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SUREBET CASINOS INC
Form 10KSB
July 16, 2001

U.S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-KSB

(Mark One)

- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED MARCH 31, 2001
- ☐ TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 0-30263

SUREBET CASINOS, INC.
(Name of small business issuer in its charter)

UTAH
(State or other jurisdiction of
incorporation or organization)

75-1878071
(I.R.S. Employer
Identification No.)

1610 BARRANCAS AVENUE, PENSACOLA, FLORIDA 32501
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: (850) 438-9647

Securities to be registered under Section 12(b) of the Act: NONE

Securities to be registered under Section 12(g) of the Act:

COMMON STOCK, \$0.001 PAR VALUE
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes / / No /x/

Check if no disclosure of delinquent filers in response to Item 405 of Regulation S-B is contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. / /

Issuer's revenues for the fiscal year ended March 31, 2001:\$1,966,621

Aggregate market value of the registrant's common stock held by non-affiliates as of July 16, 2001: APPROXIMATELY \$18,142

Number of shares of the registrant's common stock outstanding: 7,889,169 as of July 16, 2001.

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Transitional Small Business Disclosure Format (Check One) Yes / / No /X/

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

sureBET Casinos, Inc. ("the Company") is a corporation organized under the laws of the State of Utah on June 13, 1985. Although the Company has been in existence since June 1985, it recently changed its business strategy to enter into the casino business. The Company intends to develop, acquire, joint venture, manage, and operate gaming establishments with an initial focus on water-based gaming, the emerging gaming markets, and the rehabilitation and reorganization of casinos that are underperforming financially.

The Company is an Over the Counter Bulletin Board stock trading under the symbol "SBET". The Company's subsidiary is Casino Padre Investment Company, LLC., a Nevada limited liability company.

CORPORATE HISTORY

The company was formed in Utah on June 13, 1985 under the name Navis, Bona, Inc. On March 29, 1988, the company merged with I Love Yogurt Corporation, a Texas corporation. Navis Bona, Inc., the surviving corporation, changed its name upon completion of the merger to I Love Yogurt Corporation.

On June 24, 1992, I Love Yogurt Corporation merged with Chelsea Street Holding Company, Inc., a Delaware corporation. I Love Yogurt Corporation was the surviving corporation after the merger. Pursuant to the Merger Agreement, I Love Yogurt Corporation changed its name to Chelsea Street Financial Holding Corporation. On November 23, 1993, Chelsea Street Financial Holding Corporation amended its Articles of Incorporation changing the name of the corporation to Wexford Technology Incorporated.

On March 5, 1999, the Company entered into an Asset Purchase Agreement with its controlling shareholder, Imperial Petroleum, Inc. ("Imperial"). Pursuant to the Agreement, Imperial acquired all of the assets and liabilities of the Company. No consideration was exchanged in return for the sale of the assets and transfer of the liabilities.

On May 12, 1999, the Company entered into an Agreement to Exchange Common Stock with U.S. Gaming & Leisure Corp. ("USGL"). Pursuant to the agreement with USGL. The Company is to issue 6,000,000 new common shares to shareholders of USGL for 100% of the outstanding shares of USGL. This transaction is contingent on a private placement of the Company's common stock which as of this date has not been completed. At such time as the private placement is completed and the exchange of stock is completed, USGL will become a wholly-owned subsidiary of the Company.

On June 7, 1999, there was a change in the Board of Directors of the Company. The new board changed the Company's business strategy and decided to enter into the casino business. On June 24, 1999, the Articles of Incorporation of the Company were amended to change the name of the Company to sureBET Casinos, Inc.

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Under the direction of its new management, the Company intends to develop, acquire, joint venture, manage, and operate gaming establishments with an initial focus on water-based gaming, the emerging gaming markets, and the rehabilitation and reorganization of casinos that are underperforming financially.

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On October 1, 1999, the Company entered into a Management Contract with Casino Padre Investment Company, LLC, a Nevada limited liability company. Under the terms of the contract, the Company had an exclusive agreement to operate the gaming ship M/V Entertainer and the gaming operations located on the ship on behalf of and for the account of Casino Padre Investment Company, LLC.

