

**DGMB CASINO, LLC (RESORTS)
QUARTERLY REPORT**

FOR THE PERIOD ENDED DECEMBER 7 - 31, 2010

**SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY**



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

DGMB CASINO, LLC (RESORTS)

BALANCE SHEETS

AS OF DECEMBER 31, 2010

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$12,832	0
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2010, \$36 ; 2009, \$0).....	3	3,096	0
4	Inventories		611	0
5	Other Current Assets.....	4	1,651	0
6	Total Current Assets.....		18,190	0
7	Investments, Advances, and Receivables.....	5	13,733	0
8	Property and Equipment - Gross.....	6	88,559	0
9	Less: Accumulated Depreciation and Amortization.....		0	0
10	Property and Equipment - Net.....		88,559	0
11	Other Assets.....		0	0
12	Total Assets.....		\$120,482	\$0
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$3,933	0
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....	10	5,000	0
16	External.....		0	0
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....	7	5,075	0
19	Other Current Liabilities.....	8	1,193	0
20	Total Current Liabilities.....		15,201	0
	Long-Term Debt:			
21	Due to Affiliates.....		0	0
22	External.....		0	0
23	Deferred Credits	11	6,345	0
24	Other Liabilities.....		0	0
25	Commitments and Contingencies.....		0	0
26	Total Liabilities.....		21,546	0
27	Stockholders', Partners', or Proprietor's Equity.....		98,936	0
28	Total Liabilities and Equity.....		\$120,482	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

DGMB CASINO, LLC (RESORTS)

STATEMENTS OF INCOME

FOR THE PERIOD ENDED DECEMBER 7 - 31, 2010

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino.....		\$7,229	\$0
2	Rooms.....		711	0
3	Food and Beverage.....		946	0
4	Other.....		150	0
5	Total Revenue.....		9,036	0
6	Less: Promotional Allowances.....	2	2,621	0
7	Net Revenue.....		6,415	0
	Costs and Expenses:			
8	Cost of Goods and Services.....		6,364	0
9	Selling, General, and Administrative.....		1,794	0
10	Provision for Doubtful Accounts.....	3	36	0
11	Total Costs and Expenses.....		8,194	0
12	Gross Operating Profit.....		(1,779)	0
13	Depreciation and Amortization.....		0	0
	Charges from Affiliates Other than Interest:			
14	Management Fees.....	9	81	0
15	Other.....		0	0
16	Income (Loss) from Operations.....		(1,860)	0
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		0	0
18	Interest Expense - External.....		(15)	0
19	CRDA Related Income (Expense) - Net.....	4	(75)	0
20	Nonoperating Income (Expense) - Net.....	1, 6	72,453	0
21	Total Other Income (Expenses).....		72,363	0
22	Income (Loss) Before Taxes and Extraordinary Items.....		70,503	0
23	Provision (Credit) for Income Taxes.....	1, 2, 11	6,345	0
24	Income (Loss) Before Extraordinary Items.....		64,158	0
25	Extraordinary Items (Net of Income Taxes - 2010, \$0; 2009, \$0).....		0	0
26	Net Income (Loss).....		\$64,158	\$0

The accompanying notes are an integral part of the financial statements.
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DGMB CASINO, LLC (RESORTS)

STATEMENTS OF INCOME

FOR THE PERIOD ENDED DECEMBER 7 - 31, 2010

(UNAUDITED)
(\$ IN THOUSANDS)

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	Revenue:			
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5	Total Revenue.....		9,036	0
6	Less: Promotional Allowances.....	2	2,621	0
7	Net Revenue.....		6,415	0
	Costs and Expenses:			
8	Cost of Goods and Services.....		6,364	0
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15	Other.....		0	0
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	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		0	0
18	Interest Expense - External.....		(15)	0
19	CRDA Related Income (Expense) - Net.....	4	(75)	0
20	Nonoperating Income (Expense) - Net.....	1, 6	72,453	0
21	Total Other Income (Expenses).....		72,363	0
22	Income (Loss) Before Taxes and Extraordinary Items.....		70,503	0
23	Provision (Credit) for Income Taxes.....	1, 2, 11	6,345	0
24	Income (Loss) Before Extraordinary Items.....		64,158	0
25	Extraordinary Items (Net of Income Taxes - 2010, \$0; 2009, \$0).....			0
26	Net Income (Loss).....		\$64,158	\$0

The accompanying notes are an integral part of the financial statements.
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DGMB CASINO, LLC (RESORTS)
STATEMENTS OF CHANGES IN PARTNERS',
PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE PERIOD ENDED DECEMBER 7 - 31, 2010

