AFFINITY GAMING

FORM 10-K
(Annual Report)

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Address	3755 BREAKTHROUGH WAY SUITE 300 LAS VEGAS, NV 89135
Telephone	(702) 341-2400
CIK	0001499268
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2015

Commission File Number 000-54085

Affinity Gaming

Nevada	02-0815199
State of Incorporation	IRS Employer Identification Number
3755 Breakthrough Way, Suite 300 Las Vegas, Nevada 89135	702-341-2400
Address, including zip code, of principal executive offices	Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $0.001 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not 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-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of June 30, 2015 , the aggregate market value of voting and non-voting common equity held by non-affiliates of Affinity Gaming could not be calculated as no established public trading market for our equity exists.

Applicable only to registrants involved in bankruptcy proceedings during the preceding five years

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☑ No ☐

No established public trading market for our common stock currently exists. As of March 15, 2016 , 20,377,247 shares of our common stock were outstanding.

Documents Incorporated By Reference

Information required by Part III of this Annual Report on Form 10-K is incorporated by reference to portions of our definitive proxy statement for our 2016 annual meeting of stockholders which we will file with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended December 31, 2015 .

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the U.S. federal securities laws. You can identify forward-looking statements by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “projects,” “may,” “will” or “should,” or the negative or other variation of these or similar words, or by discussions of strategy or risks and uncertainties, and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements we make regarding:

- our ability to attract and retain customers;
- our expectation that customers will continue to face economic uncertainty and that their discretionary spending will remain at reduced levels in the near term;
- expectations regarding the operation of slot machines and table games at our casino properties;
- our expectation regarding the effects of our promotional campaigns and marketing program on reducing costs and improving operating margins;
- our anticipation that growth will come from the improvement and expansion of our existing properties or through strategic acquisitions;
- our ability to stabilize or improve cash flows from our properties by employing capital;
- implementation of business initiatives, including mobile gaming, our player loyalty club and “A-Play” card;
- implementation and results of key cost controls and expense savings programs, including player loyalty club points refinements, and minimum balances for redemptions;
- competition, including our casinos’ competitive advantages, the threat of new market entrants in our existing locations, increases in popularity of internet gambling, the potential issuance of additional gaming licenses in Midwest Markets and potential introduction of video lottery terminals in Colorado;
- potential imposition by state and local licensing authorities of limits, conditions or suspension of gambling or liquor licenses for violations of laws or regulations;
- the potential need to make additional expenditures to remain in, or to achieve, compliance with environmental laws;
- the impact of new laws or regulations, or material differences in interpretations by courts or governmental authorities;
- estimated and projected costs, capital expenditures and expense savings;
- the adequacy of cash flows from operations, available cash and available amounts under our credit facility to meet future liquidity needs; and
- our continued viability, our operations and results of operations.

We base these and other forward-looking statements on our current expectations and assumptions regarding our business, the economy and other future conditions; however, our actual results may differ materially from those contemplated by the forward-looking statements. We caution you, therefore, that you should not rely on any of these forward-looking statements as statements of historical fact or as guarantees or assurances of future performance. Forward-looking statements, which by their nature relate to the future, are subject to inherent uncertainties, risks and changes in circumstances which we cannot easily

predict. Important factors that could cause actual results to differ materially and adversely from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions, as well as the following:

- our debt service requirements which may adversely affect our operations and ability to compete;
- our ability to generate cash to service our substantial indebtedness which depends on many factors that we cannot control ;
- the impact of restrictions under, and results of noncompliance with, the terms of our credit agreement and notes indenture;
- inherent construction project risks, which may hinder expansion and renovation projects;
- rising gasoline prices;
- intense competition;
- extensive regulation from gaming and other government authorities;
- changes to applicable gaming and tax laws;
- severe weather conditions and other natural disasters that affect visitation to our casinos;
- environmental contamination and remediation costs;
- pending and potential litigation;
- reductions in spending as a result of economic downturns and other factors;
- changes in income tax, payroll tax and health care benefits laws;
- additional gaming licenses being granted in or adjacent to jurisdictions where we operate;
- breaches of our information systems resulting in loss or compromise of customer data;
- changes in the smoking laws; and
- other factors as described in “Risk Factors” of this Annual Report on Form 10-K for the year ended December 31, 2015 (“ 2015 Form 10-K”).

Any forward-looking statement made by us in this report speaks only as of the date of this report. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

PART I

ITEM 1. BUSINESS.

OUR COMPANY

We are a Nevada corporation, headquartered in Las Vegas, which owns and operates 11 casinos in four states— five in Nevada, three in Colorado, two in Missouri and one in Iowa. In addition to our diverse, multi-jurisdictional casino operations, we provided consulting services to the operator of the Rampart Casino at the JW Marriott Resort in Las Vegas until that consulting arrangement expired on April 1, 2015.

On December 20, 2012, we converted Affinity Gaming, LLC from a Nevada limited liability company into a Nevada corporation (the "Conversion"), and for purposes of Rule 12g-3(a), we are the successor issuer to Affinity Gaming, LLC. In relation to our emergence from Chapter 11 bankruptcy proceedings on December 31, 2010 we use the term "Successor" to refer to Affinity Gaming and the term "Predecessor" to refer to Herbst Gaming, Inc. and its subsidiaries. Each of these transactions is described further in our previous filings with the U.S. Securities and Exchange Commission.

OUR BUSINESS STRATEGY

We focus on providing an enticing entertainment option for value-oriented, high frequency customers. We also cater to drive-in tourist patrons whom we can entice to repeat their visits. Generating customer satisfaction and loyalty is critical to maintaining these high frequency patrons.

Local patrons typically are gaming customers who seek convenient locations that offer affordable dining and a pleasant atmosphere. Proximity and value initially attracts a customer to our casino properties. We seek to provide attentive customer service in a friendly, casual atmosphere with a clean, safe environment offering a wide selection of gaming options including slot machines and table games.

We anticipate that our growth will come from the improvement and expansion of our existing properties and through strategic acquisitions. Our key focus remains on increasing the operating margins of our existing properties through a combination of stringent expense management and competitive market-based pricing. We continuously review the operating performance of each of our properties to assess the feasibility of enhancing their performance through targeted marketing campaigns designed to competitively reward our repeat customers, and expense management programs. We also assess growth opportunities through capital investments in our properties. In doing so, we analyze the anticipated relative costs and benefits of the project or capital expenditure under consideration against the availability of cash flows generated through operations and available debt financing along, with competitive and other relevant factors.

OUR PROPERTIES

Casino Operations

The majority of our casino properties focus on local customers, with an emphasis on slot machine play. The following table summarizes our casino operations as of December 31, 2015 :

Property	Location	Year Built [1]	Acres	Gaming Square Feet	Slots	Table Games	Hotel Rooms	Parking Spaces
Nevada								
Primm Valley	Primm	1990	63	38,000	754	26	626	1,100
Buffalo Bill's	Primm	1994	61	62,000	856	28	1,243	2,960
Whiskey Pete's	Primm	1977	80	36,000	551	10	779	1,897
Silver Sevens	Las Vegas	2006	12	25,000	817	8	327	885
Rail City	Sparks	2007	8	24,000	852	5	—	541
Total Nevada			224	185,000	3,830	77	2,975	7,383
Midwest								
St Jo Frontier	St. Joseph, MO	2005	48	13,000	509	10	—	636
Mark Twain [2]	LaGrange, MO	2001	21	18,000	636	13	—	591
Lakeside [2]	Osceola, IA	2005	214	36,000	905	12	150	1,298
Total Midwest			283	67,000	2,050	35	150	2,525
Colorado								
Black Hawk Casinos	Black Hawk, CO	[3]	4	36,400	1,049	19	—	717
Total			**511**	**288,400**	**6,929**	**131**	**3,125**	**10,625**

(1) This column presents the year the property was built or most recently remodeled.
(2) Mark Twain and Lakeside also have 8 and 47 RV spaces, respectively.
(3) Golden Mardi Gras Casino, Golden Gulch Casino and Golden Gate Casino were built or remodeled in 2000, 2003 and 1992, respectively.

Nevada Casinos

Primm Casinos

Affinity Gaming owns the improvements and leases the real estate on which Primm Valley Resort & Casino ("Primm Valley"), Buffalo Bill's Resort & Casino ("Buffalo Bill's") and Whiskey Pete's Hotel & Casino ("Whiskey Pete's" and together with Primm Valley and Buffalo Bill's, the "Primm Casinos") are located in Primm, Nevada. Primm is on the Nevada-California state line along Interstate 15, the major interstate route between Los Angeles and Las Vegas. The Primm Casinos collectively own and manage three gas station/convenience stores, which include two Starbucks Coffee outlets and other nationally-known quick-serve restaurants, as well as one California Lottery store. Two 18-hole, Tom Fazio-designed golf courses with a full-service restaurant and club house, leased and managed by a third-party, are located nearby.

Primm Valley . Primm Valley offers a race and sports book operated by a third party and 21,000 square feet of convention space. Primm Valley has a full-service coffee shop operated by a third party, an Original House of Pancakes, a buffet and the GP Steakhouse. The resort has a swimming pool and a 13,000 square foot full-service spa. Primm Valley is connected to the "Fashion Outlets of Las Vegas," a retail complex owned by a third party which houses over 100 designer outlet stores,

including a Williams Sonoma Outlet store, Coach, Tommy Bahama, and Banana Republic factory outlet stores. A Chevron gas station and convenience store and a Texaco gas station are also located on site.

Buffalo Bill's . Buffalo Bill's offers a race and sports book operated by a third party, a Denny's operated by a third party, a buffet and a Mexican restaurant. The western-themed property also has extensive entertainment amenities, including the 6,800 seat "Star of the Desert" arena, which features a variety of entertainment throughout the year. Buffalo Bill's has a roller coaster, as well as water park log rides, a pool, a movie theater and a midway-style arcade.

Whiskey Pete's. Whiskey Pete's offers two full-service bars, a travel center branded with Flying J diesel fuel and Chevron gasoline, a full-service coffee shop operated by a third party, a weekend buffet, a McDonald's restaurant, an International House of Pancakes, an 8,000 square foot special events and concert venue with 650 seats, and a swimming pool.

Silver Sevens

Silver Sevens Hotel & Casino in Las Vegas, Nevada ("Silver Sevens"), has a race and sports book operated by a third party, a 195-seat bingo facility, a buffet and a 24-hour café. Silver Sevens is conveniently located approximately one mile east of the Las Vegas Strip, which we believe appeals to locals who wish to avoid the congestion of the Strip. Silver Sevens' favorable location also has made it popular with Strip casino employees. Although not a tourist destination due to the limited number of rooms, the property receives some tourist traffic through the casino due to its proximity to the airport, the Las Vegas Strip, the University of Nevada - Las Vegas and the Las Vegas Convention Center.

Rail City

Rail City Casino in Sparks, Nevada ("Rail City") has live keno, a sports book operated by a third party, a 24-hour family-style restaurant, a buffet and an ale house and brew pub.

Midwest Casinos

St Jo

The St Jo Frontier Casino ("St Jo"), a riverboat casino located in a man-made basin adjacent to the Missouri River in St. Joseph, Missouri, offers a coffee-shop-style restaurant/buffet and lounge, as well as an additional bar and snack bar in the casino and 2,400 total square feet of conference and meeting space. The casino and its amenities have a locally-popular western theme based on St. Joseph's heritage as the founding location and headquarters of the Pony Express. St Jo owns 48 acres of land, 30 acres of which are undeveloped.

Mark Twain

Mark Twain Casino ("Mark Twain"), a riverboat casino located in a man-made basin adjacent to the Mississippi River in LaGrange, Missouri, offers a coffee shop style restaurant/bar and an additional bar in the casino. The casino has a locally popular theme based on Mark Twain, who grew up in and wrote about nearby Hannibal, Missouri.

Lakeside

Lakeside Casino Resort ("Lakeside"), a riverboat casino located on West Lake in Osceola, Iowa, 40 miles southwest of Des Moines, offers 10,000 square feet of conference and meeting facilities that may also be used for concerts, a fitness center, an outdoor concert/entertainment venue, an indoor pool and exercise room, and a gift shop. In addition, Lakeside has a coffee-shop-style restaurant/buffet and lounge located in the main lobby, two bars located in the casino, a convenience store and a Pilot truck stop and gas station located adjacent to the casino. Lakeside owns approximately 119 acres of land, of which 50 acres are undeveloped. Lakeside also leases approximately 95 acres surrounding West Lake from the City of Osceola, Iowa and its water works board.

Black Hawk Casinos

The Golden Mardi Gras Casino, Golden Gates Casino and Golden Gulch Casino together, the ("Black Hawk Casinos") are located in close proximity to one another along a half-mile strip of casino and casino-hotel properties in the historic mining town of Black Hawk, Colorado. The Black Hawk Casinos collectively offer three restaurants, four bars, a Dunkin' Donuts kiosk and one of the only parking garages in the market, offering 693 spaces. The casinos are well-positioned within the market with their large parking garage located in the center of the main gaming district at a key intersection between other properties.

COMPETITION

Nevada Market

Our properties in Primm compete for value-oriented customers with casinos in the Las Vegas market and outside of the Las Vegas market in places like Henderson, Jean, Laughlin and Mesquite, Nevada. The Primm casinos also compete with Native American properties in Southern California, which have become an increasingly attractive alternative for California customers seeking Las Vegas style casinos. Our Primm casinos rely heavily upon the number of customers they can draw from Interstate 15, which stretches between Las Vegas, Nevada and Los Angeles, California. We compete with other gaming companies as well as other hospitality companies which provide accommodations and amenities for leisure and business travelers. In many cases, our competitors have greater name recognition and financial resources to reinvest in their properties; they offer similar restaurant, entertainment and other amenities and they target the same demographic group we target. The proximity of Native American casinos to our Primm properties, including the threat of new market entrants in areas such as Barstow, California, could significantly impact our business.

Silver Sevens primarily competes for local gaming customers with other locals-oriented casino/hotels in Las Vegas. We believe Silver Sevens also competes with the smaller, value-oriented Strip hotel/casino properties. Silver Sevens competes on the basis of convenience of location, a more personalized approach to customer service, casino promotions, and the availability, comfort and value of restaurants and hotel rooms.

Rail City operates in the Reno/Sparks market, and competes for local gaming customers with other locals-oriented casinos and casino/hotels. The Reno/Sparks market is characterized by intense competition among casinos. Many of our direct competitors in the Reno market have greater facility and amenity offerings than we do.

Midwest Market

Each of Lakeside, Mark Twain and St Jo competes for local gaming customers with other casinos in their respective markets.

Lakeside is located along Interstate 35, approximately 45 miles southwest of Des Moines, Iowa. Its primary competitors are the Prairie Meadows Casino, the Riverside Casino and Golf Resort, and the Meskwaki Bingo Casino Hotel. The Prairie Meadows Casino is located in the Altoona/Des Moines market approximately 60 miles from Lakeside, and approximately 10 miles northeast of Des Moines. Riverside Casino and Golf Resort is located in Riverside, Iowa, approximately 175 miles from Osceola. The Meskwaki Bingo Casino Hotel is located in Tama, Iowa and is approximately 110 miles from Lakeside. In August 2015, a new casino and hotel opened in Jefferson, Iowa, approximately 70 miles northwest of Des Moines.

Mark Twain, in LaGrange, Missouri, is the only casino in northeast Missouri and is approximately 15 miles from Quincy, Illinois and approximately 25 miles from Hannibal, Missouri. The closest casino to Mark Twain is the Catfish Bend Casino, located in Burlington, Iowa, which is approximately 75 miles from LaGrange. Local customers also frequent the the St. Louis, Missouri casinos in addition to our facility. Illinois has approved the addition of video lottery terminals ("VLTs") in bars throughout the state. The expansion of VLTs in Illinois has adversely affected the results of operations at Mark Twain.

St Jo is approximately 50 miles north of Kansas City, Missouri. St Jo primarily targets residents of St. Joseph, Missouri and is the only casino in St. Joseph. However, St Jo competes indirectly with five casinos in and around Kansas City. To a lesser

extent, St Jo also competes with several Native American casinos, the closest of which is approximately 45 miles from St. Joseph.

Certain states have recently legalized, and other states are considering legalizing, casino gaming in certain areas. In addition, states such as Illinois and Kansas have awarded additional gaming licenses or are considering expanding permitted gaming. The award of one or more additional licenses in Iowa or in other locations close to Lakeside, Mark Twain or St Jo would be expected to adversely affect our results of operations and financial condition.

Colorado Market

Our Black Hawk casinos compete with approximately 25 other gaming operations located in the Black Hawk/Central City gaming market. The Black Hawk/Central City gaming market is insulated from other casino gaming markets, with no casinos within 50 miles. In the past, proposals have been made for the development of Native American, racetrack and video lottery terminal casinos throughout the state. Neither the state's electorate nor the state's legislature has adopted any of these proposals; however, their proponents persist in their efforts, and we anticipate the challenges created by them to continue. Any form of additional gaming authorized in the Denver metropolitan area would adversely affect the Black Hawk Casinos.

INTELLECTUAL PROPERTY

While our business as a whole is not substantially dependent on any one mark or combination of marks or other intellectual property, we seek to establish and maintain our proprietary rights in our business operations through the use of intellectual property laws. We file applications for and obtain trademarks and service marks in the United States. We also seek to maintain our trade secrets and confidential information by nondisclosure policies and through the use of appropriate confidentiality agreements.

We own or have applied for, among others, the following registered trademarks and respective design logos: "Affinity Gaming," "A-Play," "A-Play Connect," "Silver Sevens," "Buffalo Bill's Resort & Casino," "Desperado," "Primm Center," "Primm Valley Casino Resorts," "Primm Valley Lotto Store," "Primm Valley Resort & Casino," "Star of the Desert Arena," "Whiskey Pete's," "Whiskey Pete's Hotel Casino," "Rail City," "Rail City Ale House," "Golden Mardi Gras Casino," "Golden Gates Casino," and "Golden Gulch Casino."

We consider all of these marks, and the associated name recognition, to be valuable to our business, and we are not aware of any third party claims against the use or registration of our trademarks at this time.

SEASONALITY

Our casinos in Northern Nevada, the Midwest and Colorado experience extreme weather conditions that interrupt our operations. Additionally, our casinos in Missouri are subject to flooding depending on the water levels of the Missouri and Mississippi Rivers. If there is a prolonged disruption at any of our properties or if there are a disproportionate number of weekends affected by extreme weather, our results of operations and financial condition could be materially adversely affected.

ENVIRONMENTAL LAWS

In 2011, during the excavation phase at the site of our Whiskey Pete's travel center, we encountered several contaminated underground sites on the property which required soil remediation and groundwater testing. Much of the contamination resulted from underground fuel storage tanks which served a gas station operated more than 35 years ago, as well as from abandoned underground fuel lines. We also began testing at the direction of the Nevada Division of Environmental Protection to determine the extent to which the contamination has affected the groundwater, and we have agreed to continue monitoring the groundwater for a period of at least two more years.

Through December 31, 2015 , we have incurred approximately $4.0 million on remediation work at the Whiskey Pete's site. We have an insurance policy which provides coverage for environmental remediation costs of up to $5.0 million . We received $1.0 million from our insurer in 2013, $0.6 million in 2014 and $0.3 million in 2015. Additionally, we may be required to make additional expenditures to remain in, or to achieve, compliance with environmental laws in the future and such expenditures may be material.

GOVERNMENTAL REGULATION

The gaming industry is highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. Each of our casinos is subject to extensive regulation under the laws, rules and regulations of the state and local jurisdiction where it is located. These laws, rules and regulations generally concern the responsibility, financial stability and character of the owners, managers, employees and persons with financial interests in the gaming operations. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. A more detailed description of the regulations we are subject to is included in Exhibit 99.1 to this annual report, which is incorporated herein by reference.

Our businesses are subject to various federal, state and local laws and regulations in addition to gaming regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, tobacco, environmental matters, employees, currency transactions, taxation, zoning and building codes, and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our operating results.

COMPETITIVE STRENGTHS

Diversified Asset Portfolio

As previously noted, our casino operations consist of 11 casinos, five of which are located in Nevada, three in Colorado, two in Missouri and one in Iowa . As of December 31, 2015 , our casinos offered 6,929 slot machines and 131 table games in four states.

Stabilized Portfolio

We worked hard to manage our portfolio through the recent economic downturn, expending great effort to improve efficiency and increase profitability in markets which have experienced stagnant to decreasing total revenue. We have also focused on making modest investments in capital projects intended to stabilize or improve the cash flow from our properties.

MARGIN-ENHANCEMENT PROGRAMS

Marketing

- Reduce mail program size to reduce cost and focus offers on higher net worth customers
- Direct reinvestments into the player loyalty club have been re-evaluated to focus promotional spend to enhance profitability
- Market based pricing on food, beverage and fuel
- Implementation of yield management on our hotel portfolio

Payroll and Related

- Full-time employees and related payroll expense are closely monitored across the enterprise to minimize operating expenses and maximize operating margins

Key Cost Controls

- Player loyalty club point refinements to redemption periods, minimum balance for redemptions
- Cost of sales reduction
- Energy efficiency projects implemented across the portfolio to reduce energy costs
- Outsourced restaurants to strategically-branded third parties
- Payroll efficiencies

HIGH-LEVEL BUSINESS STRATEGY

During 2012 and 2013, our management team divested of non-core operations and invested in the strengths of the organization. The divestitures of six smaller Nevada casinos and slot route during that period freed up capital and management time to focus on the efficient operation of core assets and profitable growth opportunities including the Black Hawk Casinos acquired in 2012. Management is committed to selectively seeking development and expansion opportunities, including entering into new markets, investing in existing operations where it sees opportunities to promote growth, and leveraging its established platform to grow revenue through management and consulting contracts. We will continue to evaluate opportunities to further diversify our portfolio, maximize profits from existing operations, incorporate business intelligence, efficiently allocate capital and strategically hire skilled and experienced individuals for key positions.

REFINANCING TRANSACTIONS

On May 9, 2012, we (i) issued $200.0 million of 9.00% senior unsecured notes due 2018 (the "2018 Notes"), and (ii) borrowed under our new Credit Agreement, dated May 9, 2012 (the "Credit Agreement"), which provides for a $200.0 million term loan (the "Initial Term Loan") due in 2017, the entirety of which the lenders disbursed to us on the closing date of the Credit Agreement, and a $35.0 million revolving credit facility (the "Revolving Credit Facility" and, together with the Initial Term Loan, the "New Credit Facility") which remained undrawn on the closing date of the Credit Agreement. Approximately $38.6 million of cash from the issuance of the 2018 Notes and our borrowings under the New Credit Facility remained after we paid related transaction expense and repaid all of our previously outstanding credit facility.

On December 13, 2013, we completed the first amendment to the Credit Agreement (the "First Amendment"), which among other things, changed the interest rates for the Initial Term Loan.

On July 22, 2014, we completed an amendment and waiver (the "Second Amendment") to the Credit Agreement. The Second Amendment increased the applicable LIBOR rate floor for the Initial Term Loan from 1.00% to 1.25% and increased the applicable margin from 3.25% to 4.00% in the case of Eurodollar term loans and from 2.25% to 3.00% in the case of base rate term loans.

CORPORATE INFORMATION

Affinity Gaming is a Nevada corporation. Our principal executive offices are located at 3755 Breakthrough Way, Suite 300, Las Vegas, NV 89135 and our telephone number at that address is (702) 341-2400. Our website is located at *http://www.affinitygaming.com* .

ITEM 1A. RISK FACTORS

RISKS RELATED TO OUR INDEBTEDNESS

We have a substantial amount of indebtedness, which could have a material adverse effect on our financial condition and our ability to obtain financing in the future and to react to changes in our business.

We have a substantial amount of debt, which requires significant principal and interest payments. As of December 31, 2015 , we had $382.7 million of debt outstanding, excluding unamortized debt issuance costs and issue discount and including $200 million outstanding under the 2018 Notes and $182.7 million of secured debt outstanding under our Initial Term Loan.

Our significant amount of debt could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the instruments governing our then outstanding indebtedness;
- increase our vulnerability to adverse economic and general industry conditions, including interest rate fluctuations, because a portion of our borrowings, including those under our New Credit Facility, are and will continue to be at variable rates of interest;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, which would reduce the availability of our cash flow from operations to fund working capital, capital expenditures, strategic acquisitions or other general corporate purposes;
- limit our flexibility in planning for, or reacting to, competitive pressures and changes in the business and industry in which we operate;
- place us at a disadvantage compared to competitors that may have proportionately less debt;
- limit our ability to obtain additional debt or equity financing due to applicable financial and restrictive covenants in our debt agreements; and
- increase our cost of borrowing.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations, or that these actions would be permitted under the terms of our existing or future debt agreements. In the absence of such cash flows and capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our debt instruments restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them, and any proceeds may not be adequate to meet any debt service obligations then due.

If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable;
- the lenders under our New Credit Facility could terminate their commitments to loan us money and foreclose against the assets securing their borrowings; and
- we could be forced into bankruptcy or liquidation.

The agreements and instruments governing our debt contain restrictions and limitations that impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities.

The New Credit Facility and the indenture governing the 2018 Notes impose significant operating and financial restrictions on us. These restrictions limit our ability, among other things, to:

- pay dividends or make certain redemptions, repurchases or distributions (other than customary tax distributions) or make certain other restricted payments or investments;
- incur or guarantee additional indebtedness or issue certain preferred stock, disqualified stock or create subordinated indebtedness that is not subordinated to the Notes or the guarantees;
- create liens;
- transfer and sell assets;
- merge, consolidate, or sell, transfer or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with affiliates;
- make certain investments; and
- create restrictions on dividends or other payments by our restricted subsidiaries.

In addition, the New Credit Facility contains certain financial covenants, including a minimum interest coverage ratio covenant, a first lien secured net leverage ratio covenant, a maximum capital expenditures covenant and a total secured leverage ratio covenant.

As a result of these covenants and restrictions, we are limited in how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The restrictions caused by such covenants could also place us at a competitive disadvantage to less leveraged competitors. The terms of any future indebtedness we may incur could include more restrictive covenants. Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross default provisions. A default, if not cured or waived, would permit lenders to accelerate the maturity of the indebtedness under these agreements, terminate any funding commitments to extend future credit, require us to apply all available cash to repay the borrowings, and/or foreclose upon any collateral securing such indebtedness, including pledges of equity interests of entities owning our casino properties, which could result in the lenders owning, and controlling, the equity of certain of our casino properties. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. We would, therefore, be required to seek alternative sources of funding, which may not be available on commercially reasonable terms, terms as favorable as our current agreements or at all, or face bankruptcy. If we are unable to refinance our indebtedness or find alternative means of financing our operations, we may be required to curtail our operations or take other actions that are inconsistent with our current business practices or strategy. We cannot assure you that we will be

able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants.

