FULL HOUSE RESORTS INC
Form PREM14A
September 11, 2003

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

ý Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

FULL HOUSE RESORTS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required

ý Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:
Common Stock, $.0001 par value per Share, Preferred Stock, $.0001 par value per Share

(2) Aggregate number of securities to which transaction applies:
10,340,380 shares of common stock, 700,000 shares of preferred stock

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
$1.30 per share of common stock, $6.15 per share of preferred stock

(4) Proposed maximum aggregate value of transaction:
$17,747,494

(5) Total fee paid:
$1,436

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

FULL HOUSE RESORTS, INC.

4670 Fort Apache Road, Suite 190
Las Vegas, Nevada 89147

, 2003

To our Stockholders:

You are cordially invited to attend a special meeting of stockholders of Full House Resorts, Inc. to be held on , , 2003, at :00 a.m., local time, at .

The purpose of the special meeting is to consider and vote on the proposed merger between Full House Resorts, Inc. and a subsidiary of the Morongo Band of Mission Indians. If the merger is completed, the Morongo Band will pay $1.30 per share for each of your shares of common stock of Full House Resorts and $6.15 per share for each share of preferred stock of Full House Resorts. Upon completion of the merger, Full House Resorts will become a subsidiary of the Morongo Band.

After careful consideration, the board of directors of Full House Resorts, Inc. has unanimously approved the merger agreement and the merger, and has unanimously determined that the merger is advisable and fair to, and in the best interests of our stockholders. The Full House board unanimously recommends that our respective stockholders vote "FOR" approval of the merger agreement and the merger.

The merger cannot be completed unless our stockholders approve it. This proxy statement provides you with detailed information about the proposed merger. In addition you may obtain information about us from documents we have filed with the Securities and Exchange Commission. We encourage you to read the entire document carefully.

You should know that the three largest holders of our common stock and the two holders of 100% of our preferred stock, including our Chairman and another of our directors, have agreed with the Morongo Band to vote all of their shares of Full House Resorts, totaling 58.5% of our outstanding common stock and 100% of our outstanding preferred stock in favor of adoption of the merger agreement and the merger.

Whether or not you plan to attend the meeting, please take the time to vote by completing and mailing the enclosed proxy card. If you sign, date and mail your proxy without indicating how you want to vote, your proxy will be counted as a vote in favor of the merger. If you abstain or do not vote, it will have the effect as a vote against the merger.

This proxy statement is dated , 2003 and is first being mailed to our stockholders on or about , 2003.

William P. McComas
Chairman of the Board and Chief Executive Officer

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THIS TRANSACTION, PASSED UPON THE MERITS OR FAIRNESS OF THIS TRANSACTION, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FULL HOUSE RESORTS, INC.

4670 Fort Apache Road, Suite 190
Las Vegas, Nevada 89147

PROXY STATEMENT

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON

To our Stockholders:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Full House Resorts, Inc., a Delaware corporation, will be held at :00 a.m., local time, on , 2003, at , for the following purposes:

1. To consider and vote upon a proposal to approve and adopt an Agreement and Plan of Merger, providing for the merger of Full House Resorts with and into MFH Merger LLC, a subsidiary of the Morongo Band of Mission Indians, with MFH Merger LLC being the surviving corporation. In the Merger, each outstanding share of our common stock, $.0001 par value, will be converted into the right to receive $1.30 in cash, without interest and each outstanding share of our preferred stock, par value $.0001 per share, will be converted into the right to receive $6.15 in cash, without interest. The merger agreement is more fully described in the accompanying proxy statement and is attached as Appendix A to the proxy statement.

2. To transact such other business as may properly come before the meeting and any adjournments or postponements thereof.

The proposal is described in detail in the accompanying proxy statement. We urge you to read these materials very carefully and in their entirety before deciding how to vote. Only our stockholders of record on , 2003 are entitled to notice of and to vote at the special meeting or any postponement or adjournment of the special meeting. A list of stockholders entitled to vote at the special meeting will be available for inspection during normal business hours for 10 days prior to the special meeting at our executive offices at 4670 Fort Apache Road, Suite 190, Las Vegas, Nevada 89147.

Your vote is very important regardless of the number of shares you own! We cannot complete the proposed merger unless the holders of a majority of the outstanding shares of our common stock and holders of two-thirds of our preferred stock vote affirmatively to adopt the merger agreement. Please vote as soon as possible to ensure that your shares are counted at the special meeting. If your shares are held in an account at a brokerage firm or bank, you need to instruct them on how to vote your shares.

Even if you plan to attend the special meeting in person, please sign, date and return as soon as possible the accompanying proxy in the enclosed addressed envelope, which requires no postage if mailed in the United States. If you choose to adopt the merger agreement, you will need to check the box indicating a vote "**FOR**" the merger by following the instructions contained in the enclosed proxy card. If you properly sign and return your proxy card with no voting instructions, you will be deemed to have voted "**FOR**" the adoption of the merger agreement. Your proxy may be revoked at any time before the vote is taken by delivering to the Secretary a written revocation or a proxy bearing a later date or by written revocation in person to the Secretary at the special meeting. If you do not return your proxy card, it will have the same effect as voting against the adoption of the merger agreement.

Your prompt cooperation will be greatly appreciated.

By Order of the Board of Directors

William P. McComas
Chairman of the Board and Chief Executive Officer

Las Vegas, Nevada
, 2003

If you do not wish to accept and receive the cash consideration provided in the merger, you have the right to exercise appraisal rights and obtain the judicially determined fair value of your shares of our common stock, provided that you comply with the conditions established under applicable Delaware law. For a discussion regarding your appraisal rights, see the section titled: The *"Merger Agreement Appraisal Rights"* in the accompanying proxy statement and *Appendix D* thereto which you should read carefully and in its entirety.

Stockholders are urged to read and consider carefully the information contained in this proxy statement and to consult with their personal financial and tax advisers.

Please do not send us any of your stock certificates with your proxy card.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

1. Q: What is the proposed merger?

A: On July 29, 2003, we and the Morongo Band of Mission Indians signed a merger agreement which provides for the merger of Full House Resorts into a wholly owned subsidiary of the Morongo Band. Upon completion of the merger, Full House Resorts will become a wholly owned subsidiary of the Morongo Band. In the merger, the Morongo Band will issue cash in exchange for all outstanding shares of our common stock and preferred stock.

2. Q: Why are Full House Resorts and the Morongo Band proposing to merge?

A: As described in *"The Merger Purpose and Reasons for the Merger"* beginning on page 10 of this proxy statement, our board of directors considered a variety of factors in determining whether to approve and adopt the merger agreement, none of which were of greater weight or rank than the others. Among other things, our board considered the following factors:

the competitive environment of the gaming industry has made it more difficult for smaller companies like us to compete in this industry;

the merger will provide our stockholders with a substantial premium for their shares compared to the market price of our common stock prior to the announcement of the transaction; and

the merger will enable us to realize the benefits of becoming a private company, such as eliminating certain costs associated with filing documents under the Securities Exchange Act of 1934.

3. Q: What will our stockholders receive in the merger?

A: Upon completion of the merger each of your shares of our common stock will be

converted into the right to receive $1.30 in cash and each share of our preferred stock will be converted into the right to receive $6.15 per share in cash.

Our certificate of designation, which sets forth the terms of our preferred stock, requires us to pay annual dividends in the amount of $0.30 per share to the holders of our preferred stock. Because we have never paid these dividends, they have continued to accrue. Our certificate of designation also requires that in the event of a transaction such as a merger, the holders of our preferred stock are entitled to a distribution of $3.00 per share plus all unpaid and accrued dividends. As of June 15, 2003, taking into account the amounts owing for unpaid dividends and the distributions to be made in the event of the merger, we were obligated to pay our preferred stockholders an amount equal to $6.30 per share upon completion of the merger. However, our preferred stockholders have agreed to accept $6.15 per share as satisfaction of our obligations, with no further rights to dividends if the merger is completed.

4. Q: What vote is required to approve the merger?

A: Adoption of the merger agreement requires the affirmative vote in person or by proxy of a majority of the outstanding shares of our common stock and two-thirds of the outstanding shares of our preferred stock.

Our chairman and chief executive officer, another of our directors and two other stockholders have agreed with the Morongo Band to vote all of their shares in favor of approving and adopting the merger agreement and the merger. These stockholders collectively own 58.5% of our outstanding common stock and 100% of our outstanding preferred stock.

5. Q: What approvals are required to complete the merger?

A: We cannot complete the merger unless our stockholders vote to approve and adopt the merger agreement and the merger. The merger agreement also must be approved by the affirmative vote of the general membership of the Morongo Band as required by tribal law. In addition, the parties must obtain all approvals under applicable gaming laws and regulations.

6. Q: What does our board of directors recommend?

Our board unanimously recommends that the stockholders vote "**FOR**" approval and adoption of the

merger agreement and the merger.

A:

7. Q: What are the material U.S. federal income tax consequences of the merger to our stockholders?

A: In general, for U.S. federal income tax purposes, a stockholder who exchanges his or her shares of our common stock or preferred stock for cash in the merger will recognize gain or loss in respect of each share of our common stock or preferred stock surrendered in exchange for cash pursuant to the merger equal to the difference between the amount of cash received and his or her aggregate adjusted tax basis in that share.

The tax consequences of the merger to you will depend on your own situation. You should consult your tax advisers for a full understanding of the tax consequences of the merger to you.

8. Q: What steps must I follow to vote?

A: You may vote in person at our special meeting or by proxy without attending the special meeting.

9. Q: What should I do now?

A: After you have carefully read this document and whether or not you plan to attend our special meeting, complete, sign, date and mail your proxy card in the enclosed return envelope as soon as possible. That way, your shares can be represented at our special meeting.

10. Q: What if my shares are held in "street name"?

A: Shares held in "street name" are shares held in brokerage accounts or held by other nominees on your behalf. If your shares are held in "street name," you will receive a voter information form from your broker or nominee. You should follow the instructions provided on the voter information form regarding how to instruct your broker or nominee to vote your shares.

11. Q: Can I change my vote after I mail my signed proxy?

A: Yes, you can revoke your proxy at any time before it is voted by sending a written notice revoking the proxy, completing and submitting a new proxy having a later date, or attending our special meeting and voting in person.

Attendance at our special meeting will not in and of itself constitute revocation of a proxy.

12. Q: How will votes be counted at our special meeting?

A: Votes cast by proxy or in person at the special meeting will be counted by the persons appointed by us to act as inspectors of election. The attendance, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock and our preferred stock entitled to vote at the special meeting is necessary to constitute a quorum.

Abstentions and broker non-votes *will* have the same effect as a vote **"AGAINST"** the proposal to approve and adopt the merger agreement.

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13. Q: What if I do not vote at all?

A: If you fail to send back a proxy card or vote at the special meeting, your shares *will not* be counted for any purpose, including in determining whether a quorum is present.

If you send back a proxy card and do not check any of the voting choice boxes, your proxy will be counted as a vote "**FOR**" adoption of the merger agreement.

14. Q: Should our stockholders send in their stock certificates now?

A: No, please do not send us your stock certificates now. The Morongo Band or its disbursement agent will send you written instructions on how to surrender your stock certificates for exchange after the merger is completed.

15. Q: If the merger occurs, when will I receive my cash?

A: If the merger is completed, you will receive cash promptly after the disbursement agent receives from you a properly completed letter of transmittal together with your stock certificates or, if you do not own any physical stock certificates, promptly after the disbursement agent receives your completed letter of transmittal and evidence of the electronic transfer of your shares of our common stock to the Morongo Band's account.

16. Q: How and when will I know whether the merger has been completed?

A: If the merger is completed, we will issue a press release with the Morongo Band immediately after the closing indicating this and you will receive notice by mail.

17. Q: How long will it take to complete the merger?

A: We are working to complete the merger as quickly as possible. We hope to complete the merger before the end of January 2004.

18. Q: What rights do I have to seek a valuation of my shares?

A: If you own shares of our common or preferred stock, under applicable Delaware Law, you may assert appraisal rights and receive a cash payment for the fair value of your shares, but only if you comply with all the requirements of Delaware law as set forth in Appendix D of this proxy statement. Pursuant to your appraisal rights under Delaware law, you may seek a determination by a Delaware court of the fair value of your shares. The fair value determined by the court may be more than, less than or equal to the value of the merger consideration. For a more complete description of your appraisal rights, see "*The Merger Agreement Appraisal Rights*" on page 35.

19. Q: Who is paying for the costs of this solicitation and the preparation of this document?

A: Full House Resorts is paying the costs of this solicitation, and the fees and expenses associated with the preparation, filing and mailing of this document.

20. Q: Who should I contact if I have more questions about the merger?

A: You may contact:

Full House Resorts, Inc.
4670 Fort Apache Road, Suite 190
Las Vegas, Nevada 89147
(702) 221-7800 (phone)
(702) 221-8101 (fax)
Attention: Michael Shaunnessy

21. Q: Where can I learn more information about Full House Resorts and the Morongo Band?

A: To learn more information about us see "*Available Information*," on page 40 of this proxy statement.

This summary highlights the information contained elsewhere in this document but this section may not contain all of the information that is important to you. Therefore, you should read this entire document and the other documents referred to herein very carefully to understand fully the proposed merger transaction and all of the other important matters described. The merger agreement is attached as Appendix A to this document. We encourage you to read the merger agreement carefully and in its entirety because it is the document that contains all of the legal terms and conditions of the merger and the transactions contemplated thereby. Page references included in the parentheses below refer you to the more detailed descriptions of topics presented in this summary which are described more fully elsewhere in this document.

Parties to the Merger

Full House Resorts, Inc. Full House Resorts, Inc. manages destination resorts and entertainment and gaming centers. We manage Midway Slots and Simulcast at the Delaware State Fairgrounds in Harrington, Delaware. Midway Slots and Simulcast has a total of approximately 1,400 gaming devices, a 450-seat buffet, a 50-seat diner and an entertainment lounge area. We also operated, until August 2002, the Mill Casino, which is located on Tribal Trust Lands of the Coquille Indian Tribe in North Bend, Oregon. We are also involved in the development of a tribal project in Battle Creek, Michigan. In September 2003, our joint venture purchased the land for this project.

