FORM SC 13D

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities

Filing Date: **1999-02-11**
SEC Accession No. 0001047469-99-004817

SUBJECT COMPANY

HARVEYS CASINO RESORTS

CIK:**914022**| IRS No.: **880066882** | State of Incorp.:**NV** | Fiscal Year End: **1130**
Type: **SC 13D** | Act: **34** | File No.: **005-43655** | Film No.: **99530563**
SIC: **7990** Miscellaneous amusement & recreation

Business Address
HWY 50 & STATELINE AVE
P O BOX 128
LAKE TAHOE NV 89449
7025882411

FILED BY

COLONY HCR VOTECO LLC

CIK:**1078984**| IRS No.: **954699760** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **SC 13D**

Mailing Address
1999 AVENUE OF THE STARS
SUITE 1200
LOS ANGELES CA 90067

Business Address
1999 AVENUE OF THE STARS
SUITE 1200
LOS ANGELES CA 90067
3105527216

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

_____

SCHEDULE 13D
(RULE 13d-101)
UNDER THE SECURITIES EXCHANGE ACT OF 1934

HARVEYS CASINO RESORTS

(Name of Issuer)

CLASS A COMMON STOCK, PAR VALUE $.01 PER SHARE

(Title of Class of Securities)

NOT APPLICABLE

(CUSIP Number)

KELVIN DAVIS
C/O COLONY CAPITAL, INC.
1999 AVENUE OF THE STARS, SUITE 1200
LOS ANGELES, CALIFORNIA 90067
(310) 282-8800

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

with a copy to:

JONATHAN H. GRUNZWEIG
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
300 SOUTH GRAND AVENUE, SUITE 3400
LOS ANGELES, CALIFORNIA 90071-3144
(213) 687-5000

FEBRUARY 1, 1999

(Date of Event Which Requires
Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box: / /

(Continued on following pages)

CUSIP No. NOT APPLICABLE	13D	Page 2 of 12 Pages

1	NAME OF REPORTING PERSONS COLONY HCR VOTECO, LLC S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) / / (b) /X/
3	SEC USE ONLY	
4	SOURCE OF FUNDS WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	/ /
6	CITIZENSHIP OR PLACE OF ORGANIZATION DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER 38,800	
	8 SHARED VOTING POWER -0-	
	9 SOLE DISPOSITIVE POWER 38,800	
	10 SHARED DISPOSITIVE POWER -0-	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 38,800	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	/ /
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 97%	
14	TYPE OF REPORTING PERSON OO	

1	NAME OF REPORTING PERSONS THOMAS J. BARRACK, JR.	
	S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) / / (b) /X/
3	SEC USE ONLY	
4	SOURCE OF FUNDS WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	/ /
6	CITIZENSHIP OR PLACE OF ORGANIZATION USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER -0-	
	8 SHARED VOTING POWER 38,800	
	9 SOLE DISPOSITIVE POWER -0-	
	10 SHARED DISPOSITIVE POWER 38,800	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 38,800	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	/ /
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 97%	
14	TYPE OF REPORTING PERSON IN	

1	NAME OF REPORTING PERSONS KELVIN L. DAVIS S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) / / (b) /X/
3	SEC USE ONLY	
4	SOURCE OF FUNDS WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	/ /
6	CITIZENSHIP OR PLACE OF ORGANIZATION USA	
NUMBER OF SHARES BENEFI-CIALLY OWNED BY EACH RE-PORTING PERSON WITH	7 SOLE VOTING POWER -0-	
	8 SHARED VOTING POWER 38,800	
	9 SOLE DISPOSITIVE POWER -0-	
	10 SHARED DISPOSITIVE POWER 38,800	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 38,800	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	/ /
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 97%	
14	TYPE OF REPORTING PERSON IN	

ITEM 1. SECURITY AND ISSUER.

This statement on Schedule 13D (the "Schedule 13D") relates to the Class A Common Stock, par value $.01 per share (the "Class A Common"), of Harveys Casino Resorts, a Nevada corporation (the "Issuer"), as successor by merger to Harveys Acquisition Corporation, a Nevada corporation ("HAC"). The principal executive office of the Issuer is located at Highway 50 and Stateline Avenue, P.O. Box 128, Lake Tahoe, Nevada 89449.

The information set forth in the Exhibits attached hereto is hereby expressly incorporated herein by reference, and the response to each item of this Schedule 13D is qualified in its entirety by the provisions of such Exhibits.

ITEM 2. IDENTITY AND BACKGROUND.

This Schedule 13D is filed by Colony HCR Voteco, LLC, a Delaware limited liability company ("Voteco"), Thomas J. Barrack, Jr. and Kelvin L. Davis (collectively, the "Reporting Persons"). Messrs. Barrack and Davis are the sole members and executive officers of Voteco. Mr. Barrack holds a 40% interest in Voteco, and Mr. Davis holds a 60% interest in Voteco. The Reporting Persons are making this joint filing because they may be deemed to constitute a "group" within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), although neither the fact of this filing nor anything contained herein shall be deemed to be an admission by the Reporting Persons that such a group exists.

Voteco is the registered owner of the Class A Common. Voteco's principal business is its investment in the Class A Common. Mr. Barrack's principal occupation is Chairman and Chief Executive Officer of Colony Capital, Inc. ("Colony Capital") and Colony Advisors, Inc. ("Colony Advisors"). Mr. Davis' principal occupation is President and Chief Operating Officer of Colony Capital and Colony Advisors. Messrs. Barrack and Davis are both United States citizens. The address of the principal business and principal office of Voteco, and the business address of Messrs. Barrack and Davis, is 1999 Avenue of the Stars, Suite 1200, Los Angeles, California 90067.

During the last five years, none of the Reporting Persons (1) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (2) has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or state securities laws or finding any violation with respect to such laws.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

On February 1, 1999, in connection with the merger (the "Merger") of HAC with and into the Issuer pursuant to an Agreement and Plan of Merger dated as of February 1,

1998 (the "Merger Agreement") by and between HAC and the Issuer, Voteco acquired 37,999 shares of Class A Common for $742,735 in cash and 10 shares of 13-1/2% Series A Senior Redeemable Convertible Cumulative Preferred Stock, par value $.01 per share (the "Series A Preferred"), of the Issuer for $5,500 in cash. Such cash consideration was obtained by Voteco from its available cash. The Series A Preferred is convertible into Class A Common at an initial conversion rate of 28.7309164 shares of Class A Common for each share of Series A Preferred, subject to adjustment in customary circumstances to prevent dilution. A copy of the Merger Agreement is included as Exhibit 1 hereto and incorporated herein by this reference.

In addition, on February 1, 1999, in connection with the Merger, Colony Investors III, L.P., a Delaware limited partnership ("Colony III"), acquired 3,879,001 shares of nonvoting Class B Common, par value $.01 per share (the "Class B Common"), of the Issuer, representing 97% of the total outstanding Class B Common, for $74,256,265 in cash, and 99,990 shares of 13-1/2% Series B Senior Redeemable Convertible Cumulative Preferred Stock, par value $.01 per share (the "Series B Preferred"), of the Issuer for $54,994,500 in cash. The Series B Preferred is convertible into Class B Common of the Issuer on substantially the same basis as the Series A Preferred is convertible into Class A Common. Such cash consideration was obtained by Colony III from (1) a $425 million revolving credit facility entered into by Colony III and the banks therein named, led by Bankers Trust Company and The Chase Manhattan Bank and (2) capital contributions from Colony III's limited partners.

As of January 29, 1999, the date of effectiveness of the registration of the Class A Common under Section 12 of the Exchange Act, Voteco owned one share of Class A Common, which it had acquired for consideration of $1 in cash from its available cash. Such share represented all of the Class A Common outstanding prior to February 1, 1999, and was acquired in connection with the initial capitalization of HAC.

Pursuant to a Transfer Restriction Agreement dated as of February 1, 1999 among the Reporting Persons and Colony III (the "Transfer Restriction Agreement"), Colony III has an option (which it must transfer to an Approved Purchaser (as defined herein), subject to certain exceptions) to purchase any or all shares of Class A Common and Series A Preferred held by Voteco upon the happening of certain events for the original price paid by Voteco for such securities plus an interest factor, as described in the Transfer Restriction Agreement. See "Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer." The Transfer Restriction Agreement is attached hereto as Exhibit 2 and incorporated herein by this reference.

ITEM 4. PURPOSE OF TRANSACTION.

The purpose of the acquisition of the shares of Class A Common by Voteco was the acquisition of control of the Issuer. Pursuant to the Merger Agreement, HAC was merged with and into the Issuer on February 2, 1999, with the Issuer being the surviving entity and continuing its business and operations, and the Articles of Incorporation and Bylaws of HAC became the Articles of Incorporation and Bylaws of the Issuer. After consummation of the Merger, Colony III owns 97% of the outstanding non-voting common stock of the Issuer through the ownership of 97% of the outstanding non-voting Class B Common, and 99.99% of the outstanding preferred stock of the Issuer through its ownership of all the outstanding Series B Preferred, and Voteco owns 97% of the outstanding voting stock of the Issuer through its ownership of 97% of the outstanding voting Class A Common and .01% of the outstanding preferred stock of the Issuer through its ownership of all the outstanding Series A Preferred. Certain executive officers of

the Issuer own 1.65% of the outstanding shares of Class A Common and Class B Common, and certain other executive officers are expected to be granted an aggregate of 1.35% of the outstanding shares of Class A Common and Class B Common. As a result of its ownership of Class A Common, Voteco is able to govern all matters of the Issuer that are subject to the vote of stockholders, including the appointment of directors and the amendment of the Issuer's Articles of Incorporation and Bylaws. In addition, in the Merger the directors of HAC, consisting of Messrs. Barrack and Davis, became directors of the Issuer, with Mr. Barrack becoming the Chairman of the Board of Directors of the Issuer, and Charles W. Scharer, the President and Chief Executive Officer of the Issuer prior to and following the Merger and the Chairman of the Board of Directors of the Issuer prior to the Merger, was appointed a director of the Issuer.

In connection with the Merger, the Issuer's common stock outstanding prior to the consummation of the Merger was delisted from the New York Stock Exchange and became eligible for termination of registration pursuant to Section 12(d) of the Exchange Act and Rule 12d2-2(a)(4) thereunder, and its registration was so terminated. The Issuer paid cash dividends prior to the Merger, but has no plans to pay cash dividends after the Merger.

Except as disclosed in this Item 4, the Reporting Persons have no current plans or proposals which relate to or would result in any of the events described in Items (a) through (j) of the instructions to Item 4 of Schedule 13D.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

Voteco owns 38,800 shares of Class A Common, which represent 97% of the shares of Class A Common outstanding as of February 1, 1999, and 10 shares of Series A Preferred. Voteco has the sole power to vote such shares

of Class A Common. Voteco's power to dispose of such shares of Class A Common and Series A Preferred is subject to the Transfer Restriction Agreement, pursuant to which Voteco may not transfer any shares of its Class A Common or Series A Preferred, except as provided in such Transfer Restriction Agreement. See "Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer."