Despite our substantial indebtedness, we may still be able to incur significantly more debt, which could intensify the risks described above.

Although the terms of the agreements governing our indebtedness contain restrictions on our ability to incur additional indebtedness, these restrictions are subject to a number of important qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. The terms of the indenture governing the 2018 Notes do not fully prohibit us or our subsidiaries from incurring such additional indebtedness. In addition, the indenture governing the 2018 Notes allows us to issue additional notes under the indenture and will allow us to incur certain other secured indebtedness. Our New Credit Facility allows us to (i) increase the aggregate amount of term loans and/or revolving loans by an amount not to exceed $80 million in the aggregate, (ii) incur capital lease obligations and purchase money indebtedness for fixed or capital assets in an aggregate amount not to exceed $50 million (with such indebtedness being secured by the assets leased or acquired), and (iii) incur other indebtedness in an amount not to exceed $5 million, of which only $1 million may be secured by a lien on our property or assets. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

The state of the financial markets may impact our ability to obtain sufficient financing and credit in the future.

In addition to earnings and cash flows from operations, we may rely on borrowed money to finance our business, which may be constrained if we are unable to borrow additional capital or refinance existing borrowings on reasonable terms. Over the past several years, financial markets and banking systems experienced disruption which had a dramatic impact on the availability and cost of capital and credit. The United States and other governments have enacted legislation and taken other actions to help alleviate these conditions, although there is no assurance that such steps will have the effect of easing the conditions in credit and capital markets over the long term. Therefore, we have no assurance that such steps will facilitate us being able to obtain financing or access the capital markets for future debt or refinancing opportunities in a timely manner, or on acceptable terms, or at all. If we are unable to borrow funds, we may be unable to make the capital expenditures necessary for us to compete with other casino operators or take advantage of new business opportunities. As a result, the lack of such funding could have a material adverse effect on our business, results of operations and financial condition and our ability to service our indebtedness.

RISKS RELATED TO INVESTING IN OUR EQUITY

There is not currently, and may not be, a viable public market for our common stock.

No established public trading market currently exists for our common stock, and aside from the Registration Rights Agreement described below, we have no plans, proposals, arrangements or understandings with any person with regard to developing such a market for our common stock.

On February 7, 2012, we entered into a Registration Rights Agreement (the “Registration Rights Agreement”) with SPH Investment, LLC (“SPH”), in connection with the Conversion. Pursuant to the Registration Rights Agreement, among other things, we granted SPH and its transferees certain demand and piggyback registration rights relating to the resale of equity securities held by SPH and the right to demand the listing of any such securities on the NADSAQ Stock Market or the New York Stock Exchange within 365 days after receipt of the applicable listing demand notice. On October 1, 2012, we received a listing demand notice from SPH pursuant to section 4.2 of the Registration Rights Agreement requiring us to use our reasonable best efforts to consummate the listing of our equity securities on the NASDAQ Stock Market. However, given that our common stock is held of record, or beneficially, in the hands of a limited number of holders, we have not applied to list our common stock listed on the NASDAQ Stock Market or any other national securities exchange, and do not plan on doing so unless and until we can reasonably anticipate having an application approved.

Issuance of equity interests to our executive officers and directors will dilute our equity holders.

The Compensation Committee of our Board approved the Affinity Gaming Amended and Restated 2011 Long-Term Incentive Plan (the "2011 LTIP"). We grant awards of stock options, restricted common stock, or both, under the 2011 LTIP as incentive to employees, officers, directors and consultants. The issuance of restricted common stock shares or of common stock shares underlying exercised options will dilute the percentage ownership of any holders of our common stock shares. At December 31, 2015 , 377,247 shares of restricted common stock shares and options to purchase 330,605 shares of our common stock shares remain outstanding under the 2011 LTIP and awards with respect to 1,292,148 shares remained available for future issuance.

RISKS RELATED TO OUR BUSINESS

The failure to maintain a regular schedule of capital improvements, whether that includes expansion or renovation projects, could put us at a competitive disadvantage, and our expansion and renovation projects may face significant risks inherent in construction projects.

Our casino and casino/hotel properties have an ongoing need for renovations and other capital improvements, including the occasional replacement of components of the building, furniture, fixtures and equipment, to remain competitive. Applicable laws and regulations may also require us to make capital expenditures.

Renovations and other capital improvements of the casino properties usually reduce cash flow while work is underway, and may require large capital expenditures. We may not be able to fund such projects solely from cash provided from operating activities; therefore, we may have to rely upon the availability of debt or equity financing for project funding. Project funding will be limited if we cannot obtain satisfactory debt or equity financing, which will depend upon market conditions, among other factors. We cannot provide assurance that we will be able to obtain debt or equity financing for project funding on favorable terms.

Further, any development projects we may undertake will be subject to many risks inherent in the expansion or renovation of an existing enterprise or construction of a new enterprise, including unanticipated design, construction, regulatory, environmental and operating problems and lack of demand for our projects. The occurrence of any of development and construction risks could increase the total costs of our construction projects or delay or prevent the construction or opening or otherwise affect the design and features of our construction projects, which could materially adversely affect our plan of operations, financial condition and ability to satisfy our debt obligations.

In addition, actual costs and construction periods for any of our projects can differ significantly from initial expectations. Our initial project costs and construction periods are based upon estimates, conceptual design documents and construction schedule estimates prepared at inception of the project in consultation with architects and contractors. Many of these costs can increase over time as the project is built to completion. We can provide no assurance that any project will be completed on time, if at all, or within established budgets, or that any project will result in increased earnings to us. Significant delays, cost overruns, or failures of our projects to achieve market acceptance could have a material adverse effect on our business, financial condition and results of operations.

Although we design our projects to minimize disruption of our existing business operations, expansion and renovation projects require, from time to time, all or portions of affected existing operations to be closed or disrupted. Any significant disruption in operations of a property could have a significant adverse effect on our business, financial condition and results of operations.

We have significant deferred capital at our Primm casinos and other factors may create deferred capital expenditure needs which we may not be able to fully address. Addressing deferred capital needs may adversely affect our ability to complete renovations and other capital improvements at our casino and casino/hotel properties. Our failure to maintain a regular schedule of capital improvements, whether the failure is caused by lack of financing or by other factors, may put us at a competitive disadvantage which would have an adverse effect on our results of operations.

Our operations, and the gaming industry as a whole, are particularly sensitive to reductions in consumer spending as a result of downturns in the economy and other factors.

The gaming industry as a whole is highly sensitive to consumers' disposable incomes, and a general decline in economic conditions, including businesses downsizing their workforces for various reasons, and the increased cost of health insurance as a result of the Patient Protection and Affordable Care Act may lead to our potential customers having less discretionary income with which to wager. Many of our customers have also experienced the impact of high unemployment rates and reduced housing values as a result of the Great Recession. These developments lead to a reduction in revenue and materially adversely affected the operating results of our properties. Recently, we are seeing improving economies in our local and regional markets. In addition, further reductions in discretionary spending could significantly harm our operations and we may not be able to lower our costs rapidly enough, or at all, to offset additional declines in revenue.

We face intense competition from other gaming operations and Internet gaming, and may experience a loss of market share.

The gaming industry is highly competitive. We compete for gaming customers with other locals-oriented casino-hotels, other casinos located in the vicinity of these properties, as well as competition from new forms of gaming which exist or may be legalized in the future, including Internet gaming. Our casino operations face competitors that include land-based casinos, dockside casinos, riverboat casinos, casinos located on Native American reservations, and racing and pari-mutuel operations.

Southern California provides the largest number of customers for the Primm Casinos, including a large number of customers who drive to Las Vegas from the San Bernardino and Barstow areas. The expansion of Native American casinos in California, Oregon and Washington impacted casino revenue in Nevada in general, and further expansion may have a significant impact on the markets in which the Rail City and our Primm casinos operate.

If our competitors operate more successfully, if their existing properties are enhanced or expanded, or if additional competitors are established in and around the locations in which we conduct business, we may lose market share. In particular, the expansion of casino gaming in or near any geographic area from which we attract or expect to attract a significant number of our customers could have a material adverse effect on our business, financial condition and results of operations.

Some Native American casinos have a lower minimum age requirement for gambling, which may increase their market share at the expense of our market share.

Some Native American casinos in Southern California and Iowa allow customers at least 18 years old to gamble, whereas our gambling establishments require our customers to be at least 21 years old. This could lead to a reduced market for us as those Native American casinos would have an earlier opportunity to create loyal customers. If our competitors are able to retain these customers after they turn 21, thereby causing them to continue gambling at those establishments rather than try our establishments, we may experience reduced market share.

Any increase in the price of gasoline may have an adverse impact on the results of our operations.

Most of our customers drive themselves to our properties; therefore, an increase in gasoline prices may adversely affect our customers’ discretionary income and, ultimately, our revenue. In recent years, gasoline prices have increased at times, and we cannot assure you that gasoline prices will hold steady or decline.

We may be subject to litigation which, if adversely determined, could expose us to significant liabilities, damage our reputation and result in substantial losses.

During the ordinary course of operating our businesses, we will occasionally be subject to litigation claims and legal disputes. Without limitation, such claims and legal disputes may include contract, lease, employment and regulatory claims, as well as claims made by visitors to our properties. Certain litigation claims may not be covered entirely or at all by our insurance policies, or our insurance carriers may seek to deny coverage. In addition, litigation claims can be expensive to defend and may divert our attention from the operations of our businesses. Further, litigation involving visitors to our properties, even if without merit, can attract adverse media attention.

We evaluate all litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and/or disclose the relevant litigation claims or legal proceedings, as appropriate. Our assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. We caution you that actual outcomes or losses may differ materially from those envisioned by its current assessments and estimates. As a result, litigation can have a material adverse effect on our businesses and, because we cannot predict the outcome of any action, it is possible that adverse judgments or settlements could significantly reduce our earnings or result in losses.

Acquisitions, new venture investments and divestitures may not be successful.

As part of our strategy, we may seek to increase growth through strategic acquisitions and any such acquisition may be significant. Not only is the identification of good acquisition candidates difficult and competitive, but these transactions also involve numerous risks, including the inability to:

- successfully integrate acquired companies, properties, systems or personnel into our existing business;
- minimize any potential interruption to our ongoing business;
- successfully enter markets in which we may have limited or no prior experience;
- achieve expected synergies and obtain the desired financial or strategic benefits from acquisitions;
- retain key relationships with employees, customers, partners and suppliers of acquired companies; and
- maintain uniform standards, controls, procedures and policies throughout acquired companies.

Companies, businesses or operations acquired or joint ventures created may not be profitable, may not achieve revenue levels and profitability which justify the investments made or they may carry other risks associated with such transactions.

Future acquisitions could result in the incurrence of indebtedness, the assumption of contingent liabilities, material expense related to certain intangible assets and increased operating expense, which could adversely affect our results of operations and financial condition. In addition, to the extent that the economic benefits associated with any of our acquisitions diminish in the future, we may be required to record additional write downs of goodwill, intangible assets or other assets associated with such acquisitions, which could adversely affect our operating results.

We may also decide to divest certain assets, businesses or brands which do not meet our strategic objectives or growth targets, such as with the sale of our slot route, two Pahrump, Nevada casinos and our Searchlight, Nevada casino in February 2012 and the sale of the Sands Regency, Gold Ranch Casino and Dayton Casino in January 2013. With respect to any divestiture, we may encounter difficulty finding potential acquirers or other divestiture options on favorable terms. Any divestiture could affect our profitability, either as a result of the gains or losses on such sale of a business or brand, the loss of the operating income resulting from such sale or the costs or liabilities which are not assumed by the acquirer which may negatively impact profitability subsequent to any divestiture. We may also be required to recognize impairment charges as the result of a divesture.

Any potential future acquisitions, new ventures or divestitures may divert the attention of management and may divert resources from matters which are core or critical to the business.

Several provisions of Nevada corporate law, our articles of incorporation, and our bylaws could discourage, delay or prevent a merger or acquisition, even in situations that may be viewed as desirable by our shareholders.

The Nevada Revised Statutes, our articles of incorporation and our bylaws contain provisions which may make the acquisition of the Company more difficult without the approval of our board of directors. These provisions include (i)

authorizing our Board of Directors to issue "blank check" preferred stock having superior rights without shareholder approval, (ii) advance notice requirements for shareholder proposals and nominations, (iii) limitations on the ability of shareholders to amend, alter or repeal our bylaws, (iv) prohibiting us from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder unless certain requirements are met, and (v) requiring disinterested stockholder approval for certain "controlling interest" acquisitions.

Our operations may be adversely impacted by increases in energy prices or utility availability.

The casino properties use significant amounts of electricity, natural gas and water. Although no utility shortages have been experienced, any such occurrences or other events which cause energy price increases in the geographic areas in which we operate could result in a decline in the disposable incomes of potential customers and a corresponding decrease in visitation and spending at our casino operations along with increased operational costs for usage, which could negatively impact revenue.

A write-off of all or a part of our identifiable intangible assets or goodwill would hurt our operating results and reduce our net worth.

Under generally accepted accounting principles, we review our identifiable intangible assets, including goodwill, for impairment at least annually or when events or changes in circumstances indicate their carrying value may not be recoverable. Factors which may be considered a change in circumstances, indicating that the carrying value of our goodwill or other identifiable intangible assets may not be recoverable, include a sustained decline in the value of shares of our common stock, reduced future cash flow estimates, a disposal of a portion of our business and slower growth rates in our industry. We may be required to record a significant non-cash impairment charge in our financial statements during the period in which any impairment of our goodwill or other identifiable intangible assets is determined, negatively impacting our results of operations and stockholders' equity. During the fourth quarter of 2015, we recognized an impairment of goodwill totaling $20.2 million primarily due to reduced cash flow projections at our Black Hawk Casinos.

As of December 31, 2015 , we had $124.0 million of total identifiable intangible assets, as well as $48.3 million of goodwill, which represented approximately 8% of our total assets. We amortize definite-lived intangible assets such as customer loyalty programs based on estimated useful lives. We do not amortize indefinite-lived intangible assets, such as gaming license rights in jurisdictions where a limited number of licenses are issued. As of December 31, 2015 , definite-lived intangible assets totaled $4.2 million and indefinite-lived intangible assets totaled $119.9 million .

Because valuation methodologies used in impairment testing include forecast information and assumptions about future performance, the likelihood and severity of impairment charges increases during periods of market volatility, such as the one which recently occurred as a result of the general weakening of the global economy. If we are unable to retain our existing customers, or if average customer spending or customer traffic decreases, we may incur future impairment charges. In the event we identify an impairment of indefinite lived intangible assets or goodwill, we would record a charge to earnings. Although it would not affect our cash flow, a write-off in future periods of all or a part of our intangible assets could adversely affect our business, financial condition and results of operations.

We depend upon our key employees and certain members of our management.

Our success is substantially dependent upon the efforts and skills of our senior executives: Michael Silberling, our Chief Executive Officer, joined us in August 2014 and Walter Bogumil, our Senior Vice President, Chief Financial Officer and Treasurer, joined us in March 2015. In addition, in February 2015, our Senior Vice President, General Counsel and Secretary, Marc H. Rubinstein, transitioned from an employment to a consultant relationship. In February 2016, we appointed Jeffrey Solomon as Senior Vice President and Chief Operating Officer. The loss of the services rendered by any of these senior executives could adversely affect our operations. In addition, we compete with other potential employers for employees, and we may not succeed in hiring and retaining the executives and other employees that we need. A failure to hire quality employees could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to protect the security of confidential customer information, including credit card data, we could be exposed to data loss, litigation and liability and our reputation could be significantly harmed.

We rely on information technology and other systems to maintain and transmit personal customer information, credit card transactions, mailing lists and reservations information. In connection with credit card sales, we transmit confidential credit card information using tokenization technology and the encrypted information is stored in our systems. Third parties may have the opportunity, technology or know-how to breach the security of this customer information, and our security measures may not effectively prohibit others from obtaining improper access to this information. If a person is able to circumvent our security measures, he or she could destroy or steal valuable information or disrupt our operations. Any security breach could expose us to risks of data loss, regulatory sanctions, litigation and liability and could seriously disrupt our operations, and any resulting negative publicity could significantly harm our reputation. We maintain an insurance policy which provides $5.0 million of coverage, subject to a $250,000 deductible, for information system breaches; however, we cannot provide absolute assurance that the coverage will be sufficient to cover all claims arising from a breach of our systems, including any assessments imposed by the payment card industry.

In late 2013, we learned that our payment processing system had become infected by malware, which resulted in a compromise of credit card and debit card information belonging to individuals who used their cards at restaurants, hotels and gift shops at our facilities between March 14 and October 16, 2013. As of November 14, 2013, our forensics expert advised us that our credit card processing systems were free of functioning malware. In April 2014, we learned that another unauthorized intrusion and installation of malware compromising the credit card processing environment had occurred. We then hired a different professional forensics investigation firm to conduct a thorough investigation of the more recently discovered event, and the security of our information technology environment as it related to both incidents. As a result of the investigation, we have reason to believe that credit card and debit card information from individuals who used their cards at restaurants, hotels and gift shops at our properties between December 7, 2013 and April 28, 2014, may have been compromised. We have encouraged our patrons to protect against possible identity theft or other financial loss by reviewing account statements for potential fraudulent activity during the period of exposure.

As of December 31, 2015 , we have incurred $1.2 million in expense, including insurance deductibles, for the two security breaches. We do not expect to incur additional material expenses that are not covered by insurance. However, we cannot estimate the total amount which we will ultimately incur and be reimbursed by insurance carriers because, although the investigation has concluded, we have not received all of the assessments and evaluations from the credit card processors and issuing banks seeking to recover the cost of replacement cards and a portion of fraudulent charges, nor have we received any third-party claims as of this date. Several states attorneys general also continue to investigate the incidents.

We face extensive regulation from gaming and other government authorities.

Licensing requirements. As owners and operators of gaming facilities, we are subject to extensive state and local regulations in Nevada, Iowa and Missouri and Colorado. Certain approvals from gaming authorities must be obtained before we can take certain actions with respect to our properties in these jurisdictions. In addition, the Nevada Gaming Commission, the Iowa Racing and Gaming Commission, the Missouri Gaming Commission and the Colorado Limited Gaming Control Commission require us and our subsidiaries to obtain gaming licenses, and require our officers, key employees and business entity affiliates to demonstrate suitability to hold gaming licenses. State and local gaming authorities may limit, condition, suspend or revoke a license for any cause deemed reasonable by the respective licensing agency. They may also levy substantial fines against us or our subsidiaries or the entities or individuals involved in violating any gaming laws or regulations. The violation of any such state and local regulations could have a material adverse effect on our business, financial condition and results of operations.

Restrictions on capital raising. Any future public offering of debt or equity securities by us will require review of and approval by the Nevada Gaming Commission, the Iowa Racing and Gaming Commission, the Missouri Gaming Commission and the Colorado Limited Gaming Control Commission. The Missouri Gaming Commission also requires notice of the intended incurrence of any private debt exceeding $1 million and reserves the right to elect to have prior review and approval.

Restrictions on change of control transaction. Changes in the control of Affinity Gaming through merger, consolidation, equity or asset acquisitions, management or consulting agreements, or any act or conduct by a person whereby that person

obtains control, may not occur without the approval of the Nevada Gaming Commission, the Iowa Racing and Gaming Commission, the Missouri Gaming Commission and the Colorado Limited Gaming Control Commission. The Nevada Gaming Commission, the Iowa Racing and Gaming Commission, the Missouri Gaming Commission and the Colorado Limited Gaming Control Commission may also require the equity holders, officers, directors and other persons having a material relationship or involvement with the entity acquiring control to be investigated and licensed as part of the approval process relating to the transaction. These requirements to be found suitable to hold our voting securities may discourage or delay trading of our securities and, in particular, change of control transactions.

Taxation. We expect to pay substantial taxes and fees in connection with our operations as a gaming company. From time to time, federal, state and local legislators and other government officials have proposed and adopted changes in tax laws, or in the administration of those laws affecting the gaming industry. It is not possible to determine the likelihood of changes in tax laws or in the administration of those laws. If adopted, changes to applicable tax laws could have a material adverse effect on our business, financial condition and results of operations. Due to the continued pressures on the state legislatures to address shortfalls in their budgets associated with the current economic situation, there may be more support to look to increased taxation which could affect all of our gaming properties directly, or indirectly by taxing our customers. Any increase in taxes would have a material adverse effect on our business, financial condition and results of operations.

Potential changes in legislation and regulation of our operations. From time to time, legislators and special interest groups have proposed legislation that would expand, restrict or prevent gaming operations in the jurisdictions in which we operate, among other changes to laws, regulations and procedures applicable to us. Any such change to the regulatory environment or the adoption of new federal, state or local government legislation could have a material adverse effect on our business. For example, although not permitted at casino locations in Colorado, smoking is currently permitted at casino locations in Nevada, Missouri, and Iowa, and from time to time, bills which would restrict or ban smoking in casinos are introduced in state legislatures and in city/town councils. New anti-smoking laws, if adopted, could have a material adverse effect on our business, financial condition and results of operations. In addition, global climate change issues have received an increased focus on the federal and state government levels, which could potentially lead to additional environmental rules and regulations that result in increased costs to motor vehicle drivers, which may result in fewer drive-in tourists, adversely impacting our operations and financial condition. The ultimate impact on our business of any new regulation would be dependent upon the specific rules adopted, and we cannot predict the effects of any such regulation at this time.

Compliance with other laws. We are subject to a variety of other rules and regulations, including zoning, environmental, construction and land-use laws, regulations and permits that govern the serving of alcoholic beverages and the smoking of tobacco products. Any changes to these laws could have a material adverse effect on our business, financial condition and results of operations.

State gaming laws and regulations may require holders of our debt or equity securities to undergo a suitability investigation, which may result in redemption of their securities.

Many jurisdictions require any person who acquires beneficial ownership of debt or equity securities of a casino gaming company to apply for qualification or a finding of suitability. Generally, any person who fails or refuses to apply for a finding of suitability or a license within the prescribed period after being advised by gaming authorities that it is required to do so may be denied a license or found unsuitable or unqualified, as applicable. Any holder of securities that is found unsuitable or unqualified or denied a license, and who holds, directly or indirectly, any beneficial ownership of a gaming entity's securities beyond such period of time as may be prescribed by the applicable gaming authorities may be guilty of a criminal offense. Furthermore, a gaming entity may be subject to disciplinary action if such gaming entity, after receiving notice that a person is unsuitable to be a holder of securities or to have any other relationship with such gaming entity or any of its subsidiaries:

- pays that person any dividend or interest upon the securities;
- allows that person to exercise, directly or indirectly, any voting ownership right conferred through securities held by that person;
- pays remuneration in any form to that person for services rendered or otherwise; or

- fails to pursue all lawful efforts to require such unsuitable person to relinquish the securities including, if necessary, the immediate purchase of such securities for the lesser of fair value at the time of repurchase or fair value at the time of acquisition by the unsuitable holder.

In the event that disqualified holders fail to divest themselves of such securities, gaming authorities have the power to revoke or suspend the casino license or licenses related to the regulated entity that issued the securities. In addition, the Articles of Incorporation of Affinity Gaming provide that we may redeem our stock from an Unsuitable Person (as such term is defined in the Articles of Incorporation).

Compliance with environmental laws and other government regulations could impose material costs.

We are subject to numerous environmental laws and regulations that impose various environmental controls on our business operations, including, among other things, the discharge of pollutants into the air and water and the investigation and remediation of soil and groundwater affected by hazardous substances. Such laws and regulations may otherwise relate to various health and safety matters that impose burdens upon our operations. These laws and regulations govern actions that may have adverse environmental effects and also require compliance with certain practices when handling and disposing of hazardous wastes. These laws and regulations also impose strict, retroactive and joint and several liability for the costs of, and damages resulting from, cleaning up current sites, past spills, disposals and other releases of hazardous substances. Additionally, as an owner or operator, and the supplier of water to the Primm properties and adjacent outlet mall, we could also be held responsible to a governmental entity or third parties for property damage, personal injury and investigation and cleanup costs incurred by them in connection with any contamination.

For example, in 2011, during excavation at the site of our second travel center in Primm, Nevada, we encountered several contaminated underground sites which required soil remediation and groundwater testing. Much of the contamination resulted from underground fuel storage tanks related to a gas station operated more than 35 years ago, as well as from abandoned underground fuel lines. We also began testing at the direction of the Nevada Division of Environmental Protection to determine the extent to which the contamination has affected the groundwater, and we have agreed to continue monitoring the groundwater for a period of at least two more years. Through December 31, 2015 , we have incurred approximately $4.0 million on remediation work at the Whiskey Pete's site. We have an insurance policy which provides coverage for environmental remediation costs of up to $5.0 million . We received $1.0 million from our insurer in 2013, $0.6 million in 2014, and $0.3 million in 2015. We may be required to make additional expenditures to remain in, or to achieve, compliance with environmental laws in the future and such expenditures may be material.

We cannot assure you that we have been or will be in compliance with environmental and health and safety laws at all times. If we violate these laws, we could be fined, criminally charged or otherwise sanctioned by regulators. We may be required to incur further costs to comply with current or future environmental and safety laws and regulations. In addition, in the event of accidental contamination or injury from these materials, we could be held liable for any damages that result and any such liability could exceed our resources. We believe that our expenditures related to environmental matters have not had, and are not currently expected to have, a material adverse effect on our business, financial condition or results of operations. However, the environmental laws under which we operate are complicated and often increasingly more stringent, and may be applied retroactively. Accordingly, we may be required to make additional expenditures to remain in, or to achieve, compliance with environmental laws in the future and such additional expenditures may have a material adverse effect on our business, financial condition or results of operations.

Adverse winter weather conditions in Colorado, the Midwest, the Sierra Nevada Mountains and Reno-Lake Tahoe area have had, and could in the future have, a material adverse effect on our results of operations and financial condition.