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2008.....					\$0
2	Net Income (Loss) - 20__.....					0
3	Capital Contributions.....					0
4	Capital Withdrawals.....					0
5	Partnership Distributions.....					0
6	Prior Period Adjustments.....					0
7	_____.....					0
8	_____.....					0
9	_____.....					0
10	Balance, December 31, 2009.....		0	0	0	0
11	Net Income (Loss) - 2010.....		0	64,158		64,158
12	Capital Contributions.....		34,778			34,778
13	Capital Withdrawals.....					0
14	Partnership Distributions.....					0
15	Prior Period Adjustments.....					0
16	_____.....					0
17	_____.....					0
18	_____.....					0
19	Balance, December 31, 2010.....		\$34,778	\$64,158	\$0	\$98,936

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

DGMB CASINO, LLC (RESORTS)
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 7 - 31, 2010

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		(\$266)	\$0
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments		0	0
3	Proceeds from the Sale of Short-Term Investments		0	0
4	Cash Outflows for Property and Equipment.....		(13,096)	0
5	Proceeds from Disposition of Property and Equipment.....		0	0
6	CRDA Obligations		(13,584)	0
7	Other Investments, Loans and Advances made.....		0	0
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities.....		0	0
10	CRDA Reimbursement		0	0
11				
12	Net Cash Provided (Used) By Investing Activities.....		(26,680)	0
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		5,000	0
14	Payments to Settle Short-Term Debt.....		0	0
15	Proceeds from Long-Term Debt		0	0
16	Costs of Issuing Debt.....		0	0
17	Payments to Settle Long-Term Debt.....		0	0
18	Cash Proceeds from Issuing Stock or Capital Contributions...		34,778	0
19	Purchases of Treasury Stock.....		0	0
20	Payments of Dividends or Capital Withdrawals.....		0	0
21				
22				
23	Net Cash Provided (Used) By Financing Activities.....		39,778	0
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		12,832	0
25	Cash and Cash Equivalents at Beginning of Period.....		0	0
26	Cash and Cash Equivalents at End of Period.....		\$12,832	\$0
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$0	\$0
28	Income Taxes.....		\$0	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

DGMB CASINO, LLC (RESORTS)
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 7 - 31, 2010

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$64,158	\$0
30	Depreciation and Amortization of Property and Equipment.....		0	0
31	Amortization of Other Assets.....		0	0
32	Amortization of Debt Discount or Premium.....		0	0
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		6,345	0
35	(Gain) Loss on Disposition of Property and Equipment.....		0	0
36	(Gain) Loss on CRDA-Related Obligations.....		75	0
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(3,096)	0
39	(Increase) Decrease in Inventories		(611)	0
40	(Increase) Decrease in Other Current Assets.....		(1,651)	0
41	(Increase) Decrease in Other Assets.....		0	0
42	Increase (Decrease) in Accounts Payable.....		3,933	0
43	Increase (Decrease) in Other Current Liabilities		6,043	0
44	Increase (Decrease) in Other Liabilities		0	0
45	Gain on Purchase of Assets		(75,462)	0
46				
47	Net Cash Provided (Used) By Operating Activities.....		(\$266)	\$0

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$13,096)	\$0
49	Less: Capital Lease Obligations Incurred.....		0	0
50	Cash Outflows for Property and Equipment.....		(\$13,096)	\$0
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....		\$0	\$0
52	Goodwill Acquired.....		0	0
53	Other Assets Acquired - net		0	0
54	Long-Term Debt Assumed.....		0	0
55	Issuance of Stock or Capital Invested.....		0	0
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.....		\$34,778	\$0
58	Less: Issuances to Settle Long-Term Debt.....		0	0
59	Consideration in Acquisition of Business Entities.....		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$34,778	\$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

DGMB CASINO, LLC (RESORTS) STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE PERIOD ENDED DECEMBER 7 - 31, 2010

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during

3/31/2011

Date

Lawrence J. McCabe

Lawrence J. McCabe

Director - Finance

Title

3392-11

License Number

On Behalf of:

DGMB CASINO, LLC (RESORTS)

Casino Licensee

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS

1 Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of DGMB Casino, LLC (the "Company"), a New Jersey limited liability company. The Company currently owns and operates Resorts Casino Hotel ("Resorts"). The Company is owned 100% by DGMB Casino Holding, LLC ("Holding"), a Delaware limited liability company, through a 99.5% direct ownership and a .5 % indirect ownership through DGMB Casino SPE Corp. ("SPE"), a Delaware corporation which is the managing member of the Company.