Messrs. Barrack and Davis, as the sole members and executive officers of Voteco, may be deemed to have acquired (1) beneficial ownership of the 38,800 shares of Class A Common owned by Voteco, which shares represent 97% of the shares of Class A Common outstanding as of February 2, 1999, and (2) beneficial ownership of the 10 shares of Series A Preferred owned by Voteco. Messrs. Barrack and Davis each disclaim beneficial ownership of such shares of Class A Common and Series A Preferred. Messrs. Barrack and Davis, as the sole members of Voteco, share the power to direct the vote of the shares of Class A Common held by Voteco. Except as set forth in Item 3, there have been no transactions effected in the Class A Common during the past 60 days by the Reporting Persons or any other person or entity disclosed in Item 2. No other person is known by the Reporting Persons to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Class A Common.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

The responses to Items 3 and 4 are incorporated herein by this reference.

The Transfer Restriction Agreement provides, among other things, that (1) Colony III has the option to purchase shares of Class A Common from Voteco in connection with sales of Class B Common by Colony III to a proposed purchaser who, in connection with such proposed sale, has obtained all licenses, permits, registrations, authorizations, consents, waivers, orders, findings of suitability or other approvals required to be obtained from, and has made all filings, notices or declarations required to be made with, all gaming authorities under all applicable gaming laws (an "Approved Purchaser," and such sale, an "Approved Sale"), (2) Colony III has the option to purchase shares of Series A Preferred from Voteco in connection with an Approved Sale of Series B Preferred by Colony III, and (3) Voteco will not transfer ownership of shares of Class A Common or Series A Preferred owned by it except pursuant to such options of Colony III. The Transfer Restriction Agreement provides that, unless Colony III otherwise receives approval from applicable gaming authorities, Colony III shall assign such options to the applicable Approved Purchaser. The exercise price of Colony III's option on Class A Common or Series A Preferred, as the case may be, is equal to the sum of (a) the amount in cash or the fair market value of any other consideration originally paid by Voteco for such shares of Class A Common or Series A Preferred, as the case may be, plus (b) the amount equivalent to a 6 percent annual rate of interest on such amount or fair market value, compounded

annually, calculated from the date Voteco acquired such shares of Class A Common, on the basis of a 360-day year comprised of twelve 30-day months, to and excluding the date of the Approved Sale. The foregoing description is qualified in its entirety by the Transfer Restriction Agreement, which is attached hereto as Exhibit 2 and incorporated herein by this reference.

In addition, the Articles of Incorporation of the Issuer provide that no stock or other securities issued by the Issuer and no interest therein or claim or charge thereto may be transferred, except in accordance with the provisions of the Nevada Gaming Control Act and the regulations promulgated thereunder.

The Issuer, Voteco, Colony III, Mr. Scharer (President and Chief Executive Officer of the Issuer), Stephen L. Cavallaro (Executive Vice President and Chief Operating Officer of the Issuer) and John J. McLaughlin (Senior Vice President and Chief Financial Officer of the Issuer) have entered into a Stockholders Agreement dated as of February 2, 1999 (the "Stockholders Agreement"). Other members of the Issuer's management (together with Messrs. Scharer, Cavallaro and McLaughlin, the "Employee Stockholders") who are issued shares of Class A Common or Class B Common (collectively, "Common Stock") from time to time are expected to become parties to the Stockholders Agreement. Pursuant to the Stockholders Agreement, in each case subject to certain exceptions, (1) prior to the closing of a public offering of Common Stock registered under the Securities Act of 1933, as amended (the "Securities Act"), in which such shares are approved for listing on the New York Stock

Exchange or American Stock Exchange or approved for quotation on the Nasdaq National Market, Employee Stockholders shall not transfer any shares of Common Stock without the written consent of Voteco, (2) the Issuer, Voteco and Colony III have certain rights of first offer with respect to proposed sales of Common Stock by Employee Stockholders, (3) with respect to Common Stock held by them, the Employee Stockholders have certain "tag-along" rights in connection with sales of Common Stock held by Voteco, Colony III and their affiliates and certain incidental registration rights in connection with proposed registrations by the Issuer of Common Stock under the Securities Act, and (4) in the event Voteco, Colony III or their affiliates propose to sell to a third party 90 percent or more of the then-outstanding common equity of the Issuer, the Employee Stockholders shall consent and not object to such sale, shall vote shares of Common Stock held by them in favor of such sale in any required vote, shall sell shares of Common Stock held by them at the price and on the terms and conditions upon which Voteco, Colony III or their affiliates sell Common Stock, and shall take certain other actions deemed reasonably necessary in furtherance of such sale to a third party. The foregoing description is qualified in its entirety by the Stockholders Agreement, which is attached hereto as Exhibit 3 and incorporated herein by this reference.

Except as set forth above and as described in Items 3 and 4, none

of the Reporting Persons nor any other person disclosed in Item 2 has any contract, arrangement, understanding, or relationship (legal or otherwise) with any person with respect to any securities of the Issuer.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit 1 Agreement and Plan of Merger, dated as of February 1, 1998, between HAC and the Issuer (incorporated herein by reference to Exhibit 2.1 of Harveys Acquisition Corporation's Registration Statement on Form 10 (File no. 0-25093), filed November 20, 1998).

Exhibit 2 Transfer Restriction Agreement, dated as of February 1, 1999, among Thomas J. Barrack, Jr., Kelvin L. Davis, Voteco and Colony III.

Exhibit 3 Stockholders Agreement, dated as of February 2, 1999, among the Issuer, Voteco, Colony III, and the securityholders of the Issuer identified from time to time in Schedule A thereto.

Exhibit 4 Joint Filing Agreement.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

COLONY HCR VOTECO, LLC

Date: February 9, 1999 By: /S/ KELVIN L. DAVIS

Kelvin L. Davis
Member

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 9, 1999

/s/ THOMAS J. BARRACK, JR.

THOMAS J. BARRACK, JR.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 9, 1999

/s/ KELVIN L. DAVIS

KELVIN L. DAVIS

EXHIBIT INDEX

<TABLE>
<CAPTION>

		PAGE NO.
<S>	<C>	<C>
Exhibit 1	Agreement and Plan of Merger, dated as of February 1, 1998, between HAC and the Issuer (incorporated herein by reference to Exhibit 2.1 of Harveys Acquisition Corporation's Registration Statement on Form 10 (File no. 0-25093), filed November 20, 1998).	
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</TABLE>

EXHIBIT 2

TRANSFER RESTRICTION AGREEMENT

This Transfer Restriction Agreement (this "AGREEMENT") is made as of February 1, 1999 among Thomas J. Barrack, Jr. ("MR. BARRACK"), Kelvin L. Davis ("MR. DAVIS" and together with Mr. Barrack, the "VOTECO MEMBERS"), Colony HCR Voteco, LLC, a Delaware limited liability company ("VOTECO"), and Colony Investors III, L.P., a Delaware limited partnership ("COLONY III").

RECITALS

WHEREAS, as of the date hereof (the "CLOSING DATE"), Harveys Acquisition Corporation, a Nevada corporation ("HAC"), merged (the "MERGER") with and into Harveys Casino Resorts, a Nevada corporation (the "COMPANY"), with the Company being the surviving corporation, pursuant to an Agreement and Plan of Merger dated as of February 1, 1998 (the "MERGER AGREEMENT");

WHEREAS, HAC was authorized to issue (a) shares of common stock consisting of (i) Class A Common Stock, par value $.01 per share (the "CLASS A COMMON"), and (ii) Class B Common Stock, par value $.01 per share (the "CLASS B COMMON" and, together with the Class A Common, the "COMMON STOCK") and (b) shares of preferred stock consisting of (i) Series A Redeemable Convertible Preferred Stock, par value $.01 per share (the "SERIES A PREFERRED"), and (ii) Series B Redeemable Convertible Preferred Stock, par value $.01 per share (the "SERIES B PREFERRED and, together with the Series A Preferred, the "PREFERRED STOCK");

WHEREAS, immediately prior to the Merger, Voteco was the record owner of 38,800 shares of Class A Common, 10 shares of Series A Preferred and no other Common Stock or Preferred Shares, and Colony III was the record owner of 3,880,000 shares of Class B Common, 99,990 shares of Series B Preferred and no other Common Stock or Preferred Stock;

WHEREAS, in the Merger, the Articles of Incorporation of HAC became the Articles of Incorporation of the Company, and the Common Stock and Preferred Stock of HAC became the Common Stock and Preferred Stock of the Company;

WHEREAS, from time to time, Voteco may acquire additional shares of Class A Common or other capital stock of the Company convertible into, exchangeable for or otherwise providing Voteco with the right to acquire shares of

Class A Common, and Colony III may acquire additional shares of Class B

Common or other capital stock of the Company convertible into, exchangeable for or otherwise providing Colony III with the right to acquire shares of Class B Common;

WHEREAS, the Voteco Members are the record and beneficial owners of all the issued and outstanding limited liability company interests of Voteco (the "VOTECO INTERESTS");

WHEREAS, the parties hereto believe it is desirable and in their mutual best interests to provide for procedures regarding the ownership of the Class A Common owned by Voteco and the Voteco Interests owned by the Voteco Members; and

WHEREAS, the parties hereto further believe that the execution of this Agreement will help facilitate the continuous, harmonious and effective management of Colony III's investment in the Company.

NOW, THEREFORE, in consideration of the recitals and the mutual covenants, promises, agreements, representations and warranties of the parties hereto, the parties hereto hereby agree as follows:

Section 1. CERTAIN DEFINITIONS. As used herein, the following terms have the respective meanings set forth below:

"AGREEMENT" has the meaning given to such term in the introduction hereof.

"APPROVED PURCHASER" means a proposed purchaser of Common Stock or Common Stock Equivalents, who, in connection with its proposed purchase of Common Stock or Common Stock Equivalents, has obtained all licenses, permits, registrations, authorizations, consents, waivers, orders, findings of suitability or other approvals required to be obtained from, and has made all filings, notices or declarations required to be made with, all Gaming Authorities under all applicable Gaming Laws.

"APPROVED SALE" has the meaning given to such term in Section 3(a) hereof.

"APPROVED SALE DATE" has the meaning given to such term in Section 3(b) hereof.

"CALL NOTICE" has the meaning given to such term in Section 3.2 hereof.

"CLASS A COMMON" has the meaning given to such term in the recitals set forth above.

"CLASS A EQUIVALENTS" means any securities of the Company, including the Series A Preferred, convertible into, exchangeable for or otherwise providing the holder thereof any right to acquire shares of Class A Common.