Adverse winter weather conditions, particularly snowfall, can deter customers of Rail City, the Midwest casinos and Colorado casinos from traveling or make it difficult for them to frequent our facilities. For example, we experienced severe weather conditions in the winter of 2013, which negatively impacted visitation and results of operations. If these locations were to experience prolonged adverse winter weather conditions, the results of operations and financial condition of these casinos could also be materially adversely affected, thereby adversely affecting our overall results of operations and financial condition.

Riverboats and dockside facilities are subject to additional risks that may adversely affect their operations.

We own and operate riverboat and dockside casino facilities, which are subject to risks in addition to those associated with land-based casinos, including loss of service due to casualty, extended or extraordinary maintenance, flood or other severe weather. Reduced patronage and the loss of a dockside or riverboat casino from service for any period of time could adversely affect our results of operations. We have experienced road closures related to flooding that have restricted access to our dockside facilities and riverboats at intermittent periods.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal properties consist of the following:

NEVADA

Corporate Office

We lease our corporate office space. The seven-year lease commenced on May 1, 2012, and includes the option to renew the lease for two additional 5-year terms.

Buffalo Bill's, Whiskey Pete's and Primm Valley

We lease approximately 180 acres of land on which Buffalo Bill's, Whiskey Pete's and Primm Valley are located in Primm, Nevada. The lease ends on June 30, 2043, with an option to renew the lease for one additional 25-year term. An independent third party leases and manages two 18-hole Tom Fazio golf courses with a full-service restaurant and club house near our properties. Another third party leases and manages a retail outlet mall adjacent to the Primm Valley Resort. Additionally, we own approximately 16 acres of land adjacent to the leased parcels.

Silver Sevens

We own the 12 -acre site in Las Vegas on which Silver Sevens is located.

Rail City

We own the land and building on which Rail City is located in Sparks, Nevada. The Rail City Casino sits on approximately 8 acres.

MIDWEST

St Jo

We own a total of 48 acres of land in St. Joseph, Missouri. We also own the building and improvements on the developed portion of this land where certain facilities of St Jo are located.

Mark Twain

We own a total of approximately 18 acres of land in LaGrange, Missouri. We also own the building and improvements on the developed portion of this land where certain facilities of Mark Twain are located. We also lease a very small parcel of land adjacent to the property from the city of LaGrange.

Lakeside

We own a total of approximately 119 acres of land in Osceola, Iowa, which includes the land on which certain facilities of Lakeside are located, including the hotel, convention facilities, and RV park. We lease the use of West Lake and an additional 95 acres of land surrounding West Lake from the City of Osceola, Iowa and its water works board. The lease expires on May 19, 2019, and we have an option to extend for six additional successive terms of five years each. We lease 11 acres of the land we own adjacent to our facility, to Pilot for operation of a Pilot branded truck stop and gas station.

COLORADO

Black Hawk Casinos

We own a total of approximately 4 acres in Black Hawk, Colorado on which the Golden Mardi Gras Casino, Golden Gates Casino and Golden Gulch Casino, all in close proximity to one another, operate and on which a parking structure and surface parking lot are located.

ITEM 3. LEGAL PROCEEDING S

For a brief description of material pending legal proceedings, refer to Note 13 to the accompanying consolidated financial statements.

We are party to other ordinary and routine litigation incidental to our business. We do not expect the outcome of any pending litigation to have a material adverse effect on our consolidated financial position or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

Our outstanding common stock is privately held. No established public trading market exists for our common stock, and , aside from the Registration Rights Agreement (described in "Risk Factors"), we have no plans, proposals, arrangements or understandings with any person with regard to developing such a market for our common stock.

At December 31, 2015 , 330,605 shares of our common stock were subject to options related to our share-based compensation plan. Each option is convertible into one share of our common stock upon exercise, and the holder could sell each such share of common stock pursuant to Rule 144 of the Securities Act of 1933.

HOLDERS OF COMMON STOCK

We had 58 holders of record of our common stock as of March 15, 2016 .

DIVIDENDS

We have never declared or paid dividends or distributions on our common equity. We currently intend to retain all available funds and any future consolidated earnings to fund our operations and the development and growth of our business; therefore, we do not anticipate paying any cash dividends.

Restrictions imposed by our debt instruments significantly restrict us from making dividends or distributions. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources.”

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS AS OF DECEMBER 31, 2015

The following table presents certain information as of December 31, 2015 regarding the Affinity Gaming Amended and Restated 2011 Long Term Incentive Plan ("2011 LTIP"). Our shareholders authorized our Board to design a plan under which the Board can issue equity awards collectively representing as many as 2,000,000 shares of our common stock to our officers, directors, employees and consultants. The Board approved such a plan, our 2011 LTIP, in March 2011, as amended in November 2014. As of December 31, 2015 , the Board had only issued stock options and restricted stock shares under our 2011 LTIP.

Plan category	Restricted Stock Shares Awarded and Outstanding	Number of Common Stock Shares to be Issued upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance under 2011 LTIP
Approved by security holders	377,247	330,605	$ 10.24	1,292,148
Not approved by security holders	—	—	$ —	—

As of December 31, 2015 , 63,610 options and 294,957 restricted stock shares had vested.

ISSUER SALES OF EQUITY SECURITIES

During 2015 , we did not conduct any unregistered sales of our equity securities, nor did we have any repurchase plan or program under which shares may yet be purchased.

ISSUER PURCHASES OF EQUITY SECURITIES

We neither purchased any shares of our common stock during the fourth quarter nor have we made any plans or established any programs to purchase any shares of our common stock.

ITEM 6. SELECTED FINANCIAL DATA

The following tables set forth a summary of our selected consolidated historical financial data from continuing operations as of and for the periods presented (in thousands). We derived the summary consolidated historical balance sheet data as of December 31, 2015 and 2014 , and the summary historical consolidated data for results of operations for the years ended December 31, 2015 , 2014 and 2013 , from our audited consolidated financial statements included elsewhere in this 2015 Form 10-K. We derived the summary consolidated historical balance sheet data as of December 31, 2012 , and 2011 , and the summary historical consolidated data for results of operations for our year ended December 31, 2012 and 2011 , from audited consolidated financial statements not included in this 2015 Form 10-K.

We adjusted certain amounts in the prior years' financial information from the amounts originally reported in the respective Forms 10-K to account for discontinued operations and to account for the reclassification of cash incentives to conform to the 2015 presentation.

You should read this information together with the information included under the headings “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in our historical consolidated financial statements and related notes included elsewhere in this 2015 Form 10-K. For a discussion of matters affecting comparability of our results, see “ Management’s Discussion and Analysis of Financial Condition and Results of Operations—Executive Overview. ”

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Net revenue	$ 393,300	$ 385,902	$ 389,774	$ 402,376	$ 377,867
Income (loss) from continuing operations	$ (13,096)	$ (23,677)	$ (991)	$ 4,634	$ 7,872

	December 31,				
	2015	2014	2013	2012	2011
Cash and cash equivalents	$ 157,779	$ 135,175	$ 140,857	$ 126,873	$ 45,956
Total assets	603,734	614,178	637,944	651,922	603,740
Total debt [1]	377,057	374,701	383,999	396,716	348,400
Owners’ equity	$ 170,259	$ 182,455	$ 204,519	$ 207,130	$ 206,235

[1] Net of original issue discount and unamortized debt issuance costs incurred with lenders.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE OVERVIEW

Headquartered in Las Vegas, Nevada, Affinity Gaming (together with its subsidiaries, "Affinity" or "we") is a diversified, multi-jurisdictional Nevada corporation which operates casinos through wholly-owned subsidiaries in Nevada, Missouri, Iowa and Colorado. Casino operations as of December 31, 2015 included the following wholly-owned casinos (by segment):

Nevada		
Primm Valley Casino, Resort & Spa	Primm, NV	("Primm Valley")
Buffalo Bill's Resort & Casino	Primm, NV	("Buffalo Bill's")
Whiskey Pete's Hotel & Casino	Primm, NV	("Whiskey Pete's")
Silver Sevens Hotel & Casino	Las Vegas, NV	("Silver Sevens")
Rail City Casino	Sparks, NV	("Rail City")
Midwest		
St Jo Frontier Casino	St. Joseph, MO	("St Jo")
Mark Twain Casino	La Grange, MO	("Mark Twain")
Lakeside Hotel & Casino	Osceola, IA	("Lakeside")
Colorado		
Golden Mardi Gras Casino	Black Hawk, CO	("Golden Mardi Gras")
Golden Gulch Casino	Black Hawk, CO	("Golden Gulch")
Golden Gate Casino	Black Hawk, CO	("Golden Gate")

As of December 31, 2015 , casino operations collectively offered approximately 288,400 square feet of gaming space with approximately 6,929 slot machines and 131 table games, while lodging operations offered approximately 3,125 hotel rooms.

We also provided consulting services to Hotspur Casinos Nevada, Inc. ("Hotspur"), the operator of the Rampart Casino at the JW Marriott Resort in Las Vegas, until the expiration of our consulting agreement with Hotspur on April 1, 2015. Hotspur previously paid us a fixed annual fee in monthly installments.

Seasonality

Our casinos in Northern Nevada, the Midwest and Colorado experience extreme weather conditions which occasionally interrupt our operations. Additionally, our casinos in Missouri are subject to flooding depending on the water levels of the Missouri and Mississippi Rivers. Snow and other adverse weather resulted in a significant number of days with lost or reduced business at our Midwest and Colorado properties during the winter of 2013-2014. If there is a prolonged disruption at any of our properties or if there are a disproportionate number of weekends affected by extreme weather, our results of operations and financial condition could be materially adversely affected.

Outlook

Recent improvement in consumer confidence, employment data and other macroeconomic indicators are viewed as positive for regional gaming operations. However, potential changes to federal and state tax rates, payroll taxes, the cost of health care, and other uncertainty related to ongoing political deadlock on fiscal issues are expected to continue to affect our business. Many of our customers continue to face uncertainty, and we expect that discretionary spending will remain at reduced levels over the near term. However, we believe that our strategy of offering value-oriented, friendly, convenient locations with consistent marketing programs and service supports our business growth efforts. Perceived value, customer satisfaction and loyalty are critical to our success.

Should the economic recovery continue, we believe we are well-positioned to capitalize on high repeat patronage from our local and drive-in tourist gaming markets. Our business strategy focuses on attracting and fostering repeat business from our local gaming patrons. Local gaming patrons are typically sophisticated gaming customers who seek convenient locations, high payouts and a pleasant atmosphere. We believe our continued commitment to providing a value-oriented, quality casino entertainment experience for our customers will allow us to gain market share and improve profitability.

Matters Affecting Comparability of Results

Significant factors or events have had a material impact on our results of operations for the periods discussed below and affect the comparability of our results of operations from period to period.

Debt and Interest Expense. On December 13, 2013, we completed the First Amendment to the Credit Agreement, which, among other things, reduced the interest rate applicable to our Initial Term Loan, which as of June 30, 2014 was 1.25% less than prior to the First Amendment.

On July 22, 2014, we completed the Second Amendment to the Credit Agreement. In addition to other changes, the Second Amendment increased the interest rate applicable to our Initial Term Loan, which as of September 30, 2014 was 1% more than that specified in the First Amendment, and 0.25% less than that specified prior to the First Amendment. The Second Amendment also adjusted the financial covenants by changing a maximum Total Net Leverage Ratio of 6.5x through June 30, 2014 (calculated using total leverage, net of $25 million cash) to a maximum First Lien Net Leverage Ratio of 3.75x through March 31, 2016 (calculated using outstanding first lien senior secured debt, net of $40 million cash) and by lowering the minimum required interest coverage ratio from 2.0x through December 31, 2014 and 2.15x thereafter to a constant minimum ratio of 1.5x.

Discontinued Operations. On February 1, 2013, we completed the sale to Truckee Gaming, LLC (“Truckee Gaming”) of the Sands Regency Casino Hotel in Reno, Nevada, the Gold Ranch Casino & RV Resort in Verdi, Nevada, and the Dayton Depot Casino in Dayton, Nevada (“Truckee Disposition”). The results of operations of each of the properties sold is presented in discontinued operations for the years presented. Results of operations for the properties sold were previously reported in the Nevada Segment results.

Key Performance Indicators

We assess a variety of financial and operational performance indicators to manage our business, but the key performance indicators which we use include gross gaming revenue, promotional allowances and marketing expense, net revenue and controllable operating costs.

Key volume indicators such as slot machine win per unit per day, table games win per unit per day, and promotional allowances as a percentage of gross gaming revenue are analyzed in connection with our casino operations. In addition to the volume indicators, we also analyze the number of patron trips and the amount of money spent per patron trip. The industry uses the term “average daily rate” (“ADR”) to define the average amount of hotel revenue per occupied room per day, and the term “occupancy percentage” to define the total percentage of rooms occupied (i.e., the number of rooms occupied divided by the total number of rooms available). We use ADR and occupancy percentage to analyze the performance of our hotel operations.

Fuel and retail operations include revenue from gas stations and convenience stores which we own and operate. Management measures the performance of fuel operations based on gallons sold and profit margin per gallon.

We use earnings before interest expense; income tax; depreciation and amortization; share-based compensation expense; pre-opening costs; write offs, reserves and recoveries; loss on extinguishment or modification of debt; loss on impairment of assets; gains or losses on the disposition of assets; and restructuring and reorganization costs ("Adjusted EBITDA") as a measure of profit and loss to manage the operational performance of each geographical region in which we operate, and to discuss our results with the investment community.

Adjusted EBITDA is a measure which does not conform to generally accepted accounting principles in the United States ("GAAP"). You should not consider this information as an alternative to any measure of performance as promulgated under GAAP, such as operating income and net income. Our calculation of Adjusted EBITDA may be different from the calculations used by other companies; therefore, comparability may be limited. We have included a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, which in our case is operating income from continuing operations.

RESULTS OF OPERATIONS

Reportable Segment Results

The following tables present financial information by reportable segment and by corporate and other (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Net revenue			
Nevada	$ 233,202	$ 226,523	$ 230,651
Midwest	122,527	121,374	121,990
Colorado	37,571	38,005	37,133
Total net revenue	$ 393,300	$ 385,902	$ 389,774
Adjusted EBITDA			
Nevada	$ 40,249	$ 26,182	$ 28,609
Midwest	38,738	34,130	37,041
Colorado	5,279	4,593	8,322
Corporate and other	(18,681)	(14,359)	(11,064)
Total Adjusted EBITDA	$ 65,585	$ 50,546	$ 62,908

The following tables reconcile Adjusted EBITDA to operating income (in thousands):

	Year Ended December 31, 2015					
	Adjusted EBITDA	Depreciation and Amortization	Share-Based Compensation	Goodwill and Other Impairments	Write Downs, Reserves and Recoveries	Operating Income from Continuing Operations
Nevada	$ 40,249	$ (14,883)	$ —	—	$ 12	$ 25,378
Midwest	38,738	(7,682)	—	—	—	31,056
Colorado	5,279	(5,264)	—	(20,229)	(58)	(20,272)
Corporate and other	(18,681)	(1,199)	(1,206)	—	(255)	(21,341)
Continuing operations	$ 65,585	$ (29,028)	$ (1,206)	(20,229)	$ (301)	$ 14,821

	Year Ended December 31, 2014				
	Adjusted EBITDA	Depreciation and Amortization	Share-Based Compensation	Write Downs, Reserves and Recoveries	Operating Income from Continuing Operations
Nevada	$ 26,182	$ (14,650)	$ —	$ 448	$ 11,980
Midwest	34,130	(7,582)	—	—	26,548
Colorado	4,593	(5,124)	—	—	(531)
Corporate and other	(14,359)	(1,223)	(455)	(24)	(16,061)
Continuing operations	$ 50,546	$ (28,579)	$ (455)	$ 424	$ 21,936

	Year Ended December 31, 2013					
	Adjusted EBITDA	Depreciation and Amortization	Share-Based Compensation	Write Downs, Reserves and Recoveries	Loss on Impairment of Assets	Operating Income from Continuing Operations
Nevada	$ 28,609	$ (14,729)	$ —	$ (3,125)	$ (165)	$ 10,590
Midwest	37,041	(7,023)	—	(3,100)	—	26,918
Colorado	8,322	(5,058)	—	—	—	3,264
Corporate and other	(11,064)	(999)	(1,169)	1,459	—	(11,773)
Continuing operations	$ 62,908	$ (27,809)	$ (1,169)	$ (4,766)	$ (165)	$ 28,999

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Overall. We recorded net revenue from continuing operations of $393.3 million during 2015 , compared to net revenue from continuing operations of $385.9 million during 2014 , an increase of $7.4 million , or 1.9% . Adjusted EBITDA was $65.6 million during 2015 , compared to $50.5 million during 2014 , an increase of $15.0 million , or 29.8% . Adjusted EBITDA,

excluding corporate expense, increase d $19.4 million , or 29.8% . These increases were primarily due to our continuing efforts to analyze the effectiveness of our promotional campaigns and refine our marketing programs, which have had the effect of reducing costs and driving more profitable play on the gaming floor.

Nevada. Nevada operations include our three Primm casinos, Silver Sevens and Rail City. In addition to casino, lodging and food and beverage operations, our results from Primm include the operation of three gas station/convenience stores and a California lottery outlet. Nevada operations accounted for approximately 60% of our gross revenue from continuing operations during each of the years ended December 31, 2015 and 2014 .

In our Nevada segment, net revenue increase d $6.7 million , or 2.9% during 2015 . Casino revenue increased $2.4 million , or 1.7% . Excluding complimentary revenue, food and beverage revenue increased $1.5 million and lodging revenue increased $3.1 million. We continue to focus our promotional campaigns to convert complimentary customers to cash customers. Fuel and retail revenue decreased $0.3 million , or 0.6% , due to reduced fuel prices during 2015 .

Nevada Adjusted EBITDA increased $14.1 million , or 53.7% when compared to 2014 . The Adjusted EBITDA contribution from casino operations increase d $12.6 million , or 27.3% , coupled with an increase in the Adjusted EBITDA contribution from fuel and retail operations of $3.2 million , or 26.8% . The 2015 operating results were primarily impacted by our efforts to reduce promotional campaigns and refine marketing programs. With fuel price decreases in 2015 compared to 2014 we implemented better price yielding models.

Midwest. Midwest operations include St Jo and Mark Twain in Missouri, and Lakeside in Iowa. Midwest operations accounted for approximately 30% of our gross revenue from continuing operations during each of the years ended December 31, 2015 and 2014 .

Net revenue from our Midwest segment increase d $1.2 million , or 0.9% . Adjusted EBITDA from our Midwest segment increase d $4.6 million , or 13.5% . These increases primarily resulted from more focused marketing campaigns which drove more profitable play on the gaming floor offset by a new competitor in the Des Moines market impacting Lakeside and Illinois VLTs impacting Mark Twain. We are encouraged by our Midwest properties' performance and we anticipate maintaining the improved operating margins in the Midwest as we continue to analyze and refine our marketing programs.

Colorado. Colorado operations include the Golden Mardi Gras, the Golden Gates and the Golden Gulch casinos in Black Hawk. Colorado operations accounted for approximately 10% of our gross revenue from continuing operations during each of the years ended December 31, 2015 and 2014 .

Net revenue from our Colorado segment decrease d $0.4 million , or 1.1% , primarily due to lower gaming volumes in 2015 as a result of eliminating an unprofitable marketing campaign implemented in 2014 and the property enhancements made by a nearby competitor. Colorado Adjusted EBITDA increase d $0.7 million , or 14.9% , driven primarily by an increase of $1.8 million , or 15.0% , in the Adjusted EBITDA contribution from casino operations, the result of more focused marketing campaigns targeting more profitable players during 2015 .

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Overall. We recorded net revenue from continuing operations of $385.9 million , compared to net revenue from continuing operations of $389.8 million during 2013 , a decrease of $3.9 million , or 1.0% . Adjusted EBITDA was $50.5 million , compared to $62.9 million during 2013 , a decrease of $12.4 million , or 19.7% . Adjusted EBITDA, excluding corporate expense, increase d $9.1 million , or 12.3% .

Nevada. Nevada operations accounted for approximately 60% of our gross revenue from continuing operations during each of the years ended December 31, 2014 and 2013 .

In our Nevada segment, net revenue decrease d $4.1 million , or 1.8% , primarily as a result of a decline in gross casino revenue and an increase in promotional allowances offered to casino patrons. Nevada Adjusted EBITDA declined $2.4 million, or 8.5% when compared to the prior year. The Adjusted EBITDA contribution from casino operations decreased $5.6 million,

or 10.8%, offset primarily by an increase in the Adjusted EBITDA contribution from fuel and retail operations of $2.2 million, or 22.5%. 2014 operating results were most significantly impacted by declines in revenue and increased marketing expenses seen in the first half of the year. During the latter half of the year, we analyzed the effectiveness of our promotional campaigns and refined marketing programs, resulting in fourth quarter improvement in year-over-year performance which offset some of the declines seen earlier in the year.

Midwest. Midwest operations accounted for approximately 30% of our gross revenue from continuing operations during each of the years ended December 31, 2014 and 2013 .

Net revenue from our Midwest segment decrease d $0.6 million , or 0.5% . Adjusted EBITDA from our Midwest segment decrease d $2.9 million , or 7.9% . Results in the Midwest were primarily impacted by severe winter weather seen in the first quarter of 2014 and the constrained discretionary spending of our customers. We were encouraged by our Midwest properties' performance as gross gaming revenue outperformed the markets in which we operate in each jurisdiction. Reducing marketing and other operating expenses lead to an increase in both Adjusted EBITDA and the Adjusted EBITDA operating margin during the fourth quarter of 2014, reversing the trends seen in the first three quarters of the year.

Colorado. Colorado operations accounted for approximately 10% of our gross revenue from continuing operations during each of the years ended December 31, 2014 and 2013 .

Net revenue from our Colorado segment increase d $0.9 million , or 2.3% , primarily due to aggressive promotional offers and free slot play initiatives which increased visitation to the newly renovated properties. Colorado Adjusted EBITDA decrease d $3.7 million , or 44.8% . The declines in Colorado Adjusted EBITDA were mainly driven by an increase in operating expenses, including increased marketing expenses, as the property completed its first full year of operations post acquisition and renovation impact. Operating results were negatively impacted as marketing expenses, including promotional free play, were increased to re-attract and retain patrons that had not visited the property during the nearly two year period since the properties were acquired.

Revenue and Expense by Category

The following table presents detail of our consolidated continuing operations gross revenue and expense by category (in thousands):

	Year Ended December 31,			Percent Change	
	2015	2014	2013	Current Year	Prior Year
Total revenue					
Casino	$ 295,046	$ 294,998	$ 299,216	— %	(1.4)%
Food and beverage	47,536	49,029	45,494	(3.0)%	7.8 %
Lodging	26,664	26,302	26,166	1.4 %	0.5 %
Fuel and retail	58,471	58,893	59,011	(0.7)%	(0.2)%
Other	13,412	14,482	13,775	(7.4)%	5.1 %
Total revenue	441,129	443,704	443,662	(0.6)%	— %
Promotional allowances	(47,829)	(57,802)	(53,888)	(17.3)%	7.3 %
Net revenue	$ 393,300	$ 385,902	$ 389,774	1.9 %	(1.0)%
Departmental cost and expense					
Casino	$ 116,416	$ 122,404	$ 118,945	(4.9)%	2.9 %
Food and beverage	47,188	48,137	45,375	(2.0)%	6.1 %
Lodging	16,425	16,281	17,551	0.9 %	(7.2)%
Fuel and retail	43,285	46,825	49,094	(7.6)%	(4.6)%
Other	7,147	7,921	7,704	(9.8)%	2.8 %
General and administrative	78,573	79,429	77,133	(1.1)%	3.0 %
Depreciation and amortization	29,028	28,579	27,809	1.6 %	2.8 %
Corporate	19,887	14,814	12,233	34.2 %	21.1 %
Goodwill and other impairments	20,229	—	165	— %	(100.0)%
Write downs, reserves and recoveries	301	(424)	4,766	(171.0)%	(108.9)%
Departmental cost and expense	$ 378,479	$ 363,966	$ 360,775	4.0 %	0.9 %
Departmental Adjusted EBITDA Margins					
Gaming	60.5%	58.5%	60.2%		
Food and beverage	0.7%	1.8%	0.3%		
Lodging	38.4%	38.1%	32.9%		
Fuel and retail	26.0%	20.5%	16.8%		
Other	46.7%	45.3%	44.1%		

Gross Revenue. Generally, the industry defines gaming revenue as gaming wins less gaming losses. We derive the majority of our gaming revenue, which we report in the Casino line item, from slot machines. Casino revenue also includes table game revenue and bingo, keno and poker revenue, where offered. Our gross revenue also includes:

- food and beverage revenue, which we earn from sales in restaurants and outlets we own and operate at our casinos and from room service sales;
- lodging revenue, which we earn from rooms we provide to customers;
- fuel and retail revenue, which we earn from sales of fuel, food and beverage items at franchised food outlets, lottery tickets and other retail items at facilities we own at the Primm Casinos, and at facilities we own and lease to third-parties at the Primm Casinos and Lakeside; and
- other revenue, which we earn from sources such as consulting agreements, leasing agreements, entertainment services, and cash services at our casino properties.

We recognize revenue at the time we provide the product, room or service to the guest or the third-party.

Promotional allowances consist primarily of food, beverage, lodging and entertainment furnished gratuitously to customers, as well as incentives earned in our guest reward program such as cash rewards or complimentary goods and services. We include the retail value of items or services furnished gratuitously to customers in the respective revenue classifications, then we deduct the total amount of promotional allowances from total revenue. The cost of complimentary items or services is recorded as a casino expense.

Cost and Expense. We aggregate our direct costs and expense, including selling, general and administrative expense for each of our operations, and include them in the expense of our reportable segments, as discussed in "Reportable Segment Results."