Resorts is a casino hotel operating in the Atlantic City, New Jersey market since its opening as a casino hotel in May 1978. Through multiple transactions, Resorts changed ownership until in April 2001 Resorts International Hotel and Casino, Inc., ("RIHC"), acquired all of the capital stock of Resorts International Hotel, Inc., ("RIHI") the owner and operator of Resorts at that time.

In March 2007, RIHC entered into a Loan Agreement with Column Financial, Inc., ("Column Financial"), as Lender (the "Term Loan"). The Term Loan was for an initial principal amount of \$350 million and had an initial maturity date of April 9, 2009. Interest on the Term Loan accrued at a rate of one month LIBOR plus 3.0%. The Term Loan was secured by a first priority deed of trust on Resorts and certain other property owned by subsidiaries of RIHC. RIHC also entered into a Credit Agreement with Column Financial, as Lender (the "Revolving Loan") which provided for a \$10 million revolving credit facility. The proceeds of the Revolving Loan were to be used to provide the RIHC subsidiaries a line of credit to support working capital and/or letter of credit requirements.

In November, 2008, RIHI failed to make its monthly interest payment and other monthly funding requirements related to the Term Loan and the Revolving Loan. In November 2008, RIHI was notified by Column Financial that it was in default of its obligations under the Term Loan and the Revolving Loan. RIHI was unable to cure the default and in 2009 an entity known as Resorts Atlantic City Holdings, LLC, ("RAC"), a special purpose New Jersey limited liability company, was formed by RIHI's lenders and filed a foreclosure action to recover all of the assets that secured their loan, including, but not limited to, Resorts. Ultimately, a negotiated a settlement was reached with RAC and its agents to resolve the default by way of a deed-in-lieu of foreclosure agreement

In December, 2009 RIHI and Column Financial, with prior approval of the New Jersey Casino Control Commission (the "Commission"), entered into a series of agreements that, among other things, conveyed ownership of the properties secured by a first priority deed of trust on Resorts and certain other property owned by subsidiaries of RIHC to RAC. RIHI became 100% owned by Nicholas L. Ribis. All non-gaming related assets of RIHI were transferred to RAC in satisfaction of the Term Loan and Revolving Loan.

RIHI continued to operate Resorts as a casino licensee, under a Management Agreement entered into with RAC (the "RIHI Management Agreement") and retained ownership of certain gaming related assets. RIHI continued to share certain administrative departments with another Atlantic City casino through a shared services agreement.

In August, 2010, Gomes Gaming, Inc. ("Gomes Gaming"), a Nevada corporation, on behalf of itself or its entity assignee, as buyer, entered into an Asset Purchase Agreement (the "APA") with RAC, as seller, for the purchase of Resorts. On August 31, 2010, the APA was assigned to the Company. Pursuant to the APA, RAC would sell, transfer, assign and convey and the Company would acquire, either directly from RAC or through the RIHI Management Agreement and deed in lieu of foreclosure transaction from RIHI, parcels of real property, ground leases, personal property, gaming equipment, leases and other assets. Those assets would include the right to use the "Resorts" and "Resorts Atlantic City Casino Hotel" trade names. Under the APA, the RIHI Management Agreement would be terminated. The APA was subject to regulatory approval, including the granting of an Interim Casino Authorization (the "ICA") by the Commission. The purchase price for the acquired assets under the APA was \$35 million, with a \$2 million deposit and the balance due at settlement (the "Settlement"). The Settlement was set to occur on or before 10 business days following the grant of the ICA, and conditioned upon termination of the RIHI Management Agreement. Although the Company could assume certain liabilities in connection with the APA, most other liabilities would be excluded.

In September, 2010 Gomes Gaming and the Company entered into an Operating Agreement (the "Operating Agreement"), whereby Gomes Gaming would have exclusive operating responsibility and full control for the operation of Resorts. In October, 2010 Gomes Gaming assigned the Operating Agreement to Gomes Gaming NJ, LLC ("Gomes Gaming NJ"), and a wholly owned subsidiary of Gomes Gaming. Under conditions of the Commission, Gomes Gaming NJ is required to hold a casino license in New Jersey.

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS

1 Basis of Presentation (continued)

On or about November 16, 2010, the Company and RAC entered into the First Amendment of Asset Purchase Agreement pursuant to which the parties agreed to the following terms and conditions:

1. The Company acquired all of RAC's rights in and to any refund or credit due as a result of the real estate tax appeal filed by RAC in the Tax Court of New Jersey on March 29, 2010 up to \$3 million. Any amounts collected in excess of \$3 million, after payment of any reasonable and customary third party costs and fees in connection with the prosecution or settlement of the tax appeal, the Company agreed to pay RAC 50% of such excess amount to Seller or its designee.