We were incorporated in Delaware on January 5, 1987. Our executive offices are located at 4670 S. Fort Apache Rd., Suite 190, Las Vegas, Nevada 89147, telephone (702) 221-7800.

The Morongo Band of Mission Indians. The Morongo Band of Mission Indians is a federally-recognized California Indian tribe. A pioneer in Indian gaming, the Morongo Band began gaming as a means of economic development in 1983. A 1987 U.S. Supreme Court case, led by the Morongo and Cabazon tribes, confirmed that states lack jurisdiction to apply their gaming laws in Indian country if those laws are civil/regulatory, rather than criminal/prohibitory. In 1988, Congress enacted the Indian Gaming Regulatory Act which in large part codified that court decision and also created a federal framework for the authorization and regulation of gaming in Indian country. Subsequently, the Morongo Band's casino facility grew from a bingo hall and card room into a full-service casino. Casino Morongo is not only one of the largest and oldest tribal casinos in the country, but was among the first in California to offer slot machines of the kind operated in Nevada and other jurisdictions.

The Morongo Band broke ground in May of this year on a new $250 million, world-class casino resort hotel on the Morongo Indian Reservation. When complete, it will be one of the largest recreational gaming destinations on the West Coast. According to a National Indian Gaming Commission report, in 2002 there were 330 tribal casinos operating in 29 states, which, in the aggregate, generated more than $14.4 billion in revenues.

The Morongo Band's executive office is located at 11581 Portrero Road, Banning, California 92220, telephone (909) 849-4697.

MFH Merger, LLC. MFH Merger, LLC is a newly-formed Delaware limited liability company organized by the Morongo Band to continue our operations substantially as conducted prior to the effective time of the merger as their wholly-owned subsidiary.

MFH's executive office is located at 11581 Portrero Road, Banning, California 92220, telephone (909) 849-4697.

The Special Meeting (see page 8)

The special meeting of our stockholders will be held at on at a.m., local time. At the special meeting, holders of shares of our common stock and preferred

stock will be asked to approve the merger agreement and our merger with and into MFH, a wholly-owned subsidiary of the Morongo Band. The affirmative vote of the holders of at least a majority of the outstanding shares of our common stock is required to approve the merger agreement and the merger. Approval of the merger and the merger agreement also requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of our preferred stock.

You can vote at the special meeting if you owned shares of our common stock or preferred stock at the close of business on , 2003.

Voting Agreement (see page 9)

Three of our largest common stockholders and the two holders of 100% of our preferred stock have entered into a voting agreement with the Morongo Band in which they have agreed to vote their shares of our common and/or preferred stock, totaling 58.5% of our outstanding common stock and 100% of our outstanding preferred stock, in favor of the approval of the merger agreement. These stockholders include William P. McComas, Lee A. Iacocca's family limited partnership the Allen E. Paulson Living Trust and H. Joe Frazier. The voting agreement is subject to specified limitations. The effect of this voting agreement is that the holders of a majority of our common stock and 100% of our preferred stock have agreed to vote for the adoption of the merger agreement and, therefore, absent unforeseen circumstances, the merger agreement will be approved at the special meeting.

The Board's Recommendation (see page 9)

After careful consideration, our board of directors has unanimously approved the merger agreement and the merger, and has unanimously determined that the merger is advisable and fair to, and in the best interests of our stockholders. Our board unanimously recommends that our respective stockholders vote "FOR" approval of the merger agreement and the merger.

The Merger (see page 10)

On July 29, 2003, we, the Morongo Band and MFH signed a merger agreement which provided for our merger with and into MFH. Following the merger, our separate existence will cease and MFH will continue as the surviving company and as a wholly-owned subsidiary of the Morongo Band. As consideration for the merger, each holder of our common stock will receive $1.30 per share in cash, without interest, and each holder of our preferred stock will receive $6.15 per share in cash, without interest. As a result of the merger, our common stock will no longer be publicly traded and will be 100% owned by the Morongo Band.

Effective Time of the Merger and Payment for Shares (see page 22)

We expect the merger to occur two business days after the approval of the merger and the merger agreement at the special meeting or the satisfaction of all other conditions to the merger.

Prior to the merger, the Morongo Band will appoint a bank or trust company reasonably satisfactory to us to act as a disbursing agent. Detailed instructions for the surrender of share certificates, together with a letter of transmittal, will be forwarded to our stockholders by the disbursing agent promptly following the effective time of the merger. Stockholders should not submit their certificates to the disbursing agent until they have received these materials. The disbursing agent will send payment of the merger consideration to stockholders as promptly as practicable following receipt of their certificates and other required documents. No interest will be paid or accrued on the cash payable upon the surrender of certificates. Stockholders should not send any share certificates at this time.

Purpose and Reasons for the Merger (see page 13)

Our board of directors has sought and received the advice of our management, financial advisors, accountants and legal counsel throughout our consideration of the merger agreement and the merger. Our board considered a variety of factors in determining whether to approve and adopt the merger agreement, none of which were of greater weight or rank than the others. Among other things, our board considered the following factors:

- the competitive environment of the gaming industry has made it more difficult for smaller companies like us to compete in this industry;
- the merger will provide our stockholders with a substantial premium for their shares compared to the market price of our common stock prior to the announcement of the transaction; and
- the merger will enable us to realize the benefits of becoming a private company, such as eliminating certain costs associated with filing documents under the Securities Exchange Act of 1934.

Our board believes that the terms of the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, us and our stockholders.

Opinion of Our Financial Advisor (See page 15)

In connection with the merger, our financial advisor, CIBC World Markets Corp., delivered to our board of directors a written opinion as to the fairness, from a financial point of view, of the merger consideration to be received by the holders of our common stock. The full text of CIBC World Market's written opinion, dated July 27, 2003, is attached to this proxy statement as Appendix B. We encourage you to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. **CIBC World Market's opinion is addressed to our board of directors and relates only to the fairness, from a financial point of view, of the merger consideration to be received by the holders of our common stock. The opinion does not address any other aspects of the merger and does not constitute a recommendation to any stockholder as to any matters relating to the merger.**

Interests of Certain Persons in the Merger (see page 21)

Employment Agreement with Michael Shaunnessy As part of our agreement with the Morongo Band, we have agreed with Michael Shaunnessy, our chief financial officer and one of our directors, to pay him a stay bonus of $150,000 upon completion of the merger as long as Mr. Shaunnessy is still employed by us at that time. Prior to amending his employment agreement with us to include the stay bonus, he would have been entitled to a $250,000 change in control payment upon completion of the merger.

Indemnification The merger agreement provides that all rights to indemnification for acts or omissions occurring prior to the effective time of the merger existing in favor of our current or former directors or officers as provided in our certificate of incorporation or bylaws will survive the merger and will continue in full force and effect in accordance with their terms for a period of six years. In addition, after the effective time of the merger, the Morongo Band will cause MFH to indemnify our current directors and officers for events occurring at or prior to the effective time of the merger to the fullest extent permitted under applicable law. Prior to the effective time of the merger, we may obtain a six-year tail insurance policy covering our directors and officers for acts and omissions prior to the effective date for a premium not to exceed $310,000.

Effects of the Merger (See page 21)

As a result of the merger, the surviving company will be owned by the Morongo Band. Our stockholders will no longer own an interest in our company and will not participate in our future earnings and potential growth. Instead, the stockholders will have the right to receive the merger consideration, without interest, for each share held by them. In addition, our common stock will no longer be traded on the OTC Bulletin Board and price quotations with respect to sales of shares in the public market will no longer be available. The registration of our common stock under the Securities Exchange Act of 1934, as amended, will terminate, and this termination will eliminate our obligation to file periodic financial and other information with the Securities and Exchange Commission and will make most other provisions of the Exchange Act inapplicable.

Conditions to the Merger (See page 23)

Each party's obligation to effect the merger is subject to satisfaction of a number of conditions, including with respect to one or both parties:

Approval of the merger agreement by holders of a majority of the outstanding shares of our common stock;

Approval of the merger agreement by holders of two-thirds of the outstanding shares of our preferred stock;

Receipt of all required consents and approvals;

Absence of breaches of the representations, warranties and covenants in the merger agreement which result in a material adverse effect on the representing party; and

Approval of the merger agreement by the general membership of the Morongo Band.

Any or all of the conditions that have not been satisfied may be waived, other than the condition that the merger agreement has been approved by our common and preferred stockholders. Even if the stockholders approve the merger agreement, the merger may not be completed.

Termination of the Merger Agreement (See page 28)

Together with the Morongo Band, we can jointly agree to terminate the merger agreement at any time before the closing date without completing the merger. In addition, the merger agreement may be terminated and the merger may be abandoned:

by either party if

- a court or other governmental entity prohibits the merger and the decision is final and non-appealable;
- the merger has not been completed by January 30, 2004;
- there has been a breach by the other party of any representation or warranty, covenant or agreement contained in the merger agreement;
- our stockholders fail to approve the merger at the special meeting; or
- the general membership of the Morongo Band fails to approve the merger in accordance with applicable tribal law;

By the Morongo Band if

- our board of directors has failed to recommend, or has withdrawn, modified or amended its approval or recommendation of the merger;
- our board has recommended another acquisition proposal;
- our board has resolved to accept a superior proposal; or
- our board has recommended to our stockholders that they participate in a tender or an exchange offer by a third party, not including an offer from a third party affiliate of the Morongo Band;

By our board if

- prior to the approval by our stockholders of the merger, we receive a superior proposal and decide to accept the superior proposal.

"No Solicitation" Provisions (See page 27)

The merger agreement contains restrictions on our ability to solicit or engage in discussions or negotiations with a third party regarding a proposal to acquire a significant interest in us. Notwithstanding these restrictions, the merger agreement provides that under specified circumstances, if we receive an acquisition proposal from a third party that is superior to the merger, we may furnish nonpublic information to that third party and engage in negotiations regarding an acquisition proposal with that third party. Even if we receive a proposal from a third party that is superior to the merger, we are obligated to hold a stockholders meeting to consider the merger.

Termination Fee (See page 28)

We have agreed to pay to the Morongo Band a termination fee in the amount of $300,000 if:

- we terminate the merger agreement because our board has accepted a superior proposal;
- the merger agreement is terminated by the Morongo Band because our board has withdrawn its approval or recommendation of the merger or the merger agreement;
- the merger agreement is terminated by the Morongo Band because of the material breach of our representations and warranties, covenants or agreements as set forth in the merger agreement; or
- the merger agreement is terminated for any reason at a time at which the Morongo Band was not in material breach of its representations, warranties, covenants and agreements set forth in the merger agreement and the Morongo Band was entitled to terminate the merger agreement because of the failure of our stockholders to approve the merger.

The Morongo Band has agreed to pay a termination fee to us in the amount of $300,000 if:

- following the affirmative vote of the general membership of the Morongo Band, the merger agreement is terminated by the Morongo Band for any reason other than the failure to obtain required statutory approvals or a termination permitted by the terms of the merger agreement other than a termination because our stockholders fail to approve the merger as a result of a breach by the Morongo Band of its representations, warranties, covenants or agreements;
- following the affirmative vote of the general membership of the Morongo Band, we terminate the merger agreement because of the material breach by the Morongo Band of its representations and warranties, covenants or agreements as set forth in the merger agreement; or

- the merger agreement is terminated by either party because the general membership of the Morongo Band withdraws a prior affirmative vote approving the merger.

Expenses (See page 27)

All costs and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring the expenses.

Federal Income Tax Consequences (See page 38)

The receipt of cash by holders of our common stock or preferred stock pursuant to the merger will be a taxable transaction for federal income tax purposes and may also be a taxable transaction for state, local, foreign and other tax purposes. All holders of our common and preferred stock are urged to consult their tax advisers to determine the effect of the merger to them under federal, state, local, foreign and other tax laws.

Limited Waiver Of Sovereign Immunity (See page 29)

The Morongo Band is a federally recognized California Indian tribe and is protected by the concept of sovereign immunity from any lawsuit brought against it without its consent. However, the Morongo Band has granted a limited waiver of its sovereign immunity from unconsented suit solely for actions brought by us or our stockholders and certain other indemnified parties to require the performance by the Morongo Band or MFH of any of their specific duties or obligations set forth in the merger agreement. This limited waiver will be strictly construed in favor of the Morongo Band.

To invoke the limited waiver, an authorized person must not be in breach of any material term of the merger agreement, the merger agreement must be in full force and effect and the authorized person must comply with the dispute resolution process. This process consists of three separate and required steps, beginning with a "meet and confer," then arbitration, and concluding, if necessary with filing of an action in the U.S. District Court for the Central District of California. However, any stockholder who holds 1,000 shares or less of our common stock is not required to participate in arbitration before filing an action in the specified federal court, provided that the person's claim is less than $5,000.

Appraisal Rights (See page 35)

Under Delaware law, if you comply with certain statutory procedures you will be entitled to appraisal rights and to receive a judicially determined payment in cash for the fair value of your shares.

Regulatory Matters (See page 32)

We are subject to Title 29 of the Delaware Code and the rules and regulations of the Delaware State Lottery Office and the Delaware Harness Racing Commission. Prior to the merger, the managers and officers of MFH will be required to submit background information to these agencies.

In the past, we have been subject to the rules and regulations of the National Indian Gaming Commission, or NIGC, in connection with the development of certain gaming projects. Currently, we have a management agreement with the Nottawaseppi Huron Band of Potawatomi Indians regarding the development of a gaming project in the Battle Creek, Michigan area. If we are successful in developing this gaming project with the Huron Potawatomi, we will again be subject to the rules and regulations of the NIGC.

Accounting Treatment (See page 35)

The merger will be treated as a purchase business combination for accounting purposes.

Financing of the Merger (See page 32)

It is estimated that approximately $17.7 million will be required to complete the merger. The Morongo Band expects to use available funds to pay the merger consideration.