"CLASS A HOLDER" means a holder of Class A Common or Class A Equivalents; PROVIDED that Colony III shall not be considered a Class A Holder, regardless of whether Colony III holds any Class A Common.

"CLASS B COMMON" has the meaning given to such term in the recitals set forth above.

"CLASS B EQUIVALENTS" means any securities of the Company, including the Series B Preferred, convertible into, exchangeable for or otherwise providing the holder thereof any right to acquire shares of Class B Common, which securities are substantially equivalent in designations, preferences, limitations, restrictions and relative rights, but not as to voting, to a class or series of Class A Equivalents.

"COLONY III" has the meaning given to such term in the introduction hereof.

"COLONY III ADVISORY COMMITTEE" means the advisory committee comprised of certain limited partners of Colony III.

"COLONYGP III" has the meaning given to such term in Section 2(b) hereof.

"COMMON STOCK" has the meaning given to such term in the recitals set forth above.

"COMMON STOCK EQUIVALENTS" means the Class A Common, Class A Equivalents, Class B Common or Class B Equivalents of the Company.

"COMPANY" has the meaning given to such term in the recitals set forth above.

"CORRESPONDING CLASS A EQUIVALENTS" means, with respect to any referenced Class B Equivalents, the Class A Equivalents that are substantially equivalent in designations, preferences, limitations, restrictions and relative rights, but not as to voting, to such specified Class B Equivalents, it being understood that Series A Preferred is the Corresponding Class A Equivalent of Series B Preferred.

"CORRESPONDING CLASS B EQUIVALENTS" means, with respect to any referenced Class A Equivalents, the Class B Equivalents that are

substantially equivalent in designations, preferences, limitations, restrictions and relative rights, but not as to voting, to such specified Class A Equivalents, it being understood that Series B Preferred is the Corresponding Class B Equivalent of Series A Preferred.

"GAMING AUTHORITIES" means all governmental authorities or agencies with regulatory control or jurisdiction over the gaming or gambling operations of the Company and its subsidiaries, including without limitation, the Nevada State Gaming Control Board, the Nevada Gaming Commission, the Colorado Division of Gaming, the Colorado Limited Gaming Control Commission and the Iowa Racing and Gaming Commission.

"GAMING LAWS" means any U.S. Federal, state, local or foreign statute, ordinance, rule, regulation, permit, consent, approval, license, judgment, order, decree, injunction or other authorization governing or relating to the current or contemplated manufacturing, distribution, casino gambling and gaming activities and operations of the Company, including, without limitation, the Nevada Gaming Control Act and the rules and regulations promulgated thereunder, the Colorado Limited Gaming Act and the rules and regulations promulgated thereunder and Chapter 99F of the Code of Iowa and the rules and regulations promulgated thereunder.

"PREFERRED STOCK" has the meaning given to such term in the recitals set forth above.

"REQUIRED NUMBER" means the number of shares of Class A Common or Class A Equivalents to be purchased by Colony III from Voteco pursuant to the exercise by Colony III of its option to purchase Class A Common or Class A Equivalents pursuant to the provisions of Section 3 hereof, in connection with an Approved Sale, as specified by Colony III in a Call Notice delivered by Colony III to Voteco; PROVIDED that unless otherwise approved by the Colony III Advisory Committee, such specified number shall be equal to the product of (i) the number of shares of Class A Common or Class A Equivalents, as applicable, held by Voteco immediately prior to the consummation of such Approved Sale times (ii) a fraction, the numerator of which is the number of shares of Class B Common or Corresponding Class B Equivalents, as applicable, to be Transferred by Colony III to such Approved Purchaser pursuant to such Approved Sale and the denominator of which is the total number of shares of Class B Common or Corresponding Class B Equivalents, as applicable, held by Colony III immediately prior to consummation of such Approved Sale.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SERIES A PREFERRED" has the meaning given to such term in the recitals set forth above.

"SERIES A HOLDER" means a holder of Series A Preferred; PROVIDED that Colony III shall not be considered a Series A Holder, regardless of whether Colony III holds any Series A Preferred.

"SERIES B PREFERRED" has the meaning given to such term in the recitals set forth above.

"TRANSFER" means to voluntarily or involuntarily sell, assign, exchange or in any other manner transfer with or without consideration. "Transferred" has the correlative meaning.

"VOTECO" has the meaning given to such term in the introduction hereof.

"VOTECO INTERESTS" has the meaning given to such term in the recitals set forth above.

"VOTECO MEMBERS" has the meaning given to such term in the introduction hereof.

Section 2. RESTRICTION ON TRANSFER.

(a) So long as Voteco holds any shares of Class A Common or Class A Equivalents, Voteco shall not Transfer ownership of any or all such shares or equivalents owned by it except as contemplated by Section 3 hereof. The Transfer of record or beneficial ownership of any shares of Class A Common or Class A Equivalents, by operation of law or otherwise, by or upon the direction or authorization of Voteco shall be deemed invalid, null and void, and of no force or effect, unless such Transfer is made pursuant to the provisions of Section 3 hereof.

(b) No Voteco Member shall Transfer record or beneficial ownership of any or all Voteco Interests owned by such Voteco Member, unless such Transfer is approved in writing by the Colony III Advisory Committee. The Transfer of record or beneficial ownership of any Voteco Interests, by operation of law or otherwise, by or upon the direction or authorization of any Voteco Member shall be deemed invalid, null and void, and of no force or effect, and the transferee of any such Voteco Interests shall not be entitled to vote such Voteco Interests or receive distributions on such Voteco Interests or have any other rights in or respecting such Voteco Interests, unless such Transfer is approved in writing by the Colony III Advisory Committee. Notwithstanding anything herein to the contrary, each Voteco Member may Transfer Voteco Interests to the other Voteco Member under the same conditions as, and concurrently with, a buy-out by such other Voteco Member of the Transferring Voteco Member's interests in ColonyGP III, Inc., a Delaware corporation ("COLONYGP III"), pursuant to sections 5 and 6 of that

certain Shareholders Agreement dated as of January 10, 1998 among the Voteco Members and ColonyGP III, Inc., a Delaware corporation.

Section 3. CALL OPTION.

(a) RIGHT TO CALL CLASS A COMMON AND CLASS A EQUIVALENTS. Notwithstanding any other provision hereof, on each occasion that Colony III proposes to Transfer (including, without limitation, by operation of law or pursuant to any merger, consolidation, reorganization or recapitalization) any of the Class B Common or Class B Equivalents held by it to an Approved Purchaser (any such transaction, an "APPROVED SALE"), then Colony III shall have an option, which, unless Colony III otherwise receives approval from Gaming Authorities, Colony III shall

assign to such Approved Purchaser (such Approved Purchaser or Colony III, as applicable, hereinafter referred to as the "OPTIONHOLDER"), to purchase from Voteco upon such Approved Sale the Required Number of Class A Common, in the case of an Approved Sale of Class B Common, or Corresponding Class A Equivalents, in the case of an Approved Sale of Class B Equivalents, at a cash price per share equal to the sum of (a) the amount in cash or fair market value of any other consideration originally paid by Voteco for such Required Number of Class A Common or Corresponding Class A Equivalents, as applicable, plus (b) the amount equivalent to a 6 percent annual rate of interest on such amount or fair market value, compounded annually, calculated from the date Voteco acquired such shares of Corresponding Class A Common or Corresponding Class A Equivalents, as applicable, on the basis of a 360-day year comprised of twelve 30-day months, to and excluding the Approved Sale Date.

(b) CALL NOTICE. Prior to consummating any Approved Sale, if the Optionholder elects to exercise the options granted to it under this Section 3, Colony III shall provide each of the Class A Holders with a written notice (the "CALL NOTICE") not less than five (5) days prior to the proposed date of the Approved Sale (the "APPROVED SALE DATE"). The Call Notice shall state that the Optionholder is exercising its option to purchase Class A Common or Class A Equivalents pursuant to this Section 3 and shall set forth: (i) the name and address of the Optionholder, (ii) the aggregate number of Class B Common and Class B Equivalents held of record by Colony III as of the date of the Call Notice, (iii) the number of Class B Common or Class B Equivalents to be sold by Colony III to the Approved Purchaser pursuant to such Approved Sale, (iv) the Required Number of Class A Common or Class A Equivalents to be purchased by the Optionholder in connection with such Approved Sale, (v) the Approved Sale Date and (vi) the address for delivery of the certificates representing the Class A Common or Class A Equivalents to be purchased by the Optionholder.

(c) DELIVERY OF CERTIFICATES. On the Approved Sale Date,

Voteco shall deliver to the Optionholder the certificates for the Class A Common or Class A Equivalents being sold by it to the Optionholder, duly endorsed for transfer with signatures guaranteed, in the manner and at the address indicated in the Call Notice against delivery of immediately available funds in the amount of the purchase price for such Class A Common or Class A Equivalents.

Section 4. LEGENDS. Voteco shall use its reasonable efforts to cause each certificate representing Class A Common or Class A Equivalents owned of record and beneficially by Voteco to contain the following legends:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND SUCH SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT OR (2) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

"THE OWNERSHIP AND TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO AND RESTRICTED BY THE TERMS AND CONDITIONS OF A CERTAIN TRANSFER RESTRICTION AGREEMENT DATED FEBRUARY [__], 1998. THE CORPORATION WILL FURNISH A COPY OF SUCH TRANSFER RESTRICTION AGREEMENT WITHOUT CHARGE TO ANY STOCKHOLDER ON REQUEST."

Section 5. RECAPITALIZATIONS, ETC.; AFTER-ACQUIRED STOCK.

(a) The provisions of this Agreement (including any calculation of share ownership) shall apply to any and all shares of capital stock of the Company or any capital stock, partnership interests or any other security evidencing ownership interests in any successor of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for, or in substitution of the Common Stock by reason of any stock dividend, split, reverse split, combination, recapitalization, liquidation, reclassification, merger, consolidation or otherwise.

(b) Whenever Voteco becomes the record or beneficial owner of any additional shares of Class A Common, such shares shall be subject to the terms of this Agreement and included in the definition of "Class A Common" hereunder. Whenever Voteco becomes the record or beneficial owner of any

additional Class A Equivalents, such Class A Equivalents shall be subject to the terms of this Agreement and included in the definition of "Class A Equivalents" hereunder. The certificates therefor shall be surrendered for legending in accordance with Section 4 of this Agreement, unless already so legended.

Section 6. TERMINATION. This Agreement shall terminate upon the earlier of (a) Voteco owning no shares of Class A Common and no Class A Equivalents or (b) Colony III owning no Class B Common and no Class B Equivalents.