2. The purchase price was decreased from \$35 million to \$31.5 million.

3. The Company's deposit was increased from \$2 million to \$3 million, and the Escrow Agent was authorized to release all or any portion of the deposit to RAC to enable RAC to fund, in a commercially reasonable manner, any operations at Resorts with the intent to keep it open and operating through the Settlement date.

4. The Settlement date was fixed to occur on December 6, 2010 with title to the Assets and all documents and consideration to be held in escrow to provide for transfer of title and possession to be assumed by the Company at 6:00 A.M. on December 7, 2010.

5. The Company waived its rights to terminate the APA based upon the costs of remediation associated with the results of the Company's environmental assessment.

6. The Company waived any rights to terminate the APA based upon (i) the amount of cash to be conveyed at Settlement, including but not limited to, the amounts that shall be in the casino or operating accounts and (ii) the business practices of the manager of Resorts, provided that said business practices do not materially diminish the value of the assets.

7. RAC agreed to pay the real estate taxes due the City of Atlantic City in the approximate amount of \$2.4 million.

8. The Company agreed to accept the assets subject to the claim by the City of Atlantic City that RIHI had agreed to convey to it an interest in Lots 12, 19, 20 and 24 in Block 139, Atlantic City tax map, in exchange for RAC agreeing to assign to the Company all claims causes of action, demands or otherwise that RAC may have relating to the City of Atlantic City's alleged claim and against any third parties, including, but not limited to, RIHI.

On December 1, 2010 both the Company and Gomes Gaming NJ were granted an ICA which, by statute, will expire on September 1, 2011, subject to a 3 month extension from the Commission.

On December 6, 2010 the Settlement took place with the effective date of transfer on December 7, 2010 at 6 AM. The Financial Statements presented are for the twenty five day period of December 7-31, 2010. All costs associated with preopening are classified in Non-operating expenses.

In November 2009, an appraisal of the Resorts Atlantic City property was prepared at the request of RIHI's lenders to be used in connection with marketing the property. At present the Company is having this appraisal updated. For purposes of an estimate of the Fair Value of the assets acquired needed for presentation of the financial statements at December 31, 2010, the Company has used the values stated in this appraisal. For current liabilities, including gaming related liabilities, the Company used carrying values of these liabilities as an approximation for Fair Value. Due to the bargain purchase price negotiated under the APA, the recognition of the Fair Value as stated in the appraisal resulted in a gain of \$75.5 million at the time of the purchase of the assets. This gain is included in the Statement of Income for the twenty five day period ended December 31, 2010 and recorded in Other Non-Operating Income. A state tax provision has been provided on this gain which has resulted in a deferred state tax liability of \$6.3 million. The deferred state tax liability is classified in Deferred Credits on the accompanying balance sheet.

Should the update of the appraisal significantly change the values as reported, the Company will reissue the financial statements to reflect the updated Fair Value. Due to uncertainties regarding the update of the appraisal and how that would affect the allocation of Property and Equipment, including their useful lives, no estimate of depreciation expense was recorded for the twenty-five day period ended December 31, 2010.

Income Taxes

The Company is treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of Holding and SPE. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, the Company is required to record New Jersey state income taxes (see Note 11).

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Allowances for doubtful accounts arising from casino, hotel and other services, are based upon a specific review of certain outstanding receivables. In determining the amounts of the allowances, certain estimates and assumptions are made, and actual results may differ from those assumptions.

Cash Equivalents

Short-term money market securities purchased with original maturities of three months or less are considered to be cash equivalents. The carrying value of cash equivalents approximates fair value due to the short-term maturity of these instruments.

Inventories

Inventories of provisions, supplies and spare parts are valued at the lower of cost (first-in, first-out) or market.

Property and Equipment

Property and equipment are stated at cost and are depreciated over their estimated useful lives reported below using the straight-line method. Charges to income resulting from amortization of assets recorded under capital leases are included with depreciation and amortization expense in the statements of income.

In November 2009, an appraisal of the Resorts Atlantic City property was prepared at the request of RIHI's lenders to be used in connection with marketing the property. At present the Company is having this appraisal updated. For purposes of an estimate of the Fair Value of the assets acquired needed for presentation of the financial statements at December 31, 2010, the Company has used the values stated in this appraisal. Due to uncertainties regarding the update of the appraisal and how that would affect the allocation of Property and Equipment, including their useful lives, no estimate of depreciation expense was recorded for the twenty-five day period ended December 31, 2010.