On October 27, 1999, the Company acquired 50 membership units in Casino Padre Investment Company LLC in exchange for 5,000,000 shares of the common stock of the Company. Immediately following the transaction, the Company owned 83% of Casino Padre Investment Company LLC. The shares were acquired from Charles S. Liberis, the President of the Company. The LLC was formed on September 14, 1999 and at the time of the acquisition, was still in a developmental stage. Casino Padre commenced operations on November 18, 1999. As of March 31, 2001, the Company owned 74% of the LLC. The LLC ceased operations on November 6, 2000. The charter on the M/V Entertainer has been terminated. See Item 12. Certain Relationships and Related Transactions.

On December 20, 1999, the Company entered into an agreement with Black Hawk Hotel Corporation, an unaffiliated entity, to lease Lilly Belle's Casino, an existing casino facility located in Black Hawk, Colorado. Pursuant to the terms of the lease, the Company has an option to purchase the premises. The lease is contingent on the Company receiving approval for the transaction and issuance of regulatory licenses from the Colorado Gaming Commission. The Company's application with the Colorado Gaming Commission is still pending.

LILLY BELLE'S CASINO (COLORADO) BUSINESS

The Company, through its wholly owned subsidiary, Lilly Belle's Casino Investment Company LLC (hereinafter "Lilly Belle's"), intends to operate Lilly Belle's Casino located at 301 Gregory Street, Black Hawk, Colorado, pursuant to the Colorado Gaming Act and the Colorado Gaming Regulations.

Gaming in Colorado is "limited stakes" which restricts any single wager to a maximum of \$5.00. While this limits the revenue potential of table games, management believes that slot machine play, which accounts for over 95% of total gaming revenues, is currently impacted only marginally by the \$5.00 limitation.

LILLY BELLE'S CASINO. Lilly Belle's Casino is located at 301 Gregory Street, Black Hawk, Colorado. The casino is contained in a three and one-half-story, 12,000-square foot building which was constructed as a casino in 1993 and operated until November 1994. The structure is fully sprinkled, air conditioned and serviced by a hydraulic elevator to each floor. The building is completely furnished for a casino operation including all furniture and fixtures, surveillance equipment, cage equipment, Black Jack tables, poker tables, coins and tokens. There are no slot machines presently on the premises. The Company leases the casino as well as an adjacent Victorian bed and breakfast and an adjacent area which will provide approximately 100 parking spaces as well as all the furniture, fixtures, and equipment, from an unaffiliated third party.

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A lease with an option to purchase was entered into on December 20, 1999, for an initial term of five years. The Company has an option to renew the lease for three additional terms of five years each. The Company has the option to purchase the premises during the term of the lease. Under the terms of the lease, the Company is responsible for all taxes, improvements, repairs and maintenance and payment of utilities related to the premises. The Company is also required to indemnify the lessor from all claims, liabilities, loss and damages against the lessor occurring on the premises in any way related to the Company's business.

THE BLACK HAWK MARKET. Black Hawk is a small mountain town located approximately 30 miles from Denver. Black hawk is an historic mining town originally founded in the late 1800's following a

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large gold strike. Black Hawk is a tourist town and its heaviest traffic is in the summer months. Traffic generally decreases to its low point in the winter months.

Black Hawk is one of only three Colorado cities where casino gaming is legal, the others being Cripple Creek and Central City. Black Hawk operated approximately 51% of the gaming devices and generated 67.6% of gaming revenues for these three cities during the year ended December 31, 1999. As of December 31, 1999, there were 19 casinos operating in Black Hawk.

COMPETITION. There are presently 20 casinos operating in Black Hawk, Colorado. In addition, there are 9 casinos operating in Central City which is adjacent to Black Hawk. The Company will be competing with many established casino companies, most of which have greater financial resources than the Company in the same market that the Company will be operating.

WEATHER AND SEASONAL FLUCTUATIONS. The business of the Company will suffer as a direct result of inclement weather. Inclement weather has a direct affect on driving conditions between Black Hawk and Denver, Colorado, which is the major metropolitan area from which Black Hawk derives most of its business. The business of Lilly Belle's will be subject to seasonal fluctuations with the slowest months being the months of January, February, and March.

MARKETING AND PROMOTION. The Company does not have sufficient funds with which to advertise market and promote its casino through a mass media campaign. If the Company obtains its gaming license and sufficient funding, the Company will focus its marketing efforts on direct mail to customers who are on a customer list obtained by the Company pursuant to its lease agreement. In addition, the Company will market into Denver through a limited amount of print, radio and billboard advertising.

