

MONARCH CASINO & RESORT INC
Form S-3
June 03, 2002

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As filed with the Securities and Exchange Commission on June 3, 2002

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Monarch Casino & Resort, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

88-0300760

(I.R.S. Employer
Identification Number)

**1175 W. Moana Lane, Suite 200
Reno, Nevada 89509
(775) 825-3355**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Ben Farahi, Co-Chairman of the Board of Directors,
Secretary, Treasurer, and Chief Financial Officer
Monarch Casino & Resort, Inc.
1175 W. Moana Lane, Suite 200
Reno, Nevada 89509
(775) 825-3355**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public:

As soon as practicable after the effective date of this registration statement.

If the only securities being registered on this Form are pursuant to dividend or interest reinvestment plans, please check the following box.

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.01 per share	2,300,000	\$15.05(2)	\$34,615,000(2)	\$3,184.58

(1) Includes 300,000 shares subject to the underwriters' over-allotment option granted by the selling stockholders.

(2) Estimated solely for the purpose of computing the registration fee required by Section 6(b) of the Securities Act and computed pursuant to Rule 457(c) under the Securities Act based upon the average of the high and low sale prices of the common stock on May 31, 2002, as quoted on the Nasdaq National Market.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and the selling stockholders are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to completion dated June 3, 2002

PROSPECTUS

June , 2002

2,000,000

Common Shares

The 2,000,000 shares of common stock are being offered by the selling stockholders identified in this prospectus. The selling stockholders have granted the underwriters the right to purchase up to an additional 300,000 shares of common stock to cover over-allotments.

We are not selling any shares of our common stock under this prospectus and will not receive any proceeds from the sale of these shares.

Our common stock is quoted on the Nasdaq National Market under the symbol MCRI. On May 31, 2002, the last reported sale price for our common stock on the Nasdaq National Market was \$15.35 per share.

See "Risk factors" beginning on page 5 for a discussion of certain factors that should be considered by prospective investors in the common stock.

None of the Securities and Exchange Commission, any state securities commission, the Nevada Gaming Commission or the Nevada State Gaming Control Board has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	<u>Price to Public</u>	<u>Underwriting Discounts and Commissions</u>	<u>Proceeds to Selling Stockholders</u>
Per Share			
Total			
The underwriters expect to deliver the shares to purchasers on or about	, 2002.		

Hibernia Southcoast Capital

The Seidler Companies Incorporated

You should rely only on the information we have provided or incorporated by reference in this prospectus. Neither we nor the selling stockholders have authorized anyone to provide you with additional or different information. The selling stockholders are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should assume that the information in this prospectus is accurate only as of the date on the front of the document and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference.

Unless the context indicates otherwise, all references to "Monarch," "we," "our," "ours" and "us" refer to Monarch Casino & Resort, Inc. and its consolidated subsidiary, Golden Road Motor Inn, Inc.

PROSPECTUS SUMMARY

The following is only a summary of certain information in this prospectus. You should read the entire prospectus, including "Risk factors" and our consolidated financial statements and related notes, as well as the documents incorporated by reference in this prospectus, before making an investment decision. Unless otherwise indicated, information in this prospectus assumes that the underwriters' over-allotment option is not exercised.

MONARCH CASINO & RESORT, INC.

General

We own and operate the tropically-themed Atlantis Casino Resort, or the Atlantis, which is located approximately three miles south of downtown Reno in the generally more affluent and rapidly growing southwest area of Reno. The Atlantis contains approximately 51,000 square feet of casino space interspersed with waterfalls, giant artificial palm trees, thatched-roof huts, and other tropical decor; a hotel and a motor lodge with 980 guest rooms; nine food outlets; a nightclub; an enclosed pool with waterfall; an outdoor pool; a health spa; two retail outlets

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offering traditional gift shop merchandise and clothing; an 8,000 square-foot family entertainment center; and approximately 25,000 square feet of banquet, convention and meeting room space.