Market Prices of Common Stock and Dividends

Our common stock was listed by The Nasdaq SmallCap Market under the symbol FHRI until April 17, 2001. Since then, our common stock has traded on the OTC Bulletin Board under the symbol FHRI.OB. Below are the high and low sales prices of our common stock as reported on the Nasdaq SmallCap Market System and the OTC Bulletin Board for the periods indicated:

	High	Low
2001		
First Quarter	$ 1.22	$ 0.56
Second Quarter	$ 0.95	$ 0.65
Third Quarter	$ 0.83	$ 0.51
Fourth Quarter	$ 0.51	$ 0.26
2002		

	High	Low
First Quarter	$ 0.64	$ 0.25
Second Quarter	$ 0.70	$ 0.33
Third Quarter	$ 0.60	$ 0.28
Fourth Quarter	$ 0.70	$ 0.42
2003		
First Quarter	$ 0.51	$ 0.33
Second Quarter	$ 1.30	$ 0.45
Third Quarter (through September 8, 2003)	$ 1.30	$ 0.63

The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions. On , the last sale price of our common stock as reported by the OTC Bulletin Board was $. As of the record date, we had approximately holders of record of our common stock. We believe that there are over beneficial owners.

We have never paid dividends on our common stock or preferred stock. Holders of our common stock are entitled to receive such dividends as may be declared by our board of directors out of legally available funds. The holders of our Series 1992-1 preferred stock are entitled to receive dividends, when, as and if declared by our board of directors out of legally available funds, in the annual amount of $0.30 per share, payable in arrears semi-annually on the 15th day of December and June, in each year. Dividends on the Series 1992-1 preferred stock began accruing on July 1, 1992 and are cumulative.

Since we are in default in declaring, setting apart for payment or paying dividends on the preferred stock, we are restricted from paying any dividend or making any other distribution or redeeming any stock ranking junior to the preferred stock. Amounts of accrued but unpaid dividends on our preferred stock were taken into account in the determination of the merger consideration.

THE SPECIAL MEETING

Proxy Solicitation

This proxy statement is being delivered to our stockholders in connection with the solicitation by our board of proxies to be voted at the special meeting to be held on at , local time, at . All expenses incurred in connection with solicitation of the enclosed proxy will be paid by us. Our officers, directors and regular employees will receive no additional compensation for their services, but may solicit proxies by telephone or personal call. We may request banks, brokers and other custodians, nominees and fiduciaries to forward copies of the proxy material to their principals and to request authority for the execution of proxies. We may reimburse such persons for their expenses in doing so. This proxy statement and the accompanying proxy card are being mailed to stockholders on or about , 2003.

Record Date and Quorum Requirement

Our board has fixed the close of business on , 2003 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting. Each holder of record of our common stock and preferred stock at the close of business on the record date is entitled to one vote for each share then held on each matter submitted to a vote of stockholders. The common stock and preferred stock will vote as separate classes.

At the close of business on the record date, we had 10,340,380 shares of common stock and 700,000 shares of preferred stock outstanding. As of the record date, we had two holders of record of our preferred stock, and approximately holders of record of our common stock and approximately persons or entities holding our common stock in nominee name.

Prior to the special meeting, we will select one or more inspectors of election for the meeting. The inspectors will determine the number of shares of our common stock and preferred stock represented at the meeting, the existence of a quorum and the validity and effect of proxies, and shall receive, count and tabulate ballots and votes and determine the results of the stockholder vote.

The holders of a majority of the outstanding shares of our common stock and preferred stock entitled to vote at the special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business. Abstentions and shares referred to as "broker non-votes" that are represented at the special meeting are counted for purposes of determining the presence or absence of a quorum for the transaction of business. Broker non-votes are shares held by brokers or nominees, as to which the broker or nominee does not have discretionary voting power on a particular matter and the beneficial owner has not instructed the broker or nominee on how to vote. If less than a majority of

outstanding shares of our common stock and preferred stock are represented at the special meeting, holders of a majority of the shares so represented may adjourn the special meeting to another date, time or place, and notice need not be given of the new date, time or place if the new date, time or place is announced at the special meeting before an adjournment is taken.

Voting Procedures; Required Vote

Approval of the merger agreement, which is attached to this proxy statement as Appendix A, will require the affirmative vote of the holders of a majority of the outstanding shares of our common stock and of two-thirds of the outstanding shares of our preferred stock entitled to vote at the special meeting, voting as a separate class. A failure to vote or a vote to abstain will have the same legal effect as a vote cast against approval. Brokers and, in many cases, nominees will not have discretionary power to vote on the proposal to be presented at the special meeting. Accordingly, beneficial owners of shares should instruct their brokers or nominees how to vote. A broker or nominee non-vote will have the same effect as a vote against the merger.

Voting Agreement

William P. McComas, our chairman of the board and chief executive officer, the family limited partnership of Lee A. Iacocca, our director, the Allen E. Paulson Living Trust, and H. Joe Frazier have entered into a voting agreement by which they have each agreed to, subject to specified limitations, vote their shares of our stock in favor of the merger agreement and the merger. As of the record date these stockholders collectively held 6,046,471 of the outstanding shares of our common stock, or approximately 58.5%, and all of the outstanding shares of our preferred stock. A copy of the voting agreement is attached as *Appendix C* to this proxy statement.

Despite their obligation to vote in favor of the merger, the stockholders will have the right to vote in favor of a superior proposal at any time prior to the completion of the merger. The voting agreement will terminate upon either the completion of the merger or the termination of the merger agreement, and after termination, the parties will not be subject to any further obligations or liabilities.

Under the terms of the voting agreement, each stockholder has also agreed not to sell, assign, pledge, transfer or otherwise dispose of, or grant any proxies with respect to his or its shares. The stockholders have waived any rights they may have to any dividends with respect to their shares of our common or preferred stock accruing after the date of the voting agreement, however, these rights will be reinstated if the merger agreement is terminated. The stockholders have also waived all statutory, contractual and other rights that they may have in their capacity as a stockholder of our company.

Voting and Revocation of Proxies

The giving of a proxy does not preclude the right to vote in person should any stockholder giving the proxy so desire. Stockholders have an unconditional right to revoke their proxy at any time prior to the exercise thereof, either in person at the special meeting or by filing with our secretary at our headquarters a written revocation or duly executed proxy bearing a later date; however, no such revocation will be effective until written notice of the revocation is received by us at or prior to the special meeting. Unless a proxy is properly revoked, all shares represented by each properly executed proxy received by our secretary we will be voted in accordance with the instructions indicated, and if no instructions are indicated, will be voted to approve the merger. The persons named on the enclosed proxy card may, in their discretion, vote the shares upon any other business that properly comes before the special meeting.

The shares represented by the accompanying proxy card and entitled to vote will be voted if the proxy card is properly signed and received by the secretary prior to the special meeting.

Effective Time

The merger will be effective following shareholder approval of the merger agreement and upon the filing of a certificate of merger with the Secretary of State of the State of Delaware. The effective time is currently expected to occur two days after the special meeting, subject to approval of the merger agreement at the special meeting or two days after the satisfaction or waiver of the terms and conditions set forth in the merger agreement. See "The Merger Conditions."

Recommendation of Our Board

After careful consideration, our board of directors has unanimously approved the merger agreement and the merger, and has unanimously determined that the merger is advisable and fair to, and in the best interests of our stockholders. Our board unanimously recommends that our respective stockholders vote "FOR" approval of the merger agreement and the merger.

THE MERGER

Structure of the Merger

The merger will involve the merger of our company with and into MFH. MFH will be the surviving entity of the merger and a wholly-owned subsidiary of the Morongo Band. The merger is subject to approval of our stockholders and to the satisfaction or waiver of various conditions set forth in the merger agreement. Upon completion of the merger, our stockholders will be entitled to receive an amount in cash equal to $1.30 for each share of our common stock and $6.15 per share of our preferred stock.

Background of the Merger

In May 2001, we were approached by our joint venture partner in our Delaware operations concerning our willingness to seek a sale of the joint venture. Our joint venture partner had been engaged in discussions with CIBC World Markets regarding its potential role as a financial advisor in such a sale. In an effort to explore all viable alternatives to maximize stockholder value, our board of directors engaged in discussions with several large stockholders regarding taking our company private. While these discussions occurred periodically over the next two years, the stockholders never submitted a bid.

In July 2001, we and our joint venture partner formally engaged CIBC World Markets to explore the possible sale of our Delaware joint venture. CIBC World Markets contacted nine parties, of which six executed confidentiality agreements and received an offering memorandum regarding the proposal. In August and September 2001, three parties submitted initial indications of interest, all of which contained proposed pricing terms below our level of expectations. In addition, during this time period, we were also in the process of replacing management at the Delaware facility and modifying the Delaware management contract to provide for changes in the oversight and operations of the facility. As a result, we and our joint venture partner decided to suspend the sales process and any further negotiations with all parties in October 2001.

By March 2002, the management changes at the Delaware facility were complete and the management contract modifications were finalized. We and our Delaware joint venture partner asked CIBC World Markets to restart the process of seeking potential buyers for the Delaware joint venture. CIBC World Markets contacted 12 parties, some of which were originally contacted in July 2001, of which ten agreed to receive a revised offering memorandum. Following the receipt of indications of interest from four of those parties, we and our Delaware joint venture partner engaged in discussions with Potential Acquirer A.

On April 15, 2002, we publicly announced that we were exploring possible strategic alternatives in order to maximize stockholder value. At that time, we asked CIBC World Markets to explore selling our entire company and not solely the Delaware joint venture. This was the result of an analysis by our board of directors of, among other things, the difficulties that we faced as a small cap company with limited access to funds to procure growth opportunities, the increasing costs of remaining a public company, potential tax inefficiencies of selling the joint venture and the potential to attract additional bidders. CIBC World Markets contacted certain previously contacted parties to notify them of the potential sale of the entire company. Although we had initial discussions with several parties, only Potential Acquirer A submitted a revised offer and continued forward with negotiations.

In April 2002, our board of directors determined to allow select interested parties to proceed with documentary due diligence. However, before being permitted to contact any of our business affiliates related to our Delaware or Michigan ventures, potential bidders were required to, among other things, perform documentary due diligence, affirm the terms of their proposals with specificity and provide assurance of their ability to finance any potential transaction.

Between May and July 2002, CIBC World Markets contacted three additional potential buyers, one of which, Potential Acquirer B, submitted an initial written indication of interest and began due diligence and discussions with us. At the same time, William McComas, our chief executive officer and chairman of our board, began discussions with Allen Parker, chief administrative officer of the Morongo Band, regarding the potential for a transaction.

In July 2002, at the request of Full House, the two remaining bidders, Potential Acquirer A and Potential Acquirer B, provided revised offers. After consideration of and discussions with the parties about these revised offers and after Potential Acquirer B's failure to increase its bid price, negotiations with Potential Acquirer B ended. We continued the diligence and negotiation process with Potential Acquirer A, including meetings in October 2002 with our business affiliates in Delaware and Michigan. In November 2002, Potential Acquirer A withdrew its offer from consideration.

In August and September 2002, discussions between Mr. McComas and the Morongo Band came to a point where they contemplated submitting a joint bid to acquire Full House, however the Morongo Band determined to pursue a possible transaction on its own. Following discussions between the Morongo Band and CIBC World Markets regarding interest in a potential transaction, we entered into a confidentiality agreement with the Morongo Band on October 11, 2002 and the Morongo Band proceeded to conduct preliminary due diligence.

In October 2002, we received a written indication of interest from Potential Acquirer C with whom we engaged in negotiations. In November 2002, Potential Acquirer C indicated that it was no longer interested in pursuing a transaction with the company.

Based on discussions with potential acquirers, in November 2002 our board of directors considered the potential issues arising from the allocation between the common stockholders and the preferred stockholders of the aggregate dollar amount that an acquirer would be willing to pay for Full House. Because a two-thirds vote of our preferred stock is required to approve any acquisition, both holders of the preferred stock would be required to agree to any transaction. Mr. McComas, who owns both common stock and 50% of our preferred stock and also serves as our chief executive officer and chairman of our board, indicated that he would be willing to accept for his shares of preferred stock the same amount that the independent preferred stockholder agreed to receive.

On January 15, 2003, CIBC World Markets received a revised indication of interest for the purchase of our company from the Morongo Band, based on our continued negotiations. We responded to the indication of interest on January 24, 2003 with certain questions and received clarifications of conditions to their bid on January 30, 2003.

At a board meeting in February 2003, our outside counsel, Greenberg Traurig, discussed with the board the implications of the Sarbanes-Oxley Act on companies like Full House. Particular emphasis was placed on the need to expand the board if Full House intended to apply for re-listing on the Nasdaq SmallCap Market and the financial and other impacts on Full House that would result from compliance with other Sarbanes-Oxley provisions. In light of this discussion, the board reaffirmed its decision to continue the process of marketing the company.

During the first half of 2003, we received inquiries from several additional parties, none of which submitted a written proposal. In February 2003, we received a written indication of interest from a new Potential Acquirer D. As part of its indication of interest, Potential Acquirer D requested, among other things, exclusivity (which would have precluded our continued negotiation with any other interested parties), expense reimbursement and a termination fee as a condition to proceed with its diligence. After receiving the initial written indication of interest from Potential Acquirer D, Full House indicated to Potential Acquirer D that it would not be appropriate for Full House to agree to the exclusivity and other conditions set forth in its indication of interest. In response to Potential Acquirer D's further request to contact our business affiliates related to our Delaware and Michigan ventures, we informed

Potential Acquirer D that it would not be permitted to contact those parties without first submitting a revised proposal eliminating the unacceptable conditions, conducting certain levels of diligence, including visiting our data room, and providing some evidence of its ability to finance a proposed transaction. Although Potential Acquirer D continued to contact CIBC World Markets, it did not comply with these requests by the company and detailed negotiations were not continued.

Between February and April 2003, the Morongo Band conducted more detailed due diligence on our company, including a visit to our data room, and continued discussions with us through CIBC World Markets regarding a possible acquisition transaction. In February 2003, we provided the Morongo Band and their legal counsel with a draft merger agreement.

In mid April Mr. Shaunnessy, one of our directors and our chief financial officer, accompanied Allen Parker, chief administrative officer of the Morongo Band, Roger Meyer, chief auditor of the Morongo Band, and Bill Davis, general manager of the Morongo Band casino operation, and their legal counsel to meet our business affiliates in Delaware. Two days later, Mr. Shaunnessy accompanied two members of the Morongo Tribal Council, Messrs. Parker, Meyer, Davis and legal counsel to meet with our business affiliates in Michigan.

