

BEFORE THE NEVADA GAMING COMMISSION  
AND THE STATE GAMING CONTROL BOARD

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In the Matter of  
STOCKBRIDGE/SBE INVESTMENT COMPANY, LLC  
(Registration)

ORDER OF REGISTRATION

THIS MATTER came on regularly for hearing before the State Gaming Control Board (“Board”) on August 6, 2014, at Carson City, Nevada, and before the Nevada Gaming Commission (“Commission”) on August 21, 2014, at Las Vegas, Nevada; and

THE BOARD AND COMMISSION having considered all information pertinent hereto;

IT IS HEREBY ORDERED BY THE NEVADA GAMING COMMISSION UPON THE RECOMMENDATION OF THE STATE GAMING CONTROL BOARD:

1. THAT the following applications, as amended and supplemented, have been filed:
  - a. The applications of Stockbridge/SBE Investment Company, LLC for (i) registration as a publicly traded corporation, (ii) a finding of suitability as sole member of Stockbridge/SBE Holdings, LLC, and (iii) approval to pledge the membership interest of Stockbridge/SBE Holdings, LLC to KeyBank National Association, as Collateral Agent, in conjunction with a credit agreement,
  - b. The applications of Stockbridge/SBE Voteco Company, LLC for (i) registration as a holding company, (ii) a finding of suitability as sole Class A voting member and

manager of Stockbridge/SBE Investment Company, LLC, and (iii) a finding of suitability as sole manager of Stockbridge/SBE Holdings, LLC,

c. The application of Terrence E. Fancher for a finding of suitability as beneficial owner and controlling beneficial owner of Stockbridge/SBE Investment Company, LLC,

d. The applications of Stockbridge/SBE Holdings, LLC for (i) registration as an intermediary company, (ii) licensure as sole member and manager of SB Gaming, LLC, (iii) licensure as a distributor, (iv) approval to receive a percentage of gaming revenue from the race book and sports pool operated by Leroy's Horse & Sports Place, Inc., dba William Hill Race & Sports Book, at SLS Las Vegas, and (v) approval to pledge the membership interest of SB Gaming, LLC to KeyBank National Association, as Collateral Agent, in conjunction with a credit agreement, and

e. The applications of SB Gaming, LLC for (i) a nonrestricted gaming license, and (ii) licensure as a manufacturer and distributor.

2. THAT Stockbridge/SBE Investment Company, LLC is registered as a publicly traded corporation and is found suitable as the sole member of Stockbridge/SBE Holdings, LLC.

3. THAT Stockbridge/SBE Voteco Company, LLC is registered as a holding company, is found of suitable as the sole Class A voting member and manager of Stockbridge/SBE Investment Company, LLC, and is found of suitable as the sole manager of Stockbridge/SBE Holdings, LLC.

4. THAT Terrence E. Fancher is found suitable as beneficial owner and controlling beneficial owner of Stockbridge/SBE Investment Company, LLC.

5. THAT Stockbridge/SBE Holdings, LLC is registered as an intermediary company and is licensed as sole member and manager of SB Gaming, LLC.

6. THAT Stockbridge/SBE Holdings, LLC is licensed as a distributor and is approved to receive a percentage of gaming revenue from the race book and sports pool

operated by Leroy's Horse & Sports Place, Inc., dba William Hill Race & Sports Book, at SLS Las Vegas, subject to such conditions or limitations as may be imposed by the Commission.

7. THAT SB Gaming, LLC, dba SLS Las Vegas, is licensed as a manufacturer and distributor and is licensed to conduct nonrestricted gaming operations at 2535 Las Vegas Boulevard South, Las Vegas, subject to such conditions or limitations as may be imposed by the Commission.