Hotels and other buildings.....	35 – 40	years
Furniture fixtures and equipment.....	2 – 5	years
Gaming equipment.....	3 – 5	years

The provisions of ASC Topic 360, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("ASC 360"), requires, among other things, that an entity review its long-lived assets and certain intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. ASC 360 requires an impairment loss to be recognized only if the carrying amounts of long-lived assets to be held and used are not recoverable from their expected undiscounted future cash flows. The asset impairment charge results from the difference between the fair value of the long-lived asset group and its carrying amount.

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Company accounts for Income Taxes under ASC Topic 740, Income Taxes ("ASC 740"). In accordance with ASC 740, deferred tax assets and liabilities are calculated as the difference between the financial statement carrying amounts and tax bases of assets and liabilities. These differences are affected by the tax rate for the year in which they are expected to be recovered or settled. A valuation allowance is recognized, if necessary, to account for the likelihood that these differences will not be realized in the future.

ASC 740 provides guidance on classification, interest and penalties, accounting in interim periods, disclosures and transition. A tax position is recognized if it meets a "more likely than not" threshold, and is measured at the largest amount of benefit that is greater than 50% likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date.

Revenue Recognition

Gaming revenue is recorded as the net win from gaming activities, which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services and from theater ticket sales are recognized at the time the related service is performed.

Promotional Allowances

The retail value of hotel accommodations, food, beverage and other services provided to customers without charge is included in gross revenues and deducted as promotional allowances.

Cash discounts based upon a negotiated amount with each customer are recognized as a promotional allowance on the date the related revenues are recorded.

The Company offers other incentive programs. These are gifts and other promotional items, the type and distribution of which is determined by management. Since these awards are not cash awards, the Company records them as gaming expenses in the statements of income. Such amounts are expensed on the date the award can be utilized by the customer.

Cashback Liability

The Company awards incentives to its casino customers, based on their levels of gaming activity, through its "Cashback" marketing program. The incentives awarded are in the form of points which may be redeemed for coin to wager on slot machines. The Company records a liability for outstanding Cashback incentives (those incentives which have been earned, but not yet redeemed by the customer), adjusted for an estimated redemption factor based on historical results. The amount of expense resulting from this marketing program could vary from the liability recorded based on actual redemption rates; management believes, based upon its experience with Cashback programs that the actual redemption will be materially consistent with the amount estimated. The amount is recorded as a promotional allowance in the statements of income. At December 31, 2010 the Cashback liability was \$208,000.

Bankable Complimentaries

The Company customer loyalty program, Destination Club, offers incentives to customers who gamble at Resorts. Under the program, customers are able to accumulate, or bank, comp dollars over time that they may redeem at their discretion under the terms of the program. The comp dollars balance will be forfeited if the customer does not redeem them over an eight-month period from the time they were first earned. As a result of the ability of the customer to bank the comp dollars, the Company accrues the expense of the comp dollars, after consideration of estimated breakage, as they are earned. The estimated cost to provide comp dollars is expensed as the comp dollars are earned and is included in casino expense on the Company's statements of income. To arrive at the estimated cost associated with comp dollars, estimates and assumptions are made regarding incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which comp dollars will be redeemed. At December 31, 2010, the Bankable Complimentaries liability was \$663,000.

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Advertising

The Company expenses advertising costs as incurred. These costs are included in Selling, General and Administrative costs on the Company's statements of income. For the period ended December 31, 2010 these costs amounted to \$305,000.

Trade Receivables and Allowance for Accounts Receivable

Trade receivables are initially recorded at cost. Accounts are written off when the Company deems the account to be uncollectible. Allowances for doubtful accounts arising from casino, hotel and other services, are based upon a specific review of certain outstanding receivables and historical trends in the casino gaming industry in Atlantic City. In determining the amounts of the allowances, certain estimates and assumptions are made, and actual results may differ from those assumptions.

3. Receivables

Components of receivables were as follows at December 31 (in thousands):

	2010
Gaming	\$ 2,088
Less: allowance for doubtful accounts	(36)
	<u>2,052</u>
Non-gaming:	
Hotel and related	409
Other	635
	<u>1,044</u>
Less: allowance for doubtful accounts	-
	<u>1,044</u>
Receivables, net	\$ <u><u>3,096</u></u>

4. Other Current Assets

Components of other current assets were as follows at December 31 (in thousands):

	2010
Prepaid insurance	\$ 617
Prepaid casino licenses	597
Prepaid maintenance agreements	314
Other prepaid expenses and current assets	123
	<u>\$ 1,651</u>

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS

5. Investments, Advances and Receivables

Components of investments, advances and receivables were as follows at December 31 (in thousands):

	2010
CRDA deposits	\$ 11,532
CRDA bonds	2,276
Valuation allowance	(75)
	<u>\$ 13,733</u>

The New Jersey Casino Control Act, as amended, requires the Company to purchase bonds issued by the CRDA or make other investments authorized by the CRDA, in an amount equal to 1.25% of the Company's gross gaming revenue, as defined.