Corporate expense represents unallocated payroll, professional fees and other expense which we do not directly attribute to our reportable segments, as well as share-based compensation. We present corporate expense net of management fees or expense charged to our properties and cash fees earned under our consulting agreement with the operator of the Rampart Casino at the JW Marriott Resort in Las Vegas, from which we collected $0.5 million, $2.0 million and $2.0 million in management fees during the years ended December 31, 2015 , 2014 and 2013 , respectively. The consulting agreement with the Rampart Casino expired on April 1, 2015.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Corporate expense, excluding share-based compensation, increased by $4.3 million , or 30.1% , primarily as a result of increased payroll and benefits expense in the current period, as well as the expiration of our consulting agreement with the Rampart Casino on April 1, 2015. These items were partially offset by a decrease in expenses we incurred as part of activities that we do not consider part regular operations. During 2015 , such activities included evaluating acquisition proposals from Z Capital Partners, L.L.C. as well as other strategic alternatives and initiatives, and searching for a new Chief Financial Officer. During 2014 , such activities included evaluating strategic initiatives, searching for a new CEO, reconstituting our Board of Directors, remediating the recent data breach, and incurring lobbying expenses in connection with the casino industry's opposition to the Colorado racing initiative. We are permitted to add back such non-recurring expense to EBITDA, as defined in the Second Amended Credit Agreement, when determining compliance with our debt covenants. We incurred $3.0 million of non-recurring expense during 2015 , compared to non-recurring expense of $4.1 million during the prior year. Excluding the non-recurring expense items and share-based compensation, we incurred $15.7 million and $10.3 million of corporate expense during the years ended December 31, 2015 and 2014 , respectively.

Depreciation and amortization expense increased $0.4 million or 1.6% when compared to prior year primarily due to asset additions.

The non-cash goodwill impairment of $20.2 million was recognized during the fourth quarter of 2015 primarily due to revised estimates of cash flow projections at our Black Hawk reporting unit.

Net interest expense attributable to continuing operations increase d $0.8 million , or 2.8% , primarily as a result of costs associated with the second amendment to the New Credit Facility and the modification of the indenture governing the 2018 Notes, which occurred in July 2014.

In 2015 , the line item write-downs, reserves and recoveries include $0.3 million of expenses related to our Predecessors. In 2014 , the line item write-downs, reserves and recoveries included the net effect of our receipt of $0.4 million from our insurers related to our environmental remediation work at Primm (as described in Note 11).

Our income tax benefit for the year ended December 31, 2015 and our income tax provision for the year ended December 31, 2014 , were $2.7 million and $15.5 million , respectively. During 2014 , we evaluated our deferred tax assets and concluded that it is more likely than not that we will be unable to realize all of our net deferred tax assets and, as a result, recorded a valuation allowance of $13.6 million. Establishing the valuation allowance caused our effective income tax rates for 2015 and 2014 to vary significantly from the federal statutory rate. The benefit in 2015 was primarily due to the impairment of indefinite-lived intangibles for financial reporting purposes. The provision in 2014 was primarily due to the establishment of the valuation allowance.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Corporate expense, excluding share-based compensation, increased by $3.3 million , or 29.8% , primarily as a result of unusual expense we incurred as part of activities that we do not consider part of regular operations. During 2014, such activities included evaluating strategic initiatives, searching for a new CEO, reconstituting our Board of Directors, remediating the recent data breach, and incurring lobbying expenses in connection with the casino industry's opposition to the Colorado racing initiative. We are permitted to add back such unusual expense to EBITDA, as defined in the Second Amended Credit Agreement, when determining compliance with our debt covenants. We incurred $4.1 million of unusual expense, compared to unusual expense of $1.1 million during the prior year. Excluding the unusual expense items and share-based compensation, we incurred $10.3 million and $9.9 million of corporate expense during the years ended December 31, 2014 and 2013, respectively.

Depreciation and amortization expense increased $0.8 million or 2.8% when compared to prior year primarily due to asset additions, which include the completion of the Primm travel center and Colorado renovations.

Net interest expense attributable to continuing operations decreased $0.6 million , or 2.0% , primarily as a result of the reduced interest rate on our New Credit Facility. Previously capitalized fees were expensed to the debt modification line in connection with the second amendment to the New Credit Facility and the modification of the indenture governing the 2018 Notes which occurred in July 2014. In connection with the modifications to the New Credit Facility and the indenture governing the 2018 Notes, we incurred consent fees totaling $0.9 million, and expensed third party and other fees of $0.8 million and $2.0 million, respectively.

In 2013, the line item write-downs, reserves and recoveries included an accrual of $3.1 million for our estimated exposure in relation to settlement of the CCDC litigation (as described in Note 11), the write off of $2.7 million of previously-capitalized environmental remediation costs, and the reversal of the remaining $1.5 million we had accrued for IRS-imposed taxes, penalties and interest originating from the bankruptcy estate. In 2014, the same line item reflects the net effect of our receipt of $0.4 million from our insurers related to our environmental remediation work at Primm (as described in Note 11).

During 2014, we evaluated our deferred tax assets and concluded that it is more likely than not that we will be unable to realize all of our net deferred tax assets and, as a result, recorded a valuation allowance of $18.0 million. Establishing the valuation allowance caused our effective income tax rate for 2014 to vary significantly from the federal statutory rate and from our effective income tax rate for 2013 and 2012. Our income tax provision for the year ended December 31, 2014 and income

tax benefit for the year ended December 31, 2013 were approximately $15.5 million and $0.5 million , respectively. The provision in 2014 was primarily due to the establishment of the valuation allowance. Income tax receivable as of December 31, 2014 consists primarily of estimated tax payments which we expect to be refunded.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We rely on cash flows from operations as our primary source of liquidity. The New Credit Facility permits us to incur limited indebtedness for trade payables and capital leases in the ordinary course of business and provides an accordion feature, whereby we may borrow up to an additional $80.0 million subject to certain terms and conditions, including compliance with a maximum leverage ratio (as defined in the Second Amended Credit Agreement). We cannot assure you that, if required, we will be able to obtain the necessary approval for additional borrowing under our New Credit Facility.

We incur and pay interest on the Initial Term Loan under the Second Amended Credit Agreement at an uncommitted floating rate of LIBOR plus 4.00% , subject to a LIBOR floor of 1.25% . The Second Amended Credit Agreement also requires us to pay commitment fees related to the Revolving Credit Facility equal to an annualized rate of 0.50% on undrawn amounts when the net leverage ratio is greater than 3.50 to 1.00, or equal to an annualized rate of 0.375% on undrawn amounts when the net leverage ratio is less than or equal to 3.50 to 1.00. Unamortized loan fees, which we are amortizing over the life of the 2018 Notes and the Initial Term Loan, totaled $6.3 million at December 31, 2015 , inclusive of both the amount we report in Other assets and the amount we report as an offset to the related debt. As of December 31, 2015 , we remained in compliance with all covenants specified in the Second Amended Credit Agreement.

As more fully described in Note 8 to our financial statements, the Second Amended Credit Agreement requires us to make a mandatory repayment of amounts outstanding under certain circumstances. The agreement also requires that we deposit proceeds from the sale of non-core assets into an account subject to an account control agreement.

The New Credit Facility and the 2018 Notes contain various covenants which limit our ability to take certain actions including, among other things, our ability to:

- incur additional debt;
- issue preferred stock;
- pay dividends or make other restricted payments;
- make investments;
- create liens;
- allow restrictions on the ability of restricted subsidiaries to pay dividends or make other payments;
- sell assets; merge or consolidate with other entities; and
- enter into transactions with affiliates.

Our primary cash needs for the next twelve months of operation include interest payments on our debt and capital expenditures. Our capital expenditure needs include maintenance capital and capital for the acquisition of slot machines and other equipment required to keep our facilities competitive. The Second Amended Credit Agreement potentially requires an annual principal prepayment based on excess cash flow (as defined in such agreement) calculated at the end of each calendar year. For the year ended December 31, 2015 , we will be required to make an excess cash flow repayment of $11.4 million in

April 2016. The most significant components of our working capital are cash, prepaid expense, accounts payable and accrued expense. Our liquidity position benefits from the fact that we generally collect cash from transactions with customers the same day or, in the case of credit or debit card transactions, within a few days of the related transaction.

A variety of factors, many of which are outside of our control, affect our cash flow; those factors include litigation, regulatory issues, competition, financial markets and other general business conditions. We believe that we will have sufficient liquidity through available cash, which was $157.8 million as of December 31, 2015 , trade credit and cash flow to fund our cash requirements and maintenance capital expenditures for at least the next twelve months. However, we cannot assure you that we will generate sufficient income and cash flow to meet all of our liquidity requirements.

Cash Flows from Operating Activities

Operating activities provided $40.0 million in cash through December 31, 2015 , compared to $22.8 million provided through December 31, 2014 . The increase in cash provided by operating activities was driven by the increase in net income and payment timing related to the elements of working capital. Net income during 2014 included income tax expense related to the deferred tax asset valuation allowance, which has no net effect on cash flow.

Cash Flows from Investing Activities

Investing activities used $17.3 million of cash through December 31, 2015 , compared to using $16.9 million through December 31, 2014 . Net cash used in investing activities is primarily comprised of capital expenditures, which were $17.3 million and $17.2 million during the years ended December 31, 2015 and 2014 , respectively.

Cash Flows from Financing Activities

Financing activities used $0.1 million and $11.6 million of cash during the years ended December 31, 2015 and 2014 , respectively, which primarily represented repayments of long-term debt. The prior period also included approximately $2.9 million of fees paid in connection with the second amendment to the New Credit Facility and the consent obtained under the 2018 Notes.

Off-Balance Sheet Arrangements

We currently have no material off-balance sheet arrangements.

Critical Accounting Policies

Management’s discussion and analysis of our results of operations and liquidity and capital resources is based upon our financial statements. We prepare our financial statements in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”). Certain of our accounting policies require that we apply significant judgment in determining the estimates and assumptions for calculating estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. We use, in part, our historical experience, terms of existing contracts, observance of trends in the gaming industry and information obtained from independent valuation experts or other outside sources to make our judgments. We cannot assure you that our actual results will conform to our estimates. We regularly evaluate these estimates and assumptions, particularly in areas we consider to be critical accounting estimates, where changes in estimates and assumptions could have a material impact on our results of operations, financial position and, generally to a lesser extent, cash flows.

Senior management and the Audit Committee of the Board of Directors have reviewed the disclosures included herein about our critical accounting estimates, and have reviewed the processes to determine those estimates.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the period. Estimates incorporated into our consolidated financial statements include the estimated useful lives for depreciable and amortizable assets, the estimated cash flows we use in assessing the recoverability of long-lived assets, as well as contingencies and litigation reserves, reserves for claims and assessments, and the estimated fair values we use to test certain assets for impairment. Actual results could differ from those estimates.

Long-Lived Assets

When events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, we evaluate long-lived assets for potential impairment, basing our testing method upon whether the assets are held for sale or held for use. For assets classified as held for sale, we recognize the asset at the lower of carrying value or fair market value less costs of disposal, as estimated based on comparable asset sales, offers received, or a discounted cash flow model. For assets held and used, we estimate the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected undiscounted future cash flows is less than the carrying value of the asset, we recognize an impairment loss for the difference between the carrying value of the asset and its fair value.

We must make several estimates, assumptions and decisions when testing long-lived assets for impairment. First, management must determine the usage of the asset. Because we must test assets at the lowest level for which identifiable cash flows exist, some assets must be grouped, and management has some discretion when choosing how to group assets. Also, we must estimate future cash flows which, by their nature, are subjective and could lead to actual results that differ materially from our estimates.

On a quarterly basis, we review our major long-lived assets to determine if events have occurred or circumstances exist that indicate a potential impairment. Potential factors which could trigger an impairment include poor performance compared to historical or projected operating results, negative industry or economic factors, or significant changes to our operating environment. We estimate future cash flows using our internal budgets. When appropriate, we discount future cash flows using a weighted-average cost of capital which we develop using a standard capital asset pricing model based on an industry peer group.

Goodwill and Intangible Assets

In the fourth quarter of each year, we test goodwill and other indefinite-lived intangible assets for impairment. We also conduct tests between our annual tests if events occur or circumstances change which would, more likely than not, indicate a reduction in the fair values of the indefinite-lived intangible assets below their carrying values. When testing for impairment, we may choose to evaluate qualitative factors first to determine whether events and circumstances indicate that, more likely than not, an indefinite-lived intangible asset is impaired. If, after evaluating the totality of events and circumstances and their potential effect on significant inputs to the fair value determination, we determine that, more likely than not, an indefinite-lived intangible asset is impaired, we then quantitatively test for impairment.

Indefinite-lived intangible assets consist primarily of license rights, which we test for impairment using a discounted cash flow approach, and trademarks, which we test for impairment using the relief-from-royalty method. Goodwill represents the excess of purchase price over fair market value of net assets acquired in business combinations. We test goodwill for relevant reporting units for impairment using a discounted cash flow analysis based on our budgeted future results which are discounted using a weighted average cost of capital. The weighted average cost of capital is developed using a standard capital asset pricing model, based on guideline companies in our industry and market indicators of terminal year capitalization rates.

We make several estimates when evaluating indefinite-lived intangible assets for impairment. In particular, future cash flow estimates are, by their nature, subjective and actual results may differ materially from our estimates. In addition, the determination of capitalization rates and the discount rates used in the impairment tests are highly judgmental and dependent in large part on expectations of future market conditions.

Accounting for Share-Based Compensation

We grant share-based awards to employees and non-employees in exchange for services; we have neither made share-based payments in exchange for goods nor do we currently have plans to do so. For share-based payments to employees and non-employees, we recognize compensation expense over the vesting period during which the employee or non-employee provides services in exchange for the award and, in the case of share-based payments to non-employees, we recognize a prepaid asset representing the portion of total estimated compensation expense for which the non-employee has not yet provided services.

To measure compensation expense related to stock options awarded, we use information available as of the reporting date to estimate the fair value of awards. We estimate the fair value of stock options using the Black-Scholes-Merton option pricing model, which requires estimates for expected volatility, expected dividends, the risk-free interest rate and the expected term of the share-based award. To measure compensation expense related to restricted stock shares awarded to employees, we use an estimate of the fair market value of our common stock on the grant date, while we use an estimate of the fair market value of our common stock on the reporting date for awards granted to non-employees. We include an estimate of the number of awards which we expect will be forfeited, and we update that number based on actual forfeitures.

During the fourth quarter of 2013, we changed our accounting for stock options from classifying them as equity instruments to classifying them as liabilities.

Contractual Obligations

The following table presents our contractual obligations as of December 31, 2015 (in thousands):

	Payments Due In:				
	Less Than One Year	One to Three Years	Three to Five Years	After Five Years	Total
Long-term debt	$ 11,383	$ 371,362	$ —	$ —	$ 382,745
Interest payments on long-term debt	27,431	32,686		—	60,117
Operating leases	7,785	15,166	13,861	151,200	188,012
Purchase obligations	6,605	1,255	243	—	8,103
Total contractual obligations	$ 53,204	$ 420,469	$ 14,104	$ 151,200	$ 638,977

Recently Issued Accounting Pronouncements

Please refer to Note 2 in the Notes to Consolidated Financial Statements included elsewhere in this report for a discussion regarding recently issued accounting pronouncements which may affect us.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk, primarily related to interest rate exposure of our debt obligations that bear interest based on floating rates. None of our cash or cash equivalents as of December 31, 2015 are subject to market risk based on changes in interest rates. We are exposed to market risk due to floating or variable interest rates on our indebtedness under the New Credit Facility. Both the Initial Term Loan and the Revolving Credit Facility bear interest at an uncommitted floating rate of LIBOR plus 4.00% , subject to a LIBOR floor of 1.25% . At December 31, 2015 , the principal amount of the related borrowings under our New Credit Facility was $182.7 million . A hypothetical 1.0% increase in LIBOR (or base rate) above the current floor would result in an approximately $1.8 million annual increase in interest expense.

The carrying values of our cash, trade receivables, and trade payables approximate their fair value primarily because of the short maturities of these instruments. We estimate the fair value of our long-term debt based on the quoted market prices for the same or similar issues or on the current rates offered to us for debt of the same remaining maturities. Based on the borrowing rates currently available to us for debt with similar terms and average maturities, we estimated the fair value of current debt outstanding at approximately $376.1 million as of December 31, 2015 .

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

We have included the required financial statements and schedules in this 2015 Form 10-K beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain a set of disclosure controls and procedures designed to ensure that the information we must disclose in reports we file or submit under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. We designed our disclosure controls with the objective of ensuring we accumulate and communicate this information to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under Exchange Act, as of the end of the period covered by this report. Based on our evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States. Internal control over financial reporting includes those policies and procedures that: (a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of our assets; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015 . In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) in *Internal Control - Integrated Framework* . Based on our assessment, our management believes that as of December 31, 2015 , our internal control over our financial reporting is effective.

Changes in Internal Control over Financial Reporting

We made no change in our internal control over financial reporting during the fiscal quarter ended December 31, 2015 which has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Controls

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process which involves human diligence and compliance, and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting may also be circumvented by collusion or improper management override. The inherent limitations pose a risk that internal control over financial reporting may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or the risk that the degree of compliance with the policies or procedures may deteriorate. Because inherent limitations are known features of the financial reporting process, it is possible to design the process with safeguards which reduce, though not eliminate, the risk posed by inherent limitations.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is set forth under the captions “Proposal One-Election of Directors,” “Corporate Governance,” “Executive Officers” and “Beneficial Ownership Reporting Compliance” in our definitive proxy statement to be filed in connection with our 2016 annual stockholders’ meeting (“ 2016 Proxy Statement”) and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is set forth under the captions “Director Compensation,” “Compensation Discussion and Analysis” and “Compensation Committee Report” in our 2016 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is set forth under the captions “Securities Authorized for Issuance Under Compensation Plans” and “Security Ownership” in our 2016 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is set forth under the captions “Certain Relationships and Related Parties” and “Director Independence” in our 2016 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is set forth under the caption “Principal Accountant Fees and Services” in our 2016 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this 2015 Form 10-K:

Consolidated Financial Statements

In Part II, Item 8, we have included our consolidated financial statements, the notes thereto and the report of the Independent Registered Public Accounting Firm.

Financial Statement Schedules

We have omitted schedules required by applicable SEC accounting regulations because they are either not required under the related instructions, are inapplicable, or we present the required information in the financial statements or notes thereto.

Exhibits

We hereby file as part of this 2015 Form 10-K the exhibits listed on the attached Exhibit Index. Exhibits which are incorporated herein by reference can be inspected and copied at the public reference facilities maintained by the SEC, 100 F Street, N.E., Room 1580, Washington D.C. 20549, at prescribed rates, or on the SEC website at www.sec.gov.

EXHIBIT INDEX

Exhibit Number	Description
2.1	Asset and Equity Purchase Agreement, dated as of September 20, 2011, by and between Affinity Gaming (formerly Affinity Gaming, LLC) and Golden Gaming, Inc. (incorporated by reference from Exhibit 2.1 to Affinity Gaming's Quarterly Report on Form 10-Q (File No. 000-54085) dated November 14, 2011)
2.2	First Amendment and Waiver to Asset and Equity Purchase Agreement, dated as of November 17, 2011, by and between Affinity Gaming (formerly Affinity Gaming, LLC) and Golden Gaming, Inc. (incorporated by reference from Exhibit 2.2 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 30, 2012)
2.3	Asset Purchase Agreement, dated as of September 20, 2011, by and between Affinity Gaming (formerly Affinity Gaming, LLC) and Golden Mardi Gras, Inc. (incorporated by reference from Exhibit 2.2 to Affinity Gaming's Quarterly Report on Form 10-Q (File No. 000-54085) dated November 14, 2011)
2.4	First Amendment and Waiver to Asset Purchase Agreement, dated as of November 17, 2011, by and between Affinity Gaming (formerly Affinity Gaming, LLC) and Golden Mardi Gras, Inc. (incorporated by reference from Exhibit 2.4 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 30, 2012)
2.5	Second Amendment to Asset Purchase Agreement, dated as of February 29, 2012, by and between Affinity Gaming (formerly Affinity Gaming, LLC) and Golden Mardi Gras, Inc. (incorporated by reference from Exhibit 2.5 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 30, 2012)
3.1	Articles of Incorporation of Affinity Gaming and the Addendum thereto (incorporated by reference from Exhibit 3.1 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated December 20, 2012)
3.2	Amended and Restated Bylaws of Affinity Gaming (incorporated by reference from Exhibit 3.1 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated March 29, 2013)

Exhibit Number	Description
3.3	Certificate of Designation of Series A Preferred Stock of Affinity Gaming, as filed with the Secretary of State of the State of Nevada on December 21, 2012 (incorporated by reference from Exhibit 3.1 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated December 21, 2012)
3.4	Certificate of Withdrawal of Series A Preferred Stock of Affinity Gaming, as filed with the Secretary of State of the State of Nevada on August 15, 2014 (incorporated by reference from Exhibit 3.3 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated August 13, 2014)
4.1	Registration Rights Agreement, dated February 7, 2012, by and among Affinity Gaming (formerly Affinity Gaming, LLC) and SPH Investment, LLC (incorporated by reference from Exhibit 10.1 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated February 13, 2012).
4.2	Registration Rights Agreement, dated May 9, 2012, among Affinity Gaming (formerly Affinity Gaming, LLC), Affinity Gaming Finance Corp., the guarantors party thereto and Deutsche Bank Securities Inc., acting on behalf of itself and as representative of the several initial purchasers party thereto (incorporated by reference from Exhibit 4.2 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated May 10, 2012)
4.3	Indenture, dated May 9, 2012, relating to Affinity Gaming and Affinity Gaming Finance Corp.'s 9% Senior Notes due 2018, by and among Affinity Gaming (formerly Affinity Gaming, LLC), Affinity Gaming Finance Corp., the guarantors party thereto, U.S. Bank, National Association, as trustee, and Deutsche Bank Trust Company Americas, as paying agent, registrar, transfer agent and authenticating agent (incorporated by reference from Exhibit 4.1 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated May 10, 2012)
4.4	Form of 9% Senior Note due 2018 (included in Exhibit 4.3)
4.5	Supplemental Indenture, dated July 25, 2014, by and between Affinity Gaming, Affinity Gaming Finance Corp., the guarantors party thereto, U.S.
10.1	Credit Agreement, dated May 9, 2012, among Affinity Gaming (formerly Affinity Gaming, LLC), as borrower, Deutsche Bank Trust Company Americas, as administrative agent and as collateral agent, the other agents party thereto and the lenders party thereto (incorporated by reference from Exhibit 10.1 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated May 10, 2012)
10.2	Amended and Restated Ground Lease Agreement, dated as of July 1, 1993, by and between Primm South Real Estate Company and The Primadonna Corporation (incorporated by reference from Exhibit 10.2 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated January 3, 2011)
10.3	First Amendment to the Amended and Restated Ground Lease Agreement and Consent and Waiver, dated as of August 25, 1997, by and between Primm South Real Estate Company and The Primadonna Corporation (incorporated by reference from Exhibit 10.3 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated January 3, 2011)
10.4	Second Amendment to the Amended and Restated Ground Lease Agreement, dated as of July 1, 2002, by and between Primm South Real Estate Company and The Primadonna Company, LLC (incorporated by reference from Exhibit 10.4 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated January 3, 2011)
10.5	Third Amendment to the Amended and Restated Ground Lease Agreement, dated as of September 14, 2004, by and between Primm South Real Estate Company and The Primadonna Company, LLC (incorporated by reference from Exhibit 10.5 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated January 3, 2011)
10.6	Fourth Amendment to the Amended and Restated Ground Lease Agreement, dated as of September 14, 2004, by and between Primm South Real Estate Company and The Primadonna Company, LLC LLC (incorporated by reference from Exhibit 10.8 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 27, 2015)
10.7	Gold Ranch Casino Lease, dated as of December 27, 2001, by and between Last Chance, Inc., Prospector Gaming Enterprises, Inc. and Target Investments, L.L.C. (incorporated by reference from Exhibit 10.15 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated January 3, 2011)

Exhibit Number	Description
10.8	Option to Purchase the Gold Ranch Casino Property and Improvements, The Leach Field Property, the Frontage Parcel, the California Lottery Station and the California Lottery Property, and the Right of First Refusal, dated as of December 27, 2001, by and among Prospector Gaming Enterprises, Inc., Target Investments, L. L. C. and Last Chance, Inc. (incorporated by reference from Exhibit 10.16 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated January 3, 2011)
10.9	Form of Indemnification Agreement for Directors and Executive Officers (incorporated by reference from Exhibit 10.18 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated January 3, 2011) †
10.10	Letter Agreement regarding offer of employment, dated as of January 12, 2011, from Affinity Gaming, LLC to, and acknowledged by, Donna Lehmann (incorporated by reference from Exhibit 10.2 to Affinity Gaming, LLC's Current Report on Form 8-K (File No. 000-54085) dated January 12, 2011) †
10.11	Letter Agreement regarding offer of employment, dated as of February 4, 2011, from Affinity Gaming (formerly Affinity Gaming, LLC) to, and acknowledged by, Marc H. Rubinstein (incorporated by reference from Exhibit 10.23 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 31, 2011) †
10.12	Executive Severance Agreement, dated as of January 11, 2011, between Affinity Gaming (formerly Affinity Gaming, LLC) and Donna Lehmann (incorporated by reference from Exhibit 10.4 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated January 12, 2011) †
10.13	Executive Severance Agreement, dated as of February 4, 2011, between Affinity Gaming (formerly Affinity Gaming, LLC) and Marc H. Rubinstein (incorporated by reference from Exhibit 10.26 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 31, 2011) †
10.14	Duty of Loyalty Agreement, dated as of January 11, 2011, between Affinity Gaming (formerly Affinity Gaming, LLC) and Donna Lehmann (incorporated by reference from Exhibit 10.6 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated January 12, 2011) †
10.15	Duty of Loyalty Agreement, dated as of February 4, 2011, between Affinity Gaming (formerly Affinity Gaming, LLC) and Marc H. Rubinstein (incorporated by reference from Exhibit 10.29 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 31, 2011) †
10.16	Amendment to Letter Agreement regarding offer of employment, dated as of May 6, 2011, from Affinity Gaming (formerly Affinity Gaming, LLC) to, and acknowledged by, Donna Lehmann (incorporated by reference from Exhibit 10.4 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated May 9, 2011) †
10.17	Amendment to Letter Agreement regarding offer of employment, dated as of December 27, 2012, from Affinity Gaming (formerly Affinity Gaming, LLC) to, and acknowledged by, Donna Lehmann † (incorporated by reference from Exhibit 10.37 to Affinity Gaming 's Annual Report on Form 10-K (File No. 000-54085) dated April 1, 2013)
10.18	Amendment to Executive Severance Agreement, dated as of December 27, 2012, from Affinity Gaming (formerly Affinity Gaming, LLC) to, and acknowledged by, Donna Lehmann † (incorporated by reference from Exhibit 10.38 to Affinity Gaming 's Annual Report on Form 10-K (File No. 000-54085) dated April 1, 2013)
10.19	Amendment to Duty of Loyalty Agreement, dated as of December 27, 2012, from Affinity Gaming (formerly Affinity Gaming, LLC) to, and acknowledged by, Donna Lehmann † (incorporated by reference from Exhibit 10.39 to Affinity Gaming 's Annual Report on Form 10-K (File No. 000-54085) dated April 1, 2013)
10.20	Asset Purchase Agreement, dated September 7, 2012, by and among The Sands Regent, LLC, Truckee Gaming, LLC, Affinity Gaming (formerly Affinity Gaming, LLC), Dayton Gaming, LLC and California Prospectors, Ltd. (incorporated by reference from Exhibit 10.1 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated September 10, 2012)
10.21	Consulting Agreement, dated as of May 1, 2011, by and between Affinity Gaming (formerly Herbst Gaming, LLC) and Hotspur Casinos Nevada, Inc. (incorporated by reference from Exhibit 10.5 to Affinity Gaming's Quarterly Report on Form 10-Q (File No. 000-54085) dated August 12, 2011)