On May 19, 2003, counsel for the Morongo Band sent comments to our form of merger agreement to us and our counsel. Following discussions between us and our counsel on business and legal issues, our counsel sent a revised draft of the merger agreement to counsel for the Morongo Band on June 6, 2003.

In June and July 2003, we and the Morongo Band continued discussions regarding the terms of a possible transaction and, with the assistance of counsel and CIBC World Markets, continued negotiating definitive agreements to reflect the terms of a proposed transaction.

In June 2003, the four stockholders being asked to sign voting agreements discussed the appropriate division of the merger consideration between common stockholders and preferred stockholders.

On July 25, 2003, our board of directors met in Los Angeles to consider the proposed transaction with the Morongo Band as well as the history of the process and the status of any other remaining or potential interested parties. Representatives of CIBC World Markets and Greenberg Traurig attended the meeting. At that meeting, Greenberg Traurig made a presentation to the board regarding the timing, structure, terms, conditions and legal aspects of the proposed merger with the Morongo Band, including open issues. Greenberg Traurig's presentation focused on a discussion of the conditions to closing, the process regarding stockholder approval and the termination and termination fee provisions. CIBC World Markets provided a detailed presentation to our board as to the company's profile and financial performance, as well as a detailed description of the history of the transaction, including the sales process and the details of any remaining interested parties. In addition, CIBC World Markets reviewed with the board its financial analysis of the merger consideration proposed by the Morongo Band.

Following discussion regarding the terms and conditions of the proposed merger with the Morongo Band, the board of directors expressed concerns about the willingness of one of the major stockholders to execute a voting agreement as requested by the Morongo Band based on his objection to the proposed division of the merger consideration between the common stock and the preferred stock. The board was also concerned about the ability of Full House and its stockholders to pursue legal remedies against the Morongo Band as a result of their proposed limited waiver of sovereign immunity to be contained in the merger agreement. Finally, the board expressed concern over the ability to retain the services of Mr. Shaunnessy as Chief Financial Officer through the effective time of the merger based on the Morongo Band's demand that the merger not be completed until Mr. Shaunnessy's existing contractual right to receive a severance payment expired. Our board of directors determined to adjourn the meeting, continue negotiations with the Morongo Band and reconvene on July 27, 2003.

Between July 25 and July 27, 2003, our advisors and the Morongo Band's advisors negotiated the remaining issues regarding the limited waiver of sovereign immunity, the severance payment issue and the timing of the transaction. During that period, our major stockholder indicated his willingness to execute the requested voting agreement.

On the afternoon of July 27, 2003, the Morongo Band presented the transaction at its regularly scheduled meeting of the general membership of the Band. Based upon the information about the transaction that was provided to the voting tribal members in attendance at that meeting, a majority of those in attendance voted to place the question of approval of the transaction on a ballot to be conducted among all of the voting members of the Morongo Band, in accordance with the Morongo Band's custom and tradition of governance.

In the evening of July 27, 2003, our board of directors reconvened through a telephonic meeting. Representatives of CIBC World Markets and Greenberg Traurig participated in the meeting. Greenberg Traurig described the progress of negotiations since the previous board meeting on July 25, 2003. CIBC World Markets rendered to the board an oral opinion (which opinion was confirmed by delivery of a written opinion dated the same date) to the effect that, as of that date and based on and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken described in its written opinion, the merger consideration was fair, from a financial point of view, to the holders of Full House common stock. Following a question and answer period, our board of directors, with one director absent, concluded that the merger was advisable and fair to, and in the best interests of our stockholders. Accordingly, the board of directors voted to approve the merger agreement and the transactions contemplated thereby, subject to the appropriate resolution of the language by Mr. Shaunnessy on behalf of the company regarding the limited waiver of sovereign immunity. The absent director later affirmed the board's decision to approve the merger agreement and the transactions contemplated thereby.

From July 28 through July 29, 2003, we and our legal advisors negotiated with the Morongo Band and their legal advisors regarding the scope of the limited waiver of sovereign immunity and resolved the matter by agreeing to establish an escrow account into which the Morongo Band will initially place funds equal to the termination fee and will later place funds equal to the merger consideration. The escrow account provides us and our stockholders the assurance that the funds required to complete the merger are available and set aside for that purpose.

On July 29, 2003, we, the Morongo Band and MFH Merger LLC executed the merger agreement. We received the final signature on the voting agreement on July 30, 2003. Following the execution of both the merger agreement and the voting agreement, we issued a joint press release with the Morongo Band announcing the transaction on the afternoon of July 30, 2003.

Purpose and Reasons for the Merger

Our board of directors has approved and adopted the merger agreement and the merger and recommended approval of the merger agreement and the merger by our stockholders. Our board of directors sought and received the advice of its management, financial advisors,

accountants and legal counsel throughout its consideration of the merger agreement and the merger. The board believes that the terms of the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of us and our stockholders.

Positive Factors Considered by the Board:

Our board of directors considered the following positive factors in its deliberations concerning the merger agreement and the merger:

Pricing. The price per share represents a substantial premium for our stockholders, $0.50 per share higher than the last trade prior to our announcement of the merger on July 30, 2003 of $0.80.

Fairness Opinion of CIBC World Markets. The board considered the opinion, analyses and presentations of CIBC World Markets, Corp. as described below under " Opinion of the Fairness Advisor" including the opinion of CIBC World Markets to our board to the effect that, as of July 27, 2003, based on and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken described in its written opinion, the merger consideration was fair from a financial point of view to the holders of our common stock. A copy of CIBC World Market's written opinion to our board, dated as of July 27, 2003, is attached as *Appendix B* to this proxy statement.

Comparative Analysis. After actively soliciting bids from third parties, our board determined that the Morongo Band's price was higher and its ability to complete the merger more likely than those submitted by other bidders.

Ability to Receive Merger Consideration. The lack of any financing condition on the part of the Morongo Band and the agreement to place the merger consideration in escrow following an affirmative vote on the merger of the general membership of the Morongo Band.

Current Lack of Liquidity. The lack of liquidity of the shares of our common stock due to the absence of an active trading market.

Our Inability to Compete in the Gaming Industry. The gaming industry has become more competitive making it difficult for smaller companies like us to compete in this market. Larger enterprises have become engaged in the Indian gaming industry, including seeking contracts to manage Indian gaming facilities. Our small size has made us a less attractive alternative for these opportunities as compared to when we first entered the Indian gaming market.

Our Limited Access to Capital. As noted above, the gaming industry has become more competitive, and to be able to compete in this market, we would require significant additional capital. However, our opportunities to raise more capital are limited.

Benefits of Being a Privately Held Company. We incur substantial ongoing expenses as a public reporting company due to our obligations to file periodic reports with the Securities and Exchange Commission. As a result of the merger, we will become a privately held company and, therefore, we will be able to eliminate the costs associated with filing periodic reports with the SEC and the anticipated costs of compliance with recently enacted legislation applicable to companies with securities registered under the Securities Exchange Act of 1934, as amended.

Ability to Accept a Superior Proposal. The merger agreement allows us a reasonable opportunity to respond to third party alternative acquisition proposals and, if a superior proposal is made, to terminate the merger agreement and accept the superior proposal up until the time of the special meeting. This opportunity is subject to limitations including the payment of a $300,000 break-up fee to the Morongo Band. The board also believed that the percentage of the transaction value

represented by the break-up fee would not unduly discourage superior third-party offers, and that the break-up fee is within the range of fees in comparable transactions.

Negative Factors Considered by the Board:

Our board also considered the following possible negative factors in its deliberations concerning the merger agreement and the merger:

Effect of Break-Up Fee. Some terms and conditions set forth in the merger agreement, required by the Morongo Band as a prerequisite to entering into the merger agreement, prohibit us and our representatives from soliciting third-party bids and from accepting third-party bids except in specified circumstances and upon the payment by us of a $300,000 break-up fee.

Restrictions on Business Operations Before the Merger. The merger agreement restricts our ability to operate our business before the merger in a manner that is inconsistent with past practice or outside of the ordinary course of business.

Costs of the Merger. There are significant costs involved in connection with the merger, including the substantial management time and effort required to effectuate the merger.

Risk that the Merger Will Not Be Completed. We may not complete the merger if we or the Morongo Band are unable to satisfy the covenants or closing conditions contained in the merger agreement.

Requirements of the Merger Agreement. The terms of the merger agreement impose various obligations and restrictions on us, including the conditions to completing the merger, the termination events, the covenants, and the ability of our board to withdraw or change its recommendation to our stockholders to adopt the merger agreement.

Our board concluded, however, that these negative factors could be managed or mitigated by us or were unlikely to have a material impact on us or on the merger, and that, overall, the potentially negative factors associated with the merger were outweighed by the potential benefits of the merger.

The above discussion is not intended to be exhaustive of all factors considered by our board but does set forth material positive and negative factors considered by our board of directors. Our board unanimously approved the merger and the merger agreement and recommended approval of the merger and the merger agreement in light of the various factors described above and other factors that each member of our board of directors felt were appropriate. In view of the wide variety of factors considered by our board in connection with its evaluation of the merger and the complexity of these matters, our board did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. Rather, our board made its recommendation based on the totality of information presented to and the investigation conducted by it. In considering the factors discussed above, individual directors may have given different weights to different factors.

Opinion of our Financial Advisor

Full House Resorts engaged CIBC World Markets to act as its financial advisor in connection with the merger. In connection with this engagement, the board of directors of Full House Resorts requested that CIBC World Markets evaluate the fairness, from a financial point of view, to the holders of Full House Resorts common stock of the merger consideration. On July 27, 2003, at a meeting of the board of directors held to evaluate the proposed merger, CIBC World Markets rendered an oral opinion, which was confirmed by delivery of a written opinion to the board of directors of Full House Resorts dated the same date, to the effect that, as of that date and based on and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken described in the written opinion, the merger consideration was fair, from a financial point of view, to the holders of Full House Resorts common stock.

The full text of CIBC World Markets' written opinion, dated July 27, 2003, is attached to this proxy statement as *Appendix B*. **CIBC WORLD MARKETS' OPINION IS ADDRESSED TO THE**

FULL HOUSE RESORTS BOARD OF DIRECTORS AND RELATES ONLY TO THE FAIRNESS OF THE MERGER CONSIDERATION FROM A FINANCIAL POINT OF VIEW TO THE HOLDERS OF FULL HOUSE RESORTS COMMON STOCK. THE OPINION DOES NOT ADDRESS ANY OTHER ASPECT OF THE MERGER AND DOES NOT CONSTITUTE A RECOMMENDATION AS TO HOW ANY STOCKHOLDER SHOULD VOTE OR ACT WITH RESPECT TO ANY MATTERS RELATING TO THE MERGER. THE SUMMARY OF CIBC WORLD MARKETS' OPINION DESCRIBED BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF ITS OPINION. HOLDERS OF FULL HOUSE RESORTS COMMON STOCK ARE ENCOURAGED TO READ THE OPINION CAREFULLY IN ITS ENTIRETY.

In arriving at its opinion, CIBC World Markets:

- reviewed a draft dated July 21, 2003 of the merger agreement;
- reviewed certain publicly available business and financial information relating to Full House Resorts;
- reviewed financial estimates and projections of Full House Resorts prepared by Full House Resorts and its management;
- reviewed the current and historical market prices and trading volume for the Full House Resorts common stock;
- held discussions with senior management of Full House Resorts with respect to certain aspects of the proposed merger, the past and current business operations of Full House Resorts, the financial condition and future prospects of Full House Resorts and certain other matters viewed by CIBC World Markets as necessary or appropriate to its inquiry;
- reviewed and analyzed certain publicly available financial, stock market and other information relating to the businesses of certain other companies CIBC World Markets deemed comparable to Full House Resorts;
- performed discounted cash flow analyses of Full House Resorts using certain assumptions of future performance provided to CIBC World Markets by management of Full House Resorts;
- reviewed and analyzed certain publicly available financial information for transactions that CIBC World Markets deemed comparable to the proposed merger;
- reviewed public information concerning Full House Resorts; and
- performed such other analyses and reviewed such other information as CIBC World Markets deemed appropriate.

In rendering its opinion, CIBC World Markets relied upon and assumed, without independent verification or investigation, the accuracy and completeness of all of the financial and other information that was publicly available or was provided to CIBC World Markets by Full House Resorts and its employees, representatives and affiliates. With respect to forecasts of future financial condition and operating results of Full House Resorts provided to CIBC World Markets, CIBC World Markets assumed at the direction of Full House Resorts' management, without independent verification or investigation, that such forecasts were reasonably prepared on bases reflecting the best available information, estimates and judgment of Full House Resorts and its management. CIBC World Markets also assumed at the direction of Full House Resorts' management that Full House Resorts' current contracts to manage Midway Slots and Simulcast in Harrington, Delaware (Gaming Entertainment Delaware) and gaming facilities to be developed with the Nottawaseppi Huron Band of Potawatomi in south-central Michigan (Gaming Entertainment Michigan) will not be extended by the parties thereto past the completion of their current terms. In addition, at the direction of representatives of Full House Resorts, CIBC World Markets also assumed that the final terms of the merger agreement would

not vary materially from those set forth in the draft reviewed by CIBC World Markets and that the merger would be consummated as described in the draft merger agreement.

CIBC World Markets neither made nor obtained any independent evaluations or appraisals of the assets or the liabilities of Full House Resorts or affiliated entities. CIBC World Markets did not express any opinion as to the underlying valuation, future performance or long term viability of the surviving entity following the proposed merger. CIBC World Markets was not asked to consider, and its opinion does not address, the relative merits of the proposed merger as compared to any alternative business strategies that might exist for Full House Resorts or the effect of any other transaction in which Full House Resorts might engage. CIBC World Markets' opinion was necessarily based on the information available to it and general economic, financial and stock market conditions and circumstances as they existed and could be evaluated by it on the date thereof. It should be understood that, although subsequent developments may affect the opinion, CIBC World Markets does not have any obligation to update, revise or reaffirm the opinion.