The CRDA bonds have interest rates ranging from 3.5% to 7.0% and have repayment terms of between 20 and 50 years. The Company records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charges for the period ended December 31, 2010 for discounts on obligations was \$75,000.

6. Property and Equipment

Components of property and equipment, net were as follows at December 31 (in thousands):

	2010
Land	\$ 52,400
Hotels and other buildings	35,800
Furniture, fixtures and equipment	-
Construction in progress	358
	<u>\$ 88,558</u>

In November 2009, an appraisal of the Resorts Atlantic City property was prepared at the request of RIHI's lenders to be used in connection with marketing the property. At present the Company is having this appraisal updated. For purposes of an estimate of the Fair Value of the assets acquired needed for presentation of the financial statements at December 31, 2010, the Company has used the values stated in this appraisal. For current liabilities, including gaming related liabilities, the Company used carrying values of these liabilities as an approximation for Fair Value. Due to the bargain purchase price negotiated under the APA, the recognition of the Fair Value as stated in the appraisal resulted in a gain of \$75.5 million at the time of the purchase of the assets. This gain is included in the Statement of Income for the twenty five day period ended December 31, 2010 and recorded in Other Non-Operating Income. A state tax provision has been provided on this gain which has resulted in a deferred state tax liability of \$6.3 million. The deferred state tax liability is classified in Deferred Credits on the accompanying balance sheet. Due to uncertainties regarding the update of the appraisal and how that would affect the allocation of Property and Equipment, including their useful lives, no estimate of depreciation expense was recorded for the twenty-five day period ended December 31, 2010.

Should the update of the appraisal significantly change the values as reported, the Company will reissue the financial statements to reflect the updated Fair Value.

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS

7. Accrued Expenses

Components of accrued expenses current liabilities were as follows at December 31 (in thousands):

	2010
Payroll and related costs	\$ 2,104
Unredeemed incentives	861
Progressive jackpot liability	650
Utilities	512
Regulatory fees	249
State gaming tax	242
Unredeemed gaming tickets	222
Other	235
	<u>\$ 5,075</u>

8. Other Current Liabilities

Components of other current liabilities were as follows at December 31 (in thousands):

	2010
Unredeemed gaming chips and tokens liability	\$ 446
Progressive slot participation fees	235
Customer safekeeping deposits	228
CRDA obligations	223
Other	61
	<u>\$ 1,193</u>

9. Related Party

The Company's operations are the only operations of Holding which owns 100% of the Company (Holding directly owns 99.5% the Company and indirectly owns an additional .5% of the Company through its wholly owned subsidiary, SPE). Holding is owned 25% by Dennis C. Gomes (The President and Chief Executive Officer of the Company) - - and 75% By JEMB Resorts, LLC ("JEMB") the managing member of Holding. JEMB is managed by Morris Bailey (the Chairman of SPE) and Joseph Jerome (the President of SPE). As of December 31, 2010 JEMB has provided all of the capital funding to the Company.

In connection with the Company's purchase of the assets from RAC, and as a condition of the ICA, Morris Bailey has provided to the Company an unlimited Line of Credit for the period of the ICA including any extensions granted by the Commission. The terms of the Line of Credit are that the amounts borrowed carry no interest charge and require that if the Company is financially able, and the cash levels of the Company exceed a certain level, payment will be made to reduce the amount outstanding. At December 31, 2010 approximately \$5.0 million was outstanding under the Line of Credit and is classified in Current Portion of Due to Affiliates on the accompanying balance sheet.

In addition, in connection with the Company's purchases of the assets from RAC, and as a condition of the ICA, Morris Bailey has provided to the Company a source of funds for capital improvements under a \$10 million Capital Funding Agreement for the period of the ICA including any extensions granted by the CCC. The terms of the Capital Funding Agreement are that the amounts borrowed carry no interest charge and repayment will be made to the extent funds are available after all day to day operating expenses and maintenance expenditures have been made. As of December 31, 2010 there were no amounts outstanding under the Capital Funding Agreement.

In September, 2010 Gomes Gaming and the Company entered into an Operating Agreement, whereby Gomes Gaming would have exclusive operating responsibility and full control for the operation of Resorts. In October, 2010 Gomes Gaming assigned the Operating Agreement to Gomes Gaming NJ. Gomes Gaming NJ is a wholly owned subsidiary of Gomes Gaming. Gomes Gaming is owned by; Dennis C. Gomes, President and Chief Executive Officer of the Company (65%); Morris Bailey (25%); and Aaron Gomes, the Executive Vice President of the Company (10%).