The Reno-Sparks Convention Center is located across the street from the Atlantis, the only hotel-casino within easy walking distance. The Reno-Sparks Convention Center is currently undergoing a \$105 million expansion and renovation, scheduled to be completed in late July 2002, that will increase its exhibition, meeting room, ballroom, and lobby space from approximately 380,000 square feet to approximately 600,000 square feet.

Atlantis Casino. The Atlantis casino offers approximately 1,500 slot and video poker machines; 37 table games, including blackjack, craps, roulette, Let it Ride, Three Card Poker, Fortune Pai Gow Poker, and Royal Match; a race and sports book (which is operated by an unaffiliated party pursuant to a lease arrangement with us); keno; and a poker room. The Atlantis offers what we believe to be higher than average payout rates on slot machines relative to other northern Nevada casinos and has adopted liberal rules for its blackjack games, including the use of single decks of cards at many tables and allowing the player to "double down" on the first two cards. We seek to attract high-end players through upgraded property amenities and services and by extension of gaming credit after a careful credit history evaluation.

Hotel and Motor Lodge. The Atlantis includes three contiguous high-rise hotel towers with 831 rooms and suites, and a low-rise motor lodge with another 149 rooms, for a total of 980 guest rooms. The rooms on the top seven floors in the newest tower are nearly 20% larger than the standard guest rooms and offer private elevator access, upscale accommodations, and a private concierge service. The Atlantis hotel rooms feature upbeat, colorful interior decorations and furnishings consistent with the Atlantis' tropical theme, as well as nine-foot ceilings (most standard hotel rooms have eight-foot ceilings), which give the rooms an open and spacious feel. The 149-room motor lodge is a two-story structure located adjacent to the hotel. The motor lodge rooms, which are also decorated and furnished consistently with the Atlantis' tropical theme, are smaller than the hotel tower rooms and have standard eight-foot ceilings. We believe the motor lodge rooms appeal to value conscious travelers who still want to enjoy the experience and amenities of a first-class hotel-casino resort.

Restaurants and Dining. The Atlantis has six restaurants, one snack bar and soda fountain, and two gourmet coffee bars, as described below.

The 640-seat Toucan Charlie's Buffet & Grill, the largest buffet style restaurant in Reno, offers a wide variety of standard hot food selections, salads and seafood; specialty substations featuring made to order items such as Mongolian barbecue, fresh Southwest and Asian specialties, and meats roasted in wood-fired rotisserie ovens; and two salad stations

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The aquatic-themed 135-seat Atlantis Seafood Steakhouse gourmet restaurant

The upscale, 230-seat MonteVigna Italian Ristorante, featuring a centrally located wine cellar and seasonal outdoor terrace

The 85-seat Oyster Bar restaurant offering fresh seafood, soups and bisques made to order

The 178-seat 24-hour Purple Parrot coffee shop

The 104-seat Café Alfresco restaurant serving pizzas prepared in a wood-fired, brick oven

Two gourmet coffee bars, both offering specialty coffee drinks and pastries and desserts made fresh daily in the Atlantis bakery

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A snack bar and soda fountain serving ice cream and arcade-style refreshments
The numbers of customers served in our restaurants and banquet, convention and meeting room facilities, or covers, in 2001, 2000, and 1999 were approximately 2,000,000, 2,000,000 and 1,700,000, respectively.

The Sky Terrace. The Sky Terrace is a unique structure with a diamond-shaped, blue glass body suspended approximately 55 feet above street level and spanning 160 feet across South Virginia Street. The Sky Terrace connects the Atlantis with additional parking on a 16-acre site owned by us. The structure is supported at each end by two 100-foot tall Grecian columns with no intermediate support pillars. The tropically-themed interior of the Sky Terrace contains the Oyster Bar, one of the gourmet coffee and pastry bars with adjacent table seating, a video poker bar, banks of slot machines, and a lounge area with oversized leather sofas and chairs.

Business Strategy

The principal aspects of our business strategy are:

Appeal to Middle to Upper-Middle Income Reno Area Residents and Leisure Travelers

Emphasize Slot Machine Play

Capitalize on Atlantis' Site Location to Attract Conventioneers

Offer Service, Value and an Appealing Theme

Focus on Repeat Customers

Utilize Hands-on Management of Operations, Costs and Efficiencies.