STATE REGULATION - COLORADO. The ownership and operation of a gaming business in Colorado is subject to extensive laws and regulations including the Colorado Limited Gaming Act of 1991 (the "Colorado Act") and the rules and regulations (the "Colorado Regulations") promulgated thereunder by The Colorado Limited Gaming Commission (the "Colorado Commission") which is empowered to oversee and enforce the Colorado Act.

Neither the Company nor any of its subsidiaries has a license to operate a casino in Colorado or in any other jurisdiction. The Colorado Act requires that a person (including any corporation or other entity) must be licensed by

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Colorado to conduct gaming activities in Colorado. A license will be issued only for a specified location that has been approved as a gaming site by the Colorado Commission prior to issuing a license. The Colorado Act also requires that each officer or director of a gaming licensee, or other person who exercises a material degree of control over the licensee, must be found suitable by the Colorado Gaming Commission. Any person who, directly or indirectly, or in association with others, acquires beneficial ownership of more than 5% of the common stock of any gaming enterprise must notify the Colorado Gaming Commission of this acquisition and must be found suitable by the Colorado Gaming Commission. The granting of a license requires submission of detailed personal financial information followed by a thorough investigation. In addition, the Colorado Gaming Commission will not issue a license unless it is satisfied that the licensee is adequately financed or has a reasonable plan to finance its proposed operations from acceptable sources.

The political and regulatory environment in which the Company is and will be operated with respect to gaming activities, is uncertain, dynamic and subject to rapid change. Existing operators often support legislation and litigation designed to make it more difficult or impossible for competition to develop and operate gaming facilities. This environment makes it impossible to predict the effects, including cost, that the adoption of and changes in gaming law, rules and regulations and/or competition will have on proposed gaming operations.

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DEFAULT IN COLORADO LEASE. Pursuant to the lease between Black Hawk Hotel Corporation and the Company, Black Hawk Hotel was to purchase 250,000 shares of the Company's common stock on or before March 1, 2000. Black Hawk did purchase 125,000 shares but has failed to purchase the remaining 125,000 shares. Further, the commencement date of the lease was October 1, 2000 and the Company is in default under this provision. The parties are negotiating in good faith to reinstate the lease.

Except for historical information contained herein, the matters discussed in this Item 1, in particular, statements that use the words "believes", "expects", "intends", or "anticipates", are intended to identify forward looking statements that are subject to risks and uncertainties including, but not limited to, inclement weather, mechanical failures, increased competition, financing, governmental action, environmental opposition, legal actions, and other unforeseen factors. The development of the Black Hawk project, in particular, is subject to additional risks and uncertainties, including, but not limited to, risks relating to permitting, financing, the activities of environmental groups, the outcome of litigation and the actions of federal, state, or local governments or agencies.

EMPLOYEES

As of July 16, 2001, the Company employed approximately 3 employees. Of the Company's 3 employees, 2 are executive and management personnel and 1 is engaged primarily in administrative positions. None of the Company's employees is a party to a collective bargaining agreement. The Company considers its employee relations to be generally satisfactory.

The Company's continued future success depends in significant part upon the continued service of its key senior management personnel and its continuing ability to attract and retain highly qualified managerial personnel. The time that the officers and directors devote to the business affairs of the Company

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and the skill with which they discharge their responsibilities will substantially impact the Company's success. To the extent the services of these individuals would be unavailable to the Company for any reason, the Company would be required to identify, hire, train and retain other highly qualified managerial personnel to manage and operate the Company. The Company's business could be adversely affected to the extent such key individuals could not be replaced.

ITEM 2. DESCRIPTION OF PROPERTY.

The Company's administrative offices are located in 1,996 square feet of office space in Pensacola, Florida, under a month-to-month lease with Charles S. Liberis, the Company's Chairman of the Board of Directors, Chief Executive Officer and principal stockholder. The lease provides for monthly rental payments of \$1,663 which the Company believes are competitive with rents which could have been obtained from unrelated third parties for comparable office space.

The Company leased the following locations for its operations during the fiscal year ended March 31, 2001:

LOCATION	LEASE TERM
301 Gregory Street Black Hawk, Colorado Lease of Lilly Belle's Casino	5 years commencing the earlier of October 1, 2000 or the issuance of a gaming license by the Colorado Gaming Commission. There are 3 additional terms of 5 years each.

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ITEM 3. LEGAL PROCEEDINGS.