This summary is not a complete description of CIBC World Markets' opinion to the board of directors of Full House Resorts or the financial analyses performed and factors considered by CIBC World Markets in connection with its opinion. The preparation of a fairness opinion is a complex, analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to summary description. CIBC World Markets believes that its analyses and this summary must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying CIBC World Markets' analyses and opinion.

In performing its analyses, CIBC World Markets considered industry performance, general business, economic, market and financial conditions and other matters existing as of the date of its opinion, many of which are beyond the control of Full House Resorts. No company, transaction or business used in the analyses as a comparison is identical to Full House Resorts or the merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed.

The estimates contained in CIBC World Markets' analysis and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than those suggested by its analyses. In addition, analyses relating to the value of businesses or securities do not necessarily purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, CIBC World Markets' analyses and estimates are inherently subject to substantial uncertainty.

The type and amount of consideration payable in the merger was determined through negotiation between Full House Resorts and the Morongo Band and the decision to enter into the merger was solely that of the board of directors of Full House Resorts. CIBC World Markets' opinion and financial analyses were only one of many factors considered by the board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the board of directors with respect to the merger or the merger consideration.

The following is a summary of the material financial analyses underlying CIBC World Markets' opinion dated July 27, 2003 to the board of directors of Full House Resorts with respect to the merger. **The financial analyses summarized below include information presented in tabular format. In order to fully understand CIBC World Markets' financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial**

analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of CIBC World Markets' financial analyses.

In arriving at its opinion, CIBC World Markets made no attempt to assign specific weights to particular analyses or factors considered but rather made qualitative judgments as to the significance and relevance of all of the analyses and factors considered by it. Accordingly, CIBC World Markets believes that its analyses and the summary set forth below must be considered as a whole, and that selecting portions of its

analyses and of the factors it considered, without considering all analyses and factors, could create a misleading or incomplete view of the processes underlying such analyses and its opinion. In its analyses, CIBC World Markets made numerous assumptions with respect to Full House Resorts, industry performance, general business, economic, market and financial conditions, as well as other matters, many of which are beyond the control of CIBC World Markets or Full House Resorts, and involve the application of complex methodologies and educated judgment.

Summary of Analysis.

Discounted Cash Flow Analysis. CIBC World Markets performed a discounted cash flow analysis of Full House Resorts to estimate the present value of the unlevered, after-tax free cash flows that Full House Resorts could be expected to generate (i) with respect to existing operations, consisting of corporate operations and the Gaming Entertainment Delaware facility from July 1, 2003 until the expiration of the contract related to that facility in August 2011 and (ii) with respect to the Gaming Entertainment Michigan facility for the seven year term of operations set forth in the related management contract, ascribing probabilities at the direction of Full House Resorts management of 60%, 30% and 9% to such facility opening in the years 2005, 2006 and 2007, respectively. In each case, the estimated financial data were based on financial forecast information provided by Full House Resorts management. The present value of the cash flows associated with existing operations and Gaming Entertainment Michigan facilities was calculated using discount rates ranging from 10% to 15% and 25% to 30%, respectively. At the direction of Full House Resorts management, CIBC World Markets assumed that (a) neither contract will be renewed after its respective expiration date and, as such, did not apply a terminal value to either facility and (b) RAM Entertainment, LLC, a lender to Full House Resorts with respect to the Gaming Entertainment Michigan project, will exercise its right to convert the loan to a 50% interest in the Gaming Entertainment Michigan project. CIBC World Markets then applied the assumptions described above in order to derive an implied enterprise reference range for Full House Resorts, which was then used to derive an implied equity reference range for Full House Resorts. This analysis indicated the following implied per share equity reference range for Full House Resorts common stock, as compared to the consideration to be received in the merger:

Implied Per Share Equity Reference Range for Full House Resorts Common Stock	Per Share Merger Consideration for Full House Resorts Common Stock
$0.96-$1.18	$1.30

Comparable Companies Analysis. CIBC World Markets compared financial and stock market information for Full House Resorts and the following five selected publicly held companies in the gaming industry:

Century Casinos, Inc.

Lakes Entertainment, Inc.

Monarch Casino & Resort, Inc.

Riviera Holdings Corporation

The Sands Regent

The selected companies were chosen because they are publicly traded companies with financial and operating characteristics which CIBC World Markets deemed to be similar to Full House Resorts. CIBC World Markets reviewed enterprise values (defined as equity value plus total indebtedness less cash) as a multiple of the latest 12 months, or LTM, earnings before interest, taxes, depreciation and amortization, known as EBITDA, for the selected companies. All multiples were based on closing stock prices on July 24, 2003. The financial information for the selected companies was based on publicly available financial information, including estimates provided by First Call and other Wall Street equity research. With respect to Full House Resorts, CIBC World Markets used financial information based on publicly available filings and provided by Full House Resorts management. CIBC World Markets then applied a range of selected multiples of the LTM EBITDA derived from the selected companies, and based on qualitative judgments, to corresponding financial data of Full House Resorts in order to derive an implied enterprise reference range for Full House Resorts, which was then used to derive an implied equity reference range for Full House Resorts.

Because Full House Resorts' Gaming Entertainment Michigan enterprise has not yet begun operations, CIBC World Markets applied the discounted cash flow analysis described above to that portion of the Full House Resorts financial information attributable to Gaming Entertainment Michigan and the comparable companies analysis to that portion of the Full House Resorts financial information attributable to existing operations, the sum of which was taken in order to arrive at an implied equity reference range. This analysis indicated the following implied per share equity reference range for Full House Resorts common stock, as compared to the consideration to be received in the merger:

Implied Per Share Equity Reference Range for Full House Resorts Common Stock	Per Share Merger Consideration for Full House Resorts Common Stock
$1.01-$1.29	$1.30

Because of the inherent differences between the businesses, operations, and prospects of Full House Resorts and the businesses, operations and prospects of the selected companies included in the comparable companies analysis, CIBC World Markets believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the analysis and, accordingly, also made qualitative judgments concerning differences between the financial and operating characteristics of Full House Resorts and the selected companies.

Precedent Transactions Analysis. CIBC World Markets reviewed the enterprise values and implied transaction multiples in the following 11 merger and acquisition transactions in the gaming industry:

Date Announced	Target	Acquiror
10/15/2002	Harvey's Wagon Wheel Casino	Centaur Colorado
7/31/2002	JCC Holding Company	Harrah's Entertainment, Inc.
4/26/2001	Delta Downs Racetrack	Boyd Gaming Corporation
8/24/2000	Claridge Hotel & Casino	Park Place Entertainment Corporation
7/19/2000	President Casino Davenport	Isle of Capri Casinos, Inc.
1/20/2000	Gold Dust West Casino	Black Hawk Gaming & Development Company, Inc.
8/31/1999	Bluff's Run	Harveys Casino Resorts
6/27/1999	Blue Chip Casino	Boyd Gaming Corporation
1/18/1999	Diamond Jo	Peninsula Gaming Company, LLC
7/15/1997	Treasure Chest	Boyd Gaming Corporation
4/29/1996	Par-A-Dice Corporation	Boyd Gaming Corporation

CIBC World Markets reviewed enterprise values as a multiple of LTM EBITDA for the selected transactions. Financial data and implied multiples for the selected transactions were based on publicly available information of the relevant transaction. Financial data for Full House Resorts was based on

financial data from publicly available filings and provided by Full House Resorts management. CIBC World Markets then applied a selected range of multiples of LTM EBITDA derived from the selected transactions, and based on qualitative judgments, to corresponding financial data of Full House Resorts in order to derive an implied enterprise reference range for Full House Resorts, which was then used to derive an implied equity reference range for Full House Resorts.

Because Full House Resorts' Gaming Entertainment Michigan enterprise has not yet begun operations, CIBC World Markets applied the discounted cash flow analysis described above to that portion of the Full House Resorts financial information attributable to Gaming Entertainment Michigan and the precedent transactions analysis to that portion of the Full House Resorts financial information attributable to existing operations, the sum of which was taken in order to arrive at an implied equity reference range. This analysis indicated the following implied per share equity reference range for Full House Resorts common stock, as compared to the consideration to be received in the merger:

Implied Per Share Equity Reference Range for Full House Resorts Common Stock	Per Share Merger Consideration for Full House Resorts Common Stock
$1.04-$1.33	$1.30

Because of the inherent differences between the businesses, operations, and prospects of Full House Resorts and the businesses, operations and prospects of the target companies included in the precedent transactions analysis, CIBC World Markets believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the analysis and, accordingly, also made qualitative judgments concerning differences between the financial and operating characteristics of Full House Resorts and the target companies in the selected transactions.

Premiums Paid Analysis. CIBC World Markets reviewed premiums paid in all merger and acquisition transactions (excluding spin-offs, minority stake purchases, repurchases, self-tenders and acquisitions of remaining interests) announced since January 1, 2002 having transaction values equal to or less than $100 million. CIBC World Markets then applied a range of selected premiums derived from these transactions based on the closing stock price of the target company one day, one week and four weeks prior to public announcement of the transaction, and based on qualitative judgments, to the closing stock price of Full House Resorts on July 24, 2003. With respect to information for the companies involved in these precedent transactions, CIBC World Markets relied on information available in public documents and reports published by Securities Data Corporation. This analysis indicated the following implied per share equity reference range for Full House Resorts common stock, as compared to the consideration to be received in the merger:

Implied Per Share Equity Reference Range for Full House Resorts Common Stock	Per Share Merger Consideration for Full House Resorts Common Stock
$1.01-$1.13	$1.30

Other Factors.

In rendering its opinion, CIBC World Markets also reviewed and considered other factors, including historical trading prices and trading volumes of Full House Resorts common stock during the 15 months prior to July 24, 2003.

Miscellaneous.

The board of directors of Full House Resorts selected CIBC World Markets as its exclusive financial advisor in connection with the proposed merger based on CIBC World Markets' reputation and experience. CIBC World Markets is an internationally recognized investment banking firm and, as a customary part of its investment banking business, is regularly engaged in valuations of businesses

and securities in connection with acquisitions and mergers, underwritings, secondary distributions of securities, private placements and valuations for other purposes. In the ordinary course of its business, CIBC World Markets and its affiliates may actively trade securities of Full House Resorts for their own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

Full House Resorts has agreed to pay CIBC World Markets for its financial advisory services, a significant portion of which is contingent upon the consummation of the proposed merger. In addition, Full House Resorts has agreed to reimburse CIBC World Markets for its reasonable out-of-pocket expenses, including reasonable fees and expenses of its legal counsel, and to indemnify CIBC World Markets and related parties against specified liabilities, including liabilities under the federal securities laws, relating to, or arising out of, its engagement.

Interests of Certain Persons in the Merger

Employment Agreement with Michael Shaunnessy.

In connection with the merger, we have agreed to pay Michael Shaunnessy, our chief financial officer and one of our directors, a stay bonus of $150,000 if he continues to be employed by us until the completion of the merger. Our board believes that given Mr. Shaunnessy's experience and expertise concerning our business operations, and in light of the fact that we have a small management team from which to draw this experience, it is important to our business operations that Mr. Shaunnessy remain in our employ until we complete the merger.

Under Mr. Shaunnessy's original employment agreement with us which expires on January 1, 2004, he would have been entitled to a change in control payment of $250,000 upon completion of the merger. As part of our agreement with the Morongo Band, we have agreed with Mr. Shaunnessy to amend the terms of his employment agreement to reduce the amount payable to him upon completion of the merger to the $150,000 stay bonus. Mr. Shaunnessy will be entitled to this stay bonus whether the merger is completed before or after the expiration of his employment agreement, as long as Mr. Shaunnessy is still employed by us at that time.

Indemnification; Directors' and Officers' Insurance.

Under the merger agreement, the Morongo Band has agreed to indemnify all of our directors, officers and employees to the fullest extent possible by law for all acts or omissions prior to the merger by these individuals in their capacity as a director, officer or employee. Prior to completion of the merger, we may obtain a six-year tail insurance policy covering our directors and officers for acts and omissions prior to the

completion of the merger for a premium not to exceed $310,000.

Effects of the Merger

As a result of the merger, our stockholders will not have an opportunity to continue their equity interest in us as an ongoing corporation and will not share in our future earnings and potential growth. Upon completion of the merger, our common stock will no longer be traded on the OTC bulletin board, price quotations will no longer be available and our common stock will no longer be registered under the Exchange Act. Following the merger, we will no longer be required to provide information to the Securities and Exchange Commission and most of the provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b) and the requirement of furnishing a proxy or information statement in connection with stockholders' meetings, will no longer be applicable.

The receipt of cash pursuant to the merger will be a taxable transaction. See "Federal Income Tax Consequences."

THE MERGER AGREEMENT

The following discussion of the merger agreement describes the material terms of the merger agreement and is qualified in its entirety by reference to the merger agreement. The complete text of the merger agreement is attached as *Appendix A* to this proxy statement and is incorporated into this document by reference. This summary may not contain all of the information about the merger agreement that is important to you. We encourage you to read the entire merger agreement carefully in its entirety.

Structure of the Merger

Following the approval of the merger by our stockholders and by the affirmative vote of the general membership of the Morongo Band, the receipt of gaming and other regulatory approvals and the satisfaction or waiver of the other conditions to the merger, we will be merged with and into MFH, a newly-formed Delaware corporation. Upon completion of the merger, our separate existence will cease and MFH will continue as the surviving corporation and as a wholly-owned subsidiary of the Morongo Band.

Conversion of Securities

At the effective time of the merger, each share of our common stock issued and outstanding immediately prior to the effective time will, by virtue of the merger, be converted into the right to receive $1.30 in cash, without interest, and each share of our preferred stock issued and outstanding will be converted into the right to receive $6.15 in cash, without interest. Except for the right to receive the merger consideration, from and after the effective time, all shares of our capital stock, by virtue of the merger and without any action on the part of the holders, will no longer be outstanding and will be canceled and retired and will cease to exist. Each holder of a certificate formerly representing any shares of our capital stock will cease to have any rights with respect to those shares other than the right to receive the merger consideration for their shares upon surrender of the certificate.