Section 7. NOTICES. Whenever notice is required to be given under the provisions of this Agreement, it shall be given in writing by hand-delivery, telefax, or United States registered or certified mail, return receipt requested, and shall be deemed to have been transmitted on the date such notice is so delivered, transmitted or mailed, if addressed as set forth below or to such other addresses and fax numbers as any of the parties hereto by written notice to the others parties hereto, may from time to time designate.

if to Mr. Barrack:

c/o Colony Capital, Inc.
1999 Avenue of the Stars, Suite 1200
Los Angeles, California 90067

if to Mr. Davis:

c/o Colony Capital, Inc.
1999 Avenue of the Stars, Suite 1200
Los Angeles, California 90067

if to Voteco:

c/o Colony Capital, Inc.
1999 Avenue of the Stars, Suite 1200
Los Angeles, California 90067
Attn: Mr. Kelvin L. Davis

if to Colony III:

c/o Colony Capital, Inc.
1999 Avenue of the Stars, Suite 1200
Los Angeles, California 90067
Attn: Mr. Kelvin L. Davis

Section 8. ADDITIONAL ACTIONS AND DOCUMENTS. Each party hereto

shall take or cause to be taken such further actions and to execute and deliver such documents or instruments as may from time to time be reasonably necessary in order to carry out the purposes of this Agreement.

Section 9. SPECIFIC PERFORMANCE. The parties hereto recognize that the provisions herein contained are of particular importance for the protection and promotion of their existing and future interests; that the shares of stock of the Company and the Voteco Interests will be closely held; and that the relationships of the parties to one another are and will be such that, in the event of any breach of this Agreement, a claim for monetary damages may not constitute an adequate remedy; and that it may, therefore, be necessary for the protection of all of the parties hereto and for the effectuation of the provisions of this Agreement, in the event of a breach of this Agreement, to apply for specific performance thereof. It is, accordingly, hereby agreed that no objection to the form of the action or to the form of relief prayed for in any proceeding for specific performance of this Agreement, shall be raised by any party hereto, in order that such relief may be obtained by the party aggrieved.

Section 10. CONSTRUCTION. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, to the singular include the plural, to the male gender include the female and neuter genders and vice versa, and to the part include the whole. The term "including" is not limiting. The words "hereof," "herein," "hereby," "hereunder" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Section and clause references are to this Agreement unless otherwise specified.

Section 11. MISCELLANEOUS.

(a) NO WAIVER. No waiver or modification of any term or condition of this Agreement shall be effective unless in writing signed by all the parties hereto.

(b) SEVERABILITY. In case any of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions are not contained herein.

(c) BINDING EFFECT. This Agreement shall be binding and inure to the benefit of the parties hereto, their respective heirs, guardians, personal representatives, successors, successors in interest, and assigns.

(d) GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware.

(e) COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal with the intent that this be a sealed instrument, as of the day and year first above written.

/s/ THOMAS J. BARRACK, JR.

THOMAS J. BARRACK, JR.

/s/ KELVIN L. DAVIS

KELVIN L. DAVIS

COLONY HCR VOTECO, LLC

By: /s/ THOMAS J. BARRACK, JR.

Thomas J. Barrack, Jr.
Member

By: /s/ KELVIN L. DAVIS

Kelvin L. Davis
Member

COLONY INVESTORS III, L.P.

By: COLONY CAPITAL III, L.P.
ITS GENERAL PARTNER

By: COLONY GP III, INC.
ITS GENERAL PARTNER

By: /s/ KELVIN L. DAVIS

Name: Kelvin L. Davis
Title: President and
Chief Operating Officer

TRANSFER RESTRICTION AGREEMENT

STOCKHOLDERS AGREEMENT

This STOCKHOLDERS AGREEMENT (this "AGREEMENT") is entered into as of February 2, 1999, by and among Harveys Casino Resorts, a Nevada corporation (the "COMPANY"), Colony HCR Voteco, LLC, a Nevada limited liability company ("VOTECO"), Colony Investors III, L.P., a Delaware limited partnership ("COLONY III"), and the securityholders of the Company as identified from time to time on Schedule A hereto (each an "EMPLOYEE STOCKHOLDER" and, together with Voteco and Colony III, the "STOCKHOLDERS").

RECITALS

WHEREAS, Harveys Acquisition Corporation, a Nevada corporation ("HAC"), merged with and into the Company as of the date hereof (the "CLOSING DATE"), with the Company being the surviving corporation, pursuant to an Agreement and Plan of Merger dated as of February 1, 1998 (the "MERGER AGREEMENT");

WHEREAS, in connection with the Merger Agreement, HAC, Charles W. Scharer, Stephen L. Cavallaro and John J. McLaughlin entered into a Memorandum of Understanding dated February 1, 1998, which provides, among other things, that (1) HAC shall grant to certain executive officers of Harveys the number of shares of Class A Common Stock, par value $.01 per share ("CLASS A COMMON"), and Class B Common Stock, par value $.01 per share ("CLASS B COMMON" and, collectively with the Class A Common, "COMMON STOCK"), equivalent in the aggregate to 3% of the Class A Common and Class B Common outstanding as of the time the Merger becomes effective pursuant to the Articles of Merger filed to effect the Merger, (2) HAC shall grant to such officers certain options to acquire and other rights with respect to the Common Stock and (3) certain such officers may acquire shares of Common Stock utilizing certain amounts payable to them pursuant to the Company's Supplemental Executive Retirement Plan; and

WHEREAS, the Company, Voteco, Colony III and the Employee Stockholders desire to enter into this Agreement for the purpose of regulating certain aspects of their relationships with regard to each other and the Company.

NOW THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the Company and the Stockholders agree as follows:

ARTICLE I

DEFINITIONS

As used herein, the terms below shall have the following meanings. Any such term, unless the context otherwise requires, may be used in the singular or plural, depending upon reference.

"AFFILIATE" means (i) any Person or entity directly or indirectly controlling or controlled by or under direct or indirect common control with the Company (including, without limitation, each of the Stockholders and their Related Parties), (ii) any spouse or non-adult child (including by adoption) of such Person, (iii) any relative other than a spouse or non-adult child (including by adoption) who has the same principal residence of any natural person described in clause (i) above, (iv) any trust in which any such Persons described in clause (i), (ii) or (iii) above has a beneficial interest and (v) any corporation, partnership, limited liability company or other organization of which any such Persons described in clause (i), (ii) or (iii) above collectively own more than fifty percent (50%) of the equity of such entity. For purposes of this definition, beneficial ownership of more than ten percent (10%) of the voting common equity of a Person shall be deemed to be control of such Person.

"APPROVED PURCHASER" means a proposed purchaser of Common Stock, that, in connection with its proposed purchase of Common Stock, (i) has obtained all licenses, permits, registrations, authorizations, consents, waivers, orders, findings of suitability or other approvals required to be obtained from, and has made all filings, notices or declarations required to be made with, all Gaming Authorities under all applicable Gaming Laws or (ii) is not required to obtain any such licenses, permits, registrations, authorizations, consents, waivers, orders, findings of suitability or other approvals.

"MR. BARRACK" means Thomas J. Barrack, Jr., an individual.

"BOARD" means the Board of Directors of the Company.

"CLASS A COMMON" has the meaning set forth in the recitals hereto.

"CLASS B COMMON" has the meaning set forth in the recitals hereto.

"CLOSING DATE" has the meaning set forth in the recitals hereto.

"COMMISSION" means the Securities and Exchange Commission.

"COMMON STOCK" has the meaning set forth in the recitals hereto.

"MR. DAVIS" means Kelvin L. Davis, an individual.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXEMPT TRANSFER" means transfers of Restricted Securities (i) by any Stockholder to such Stockholder's Related Parties, so long as effected pursuant to a BONA FIDE transaction not intended to avoid the provisions of this Agreement, (ii) subject to Section 2.4 hereof, by any Stockholder to any other Person pursuant to an effective registration statement under the Securities Act, and (iii) by any Employee Stockholder to the Company, Voteco, Colony III or Affiliates of the Company, Voteco or Colony III, PROVIDED that no transfer pursuant to the foregoing clause (i) shall be an Exempt Transfer unless the transferee agrees in writing to be bound by this Agreement as if such transferee were a Stockholder with respect to such transferred securities and evidences such agreement by executing a joinder agreement substantially in the form of Exhibit 1 hereto, and, PROVIDED FURTHER, that no transfer pursuant to the foregoing clauses (i) or (ii) shall be permitted unless the transferee is an Approved Purchaser.

"GAMING AUTHORITIES" means all governmental authorities or agencies with regulatory control or jurisdiction over the gaming or gambling operations of the Company and its Subsidiaries.

"GAMING LAWS" means any Federal, state, local or foreign statute, ordinance, rule, regulation, permit, consent, approval, license, judgment, order, decree, injunction or other authorization governing or relating to the current or contemplated manufacturing, distribution, casino gambling and gaming activities and operations of the Company and its Subsidiaries.

"IPO" means the closing of a public offering pursuant to an effective registration statement under the Securities Act covering shares of the Company's Common Stock, which shares are approved for listing or quotation on the New York Stock Exchange, the American Stock Exchange or the Nasdaq National Market.

"NRS" means the Revised Statutes of the State of Nevada.

"OFFERED SECURITIES" has the meaning provided in Section 2.4(a).

"OFFERING NOTICE" has the meaning provided in Section 2.4(a)(i).

"OFFERING STOCKHOLDER" has the meaning provided in Section 2.4(a).

"PERSON" means an individual, partnership, limited liability

company, joint venture, corporation, trust or unincorporated organization or any other similar entity.

"QUALIFIED SALE" has the meaning set forth in Section 2.6(a).

"QUALIFIED STOCKHOLDERS" means Charles W. Scharer, Stephen L. Cavallaro and John J. McLaughlin.

"REGISTRATION EXPENSES" means all expenses incident to the Company's performance of or compliance with Section 3.1, including, without limitation, all registration, filing and NASD fees, all stock exchange listing fees, all fees and expenses of complying with securities or blue sky laws, all word processing, duplicating and printing expenses, messenger and delivery expenses, the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance.

"RELATED PARTY" with respect to any Stockholder means (A) any controlling stockholder, 80% (or more) owned Subsidiary, or spouse or immediate family member (in the case of an individual) of such Stockholder or (B) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of such Stockholder and/or such other Persons referred to in the immediately preceding clause (A).

"REOFFERED SHARES" has the meaning provided in Section 2.4(a)(iv).

"RESTRICTED SECURITIES" means any Common Stock owned beneficially or of record by any Stockholder, including, in the case of Employee Stockholders, any shares of Common Stock that are subject to vesting, and excluding any securities

of the Company beneficially owned by Voteco, Colony III or their respective Affiliates and convertible into, exchangeable for or otherwise providing the holder thereof any right to acquire shares of Common Stock. In addition, for purposes of determining a Qualified Stockholder's rights and obligations under Section 2.5 or Article III hereof in connection with a particular "tag-along" sale or registration, respectively, a Qualified Stockholder shall be deemed to have beneficial ownership of shares of Common Stock to be distributed to such Qualified Stockholder in a Special Distribution Event under a Deferred Compensation Agreement to which such Qualified Stockholder is a party to the extent such Special Distribution Event would occur as a result of such "tag-along" sale or registration, as applicable.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SUBSIDIARY" means, with respect to any Person, all other Persons of which such Person owns, directly or indirectly, a majority of the voting capital stock or is a general partner or otherwise has the power to control, by agreement or otherwise, the management and general business affairs of such other Person.