- o Newpark Shipbuilding-Pasadena, Inc. v. Vessel Casino Padre f/k/a/ Entertainer, its equipment, apparel, etc., in rem, and CSL Development Corporation, Casino Padre Investment Company LLC, and sureBET Casinos, Inc., its owners and/or operators, in personam, C.A. No. H-00-1014 Admiralty

On or about March 23, 2000, Newpark Shipbuilding-Pasadena, Inc. filed a lawsuit in the United States District Court Southern District of Texas, Houston, Division, against Vessel Casino Padre f/k/a/ Entertainer, its equipment, apparel, etc., in rem, and CSL Development Corporation, Casino Padre Investment Company LLC, and sureBET Casinos, Inc., seeking the sum of \$139,193.36 for repair work on the M/V Entertainer. The Defendants dispute the amount of the claim, have posted a bond in the amount claimed, and have counterclaimed against

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Newpark Shipbuilding-Pasadena, Inc. for deceptive trade practices, damages for improper workmanship and damages for delays caused by Newpark Shipbuilding-Pasadena, Inc.

o Debra Rasheed V. Casino Padre

On or about October 10, 2000, Debra Rasheed filed a lawsuit in the United States District Court, Southern District of Texas, Brownsville Division, against Casino Padre Investment Company, LLC and the vessel M/V Casino Padre, seeking damages for injuries allegedly sustained while acting as an employee of Casino Padre. Although management believed that there was no support for Plaintiff's factual allegations, management entered into a settlement agreement for an amount that was less than the legal fees would have been incurred in defending the matter. On July 12, 2001, a Compromise, Settlement, Release, Indemnity and Confidentiality Agreement was entered into between the Plaintiff and the Defendants.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended March 31, 2001.

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PART II

ITEM 5. MARKET PRICE FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock is not traded on a registered securities exchange, or on NASDAQ. The Company's Common Stock has been quoted on the OTC Bulletin Board since 1987. It traded under the symbol "DICE" from July 14, 1999 to August 23, 2000. The stock was delisted from August 23, 2000 to May 23, 2001 and began trading under the symbol "SBET" on May 24, 2001. The following table sets forth the range of high and low bid quotations for each fiscal quarter within the last two fiscal years, as well as the current fiscal year. These quotations reflect inter-dealer prices without retail mark-up, mark-down, or commissions and may not necessarily represent actual transactions.

FISCAL QUARTER ENDED	HIGH BID	LOW BID
June 30, 1999.....	\$0.06	\$0.06
September 30, 1999.....	\$1.38	\$0.75
December 31, 1999.....	\$2.00	\$0.13
March 31, 2000.....	\$2.00	\$0.63
June 30, 2000.....	\$.68	\$.37
September 30, 2000.....	-	-
December 31, 2000.....	-	-
March 31, 2001.....	-	-

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As of March 31, 2001 there were 290 record holders of the Company's Common Stock. On July 16, 2001 there were 292 record holders of the Company's Common Stock. The date of the last trade was June 7, 2001 at a price of \$.01. Since the Company's inception, no cash dividends have been declared on the Company's Common Stock.

In May 2000, \$9,585 was received from David Brannen and \$4,667 from GW Sports Promoting. These amounts were for shares subscribed during the year ended March 31, 2000. These sales and issuances of securities and the transactions were deemed to be exempt of registration under the Securities Act by virtue of Section 4(2). Appropriate legends were affixed to stock certificates issued in the above transactions. The securities were offered and sold by the Company without any underwriters. All of the purchasers were deemed to be sophisticated with respect to the investment and securities of the Company by virtue of their financial condition and/or relationship to members of the management of the Company.

The Securities and Exchange Commission (SEC) has adopted rules that regulate broker-dealer practices in connection with transactions in "penny stocks". Generally, penny stocks are equity securities with a price of less than \$5.00 (other than securities registered on certain national exchanges or quoted on the NASDAQ system). If the Company's shares are traded for less than \$5 per share, as they currently are, the shares will be subject to the SEC's penny stock rules unless (1) the Company's net tangible assets exceed \$5,000,000 during the Company's first three years of continuous operations or \$2,000,000 after the Company's first three years of continuous operations; or (2) the Company has had average revenue of at least \$6,000,000 for the last three years. The

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penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prescribed by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules. As long as the Company's Common Stock is subject to the penny stock rules, the holders of the Common Stock may find it difficult to sell the Common Stock of the Company.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The Company ceased conducting an active trade or business in April 1997.

