

BEFORE THE NEVADA GAMING COMMISSION
AND THE STATE GAMING CONTROL BOARD

In the Matter of

SOUTHMARK HOLDING COMPANY
and
SOUTHMARK CORPORATION

Registration

ORDER OF REGISTRATION (SOUTHMARK HOLDING COMPANY)
AND REVISED ORDER OF REGISTRATION (SOUTHMARK CORPORATION)

THIS MATTER came on regularly for hearing before the State Gaming Control Board on October 5, 1988 in Carson City, Nevada and before the Nevada Gaming Commission on October 20, 1988 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, are hereby accepted as filed:

a) Southmark Holding Company for registration as a PTC and a finding of suitability as controlling shareholder of Southmark Corporation;

b) Southmark Holding Corporation for approval to participate in foreign gaming in Atlantic City, New Jersey through its equity interest in Pratt

Hotel Corporation and in San Juan, Puerto Rico through its equity interest in Pratt Hotel Corporation and through its affiliate, Southmark San Juan, Inc;

c) Southmark Corporation for approval of a statutory merger with Southmark Merger Company; and

d) Southmark Corporation for an Amendment to its Order of Registration.

2) THAT the Commission Orders listed below are superceded by the Revised Order of Registration:

Order of Registration	November 20, 1986
Amendment #1 to Order of Registration	August 20, 1987
Amendment #2 to Order of Registration	October 15, 1988

3) THAT Southmark Holding Company is registered as a publicly traded company and is found suitable as a controlling shareholder of Southmark Corporation.

4) THAT Southmark Corporation is registered as a publicly traded intermediary holding company and found suitable as sole shareholder of Novus Nevada, Inc.

5) THAT Novus Nevada, Inc. is approved to share in gaming revenue at Circus Circus Casinos, dba Silver City Casino, 3001 Las Vegas Boulevard South, Las Vegas.

6) THAT Southmark Holding Company is granted approval to participate in gaming revenues at Circus Circus Casinos, dba Silver City Casino through its affiliated companies Southmark Corporation and Novus Nevada, Inc. while participating in gaming operations in Atlantic City New Jersey, through its equity interest in Pratt Hotel Corporation, and in San Juan, Puerto Rico both

through its equity interest in Pratt Hotel Corporation and through its affiliate companies, Southmark Corporation and Southmark San Juan, Inc.

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

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

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

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

8) THAT except as provided by NRS 463.690(3) and in this Order neither Southmark Holding Company nor any person controlling, controlled by, or under common control with Southmark Holding Company shall have any involvement with gaming or pari-mutuel wagering outside the State of Nevada without first obtaining the approval of the Nevada Gaming Commission.

9) THAT in the event Southmark Holding Company or any of its affiliated companies or any person controlling, controlled by, or under common control with

Southmark Holding Company, participates in gaming operations other than as stated in this Order, then this Order of Registration shall be null, void, and of no further force and effect.

10) THAT Southmark Corporation is granted approval to merge with Southmark Merger Company, with Southmark as the surviving entity in accordance with the Agreement and Plan of Merger set forth in Appendix A to the Proxy Statement/Prospectus filed with the Securities and Exchange Commission.

11) THAT the approval related to the Registration of Southmark Holding Company and the merger of Southmark Corporation and Southmark Merger Company will become effective upon consummation of the said merger. If the merger is not consummated by March 31, 1989, the Order of Registration of Southmark Holding Company and the Revised Order of Registration of Southmark Corporation shall be null and void in its entirety, and those approvals previously granted to Southmark and its affiliates shall remain in effect.

12) THAT Southmark Holding Company shall maintain a \$10,000 revolving fund with the Board for the purpose of funding investigative reviews, conducted in the sole discretion of the Board, for compliance with the terms of this Order of Registration, to monitor the progress of the merger and the gaming operations in Puerto Rico and New Jersey.

13) THAT pursuant to NRS 463.625(2), Southmark Holding Company and Southmark Corporation are exempted from compliance NRS 463.585(1), (2), (5), (6) and (7) and NRS 463.535 through NRS 463.615, inclusive and shall instead comply with NRS 463.635 through NRS 463.645, inclusive.

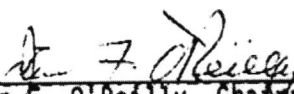
14) THAT the Southmark Holding Company and Southmark Corporation are

exempted from Reg. 15, except for the provisions of Reg. 15.585.3-1, Reg. 15.585.3-2, and Reg. 15.585.4-1, and shall instead comply with the provisions of Reg. 16.

15) THAT the Commission hereby expressly finds that the exemptions hereinabove granted are consistent with State policy set forth in NRS 463.0129 and NRS 463.489(1).

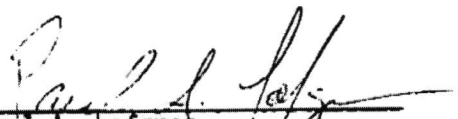
ENTERED at Las Vegas, Nevada this 20th day of October, 1988.

FOR THE COMMISSION:



John F. O'Reilly, Chairman


Submitted by:



Paul A. Lofgren
Acting Supervisor, Investigations
Corporate Securities

APPROVED AS TO FORM:

BRIAN McKAY
ATTORNEY GENERAL

By 

Georganne Wert-Bradley
Deputy Attorney General
Gaming Division