"TAG-ALONG OFFEROR" has the meaning set forth in Section 2.5(a).

"TAG-ALONG NOTICE" has the meaning provided in Section 2.5(a).

"TAG-ALONG PERCENTAGE" has the meaning provided in Section 2.5(a).

"TAG-ALONG SHARES" has the meaning provided in Section 2.5(a).

"THIRD PARTY" has the meaning provided in Section 2.5(a).

"TRANSFER" has the meaning provided in Section 2.1.

"TRANSFER RESTRICTIONS AGREEMENT" has the meaning provided in Section 2.5(a).

"TRANSFEREE" has the meaning provided in Section 2.2.

ARTICLE II
RESTRICTIONS ON TRANSFER

Section 2.1 GENERAL. With respect to each Employee Stockholder, prior to the earlier of (1) that day following consummation of an IPO on which any agreement entered into with the underwriter or underwriters of such IPO restricting the ability of such Stockholder to sell, assign, hypothecate or otherwise transfer Restricted Securities expires or is terminated and (2) if no such agreement is entered into, the second business day following an IPO, no Stockholder shall, directly or indirectly, sell, assign, hypothecate or otherwise transfer (in each case, a "TRANSFER") Restricted Securities without the express, written consent of Voteco, which may be granted or denied at Voteco's sole and absolute discretion. Notwithstanding the immediately preceding sentence, this Agreement shall not at any time limit, restrict or apply to (1) any pledge of Restricted Securities held by an Employee Stockholder to secure obligations to the Company, (2) any Exempt Transfer or (3) any sale or other disposition of Restricted Securities by an Employee Stockholder pursuant to Section 2.5.

(a) The Company shall not, and shall not permit any transfer agent or registrar for the Restricted Securities to, transfer upon the books of the Company any Restricted Securities purportedly Transferred by any Stockholder to any purported Transferee, in any manner, unless such purported

Transfer has occurred in accordance with this Agreement, and any such purported Transfer not in compliance with this Agreement shall be void.

Section 2.2 LEGENDS; SECURITIES SUBJECT TO THIS AGREEMENT. In the event a Stockholder shall Transfer any Restricted Securities (including any such Restricted Securities acquired after the date hereof) to any Person (all Persons acquiring Restricted Securities from a Stockholder, as described in this Agreement, regardless of the method of transfer, shall be referred to collectively as "TRANSFEREES" and individually as a "TRANSFEREE") in accordance with this Agreement, such securities shall nonetheless bear legends as provided in Section 4.1; PROVIDED that the provisions of this Section 2.2 shall not apply in respect of a sale of Restricted Securities in a registered public offering under the Securities Act or pursuant to Rule 144, or any successor rule, under the Securities Act, pursuant to which the Transferee receives securities that are freely tradeable under the Federal securities laws.

Section 2.3 NO VIOLATIONS OR BREACH. No Stockholder shall, directly or indirectly, Transfer any Restricted Securities at any time if such action would constitute a violation of any Federal or state securities laws, a breach of the conditions to any exemption from registration of Restricted Securities under any such laws, a breach of any undertaking or agreement of such Stockholder entered

into pursuant to such laws or in connection with obtaining an exemption thereunder or a violation of any Gaming Laws. In order to enforce the foregoing, the Company may request that, in addition to any other documentation reasonably required pursuant to this Agreement, the transferring Stockholder provide it with a written opinion of counsel, in form and substance reasonably acceptable to counsel to the Company, to the effect that such Transfer is exempt from registration under the Federal securities laws and does not violate any Gaming Laws, and that the transferee is an Approved Purchaser.

Section 2.4 RIGHT OF FIRST OFFER.

(a) GENERAL. Subject to Section 2.4(c) hereof, each time an Employee Stockholder proposes to Transfer any Restricted Securities, such Employee Stockholder (the "OFFERING STOCKHOLDER") shall first make an offering of such Restricted Securities (referred to collectively herein as the "OFFERED SECURITIES") to the Company in accordance with the following provisions:

(i) The Offering Stockholder shall deliver a notice (the "OFFERING NOTICE") to the Company stating (1) the Offering Stockholder's bona fide intention to offer such Offered Securities;

(2) the number of shares of such Offered Securities to be offered for sale; (3) the price and terms, if any, upon which the Offering Stockholder proposes to offer such Offered Securities; and (4) that the proposed purchaser (the "PROPOSED PURCHASER") of the Offered Securities is an Approved Purchaser.

(ii) Within 15 days after the Offering Notice is given, the Company may elect to purchase from the Offering Stockholder, at the price and on the terms specified in the Offering Notice, any or all of the shares of Offered Securities offered in the Offering Notice. Such right shall be exercised by written notice delivered to the Offering Stockholder by the Company prior to the expiration of the 15-day exercise period.

(iii) The closing of the purchase of any shares of Offered Securities by the Company shall take place at the principal offices of the Company (or such other location as the parties may agree on) within fifteen (15) business days after the expiration of the 15-day period following the giving of the Offering Notice on a date and at a time reasonably acceptable to each of the Company and the Offering Stockholder. At such closing, the Company shall make payment in the appropriate amount by means of a certified or cashier's check or a wire transfer for the benefit of the Offering Stockholder against delivery of certificates representing the securities so purchased, duly endorsed in blank by the Person or Persons in whose name such certificate is registered or accompanied by a duly executed and guarantied stock or security assignment separate from the certificate. The Company's obligation to effect such payment shall be conditioned on the delivery of such securities free and clear of any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, except (a) as created by this Agreement, (b) with respect to each Qualified Stockholder, the Stock Option and Restricted Stock Agreement (the "STOCK AGREEMENT") and the Deferred Compensation Agreement (the "DEFERRED COMPENSATION AGREEMENT"), each of even date herewith and each between the Company and such Qualified Stockholder, and (c) with respect to any Employee Stockholder, any agreement entered into between such Employee Stockholder and the Company subsequent to the date hereof that is similar to the Stock Agreement or the Deferred Compensation Agreement.

(iv) In the event the Company does not elect to purchase any or all of the shares of Offered Securities offered in the Offering Notice, the Company shall give written notice to Voteco and Colony III of its decision not to exercise its rights or of the number of Offered Securities available for purchase (the "REOFFERED SHARES")

on or before the final day of such 15-day period. The right to purchase such Reoffer Shares shall pass automatically from the Company to Voteco and Colony III. Voteco and Colony III will have until the 25th day following the Offering Notice to the Company to exercise their purchase rights under this Section 2.4 by written notice to the Offering Stockholder and the Company. The closing of any purchase and sale under this Subsection shall be held within 15 business days following the exercise by Voteco or Colony III, as the case may be, of the repurchase rights hereunder at the principal offices of the Company (or such other location as the parties may agree) on a date and at a time reasonably acceptable to each of Voteco or Colony III, as the case may be, and the Offering Stock-

holder. At such closing, Voteco or Colony III, as the case may be, shall make payment in the appropriate amount by means of a certified or cashier's check or a wire transfer for the benefit of the Offering Stockholder against delivery of certificates representing the securities so purchased, duly endorsed in blank by the Person or Persons in whose name such certificate is registered or accompanied by a duly executed and guarantied stock or security assignment separate from the certificate. Voteco's or Colony III's obligation to effect such payment shall be conditioned on the delivery of such securities free and clear of any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, except as created by this Agreement, the Award Agreement or the Deferred Compensation Agreement, except (a) as created by this Agreement, (b) with respect to each Qualified Stockholder, the Stock Agreement and the Deferred Compensation Agreement between the Company and such Stockholder, and (c) with respect to any Employee Stockholder, any agreement entered into between such Employee Stockholder and the Company subsequent to the date hereof that is similar to the Stock Agreement or the Deferred Compensation Agreement.

(b) RIGHT TO SELL. In the event that all of the Offered Securities being offered are not purchased at the closings referred to in Subsections (a)(iii) or (a)(iv), the Offering Stockholder shall have the right to sell or otherwise dispose of all Offered Securities offered in the Offering Notice and not so purchased at the price stated, and upon other terms and conditions not materially more favorable to the Proposed Purchaser in the aggregate than specified, in the Offering Notice. The Offering Stockholder shall have such right for the 90-day period beginning on the earlier of the receipt by the Offering Stockholder of notice from Voteco and Colony III that they elect not to exercise their purchase right under Subsection (a)(iv) and the closing of a purchase and sale under Subsection (a)(iv), or such longer period not exceeding six months from the earlier of the foregoing clauses (i) and (ii) as may be required for the Proposed Purchaser to become an Approved Purchaser, so long as the Offering

Stockholder reasonably believes that the Proposed Purchaser will become, and the Proposed Purchaser is exercising bona fide and good faith efforts to become, an Approved Purchaser in connection with such proposed sale or other disposition of Offered Securities. In the event that the Offering Stockholder does not sell or otherwise dispose of such Offered Securities at the price stated, and upon other terms and conditions not materially more favorable to the Proposed Purchaser in the aggregate than specified, in the Offering Notice

within the period set forth in the previous sentence, the right of first offer provided for in this Section 2.4 shall continue to be applicable to any subsequent disposition of such Restricted Securities.

(c) EXCEPTION. Notwithstanding the terms and provisions of Section 2.4(a) hereof, the right of first offer provided for in this Section 2.4 shall not be applicable to any repurchase of equity securities by the Company upon the retirement or termination of an Employee Stockholder, except as set forth in Subsection 2.4(e) below, or any Exempt Transfer and shall terminate upon the consummation of an IPO.

(d) TRANSFEREES BOUND. In the event that the right of first offer set forth in this Section 2.4 is not exercised, the purchaser of such Restricted Securities shall be bound by the terms of this Agreement as required by Section 2.2.

(e) TERMINATION OF EMPLOYMENT OF EMPLOYEE STOCKHOLDER. If an Employee Stockholder ceases to be employed by the Company, for any or no reason, and the repurchase by the Company of Restricted Securities owned by such Employee Stockholder is not governed by any other agreement between the Company and such Employee Stockholder, then (1) such Employee Stockholder shall be deemed an Offering Stockholder, (2) any and all shares of Restricted Securities owned by such Employee Stockholder (excluding (A) shares that are subject to vesting but have not vested and (B) shares that are subject to forfeiture and are forfeited, in each case upon such termination) shall be deemed Offered Securities, (3) the proposed offer price of such Offered Securities shall be the "Fair Market Value" of the Offered Securities on the date of the termination of the Employee Stockholder's employment with the Company and (4) the provisions of Subsections 2.4(a) to 2.4(d) shall be applied.