8. THAT Stockbridge/SBE Investment Company, LLC is granted approval, pursuant to NRS 463.5733 and NGC Regulations 15B.180 and 8.030, to pledge its membership interests in Stockbridge/SBE Holdings, LLC to KeyBank National Association, as Collateral Agent, in conjunction with a Credit Agreement dated May 2, 2012 ("Credit Agreement"), provided that:

a. This approval is pursuant to the First Lien Pledge Agreement with KeyBank National Association dated May 2, 2012 ("2012 Pledge Agreement");

b. The prior approval of the Commission must be obtained before any foreclosure or transfer of any possessory security interest in such membership interests (except back to Stockbridge/SBE Investment Company, LLC) and before any other resort to the collateral or other enforcement of the security interest in such membership interests may occur; and

c. Pursuant to NGC Regulations 15B.140 and 8.030(4)(a), the membership certificates of Stockbridge/SBE Holdings, LLC evidencing said pledge of the membership interests must at all times remain physically within the State of Nevada at a location designated to the Board and must be made available for inspection by agents or employees of the Board immediately upon request during normal business hours.

9. THAT Stockbridge/SBE Holdings, LLC is granted approval, pursuant to NRS 463.5733 and NGC Regulations 15B.180 and 8.030, to pledge its membership interests in SB

Gaming, LLC to KeyBank National Association, as Collateral Agent, in conjunction with the Credit Agreement, provided that:

- a. This approval is pursuant to the First Lien Pledge Agreement with KeyBank National Association dated March 14, 2014 ("2014 Pledge Agreement");
- b. The prior approval of the Commission must be obtained before any foreclosure or transfer of any possessory security interest in such membership interests (except back to Stockbridge/SBE Holdings, LLC) and before any other resort to the collateral or other enforcement of the security interest in such membership interests may occur; and
- c. Pursuant to NGC Regulations 15B.140 and 8.030(4)(a), the membership certificates of SB Gaming, LLC evidencing said pledge of the membership interests must at all times remain physically within the State of Nevada at a location designated to the Board and must be made available for inspection by agents or employees of the Board immediately upon request during normal business hours.

10. THAT the 2012 Pledge Agreement and 2014 Pledge Agreement shall not be amended without the prior administrative approval of the Chairman of the Board or his designee. Such administrative approval may not be granted regarding amendments to the 2012 Pledge Agreement or 2014 Pledge Agreement that increase or change the membership interest that are the subject of the pledge or that change the identity of the Collateral Agent.

11. THAT Stockbridge/SBE Investment Company, LLC shall establish and maintain a gaming compliance program for the purpose of, at a minimum, performing due diligence, determining the suitability of relationships with other entities and individuals, and to review and ensure compliance by Stockbridge/SBE Investment Company, LLC, its subsidiaries and any affiliated entities, with the Nevada Gaming Control Act (the "Act"), as amended, the Commission's Regulations (the "Regulations"), as amended, and the laws and regulations of any other jurisdictions in which Stockbridge/SBE Investment Company, LLC, its subsidiaries

and any affiliated entities operate. The gaming compliance program, any amendments thereto, and the members of the compliance committee, at least one such member who shall be independent and knowledgeable of the Act and Regulations, shall be administratively reviewed and approved by the Chairman of the Board or his designee. Stockbridge/SBE Investment Company, LLC shall amend the gaming compliance program, or any element thereof, and perform such duties as may be assigned by the Chairman of the Board or his designee, related to a review of activities relevant to the continuing qualification Stockbridge/SBE Investment Company, LLC, its subsidiaries and any affiliated entities under the provisions of the Act and Regulations.

12. THAT Terrence E. Fancher shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect membership interest in Stockbridge/SBE Voteco Company, LLC held by him or any other security held by him that is convertible or exchangeable into an interest in Stockbridge/SBE Voteco Company, LLC.

13. THAT Stockbridge/SBE Intermediate Company, LLC shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect interest in Stockbridge/SBE Investment Company, LLC held by it or any other security held by it that is convertible or exchangeable into an interest in Stockbridge/SBE Investment Company, LLC.

