 20030331 as Instrument No. 01715, and other covenants, conditions, restrictions, reservations and easements of record, and subject to any occupancy restrictions contained in the unrecorded purchase of exchange agreements;

6. That certain Declaration of the Timeshare Ownership Covenants, Conditions and Restrictions recorded on August 23, 1984 in Book 1978 as Instrument No. 1937487 in the Recorder's Office, as amended by that certain Amendment to the Declaration of Timeshare Ownership Covenants, Conditions and Restrictions for the Grand Flamingo Towers as recorded in the Recorder's Office on January 17, 1985 in Book 2050 as Instrument No. 2009218 and by that certain Second Amendment to the Declaration of Timeshare Ownership Covenants, Conditions and Restrictions for the Grand Flamingo Towers as recorded in the Recorder's Office on January 22, 1999 in Book 990122 as Instrument No. 00243 and by that certain Grand Flamingo Towers Third Amendment to the Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded on March 31, 2003 in the Recorder's Office in Book 20030331 as Instrument No. 01713, and other covenants, conditions, restrictions, reservations and easements of record, and subject to any occupancy restrictions contained in the unrecorded purchase or exchange agreements;

7. That certain Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded on February 6, 1984 in Book 1871 as Instrument No. 1830906 in the Recorder's Office, as amended by that certain Grand Flamingo Villas First Amendment to the Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded on March 31, 2003 in the Recorder's Office in Book 20030331 as Instrument No. 0174, and other covenants, conditions, restrictions, reservations and easements of record, and subject to any occupancy restrictions contained in the unrecorded purchase or exchange agreements; and

8. That certain Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded on March 19, 1993 in Book 930319 as Instrument No. 00051 in the Recorder's Office, as amended by that certain Grand Flamingo Winnick First Amendment to the Declaration of Timeshare Ownership Covenants, Conditions and Restrictions recorded on March 31, 2003 in the Recorder's Office in Book 2003031 as Instrument No. 01709, and other covenants, conditions, restrictions, reservations and easements of record, and subject to any occupancy restrictions contained in the unrecorded purchase or exchange agreements.

## SCHEDULE 3.4

### PENDING LITIGATION

Adversary Proceeding 05-05059 captioned *C. Alan Bentley, Chapter 11 Trustee, v. Ross Mangano, et. al.*, filed in *In re Mego Financial Corp, et al.*, Chapter 11 case numbers BK-N-03-52300-GWZ through BK-N-03-52470-GWZ and BK-N-03-52470-GWZ through BK-N-03-52474-GWZ, in the United States Bankruptcy Court for the District of Nevada.