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FILE NO. SD-015

BEFORE THE NEVADA GAMING COMMISSION AND  
THE STATE GAMING CONTROL BOARD

Securities Division

In the Matter of  
AITS, INC.  
(Registration)

JAN 14 1983  
*for per*  
Gaming Control Board

APPLICATION FOR APPROVAL OF  
ASSIGNMENT OF RIGHTS TO PLEDGED  
STOCK BELONGING TO HOTEL RIVIERA, INC.

1. The Applicant. AITS, INC., 210 Boylston Street, Newton, Massachusetts, 02167.
2. The Corporate Licensee. Hotel Riviera, Inc., 2901 Las Vegas Blvd. South, Las Vegas, Nevada, 89109.
3. The Transaction. Pursuant to NGC Regulation 8.030(4), Applicant hereby seeks approval of an assignment to Rapid-American Corporation (hereafter "Rapid") of the possessory security interest rights to 100 common shares of Hotel Riviera, Inc., as set forth in that certain Pledge Agreement dated December 3, 1974, by and between AITS, Inc. and First National Bank of Chicago. Said Pledge Agreement was approved by the Board and Commission per an Order dated November 21, 1974.
4. Two Prior Loans Pertaining To The Transaction. On August 9, 1973, Applicant entered into a \$25,000,000.00 Loan Agreement and executed a promissory note (see attached Exhibits 1 and 2, respectively) with First National Bank of Chicago (hereafter "FNB Chicago"). At that time, Applicant also entered into an additional \$10,000,000.00 loan from Chase Manhattan Bank (hereafter "Chase") and executed two promissory notes, each in the amount of \$5,000,000.00.

As collateral for both loan obligations, Applicant

1 agreed to enter into a Pledge Agreement (dated December 3, 1974,  
2 and attached as Exhibit 3) by which FNB Chicago could receive a  
3 possessory security interest in 100 shares of the stock of Hotel  
4 Riviera, Inc. (hereafter "Riviera stock"). Chase was to receive  
5 a somewhat similar security interest in the Riviera stock.  
6 Pursuant to Nevada gaming laws, Applicant applied for and  
7 obtained prior approval of the Board and Commission of the Pledge  
8 Agreement (see Nevada Gaming Commission Order Granting Application  
9 For Approval Of Pledge dated November 21, 1974, attached to Pledge  
10 Agreement as Exhibit "B").

11 5. Material Facts Relating To The Transaction. The  
12 following facts are material to the transaction for which  
13 approval is sought:

14 a. Applicant's Debt With Chase. Applicant's  
15 \$10,000,000.00 debt to Chase in a fashion was secured by the  
16 Pledge Agreement approved by the Commission in 1974. Applicant's  
17 debt to Chase was later modified by a Letter Agreement dated  
18 March 16, 1978 (attached as Exhibit 4), and by an Amended Letter  
19 Agreement dated December 31, 1979 (attached as Exhibit 5).

20 b. Chase Assignment To Rapid Of Rights In Pledge  
21 Agreement. On September 30, 1982, Chase entered into a written  
22 contract to accept \$1,240,000.00 in cash from Rapid as full  
23 payment of Applicant's remaining debt to Chase (see attached  
24 Exhibit 6). As consideration for Rapid's satisfaction of Appli-  
25 cant's debt, Chase agreed to assign to Rapid all rights possessed  
26 by Chase in the 1974 approved Pledge Agreement (see paragraph  
27 1.3(ii) of Exhibit 6). If required, Applicant hereby seeks  
28 approval of the assignment by Chase to Rapid of all rights in the  
29 1974 Pledge Agreement.

30 c. Applicant's Debt With FNB Chicago. When Applicant  
31 became obligated to FNB Chicago for \$25,000,000.00 on August 9,  
32 1973, the debt was secured in Riviera stock per the 1974 approved

1 Pledge Agreement.

2 d. FNB Chicago Assignment Of Possessory Security

3 Interest To Rapid. On August 10, 1982, FNB Chicago entered into  
4 a written contract (see attached Exhibit 7) whereby Rapid agreed  
5 to pay FNB Chicago in full satisfaction of Applicant's pre-existing  
6 debt. In consideration for Rapid's agreement to satisfy these  
7 debts, FNB Chicago agreed to assign to Rapid all its possessory  
8 security interest rights in the previously approved Pledge  
9 Agreement of 1974. This agreement to assign possessory security  
10 interest rights to Rapid is expressly subject to prior approval  
11 by the Board and Commission, and the agreement is due to close  
12 on or before February 1, 1983 (see paragraph 2.4 of Exhibit 7).