For the purposes of this Agreement, "Fair Market Value" (when capitalized, unless the context clearly indicates otherwise) means, as to a Qualified Stockholder, as of any given date, (A) if shares of Common Stock of the same class as the Offered Securities are publicly traded, the closing sale price of such shares on such date (or the nearest preceding date on which the Common Stock was traded) as reported in the Western

Edition of THE WALL STREET JOURNAL, or (B) if shares of Common Stock of the same class as the Offered Securities are not publicly traded, the fair market value of the Offered Securities as determined in accordance with the procedures set forth below, in each case based on the per share value of the Company as a whole

as of the relevant date, without any discount for the sale of a minority interest and without considering lack of liquidity of such Offered Securities, including transfer and other restrictions on the Offered Securities:

(1) The Board shall determine the fair market value of the Offered Securities in good faith, using commercially reasonable methods and at the Company's sole expense, PROVIDED, that if the Qualified Stockholder is a member of or non-voting observer on the Board, he shall recuse himself from all deliberations of the Board regarding such determination, and except as otherwise provided herein shall not be entitled to receive or be provided access to any minutes or other records of the Board with respect to such determination. The Board shall communicate the per share valuation as so determined in writing to the Qualified Stockholder within twenty business days of the date that his employment with the Company is terminated or the Board takes cognizance of the need to determine the Fair Market Value of the Common Stock, and, upon his request, shall provide to him appropriate supporting documentation regarding the methods, assumptions and other bases used in arriving at such valuation. If acceptable to the Qualified Stockholder, the fair market value of the Offered Securities shall be as so determined.

(2) If the fair market value as determined under (1) is not acceptable to the Qualified Stockholder, he shall determine the fair market value of the Offered Securities in good faith, using commercially reasonable methods and at the Qualified Stockholder's sole expense, and shall communicate the per share valuation (the "Qualified Stockholder's Value") as so determined in writing to the Board within 20 business days following the Board's communication to the Qualified Stockholder of the per share valuation pursuant to clause (1) above and, upon the Board's request, shall provide to the Board appropriate supporting documentation regarding the methods, assumptions and other bases used in arriving at such valuation. If acceptable to the Board, the fair market value of the Offered Securities shall be as so determined.

(3) If the fair market value as determined under (2) is not acceptable to the Board, the Board and the Qualified Stockholder shall

then negotiate in good faith to agree upon the fair market value of the Offered Securities, based on the valuations under (1) and (2) above.

(4) If the Board and the Qualified Stockholder shall be unable by the foregoing means to agree upon the fair market value of the Offered Securities within ten business days after the Board has been advised of the Qualified Stockholder's Value, the issue shall then be submitted to binding arbitration in Las Vegas, Nevada according to the rules and procedures of the American Arbitration Association. The Company and the Qualified Stockholder shall each submit to the arbitrator their valuations under (1) and (2) above, together with all supporting documentation regarding the methods, assumptions and other bases used in arriving at such valuation. The arbitrator shall then be instructed to choose which of the two valuations more closely reflects the fair market value of the Offered Securities, and shall not have the right to choose a third valuation as the appropriate fair market value of the Offered Securities. The party whose valuation is not so chosen by the arbitrator shall pay any and all costs and expenses of the arbitration (but not the initial valuation by the other party) including without limitation reasonable attorneys' fees and other fees incurred by the prevailing party in such arbitration.

For the purposes of this Agreement, "Fair Market Value" (when capitalized, unless the context clearly indicates otherwise) means, as to the Employee Stockholders other than the Qualified Stockholders, as of any given date, (A) if shares of Common Stock of the same class as the Offered Securities are publicly traded, the closing sale price of such shares on such date (or the nearest preceding date on which the Common Stock was traded) as reported in the Western Edition of THE WALL STREET JOURNAL, or (B) if shares of Common Stock of the same class as the Offered Securities are not publicly traded, the value of the Offered Securities as determined in good faith by the Board, based upon the per share value of the Company as a whole, without any discount for sale of a minority interest and without considering any lack of liquidity of such Offered Securities, including transfer and other restrictions thereon.

Section 2.5 TAG-ALONG PROVISIONS.

(a) GENERAL. Subject to the Transfer Restriction Agreement dated as of the date hereof (the "TRANSFER RESTRICTIONS AGREEMENT") by and among Mr. Barrack, Mr. Davis, Voteco and Colony III, in the event that Voteco or

Colony III (in such capacity, a "TAG-ALONG OFFEROR") proposes to offer Restricted Securities to any Person or group of Persons other than an Affiliate (a "THIRD PARTY" and collectively, "THIRD PARTIES"), such sale or other disposition shall not be permitted unless the Tag-Along Offeror shall offer (or cause the Third Party to offer) the Employee Stockholders the right to elect to include, at the sole option of each Employee Stockholder, in the sale or other disposition to the Third Party such number of shares of such class or classes of Restricted Securities that the Tag-Along Offeror proposes to offer that are owned by such Employee Stockholder as shall be determined in accordance with Subsection 2.5(a)(i) (the "TAG-ALONG SHARES"). The Tag-Along Offeror shall deliver a notice (the "TAG-ALONG NOTICE") to the Employee Stockholders stating (1) the Tag-Along Offeror's bona fide intention to offer such Tag-Along Shares; (2) the number of shares to be offered for sale; and (3) the price and terms, if any, upon which the Tag-Along Offeror proposes to offer such Tag-Along Shares. Notwithstanding any other provision of the Agreement, Voteco and Colony III shall be permitted to transfer Restricted Securities to each other and to any Affiliate of either of them, PROVIDED that any subsequent attempted transfer by such Affiliate of such Restricted Securities shall be subject to this Subsection 2.5(a).

(i) Each Employee Stockholder shall have the right to sell or include in the Third Party offer up to that percentage (the "TAG-ALONG PERCENTAGE") of the number of Restricted Securities owned by such Employee Stockholder (rounded up to the nearest whole share) equal to the ratio of (1) the number of Restricted Securities that the Tag-Along Offeror proposes to offer to the Third Party to (2) the aggregate number of shares of Restricted Securities owned by the Tag-Along Offeror.

(ii) The purchase from Employee Stockholders pursuant to this Section 2.5(a) shall be on the same terms and conditions, including the price per share, the form of consideration and the date of sale or other disposition, as are received by the Tag-Along Offeror.

(iii) Promptly (but in no event later than 15 business days) after the consummation of the sale or other disposition of shares of Restricted Securities of the Tag-Along Offeror

and the other Stockholders to the Third Party pursuant to the Third Party offer, the Tag-Along Offeror shall (1) notify such Employee Stockholders of the completion thereof, (2) cause to be remitted to such Employee Stockholders the total sales price attributable to the Tag-Along Shares which such Employee Stockholders sold or otherwise disposed of pursuant to the Third Party offer, and (3) furnish such other evidence of the completion and time of completion of such sale or

other disposition and the terms thereof as may be reasonably requested by the Employee Stockholders.

(iv) If within 15 business days after the Tag-Along Notice is given, an Employee Stockholder has not accepted the offer to make an inclusion election, such Employee Stockholder will be deemed to have waived any and all of its rights with respect to the sale or other disposition of the Tag-Along Shares described in the Tag-Along Notice. The Tag-Along Offeror shall have the right to sell or otherwise dispose of the Restricted Securities of the Tag-Along Offeror to the Third Party or any other Person upon terms and conditions (including the price per securities) not materially more favorable to the Tag-Along Offeror than were set forth in the Tag-Along Notice. The Tag-Along Offeror shall have such right for the 60-day period beginning on the 15th day after the Tag-Along Notice is given, or such longer period not exceeding six months from the 15th day after the Tag-Along Notice is given as may be required for the Third Party to become an Approved Purchaser, so long as the Tag-Along Offeror reasonably believes that the Third Party will become, and the Third Party is exercising bona fide and good faith efforts to become, an Approved Purchaser in connection with such proposed sale or other disposition.

(v) If, at the end of such period, the Tag-Along Offeror has not completed the sale of shares of Restricted Securities of the Tag-Along Offeror in accordance with the terms of the Third Party's offer, all the restrictions on sale contained in this Agreement with respect to Restricted Securities owned by the Tag-Along Offeror shall again be in effect (unless such period is extended with the consent of each of the Employee Stockholders).

(b) EXCEPTION. Notwithstanding any provision herein to the contrary, Employee Stockholders shall have no right to sell or dispose of Tag-Along Shares pursuant to Subsection 2.5(a) if Voteco, Colony III or any Affiliate of either of them, individually or collectively, proposes to sell to a Third Party or Third Parties any number of shares of Common Stock, if after such sale Voteco, Colony III and their respective Affiliates own in the aggregate (x) if on or before an IPO, at least 80 percent of the then-outstanding common equity of the Company, or (y) if after an IPO, at least 50 percent of the then-outstanding common equity of the Company, or shares of Common Stock representing in the aggregate no greater than 20 percent of the aggregate shares of Common Stock held by Voteco or Colony III as of the date hereof.

(c) TAG-ALONGS BY QUALIFIED STOCKHOLDERS UPON A SPECIAL DISTRIBUTION EVENT. Each Qualified Stockholder who will receive shares of Common Stock in a Special Distribution Event under a Deferred Compensation

Agreement to which such Qualified Stockholder is a party, which Special Distribution Event would arise as a result of the tag-along sale contemplated by a Tag-Along Notice, shall have the following rights and obligations under this Section 2.5 with respect to the sale contemplated by the Tag-Along Notice: (i) if requested in writing by Voteco at the time the Tag-Along Notice is provided, which request may be made in Voteco's sole and absolute discretion, each such Qualified Stockholder must participate in the tag-along sale by including the full Tag-Along Percentage of Restricted Securities owned by such Qualified Stockholder; or (ii) if no such request is made by Voteco, each such Qualified Stockholder may elect either (x) to include the greater of (1) the full Tag-Along Percentage of Restricted Securities owned by such Qualified Stockholder and (2) the number of shares of Common Stock to be received by such Qualified Stockholder in the Special Distribution Event (such number, the "SALE NUMBER"), or (y) to decline to participate in the tag-along sale and instead to cause the Company to repurchase the Sale Number of Restricted Securities from such Qualified Stockholder for cash at the same price per share to be paid by the Third Party to the Tag-Along Offeror; PROVIDED, that such Qualified Stockholder and the Company will consider in good faith, as an alternative to such a cash repurchase under this clause (y), a loan or similar arrangement mutually acceptable to the parties to provide liquidity to the Qualified Stockholder for taxes resulting from the Special Distribution Event.