Marketing Strategy

Our revenues and operating income are largely dependent on the level of gaming activity at the Atlantis. Our predominant marketing goal is therefore to attract gaming customers. Our secondary goal is to maximize revenues from our hotel, restaurants, cocktail lounges, convention and meeting rooms and other amenities. Our marketing efforts are directed toward three broad consumer groups: Reno area residents, leisure travelers, and conventioneers.

Reno-Lake Tahoe Visitor Market

Reno is Nevada's third largest city and is located in the northern part of the state, approximately 31 miles from Lake Tahoe, 231 miles from San Francisco, 134 miles from Sacramento, 579 miles from Portland, 475 miles from Los Angeles and 441 miles from Las Vegas. The Reno gaming market includes both local residents and Reno-Lake Tahoe area visitors. According to the Nevada State Gaming Control Board, the Reno gaming market generated approximately \$1.0 billion in gaming revenues for calendar year 2001. The Reno-Sparks Convention and Visitors Authority reported that the

Reno market had an estimated 76.9% average hotel occupancy rate for approximately 20,000 hotel rooms in 2001.

The population of Washoe County, which includes the greater Reno area, is approximately 336,000. Reno is a popular resort destination that attracts visitors year round from throughout the United States and Canada. Nearby Lake Tahoe is an internationally recognized ski and

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recreation area. In addition, there is an abundance of outdoor recreational activities around the Reno metropolitan area, such as golf, fishing, swimming, boating, hunting, white water rafting and hiking. According to the Reno-Sparks Convention and Visitors Authority, more than 5.2 million people visited the Reno area during the twelve months ended June 30, 2001.

Recent Event

On May 24, 2002, we dismissed Arthur Andersen LLP and engaged Deloitte & Touche LLP as our independent auditors.

We were incorporated in Nevada in June 1993. Our executive offices are located at 1175 W. Moana Lane, Suite 200, Reno, Nevada 89509 and our telephone number is (775) 825-3355. Our World Wide Web address is <http://www.monarchcasino.com>. Information contained in our World Wide Web site should not be considered to be part of this prospectus.

THE OFFERING

Common stock offered by the selling stockholders	2,000,000 shares
Use of proceeds	We will not receive any proceeds from the sale of the shares by the selling stockholders.
Nasdaq National Market symbol	MCRI

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SUMMARY HISTORICAL FINANCIAL DATA

You should read this summary historical financial data together with "Selected consolidated financial data," "Management's discussion and analysis of financial condition and results of operations" and our consolidated financial statements and the related notes to the consolidated financial statements included elsewhere in this prospectus. The results of operations for the three months ended March 31, 2002 should not be regarded as indicative of results for the full year.

	Three months ended March 31,		Years ended December 31,		
	2002	2001	2001	2000	1999
	(unaudited)				
	(in thousands, except per share data)				
Income statement data					
Net revenues	\$ 25,796	\$ 23,743	\$ 104,516	\$ 96,916	\$ 78,866
Income from operations	3,506	2,324	14,132	9,550	3,798
Net income (loss)	1,585	302	4,602	960	(585)
Net income (loss) per share					
Basic	\$ 0.17	\$ 0.03	\$ 0.49	\$ 0.10	\$ (0.06)
Diluted	\$ 0.17	\$ 0.03	\$ 0.49	\$ 0.10	\$ (0.06)
Weighted average shares outstanding					
Basic	9,436	9,436	9,436	9,436	9,436
Diluted	9,503	9,474	9,480	9,477	9,436
Other data					
EBITDA(1)	\$ 6,055	\$ 4,797	\$ 24,192	\$ 19,512	\$ 11,720
	March 31, 2002	December 31, 2001			
	(unaudited)				
	(in thousands)				
Balance sheet data					