13 6. Stock Pledge Restrictions Applicable To Rapid.

14 As the draft agreements between Rapid, FNB Chicago and Chase now  
15 stand (see Exhibits 6 and 7), Rapid's security position in the  
16 assigned pledge will be subject to the following limitations and  
17 restrictions with respect to the Riviera stock.

18 a. No Voting. Rapid will not have any voting power  
19 over the Riviera stock if the approval herein sought is granted  
20 (see paragraph 2.1(e) of Exhibit 3 for further details).

21 b. No Dividends. Rapid will not receive any dividends  
22 from the pledged Riviera stock if the approval herein sought is  
23 granted.

24 c. No Foreclosure, Sale or Adjournment Without Prior  
25 Approval By Gaming Commission. If the approval herein sought is  
26 granted, Rapid will not be allowed to foreclose, conduct a  
27 foreclosure sale, or adjourn a foreclosure sale of the pledged  
28 Riviera stock without prior approval of the Board and Commission  
29 (see Exhibit 3 and accompanying Commission Order dated November 21,  
30 1974).

31 . . .

32 . . .

1                   d. Physical Location Of Riviera Stock Shall Remain  
2 Inside Nevada. If approval to this application is granted, Rapid  
3 will not be able to physically remove the pledged Riviera stock  
4 to any location outside the State of Nevada (see NGC Order of  
5 November 21, 1977, Exhibit 3"B").

6                   7. Further Information As To Rapid. Meshulam Riklis,  
7 who is a Nevada licensee, is Rapid's President, Chief Executive  
8 Officer, and Chairman of the Board. He has voting control over  
9 60% of Rapid's common shares (the only issued and outstanding  
10 shares), which he votes per the Riklis Family Corporation, a  
11 corporation over which he also has voting control. The remaining  
12 40% of stock in Rapid is owned by American Financial Corporation,  
13 a corporation in which Carl H. Linder acts as the controlling  
14 shareholder.

15                   Further information pertaining to Rapid will be supplied  
16 to the Board and Commission through a copy of Rapid's Form 10-K,  
17 to be submitted forthwith.

18                   8. Final Points. Applicant hereby requests Board and  
19 Commission action on this application prior to February 1, 1983,  
20 if at all possible.

21                   The Applicant states that this Application, as amended  
22 and supplemented and as of the time it is accepted as filed, does  
23 not make a material misstatement of fact nor omit to state a  
24 material fact necessary to make the facts stated, in view of the  
25 circumstances under which they are made, not misleading.

26                   The Applicant states that this Application, as amended  
27 and supplemented and as of the time it is accepted as filed, is  
28 in full compliance with the Act and Regulations.

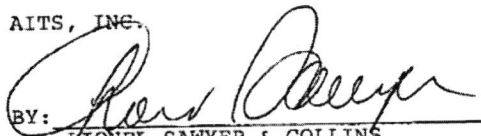
29                   The Applicant hereby undertakes to amend and supplement  
30 this Application as the Board or Commission may require from  
31 time to time.

32                   The Applicant hereby amends this Application on such  
date or dates as may be necessary to delay the effective date of

1 Application until this Application, as supplemented and amended,  
2 is accepted as filed or the Registrant specifically requests  
3 that this Application be accepted as filed, whichever occurs first.

4 Pursuant to the Act and Regulations, the Applicant has  
5 duly caused this Application to be signed on its behalf by the  
6 undersigned, thereunto duly authorized.

7 AITS, INC.

8  
9 BY: 

10 LIONEL SAWYER & COLLINS  
11 1700 Valley Bank Plaza  
12 300 South Fourth Street  
13 Las Vegas, Nevada 89101

14 Counsel for Applicant  
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