14. THAT, except for transfers of interest among themselves, Stockbridge Fund II Co-Investors LV Investment LLC, Stockbridge Fund II LV Investment LLC, Stockbridge Fund II D LV Investment LLC, Stockbridge Fund II E LV Investment LLC, and Stockbridge Fund III LV Investment LLC shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect interest in Stockbridge/SBE Intermediate Company, LLC held by them or any other security held by them that is convertible or exchangeable into an interest in Stockbridge/SBE Intermediate Company, LLC.

15. THAT Stockbridge Real Estate Fund II Co-Investors LV, LP shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect interest in Stockbridge Fund II Co-Investors LV Investment LLC held by it or any other security held by it that is convertible or exchangeable into an interest in Stockbridge Fund II Co-Investors LV Investment LLC.

16. THAT, except for transfers of interest among themselves, Stockbridge Real Estate Fund II-A, LP, Stockbridge Real Estate Fund II-B, LP, Stockbridge Real Estate Fund II-C, LP and Stockbridge Real Estate Fund II-T, LP shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect interest in Stockbridge Fund II LV Investment LLC held by them or any other security held by them that is convertible or exchangeable into an interest in Stockbridge Fund II LV Investment LLC.

17. THAT Stockbridge Real Estate Fund II-D, LP shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect interest in Stockbridge Fund II D LV Investment LLC held by it or any other security held by it that is convertible or exchangeable into an interest in Stockbridge Fund II D LV Investment LLC.

18. THAT Stockbridge Real Estate Fund II-E, LP shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect interest in Stockbridge Fund II E LV Investment LLC held by it or any other security held by it that is convertible or exchangeable into an interest in Stockbridge Fund II E LV Investment LLC.

19. THAT, except for transfers of interest among themselves, Stockbridge Real Estate Fund III-A, LP and Stockbridge Real Estate Fund III-C, LP shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect interest in Stockbridge Fund III LV Investment LLC held by them or any other security held by them that is convertible or exchangeable into an interest in Stockbridge Fund III LV Investment LLC.

20. THAT Stockbridge Real Estate Partners III, LLC shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect interest in Stockbridge Real Estate Fund III-A, LP and Stockbridge Real Estate Fund III-C, LP held by it or any other security held by it that is convertible or exchangeable into an interest in Stockbridge Real Estate Fund III-A, LP or Stockbridge Real Estate Fund III-C, LP.

21. THAT Stockbridge Real Estate Partners II, LLC shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect interest in Stockbridge Real Estate Fund II Co-Investors LV, LP, Stockbridge Real Estate Fund II-A, LP, Stockbridge Real Estate Fund II-B, LP, Stockbridge Real Estate Fund II-C, LP, Stockbridge Real Estate Fund II-T, LP, Stockbridge Real Estate Fund II-D, LP and Stockbridge Real Estate Fund II-E, LP held by it or any other security held by it that is convertible or exchangeable into an interest in Stockbridge Real Estate Fund II Co-Investors LV, LP, Stockbridge Real Estate Fund II-A, LP, Stockbridge Real Estate Fund II-B, LP, Stockbridge Real Estate Fund II-C, LP, Stockbridge Real Estate Fund II-T, LP, Stockbridge Real Estate Fund II-D, LP, or Stockbridge Real Estate Fund II-E, LP.

22. THAT, except for transfers of interest among themselves, AREFIN Sahara Equity LLC and SBE Las Vegas Holdings I, LLC shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect interest in Stockbridge/SBE Intermediate Company, LLC held by them or any other security held by them that is convertible or exchangeable into an interest in Stockbridge/SBE Intermediate Company, LLC.

23. THAT AREFIN TRS LLC shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect interest in AREFIN Sahara Equity LLC held by it or any other security held by it that is convertible or exchangeable into an interest in AREFIN Sahara Equity LLC.