Exhibit Number	Description
10.22	Herbst Gaming, LLC 2011 Long-Term Incentive Plan (incorporated by reference from Exhibit 10.30 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 31, 2011) †
10.23	Affinity Gaming 2011 Long-Term Incentive Plan, as amended and restated † (incorporated by reference from Exhibit 10.41 to Affinity Gaming 's Current Report on Form 8-K (File No. 000-54085) dated November 4, 2014)
10.24	Amendment to Letter Agreement regarding offer of employment, dated March 20, 2013, from Affinity Gaming to, and acknowledged by, Marc H. Rubinstein (incorporated by reference from Exhibit 10.1 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated March 25, 2013)†
10.25	First Amendment, dated December 13, 2013, to the Credit Agreement, dated May 9, 2012, among Affinity Gaming (formerly Affinity Gaming, LLC), as borrower, Deutsche Bank Trust Company Americas, as administrative agent and as collateral agent, the other agents party thereto and the lenders party thereto (incorporated by reference from Exhibit 10.46 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 28, 2014)
10.26	Amendment, dated as of February 25, 2014, to Letter Agreement regarding offer of employment, the Executive Severance Agreement, and the Duty of Loyalty agreement, from Affinity Gaming (formerly Affinity Gaming, LLC) to, and acknowledged by, Donna Lehmann (incorporated by reference from Exhibit 10.48 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 28, 2014) †
10.27	Amendment, dated as of February 25, 2014, to Letter Agreement regarding offer of employment, the Executive Severance Agreement, and the Duty of Loyalty agreement, from Affinity Gaming (formerly Affinity Gaming, LLC) to, and acknowledged by, Marc H. Rubinstein (incorporated by reference from Exhibit 10.49 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 28, 2014) †
10.28	Settlement Agreement, dated July 28, 2014, by and between Affinity Gaming, Z Capital Partners, L.L.C. and the other parties thereto (incorporated by reference from Exhibit 10.1 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated July 22, 2014)
10.29	Second Amendment and Waiver to Credit Agreement, dated July 22, 2014, by and between Affinity Gaming, Deutsche Bank Trust Company Americas and the other parties thereto (incorporated by reference from Exhibit 10.2 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated July 22, 2014)
10.30	Executive Employment Agreement, dated August 25, 2014, by and between Affinity Gaming and Michael Silberling (incorporated by reference from Exhibit 10.2 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated August 26, 2014) †
10.31	Confidential Agreement to Amend Employment Agreements, dated February 17, 2015 between Affinity Gaming and Donna Lehmann (incorporated by reference from Exhibit 10.1 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated February 20, 2015).†
10.32	Retention Agreement, dated February 17, 2015 between Affinity Gaming and Marc H. Rubinstein P.C. (incorporated by reference from Exhibit 10.2 to Affinity Gaming's Current Report on Form 8-K (File No. 000-54085) dated February 20, 2015).†
10.33	Confidential Employment Agreement, effective as of March 19, 2015, between Affinity Gaming and Walter Bogumil (incorporated by reference from Exhibit 10.3 to Affinity Gaming's Quarterly Report on Form 10-Q (File No. 000-54085) dated May 12, 2015).†
10.34	Change in Control Agreement, effective as of October 5, 2015, between Affinity Gaming and Michael Silberling.*†‡
10.35	Change in Control Agreement, effective as of October 5, 2015, between Affinity Gaming and Walter Bogumil.*†‡
14.1	Affinity Gaming Code of Business Conduct and Ethics. *

Exhibit Number	Description
14.2	Affinity Gaming (formerly Affinity Gaming, LLC) Code of Ethics for Senior Financial Officers. (incorporated by reference from Exhibit 14.2 to Affinity Gaming 's Annual Report on Form 10-K (File No. 000-54085) dated March 31, 2011)
21.1	List of subsidiaries (incorporated by reference from Exhibit 21.1 to Affinity Gaming 's Annual Report on Form 10-K (File No. 000-54085) dated April 1, 2013)
23	Consent of Ernst & Young LLP *
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 *
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 *
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002 *
99.1	Description of Governmental Regulations *
99.2	Audit Committee Charter (incorporated by reference from Exhibit 99.1 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 27, 2015)
99.3	Compensation Committee Charter (incorporated by reference from Exhibit 99.2 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 27, 2015)
99.4	Governance and Nominating Committee Charter (incorporated by reference from Exhibit 99.3 to Affinity Gaming's Annual Report on Form 10-K (File No. 000-54085) dated March 27, 2015)
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**

* Filed herewith.

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

† Indicates a Management Contract or Compensation Plan or Arrangement.

‡ Confidential treatment has been requested as to certain portions of this exhibit, which portions have been omitted and submitted separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AFFINITY GAMING
(Registrant)

Date: March 23, 2016

By: */s/ Michael Silberling*
Michael Silberling
Chief Executive Officer
(principal executive officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Marc H. Rubinstein and Michael Silberling and each of them as his or her lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, to do any and all things and execute and all instruments that such attorney-in-fact may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the Securities and Exchange Commission in connection with this report and any and all amendments hereto, as fully for all intents and purposes as he might or could do in person, and hereby ratifies and confirms all said attorneys-in-fact and agents, each acting alone, and his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ Michael Silberling Michael Silberling	CEO (principal executive officer)	March 23, 2016
/s/ Walter Bogumil Walter Bogumil	SVP, CFO and Treasurer (principal financial and accounting officer)	March 23, 2016
/s/ David Reganato David Reganato	Director, Chairman	March 23, 2016
/s/ James A. Cacioppo James Cacioppo	Director	March 23, 2016
/s/ Matthew A. Doheny Matthew A. Doheny	Director	March 23, 2016
/s/ Andrei Scrivens Andrei Scrivens	Director	March 23, 2016
/s/ Eric V. Tanjeloff Eric V. Tanjeloff	Director	March 23, 2016
/s/ James J. Zenni, Jr. James J. Zenni, Jr.	Director	March 23, 2016

FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Affinity Gaming

We have audited the accompanying consolidated balance sheets of Affinity Gaming and its subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, owners' equity, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Affinity Gaming and its subsidiaries as of December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Las Vegas, Nevada
March 23, 2016

AFFINITY GAMING
Consolidated Balance Sheets
(in thousands)

	December 31,	
	2015	**2014**
ASSETS		
Cash and cash equivalents	$ 157,779	$ 135,175
Restricted cash	608	608
Accounts receivable, net of reserve of $147 and $159, respectively	3,217	3,516
Income tax receivable	16	171
Prepaid expense	10,079	10,134
Inventory	2,798	2,666
Total current assets	174,497	152,270
Property and equipment, net	251,908	261,111
Other assets, net	5,000	5,738
Intangibles, net	124,042	126,543
Goodwill	48,287	68,516
Total assets	$ 603,734	$ 614,178
LIABILITIES AND OWNERS' EQUITY		
Accounts payable	$ 13,220	$ 12,902
Accrued interest	2,327	2,353
Accrued expense	24,158	22,510
Deferred income taxes	1,663	1,438
Current maturities of long-term debt	11,383	—
Other current liabilities	23	30
Total current liabilities	52,774	39,233
Long-term debt, less current portion	365,674	374,701
Other liabilities	1,932	1,708
Deferred income taxes	13,095	16,081
Total liabilities	433,475	431,723
Commitments and contingencies (Note 13)		
Preferred stock, $0.001 par value, 10,000,000 shares authorized, none issued or outstanding	—	—
Common stock, $0.001 par value; 200,000,000 shares authorized; 20,377,247 and 20,300,464 shares issued and outstanding for 2015 and 2014, respectively	20	20
Additional paid-in-capital	208,239	207,339
Accumulated deficit	(38,000)	(24,904)
Total owners' equity	170,259	182,455
Total liabilities and owners' equity	$ 603,734	$ 614,178

See notes to consolidated financial statements

AFFINITY GAMING

Consolidated Statements of Operations
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
REVENUE			
Casino	$ 295,046	$ 294,998	$ 299,216
Food and beverage	47,536	49,029	45,494
Lodging	26,664	26,302	26,166
Fuel and retail	58,471	58,893	59,011
Other	13,412	14,482	13,775
Total revenue	441,129	443,704	443,662
Promotional allowances	(47,829)	(57,802)	(53,888)
Net revenue	393,300	385,902	389,774
EXPENSE			
Casino	116,416	122,404	118,945
Food and beverage	47,188	48,137	45,375
Lodging	16,425	16,281	17,551
Fuel and retail	43,285	46,825	49,094
Other	7,147	7,921	7,704
General and administrative	78,573	79,429	77,133
Depreciation and amortization	29,028	28,579	27,809
Corporate	19,887	14,814	12,233
Goodwill and other impairments	20,229	—	165
Write downs, reserves and recoveries	301	(424)	4,766
Total expense	378,479	363,966	360,775
Operating income from continuing operations	14,821	21,936	28,999
Other expense			
Interest expense, net	(30,652)	(29,827)	(30,428)
Loss on extinguishment (or modification) of debt	—	(240)	(81)
Total other expense, net	(30,652)	(30,067)	(30,509)
Loss from continuing operations before income tax	(15,831)	(8,131)	(1,510)
Benefit from (provision for) income taxes	2,735	(15,546)	519
Loss from continuing operations	$ (13,096)	$ (23,677)	$ (991)
Discontinued operations (Note 16):			
Loss from discontinued operations before income tax	—	—	(369)
Benefit from income taxes	—	—	133
Loss from discontinued operations	$ —	$ —	$ (236)
Net loss	$ (13,096)	$ (23,677)	$ (1,227)

See notes to consolidated financial statements

AFFINITY GAMING

Consolidated Statements of Owners' Equity
(in thousands, except number of shares)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Number of Shares	Amount			
Balance December 31, 2012	20,257,625	$ 20	$ 207,110	$ —	$ 207,130
Net loss	—	—	—	(1,227)	(1,227)
Share-based compensation	—	—	1,169	—	1,169
Repurchase of vested share-based awards	—	—	(318)	—	(318)
Conversion to accounting for stock option awards as liabilities	—	—	(2,235)	—	(2,235)
Shares issued under share-based compensation plans	31,374	—	—	—	—
Shares forfeited, canceled or expired	(45,737)	—	—	—	—
Balance December 31, 2013	20,243,262	20	205,726	(1,227)	204,519
Net loss	—	—	—	(23,677)	(23,677)
Share-based compensation	—	—	455	—	455
Canceled liability stock option awards	—	—	1,158	—	1,158
Shares issued under share-based compensation plans	60,455	—	—	—	—
Shares forfeited, canceled or expired	(3,253)	—	—	—	—
Balance December 31, 2014	20,300,464	20	207,339	(24,904)	182,455
Net loss	—	—	—	(13,096)	(13,096)
Share-based compensation	—	—	971	—	971
Repurchase of vested share-based awards	—	—	(71)	—	(71)
Shares issued under share-based compensation plans	84,101	—	—	—	—
Shares forfeited, canceled or expired	(7,318)	—	—	—	—
Balance December 31, 2015	20,377,247	$ 20	$ 208,239	$ (38,000)	$ 170,259

AFFINITY GAMING
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net loss	$ (13,096)	$ (23,677)	$ (1,227)
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from discontinued operations before income tax	—	—	369
Depreciation and amortization	29,028	28,579	27,809
Amortization of debt costs and discounts	2,990	2,203	2,209
(Gain) loss on sale of property and equipment	39	1	(42)
Unamortized loan fees related to extinguishment (or modification) of debt	—	240	81
Goodwill and other impairments	20,229	—	165
Share-based compensation	1,206	455	1,169
Environmental remediation costs	—	—	3,185
Deferred income taxes	(2,761)	15,586	(265)
Changes in operating assets and liabilities:			
Accounts receivable	299	(145)	1,738
Prepaid expense	54	(275)	(1,252)
Inventory	(132)	311	(142)
Other assets	132	783	1,092
Accounts payable	265	(1,698)	1,886
Accrued interest	(26)	(115)	(113)
Accrued expense	1,648	369	1,119
Income tax payable/receivable	155	249	(936)
Other liabilities	(44)	(95)	(58)
Net cash provided by operating activities	39,986	22,771	36,787
Cash flows from investing activities:			
Proceeds from sale to Truckee Gaming, LLC	—	—	17,447
Proceeds from sale of property and equipment	22	365	70
Purchases of property and equipment	(17,303)	(17,241)	(31,720)
Net cash used in investing activities	(17,281)	(16,876)	(14,203)
Cash flows from financing activities:			
Payment on long-term debt	(30)	(8,717)	(11,744)
Proceeds from long-term debt	—	—	4,314
Loan origination fees	—	(2,860)	(852)
Repurchases of vested share-based awards	(71)	—	(318)
Net cash used in financing activities	(101)	(11,577)	(8,600)
Net increase (decrease) in cash and cash equivalents	22,604	(5,682)	13,984
Cash and cash equivalents:			
Beginning of period	135,175	140,857	126,873
End of period	$ 157,779	$ 135,175	$ 140,857
Cash flows from discontinued operations:			
Cash flows from operating activities	$ —	$ —	$ 36
Cash flows from investing activities	—	—	(4,695)
Cash flows from discontinued operations	$ —	$ —	$ (4,659)
Supplemental cash flow information:			
Cash paid during the period for interest	$ 27,887	$ 27,920	28,867
Supplemental schedule of non-cash investing and financing activities:			
Purchase of property and equipment financed through accounts payable	$ 2,633	$ 2,580	3,779
Acquisition of property and equipment under capital lease	—	82	363

See notes to consolidated financial statements.

NOTE 1. ORGANIZATION, CONSOLIDATION AND PRESENTATION OF FINANCIAL STATEMENTS

Organization and Business

Affinity Gaming (together with its subsidiaries, "Affinity" or "we") is a Nevada corporation, headquartered in Las Vegas, which owns and operates 11 casinos, five of which are located in Nevada, three in Colorado, two in Missouri and one in Iowa. We also provided consulting services to Hotspur Casinos Nevada, Inc. ("Hotspur"), the operator of the Rampart Casino at the JW Marriott Resort in Las Vegas until the expiration of the related consulting agreement on April 1, 2015 (the "Rampart Casino Consulting Agreement"). Hotspur previously paid us a fixed annual fee in monthly installments.

On February 1, 2013, we completed the sale to Truckee Gaming, LLC ("Truckee Gaming") of the Sands Regency Casino Hotel in Reno, Nevada, the Gold Ranch Casino & RV Resort in Verdi, Nevada, and the Dayton Depot Casino in Dayton, Nevada ("Truckee Disposition"). The results of operations of each of the properties sold are classified as discontinued operations for the years presented. Results of operations for the properties sold were previously reported in the Nevada segment results.

In December 2013, we closed our casino property in Henderson, Nevada. The financial position and results of operations of the Henderson casino are not material, during any period presented, either to our consolidated financial position and results of operations or to the financial position and results of operations of our Nevada segment. As a result, we have neither reported any assets held for sale nor any discontinued operations related to the closure. We have recorded the loss on Henderson's impaired asset in the line item Loss on impairment of assets, while we reflected all other expense related to the closure in the line item Write downs, reserves and recoveries.

Consolidation

We include all of our subsidiaries in our consolidated financial statements, eliminating all significant intercompany balances and transactions during consolidation.

Basis of Presentation

We prepare our consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP"). While preparing our financial statements, we make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenue and expense during the reporting period. Accordingly, actual results could differ from those estimates. Reported amounts that require us to make extensive use of estimates include the fair values of assets and liabilities related to depreciation and amortization, the estimated allowance for doubtful accounts receivable and the estimated cash flows we use in assessing the recoverability of long-lived assets, as well as the estimated fair values of certain assets related to write downs and impairments, contingencies and litigation, and claims and assessments.

The term "Predecessor", as used throughout these financial statements and related disclosures, refers to Herbst Gaming, Inc and its subsidiaries, from whose consolidated bankruptcy proceedings we emerged as successor effective December 30, 2010.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Our cash and cash equivalents include demand deposits with financial institutions and short-term, highly-liquid instruments with original maturities of three months or less when purchased. The carrying value of the deposits and instruments approximates their fair value due to their short-term maturities.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (an exit price). When reporting the fair values of our financial instruments, we prioritize those fair value measurements into one of three levels based on the nature of the inputs, as follows:

- Level 1 – Valuations based on quoted prices in active markets for identical assets and liabilities;
- Level 2 – Valuations based on observable inputs that do not meet the criteria for Level 1, including quoted prices in inactive markets and observable market data for similar, but not identical instruments; and
- Level 3 – Valuations based on unobservable inputs, which are based upon the best available information when external market data is limited or unavailable.

The fair value hierarchy requires us to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. For some products or in certain market conditions, observable inputs may not be available.

Accounts Receivable

We periodically perform credit evaluations of our customers to minimize the risk of credit losses. To determine an allowance for potential credit losses related to our accounts receivable, we review accounts receivable balances based on our collections experience and the age of the receivables.

Inventory

We record our inventory, which includes food, beverage, retail items and gasoline, at the lower of cost or market value. We determine cost using the first-in, first-out method.

Property and Equipment

We state property and equipment at cost and depreciate such assets using the straight-line method over the estimated useful lives of each assets category. For leasehold improvements, we determine amortization using the straight-line method over the shorter of the lease term or estimated useful life of the asset.

Debt Issuance Costs

We capitalize all direct, incremental costs we pay to parties other than the creditor(s) in connection with the issuance of long-term debt and amortize such costs to interest expense using the effective interest method over the terms of the related debt agreements. Any amounts we pay to the creditor(s) are recorded as a component of the premium or discount associated with the debt.

With regard to transactions for which we apply modification accounting, we capitalize any new amounts paid to the creditor(s) whose debt is modified, adding it to the unamortized debt issuance cost balance of such creditor(s), and we amortize such costs to interest expense using the effective interest method over the terms of the new debt agreement(s). We expense any costs we incur with third parties.

With regard to transactions for which we apply extinguishment accounting, we include the unamortized debt issuance cost related to the extinguished creditor(s) plus any new amounts paid to the extinguished creditor(s) as a component of the gain or loss on the transaction. We associate any costs we incur with third parties with the new debt, and amortize such costs to interest expense using the effective interest method over the terms of the new debt agreement(s).

Self-Insurance Reserves

We are self-insured up to certain stop loss amounts for costs associated with general liability claims and workers' compensation claims arising from our operations in Nevada and Colorado. To estimate our accruals related to claims reserves, we consider historical loss experience and make judgments about the expected levels of costs per claim. We believe our estimates of future liability are reasonable based upon our methodology; however, changes in health care costs, accident frequency and severity, and other factors could materially affect the estimate for these liabilities. We include self-insurance reserves in Accrued expense on our consolidated balance sheets in the amounts of $1.5 million and $1.1 million at December 31, 2015 and 2014 , respectively.

Long-Lived Assets

When events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, we evaluate long-lived assets for potential impairment, basing our testing method upon whether the assets are held for sale or held for use. For assets classified as held for sale, we recognize the asset at the lower of carrying value or fair market value less costs of disposal, as estimated based on comparable asset sales, offers received, or a discounted cash flow model. For assets held and used, we estimate the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected undiscounted future cash flows is less than the carrying value of the asset, we recognize an impairment loss for the difference between the carrying value of the asset and its fair value.

During 2013, we recognized an immaterial loss on impairment of a fixed asset related to the closure of the Henderson casino.

Goodwill and Intangible Assets

As of October 31 of each year, we test goodwill and other indefinite-lived intangible assets for impairment. We also conduct tests between our annual tests if events occur or circumstances change which would, more likely than not, indicate a reduction in the fair values of the indefinite-lived intangible assets below their carrying values. When testing for impairment, we may choose to evaluate qualitative factors first to determine whether events and circumstances indicate that, more likely than not, an indefinite-lived intangible asset is impaired. If, after evaluating the totality of events and circumstances and their potential effect on significant inputs to the fair value determination, we determine that, more likely than not, an indefinite-lived intangible asset is impaired, we then quantitatively test for impairment.

Indefinite-lived intangible assets consist primarily of license rights, which we test for impairment using a discounted cash flow approach, and trademarks, which we test for impairment using the relief-from-royalty method. Goodwill represents the excess of purchase price over fair market value of net assets acquired in business combinations. We test goodwill for relevant reporting units for impairment using a discounted cash flow analysis based on our budgeted future results which are discounted using a weighted average cost of capital. The weighted average cost of capital is developed using a standard capital asset pricing model, based on guideline companies in our industry and market indicators of terminal year capitalization rates.

We make several estimates when evaluating indefinite-lived intangible assets for impairment. In particular, future cash flow estimates are, by their nature, subjective and actual results may differ materially from our estimates. In addition, the determination of capitalization rates and the discount rates used in the impairment tests are highly judgmental and dependent in large part on expectations of future market conditions.

During 2015, we recorded an impairment charge of $20.2 million due to the Company's revised estimate of future cash flows in its Colorado segment. During our regular annual testing in 2014 , the estimated fair values of our reporting units with associated goodwill exceeded their carrying values for all our reporting units, so we did not record impairment charges.

Revenue and Promotional Allowances

We recognize casino revenue equal to the amounts wagered by patrons less the amounts we pay to winning patrons. Additionally, we recognize lodging revenue at the time guests occupy hotel rooms, and all other revenue at the time we provide the goods or services to the patron. We present revenue from retail sales net of sales tax. Total revenue from casino operations

includes the retail value of food, beverage, goods and services we provide to customers on a complimentary basis; such complimentary amounts are then deducted as promotional allowances in calculating net revenue. Promotional allowances also include certain incentives earned in our guest rewards programs.

The retail value of complimentary food, beverage, goods and services included in promotional allowances consists of the following (in thousands):

	Year Ended December 31,		
	2015	**2014**	**2013**
Lodging	$ 10,704	$ 13,797	$ 12,891
Food and Beverage	28,305	31,726	28,176
Other	8,820	12,279	12,821
Total	$ 47,829	$ 57,802	$ 53,888

The estimated departmental cost of providing these promotional allowances is as follows (in thousands):

	Year Ended December 31,		
	2015	**2014**	**2013**
Lodging	$ 10,700	$ 13,797	$ 12,891
Food and Beverage	13,263	15,587	13,639
Other	7,926	10,861	11,194
Total	$ 31,889	$ 40,245	$ 37,724

Guest Rewards Programs

Our guest rewards programs allow guests to earn certain point-based cash rewards or complimentary goods and services based on the volume of the guests' gaming activity. Guests can accumulate reward points over time which they may redeem at their discretion under the terms of the programs. If a guest does not earn any reward credits over the subsequent 12- to 18-month period, depending upon the casino, that guest forfeits their reward credit balance. Because guests can accrue the reward points, we expense those reward points, after giving effect to estimated forfeitures, as the guests earn them. We base our accruals on historical data, estimates and assumptions regarding the mix of rewards that guests will redeem and the costs of providing those rewards. We record the retail value of the point-based rewards or complimentary goods and services as promotional allowance. We record the cost of free slot play and cash rewards as a reduction of revenue.

Cash, Hotel and Food Coupons

On a discretionary basis, we may award cash, lodging and food coupons to our gaming patrons, based in part on their play volume, to induce future play. The coupons are redeemable within a short time period (generally seven days for cash coupons and one month for lodging and food coupons), and guests cannot renew or extend the offer. We record the retail value of the good or service underlying the coupons as promotional allowance when guests redeem these coupons. The cash coupons are recorded as a reduction of casino revenue.

Share-Based Compensation

We grant share-based awards to employees and non-employees in exchange for services; we have neither made share-based payments in exchange for goods nor do we currently have plans to do so. For share-based payments to employees and non-employees, we recognize compensation expense over the vesting period during which the employee or non-employee provides services in exchange for the award and, in the case of share-based payments to non-employees, we recognize a prepaid asset representing the portion of total estimated compensation expense for which the non-employee has not yet provided services.

To measure compensation expense related to stock options awarded, we use information available as of the reporting date to estimate the fair value of awards. We estimate the fair value of stock options using the Black-Scholes-Merton option pricing model, which requires estimates for expected volatility, expected dividends, the risk-free interest rate and the expected term of the share-based award. To measure compensation expense related to restricted stock shares awarded to employees, we use an estimate of the fair market value of our common stock on the grant date, while we use an estimate of the fair market value of our common stock on the reporting date for awards granted to non-employees. We include an estimate of the number of awards which we expect will be forfeited, and we update that number based on actual forfeitures.

During the fourth quarter of 2013, we changed our accounting for stock options from classifying them as equity instruments to classifying them as liabilities. See Note 10 for more information.

Income Taxes

We recognize deferred tax assets and liabilities, which result from temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, using enacted tax rates expected to apply to taxable income in the years in which we expect those temporary differences to be recovered or settled. Any effect on deferred tax assets or liabilities resulting from a change in enacted tax rates is included in income during the period that includes the enactment date.

We reduce the carrying amounts of deferred tax assets by a valuation allowance if we determine that, more likely than not, we will be unable to realize such assets. Such assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, our forecasts of future profitability, the duration of statutory carryforward periods, and our experience with the utilization of operating loss and tax credit carryforwards before expiration.