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	March 31, 2002	December 31, 2001
Cash	\$ 7,909	\$ 8,386
Net property and equipment	104,316,732	104,795,141
Total assets	118,723	121,064
Current maturities of long-term debt	8,722	8,106
Long-term debt, less current maturities	61,248	64,237
Stockholders' equity	33,016	31,430

(1)

"EBITDA" consists of income from operations plus depreciation, amortization, and loss on disposal of assets less gain on disposal of assets. EBITDA is a measure that the financial community commonly uses but is not prepared in accordance with accounting principles generally accepted in the United States of America. This definition of EBITDA may not be the same as that of similarly named measures used by other companies. You should consider it in addition to, but not as a substitute for, income from operations, net income and other measures of financial performance prepared in accordance with accounting principles generally accepted in the United States of America that are included in this prospectus.

	Three months ended March 31,		Years ended December 31,		
	2002	2001	2001	2000	1999
	(unaudited)				
	(in thousands)				
Income from operations	\$ 3,506	\$ 2,324	\$ 14,132	\$ 9,550	\$ 3,798
Deprecation and amortization	2,547	2,473	10,085	10,101	7,738
Net (gain) loss on disposal of assets	2		(25)	(139)	184
EBITDA	6,055	4,797	24,192	19,512	11,720

RISK FACTORS

You should consider carefully the factors set forth below as well as the other information contained in this prospectus before purchasing any of our common stock offered hereby.

Our business may be adversely impacted if the Reno economy declines

We heavily market to and rely upon business from Reno area residents. In recent years, Reno has enjoyed robust business growth and has attracted a number of technology, product distribution and marketing companies. These businesses have created jobs and helped fuel residential development, including the southwest Reno metropolitan area near the Atlantis. Should there be negative changes in the business and job conditions in Reno, our locals business, which is the most substantial part of our overall business, could be adversely impacted.

Our business may be adversely impacted by weakened economic conditions in northern California and the Pacific Northwest

Because California and the Pacific Northwest are significant markets for our leisure traveler and conventioner customers, our business may be adversely impacted by weakened economic conditions in those geographical markets.

Failure of the Reno-Sparks Convention Center to book and attract convention business could adversely impact our business

The Atlantis is the closest hotel-casino to the Reno-Sparks Convention Center, which is currently undergoing a \$105 million expansion and renovation scheduled for completion in late July 2002. If the expanded Reno-Sparks Convention Center does not succeed in booking the anticipated level of conventions, our future results of operations could be adversely impacted.

Our business may be adversely impacted by expanded Native American gaming operations in California and the Pacific Northwest

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Our largest source of leisure traveler customers is California and the Pacific Northwest, including a large number who drive to Reno from the San Francisco and Sacramento metropolitan areas. Since a California constitutional amendment passed in 1999, development has commenced on several large-scale Native American-owned casino facilities in that state, some of which are located close to our key markets. Our business may be adversely impacted if the California Native American casinos attract patrons who would otherwise travel to Reno. This risk may be greater during winter months when interstate highways may be subject to weather-related travel restrictions.

The gaming industry is highly competitive and increased competition could have a material adverse effect on our future operations

The gaming industry is highly competitive. As competitive pressures from California Native American casinos increase, other Reno area casinos may intensify their targeting of the Reno area resident market, which is one of our key markets. Increased competitive pressures in the local market could adversely impact our ability to continue to attract local residents to the Atlantis, or require us to compete with promotional activities by competitors using more expensive and therefore less profitable promotions.

In addition, Native American gaming facilities in California and other jurisdictions in some instances operate under regulatory requirements less stringent than those imposed on Nevada licensed casinos, which could afford them a competitive advantage and lead to increased competition in our markets. Moreover, increases in the popularity of, and competition from, Internet and other account wagering gaming services, which allow their customers to wager on a wide variety of sporting events and play Las Vegas-style casino games from home, could have a material adverse effect on our business, financial condition, operating results and prospects.

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Adverse winter weather conditions in the Sierra Nevadas and Reno-Lake Tahoe area could have a material adverse effect on our results of operations and financial condition

Adverse winter weather conditions, particularly snowfall, can deter our customers from traveling or make it difficult for them to frequent the Atlantis. Adverse winter weather would most significantly affect our drive-in customers from northern California and the Pacific Northwest. If the Reno area itself were to experience prolonged adverse winter weather conditions, our results of operations and financial condition could also be materially adversely affected.