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During the fiscal years ended March 31, 1999 and 1998, the Company had no operating business. The Company entered into an Asset Purchase Agreement (the "Agreement") on March 5, 1999 with its controlling shareholder, Imperial petroleum, Inc. ("Imperial"). The Agreement provided that Imperial would acquire all of the assets and liabilities of the Company. No consideration was exchanged in return for the sale of the net liabilities of the Company. As a result of the Agreement, the Company had no assets or liabilities as of March 31, 1999. For the fiscal year ended March 31, 1999, the Company recognized a gain of \$1,561,127 on the transfer of the liabilities, resulting in net income of \$1,201,414 for the period.

Accordingly, as a result of the Company's liquidation and abandonment of its assets and liabilities to a "shell" status, the Company has accounted for its former operations as discontinued for all periods presented.

On June 7, 1999, there was a change in the control of the Board of Directors of the Company. The new Board changed the Company's business strategy and decided to enter into the casino business. On June 24, 1999, the Articles of Incorporation of the Company were amended to change the name of the Company to sureBET Casinos, Inc.

Under the direction of its new management, the Company intends to develop, acquire, joint venture, manage, and operate gaming establishments with an initial focus on water-based gaming, the emerging gaming markets, and the rehabilitation and reorganization of casinos that are underperforming financially.

RESULTS OF OPERATIONS

The sole source of revenue for the Company through March 31, 2001 was derived from the operation of Casino Padre. Casino Padre began operations on November 18, 1999 and ceased operations on November 6, 2000. For the year ending March 31, 2001, the Company incurred a net loss of \$227,529. The net loss for the previous fiscal year was \$1,154,563.

For the year ending March 31, 2001, revenues from operations were \$1,966,621 while cost of sales were \$146,676 and operating expenses were \$2,077,474. A total of \$30,000 was allocated to the minority interest in Casino Padre. For the previous fiscal year, sales were \$447,968, with cost of sales of \$46,225 and operating expenses of \$1,556,307.

General and administrative expenses for the year ending March 31, 2001, totaled \$458,290. A total of \$893,435 was expended for the operation of the casino and \$594,250 for the operation of the vessel. Sales and marketing expenses were \$131,499 for the period.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2001, the Company had a working capital deficiency of \$713,341, as compared to a deficiency of \$614,220 at March 31, 2000. The Company does not believe that it will be able to meet its normal operating costs and expenses from management fees and cash flow of Casino Padre as Company does not presently have any operations.

The Company has been dependent upon loans from its principal shareholder

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and President, Charles Liberis. From May 31, 1999 to August 20, 2000, Mr. Liberis advanced \$118,000 to the Company. The loans are not evidenced by promissory notes and there is no fixed date for repayment. During the year ended March 31, 2001, the Company repaid a net amount of \$43,614. At March 31, 2001, \$77,859 was owed to Mr. Liberis.

In addition, at March 31, 2001, \$11,762 was owed to CSL Development Corporation for past due charter payments and accrued interest thereon. Mr. Liberis is also the President of CSL Development Corporation.

The report of the Company's independent auditors on the financial statements for the year ended March 31, 2001, includes an explanatory paragraph relating to the uncertainty of the Company's ability to continue as a going concern due to the loss incurred for the year ended March 31, 2001 and the working capital deficit and stockholders' deficit existing as of March 31, 2001. The Company must raise additional capital in order to fund operations.

The Company believes that it will be able to raise additional capital through debt and equity financing which, along with additional loans from its principal shareholders, will be sufficient to meet the Company's current working capital needs for at least the next twelve months. However, there can be no assurance that the Company will be able to raise additional capital or to take advantage of any expansion opportunities that may become available. There can be no assurance that additional capital will be available at all, at an acceptable cost, or on a basis that is timely to allow the Company to finance any further business opportunities.

FORWARD LOOKING STATEMENTS

Except for historical information contained herein, the matters discussed in this Item 6, in particular, statements that use the words "believes", "intends", "anticipates", or "expects" are intended to identify forward looking statements that are subject to risks and uncertainties including, but not limited to, inclement weather, mechanical failures, increased competition, financing, governmental action, environmental opposition, legal actions, and other unforeseen factors.