Concentrations of Credit Risk

We maintain cash balances at certain financial institutions located in the states in which we operate. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 . At times, cash balances may be in excess of FDIC limits. As of December 31, 2015 , we do not believe we have any significant concentrations of credit risk.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* , that changes the accounting for leases and requires expanded disclosures about leasing activities. Under the new guidance, lessees will be required to recognize a right-of-use asset and a lease liability, measured on a discounted basis, at the commencement date for all leases with terms greater than twelve months. Lessor accounting will remain largely unchanged, other than certain targeted improvements intended to align lessor accounting with the lessee accounting model and with the updated revenue recognition guidance issued in 2014. Lessees and lessors are required to apply a modified retrospective transition approach for leases existing at the beginning of the earliest comparative period presented in the adoption-period financial statements. Any leases that expire before the initial application date will not require any accounting adjustment. ASU 2016-02 is effective for annual and interim reporting periods beginning after December 15, 2018, and early application is permitted. The Company is currently evaluating the impact this guidance will have on its financial condition, results of operations, cash flows or the reporting thereof.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs* . ASU 2015-03 changes the presentation of debt issuance costs in financial statements. Under ASU 2015-03, debt issuance costs will be presented in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. In August 2015, the FASB issued an accounting standards update which clarifies that the guidance issued in ASU 2015-03 does not apply to line-of-credit arrangements. According to the additional guidance, line-of-credit arrangements will continue to present debt issuance costs as an asset and subsequently amortize the deferred debt issuance costs ratably over the term of the arrangement. ASU 2015-03 is effective for the annual and interim periods beginning after December 15, 2015. Early application is permitted. This ASU will not have a material effect on our financial condition, results of operations, cash flows or the reporting thereof.

In August 2014, the FASB modified the Accounting Standards Codification by issuing ASU 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40)* . The amendments in ASU 2014-15 place responsibility on management to determine whether substantial doubt exists regarding the entity's ability to continue as a going concern. The amendments state that for each annual and interim reporting period, management should evaluate whether conditions or events, considered in the aggregate, raise doubt about the entity's ability to continue as a going concern for one year after the financial statements are issued. If management determines that substantial doubt exists regarding the entity's ability to continue as a going concern, the amendments require disclosure of the conditions or events that led to such determination, management's evaluation of the significance of such conditions or events, and management's plans to mitigate such conditions or events, including whether the plans alleviated substantial doubt. The amendments in ASU 2014-15 are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The amendments in ASU 2014-15 will not have a material effect on our financial condition, results of operations, cash flows or the reporting thereof.

In May 2014, the FASB modified the Accounting Standards Codification by issuing ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . The amendments in ASU 2014-09 stipulate that an entity should recognize revenue in an amount which reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to customers, and they provide a five-step process to assist entities with achieving that core principle. The ASU also specifies the accounting for some costs to obtain or fulfill a contract with a customer. With regard to disclosures, ASU 2014-09 states that entities should disclose sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, and it requires qualitative and quantitative disclosures concerning contracts with customers, significant judgments and changes therein, and assets recognized from the costs incurred to obtain or fulfill a contract. The amendments in ASU 2014-09 have been deferred for one year and are effective for annual reporting periods beginning after December 15, 2017, including interim periods therein, and they permit either retrospective application to all prior periods or retrospective application with the cumulative effect of application recognized on the initial application date. Early adoption is permitted for annual and interim periods beginning after December 31, 2016. We are currently evaluating what effect(s) the ASU will have.

We have reviewed all other recently issued accounting pronouncements and, other than those we have disclosed above or in previous filings with the SEC, we do not believe any of such pronouncements will have a material effect on our operations.

Correction of Immaterial Error and Reclassifications

During the third quarter of 2015, the Company identified that immaterial amounts of promotional items provided to its patrons including cash back awards to casino customers were improperly recorded as either casino expenses, general and administrative expenses or promotional allowances rather than being recorded as an offset to casino revenue. In accordance with ASC Topic 605-50, *Revenue Recognition* , cash incentives should be recorded as an offset to revenues. The following table compares previously reported net revenues and operating expenses to as adjusted amounts, reflecting the reclassification of immaterial promotional amounts in conformity with generally accepted accounting principles (in thousands):

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	Previously Reported	Correction	As Adjusted	Previously Reported	Correction	As Adjusted
Net Revenue	$ 387,991	$ (2,089)	$ 385,902	$ 390,488	$ (714)	$ 389,774
Operating Expenses	$ 366,055	$ (2,089)	$ 363,966	$ 361,489	$ (714)	$ 360,775

There was no impact on previously reported operating income, net income (loss) or cash flows of the Company.

The Company has evaluated the change in presentation on prior period financial statements taking into account the requirements of the Securities and Exchange Commission Staff Accounting Bulletin ("SAB") No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* . In accordance with the relevant guidance, we evaluated the materiality of the error from a qualitative and quantitative perspective and concluded that

correcting the error did not have a material impact on any individual prior period financial statement or affect the trend of financial results. As provided by SAB No. 108, the portion of the immaterial error and reclassification that impacts previously reported net revenues and operating expenses in the annual and quarterly periods for the years ended December 31, 2014 and 2013 will not require the previously filed annual reports on Form 10-K or quarterly reports on Form 10-Q to be amended and the correction is permitted to be made the next time we file our prior period financial statements.

NOTE 3. RESTRICTED CASH

Restricted cash balances at December 31, 2015 and 2014 include cash or certificates of deposit required for gaming activity in certain jurisdictions in which we operate, and for self-insured retention obligations under some of our workers compensation insurance policies.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following (in thousands, except estimated lives):

	Estimated Life (Years)	December 31, 2015	December 31, 2014
Building and improvements	7 - 40	$ 185,875	$ 183,457
Gaming equipment	3 - 10	75,527	64,826
Furniture, fixtures, and equipment	3 - 10	49,571	45,302
Leasehold improvements	7	196	196
Land	—	39,513	39,493
Barge	30	15,019	15,019
Construction-in-progress		3,185	3,815
Total property and equipment		368,886	352,108
Less accumulated depreciation		(116,978)	(90,997)
Total property and equipment, net		$ 251,908	$ 261,111

We recorded depreciation expense on the above assets totaling $ 26.5 million , $ 26.1 million , and $ 24.9 million for the years ended December 31, 2015 , 2014 and 2013 , respectively.

NOTE 5. GOODWILL AND OTHER INTANGIBLE ASSETS

We determine the fair value of the indefinite-lived intangible assets other than goodwill using the discounted cash flow method, a form of the income approach. In determining the fair values, we make significant assumptions relating to variables based on past experiences and judgments about future performance. These variables include, but are not limited to: (1) the forecast earnings growth rate of each market, (2) risk-adjusted discount rate and (3) expected growth rates in perpetuity to estimated terminal values.

The following table summarizes intangible assets by category (in thousands):

	December 31, 2015			December 31, 2014		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Finite-lived intangible assets						
Customer loyalty programs	$ 12,164	$ (8,583)	$ 3,581	$ 12,164	$ (6,581)	$ 5,583
Trademarks	2,982	(2,398)	584	2,982	(1,899)	1,083
	$ 15,146	$ (10,981)	$ 4,165	$ 15,146	$ (8,480)	$ 6,666
Indefinite-lived intangible assets						
Gaming license rights	$ 110,646		$ 110,646	$ 110,646		$ 110,646
Local tradenames	9,231		9,231	9,231		9,231
	$ 119,877		$ 119,877	$ 119,877		$ 119,877
Total intangible assets	$ 135,023		$ 124,042	$ 135,023		$ 126,543

The following table summarizes the changes in goodwill by reportable segment during the year ended December 31, 2015 :

	Nevada	Midwest	Colorado	Total
Balance at December 31, 2014	$ 33,665	$ 14,622	$ 20,229	$ 68,516
Impairment of goodwill	—	—	(20,229)	(20,229)
Balance at December 31, 2015	$ 33,665	$ 14,622	$ —	$ 48,287

In connection with our annual impairment testing of goodwill and other indefinite-lived assets for impairment, we determined that the carrying value of our Black Hawk reporting unit exceeded its fair value. Accordingly, we recognized a $20.2 million non-cash impairment of goodwill primarily due to reduced cash flow projections at our Black Hawk reporting unit. The fair value of our Black Hawk reporting unit was estimated using both income and market approaches, which include Level 3 inputs under the fair value hierarchy.

We amortize definite-lived intangible assets ratably over their expected lives which, for customer loyalty programs, approximate seven years and, for trademarks, approximate 3.75 years . Overall, we are amortizing definite-lived intangible assets over a weighted-average expected life of approximately 6.5 years .

We obtain gaming license rights when we acquire gaming entities that operate in gaming jurisdictions where competition is limited, such as states where the law only allows a certain number of operators. We do not currently amortize gaming license rights and local tradenames because we have determined they have an indefinite useful life.

We recorded total amortization expense for continuing operations of $2.5 million , $2.5 million and $2.9 million for the years ended December 31, 2015 , 2014 and 2013 , respectively.

The following table presents the future amortization expense related to definite-lived intangible assets (in thousands):

2016	$ 2,501
2017	975
2018	689

NOTE 6. OTHER ASSETS

Other assets consist of the following (in thousands):

	December 31,	
	2015	**2014**
Capitalized debt issuance cost, net	$ 1,470	$ 2,081
Long-term deposits	2,919	3,172
Other assets	611	485
Total	$ 5,000	$ 5,738

NOTE 7. ACCRUED EXPENSE

Accrued expense consists of the following (in thousands):

	December 31,	
	2015	**2014**
Progressive jackpot liabilities	$ 2,984	$ 3,271
Accrued payroll and related	7,441	6,712
Slot club point liability	3,213	3,353
Litigation reserve	3,100	3,100
Other accrued expense	7,420	6,074
Total	$ 24,158	$ 22,510

NOTE 8. LONG-TERM DEBT

The following table presents long-term debt balances (in thousands):

	December 31,	
	2015	2014
9% Senior Unsecured Notes due 2018	$ 200,000	$ 200,000
Unamortized debt issuance cost, net	(2,203)	(2,986)
Unamortized discount	(847)	(1,148)
9% Senior Unsecured Notes due 2018, net	196,950	195,866
Term loan due 2017	182,745	182,745
Unamortized debt issuance cost, net	(2,638)	(3,933)
Term loan due 2017, net	180,107	178,812
Total debt, including current portion	377,057	374,678
Less: current maturities	(11,383)	—
Plus: long-term portion of capital leases	—	23
Total long-term debt	$ 365,674	$ 374,701

The current maturities of long-term debt at December 31, 2015 , includes estimated mandatory excess cash flow payments on the Initial Term Loan.

On May 9, 2012, we repaid all of the $342.1 million debt then outstanding under the senior secured loans under our credit agreement dated December 31, 2010 (the "Old Credit Facility"). We obtained the funds used to repay the Old Credit Facility by (i) issuing $200.0 million of 9.00% senior unsecured notes due 2018 (the "2018 Notes"), and (ii) borrowing under our new Credit Agreement, dated May 9, 2012, which provides for a $200.0 million term loan (the "Initial Term Loan") due in 2017, the entirety of which the lenders disbursed to us on the closing date of the Credit Agreement, and a $35.0 million revolving credit facility (the "Revolving Credit Facility" and, together with the Initial Term Loan, the "New Credit Facility") which remained undrawn on the closing date of the new Credit Agreement. Approximately $38.6 million of cash from the issuance of the 2018 Notes and our borrowings under the New Credit Facility remained after we paid related transaction expense and repaid our Old Credit Facility.

On December 13, 2013, we completed the first amendment to the Credit Agreement. The first amendment made several changes to the Credit Agreement, including changes to interest rates. With our completion of the second amendment, described bellow, the first amendment's changes regarding interest rates were largely superseded.

On July 22, 2014, we completed the second amendment to the Credit Agreement (the "Second Amended Credit Agreement") governing our New Credit Facility. We incur and pay interest on the Initial Term Loan under the Second Amended Credit Agreement at an uncommitted floating rate of LIBOR plus 4.00% , subject to a LIBOR floor of 1.25% . The Second Amended Credit Agreement also requires us to pay commitment fees related to the Revolving Credit Facility equal to an annualized rate of 0.50% on undrawn amounts when the Total Net Leverage Ratio is greater than 3.50 to 1.00, or equal to an annualized rate of 0.375% on undrawn amounts when the Total Net Leverage Ratio is less than or equal to 3.50 to 1.00. The New Credit Facility provides an accordion feature which allows us to seek additional borrowings of up to $80.0 million subject to certain customary terms and conditions, including pro forma compliance with a maximum leverage ratio, as defined in the Second Amended Credit Agreement.

During the years ended December 31, 2014 and 2013 , we recorded losses on modification of debt of $0.2 million and $0.1 million , respectively.

In the table above, unamortized debt issuance cost represents payments made to entities which purchased our debt. Unamortized debt issuance cost, which we are amortizing over the life of the 2018 Notes and the Initial Term Loan, totaled $6.3 million and $9.0 million at December 31, 2015 and 2014 , respectively, inclusive of both the amount we report in Other assets and the amount we report as an offset to the related debt. The amounts of unamortized debt issuance cost at December 31, 2015 and 2014 , were net of accumulated amortization totaling $7.7 million and $5.0 million , respectively.

Under the Second Amended Credit Agreement, we must make a mandatory repayment of amounts outstanding under the Initial Term Loan in an amount equal to the net cash proceeds from any asset sale within five business days after receipt of such proceeds. However, we do not have to make such mandatory prepayment if (i) no event of default or specified default (each as defined in the Second Amended Credit Agreement) then exists and (ii) such net cash proceeds are used to purchase assets (other than working capital) used or useful in the business (x) within 548 days following receipt of the net cash proceeds or (y) if a legally binding commitment to purchase assets is entered into within such 548 day period, within 180 days after the end of such 548 day period. In the case of non-core asset sales (as defined in the Second Amended Credit Agreement), any resulting net cash proceeds must be deposited into an account subject to an account control agreement.

Under the Second Amended Credit Agreement, a change of control would occur in certain circumstances, including (i) when any person or group acquires 50% or more on a fully diluted basis of our voting equity interests, other than any person or group who, together with their respective affiliates, beneficially owned or controlled as of July 22, 2014 at least 20% or more on a fully diluted basis or our voting equity interest, or (ii) when there is a change in the majority of continuing directors, but excluding (x) the entry into or performance of the Settlement Agreement (as described in our Current Report on Form 8-K, filed on July 28, 2014), or (y) the formation of a "group" among all or some of the parties to the Settlement Agreement or their affiliates in connection with the performance of the Settlement Agreement or any other agreement in existence on July 14, 2014. A continuing director, as defined in the Second Amended Credit Agreement, is a director on the date of borrowing, a director nominated by a majority of directors which existed on the date of borrowing, and any directors appointed in accordance with the Settlement Agreement or by any Stockholder (as defined in the Settlement Agreement) party to the Settlement Agreement. A change of control would constitute an event of default under the Second Amended Credit Agreement and permit the acceleration by the lenders of all outstanding borrowings thereunder.

The Second Amended Credit Agreement contains customary covenants including, but not limited to, a maximum total net leverage ratio, a maximum secured leverage ratio, a minimum interest coverage ratio and maximum total annual capital expenditures. Additionally, the Initial Term Loan is subject to mandatory annual prepayments based on generation of excess cash flow (as defined), equal to 50% of excess cash flow when the Total Net Leverage Ratio is greater than 4.00 to 1.00, equal to 25% of excess cash flow when the Total Net Leverage Ratio is greater than 3.00 to 1.00, but less than or equal to 4.00 to 1.00, and equal to zero when the Total Net Leverage Ratio is less than or equal to 3.00 to 1.00. At December 31, 2015 , the First Lien Senior Secured Net Leverage Ratio was 2.07 to 1.00, and the Interest Expense Coverage Ratio was 2.46 to 1.00. As of December 31, 2015 , we remained in compliance with all debt covenants.

We issued the 2018 Notes pursuant to an indenture dated May 9, 2012 ("2018 Notes Indenture"). Under the 2018 Notes Indenture, the Issuers are entitled to redeem all or a portion of the 2018 Notes upon providing not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as a percentage of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on May 15 of the years set forth in the table below.

Year	Percentage
2015	104.50%
2016	102.25%
2017 and thereafter	100.00%

All of our current and future domestic subsidiaries that guarantee the New Credit Facility also fully and unconditionally guarantee the Issuers' payment obligations under the 2018 Notes on a senior unsecured basis.

The terms of the 2018 Notes Indenture, among other things, limit our ability to incur additional debt, issue preferred stock, pay dividends or make other restricted payments, make certain investments, create liens, allow restrictions on the ability of restricted subsidiaries to pay dividends or make other payments, sell assets, merge or consolidate with other entities, and enter into transactions with affiliates.

If we experience certain kinds of changes in control, the Issuers must make an offer to purchase the 2018 Notes at a price equal to 101% of the aggregate principal amount of the 2018 Notes plus accrued and unpaid interest, if any, to but excluding the date of repurchase. A change of control, as defined in the 2018 Notes Indenture (as amended on July 24, 2014), occurs when we become aware of (i) any person or group becoming the beneficial owner of more than 50% of the total voting power of our voting stock, or (ii) the sale or other disposition of all or substantially all of our assets, but excluding (i) the entry into or performance of the Settlement Agreement or (ii) the formation of a group among all or some of the parties to the Settlement Agreement or their affiliates in connection with the performance of the Settlement Agreement or any other agreement in existence as of July 24, 2014. In addition, the Issuers, under certain circumstances, must make an offer to repurchase the 2018 Notes with the proceeds of certain asset sales that they do not use to purchase new assets or otherwise apply in accordance with the terms of the 2018 Notes Indenture.

The 2018 Notes Indenture further provides that if any gaming authority requires a holder of the 2018 Notes to be licensed, qualified or found suitable under any applicable gaming law and such holder fails to apply for, or is denied, such license, qualification or not found suitable, the Issuers have the right, at their option, to (i) require such holder to dispose of its 2018 Notes or (ii) redeem such 2018 Notes at the applicable redemption price specified in the 2018 Notes Indenture. The Issuers will not be required to pay or reimburse any holder of the 2018 Notes who is required to apply for such license, qualification or finding of suitability.

We based the estimated fair value of the 2018 Notes and the New Credit Facility on Level 2 inputs using quoted prices in inactive markets and observable market data for similar, but not identical, instruments. The following table presents the carrying values and estimated fair values of our long-term debt at December 31, 2015 (in thousands):

	Carrying Value	Estimated Fair Value
9% Senior Unsecured Notes due 2018	$ 196,950	$ 195,965
Term loan due 2017	180,107	180,107
Total	$ 377,057	$ 376,072

NOTE 9. INCOME TAXES

Deferred Tax Assets and Liabilities

We record deferred tax assets and liabilities to account for the effects of temporary differences between the tax basis of an asset or liability and its amount as reported in our consolidated balance sheets. The temporary differences result in taxable or deductible amounts in future years.

Deferred tax assets and liabilities presented on the consolidated balance sheets are as follows (in thousands):

	December 31,	
	2015	2014
Current deferred tax asset (liability)	$ (1,663)	$ (1,438)
Non-current deferred tax liability	(13,095)	(16,081)
Net deferred tax liability	$ (14,758)	$ (17,519)

The following table details the components of our deferred tax assets and liabilities (in thousands):

	December 31,	
	2015	**2014**
Deferred Tax Assets		
Reserve for employee benefits	$ 656	$ 715
Provision for doubtful accounts	53	57
Deferred compensation	744	608
Asset retirement obligation	193	180
Progressive slot and players' club liabilities	2,386	2,595
Tax benefit of current year NOL	12,901	13,834
Equity compensation	1,108	927
General business credits	1,029	837
AMT credit	330	213
Litigation reserve	1,116	1,116
Gaming taxes	1,136	765
Accrued expenses	483	200
Other	679	208
Gross deferred tax assets	22,814	22,255
Valuation allowance	(21,082)	(17,992)
Deferred tax assets, net of valuation allowance	1,732	4,263
Deferred Tax Liabilities		
Depreciation and amortization	(13,821)	(18,715)
Debt issuance costs	(501)	(453)
Prepaid services and supplies	(2,168)	(2,614)
Gross deferred tax liabilities	(16,490)	(21,782)
Net deferred tax liability	$ (14,758)	$ (17,519)

We have assessed the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2015 . Such objective evidence limits the ability to consider other subjective evidence such as our projections for future growth. On the basis of this evaluation, as of December 31, 2015 , a valuation allowance of $21.1 million has been recorded to reflect only the portion of the deferred tax asset that is more likely than not to be realized. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as our projections for growth.

At December 31, 2015 , we had a gross federal net operating loss carryforward of approximately $35.7 million . In addition, we have deferred tax assets of approximately $0.3 million related to Alternative Minimum Tax credits and $1.0 million related to general business credits. The net operating losses and general business credits can be carried forward and applied to offset taxable income for 20 years; they will begin to expire in 2031. We can carry forward the Alternative Minimum Tax credit and apply it to offset regular tax liabilities indefinitely; it will not expire.

On September 13, 2013, the U.S. Treasury Department released final income tax regulations on the deduction and capitalization of expenditures related to tangible property. These final regulations apply to tax years beginning on or after January 1, 2014. Several of the provisions within the regulations required a tax accounting method change to be filed with the IRS, resulting in a cumulative effect adjustment. To account for the adoption of these regulations, for the year ended December 31, 2014 , long-term deferred tax liabilities increased by $1.8 million , with the offsetting increase to noncurrent deferred income tax assets. Before these regulations were issued, this $1.8 million would have been recovered over 39 years through tax depreciation deductions.

We have analyzed our filing positions in each jurisdiction where we are required to file income tax returns. We believe our income tax filing positions and deductions will be sustained on audit and we do not anticipate any adjustments that will result in a material change to our financial position. We recognize accrued interest and penalties related to uncertain tax benefits as a component of income tax expense.

We filed income tax returns in the United States federal jurisdiction and in several state jurisdictions. A federal tax examination for 2011 and 2012 was closed during the year ended December 31, 2014. The final examination determination resulted in no material changes to our financial position and deferred tax assets and liabilities.

Provision for Income Taxes

The following table presents the components of our income tax provision attributable to pre-tax income from continuing operations, as well as the income tax benefit attributable to pre-tax income from discontinued operations (in thousands):

	Year Ended December 31,		
	2015	**2014**	**2013**
CURRENT			
Federal	$ —	$ —	$ —
State	—	—	—
Total current tax provision	—	—	—
DEFERRED			
Federal	2,583	(14,682)	694
State	152	(864)	(175)
Total deferred tax benefit (provision)	2,735	(15,546)	519
Benefit from (provision for) income taxes related to continuing operations	2,735	(15,546)	519
Benefit from income taxes related to discontinued operations	—	—	133
Total benefit from (provision for) income tax	$ 2,735	$ (15,546)	$ 652

The following table presents a reconciliation between the federal statutory rate and the effective income tax rate, expressed as a percentage of pre-tax income:

	December 31,	
	2015	2014
Tax at federal statutory rate	34.0 %	34.0 %
State income tax	2.0 %	2.0 %
Lobbying costs (non-deductible expense)	(0.4)%	(6.0)%
Other non-deductible expense	(1.3)%	(3.3)%
Other, net	0.5 %	(0.5)%
State provision adjustment	— %	— %
Valuation allowance	(19.5)%	(221.3)%
General business credit	2.0 %	3.9 %
Effective tax rate related to continuing operations	17.3 %	(191.2)%
Effective tax rate related to discontinued operations	— %	— %
Total effective tax rate	17.3 %	(191.2)%

NOTE 10. SHARE-BASED COMPENSATION

We designed our share-based compensation arrangements to advance our long-term interests; for example, by allowing us to attract employees and directors, to retain them and by aligning their interests with those of our stockholders. The amount, frequency, and terms of share-based awards may vary based on competitive practices, our operating results, government regulations and availability under our equity incentive plans. Depending upon the form of the share-based award, new shares of our common stock may be issued upon grant, option exercise or vesting of the award.

The Affinity Gaming Amended and Restated 2011 Long-Term Incentive Plan ("LTIP"), which the Compensation Committee of our Board of Directors approved, allows us to issue up to 2,000,000 shares of common stock, subject to stock options, or as restricted stock, to employees, officers, directors and consultants. Awards vest upon the passage of time, the attainment of performance criteria, or both. Stock options awarded under the LTIP expire five years from the grant date. Awards granted to management generally vest ratably over three years from the date of the grant, and those granted to directors generally vest in two equal tranches, the first upon issuance and the second during January of the calendar year following the year of grant. Holders of restricted stock may vote their shares and receive their proportionate share of any dividends. Restricted stock remains subject to the terms and conditions contained in the applicable award agreement and our LTIP until the recipient vests in the award.

As of December 31, 2015 , awards representing 1,292,148 shares or potential shares of our common stock remained available for issuance under the LTIP.

The following table summarizes the activity related to our outstanding and non-vested stock options and restricted stock for the period ended December 31, 2015 :

	Stock Options		Restricted Stock	
	Outstanding		Non-Vested	
	Shares	Weighted Average Exercise Price Per Share	Shares	Weighted Average Fair Value Per Share
December 31, 2014	177,497	$ 10.99	70,061	$ 11.54
Granted	212,500	9.75	84,101	9.75
Vested	—	—	(71,872)	10.79
Forfeited	(18,383)	11.61	—	—
Expired	(41,009)	$ 10.36	—	$ —
December 31, 2015	330,605	$ 10.24	82,290	$ 10.54

At December 31, 2015 , our outstanding stock options had an aggregate intrinsic value of $0.5 million , and had a weighted-average remaining contractual term of 3.6 years .

The weighted-average grant-date fair value of options granted during the years ended December 31, 2015 and 2014 were $2.56 and $4.66 , respectively. No option grants were awarded in 2013 as the Company chose to grant restricted stock instead.

We account for stock option awards as liabilities. As of December 31, 2015 , we have reported a $1.2 million share-based compensation liability in the Other liabilities line item.

The following table lists certain information related to stock options awarded under the LTIP which had vested as of December 31, 2015 :

	Vested and Exercisable	Expected to Vest
Number of stock options	63,610	329,685
Weighted-average exercise price per share	$ 10.69	$ 10.23
Aggregate intrinsic value (in thousands)	$ 62	$ 474
Weighted-average remaining contractual term (in years)	1.7	3.6

We estimate the fair value of stock option awards at each reporting date using a Black-Scholes-Merton option-pricing model. For the years ended December 31, 2015 and 2014, we applied the following weighted-average assumptions:

	2015	2014
Expected term in years	1.8	1.3
Expected volatility	45%	48%
Expected dividends	—%	—%
Risk-free interest rates	0.91%	0.45%

We determined the expected option term using the contractual term. Because we are closely held and, therefore, do not have equity listed on a public exchange, we based expected volatility on the historical volatility associated with an average of the stocks of our peer group, which we determined to be publicly-traded, U.S.-based regional casino operators. The risk-free interest rate is based on U.S. Treasury rates appropriate for the expected term. Actual compensation, if any, ultimately realized may differ significantly from the amount estimated using an option-pricing model.