Our results of operations may be adversely affected by high-end players

Although high-end players are not the major focus of our marketing efforts, we have selectively targeted them since opening our newest tower in 1999. Should one of more of these high-end players win large sums in our casino or should a material amount of credit extended to such players not be repaid, there could be an adverse impact on our results of operations.

Terrorist attacks may seriously harm our business

The terrorist attacks that took place in the United States on September 11, 2001 were unprecedented events that created economic and business uncertainties, especially for the travel and tourism industry. The potential for future terrorist attacks, the national and international responses, and other acts of war or hostility have created economic and political uncertainties that could materially adversely affect our business, results of operations, and financial condition in ways we currently cannot predict.

Our dependence on debt financing may impair our financial condition and we may not be able to refinance our variable interest rate debt on favorable terms

We depend on debt financing to operate and expand our company and have a substantial variable interest expense. There can be no assurance that we will be able to refinance on favorable terms the approximately \$40.0 million of our reducing variable interest rate debt (approximately \$64.0 million as of May 15, 2002) that matures on June 30, 2004.

The Farahi family owns a majority of our common stock and controls our affairs

Messrs. John, Bob and Ben Farahi, our Chief Executive Officer, President, and Chief Financial Officer, respectively, as well as the Co-Chairmen of our Board of Directors, own approximately 65.7% of our outstanding common stock. Their sister, Jila Farahi, owns approximately 9.0%. Upon completion of this offering, the Farahi family will own approximately 54% of our outstanding common stock. Accordingly, the Farahi family has, and will continue to have, the ability to control our operations and affairs, including the election of the entire Board of Directors and, except as otherwise provided by law, other matters submitted to a vote of the stockholders, including a merger,

consolidation or sale of the assets of Monarch.

A change in control could result in the acceleration of our debt obligations

Certain changes in control could result in the acceleration of the repayment of our bank debt. This acceleration could be triggered in the event the Farahi family sells enough of their stock to result in another stockholder's acquiring more than 50% of shares outstanding or upon their deaths if their respective heirs must sell a substantial number of shares of our common stock to obtain funds to pay estate tax liabilities. We cannot assure you that we would be able to repay indebtedness whose maturity is accelerated as a result of such a change in control, and such an inability would materially adversely affect our financial condition.

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If we lose our key personnel, our business could be materially adversely affected

We depend on the continued performances of John Farahi, Bob Farahi and Ben Farahi, our Chief Executive Officer, our President, and our Chief Financial Officer, respectively, and their management team. If we lose the services of the Farahi brothers, or our other senior Atlantis management personnel, and cannot replace such persons in a timely manner, our business could be materially adversely affected.

Our business is subject to restrictions and limitations imposed by gaming regulatory authorities that could adversely affect us

The ownership and operation of casino gaming facilities are subject to extensive state and local regulation. The State of Nevada and the applicable local authorities require various licenses, registrations, permits and approvals to be held by us and our subsidiary. The Nevada Gaming Commission may, among other things, limit, condition, suspend, revoke or decline to renew a license or approval to own the stock of our Nevada subsidiary for any cause deemed reasonable by such licensing authority. If we violate gaming laws or regulations, substantial fines could be levied against us, our subsidiary and the persons involved, and we could be forced to forfeit portions of our assets. The suspension, revocation or non-renewal of any of our licenses or the levy on us of substantial fines or forfeiture of assets would have a material adverse effect on our business, financial condition and results of operations.

To date, we have obtained all governmental licenses, findings of suitability, registrations, permits and approvals necessary for the operation of our current gaming activities. However, gaming licenses and related approvals are deemed to be privileges under Nevada law. We cannot assure you that our existing licenses, permits and approvals will be maintained or extended.