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS

10. Debt

In connection with the Company's purchase of the assets from RAC, and as a condition of the ICA, Morris Bailey has provided to the Company an unlimited Line of Credit for the period of the ICA including any extensions granted by the Commission. The terms of the Line of Credit are that the amounts borrowed carry no interest charge and require that if the Company is financially able, and the cash levels of the Company exceed a certain level, payment will be made to reduce the amount outstanding. At December 31, 2010 approximately \$5.0 million was outstanding under the Line of Credit and is classified in the Current Portion of Due to Affiliates on the accompanying balance sheet.

In addition, in connection with the Company's purchases of the assets from RAC, and as a condition of the ICA, Morris Bailey has provided to the Company a source of funds for capital improvements under a \$10 million Capital Funding Agreement for the period of the ICA including any extensions granted by the Commission. The terms of the Capital Funding Agreement are that the amounts borrowed carry no interest charge and repayment will be made to the extent funds are available after all day to day operating expenses and maintenance expenditures have been made. As of December 31, 2010 there were no amounts outstanding under the Capital Funding Agreement.

11. Income Taxes

The Company is treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of Holding and SPE. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, DGMB is required to record New Jersey state income taxes.

At December 31, 2010 the Company has recorded a state income tax benefit on the Loss before Extraordinary Items for the twenty-five day period ended December 31, 2010. Due to the uncertainty of the realization of the benefit, the benefit has been fully reserved.

In November 2009, an appraisal of the Resorts Atlantic City property was prepared. At present the Company is having this appraisal updated. For purposes of an estimate of the Fair Value of the assets acquired needed for presentation of the financial statements at December 31, 2010 the Company has used the values stated in this appraisal. For current liabilities, including gaming related liabilities, the Company used carrying values of these liabilities as an approximation for Fair Value. Due to the bargain purchase price negotiated under the APA, the recognition of the Fair Value as stated in the appraisal resulted in a gain of \$75.5 million at the time of the purchase of the assets. This gain is included in the Statement of Income for the twenty five day period ended December 31, 2010 and recorded in Other Non-Operating Income. A state tax provision has been provided on this gain which has resulted in a deferred state tax liability of \$6.3 million. The deferred state tax liability is classified in Deferred Credits on the accompanying balance sheet.

The Company accounts for Income Taxes under ASC Topic 740, Income Taxes ("ASC 740"). In accordance with ASC 740, deferred tax assets and liabilities are calculated as the difference between the financial statement carrying amounts and tax bases of assets and liabilities. These differences are affected by the tax rate for the year in which they are expected to be recovered or settled. A valuation allowance is recognized, if necessary, to account for the likelihood that these differences will not be realized in the future.

12. Commitments and Contingencies

Litigation

In December 2010, RIHI filed suit against the Company relating to certain assets which RIHI alleges the Company was not entitled to under the APA and is seeking sums that it alleges it is owed in relation to those assets. In February 2011, the Company filed an answer and counterclaim against RIHI denying the claims of RIHI and asserting that RIHI, among other items, failed to pay amounts it was required to pay in connection with the operation of the business prior to the Settlement. While it is difficult to assess the ultimate outcome of this case at this stage, the Company believes it is unlikely that it would have a material adverse impact on the Company's financial statements.

DGMB CASINO, LLC
NOTES TO FINANCIAL STATEMENTS

12. Commitments and Contingencies (continued)

In March, 2011, an energy provider shut down the thermal energy plant it operated for the benefit of the Company, on the Resorts premises, that provides heating and cooling services to the property. The energy company's dispute relates to its inability to collect certain amounts it claims are due for services rendered prior to the acquisition of the assets under the APA by the Company. The Company has denied any liability for debts of RIHI prior to the Company's acquisition of the assets under the APA. The Company immediately applied for, and received, a restraining Order providing for temporary injunctive relief preventing the energy provider from shutting down the thermal energy plant. There are various outcomes related to this matter, none of which are certain at March 31, 2011. The matter is scheduled for an additional court hearing on or about April 6, 2010.

Licensing

On December 1, 2010 both the Company and Gomes Gaming NJ were granted an ICA by the Commission, which, by statute, will expire on September 1, 2011, subject to a 3 month extension from the Commission.