No interest will be paid or accrued on the amount payable upon the surrender of any certificate. If payment is to be made to a person other than the registered holder of the certificate surrendered, then the certificate being surrendered must be properly endorsed and otherwise in proper form for transfer, as determined by the disbursing agent. Further, the person requesting payment will be required to pay any transfer or other taxes required by reason of the payment to a person other than the registered holder of the certificate surrendered or establish to the satisfaction of the disbursing agent that any tax has been paid or is not payable. Six months following the merger, MFH will be entitled to cause the disbursing agent to deliver to it any funds, including any interest received, made available to the disbursing agent which have not been disbursed to holders of certificates formerly representing shares outstanding prior to the merger, and thereafter such holders will be entitled to look to MFH only as general creditors with respect to cash payable upon due surrender of their certificates. Notwithstanding the foregoing, neither the disbursing agent nor any party to the merger agreement will be liable to any holder of certificates formerly representing shares for any cash paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

Stock Options

At the effective time of the merger, each unexercised option, whether or not vested or exercisable in accordance with its terms, to purchase shares of our common stock which we have previously granted will be canceled automatically. No additional payments will be made to any holder of options to purchase shares of our common stock.

Escrow of Funds

The Morongo Band has placed in escrow an amount equal to the termination fee of $300,000. Following the date of the affirmative vote by the general membership of the Morongo Band, the Morongo Band must also place in the escrow account an amount of cash sufficient to pay the merger consideration to holders of shares of our common and preferred stock.

Transfer of Ownership and Lost Stock Certificates

We will only issue a new stock certificate representing shares of our common stock or the merger consideration in a name other than the name in which a surrendered stock certificate is registered if the person requesting the exchange presents to the disbursing agent all documents required by the disbursing agent to show and effect the unrecorded transfer of ownership and to show that the person paid any applicable stock transfer taxes. If a stock certificate representing shares of our common stock is lost, stolen or destroyed, the holder of the certificate may need to execute an affidavit or post a bond prior to receiving a new stock certificate or the merger consideration.

Conditions to Completion of the Merger

Each party's obligation to effect the merger is subject to the satisfaction of each of the following conditions, any or all of which may be waived at the appropriate party's discretion, to the extent permitted by applicable law:

The merger agreement and the merger must have been adopted by the required vote of our stockholders in accordance with Delaware General Corporation Law; and

None of the parties are subject to any order or injunction of any governmental authority of competent jurisdiction that prohibits the completion of the merger.

Our obligation to complete the merger is further subject to satisfaction or waiver of the following conditions:

The Morongo Band and MFH must have performed in all material respects the obligations required to be performed by them under the merger agreement;

The representations and warranties of the Morongo Band and MFH in the merger agreement, disregarding all qualifications and exceptions relating to materiality or material adverse effect, must be accurate on the date of the merger agreement and the date the merger is completed as if they were made on that date, except

to the extent the representations and warranties speak of another date; and

where the failure of the representations and warranties to be accurate would not reasonably be expected to have a material adverse effect on the Morongo Band or MFH;

The Morongo Band must deliver a certificate to us executed on behalf of the Morongo Band by its chief executive officer and chief financial officer, as to the truth of the Morongo Band's representations and warranties and the performance of its obligations;

All required statutory approvals required to be obtained in order to permit completion of the merger under applicable laws must have been obtained; and

The funds required to be deposited with the disbursing agent by the escrow agent as provided in the merger agreement have been deposited.

The obligation of the Morongo Band and MFH to effect the merger is subject to satisfaction or waiver of the following conditions:

We must have performed in all material respects the obligations that are required to be performed by us under the merger agreement;

Our representations and warranties contained in the merger agreement, disregarding all qualifications and exceptions relating to materiality or material adverse effect, must be accurate on the date of the merger agreement and the date the merger is completed as if they were made on that date, except

to the extent the representations and warranties speak of another date; and

where the failure of the representations and warranties to be accurate would not reasonably be expected to have a material adverse effect on us;

We must deliver to the Morongo Band a certificate executed by our chief executive officer and chief financial officer, as to the truth of our representations and warranties and the performance of its obligations;

All required statutory approvals required to be obtained in order to permit completion of the merger under applicable laws shall have been obtained;

No more than 20 percent of the holders of shares of our common stock or 20 percent of the holders of shares of our preferred stock outstanding immediately prior to the effective time of the merger exercised appraisal rights;

Specified stockholders have entered into a voting agreement and agreed to vote their shares of stock in favor of the merger agreement and the merger; and

Nothing has occurred the effect of which is materially adverse to our business, prospects, financial condition or ongoing operations, our ability to consummate any of the transactions contemplated by the merger agreement or our ability to retain any material gaming license.

The term "material adverse effect," when used in reference to us, the Morongo Band or MFH, means any change affecting, or condition having an effect on, the referenced company that is, or would reasonably be expected to be, materially adverse to the business, prospects, financial condition or ongoing operations of the referenced company and its subsidiaries, taken as a whole or to the ability of the referenced company to complete any of the transactions contemplated in the merger agreement. However, any change or condition will not be deemed to have a material adverse effect on us if it results from, or arises out of, changes in the general economic, regulatory or political conditions or our public announcement of the merger agreement or of the transactions contemplated in the merger agreement.

Representations and Warranties

We have made representations and warranties in the merger agreement regarding, among other things:

organization and good standing;

capitalization;

subsidiaries;

authority to enter into the merger agreement;

requisite governmental and other consents and approvals;

financial statements;

absence of undisclosed liabilities;

absence of certain changes in our business since March 31, 2003;

absence of litigation to which we are a party;

content and submission of forms and reports required to be filed by us with the SEC;

compliance with applicable law;

compliance with certain of our agreements;

requisite tax filings;

employee benefits;

labor matters;

environmental matters;

title to assets and property;

our stockholders' approval;

brokers and finders;

insurance;

intellectual property;

possession of necessary permits;

real estate;

accounts receivable; and

directors, officers and employees.

The Morongo Band and MFH have made representations and warranties in the merger agreement regarding, among other things:

organization and good standing;

authority to enter into the transaction;

requisite governmental and other consents and approvals;

accuracy of information supplied by the Morongo Band and MFH for submission in forms and reports required to be filed with the SEC;

brokers and finders;

the Morongo Band's financing capability;

MFH's solvency after the merger;

absence of prior activities; and

compliance with gaming laws.

The representations and warranties of the parties in the merger agreement will expire upon completion of the merger. Following this expiration, none of the parties or their respective officers, directors or principals will have any liability whatsoever with respect to any such representations or warranties.

Conduct of our Business Prior to the Merger

Under the merger agreement, unless the Morongo Band agrees in writing, we have agreed to:

conduct our business in the ordinary and usual course of business and consistent with past practice;

not amend or propose to amend our certificate of incorporation or bylaws or equivalent constitutional documents, split, combine or reclassify our outstanding capital stock or declare, set aside or pay any dividend or distribution, except for the payment of dividends or distributions to us or to our wholly-owned subsidiary by our direct or indirect wholly-owned subsidiary;

not issue, sell, pledge or dispose of any additional shares of, or any options, warrants or rights of any kind to acquire any shares of, our capital stock of any class or any debt or equity securities convertible into or exchangeable for any shares of our capital stock;

not incur or become contingently liable with respect to any indebtedness for borrowed money other than borrowings in the ordinary course of business, and borrowings to refinance existing indebtedness on terms which are reasonably acceptable to the Morongo Band, provided our aggregate indebtedness may not exceed $2.7 million;

not redeem, purchase, acquire or offer to purchase or acquire any shares our capital stock or any options, warrants or convertible securities to exercisable or convertible into or shares of our capital stock other than in connection with the exercise of outstanding options pursuant to the terms of our option plan or re-price any issued and outstanding options,

not make any acquisition of any assets or businesses other than expenditures for current assets in the ordinary course of business and expenditures for fixed or capital assets permitted pursuant under the terms of the merger agreement;

not sell, pledge, dispose of or encumber any assets or businesses, except in the ordinary course of business, or sales for cash of less than $100,000;

keep and maintain all permits in full force and effect and take all steps necessary to meet requirements on pending applications for permits;

use all reasonable efforts to preserve intact our business organizations and goodwill, keep available the services of our present officers and key employees, and preserve the goodwill and business relationships with customers and others having business relationships with us;

not enter into, amend, modify or renew any employment, consulting, severance or similar agreement or grant any salary, wage or other increase in compensation except as provided in the merger agreement;

not enter into, establish, adopt, amend or modify any pension, retirement, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare plan, agreement, program or arrangement, in respect of our directors, officers or employees except as provided in the merger agreement;

not make expenditures, including, but not limited to, capital expenditures, or enter into any binding commitment or contract to make expenditures, except those permitted in the merger agreement;

not make, change or revoke any material tax election unless required by law or make any agreement or settlement with any taxing authority regarding any material amount of taxes or which would reasonably be expected to materially increase our obligations or cause MFH to pay taxes in the future;

not settle or compromise any litigation to which we are a party or with respect to which we may have or incur liability, at an aggregate cost to us in excess of $50,000 with respect to any action or claim or in excess of $150,000;

not change any of the accounting principles or practices used by us, except as may be required as a result of a change in law, SEC guidelines or generally accepted accounting principles;

not terminate, modify, amend or waive compliance with any provision of any of our material contracts or fail to take any action necessary to preserve the benefits of any of our material contracts; and

comply with any laws, ordinances or other governmental regulations applicable to us.

We Are Prohibited from Soliciting Other Offers

We have agreed that our directors, employees, representatives and agents will immediately cease any discussions or negotiations with any parties that may be ongoing with respect to an acquisition proposal, as defined below, that could not reasonably be considered a superior proposal, as defined below. We have agreed that we will not, and we will not permit any of our officers, directors or employees or any investment banker, financial advisor, attorney, accountant or other representative retained by us to solicit, initiate, encourage or take any other action to facilitate, any inquiries or the making of any proposal which constitutes an acquisition proposal. However, if at any time our board of directors determines in good faith, based upon the opinion of independent legal counsel that it is necessary to do so in order to comply with its fiduciary duties to our stockholders under applicable law, we may, in response to an unsolicited superior proposal, furnish information with respect to our business to the person making the unsolicited superior proposal pursuant to a confidentiality agreement similar to the terms of the confidentiality agreement entered into between us and the Morongo Band and participate in discussions or negotiations regarding the superior proposal. We are obligated to inform the Morongo Band promptly of any request for information or any acquisition proposal, the material terms and conditions of the request or the acquisition proposal and, unless we are contractually prohibited from making this disclosure, the identity of the person making the request or the acquisition proposal. In addition, if we propose to enter into an agreement with respect to any superior proposal, we must concurrently with entering into such agreement pay, or cause to be paid, to the Morongo Band, the termination fee in the amount of $300,000.

An "acquisition proposal" is defined under the merger agreement to include any unsolicited bona fide written offer or proposal to acquire all or any substantial part of our business, properties or capital stock, whether by merger, purchase of assets, tender offer or otherwise or whether for cash, securities or any other consideration or combination.

A "superior proposal" is defined under the merger agreement to include any bona fide written offer or proposal that is made by a third party to acquire all or any substantial part of our business, properties or capital stock, whether by merger, purchase of assets, tender offer or otherwise or whether for cash, securities or any other consideration or combination, and which our board of directors determines, in good faith and after consultation with its independent financial advisor and outside legal counsel, could reasonably be expected to result in a transaction that is more favorable to our stockholders than the merger and is reasonably likely to be completed.

Expenses

Generally, the parties have agreed to pay their own costs and expenses in connection with the merger agreement and the transactions contemplated in the merger agreement. However, we must pay a termination fee to Morongo Band, and the Morongo Band must pay a termination fee to us, in an amount equal to $300,000 upon the happening of certain events. See "The Merger Termination Fee."

Termination of the Merger Agreement

At any time prior to the effective time of the merger, the merger agreement may be terminated by the mutual written consent of us, the Morongo Band and MFH. In addition, either we or the Morongo Band may terminate the merger agreement prior to the effective time of the merger if:

a court or other governmental entity permanently enjoins, restrains or prohibits the merger and the action is final and non-appealable;

if the merger has not been completed by January 30, 2004, however, the right to terminate in this instance is not available to any party whose failure to fulfill its obligations under the merger agreement was the cause of the failure to complete the merger before this date;

the other party has breached any representation or warranty contained in the merger agreement which has not been cured in all material respects within 30 days after written notice of the breach, except for breaches, other than with respect to representations and warranties not qualified as to materiality or material adverse effect, that would not reasonably be expected to have a material adverse effect on our business and operations or those of the Morongo Band and would not materially delay the completion of the merger;

there has been a breach of any of the covenants or agreements set forth in the merger agreement required to be complied with prior to the effective time of the merger on the part of the other party, which is either not curable or is not cured within 30 days after written notice of the breach is given to the other party, except for breaches that would not reasonably be expected to have a material adverse effect on our business and operations or those of the Morongo Band and would not materially delay the completion of the merger;

our stockholders fail to approve the merger pursuant to the Delaware General Corporation Law at a duly held meeting of stockholders called for such purpose; or

the general membership of the Morongo Band fails to approve, or withdraws its prior approval of, the merger in accordance with applicable tribal law at a duly held meeting of the general membership called for this purpose.

The Morongo Band may terminate the merger agreement prior to the effective time of the merger if our board of directors has failed to recommend, or has withdrawn, modified or amended its approval or recommendation of the merger. The Morongo Band may also terminate the merger agreement if our board has recommended another acquisition proposal, has resolved to accept a superior proposal or has recommended to our stockholders that they tender their shares in a tender or an exchange offer commenced by a third party, excluding any third party affiliate of the Morongo Band.

Finally, we may terminate the merger agreement if, prior to receipt of the our stockholders' approval for the merger, we receive a superior proposal, resolve to accept the superior proposal, and we have given the Morongo Band two days' prior written notice of our intention to terminate the merger agreement.