If the State of Nevada or the City of Reno increases gaming taxes and fees, our results of operations could be adversely affected

State and local authorities raise a significant amount of revenue through taxes and fees on gaming activities. From time to time, legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. In addition, worsening economic conditions could intensify the efforts of state and local governments to raise revenues through increases in gaming taxes. If the State of Nevada or the City of Reno were to increase gaming taxes and fees, our results of operations could be adversely affected.

FORWARD-LOOKING STATEMENTS

Certain information included in the section entitled "Risk factors" and elsewhere in this prospectus contains statements that may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, such as statements relating to anticipated expenses, capital spending and financing sources. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "intend," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," or the negative of such terms or other comparable terminology. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made herein. These risks and uncertainties include, but are not limited to, those relating to competitive industry conditions, expansion of Native American gaming in California and the Pacific Northwest, Reno area tourism conditions, economic conditions in California and the Pacific Northwest, periodic fluctuations in casino win percentages, impacts from Atlantis refurbishments and improvement projects, dependence on existing management, leverage and debt service (including sensitivity to fluctuations in interest rates), the regulation of the gaming industry (including actions affecting licensing), outcome of litigation, terrorist attacks, domestic or global economic conditions, and changes in federal or state tax laws or the administration of such laws.

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Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, events, levels of activity, performance or achievements. Except as may be required by law, we undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available in the future.

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PRICE RANGE OF OUR COMMON STOCK

Our common stock is quoted on the Nasdaq National Market under the symbol MCRI. The following table reflects the range of high and low sale prices as reported on the Nasdaq National Market for the quarters identified below:

	<u>High</u>	<u>Low</u>
Year ended December 31, 1999		
First Quarter	\$ 8.313	\$ 5.250
Second Quarter	7.000	5.344
Third Quarter	7.750	5.500
Fourth Quarter	7.250	5.250
Year ended December 31, 2000		
First Quarter	\$ 5.938	\$ 3.500
Second Quarter	5.875	3.875
Third Quarter	6.063	4.500
Fourth Quarter	5.938	4.313
Year ended December 31, 2001		
First Quarter	\$ 6.000	\$ 4.500
Second Quarter	5.600	4.400
Third Quarter	6.100	5.000
Fourth Quarter	8.110	5.300
Year ended December 31, 2002		
First Quarter	\$ 11.717	\$ 7.410
Second Quarter (through May 31, 2002)	15.350	9.000

On May 31, 2002, the last reported sale price of our common stock on the Nasdaq National Market was \$15.35 per share. As of May 14, 2002, there were 114 holders of record of our common stock and approximately 500 beneficial owners.

DIVIDEND POLICY

We have never declared or paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. We currently intend to retain all earnings to fund our working capital, debt service and capital expenditures and for general corporate purposes. The authority to declare dividends is at the discretion of our Board of Directors, but our bank credit facility contains provisions requiring the achievement of certain financial ratios before we can pay or declare dividends. We currently meet all such financial ratios.

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CAPITALIZATION

The following table sets forth our cash and capitalization as of March 31, 2002. You should read the following table along with "Management's discussion and analysis of financial condition and results of operations" and consolidated financial statements and notes included in this prospectus. There is no change in our capitalization after giving effect to this offering because we are not receiving any proceeds.

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	March 31, 2002
	(unaudited) (in thousands)
Cash	\$ 7,909
Current maturities of long-term debt	\$ 8,722
Long-term debt, less current maturities	61,248
Total debt	69,970
Stockholders' equity	
Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued	
Common stock, \$.01 par value, 30,000,000 shares authorized; 9,436,275 outstanding(1)	95
Additional paid-in capital	17,242
Treasury stock, at cost	(330)
Retained earnings	16,008
Total stockholders' equity	33,016
Total capitalization	\$ 102,986

(1) 9,468,880 shares outstanding after the offering, reflecting the exercise of stock options subsequent to March 31, 2002.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the shares of common stock offered by the selling stockholders. All of the net proceeds from the sale of the shares will go to the selling stockholders.