(d) RELATIONSHIP TO SECTION 2.4. Any proposed Transfer by any Employee Stockholder of Tag-Along Shares pursuant to this Section 2.5 is exempt from Section 2.4, PROVIDED that Voteco or Colony III shall have the right to

acquire the Tag-Along Shares on the same terms and at the same time as such shares would otherwise be sold to the Third Party.

Section 2.6 COMPANY SALE.

(a) GENERAL. If Voteco, Colony III or their respective Affiliates propose at any time to sell to a Third Party or Third Parties that are Approved Purchasers, Restricted Securities representing 90 percent or more of the then-outstanding common equity of the Company (a "QUALIFIED SALE") or propose to undertake an IPO, all Employee Stockholders (1) will consent to and raise no objections against such Qualified Sale or IPO, (2) in any vote of stockholders required to approve such Qualified Sale, vote the Restricted Securities held by them in favor of such Qualified Sale, PROVIDED that this Subsection 2.6(a)(2) shall not be deemed to subject any such Qualified Sale to any such vote, (3) in such Qualified Sale, will agree to sell the Restricted Securities held by them at the price and on the terms and conditions upon which Voteco, Colony III or their respective Affiliates propose to sell or otherwise dispose of Restricted Securities held by them and (4) if requested by Voteco, Colony III or their respective Affiliates,

will consent to and raise no objections to any recapitalization or reclassification of the equity securities of the Company, including any related amendment to the Articles of Incorporation of the Company, required to facilitate such Qualified Sale or IPO, PROVIDED that, as to each class of Common Stock, all shares of such class are treated identically in such recapitalization, reclassification and/or amendment. The Employee Stockholders will take all actions in their capacity as stockholders that Voteco, Colony III or their respective Affiliates reasonably deem necessary or desirable in connection with the consummation of the Qualified Sale or IPO, PROVIDED that, in connection with an IPO, any Employee Stockholder employed by the Company at the time of such IPO shall not be required to be subject to "lock-up" restrictions that are more restrictive than such restrictions to which any other Employee Stockholder having commensurate job duties and responsibilities in the Company is subject, and any Employee Stockholder not employed by the Company at the time of such IPO shall not be required to be subject to "lock-up" restrictions that are more restrictive than such restrictions to which any other Stockholder is subject, and PROVIDED FURTHER that, in connection with a Qualified Sale, the Employee Stockholders shall not be required to be subject to "lock-up" restrictions that are more restrictive than such restrictions to which any other Stockholder is subject. Without limiting the generality of the foregoing, it is expressly agreed that, in respect of a Qualified Sale or IPO in accordance with this Section 2.6, no Stockholder will assert any "dissenters'" or similar statutory or legal right, or otherwise assert any challenge to, such Qualified Sale.

(b) SAME CONSIDERATION TO ALL STOCKHOLDERS. The obligations of the Employee Stockholders with respect to a Qualified Sale are subject to the satisfaction of the condition that, upon the consummation of the Qualified Sale, all of the holders of Restricted Securities will receive the same form and amount of consideration per share of Restricted Securities, and if any holders of Restricted Securities are given an option as to the form and amount of consideration to be received, all holders will be given the same option, it being understood that if required by applicable law, appropriate tax withholdings shall be deducted.

(c) SECURITIES LAW COMPLIANCE. If Voteco and Colony III enter into any negotiation or transaction for which Rule 506 under the Securities Act (or any similar rule then in effect) may be available with respect to such negotiation or transaction, such Employee Stockholders as Voteco or Colony III may request will, upon such request, appoint a purchaser representative (as such term is defined in Rule 501 under the Securities Act) reasonably acceptable to Voteco and Colony III. If any Employee Stockholder appoints a purchaser representative at the request of the Company, the Company will pay the fees of such purchaser representative.

Section 2.7 PROPORTIONAL HOLDING REQUIREMENT. Notwithstanding any provision herein to the contrary, in no case shall any Employee Stockholder transfer Restricted Securities if, after giving effect to and as a result of such transfer, such Employee Stockholder would hold a number of shares of Class A Common and Class B Common other than in equal proportion to the number of shares of Class A Common and Class B Common then outstanding, respectively.

ARTICLE III
REGISTRATION RIGHTS

Section 3.1 INCIDENTAL REGISTRATION. If, after an IPO, the Company proposes to register any of its Common Stock under the Securities Act in connection with a public offering of such securities solely for cash (other than by a registration in connection with an acquisition or in a manner which would not permit registration of Restricted Securities), it will each such time give prompt written notice to all holders of Restricted Securities of such holders' rights under this Section 3.1. Upon the written request of any such holder received by the Company within 15 days after the receipt of any such notice (which request shall specify the Restricted Securities intended to be disposed of by such holder and the intended method of disposition thereof), the Company will, subject to the terms of this Agreement, use its best

efforts to effect the registration under the Securities Act of all Restricted Securities which the Company has been so requested to register by the holders thereof, to the extent requisite to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Restricted Securities to be so registered, by inclusion of such Restricted Securities in the registration statement which covers the securities which the Company proposes to register, PROVIDED that, if at any time after giving written notice of its intention to register any securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason either not to register or to delay registration of such securities, the Company may, at its election, give written notice of such determination to each holder of Restricted Securities, and thereupon the Company (i) in the case of a determination not to register, shall be relieved of its obligation to register any Restricted Securities in connection with such registration (but not from its obligation to pay the Registration Expenses therewith) and (ii) in the case of a determination to delay registering, shall be permitted to delay registering Restricted Securities, for the same period as the delay in registering such other securities. Notwithstanding the foregoing, during the first two years following an IPO (or, in the case of a Qualified Stockholder, at any time if the circumstances of the proposed registration or the sale of securities contemplated thereby gives rise to a Special Distribution Event under a

Deferred Compensation Agreement to which such Qualified Stockholder is a party), Restricted Securities held by an Employee Stockholder shall not be eligible for incidental registration rights hereunder and shall not be includible in any such registration statement unless Voteco, Colony or their respective Affiliates are also including Restricted Securities in such registration statement. In the event that during the first two years following an IPO, Voteco, Colony or their respective Affiliates are including Restricted Securities in a registration statement to which incidental registration rights under this Section 3.1 otherwise apply, then each Employee Stockholder shall be entitled to incidental registration rights hereunder only with respect to that number of Restricted Securities bearing the same proportion to all of his Restricted Securities as the Restricted Securities to be registered by Voteco, Colony and their respective Affiliates bears to all Restricted Securities owned by Voteco, Colony and their respective Affiliates in the aggregate. The Company will pay all Registration Expenses in connection with each registration of Restricted Securities requested pursuant to this Section 3.1.

Section 3.2 PRIORITY IN INCIDENTAL REGISTRATIONS. If the Company reasonably determines that the distribution of all or a specified number of such Restricted Securities concurrently with the other securities being distributed in the proposed registration would interfere with the successful marketing thereof (such determination to state the basis of such belief and the approximate number of such Restricted Securities which may be distributed without such effect), the Company may, upon written notice to all holders of such Restricted Securities, reduce pro rata the number of such Restricted Securities so that the resultant aggregate number of such Restricted Securities so included in such registration shall be equal to the number of shares stated in such determination. The Company shall not enter into any agreement that would result in either the number of Restricted Securities held by Employee Stockholders to be included in a registration pursuant to Section 3.1 being reduced pursuant to the foregoing sentence prior to any similar reduction of shares of Common Stock held by any other holder to be included in such registration pursuant to incidental registration rights, or (b) the reduction rate provided for in the foregoing sentence with respect to the Restricted Securities held by Employee Stockholders being greater than the reduction rate applicable to Common Stock of any other holder to be included in such registration pursuant to incidental registration rights.

ARTICLE IV
MISCELLANEOUS

Section 4.1 LEGEND. The certificates representing the Restricted Securities to be held by each of the Stockholders shall bear the following legend in addition to any other legend that may be required from time to time

under applicable law or pursuant to any other contractual obligation:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, HYPOTHECATED OR OTHERWISE DISPOSED OF (A "TRANSFER") EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF A STOCKHOLDERS AGREEMENT DATED AS OF FEBRUARY 2, 1999. ANY TRANSFEREE OF THESE SECURITIES TAKES SUBJECT TO THE TERMS OF SUCH AGREEMENT, A COPY OF WHICH IS ON FILE WITH THE COMPANY.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR STATE SECURITIES LAWS, AND NO TRANSFER OF THESE SECURITIES MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION

STATEMENT UNDER THE ACT, OR (B) PURSUANT TO AN EXEMPTION THEREFROM WITH RESPECT TO WHICH THE COMPANY MAY, UPON REQUEST, REQUIRE A SATISFACTORY OPINION OF COUNSEL FOR THE HOLDER THAT SUCH TRANSFER IS EXEMPT FROM THE REQUIREMENTS OF THE ACT.

Each of the parties hereto agrees that it will not transfer any Restricted Securities without complying with each of the restrictions set forth herein and agrees that in connection with any such transfer it will, if requested by the Company, deliver at its expense to the Company an opinion of counsel, in form and substance reasonably satisfactory to the Company and counsel for the Company, that such transfer is not in violation of the securities laws of the United States of America or any state thereof or any Gaming Laws.

Section 4.2 NOTICES. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be deemed given if delivered personally or sent by overnight courier (providing proof of delivery) to each party at the address of such party set forth below such party's signature on this Agreement or to such address as the party to whom notice is to be given may provide by like notice to each of the other parties to this Agreement, a copy of which notice shall be on file with the Secretary of the Company.

Section 4.3 INTERPRETATION. When a reference is made in this Agreement to an Article, Section or Schedule, such reference shall be to an Article or Section of or a Schedule to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The Transfer Restrictions Agreement and the transactions contemplated by it are transactions

contemplated by this Agreement. To the extent any restriction on the activities of the Company or its Subsidiaries under the terms of this Agreement requires prior approval under any Gaming Law, such restriction shall be of no force or effect unless and until such approval is obtained. If any provision of this Agreement is illegal or unenforceable under any Gaming Law, such provision shall be void and of no force or effect.

Section 4.4 COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

Section 4.5 ENTIRE AGREEMENT; NO THIRD-PARTY BENEFICIARIES. This Agreement constitutes the entire agreement, and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this agreement and are not intended to confer upon any Person other than the parties any rights or remedies hereunder.

Section 4.6 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEVADA, WITHOUT REGARD TO ANY APPLICABLE CONFLICTS OF LAW.

Section 4.7 GAMING LAWS. Each of the provisions of this Agreement is subject to and shall be enforced in compliance with the Gaming Laws.