New Jersey Sports & Exposition Authority

The twelve Atlantic City casino properties operating in 2004 (the "AC Industry") and the Casino Reinvestment and Development Authority ("CRDA") entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. The Company had met its obligation under the agreement; as such, the Company is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Company has until December 31, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations.

The New Jersey Legislature amended the Casino Control Act, effective April 18, 2009, to permit the Casinos to deduct the amount of certain promotional gaming credits wagered at their slot machines in calculating the tax on gross gaming revenue. The amendment became operative upon the August 14, 2009 certification by the Chair of the Commission to the State Treasurer that the Casinos and Casino Association of New Jersey ("CANJ") had executed a Purse Enhancement Agreement ("PEA") with the NJSEA for the benefit of the horse racing industry for \$30 million annually for a three year period. In addition, the CCC adopted regulations effective September 22, 2009 which established procedures by which the Casinos may implement the promotional gaming credit tax deduction.

The PEA provides that the Casinos will pay the NJSEA \$90 million to be used solely for purse enhancements, breeder's purses and expenses to establish off-track wagering facilities, which it incurs through 2011. The payments will be made in eleven installments from September 29, 2009 through November 15, 2011 and will total \$22.5 million in 2009, \$30 million in each of 2009 and 2010 and \$7.5 million in 2011. Each Casino will pay a share equal to a percentage representing the gross gaming revenue it reported for the prior calendar year compared to that reported by all Casinos for that year.

In 2010, RIHI failed to make certain scheduled PEA payments and, as a result, the ability of the Company to collect on these gaming credit tax deductions is currently being reviewed. The failure of RIHI to make payments and RIHI's claim that it has rightful ownership to these credits is one element of the litigation between RIHI and the Company. (See Litigation).

**DGMB CASINO, LLC
ANNUAL FILINGS**

OR THE PERIOD DECEMBER 7, 2010 TO DECEMBER 31, 2010

**SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY**



**OFFICE OF FINANCIAL INVESTIGATION
REPORTING MANUAL**

DGMB CASINO, LLC
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
FOR THE PERIOD DECEMBER 7, 2010 TO DECEMBER 31, 2010

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	Description (b)	Account Balance (c)	Allowance (d)	Accounts Receivable (Net of Allowance) (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$2,088		
2	Returned Patrons' Checks.....	-		
3	Total Patrons' Checks.....	2,088	\$36	\$2,052
4	Hotel Receivables.....	409	-	\$409
	Other Receivables:			
5	Receivables Due from Officers and Employees....	2		
6	Receivables Due from Affiliates.....	-		
7	Other Accounts and Notes Receivables.....	633		
8	Total Other Receivables.....	635		\$635
9	Totals (Form CCC-205).....	\$3,132	\$36	\$3,096

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$0
11	Counter Checks Issued.....	7,306
12	Checks Redeemed Prior to Deposit.....	(4,174)
13	Checks Collected Through Deposits.....	(1,044)
14	Checks Transferred to Returned Checks.....	-
15	Other Adjustments.....	-
16	Ending Balance.....	\$2,088
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$36
19	Provision as a Percent of Counter Checks Issued.....	0.5%

DGMB CASINO, LLC

EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2010

(\$ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO:				
1	Table and Other Games	341			
2	Slot Machines	57			
3	Administration	11			
4	Casino Accounting	91			
5	Simulcasting	0			
6	Other	0			
7	Total - Casino	500	\$819	\$0	\$819
8	ROOMS	171	205		205
9	FOOD AND BEVERAGE	459	629		629
10	GUEST ENTERTAINMENT	18	70		70
11	MARKETING	73	232	0	232
12	OPERATION AND MAINTENANCE	156	360	0	360
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	4	6	0	6
14	Accounting and Auditing	19	82		82
15	Security	110	246		246
16	Other Administrative and General	45	172		172
	OTHER OPERATED DEPARTMENTS:				
17	Health Club/Spa	3	5		5
18			0		0
19			0		0
20			0		0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	1,558	\$2,826	\$0	\$2,826

RESORTS CASINO HOTEL

ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2010

Line

CASINO WIN:

1.	Table and Other Games.....	\$	2,216,871
2.	Slot Machines		5,192,072
3.	Total Casino Win.....		7,408,943
4.	Adjustments.....		2,180
5.	Gross Revenue (line 3 plus line 4).....		7,411,123
6.	Deduction for Eligible Promotional Gaming Credits.....		-
7.	Taxable Gross Revenue (line 5 minus line 6).....		7,411,123
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....		592,890
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years		-
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9).....		592,890

Under penalties of perjury, I declare that I have examined this Annual Gross Revenue Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 14, 2011

Date



Walter Simon

Director Operational Accounting 3930-11

Title (License Number)