Since inception of the LTIP, no stock options have been exercised.

The following tables present certain information related to compensation cost:

	Year Ended December 31,		
	2015	**2014**	**2013**
Compensation cost included in operating expense (in thousands)			
Stock options	$ 245	$ 61	$ 338
Restricted stock	961	394	831
Total	$ 1,206	$ 455	$ 1,169

	December 31, 2015
Unrecognized compensation cost for non-vested awards (in thousands)	
Stock options	$ 1,087
Restricted stock	964
Total	$ 2,051
Weighted-average years to be recognized	
Stock options	1.3
Restricted stock	0.6

NOTE 11. WRITE DOWNS, RESERVES AND RECOVERIES

Our operating results inc lude various p retax charges to record contingent liability reserves, recoveries of previously recorded reserves and other non-routine transactions. The following table presents the components of write downs, reserves and recoveries for continuing operations (in thousands):

	Year Ended December 31,		
	2015	2014	2013
CCDC litigation reserve [1]	$ —	$ —	$ 3,100
Tax penalties and interest related to bankruptcy estate [2]	—	—	(1,459)
Write off of capitalized environmental remediation costs [3]	(60)	(448)	2,649
Amounts related to closure of Henderson Casino Bowl [4]	—	—	476
Loss on asset disposal	47	—	—
Other [5]	314	24	—
Write downs, reserves and recoveries	$ 301	$ (424)	$ 4,766

1. As discussed in Note 13 , we are party to ongoing litigation with our non-profit partner, CCDC, in Lakeside, Iowa. We have accrued this amount based upon the amount stipulated in the memorandum of understanding we discussed with CCDC in contemplation of settling this litigation. Although we did not ultimately agree to the settlement and the litigation remains open, the accrual represents our best estimate of anticipated expense to settle the litigation. We recorded the expense in our Midwest segment.

2. During 2013, we resolved outstanding issues related to disputed claims filed by the IRS related to the Predecessor's bankruptcy case and reversed the accrual, recording accrual, recording write downs, reserves and recoveries income at the corporate level.

3. During the quarter ended December 31, 2013, we recorded a correction in our Nevada segment which expensed previously-capitalized costs related to the environmental remediation work performed during the construction of our new travel center at Whiskey Pete's Hotel & Casino. Expense (income) recorded for the years ended December 31, 2014 and 2013, are presented net of insurance recoveries.

4. We closed the Henderson casino on December 11, 2013. This amount represents asset write offs and other expense related to the closing.

5. Expenses related to Predecessor activity.

NOTE 12. RELATED PARTY TRANSACTIONS

We entered into a nonexclusive trademark license agreement with Terrible Herbst, Inc. for the use of the Terrible Herbst brand name and its cowboy logo which extended through June 2013. Pursuant to this trademark license agreement, we incurred expense totaling approximately $0.3 million to Terrible Herbst for the year ended December 31, 2013.

Effective September 2014, we entered into an agreement with David D. Ross, our former Chief Executive Officer, whereby Mr. Ross provided consulting services to Affinity to assist us in fulfilling obligations under the Rampart Casino consulting agreement. We paid Mr. Ross $20,000 monthly for his consulting services until the expiration of the related consulting agreement on April 1, 2015.

Beginning February 1, 2013, we paid Ferenc Szony, our former Chief Operating Officer, a $12,500 monthly fee for consulting services to assist Affinity in fulfilling its obligations under the Rampart Casino consulting agreement until the expiration of that consulting agreement on April 1, 2015.

In September 2012, we entered into an agreement to divest non-core assets in the Truckee Disposition. Our former Chief Operating Officer, Ferenc Szony, became a managing principal of the acquirer, Truckee Gaming, LLC. One of our directors at the time we entered into the agreement, Thomas M. Benninger, serves as a managing general partner of Global Leveraged Capital, LLC ("GLC"), a private investment and advisory firm. In connection with the Truckee Disposition, funds managed by affiliates of GLC provided mezzanine financing for Truckee Gaming and acquired warrants, which can be exercised under certain conditions, to obtain equity interests of Truckee Gaming. The Truckee Disposition closed on February 1, 2013.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Data Security Event

In October 2013, Affinity was contacted by law enforcement regarding fraudulent credit and debit card charges which may have been linked to a data security breach in Affinity's information technology system. We immediately initiated a thorough investigation, supported by an independent professional forensic investigative firm, to determine the nature and scope of the compromise. In December 2013, we issued a press release advising that our payment processing system had become infected by malware, which resulted in a compromise of credit card and debit card information belonging to individuals who used their cards at restaurants, hotels and gift shops at our facilities between March 14 and October 16, 2013. As of November 14, 2013, our forensics expert advised us that our credit card processing systems were free of functioning malware. We encouraged our patrons to protect against possible identity theft or other financial loss by reviewing account statements for potential fraudulent activity during the period of exposure. In April 2014, we again learned that an unauthorized intrusion and installation of malware compromising the credit card processing environment had occurred. We then hired a different professional forensics investigation firm to conduct a thorough investigation of the more recently discovered event, and the security of our information technology environment as it related to both incidents. As a result of the second investigation, we have reason to believe that credit card and debit card information from individuals who used their cards at restaurants, hotels and gift shops at our properties between December 7, 2013 and April 28, 2014, also may have been compromised. In May 2014, we issued another press release and encouraged our patrons to protect against possible identity theft or other financial loss by reviewing account statements for potential fraudulent activity during the period of exposure.

Affinity carries insurance coverage of $5.0 million for liability resulting from network security events. As of December 31, 2015 , we have incurred $1.2 million in expense, including deductibles, arising out of the two security breach events. We do not expect to incur additional material expenses that are not covered by insurance. However, we cannot estimate the total amount which we will ultimately incur and be reimbursed by insurance carriers because, although the independent forensic investigation has concluded, we have not received all of the monetary assessments and evaluations from the credit card processors and issuing banks seeking to recover the cost of replacement cards and a portion of fraudulent charges, nor have we received any third-party claims as of this date. In addition, several state attorneys general are investigating the data breach events, including how they occurred, their consequences and our responses. We are cooperating in the governmental investigation, and could be subject to fines or other obligations. We have not concluded that a loss from the governmental investigation is probable, however, and therefore have not recorded an accrual for governmental investigation or regulatory action. We will continue to evaluate information as it becomes known and will record an estimate for loss at the time or times when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable. We have commenced a lawsuit in federal court in Nevada against the firm that conducted the initial forensic investigation for recovery of the costs and assessments we incurred as a result of the April 2014 data breach discovery.

Litigation

In March 2012, the Clarke County Development Corp. ("CCDC"), the local non-profit Iowa licensee for which we manage the Lakeside Hotel & Casino ("Lakeside") in Osceola, Iowa, filed an action in Iowa state court against Affinity and Lakeside, seeking a declaratory judgment that the management contract between CCDC and Lakeside is non-assignable. We removed the case to federal court and contested CCDC's position even though we had no plans to assign the agreement. CCDC also named Lakeside, Affinity and the Iowa Racing & Gaming Commission ("IRGC") in a separate petition in Iowa state court seeking judicial review of the IRGC's ruling, in November 2010, which approved the Predecessor's creditors to become the owners of Affinity Gaming, LLC, and thereby the indirect owners of Lakeside, prior to our emergence from bankruptcy and notwithstanding CCDC's objection that an assignment of the management agreement had occurred which required its consent.

On July 29, 2013, just two weeks before the hearing on judicial review, CCDC filed a voluntary dismissal without prejudice of the petition for judicial review. On July 30, 2013, CCDC filed a motion to dismiss the federal court action without prejudice, which was granted. CCDC's dismissal of the state court petition and the federal court action was based upon its filing in Iowa state court on August 5, 2013 of a third lawsuit, since removed to federal court in Iowa, in which it seeks to enforce a settlement agreement it alleges was reached with us during a non-binding mediation held in June 2013. On April 21, 2015, following discovery in the new lawsuit, the Court granted summary judgment in favor of the Company and against CCDC, entering judgment for the Company. CCDC appealed the grant of summary judgment to the 8 th Circuit U.S. Court of Appeals, and oral argument on the appeal was heard November 5, 2015. We do not know when a decision on the appeal will be rendered.

In March 2013, shareholder Z Capital Partners, L.L.C. and certain of its affiliates (collectively "Z Capital"), individually as well as derivatively on behalf of Affinity Gaming, filed a complaint (the "Complaint") against us as a nominal party and our directors as defendants in the District Court, Clark County, Nevada (the "District Court"). In July 2014, representatives of Z Capital, shareholder SPH Manager, LLC ("SPH Manager") and certain other large shareholders reached an agreement with us to settle and dismiss with prejudice the Complaint.

In November 2013, Chartwell Advisory Group, Ltd. ("Chartwell"), a professional services firm that facilitated filing refund requests with the Nevada Tax Commission for sales and use tax paid by certain casinos on the cost of complimentary meals for periods beginning in 2004, has filed a lawsuit against numerous Nevada casino operators, including one of our subsidiaries, alleging that it is owed a percentage of the tax casinos did not have to pay as a result of the 2012 state tax regulation and related 2013 settlement agreement. Our subsidiary had entered into an agreement prior to the bankruptcy pursuant to which Chartwell would receive a percentage of any refund received from the state of sales tax previously paid by our subsidiary. Although Chartwell asserts that we owe them approximately $0.3 million , we do not believe any amounts are due to Chartwell and accordingly, we have not recorded an accrual. Discovery in the case is ongoing.

We are party to certain other claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defense or counterclaim in actions we filed. We believe that our defenses are substantial in each of these matters and that we can successfully defend our legal position without material adverse effect on our consolidated financial statements.

Leases

We are party to contracts which we enter into in the ordinary course of our business, including leases for real property and operating leases for equipment. The following table presents future minimum lease payments under non-cancelable leases (in thousands):

	2016	2017	2018	2019	2020	Thereafter	Total
Lease payments	$ 7,785	$ 7,583	$ 7,583	$ 7,139	$ 6,722	$ 151,200	$ 188,012

We incurred rent expense totaling $7.6 million , $7.6 million and $8.0 million for the years ended December 31, 2015 , 2014 and 2013 , respectively.

Environmental Remediation

In 2011, during excavation at the site of our travel center at Whiskey Pete's in Primm, Nevada, we encountered several contaminated underground sites which required soil remediation and groundwater testing. Much of the contamination resulted from underground fuel storage tanks related to a gas station operated more than 35 years ago, as well as from abandoned underground fuel lines. We also began testing at the direction of the Nevada Division of Environmental Protection (the "NDEP") to determine the extent to which the contamination has affected the groundwater, and we have agreed to continue monitoring the groundwater for a period of at least two more years.

Through December 31, 2015 , we have incurred approximately $4.0 million on remediation work at the Whiskey Pete's site. We have an insurance policy which provides coverage for environmental remediation costs of up to $5.0 million . We received $1.0 million from our insurer in 2013, $0.6 million in 2014, and $0.3 million in 2015.

Although we believe that incurring additional cost related to the testing and ongoing monitoring of groundwater for contamination is probable, we cannot reasonably estimate an amount to accrue at this time because the NDEP has not told us what additional work, if any, it will require us to perform. Additionally, we believe some or all of the ongoing monitoring costs will be reimbursed by insurance as part of our initial claim. We also filed suit in Nevada state district court for partial recovery against the environmental consultant that managed the initial soil remediation. The ultimate cost to us will depend on the extent of contamination found, if any, as a result of our ongoing testing, the amount of remediation we are required to perform, and the amount we are reimbursed. The litigation against the environmental consultant is in the discovery phase. As we complete our ongoing monitoring obligation, we intend to analyze any cost incurred, and we will expense or capitalize it as necessary.

Asset Retirement Obligation

During the quarter ended December 31, 2014 , we re-estimated the asset retirement obligation associated with a lease for real property at our Primm, Nevada location. The lease expires on June 30, 2043 and has a 25 year extension period which, for purposes of the asset retirement obligation, we assume will be exercised extending the term through June 30, 2068. First, we estimated the costs required to return the leased land to its original state using current cost data. We then used the current cost amount to estimate the cost we would incur at the end of the lease, assuming an inflation rate of 2.4% . Finally, we used a 6.7% discount rate to estimate the liability as of the current date. As a result of our re-estimation, we reduced the asset retirement obligation, as well as the fixed asset to which the obligation is associated, in the amount noted in the table below.

The following table reconciles the value of the asset retirement obligation for the periods presented.

	December 31, 2015	December 31, 2014
Balance at beginning of period	$ 501	$ 773
Adjustment due to re-estimate	—	(319)
Accretion expense	34	47
Balance at end of period	$ 535	$ 501

NOTE 14. EMPLOYEE BENEFIT PLANS

We maintain retirement savings plans under Section 401(k) of the Internal Revenue Code for eligible employees. The plans allow employees to defer, within prescribed limits, up to 30% of their income on a pre-tax basis through contributions to the plans. We provide limited matches of a portion of eligible employees' contributions. For the years ended December 31, 2015 , 2014 and 2013 , we recorded contribution expense related to our 401(k) plans of $0.2 million , $0.2 million and $0.3 million , respectively.

NOTE 15. SEGMENT INFORMATION

The Company views each property as an operating segment which we aggregate by region in order to present our reportable segments. The following table presents the components of net revenue by segment (in thousands):

	Year Ended December 31,		
	2015	**2014**	**2013**
Gross revenue			
Nevada	$ 266,103	$ 265,887	$ 267,637
Midwest	132,918	134,072	133,947
Colorado	42,108	43,745	42,078
Total gross revenue	441,129	443,704	443,662
Promotional allowances			
Nevada	(32,901)	(39,364)	(36,986)
Midwest	(10,391)	(12,698)	(11,957)
Colorado	(4,537)	(5,740)	(4,945)
Total promotional allowances	(47,829)	(57,802)	(53,888)
Net revenue			
Nevada	233,202	226,523	230,651
Midwest	122,527	121,374	121,990
Colorado	37,571	38,005	37,133
Total net revenue	$ 393,300	$ 385,902	$ 389,774

We use earnings before interest expense; income tax; depreciation and amortization; share-based compensation expense; pre-opening costs; write offs, reserves and recoveries; loss on extinguishment or modification of debt; loss on impairment of assets; gains or losses on the disposition of assets; and restructuring and reorganization costs ("Adjusted EBITDA") as a measure of profit and loss to manage the operational performance of our segments.

Adjusted EBITDA is a measure which does not conform to generally accepted accounting principles in the United States ("GAAP"). You should not consider this information as an alternative to any measure of performance as promulgated under GAAP, such as operating income and net income. Our calculation of Adjusted EBITDA may be different from the calculations used by other companies; therefore, comparability may be limited. We have included a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, which in our case is operating income from operations.

The following table presents Adjusted EBITDA by segment and by corporate and other (in thousands):

	Year Ended December 31,		
	2015	**2014**	**2013**
Adjusted EBITDA			
Nevada	$ 40,249	$ 26,182	$ 28,609
Midwest	38,738	34,130	37,041
Colorado	5,279	4,593	8,322
Corporate and other	(18,681)	(14,359)	(11,064)
Total Adjusted EBITDA	$ 65,585	$ 50,546	$ 62,908

The following tables reconcile Adjusted EBITDA to operating income (in thousands):

	Year Ended December 31, 2015					
	Adjusted EBITDA	Depreciation and Amortization	Share-Based Compensation	Goodwill and Other Impairments	Write Downs, Reserves and Recoveries	Operating Income from Continuing Operations
Nevada	$ 40,249	$ (14,883)	$ —	—	$ 12	$ 25,378
Midwest	38,738	(7,682)	—	—	—	31,056
Colorado	5,279	(5,264)	—	(20,229)	(58)	(20,272)
Corporate and other	(18,681)	(1,199)	(1,206)	—	(255)	(21,341)
Continuing operations	$ 65,585	$ (29,028)	$ (1,206)	(20,229)	$ (301)	$ 14,821

	Year Ended December 31, 2014				
	Adjusted EBITDA	Depreciation and Amortization	Share-Based Compensation	Write Downs, Reserves and Recoveries	Operating Income from Continuing Operations
Nevada	$ 26,182	$ (14,650)	$ —	$ 448	$ 11,980
Midwest	34,130	(7,582)	—	—	26,548
Colorado	4,593	(5,124)	—	—	(531)
Corporate and other	(14,359)	(1,223)	(455)	(24)	(16,061)
Continuing operations	$ 50,546	$ (28,579)	$ (455)	$ 424	$ 21,936

	Year Ended December 31, 2013					
	Adjusted EBITDA	Depreciation and Amortization	Share-Based Compensation	Write Downs, Reserves and Recoveries	Loss on Impairment of Assets	Operating Income from Continuing Operations
Nevada	$ 28,609	$ (14,729)	$ —	$ (3,125)	$ (165)	$ 10,590
Midwest	37,041	(7,023)	—	(3,100)	—	26,918
Colorado	8,322	(5,058)	—	—	—	3,264
Corporate and other	(11,064)	(999)	(1,169)	1,459	—	(11,773)
Continuing operations	$ 62,908	$ (27,809)	$ (1,169)	$ (4,766)	$ (165)	$ 28,999

The following table presents total assets by reportable segment (in thousands):

	December 31, 2015	December 31, 2014
Total assets by reportable segment		
Nevada	$ 224,731	$ 226,897
Midwest	207,414	209,897
Colorado	57,242	78,766
Reportable segment total assets	489,387	515,560
Corporate and other	114,347	98,618
Total assets	$ 603,734	$ 614,178

Total assets in the Corporate and other line consist primarily of cash at the corporate entity.

The following table presents capital expenditures by reportable segment (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Cash paid for capital expenditures by reportable segment			
Nevada	$ 7,910	$ 7,984	$ 15,063
Midwest	3,612	5,347	5,813
Colorado	2,170	2,937	9,717
Reportable segment capital expenditures	13,692	16,268	30,593
Corporate	3,611	973	1,127
Total cash paid for capital expenditures	$ 17,303	$ 17,241	$ 31,720

NOTE 16. DISCONTINUED OPERATIONS

On September 7, 2012, we entered into an Asset Purchase Agreement (“Agreement”) with Truckee Gaming regarding the Truckee Disposition. The transaction closed on February 1, 2013. Truckee Gaming paid a base purchase price of $19.2 million less a $1.7 million credit for deferred maintenance capital plus an adjustment related to EBITDA through the closing date of the transaction of $1.4 million . Truckee Gaming received $2.9 million in cash as part of the assets transferred, which consisted of $2.5 million in cage cash and $0.4 million transferred as a purchase price adjustment. The Agreement also includes a contractual purchase price adjustment based on the working capital balances, exclusive of cash, with a payment to either Truckee Gaming or us, pegging the working capital balances at zero . Based on the preliminary working capital balances and purchase price adjustments, we received proceeds of $17.5 million from Truckee Gaming which we deposited into an account subject to a control agreement. During the quarter ended March 31, 2013, we recorded the final adjustments related to the purchase price, including final working capital adjustments, and recorded a gain, net of selling expense, of $21,000 . Including the impairment losses we recognized in the second half of 2012 related to this transaction, we recognized an overall loss, net of selling expense, of $14.8 million on the Truckee Disposition. For each of the properties we sold or that we have contracted to sell, we classified their results of operations as discontinued operations for all periods presented in the accompanying consolidated statements of operations. Discontinued operations for the year ended December 31, 2013 reflect one month of operating results of the properties we sold in the Truckee Disposition.

The following table summarizes operating results for discontinued operations (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Net revenue	$ —	$ —	$ 3,289
Pretax income (loss) from discontinued operations	$ —	$ —	$ (369)
Discontinued operations, net of tax	$ —	$ —	$ (236)

NOTE 17. SELECTED QUARTERLY FINANCIAL INFORMATION

UNAUDITED
(in thousands)

	March 31	June 30	September 30	December 31	Total
December 31, 2015					
Net revenue	$ 96,978	$ 101,511	$ 101,950	$ 92,861	$ 393,300
Operating income	10,762	10,085	9,047	(15,073)	14,821
Income (loss) from continuing operations	(240)	797	1,996	(15,649)	(13,096)
December 31, 2014					
Net revenue	$ 95,522	$ 98,916	$ 99,231	$ 92,233	$ 385,902
Operating income	6,846	5,943	5,210	3,937	21,936
Income (loss) from continuing operations	47	(14,367)	(3,685)	(5,672)	(23,677)

We have adjusted net revenue $0.3 million and $1.0 million for the quarters ended March 31, 2015 and 2014, and $0.3 million and $0.7 million for the quarters ended June 30, 2015 and 2014, from amounts that were previously reported in our Quarterly Reports on Form 10-Q for the correction of an immaterial error as discussed in Note 2.

NOTE 18. CONDENSED CONSOLIDATED GUARANTOR DATA

All of our current and future domestic subsidiaries which guarantee the New Credit Facility also fully and unconditionally guarantee our payment obligations under the 2018 Notes on a senior unsecured basis (see Note 8 for more information regarding our debt). All of the guarantees are joint and several, and all of the guarantor subsidiaries are wholly-owned by us.

We prepared and are presenting the condensed consolidating financial statements in this footnote using the same accounting policies which we used to prepare the financial information located elsewhere in our condensed consolidated financial statements and related footnotes. Although Affinity Gaming Finance Corp. ("AG Finance") is a co-issuer of the 2018 Notes, we present our indebtedness as an obligation of Affinity Gaming, only. AG Finance reflects no activity during any period presented, and we did not have any non-guarantor subsidiaries during any period presented.

Affinity Gaming and Subsidiaries
Consolidating Balance Sheet
December 31, 2015
(000s)

	Affinity Gaming (Co-Issuer)	AG Finance (Co-Issuer)	Guarantor Subsidiaries	Eliminating Entries	Total
ASSETS					
Cash and cash equivalents	$ 106,384	$ —	$ 51,395	$ —	$ 157,779
Restricted cash	469	—	139	—	608
Accounts receivable, net	220	—	2,997	—	3,217
Income tax receivable	16	—	—	—	16
Prepaid expense	1,813	—	8,266	—	10,079
Inventory	—	—	2,798	—	2,798
Total current assets	108,902	—	65,595	—	174,497
Property and equipment, net	2,002	—	249,906	—	251,908
Intercompany receivables	—	—	110,150	(110,150)	—
Investment in subsidiaries	551,953	—	—	(551,953)	—
Other assets, net	3,444	—	1,556	—	5,000
Intangibles, net	—	—	124,042	—	124,042
Goodwill	—	—	48,287	—	48,287
Total assets	$ 666,301	$ —	$ 599,536	$ (662,103)	$ 603,734
LIABILITIES AND OWNERS' EQUITY					
Accounts payable	$ 3,483	$ —	$ 9,737	$ —	$ 13,220
Intercompany payables	110,150	—	—	(110,150)	—
Accrued interest	2,327	—	—	—	2,327
Accrued expense	1,455	—	22,703	—	24,158
Deferred income taxes	53		1,610	—	1,663
Current maturities of long-term debt	11,383	—	—	—	11,383
Other current liabilities	—	—	23	—	23
Total current liabilities	128,851	—	34,073	(110,150)	52,774
Long-term debt, less current portion	365,674	—	—	—	365,674
Other liabilities	1,397	—	535	—	1,932
Deferred income taxes	120	—	12,975	—	13,095
Total liabilities	496,042	—	47,583	(110,150)	433,475
Common stock	20	—	—	—	20
Other equity	170,239	—	551,953	(551,953)	170,239
Total owners' equity	170,259	—	551,953	(551,953)	170,259
Total liabilities and owners' equity	$ 666,301	$ —	$ 599,536	$ (662,103)	$ 603,734

Affinity Gaming and Subsidiaries
Consolidating Balance Sheet
December 31, 2014
(000s)

	Affinity Gaming (Co-Issuer)	AG Finance (Co-Issuer)	Guarantor Subsidiaries	Eliminating Entries	Total
ASSETS					
Cash and cash equivalents	$ 88,737	$ —	$ 46,438	$ —	$ 135,175
Restricted cash	469	—	139	—	608
Accounts receivable, net	916	—	2,600	—	3,516
Income tax receivable	171	—	—	—	171
Prepaid expense	1,086	—	9,048	—	10,134
Inventory	—	—	2,666	—	2,666
Total current assets	91,379	—	60,891	—	152,270
Property and equipment, net	3,016	—	258,095	—	261,111
Intercompany receivables	—	—	82,764	(82,764)	—
Investment in subsidiaries	548,541	—	—	(548,541)	—
Other assets, net	4,223	—	1,515	—	5,738
Intangibles, net	—	—	126,543	—	126,543
Goodwill	—	—	68,516	—	68,516
Total assets	$ 647,159	$ —	$ 598,324	$ (631,305)	$ 614,178
LIABILITIES AND OWNERS' EQUITY					
Accounts payable	$ 1,737	$ —	$ 11,165	$ —	$ 12,902
Intercompany payables	82,764	—	—	(82,764)	—
Accrued interest	2,353	—	—	—	2,353
Accrued expense	1,152	—	21,358	—	22,510
Deferred income taxes	108	—	1,330	—	1,438
Other current liabilities	—	—	30	—	30
Total current liabilities	88,114	—	33,883	(82,764)	39,233
Long-term debt, less current portion	374,678	—	23	—	374,701
Other liabilities	1,207	—	501	—	1,708
Deferred income taxes	705	—	15,376	—	16,081
Total liabilities	464,704	—	49,783	(82,764)	431,723
Common stock	20	—	—	—	20
Other equity	182,435	—	548,541	(548,541)	182,435
Total owners' equity	182,455	—	548,541	(548,541)	182,455
Total liabilities and owners' equity	$ 647,159	$ —	$ 598,324	$ (631,305)	$ 614,178

Affinity Gaming and Subsidiaries
Consolidating Statement of Operations
Year ended December 31, 2015
(000s)