Section 4.8 ASSIGNMENT. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties without the prior written consent of the other parties, PROVIDED that Voteco and Colony III may assign, in its sole discretion, any of or all its rights, interests and obligations under this Agreement to any affiliate of Colony Capital, Inc. that assumes Voteco's and Colony III's obligations hereunder; PROVIDED FURTHER that, notwithstanding any provision of this Agreement, no consent of the parties hereto shall be required under this Section 4.8 for the Company to consummate a merger or consolidation so long as such surviving corporation assumes the Company's obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 4.9 ENFORCEMENT. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an

injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of the United States located in the State of Nevada or in Nevada state court, this being in addition to any other remedy to which

they are entitled at law or in equity. In addition, each of the parties hereto (a) consents to commit itself to the personal jurisdiction of any Federal court located in the State of Nevada or any Nevada state court in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than a Federal or state court sitting in the State of Nevada.

Section 4.10 AMENDMENTS AND WAIVERS. Except as expressly provided herein, this Agreement may not be amended except by an instrument in writing signed on behalf of the holders of not less than a majority of all shares of Restricted Stock held by all Stockholders, PROVIDED that the approval of Voteco shall be required in any event; PROVIDED FURTHER that any amendment that (i) affects the rights of holders of any class of Common Stock, which amendment does not equally affect the rights of all holders of shares of such class equally on a per share basis, and (ii) affects adversely the rights of any Employee Stockholder hereunder, shall require the written consent of Employee Stockholders holding at least a majority of all Restricted Securities held by Employee Stockholders; and PROVIDED FURTHER any amendment shall not affect the rights as a holder of Restricted Securities of any Employee Stockholder more adversely than any other Employee Stockholder. Voteco shall not enter into any agreement or other arrangement in contemplation or connection with such amendment or waiver with any individual Employee Stockholder that is related to the matters governed by this Agreement unless such agreement applies equally or pro rata to all Employee Stockholders. The agreement or consent of the Company shall not be required to amend this agreement

Section 4.11 SEVERABILITY. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms to the fullest extent permitted by law.

Section 4.12 CUMULATIVE REMEDIES. All rights and remedies of either party hereto are cumulative of each other and of every other right or remedy such party may otherwise have at law or in equity, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

Section 4.13 ARBITRATION; DISPUTE RESOLUTION PROCESS. The parties hereby agree that, in order to obtain prompt and expeditious resolution of any disputes under this Agreement, each claim, dispute or controversy of whatever nature, arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement (or any other agreement contemplated by or related to this Agreement), including without limitation any claim based on contract, tort or statute, or the arbitrability of any claim hereunder (an "ARBITRABLE CLAIM"), shall be settled, at the request of any party of this Agreement, exclusively by final and binding arbitration conducted in Las Vegas, Nevada. All such Arbitrable Claims shall be settled by three arbitrators in accordance with the Commercial Arbitration Rules then in effect of the American Arbitration Association (the "CAR"). EACH PARTY HERETO EXPRESSLY CONSENTS TO, AND WAIVES ANY FUTURE OBJECTION TO, SUCH FORUM AND ARBITRATION RULES. Judgment upon any award may be entered by any state or Federal court having jurisdiction thereof. Except as required by law (including, without limitation, the rules and regulations of the Commission and any stock exchange or quotation system which the Restricted Securities are listed on or qualified for inclusion in), no party nor the arbitrator shall disclose the existence, content, or results of any arbitration hereunder without the prior written consent of all parties. Except as provided herein, the Nevada Revised Statutes shall govern the interpretation, enforcement and all proceedings pursuant to this Section 4.13.

The arbitrators referenced herein shall provide a written statement to all parties to this Agreement setting forth the substantive basis of such arbitrators' resolution of any Arbitrable Claim.

Adherence to this dispute resolution process shall not limit the right of the parties hereto to obtain any provisional remedy, including without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their respective rights and interests pending arbitration. Notwithstanding the foregoing sentence, this dispute resolution procedure is intended to be the exclusive method of resolving any Arbitrable Claims arising out of or relating to this Agreement. The parties further agree that the nature, scope and timing of any production of documents or other information or witness in respect of the resolution of any Arbitrable Claim pursuant to this Section 4.13 shall be in accordance with the CAR.

The arbitration procedures shall follow the substantive law of the State of Nevada, including the provisions of statutory law dealing with arbitration, as

it may exist at the time of the demand for arbitration, insofar as said provisions are not in conflict with this Agreement and specifically excepting therefrom sections of any such statute dealing with discovery and sections requiring notice of the hearing date by registered or certified mail.

Section 4.14 WAIVER OF JURY TRIAL. Consistent with Section 4.13, each signatory to this Agreement further waives its respective right to a jury trial of any claim or cause of action arising out of this Agreement or any dealings between any of the signatories hereto relating to the subject matter of this Agreement. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this Agreement, including, without limitation, contract claims, tort claims, and all other common law and statutory claims. This waiver is irrevocable, meaning that it may not be modified either orally or in writing, and this waiver shall apply to any subsequent amendments, supplements or other modifications to this Agreement or to any other document or agreement relating to the transactions contemplated by this Agreement.

Section 4.15 TERM. (a) Unless earlier terminated by an instrument in writing amending this Agreement pursuant to Section 4.10, this Agreement shall terminate if (1) Employee Stockholders or their Related Parties no longer beneficially own any shares of Restricted Securities or (2) Voteco, Colony III or their respective Affiliates own Restricted Securities representing less than 25 percent of the then-outstanding common equity of the Company (except if any purported Transfer of such Restricted Securities that results a condition set forth in clause (1) or (2) is in violation of this Agreement).

(b) Any Employee Stockholder, upon ceasing to beneficially own any shares of Restricted Securities, shall cease to be party to or have any rights under this Agreement.

Section 4.16 REPRESENTATION BY COUNSEL. Each party hereto represents and agrees with each other that it has been represented by or had the opportunity to be represented by, independent counsel of its own choosing, and that it has had the full right and opportunity to consult with its respective attorney(s), that to the extent, if any, that it desired, it availed itself of this right and opportunity, that it or its authorized officers (as the case may be) have carefully read and fully understand this Agreement in its entirety and have had it fully explained to them by such party's respective counsel, that each is fully aware of the contents thereof and its meaning, intent and legal effect, and that it or its authorized officer (as the case may be) is

competent to execute this Agreement and has executed this Agreement free from coercion, duress or undue influence. The parties to this Agreement participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, then this Agreement will be construed as if drafted jointly by the parties to this Agreement, and no presumption or burden of proof will arise favoring or disfavoring any party to this Agreement by virtue of the authorship of any of the provisions of this Agreement.

Section 4.17 RELATIONSHIP TO OTHER AGREEMENTS. The provisions of this Agreement shall be in addition to, and shall not be affected (except as expressly provided herein) by, the provisions of the Stock Agreement and the Deferred Compensation Agreement that the Company has entered into with each Qualified Stockholder as of the date hereof and any modification thereof, or the provisions of any other agreement that such parties may enter into hereafter.

(Signature pages follow)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HARVEYS CASINO RESORTS

By: /s/ JOHN J. MCLAUGHLIN

Name: John J. McLaughlin
Title: Senior Vice President, Chief Financial Officer, Treasurer

ADDRESS: Highway 50 and Stateline Avenue
Lake Tahoe, Nevada 89449
Attn: President

COLONY HCR VOTECO, LLC

By: /s/ KELVIN L. DAVIS

Name: Kelvin L. Davis
Title: Member

ADDRESS: 1999 Avenue of the Stars, Suite 1200
Los Angeles, California 92718

Telecopy: (310) 282-8813

STOCKHOLDERS AGREEMENT

COLONY INVESTORS III, L.P.

By: COLONY CAPITAL III, L.P.,
its general partner

By: COLONY GP III, INC.,
its general partner

By: /s/ KELVIN L. DAVIS

Name: Kelvin L. Davis
Title: President and Chief
Operating Officer

ADDRESS: 1999 Avenue of the Stars,
Suite 1200
Los Angeles, California 92718
Telecopy: (310) 282-8813

/s/ CHARLES W. SCHARER

CHARLES W. SCHARER

ADDRESS: c/o Harveys Casino Resorts
Highway 50 and Stateline Avenue
Lake Tahoe, Nevada 89449

/s/ STEPHEN L. CAVALLARO

STEPHEN L. CAVALLARO

ADDRESS: c/o Harveys Casino Resorts

Highway 50 and Stateline Avenue
Lake Tahoe, Nevada 89449

STOCKHOLDERS AGREEMENT

/s/ JOHN J. MCLAUGHLIN

JOHN J. MCLAUGHLIN

ADDRESS: c/o Harveys Casino Resorts
Highway 50 and Stateline Avenue
Lake Tahoe, Nevada 89449

STOCKHOLDERS AGREEMENT

SCHEDULE A

LIST OF STOCKHOLDERS

Colony HCR Voteco, LLC

Colony Investors III, L.P.

Charles W. Scharer

Stephen L. Cavallaro

John J. McLaughlin

Gary D. Armentrout*

Edward B. Barraco*

John R. Bellotti*

James J. Rafferty*

Kevin O. Servatius*

Verne H. Welch, Jr.*

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* To be party by Joinder dated no later than February 9, 1999.

EXHIBIT 1

[FORM OF]

STOCKHOLDERS AGREEMENT JOINDER

As of the date set forth below, the undersigned is [acquiring from _____ (" ")][being issued] [options to acquire] _____ shares of the _____ Stock (the "SHARES"), of Harvey Casino Resorts (the "COMPANY"). By execution of this Stockholders Agreement Joinder, the undersigned[, as successor to _____ in respect of the Shares,] shall be deemed to be a party to that certain Stockholders Agreement, dated as of February 2, 1999, by and between the Company and the Stockholders identified therein (the "STOCKHOLDERS AGREEMENT"). Pursuant to Section 4.8 (but subject to Sections 2.2 and 2.3) of the Stockholders Agreement, the undersigned[, as successor to _____ in respect of the Shares,] shall have all rights, and shall observe all the obligations, applicable to a "STOCKHOLDER" as set forth in the Stockholders Agreement. In order to give effect to this transaction, please add the undersigned to the list of "Stockholders" as set forth in Schedule A to the Stockholders Agreement.

Name: _____

ADDRESS:

By: _____

Name:
Title:

Date:

EXHIBIT 4

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(f) under the Securities Exchange ct of 1934, as amended, each of the persons named below agreed to the joint filing on behalf of each of them of a Statement on Schedule 12D (including amendments thereto) with respect to the common stock, par value $.01 per share, of Harveys Casino Resorts, a Nevada corporation, and further agrees that this Joint Filing Agreement be included as an exhibit to such filings provided that, as contemplated by Section 13d-1(f)(1)(ii), no person shall be responsible for the completeness or accuracy of the information concerning the other persons making the filing, unless such person knows or has reason to believe that such information is inaccurate. This Joint Filing Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

Date: February 9, 1999

COLONY HCR VOTECO, LLC

By: /s/ KEVIN L. DAVIS

Kevin L. Davis

/s/ KEVIN L. DAVIS

Kevin L. Davis

/s/ THOMAS J. BARRACK, JR.

Thomas J. Barrack, Jr.