Termination Fee

We have agreed to pay to the Morongo Band a termination fee in the amount of $300,000 in the event:

we terminate the merger agreement because our board has accepted a superior proposal;

the merger agreement is terminated by the Morongo Band because our board of directors has withdrawn, modified, amended or qualified in any manner adverse to the Morongo Band its approval or recommendation of the merger or the merger agreement;

the merger agreement is terminated by the Morongo Band because of a material breach of our representations and warranties, covenants or agreements as set forth in the merger agreement; or

the merger agreement is terminated for any reason at a time at which the Morongo Band was not in material breach of its representations, warranties, covenants and agreements set forth in the merger agreement and the Morongo Band was entitled to terminate the merger agreement because of the failure of our stockholders to approve the merger.

The Morongo Band has agreed to pay a termination fee to us in the amount of $300,000 in the event that:

following the affirmative vote of the general membership of the Morongo Band, the merger agreement is terminated by the Morongo Band for any reason other than the failure to obtain any required statutory approval or as permitted pursuant to the merger agreement; however, if there is a termination because of the Morongo Band's breach of its representations and warranties or its failure to perform its obligations which results in the failure of our stockholders to approve the merger, the Morongo Band must pay the termination fee;

following the affirmative vote of the general membership of the Morongo Band as required by tribal law, we elect to terminate the merger agreement because of a material breach of the representations and warranties, covenants or agreements as set forth in the merger agreement; or

either we or the Morongo Band elect to terminate the merger agreement because the general membership of the Morongo Band failed to approve the merger agreement and the merger if the termination follows a withdrawal of a prior affirmative vote of the general membership of the Morongo Band as required by tribal law.

Amendments and Waivers

Any provision of the merger agreement may be amended or waived prior to the completion of the merger if the amendment or waiver is in writing and signed, in the case of an amendment, by us, the Morongo Band and MFH or, in the case of a waiver, by the party against whom the waiver is to be effective. However, any waiver or amendment will be effective against a party only if the board of directors of that party approves the waiver or amendment.

No failure or delay by any party in exercising any right, power or privilege under the merger agreement will constitute a waiver of those rights, nor will any single or partial exercise of any rights or privileges preclude any other or further exercise of any right, power or privilege.

Limited Waiver Of Sovereign Immunity

The Morongo Band is a federally recognized Indian tribe, and as such, is protected by the concept of sovereign immunity from any lawsuit brought against it without its consent. However, pursuant to the merger agreement, the Morongo Band has granted a limited waiver of the Morongo Band's sovereign immunity from unconsented suit, as described in the merger agreement, solely for actions brought by us or our stockholders and other specified indemnified parties to require the performance by the Morongo Band or MFH of any of their specific duties or obligations set forth in the merger agreement. This limited waiver is to be strictly construed in favor of the Morongo Band. To invoke the limited waiver, an authorized person must not be in breach of any material term of the merger agreement, the merger agreement must be in full force and effect or the applicable provision must survive the termination of the merger agreement and the person must have followed the following procedures.

Monongo Band will grant a limited waiver if:

A claim is brought by an authorized person and not by any third party.

The claim alleges a breach by the Morongo Band or MFH of one or more of the specific obligations or duties expressly assumed by either of them under the terms of the merger agreement.

The claim seeks:

some specific action, or discontinuance of some action, by the Morongo Band or MFH to bring them into full compliance with the duties and obligations expressly assumed by them under the merger agreement; or

money damages, excluding any special, punitive, exemplary and/or consequential damages, for noncompliance with the terms and provisions of the merger agreement. Any recovery of damages will be limited to that amount authorized under the merger agreement.

An authorized person strictly follows the dispute resolution process set forth below prior to taking the matter in dispute to court.

The dispute resolution process consists of three separate and required steps, beginning with a "meet and confer," then arbitration, and concluding, if necessary with filing of an action in the U.S. District Court for the Central District of California. All dispute resolution sessions will be private.

Any of our stockholders who hold 1,000 shares or less of our common stock are not required to participate in arbitration before filing an action in the specified federal court, provided that the person's claim is less than $5,000.

The parties agree to maintain the confidentiality of the dispute resolution process and may not rely on, or introduce as evidence in any judicial or other proceeding:

views expressed or suggestions made by the other party with respect to a possible settlement of the dispute;

admissions made by the other party during any proceeding pursuant to this dispute resolution process;

proposals made or views expressed; or

the fact that the other party had or had not indicated a willingness to accept a proposal.

However, evidence that is otherwise subject to discovery or admissible is not excluded from discovery or admission in evidence simply as a result of it having been used in connection with the dispute resolution process.

Step 1: Meet and Confer

After attempting to resolve any dispute regarding the obligations of the Morongo Band or MFH under the merger agreement through normal channels of communication, if an authorized person is not satisfied with the results, that person must next raise the matter in dispute by requesting that a "meet and confer" be held. This notice must be in writing and state with specificity the matter in dispute and the resolutions requested. The notice must also state the purpose, date, time and location for the meet and confer to be held. The meeting must be held at least twenty-one days after the notice is delivered and on the Morongo Indian Reservation or, for our stockholders who hold 1,000 shares or less of our common stock, by teleconference. The Morongo Band and MFH and the authorized person may jointly decide to meet at another time and place.

Attendees at the meet and confer must have sufficient authority to resolve the matters at issue.

Step 2: Arbitration

If any claims or disputes are not resolved at the meet and confer, the authorized person, before invoking the limited waiver of sovereign immunity and taking legal action, must request non-binding arbitration. The Morongo Band, in its sole and absolute discretion, may waive the requirement for non-binding arbitration by enactment of a resolution of the Tribal Council of the Morongo Band. The arbitration will be held at the Morongo Indian Reservation, unless the Morongo Band designates another location.

Either party may initiate the arbitration process by delivery of a written notice to the other party which states the specific issue(s) in dispute, the provisions of the merger agreement which are claimed to be at issue or involved in the dispute, and the relief requested by the party initiating the arbitration.

Within 21 days after delivery of the notice, each party will appoint one arbitrator who is a practicing lawyer or retired judge with experience with corporate and securities matters, but who has, and whose law firm has, at no time represented or acted on behalf of either of the parties. Each party must also notify the other party of its selection. In the event that either of the parties fails to act within the ten-day period, the arbitrator that should have been appointed by that party will be appointed by the American Arbitration Association, or AAA, from the Large and Complex Case Project, or the LCCP, panel of the AAA. Within ten days after arbitrators are appointed by or on behalf of each party, the arbitrators will appoint a third arbitrator with the same qualifications and background. Together, the three arbitrators are the "arbitration panel." In the event agreement cannot be reached on the appointment of a third arbitrator within the ten-day period, the third arbitrator shall be selected by the AAA from the LCCP panel of the AAA. In the event of any subsequent vacancies or inability to perform, the arbitrator shall be replaced in accordance with the provisions of the merger agreement as if the replacement was an initial appointment.

Each party will have the right to conduct discovery in connection with the arbitration proceedings, but the discovery shall be limited to the prehearing production of relevant documents and to depositions, limited both in number of depositions and duration, as the arbitration panel may approve by majority vote.

The arbitration panel will try any and all issues of law of and fact and make its decision by majority vote within thirty days after the close of evidence and briefing in the arbitration. The arbitration decision will be in writing. The arbitration panel will have no power to vary or modify any terms of the merger agreement.

Each party to the arbitration must pay its own attorneys' and expert witness fees and any other costs associated with the arbitration. The arbitration panel will determine by majority vote who will bear the fees and expenses of the arbitration panel or whether the fees and expenses of the arbitration panel will be shared by the parties and in what proportions.

Step 3: Litigation

After strictly following and completing the required dispute resolution process set forth above, an authorized person may bring any cause of action to enforce the duties and obligations of the Morongo Band or MFH pursuant to the limited waiver of sovereign immunity granted by the Morongo Band under the merger agreement only in the U.S. District Court for the Central District of California, with any appeals being taken to the U.S. Court of Appeals for the Ninth Circuit and the U.S. Supreme Court. If, after the parties to the action make their best efforts to have the matter heard by the federal court, the federal court refuses to accept jurisdiction over the dispute, the authorized person may bring any cause of action to enforce the duties and obligations of the Morongo Band or MFH pursuant to the limited waiver in a California state court in the judicial district in which the Morongo Band's reservation is located.

Financing

It is estimated that approximately $17.7 million will be required to complete the merger. The Morongo Band expects to use available funds to pay the merger consideration.

Regulatory Approvals

We are subject to Title 29 of the Delaware Code and the rules and regulations of the Delaware State Lottery Office and the Delaware Harness Racing Commission. In the past, we have been subject to the rules and regulations of the National Indian Gaming Commission, or NIGC, in connection with the development of certain gaming projects. Currently, we have a management agreement with the Nottawaseppi Huron Band of Potawatomi Indians regarding the development of a gaming project in the Battle Creek, Michigan area. If we are successful in developing this gaming project with the Huron Potawatomi, we will again be subject to the rules and regulations of the NIGC. The application of these rules to us is described below.

The ownership, management, and operation of gaming facilities are subject to many federal, state, provincial, tribal and/or local laws, regulations and ordinances, which are administered by the relevant regulatory agency or agencies in each jurisdiction. These laws, regulations and ordinances are different in each jurisdiction, but mostly deal with the responsibility, financial stability and character of the owners and managers of gaming operations as well as persons financially interested or involved in gaming operations.

We may not own, manage or operate a gaming facility unless we obtain proper licenses, permits and approvals. Applications for a license, permit or approval may be denied for reasonable cause. Most regulatory authorities license, investigate, and determine the suitability of any person who has a material relationship with us. Persons having material relationships include officers, directors, employees, and security holders.

Once obtained, licenses, permits, and approvals must be renewed from time to time and generally are not transferable. Regulatory authorities may at any time revoke, suspend, condition, limit, or restrict a license for reasonable cause. License holders may be fined and in some jurisdictions and under certain circumstances gaming operation revenues can be forfeited. We cannot guarantee that we will obtain any licenses, permits, or approvals, or if obtained, they will be renewed or not revoked in the future. In addition, a rejection or termination of a license, permit, or approval in one jurisdiction may have a negative effect in other jurisdictions. Some jurisdictions require gaming operators licensed in that state to receive their permission before conducting gaming in other jurisdictions.

The political and regulatory environment for gaming is dynamic and rapidly changing. The laws, regulations, and procedures dealing with gaming are subject to the interpretation of the regulatory authorities and may be amended.

Certain specific provisions applicable to us are described below:

Gaming on Indian Lands, which are lands over which Indian tribes have jurisdiction and which meet the definition of Indian Lands under the Indian Gaming Regulatory Act of 1988, which we refer to as the Regulatory Act, is regulated by federal, state and tribal governments. The regulatory environment regarding Indian gaming is always changing. Changes in federal, state or tribal law or regulations may limit or otherwise affect Indian gaming or may be applied retroactively and could then have a negative effect on Full House or its operations.

The terms and conditions of management contracts or other agreements, and the operation of casinos on Indian Land, are subject to the Regulatory Act, which is implemented by the NIGC. Management contracts and agreements that are collateral to management contracts are subject to the review and approval of the NIGC. Other types of contracts related to gaming may be subject to the

provisions of statutes relating to contracts with Indian tribes that are administered by the Bureau of Indian Affairs, and therefore, these contracts may require the approval of the Secretary of the U.S. Department of the Interior. The Regulatory Act is interpreted by the Secretary of the Interior and the NIGC and may be clarified or amended by the judiciary or legislature. Under the Regulatory Act, the NIGC has the power to:

- inspect and examine certain Indian gaming facilities;
- do background checks on persons associated with Indian gaming;
- inspect, copy and audit all records of Indian gaming facilities;
- hold hearings, issue subpoenas, take depositions, and adopt regulations; and
- penalize violators of the Regulatory Act.

Penalties for Regulatory Act violators include fines, and possible temporary or permanent closing of gaming facilities. The Department of Justice may also impose federal criminal sanctions for illegal gaming on Indian Lands and for theft from Indian gaming facilities.

The Regulatory Act also requires that the NIGC review tribal gaming ordinances. Such ordinances are approved only if they meet certain requirements relating to:

- ownership;

security;

personnel background;

record keeping and auditing of the tribe's gaming enterprises;

use of the revenues from gaming; and

protection of the environment and the public health and safety.

The Regulatory Act also regulates Indian gaming and management contracts. The NIGC must approve management contracts and collateral agreements, including agreements like promissory notes, loan agreements and security agreements. A management contract can be approved only after determining that the contract provides for:

adequate accounting procedures and verifiable financial reports, copies of which must be furnished to the tribe;

tribal access to the daily operations of the gaming enterprise, including the right to verify daily gross revenues and income;

minimum guaranteed payments to the tribe, which must have priority over the retirement of development and construction costs;

a ceiling on the repayment of such development and construction costs; and

a contract term not exceeding five years and a management fee not exceeding 30% of profits if the Chairman of the NIGC determines that the fee is reasonable considering the circumstances; provided that the NIGC may approve up to a seven year term and a management fee not to exceed 40% of net revenues if the NIGC is satisfied that the capital investment required or the income projections for the particular gaming activity justify the larger profit allocation and longer term.

Under the Regulatory Act, we must provide the NIGC with background information, including financial statements and gaming experience, on:

each person with management responsibility for a management contract;

each of our directors; and

the ten persons who have the greatest direct or indirect financial interest in a management contract to which we are a party.

The NIGC will not approve a management company and may void an existing management contract if a director, key employee or an interested person of the management company:

is an elected member of the Indian tribal government that owns the facility being managed;

has been or is convicted of a felony or misdemeanor gaming offense;

has knowingly and willfully provided materially false information to the NIGC or a tribe;

has refused to respond to questions from the NIGC;

is a person whose prior history, reputation and associations (1) pose a threat to the public interest or to effective gaming regulation and control, or (2) create or enhance the chance of unsuitable, unfair or illegal activities in gaming or the business and financial arrangements incidental thereto; or

has tried to influence any decision or process of tribal government relating to gaming.

Contracts may also be voided if:

the management company has materially breached the terms of the management contract, or the tribe's gaming ordinance; or

a trustee, exercising the skill and diligence to which a trustee is commonly held, would not approve such management contract.

The Regulatory Act divides games that may be played on Indian Land into three categories. Class I Gaming includes traditional Indian games and private social games and is not regulated under the Regulatory Act. Class II Gaming includes bingo, pull tabs, lotto, punch boards, tip jars, instant bingo, and other games similar to bingo, if those games are played at a location where bingo is played. Class III Gaming includes all other commercial forms of gaming, such as video casino games, for example, video slots, video blackjack, and so-called "table games," including blackjack, craps and roulette, and other commercial gaming like sports betting and pari-mutuel wagering.