The development of the Black Hawk, Colorado project, in particular, is subject to additional risks and uncertainties, including, but not limited to, risks relating to permitting, financing, the activities of environmental groups, the outcome of litigation and the actions of federal, state, or local governments and agencies. The results of financial operations reported herein are not necessarily an indication of future prospects of the Company. Future results may differ materially.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements and notes are included herein beginning at page F-1.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS;
COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

The officers and directors of the Company are as follows:

NAME	AGE	POSITION
Charles S. Liberis	59	Chairman of the Board of Directors, President, Chief Operating Officer
Michael Georgilas	47	Director

The term of office of each director of the Company ends at the next annual meeting of the Company's stockholders or when the director's successor is elected and qualified. No date for the next annual meeting of stockholders is specified in the Company's Bylaws, nor has a meeting been fixed by the Board of Directors. The term of office of each officer of the Company ends at the next annual meeting of the Company's Board of Directors, which is expected to take place immediately after the next annual meeting of stockholders, or when such officer's successor is elected and qualified.

CHARLES S. LIBERIS. Mr. Liberis was elected Chairman, President and Chief Operating Officer of the Company on July 8, 1999. Since 1992, Mr. Liberis served as President of CSL Development Corporation, a private company. CSL Development Corporation has been engaged in general development of real estate property including condominiums, resorts, golf courses, and casinos. Mr. Liberis was a founder of Europa Cruises Corporation (NASDAQ - KRUZ), Pensacola, Florida, and served as its Chief Executive Officer from 1989 to 1992. Prior to joining Europa, Mr. Liberis was a practicing attorney for over twenty years and was a Senior Partner in the law firm of Liberis, Sauls, and Fleming, P.A., with offices in Pensacola and Tallahassee, Florida, and Atlanta, Georgia. His practice consisted primarily of real estate and corporate reorganization law and he has had an extensive background in the reorganization of numerous hospitality operations. Mr. Liberis was a founder and served on the Board of Directors and as General Counsel of Southern National Bankshares, Atlanta, Georgia, from 1983 to 1985. Mr. Liberis majored in business and finance and received his Juris Doctorate from Stetson University College of Law in 1977. He is a member of the

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American and Florida Bar Associations and the International Association of Gaming Attorneys. Mr. Liberis has previously been found suitable for licensing by the Mississippi Gaming Commission.

MICHAEL GEORGILAS. Mr. Georgilas was elected to the Board of Directors of the Company in June 1999. Since September 1996, Mr. Georgilas has served as Chairman and Chief Executive Officer of Mondial Group Inc, Athens, Greece, an international casino development and management company. From July 1993 to August 1996, he was Vice President of Gaming and Director of Gaming Development for ITT/Sheraton Corporation, Boston, Massachusetts. From June 1992 to December 1992, he served as Chief Operating Officer of Europa Cruises Corporation, Pensacola, Florida. From 1991 to 1992, he served as Associate Director of the Casino and Gaming Management Division at the University of Nevada in Las Vegas. From 1986 through 1991, he held various positions with Hilton Corporation having last served as President and General Manager of the Flamingo Hilton Reno. Mr. Georgilas holds a Bachelor of Science Degree in Hotel Administration and a Master of Science Degree in Hotel Administration from the University of Nevada, Las Vegas.

Mr. Liberis may be deemed to be the "promoter" of the Company within the meaning of the Rules and Regulations under federal securities laws.

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SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

During the fiscal year ended March 31, 2001, Messrs. Liberis and Georgilas filed their reports on Form 3 (Initial Statement of Beneficial Ownership of Securities) on a timely basis. There were no other known failures to file a report required by Section 16(a) of the Securities Exchange Act of 1934.

ITEM 10. EXECUTIVE COMPENSATION.

The following table sets forth information for all persons who have served as the chief executive officer of the Company during the last completed fiscal year. No disclosure need be provided for any executive officer, other than the CEO, whose total annual salary and bonus for the last completed fiscal year did not exceed \$100,000. Accordingly, no other executive officers of the Company are included in the table.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL	ANNUAL COMPENSATION		LONG TERM COMPEN	
	OTHER ANNUAL COMPENSA	RESTRICTED STOCK AWARD (S)	AWARDS	
			SECURITIE UNDERLYIN OPTIONS/	

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POSITION	YEAR	SALARY (\$)	BONUS (\$)	TION (\$)	(\$)	SARS (#)
Charles S. Liberis,	2000	\$0.00	\$0.00	\$0.00	\$1,000,000 (2)	0