24. THAT, except for transfers of interest among themselves, SBE Entertainment Group, LLC, SBEEG Holdings LLC, Y & S Nazarian Revocable Trust and David and Angella Nazarian Family Trust shall not, without the prior approval of the Commission, sell, assign, transfer, pledge or otherwise dispose of any direct or indirect interest in SBE Las Vegas Holdings I, LLC by them or any other security held by them that is convertible or exchangeable into an interest in SBE Las Vegas Holdings I, LLC.

25. THAT Terrence E. Fancher shall, within thirty days of the date of such transaction, report to the Board the sale, assignment, transfer, pledge or other disposition of any direct or indirect interest in Stockbridge Real Estate Partners II, LLC or Stockbridge Real Estate Partners III, LLC held by him or any other security held by him that is convertible or exchangeable into an interest in Stockbridge Real Estate Partners II, LLC or Stockbridge Real Estate Partners III, LLC. Such report shall include the date of the transaction, the percentage of interest transferred, except where the transferred interest is publicly traded, the name of the transferee, and any other such information as the Board may require. If the transaction would result in a change of control of Stockbridge Real Estate Partners II, LLC or Stockbridge Real Estate Partners III, LLC, prior administrative approval by the Chairman of the Board or his designee shall be required.

26. THAT Stockbridge/SBE Intermediate Company, LLC, Stockbridge Fund II Co-Investors LV Investment LLC, Stockbridge Fund II LV Investment LLC, Stockbridge Fund II D LV Investment LLC, Stockbridge Fund II E LV Investment LLC, Stockbridge Fund III LV Investment LLC, Stockbridge Real Estate Fund II Co-Investors LV, LP, Stockbridge Real Estate Fund II-A, LP, Stockbridge Real Estate Fund II-B, LP, Stockbridge Real Estate Fund II-C, LP, Stockbridge Real Estate Fund II-T, LP, Stockbridge Real Estate Fund II-D, LP, Stockbridge Real Estate Fund II-E, LP, Stockbridge Real Estate Fund III-A, LP, Stockbridge Real Estate Fund III-C, LP, Stockbridge Real Estate Partners III, LLC, Stockbridge Real Estate Partners II, LLC, AREFIN Sahara Equity LLC, SBE Las Vegas Holdings I, LLC, AREFIN TRS LLC, SBE



Entertainment Group, LLC, SBEEG Holdings LLC, Y & S Nazarian Revocable Trust and David and Angella Nazarian Family Trust shall, within 30 days of such change, report to the Board the addition of any new members, partners, shareholders, trustees or beneficiaries, except for new investors who are holders of publicly traded securities. Such report shall include the name, date of birth, social security number and any other such information as the Board may require on the new member, partner, shareholders, trustees or beneficiaries. If the new member, partner, shareholder, trustee or beneficiary is an entity rather than a natural person, such report shall include either: (a) the names, dates of birth, social security numbers and any other such information as the Board may require on the officers and directors of the new member, partner, shareholder, trustee or beneficiary, and, if applicable, any person holding, directly or indirectly, more than five percent (5%) voting or economic interest in the prospective member, partner, shareholder, trustee or beneficiary, or (b) the identification information found in the subscription materials provided by such new member, partner, shareholder, trustee or beneficiary and any other such information as the Board may require. The Commission may require, upon the recommendation of the Board, any member, partner, shareholder, trustee or beneficiary to file an application for licensure or a finding of suitability. The failure of such member, partner, shareholder, trustee or beneficiary to file an application may be grounds for a finding of unsuitability and subject the member, partner or shareholder, trustee or beneficiary to mandatory divestiture of the relevant interest.