Class II Gaming is allowed on Indian Land if performed according to a tribal ordinance which has been approved by the NIGC and if the state in which the Indian Land is located allows such gaming for any purpose. Class II Gaming also must comply with several other requirements, including a requirement that key management officials and employees be licensed by the tribe.

Class III Gaming is permitted on Indian Land if the same conditions that apply to Class II Gaming are met and if the gaming is performed according to the terms of a written agreement between the tribe and the host state. The Regulatory Act requires states to negotiate in good faith with Indian tribes that seek to enter into tribal-state compacts, and gives Indian tribes the right to get a federal court order to force negotiations. However, the Supreme Court has invalidated the tribal suit provision ruling that Congress lacks the authority to waive the states' Eleventh Amendment immunity from suit under the Indian Commerce Clause.

The negotiation and adoption of tribal-state compacts is vulnerable to legal and political changes that may affect our future revenues and securities prices. Full House cannot predict:

which additional states, if any, will approve casino gaming on Indian Land;

the timing of any such approval;

the types of gaming permitted by each tribal-state compact;

any limits on the number of gaming machines allowed per facility; or

whether states will attempt to renegotiate or take other steps that may affect existing compacts.

Under the Regulatory Act, Indian tribal governments have primary regulatory authority over Class II Gaming on Indian Land within the tribe's jurisdiction. For Class III Gaming, the primary regulatory entity may be the state, the tribe or both depending on the outcome of compact negotiations. Therefore, persons engaged in Class III Gaming activities, including Full House, are subject to the provisions of the tribal-state compact, tribal ordinances and regulations on gaming.

The validity of tribal-state compacts have been litigated in several states, including California and Michigan. In addition, many bills have been introduced in Congress that would amend the Regulatory Act. If the Regulatory Act were amended, the governmental structure and requirements by which Indian tribes may perform gaming could be significantly changed.

Accounting Treatment

The merger will be treated as a purchase business combination for accounting purposes.

Appraisal Rights

Under Delaware law, if you do not wish to accept the $1.30 in cash for your shares of common stock or the $6.15 in cash for your shares of preferred stock as provided in the merger agreement, you have the right to dissent from the merger and to have an appraisal of the fair value of your shares conducted by the Delaware Court of Chancery. Stockholders electing to exercise appraisal rights must strictly comply with the provisions of Section 262 of the Delaware General Corporation Law, or DGCL, to perfect their rights. A copy of Section 262 is attached as *Appendix D*.

Section 262 requires that stockholders be notified not less than 20 days before the special meeting that appraisal rights will be available. A copy of Section 262 must be included with such notice. This proxy statement constitutes our notice to you of the availability of appraisal rights in connection with the merger.

If you elect to demand appraisal of your shares, you must satisfy all of the following conditions:

You must deliver to us a written demand for appraisal of your shares before the vote with respect to the merger agreement is taken. This written demand for appraisal must be in addition to and separate from any proxy or vote abstaining from or against the merger agreement. Voting against or failing to vote for the merger by itself does not constitute a demand for appraisal within the meaning of Section 262.

You must not vote in favor of the merger agreement at the special meeting. An abstention or failure to vote will satisfy this requirement, but a vote in favor of the merger agreement, by proxy or in person, will constitute a waiver of your appraisal rights in respect of the shares so voted and will nullify any previously filed written demands for appraisal.

You must continuously hold the shares from the date of making the demand through the effective time of the merger; a stockholder who is the holder of shares of common stock on the date the written demand for appraisal is made, but who thereafter transfers those shares before the effective time of the merger, will lose any right to appraisal in respect of those shares.

If you fail to comply with all of these conditions and the merger is completed, you will be entitled to receive the merger consideration for any shares of our common stock or preferred

stock you hold as of the effective time as provided for in the merger agreement but you will have no appraisal rights for your shares of our common or preferred stock.

All demands for appraisal should be addressed to our secretary at 4670 Fort Apache Road, Suite 190 Las Vegas, Nevada 89147 before the vote on the merger agreement is taken at the special meeting, and should be executed by, or on behalf of, the record holder of the shares of our common or preferred stock. The demand must reasonably inform us of the identity of the stockholder and the intention of the stockholder to

demand appraisal of his or her shares.

To be effective, a demand for appraisal by a holder of our common or preferred stock must be made by or in the name of such registered stockholder, fully and correctly, as the stockholder's name appears on his or her stock certificate(s) and cannot be made by the beneficial owner if he or she does not also hold the shares of record. The beneficial holder must, in such cases, have the registered owner submit the required demand in respect of such shares.

If shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of a demand for appraisal should be made in that capacity. If the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including one or two or more joint owners, may execute the demand for appraisal for a stockholder of record. However, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, he or she is acting as agent for the record owner. A record owner, such as a broker, who holds shares as a nominee for others, may exercise his or her right of appraisal with respect to the shares held for one or more beneficial owners, while not exercising this right for other beneficial owners. In this case, the written demand should state the number of shares as to which appraisal is sought. Where no number of shares is expressly mentioned, the demand will be presumed to cover all shares held in the name of such record owner.

If you hold your shares of common stock in a brokerage account or in other nominee form and you wish to exercise appraisal rights, you should consult with your broker or such other nominee to determine the appropriate procedures for the making of a demand for appraisal by such nominee.

Within ten days after the effective time of the merger, we must give written notice that the merger has become effective to each stockholder who has properly filed a written demand for appraisal and who did not vote in favor of the merger agreement. Within 120 days after the effective time of the merger, either we may, or any stockholder who has complied with the requirements of Section 262 may, file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares held by all stockholders entitled to appraisal. A dissenting stockholder may request from us during this 120-day period a statement setting forth the aggregate number of shares not voted in favor of the merger and with respect to which demands for appraisal have been received, and the aggregate number of holders of such shares. We do not presently intend to file such a petition in the event there are dissenting stockholders and we have no obligation to do so. Accordingly, your failure to timely file a petition could nullify your demand for appraisal.

Under the merger agreement, we have agreed to give the Morongo Band prompt notice of any demands for appraisal received by us. In addition, a condition to the completion of the merger requires that holders of no more than 20% of the total number of outstanding shares of our common stock or preferred stock request to exercise their appraisal rights. The Morongo Band has the right to participate in all negotiations and proceedings with respect to demands for appraisal under the DGCL. We will not, except with the prior written consent of the Morongo Band, make any payment with respect to any demands for appraisal, or settle or offer to settle, any such demands.

At any time within 60 days after the effective time of the merger, any stockholder who has demanded an appraisal has the right to withdraw the demand and to accept the merger consideration.

If a petition for appraisal is duly filed by a stockholder and a copy of the petition is delivered to us, we then will be obligated within 20 days after receiving service of a copy of the petition to provide the Delaware Chancery Court with a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares and who have not reached an agreement with us as to the value of their shares. After notice to dissenting stockholders, the Chancery Court is empowered to conduct a hearing upon the petition, to determine those stockholders who have complied with Section 262 and who have become entitled to the appraisal rights provided thereby. The Chancery Court may require the stockholders who demanded an appraisal of their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings, and, if any stockholder fails to comply with such directions, the Chancery Court may dismiss the proceedings as to such stockholder.

After determination of the stockholders entitled to appraisal of their shares of common or preferred stock, the Chancery Court will appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any. When the value is determined, the Chancery Court will direct the payment of such value, with interest thereon accrued during the pendency of the proceeding if the Chancery Court so determines, to the stockholders entitled to receive the same, upon surrender by such holders of the certificates representing such shares.

In determining fair value, the Chancery Court is required to take into account all relevant factors. YOU SHOULD BE AWARE THAT THE FAIR VALUE OF THE SHARES AS DETERMINED UNDER SECTION 262 COULD BE MORE, THE SAME OR LESS THAN THE

MERGER CONSIDERATION YOU WOULD RECEIVE UNDER THE MERGER AGREEMENT IF YOU DID NOT SEEK APPRAISAL OF YOUR SHARES. YOU SHOULD ALSO BE AWARE THAT INVESTMENT BANKING OPINIONS, INCLUDING THE OPINION OF CIBC WORLD MARKETS CORP., ARE NOT OPINIONS AS TO FAIR VALUE UNDER SECTION 262.

Costs of the appraisal proceeding may be imposed upon us and the stockholders participating in the appraisal proceeding by the Chancery Court as the court deems equitable in the circumstances. Upon the application of a stockholder, the Chancery Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts, to be charged pro rata against the value of all shares entitled to appraisal.

Any stockholder who demands appraisal rights will not, after the effective time of the merger, be entitled to vote shares subject to the demand for any purpose or to receive payments of dividends or any other distribution with respect to such shares, other than with respect to payment as of a record date prior to the effective time of the merger; however, if no petition for appraisal is filed within 120 days after the effective time of the merger, or if the stockholder delivers a written withdrawal of his or her demand for appraisal and an acceptance of the merger within 60 days after the effective time, then the right of the stockholder to appraisal will cease and the stockholder will be entitled to receive merger consideration for his or her shares of our common stock or preferred stock. Any withdrawal of a demand for appraisal made more than 60 days after the effective date of the merger may be made only with the written approval of the surviving corporation.

The foregoing is intended as a brief summary of the material provisions of the Delaware statutory procedures required to dissent from the merger and perfect a stockholder's appraisal rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to the full text of Section 262. If you wish to consider exercising your appraisal rights, you should carefully review the text of Section 262 contained in *Appendix D* and consult with legal counsel because failure to timely and properly comply with the requirements of Section 262 will result in the loss of your appraisal rights under Delaware law.

If commenced, the underwriters may discontinue any of these activities at any time.

Our common stock is traded on Nasdaq. One or more underwriters may make a market in our common stock, but the underwriters will not be obligated to do so and may discontinue market making at any time without notice. We cannot give any assurance as to liquidity of the trading market for our common stock.

Any underwriters who are qualified market makers on Nasdaq may engage in passive market making transactions in that market in the common stock in accordance with Rule 103 of Regulation M, during the business day prior to the pricing of the offering, before the commencement of offers or sales of the common stock. Passive market makers must comply with applicable volume and price limitations and must be identified as passive market makers. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for such security; if all independent bids are lowered below the passive market maker’s bid, however, the passive market maker’s bid must then be lowered when certain purchase limits are exceeded.

In compliance with guidelines of the Financial Industry Regulatory Authority, or FINRA, the maximum commission or discount to be received by any FINRA member or independent broker dealer may not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus and any applicable prospectus supplement.

LEGAL MATTERS

Zysman, Aharoni, Gayer and Sullivan & Worcester LLP, New York, New York, passed upon the validity of the securities offered hereby.

EXPERTS

The financial statements incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended August 31, 2016 have been so incorporated in reliance on the report of Kesselman & Kesselman- CPA. (Isr), a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the reporting and information requirements of the Exchange Act and as a result file periodic reports and other information with the SEC. These periodic reports and other information will be available for inspection and copying at the SEC's public reference room and the website of the SEC referred to below. We also make available on our website under "Investors/SEC Filings," free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such materials with or furnish them to the SEC. Our website address is www.oramed.com. This reference to our website is an inactive textual reference only, and is not a hyperlink. The contents of our website are not part of this prospectus, and you should not consider the contents of our website in making an investment decision with respect to the securities.

We are filing a registration statement on Form S-3 under the Securities Act with the SEC with respect to the shares of our common stock, warrants and units offered through this prospectus. This prospectus is filed as a part of that registration statement and does not contain all of the information contained in the registration statement and exhibits. We refer you to our registration statement and each exhibit attached to it for a more complete description of matters involving us, and the statements we have made in this prospectus are qualified in their entirety by reference to these additional materials.

You may read and copy the reports and other information we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C. 20549, on official business days during the hours of 10:00 am to 3:00 pm. You may also obtain copies of this information by mail from the public reference section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information regarding the operation of the public reference room by calling the SEC at 1 (800) SEC-0330. The SEC also maintains a website that contains reports and other information about issuers, like us, who file electronically with the SEC. The address of that website is http://www.sec.gov. This reference to the SEC's website is an inactive textual reference only, and is not a hyperlink.

INCORPORATION OF DOCUMENTS BY REFERENCE

We are "incorporating by reference" certain documents we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information in the documents incorporated by reference is considered to be part of this prospectus. Statements contained in documents that we file with the SEC and that are incorporated by reference in this prospectus will automatically update and supersede information contained in this prospectus, including information in previously filed documents or reports that have been incorporated by reference in this prospectus, to the extent the new information differs from or is inconsistent with the old information.

We have filed or may file the following documents with the SEC. These documents are incorporated herein by reference as of their respective dates of filing:

(1) Our Annual Report on Form 10-K for the fiscal year ended August 31, 2016, as filed with the SEC on November 25, 2016;

(2) Our Quarterly Report on Form 10-Q for the quarter ended November 30, 2016, as filed with the SEC on January 11, 2017; and

(3) The description of our common stock contained in our Registration Statement on Form 8-A filed with the SEC on February 7, 2013, including any amendments and reports filed for the purpose of updating such description.

All documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until all of the securities to which this prospectus relates has been sold or the offering is otherwise terminated, except in each case for information contained in any such filing where we indicate that such information is being furnished and is not to be considered “filed” under the Exchange Act, will be deemed to be incorporated by reference in this prospectus and any accompanying prospectus supplement and to be a part hereof from the date of filing of such documents.

We will provide a copy of the documents we incorporate by reference, at no cost, to any person who receives this prospectus. To request a copy of any or all of these documents, you should write or telephone us at Hi-Tech Park 2/4, Givat-Ram, PO Box 39098, Jerusalem 91390, Israel, Attention: Yifat Zommer, 972-2-566-0001.

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2,892,000 Shares of Common Stock and

Warrants to Purchase up to 2,892,000 Shares of Common Stock

Placement Agent Warrants to Purchase up to 115,680 Shares of Common Stock

PROSPECTUS SUPPLEMENT

H.C. Wainwright & Co.

July 2, 2018