

January 30, 2025

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VIA FEDERAL EXPRESS

Ronald Wegner
Chief of Police
Fallon Police Department
55 West Williams Avenue
Fallon, Nevada 89406

RE: Application to Transfer Stockman's Casino City of Fallon Nonrestricted Gaming License

Dear Chief Wegner:

We represent Stockman's Casino, a Nevada corporation ("**Stockman's**"). Stockman's operates the casino commonly known as "Stockman's Casino," located at 1560 W. Williams Avenue, Fallon, Nevada 89406 (the "**Casino**"). Seller is under contract to sell the Casino assets to Clarity Game Opco LLC, a Nevada limited liability company ("**Clarity**"). Clarity is comprised of gaming industry veterans who have been previously licensed by the Nevada Gaming Commission on numerous occasions.

In early December, 2024, Clarity filed applications with the City of Fallon Clerk's Office for the requisite business licenses, including the City of Fallon nonrestricted gaming license. Clarity also filed an application for a state nonrestricted gaming license with the Nevada Gaming Control Board which is in queue to be on the March or April meeting agendas.

Stockman's is supplementing the Clarity submission with this letter application requesting city council approval to transfer the Casino's existing City of Fallon nonrestricted gaming license to Clarity. The city council has the "power and authority" to approve this transfer pursuant to City of Fallon Municipal Code ("**FMC**") Section 5.52.060 (B) which provides as follows:

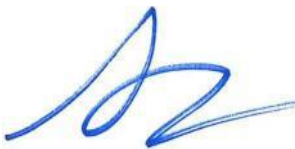
No restricted or unrestricted gaming license granted under the provisions of this chapter may be transferred by the licensee to any other person except upon application made to the Chief of Police of the City of Fallon, and which application must be approved by a majority vote of the city council, who shall have the power and authority to grant the transfer or deny the request and require that a new and original application be made by the proposed transferee.

We are making this request in light of FMC Section 5.52.040 (A) which provides that: *“No City of Fallon nonrestricted gaming license shall be granted to or maintained by the holder of a nonrestricted gaming license issued by the State of Nevada unless such licensee maintains, on the same premises which licensee holds a nonrestricted gaming license, no fewer than sixty guestrooms...”* Pursuant to subsection (C), the sixty guestrooms requirement does not apply to any entity, such as Stockman’s, which held a valid nonrestricted gaming license on the date the ordinance became effective. Stockman’s received its original gaming licenses for the Casino in 1972. The current shareholder of Stockman’s, Full House Resorts, Inc., acquired ownership of Stockman’s in 2007. The ordinance only became effective on February 3, 2015.

While the parties could possibly renegotiate and restructure the asset purchase transaction as an equity sale of the stock in Stockman’s, the time and expense for this undertaking doesn’t make sense considering the end result would be the same. Under either a council-approved asset transfer or an equity sale, the Casino will continue operating as it has historically (for over fifty years) without guestrooms on the premises. Note that there is a ninety-nine room Holiday Inn Express that shares the same parking lot as the Casino so guests of the Casino have close, convenient access to hotel accommodations.

We respectfully request the city council’s thoughtful consideration and ultimate approval of this application to transfer the Casino’s nonrestricted gaming license to Clarity. We understand that approval would be subject to/conditioned upon Clarity receiving a nonrestricted gaming license from the Nevada Gaming Commission.

Sincerely,



Sonia Church Vermeys

CC: City of Fallon Clerk’s Office (*via Federal Express*)
Trent deBraga (*via email*)
Sean Rowe (*via email*)
Full House Resorts, Inc. (*via email*)
Sean McGuinness, counsel to Clarity (*via email*)