27. THAT Stockbridge/SBE Intermediate Company, LLC, Stockbridge/SBE Voteco Company, LLC and Stockbridge/SBE Investment Company, LLC shall not, without the prior approval of the Commission, issue any additional securities, including, but not limited to, equity securities, membership interests, or partnership interests

28. THAT Stockbridge/SBE Intermediate Company, LLC, Stockbridge Fund II Co-Investors LV Investment LLC, Stockbridge Fund II LV Investment LLC, Stockbridge Fund II D LV Investment LLC, Stockbridge Fund II E LV Investment LLC, Stockbridge Fund III LV

Investment LLC, Stockbridge Real Estate Fund II Co-Investors LV, LP, Stockbridge Real Estate Fund II-A, LP, Stockbridge Real Estate Fund II-B, LP, Stockbridge Real Estate Fund II-C, LP, Stockbridge Real Estate Fund II-T, LP, Stockbridge Real Estate Fund II-D, LP, Stockbridge Real Estate Fund II-E, LP, Stockbridge Real Estate Fund III-A, LP, Stockbridge Real Estate Fund III-C, LP, Stockbridge Real Estate Partners III, LLC, Stockbridge Real Estate Partners II, LLC, AREFIN Sahara Equity LLC, SBE Las Vegas Holdings I, LLC, AREFIN TRS LLC, SBE Entertainment Group, LLC and SBEEG Holdings LLC each shall quarterly provide to the Board a list of all direct holders of all classes of securities, including, but not limited to, common stock, membership interests, partnership interests, or other such securities, except for the holders of publicly traded securities.

29. THAT the proposed sale of all or substantially all of the assets of Stockbridge/SBE Investment Company, LLC shall be reported to the Board at least 60 days prior to such sale.

30. THAT none of SB Gaming, LLC, Stockbridge/SBE Holdings, LLC, Stockbridge/SBE Intermediate Company, LLC, Stockbridge/SBE Voteco Company, LLC or Stockbridge/SBE Investment Company, LLC shall, without the prior approval of the Commission, declare any dividends or distributions on any class of securities, except for securities that have been registered with the SEC, to any person who has not been licensed or found suitable by the Commission, provided, however, that any of the foregoing entities may, with the prior administrative approval of the Chairman of the Board or his designee, pay dividends and make distributions to their direct or indirect equity owners who have not been licensed or found suitable by the Commission for the purpose of defraying tax liabilities and tax-related expenses of such direct or indirect equity owners that arise directly out of such direct or indirect ownership interest.

31. THAT, subject to the provisions of Paragraphs twelve (12) through thirty (30) of this Order of Registration, pursuant to NRS 463.625, Stockbridge/SBE Investment Company,

LLC is exempted from compliance with NRS 463.585 through NRS 463.615, inclusive, and shall instead comply with NRS 463.635 through NRS 463.645, inclusive, provided however, that Stockbridge/SBE Voteco Company, LLC shall not sell, assign, transfer, pledge or otherwise dispose of any equity securities of Stockbridge/SBE Investment Company, LLC, without the prior approval of the Commission.

32. THAT, subject to the provisions of Paragraphs twelve (12) through thirty (30) of this Order of Registration, Stockbridge/SBE Investment Company, LLC is exempted from compliance with NGC Regulation 15 and shall instead comply with NGC Regulation 16.

33. THAT Stockbridge/SBE Investment Company, LLC shall fund and maintain with the Board a revolving fund in the total amount of \$50,000 for the purpose of funding investigative reviews by the Board for compliance with the terms of this Order of Registration. Without limiting the foregoing, the Board shall have the right, without notice, to draw upon the funds of said account for the payment of costs and expenses incurred by the Board or its staff in the surveillance, monitoring and investigative reviews of all activities of Stockbridge/SBE Investment Company, LLC, its direct and indirect subsidiaries, and their affiliated entities.

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34. THAT the Commission hereby expressly finds that the exemptions hereinabove granted are consistent with the State policy set forth in NRS 463.0129 and NRS 463.489.

ENTERED in Las Vegas, Nevada, this 21<sup>st</sup> day of August 2014.