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SELECTED CONSOLIDATED FINANCIAL DATA

We derived the following selected consolidated financial data presented below as of and for each of the five years ended December 31, 2001 from our audited consolidated financial statements. We derived the selected historical financial data as of and for the three months ended March 31, 2002 and 2001 from our unaudited condensed consolidated financial statements, which include all adjustments, consisting of normal recurring adjustments, which are, in our opinion, necessary for a fair presentation of our results of operations for such periods. The results of operations for the three months ended March 31, 2002 are not necessarily indicative of the results for the full year. You should read the selected consolidated financial data set forth below in conjunction with "Management's discussion and analysis of financial condition and results of operations" and the consolidated financial statements and related notes included elsewhere in this prospectus (except for the consolidated financial statements as of and for the years ended December 31, 1997 and 1998, which are not included in this prospectus).

Three months ended March 31,		Years ended December 31,				
2002	2001	2001(1)	2000(2)	1999(3)	1998(4)	1997(5)
(in thousands, except per share data)						

Operating results

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	Three months ended		Years ended December 31,					
	March 31,							
Casino revenues	\$ 16,579	\$ 14,993	\$ 64,908	\$ 59,372	\$ 48,345	\$ 40,717	\$ 37,254	
Hotel revenues	4,379	4,090	19,022	18,280	14,808	10,948	10,200	
Food and beverage revenues	8,003	7,510	31,961	30,061	25,189	18,169	17,841	
Other revenues	831	783	3,478	3,373	3,230	2,685	2,324	
Gross revenues	29,792	27,376	119,369	111,086	91,572	72,519	67,619	
Promotional allowances	(3,996)	(3,634)	(14,853)	(14,170)	(12,707)	(10,009)	(8,504)	
Net revenues	25,796	23,742	104,516	96,916	78,865	62,510	59,115	
Income from operations	3,506	2,324	14,132	9,550	3,798	8,083	9,159	
Income (loss) before income tax and extraordinary item	2,388	459	6,888	1,386	(945)	5,681	5,722	
Income (loss) before extraordinary item	1,585	302	4,602	960	(585)	3,760	3,710	
Net income (loss)	\$ 1,585	\$ 302	\$ 4,602	\$ 960	\$ (585)	\$ 3,760	\$ 3,526	
Income (loss) per share of common stock								
Income (loss) before extraordinary item								
Basic	\$ 0.17	\$ 0.03	\$ 0.49	\$ 0.10	\$ (0.06)	\$ 0.40	\$ 0.39	
Diluted	\$ 0.17	\$ 0.03	\$ 0.49	\$ 0.10	\$ (0.06)	\$ 0.40	\$ 0.39	
Net income (loss)								
Basic	\$ 0.17	\$ 0.03	\$ 0.49	\$ 0.10	\$ (0.06)	\$ 0.40	\$ 0.37	
Diluted	\$ 0.17	\$ 0.03	\$ 0.49	\$ 0.10	\$ (0.06)	\$ 0.40	\$ 0.37	
Weighted average number of common shares and potential common shares outstanding								
Basic	9,436	9,436	9,436	9,436	9,436	9,436	9,444	
Diluted	9,503	9,474	9,480	9,477	9,436	9,502	9,479	
Other data								
EBITDA(6)	\$ 6,055	\$ 4,797	\$ 24,192	\$ 19,512	\$ 11,720	\$ 13,475	\$ 13,284	
Depreciation and amortization	\$ 2,547	\$ 2,472	\$ 10,085	\$ 10,101	\$ 7,738	\$ 4,436	\$ 4,125	
Interest expense, net	\$ 1,118	\$ 1,866	\$ 7,243	\$ 8,165	\$ 4,742	\$ 2,403	\$ 3,437	
Capital expenditures(7)	\$ 1,811	\$ 361	\$ 4,488	\$ 3,866	\$ 46,132	\$ 34,482	\$ 2,270	
Balance sheet data								
Total assets	\$ 118,723	\$ 124,807	\$ 121,064	\$ 126,391	\$ 131,654	\$ 96,732	\$ 67,828	
Current maturities of long-term debt	\$ 8,722	\$ 8,171	\$ 8,106					