

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

CAPITOL RESORTS, INC.;;
CAPITOL RESORTS OF FLORIDA, INC.;;
CAPITOL COMMUNITIES CORPORATION

ORDER PROVIDING A
TRANSACTIONAL
EXEMPTION FROM
REGISTRATION

ORDER NO. 99-010-S

FINDINGS OF FACT

1. On April 1, 1999, a letter was received by the Arkansas Securities Commissioner requesting that the proposed offering and sale of all the issued and outstanding common capital stock (the "Arkansas Resorts Stock") of Capitol Resorts, Inc., an Arkansas corporation ("Arkansas Resorts") and all of the issued and outstanding shares of the common capital stock (the "Florida Resorts Stock") of Capitol Resorts of Florida, Inc. a Florida corporation ("Florida Resorts"), to Charlie Corporation, a Nevada corporation ("Charlie") in exchange for 2,844,381 shares of stock of Capitol Communities Corporation now held by Charlie (the "Transaction"), be determined to be an exempt transaction pursuant to Ark. Code Ann. § 23-42-504(a)(12).
2. The Arkansas Resorts Stock consists of all the issued and outstanding shares of the capital common stock of Arkansas Resorts owned by Capitol Communities Corporation, a Nevada corporation ("CPCY"). The Florida Resorts Stock consists of all of the issued and outstanding shares of the capital common stock of Florida Resorts owned by CPCY.
3. The Buyer will be Charlie Corporation ("the Buyer").
4. An exemption from registration has been requested pursuant to the Commissioner's discretionary authority under Ark. Code Ann. § 23-42-504(a)(12). CPCY and Charlie have fully and completely been involved in the negotiation of an agreement for the transfer of the Arkansas Resorts Stock and the Florida Resorts Stock in exchange for the CPCY stock, and they have been, or had the opportunity to be represented in these negotiations by counsel. Charlie has had access to financial and other information concerning CPCY as is necessary to make an informed investment decision. Based upon the foregoing, the Transaction is such that requiring registration is not necessary for the protection of investors, particularly when what is involved is the sale of a business.

CONCLUSIONS OF LAW

5. Under § 23-42-504(a)(12) of the Act, the Commissioner may by order exempt certain transactions from § 23-42-501 and § 23-42-502 of the Act as not being necessary or appropriate in the public interest for the protection of investors.
6. It is not necessary or appropriate in the public interest for the protection of investors for CPCY or Charlie to be required to register the Transaction under the Act for the purposes of the contemplated offering.
7. It is not necessary or appropriate in the public interest for the protection of investors for CPCY or Charlie to be required to engage the services of a registered agent for the purpose of making sales of the securities involved in this Transaction.

OPINION

In recognition of the representations made CPCY & Charlie, it appears registration of this offering of shares of Arkansas Resorts Stock, Florida Resorts Stock, and CPCY Stock is unnecessary in this instance.

This order does not exempt CPCY or Charlie from the antifraud provisions of the Act.

ORDER

IT IS THEREFORE ORDERED that Arkansas Resorts Stock, Florida Resorts Stock, and CPCY stock offered or sold in Arkansas in connection with the proposed Transaction, if offered and sold in compliance with the representations made in the letter of April 1, 1999, and in accordance with the Findings of Fact stated herein, shall be exempted from § 23-42-501 and § 23-42-502 of the Act.

WITNESS MY HAND AND SEAL this 9th day of April, 1999.

MAC DODSON
SECURITIES COMMISSIONER