	Affinity Gaming (Co-Issuer)	AG Finance (Co-Issuer)	Guarantor Subsidiaries	Eliminating Entries	Total
REVENUE					
Casino	$ —	$ —	$ 295,046	$ —	$ 295,046
Food and beverage	—	—	47,536	—	47,536
Lodging	—	—	26,664	—	26,664
Fuel and retail	—	—	58,471	—	58,471
Other	—	—	13,412	—	13,412
Total revenue	—	—	441,129	—	441,129
Promotional allowances	—	—	(47,829)	—	(47,829)
Net revenue	—	—	393,300	—	393,300
EXPENSE					
Casino	—	—	116,416	—	116,416
Food and beverage	—	—	47,188	—	47,188
Lodging	—	—	16,425	—	16,425
Fuel and retail	—	—	43,285	—	43,285
Other	—	—	7,147	—	7,147
General and administrative	—	—	78,573	—	78,573
Depreciation and amortization	1,199	—	27,829	—	29,028
Corporate	19,887	—	—	—	19,887
Goodwill and other impairments	—	—	20,229	—	20,229
Write downs, reserves and recoveries	255	—	46	—	301
Total expense	21,341	—	357,138	—	378,479
Operating income (loss) from continuing operations	(21,341)	—	36,162	—	14,821
Other income (expense)					
Interest expense, net	(30,652)	—	—	—	(30,652)
Intercompany interest income	30,831	—	—	(30,831)	—
Intercompany interest expense	—	—	(30,831)	30,831	—
Income from equity investments in subsidiaries	3,412	—	—	(3,412)	—
Total other expense, net	3,591	—	(30,831)	(3,412)	(30,652)
Income (loss) from continuing operations before income tax	(17,750)	—	5,331	(3,412)	(15,831)
Benefit from (provision for) income taxes	4,654	—	(1,919)	—	2,735
Net income (loss)	$ (13,096)	$ —	$ 3,412	$ (3,412)	$ (13,096)

Affinity Gaming and Subsidiaries
Consolidating Statement of Operations
Year ended December 31, 2014
(000s)

	Affinity Gaming (Co-Issuer)	AG Finance (Co-Issuer)	Guarantor Subsidiaries	Eliminating Entries	Total
REVENUE					
Casino	$ —	$ —	$ 294,998	$ —	$ 294,998
Food and beverage	—	—	49,029	—	49,029
Lodging	—	—	26,302	—	26,302
Fuel and retail	—	—	58,893	—	58,893
Other	—	—	14,482	—	14,482
Total revenue	—	—	443,704	—	443,704
Promotional allowances	—	—	(57,802)	—	(57,802)
Net revenue	—	—	385,902	—	385,902
EXPENSE					
Casino	—	—	122,404	—	122,404
Food and beverage	—	—	48,137	—	48,137
Lodging	—	—	16,281	—	16,281
Fuel and retail	—	—	46,825	—	46,825
Other	—	—	7,921	—	7,921
General and administrative	—	—	79,429	—	79,429
Depreciation and amortization	1,223	—	27,356	—	28,579
Corporate	14,814	—	—	—	14,814
Write downs, reserves and recoveries	24		(448)	—	(424)
Total expense	16,061	—	347,905	—	363,966
Operating income (loss) from continuing operations	(16,061)	—	37,997	—	21,936
Other income (expense)					
Interest expense, net	(29,827)	—	—	—	(29,827)
Intercompany interest income	29,996	—	—	(29,996)	—
Intercompany interest expense	—	—	(29,996)	29,996	—
Loss on extinguishment (or modification) of debt	(240)	—	—	—	(240)
Income from equity investments in subsidiaries	23,298	—	—	(23,298)	—
Total other income (expense), net	23,227	—	(29,996)	(23,298)	(30,067)
Income from continuing operations before income tax	7,166	—	8,001	(23,298)	(8,131)
Benefit from (provision for) income taxes	(30,843)	—	15,297	—	(15,546)
Net income (loss)	$ (23,677)	$ —	$ 23,298	$ (23,298)	$ (23,677)

Affinity Gaming and Subsidiaries
Consolidating Statement of Operations
Year ended December 31, 2013
(000s)

	Affinity Gaming (Co-Issuer)	AG Finance (Co-Issuer)	Guarantor Subsidiaries	Eliminating Entries	Total
REVENUE					
Casino	$ —	$ —	$ 299,216	$ —	$ 299,216
Food and beverage	—	—	45,494	—	45,494
Lodging	—	—	26,166	—	26,166
Fuel and retail	—	—	59,011	—	59,011
Other	—	—	13,775	—	13,775
Total revenue	—	—	443,662	—	443,662
Promotional allowances	—	—	(53,888)	—	(53,888)
Net revenue	—	—	389,774	—	389,774
EXPENSE					
Casino	—	—	118,945	—	118,945
Food and beverage	—	—	45,375	—	45,375
Lodging	—	—	17,551	—	17,551
Fuel and retail	—	—	49,094	—	49,094
Other	—	—	7,704	—	7,704
General and administrative	—	—	77,133	—	77,133
Depreciation and amortization	999	—	26,810	—	27,809
Corporate	12,233	—	—	—	12,233
Write downs, reserves and recoveries	(1,459)	—	6,225	—	4,766
Loss on impairment of assets	—	—	165	—	165
Total expense	11,773	—	349,002	—	360,775
Operating income (loss) from continuing operations	(11,773)	—	40,772	—	28,999
Other income (expense)					
Interest expense, net	(30,589)	—	—	161	(30,428)
Intercompany interest income	30,595	—	—	(30,595)	—
Intercompany interest expense	—	—	(30,595)	30,595	—
Loss on extinguishment (or modification) of debt	(81)		—	—	(81)
Income from equity investments in subsidiaries	6,604	—	—	(6,604)	—
Total other income (expense), net	6,529	—	(30,595)	(6,443)	(30,509)
Income from continuing operations before income tax	(5,244)	—	10,177	(6,443)	(1,510)
Benefit from (provision for) income taxes	4,017	—	(3,498)	—	519
Income (loss) from continuing operations	$ (1,227)	$ —	$ 6,679	$ (6,443)	$ (991)
Discontinued operations					
Income (loss) from discontinued operations before income tax	—	—	(369)	—	(369)
Benefit from (provision for) income taxes	—	—	133	—	133
Loss from discontinued operations	$ —	$ —	$ (236)	$ —	$ (236)
Net income (loss)	$ (1,227)	$ —	$ 6,443	$ (6,443)	$ (1,227)

Affinity Gaming and Subsidiaries
Consolidated Statements of Cash Flows
Year Ended December 31, 2015
(000s)

	Affinity Gaming (Co-Issuer)	AG Finance (Co-Issuer)	Guarantor Subsidiaries	Total
Net cash (used in) provided by operating activities	$ (40,957)	$ —	$ 80,943	$ 39,986
Cash flows from investing activities:				
Proceeds from sale of property and equipment	14	—	8	22
Purchases of property and equipment	(3,611)	—	(13,692)	(17,303)
Net cash used in investing activities	$ (3,597)	$ —	$ (13,684)	$ (17,281)
Cash flows from financing activities:				
Change in intercompany accounts	62,272	—	(62,272)	—
Payments on long-term debt	—	—	(30)	(30)
Repurchases of vested share-based awards	(71)	—	—	(71)
Net cash provided by (used in) financing activities	$ 62,201	$ —	$ (62,302)	$ (101)
Net increase in cash and cash equivalents	17,647	—	4,957	22,604
Cash and cash equivalents				
Beginning of year	88,737	—	46,438	135,175
End of period	$ 106,384	$ —	$ 51,395	$ 157,779

Affinity Gaming and Subsidiaries
Consolidated Statements of Cash Flows
Year Ended December 31, 2014
(000s)

	Affinity Gaming (Co-Issuer)	AG Finance (Co-Issuer)	Guarantor Subsidiaries	Total
Net cash (used in) provided by operating activities	$ (74,174)	$ —	$ 96,945	$ 22,771
Cash flows from investing activities:				
Proceeds from sale of property and equipment	—	—	365	365
Purchases of property and equipment	(973)	—	(16,268)	(17,241)
Net cash provided by (used in) investing activities	$ (973)	$ —	$ (15,903)	$ (16,876)
Cash flows from financing activities:				
Change in intercompany accounts	76,949	—	(76,949)	—
Payment on long-term debt	(8,501)	—	(216)	(8,717)
Proceeds from long term debt	—	—	—	—
Loan origination fees	(2,860)	—	—	(2,860)
Net cash provided by (used in) financing activities	$ 65,588	$ —	$ (77,165)	$ (11,577)
Net increase (decrease) in cash and cash equivalents	(9,559)	—	3,877	(5,682)
Cash and cash equivalents				
Beginning of year	98,296	—	42,561	140,857
End of period	$ 88,737	$ —	$ 46,438	$ 135,175

Affinity Gaming and Subsidiaries
Consolidated Statements of Cash Flows
Year Ended December 31, 2013
(000s)

	Affinity Gaming (Co-Issuer)	AG Finance (Co-Issuer)	Guarantor Subsidiaries	Total
Net cash (used in) provided by operating activities	$ (30,366)	$ —	$ 67,153	$ 36,787
Cash flows from investing activities:				
Proceeds from sale to Truckee Gaming, LLC	17,447	—	—	17,447
Proceeds from sale of property and equipment	20	—	50	70
Purchases of property and equipment	(1,127)	—	(30,593)	(31,720)
Net cash provided by (used in) investing activities	$ 16,340	$ —	$ (30,543)	$ (14,203)
Cash flows from financing activities:				
Change in intercompany accounts	31,683	—	(31,683)	—
Payment on long-term debt	(11,568)	—	(176)	(11,744)
Proceeds from long term debt	4,314	—	—	4,314
Loan origination fees	(852)	—	—	(852)
Repurchases of vested share-based awards	(318)		—	(318)
Net cash provided by (used in) financing activities	$ 23,259	$ —	$ (31,859)	$ (8,600)
Net increase in cash and cash equivalents	9,233	—	4,751	13,984
Cash and cash equivalents				
Beginning of year	89,063	—	37,810	126,873
End of period	$ 98,296	$ —	$ 42,561	$ 140,857
Cash flows from discontinued operations:				
Cash flows from operating activities	—	—	36	$ 36
Cash flows from investing activities	—	—	$ (4,695)	(4,695)
Cash flows from discontinued operations	$ —	$ —	$ (4,659)	$ (4,659)

NOTE 19. SUBSEQUENT EVENTS

We have evaluated all events or transactions that occurred during the period from December 31, 2015 through the filing date. We did not identify any subsequent events the effects of which would require disclosure in our financial statement footnotes or adjustment to our financial position or results of operations.

EXHIBIT 10.34

CHANGE IN CONTROL AGREEMENT

This CHANGE IN CONTROL AGREEMENT (this " Agreement ") is entered into as of this 5th day of October, 2015, by and between AFFINITY GAMING, a Nevada corporation (the " Company "), and Michael Silberling, a key employee of the Company (the " Employee ").

RECITALS

WHEREAS, the Company recognizes that, as is the case with many publicly-held corporations, the possibility of certain terminations of employment or a change in control of the Company exists and that the uncertainties raised by such a possibility may result in the distraction or even the premature departure of the Employee to the detriment of the Company and its stockholders. This Agreement is intended, therefore, to provide for an effective means of providing incentives to induce the retention of key employees.

WHEREAS, the Board of Directors of the Company (the " Board ") has determined that appropriate steps should be taken to reinforce and encourage the continued employment and dedication of the Employee without distraction from the possibility of certain terminations of employment or a change in control of the Company and related events and circumstances.

NOW, THEREFORE, as an inducement for and in consideration of the Employee remaining in its employ, the Company agrees that the Employee shall receive the benefits set forth in this Agreement in the circumstances described below.

I. Key Definitions .

As used herein, the following terms shall have the following respective meanings:

A. " Cause " means:

1. The Employee's breach of any material term of his or her Employment Agreement, if any;

2. Indictment of, or formal charge against, the Employee for a felony or any other offense which involves an act of embezzlement, misappropriation of funds, or other conduct evidencing an act of moral turpitude, dishonesty or lack of fidelity; or, the Employee's admission of having engaged in the same;

3. Payment (or, by the operation solely of the effect of a deductible, the failure of payment) by a surety or insurer of a claim under a fidelity bond issued for the benefit of the Company reimbursing the Company for a loss due to the wrongful act, or wrongful omission to act, of the Employee;

4. The Employee's failure to obey the reasonable and lawful orders of an officer, the Board or a direct supervisor;

5. The Employee's misconduct or failure to discharge his or her duties commensurate with his or her title and function;

6. The denial, revocation or suspension of a license, qualification or certificate of suitability to the Employee by any governmental authority that holds regulatory, licensing or permit authority over gambling, gaming or casino activities (" Gaming Authority ") or the reasonable likelihood that the same will occur; or

7. Any action or failure to act by the Employee that the Company or its affiliate reasonably believes, as a result of a communication or action by any Gaming Authority or on the basis of the Company's or its affiliate's consultations with its legal counsel and/or other professional advisors, will likely cause any Gaming Authority to: (i) fail to license, qualify and/or approve the Company or its affiliate to own and operate a gaming business; (ii) grant any such licensing, qualification and/or approval only upon terms and conditions that are unacceptable to the Company or its affiliate; (iii) significantly delay any such licensing, qualification and/or approval process; or (iv) revoke or suspend any existing license.

B. " Change in Control " means a "change in control" as defined in the Company's Amended and Restated 2011 Long-Term Incentive Plan (the " LTIP "), as amended from time to time; provided, however that, notwithstanding the last paragraph of that definition, a party to the Settlement Agreement (as defined in the LTIP) and its Affiliates may effectuate a Change in Control for purposes of this Agreement, but only if and when their acquisition of the requisite ownership level is accompanied by the acquisition of the power to name a majority of members of the Board.

C. " Change in Control Date " means the date on which a Change in Control is consummated.

D. " Disability " means the Employee's absence from the full-time performance of the Employee's duties with the Company for one hundred eighty (180) consecutive calendar days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Employee or the Employee's legal representative.

E. " Effective Date " means the date of this Agreement.

F. " Employment Agreement " means any written employment agreement between the Company and the Employee.

G. " Good Reason " means the occurrence of any of the following without the Employee's consent, provided that the Employee has provided Company with written notice of the applicable event within sixty (60) calendar days after the Employee becomes aware of the occurrence thereof, and the Company has not cured (or, otherwise commenced steps reasonably designed to result in a prompt cure) within thirty (30) calendar days thereafter if such circumstance is curable:

1. A material reduction in the Employee's annual salary, bonus opportunity or long-term incentive potential;

2. A material diminution in the Employee's title, position, status, authority, duties or responsibilities;

3. The material breach by the Company of this Agreement or any Employment Agreement with the Employee; or

4. Relocation by Company of the Employee's primary place of employment to a location that is more than fifty (50) miles from the Company's current headquarters in Las Vegas, Nevada and which results in a material increase in the Employee's daily commuting distance.

The Employee's right to terminate his or her employment for Good Reason shall not be affected by his or her incapacity due to physical or mental illness.

H. [****].

I. " Release " means the Employee's release of employment claims acceptable to the Company.

J. " Signing Date " means the execution date of a binding definitive agreement that will by its terms result in a Change in Control when consummated.

II. Term of Agreement . This Agreement, and all rights and obligations of the parties hereunder, shall take effect upon the Effective Date and shall expire upon the first to occur of:

(a) the expiration of the Term (as defined below) if a Signing Date has not occurred during the Term, or the definitive agreement related to a Signing Date has then been terminated;

(b) if a Signing Date has occurred within the Term and the related Change in Control is consummated, the date twelve (12) months following the Change in Control Date, if the Employee is still employed by the Company as of such later date;

(c) if a Signing Date has occurred within the Term and the Change in Control is not consummated, the post-Term date on which the definitive agreement is terminated.

(d) if a Signing Date has occurred within the Term, the Change in Control is consummated and the Employee's employment with the Company is terminated for any reason by the Employee or by the Company after the Signing Date and by the date that is twelve (12) months following the Change in Control Date, then, respectively, fulfillment by the Company of all of its obligations, if any, under Section IV.

" Term " shall mean the one (1)-year period commencing as of the Effective Date and continuing in effect through the first anniversary of the Effective Date.

III. Employment Status; Termination Following Change in Control, and/or During the Term .

A. Not an Employment Contract . The Employee acknowledges that this Agreement does not constitute a contract of employment or impose on the Company any obligation to retain the Employee as an employee and that this Agreement does not prevent the Employee from terminating employment at any time. If the Employee's employment with the Company terminates for any reason and subsequently a Change in Control occurs, the Employee shall not be entitled to any benefits hereunder, except as otherwise provided in this Agreement.

B. Termination of Employment .

1. Any termination of the Employee's employment by the Company or by the Employee (other than due to the death of the Employee) shall be communicated by a written notice to the other party hereto (the " Notice of Termination "), given in accordance with Section VII. Any Notice of

Termination during the Term shall: (i) indicate the specific termination provision (if any) of this Agreement relied upon by the party giving such notice; (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination for the Employee's employment under the provision so indicated and (iii) specify the Date of Termination (as defined below). The date on which an employment termination becomes effective (the " Date of Termination ") shall be (A) the close of business on the date specified in the Notice of Termination (which date shall be thirty (30) days after the date of delivery of such Notice of Termination), in the case of a termination other than due to the Employee's death, or (B) the date of the Employee's death in the case of a termination due to the Employee's death, as the case may be.

2. The failure by the Employee or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Employee or the Company, respectively, to assert any such fact or circumstance in enforcing the Employee's or the Company's right hereunder.

3. Any Notice of Termination for Cause given by the Company must be given within ninety (90) days after the Board becomes aware of the occurrence of the event(s) or circumstance(s) which constitute(s) Cause. Prior to any Notice of Termination for Cause being given (and prior to any termination for Cause being effective), the Employee shall be entitled to a hearing before the Board at which he or she may, at his or her election, be represented by counsel and at which he or she shall have a reasonable opportunity to be heard. Such hearing shall be held with not less than fifteen (15) days' prior written notice to the Employee stating the Board's intention to terminate the Employee for Cause and stating in detail the particular event(s) or circumstance(s) which the Board believes constitutes Cause for termination.

4. Any Notice of Termination for Good Reason given by the Employee must be given within ninety (90) days of the occurrence of the event(s) or circumstance(s) which constitute Good Reason.

IV. Benefits to Employee .

A. Termination Without Cause or for Good Reason in connection with a Change in Control . If the Employee's employment with the Company is terminated by the Company (other than for Cause, Disability or death) or by the Employee for Good Reason, in each case during the Term of this Agreement, following a Signing Date and no later than twelve (12) full months following the Change in Control Date, and provided the Change in Control is consummated, the Employee shall be entitled to the following benefits, provided that the Employee signs and does not revoke the Release within the period required by the Release, inclusive of any revocation period set forth in the Release:

1. Subject to Section VIII.J, the Company shall pay to the Employee an amount equal to the product of (A) the applicable Multiple set forth in Exhibit A and (B) the sum of (x) the Employee's annual base salary on the Date of Termination and (y) one hundred percent (100%) the Employee's bonus at "target" for the calendar year in which the Date of Termination occurs (such product, the " Severance Payment "); provided, however, that if the Employee's employment with the Company is terminated by the Employee for Good Reason due to a material reduction in the Employee's annual base salary, the base salary under this subsection will be the Employee's base salary in effect immediately before the reduction.

2. To the extent not previously paid or provided, the Company shall timely pay or provide to the Employee any other amounts or benefits required to be paid or provided or which the Employee is eligible to receive following the Employee's termination of employment under any plan, program, policy, practice, contract or agreement of the Company (such other amounts and benefits shall be referred to as the " Other Benefits ").

3. For the avoidance of doubt, Section 2.6(b) of the Employee's Employment Agreement dated August 25, 2014, which provides for certain repayments and returns to the Company, shall cease to apply.

B. Resignation without Good Reason, Termination for Cause, or Termination for Death or Disability Following a Change in Control. If the Employee voluntarily terminates his or her employment with the Company during the Term of this Agreement, excluding a termination for Good Reason, or the Employee's employment with the Company is terminated by the Company for Cause, or by reason of the Employee's death or Disability, then the Company shall timely pay or provide to the Employee the Other Benefits earned before the Date of Termination.

C. Form and Timing of Payment. The Severance Payment under Section IV.A is payable at the time and in the form provided in this subsection. This amount is composed of two parts: the amount to which the Employee would otherwise be entitled under an Employment Agreement with respect to base salary and bonus in the absence of this Agreement (" Base Severance Amount ") and the additional amount, if any, provided under Section IV.A (" Severance Enhancement "). These amounts are payable as follows, depending upon whether the Change in Control is a "change in control event" as defined in Section 409A (a " 409A Change in Control ") or not (a " Non-409A Change in Control ").

1. A Severance Payment payable as a result of a 409A Change in Control is payable in a lump sum; provided, however, that if the Employee's termination without Cause or for Good Reason occurs after the Signing Date and prior to the Change in Control Date (a " Pre-Change in Control Termination ") (x) any Severance Payment payable under this Agreement shall be reduced by the Employee's Base Severance Amount, if any, (y) such Base Severance Amount shall be payable at the time and in the form provided under the Applicable Employment Agreement, and (z) the Employee's Severance Enhancement shall be payable in a lump sum. A Severance Payment, or Severance Enhancement, payable as a result of a 409A Change in Control is payable on or after the date on which the Release becomes effective and (x) within sixty (60) days after the Date of Termination or (y) for a Pre-Change in Control Termination, the Change in Control Date, if later.

2. A Severance Enhancement payable as a result of a Non-409A Change in Control is payable as a lump sum. All Base Severance Amounts payable as a result of a termination in connection with a Non-409A Change in Control are payable at the time and in the form provided under the applicable Employment Agreement. A Severance Enhancement payable as a result of a Non-409A Change in Control is payable on or after the date on which the Release becomes effective and (x) within sixty (60) days after the Date of Termination or (y) for a Pre-Change in Control Termination, the Change in Control Date, if later.

D. Benefits in Lieu of Other Severance. Any Severance Payment payable under this Section IV will be paid solely in lieu of, not in addition to, any severance amounts payable under any Employment Agreement on account of the Employee's termination from employment, except to the extent that the Employment Agreement provides greater benefits than the Severance Payment under this Agreement. If the Employment Agreement provides a greater benefit, that excess amount will be paid in accordance with the Employment Agreement. In no event may there be duplication of benefits under this Agreement and any Employment Agreement.

E. Mitigation. The Employee shall not be required to mitigate the amount of any payment or benefits provided for in this Section IV by seeking other employment or otherwise. Further, the amount of any payment or benefits provided for in this Section IV shall not be reduced by any compensation earned by the Employee as a result of employment by another employer, by retirement benefits, by disability or death benefits, by offset against any amount claimed to be owed by the Employee to the Company or otherwise.

F. Change in Control and Equity Awards. In the event of a Change in Control during the Term, any then outstanding and unvested equity compensation awards (including but not limited to stock

options and restricted stock units) held by the Employee will vest on an accelerated basis immediately prior to and contingent on consummation of the Change in Control (with awards subject to vesting that is not strictly time based vesting at target assuming performance at 100%). Acceleration benefits pursuant to this Section IV.F shall be subject to the Employee's delivery of a release acceptable to the Company and similar to the Release that becomes effective no later than sixty (60) days following the Change in Control.

G. Limitation on Payments . In the event that any of the payments or benefits provided for in this Agreement or otherwise (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the " Code "), and (ii) but for this Section IV.G, would be subject to the excise tax imposed by Section 4999 of the Code, then the Employee's payments or benefits under this Agreement or otherwise will be either:

(A) delivered in full, or

(B) delivered as to such lesser extent which would result in no portion of such payments or benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by the Employee on an after-tax basis of the greatest amount of payments and benefits, notwithstanding that all or some portion of such payments or benefits may be taxable under Section 4999 of the Code. Unless the Company and the Employee otherwise agree in writing, any determination required under this Section IV.G will be made in writing by the Company's independent public accountants immediately prior to the Change in Control Date (the " Accountants "), whose determination will be conclusive and binding upon the Employee and the Company for all purposes. For purposes of making the calculations required by this Section IV.G, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Employee will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section IV.G. The Company will bear all fees and costs payable to the Accountants in connection with any calculations contemplated by this Section IV.G. Any reduction in payments and/or benefits required by this Section IV.G shall occur in the following order: (1) reduction of cash payments, (2) reduction of equity acceleration (full-value awards first, then stock options), and (3) other benefits paid to the Employee. In the event that acceleration of vesting of equity awards is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of the equity awards.

V. Disputes .

A. Settlement of Disputes; Arbitration . All claims by the Employee for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Employee in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Employee for a review of the decision denying a claim. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Las Vegas, Nevada, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

B. Expenses . The prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, expert witness fees, court costs and all other costs and expenses incurred in any action or proceeding arising out of this Agreement or as to any matters related to but not covered by this Agreement. For purposes of this Section V.B, the term "prevailing party" includes a party who agrees to dismiss an action or proceeding upon the other's payment of the sums allegedly due or for performance

of the covenants, undertakings or agreements allegedly breached, or who obtains substantially the relief it sought.

VI. Successors; Binding Agreement.

A. Successors. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to expressly assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a breach of this Agreement and shall constitute Good Reason if the Employee elects to terminate employment (and such termination shall be deemed to have occurred after a Change in Control), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to its business or assets as aforesaid that assumes and agrees to perform this Agreement, by operation of law or otherwise.

B. Binding Agreement. This Agreement shall inure to the benefit of and be enforceable by the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Employee should die while any amount would still be payable to the Employee or his or her family hereunder if the Employee had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Employee's estate.

VII. Notice. All notices, instructions and other communications given hereunder or in connection herewith shall be in writing. Any such notice, instruction or communication shall be sent either (i) by registered or certified mail, return receipt requested, postage prepaid, or (ii) prepaid via a reputable nationwide overnight courier service, in each case addressed to the Company at 3755 Breakthrough Way, Suite 300, Las Vegas, NV 89135, and to the Employee at the home address most recently provided by the Employee to the Company (or to such other address as either the Company or the Employee may have furnished to the other in writing in accordance herewith). Any such notice, instruction or communication shall be deemed to have been delivered, whether or not actually received, five (5) business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent via a reputable nationwide overnight courier service. Either party may give any notice, instruction or other communication hereunder using any other means, but no such notice, instruction or other communication shall be deemed to have been duly delivered unless and until it is actually is received by the party for whom it is intended.

VIII. Miscellaneous.

A. Employment by Subsidiary. For purposes of this Agreement, the Employee's employment with the Company shall not be deemed to have terminated solely as a result of the Employee continuing to be employed by a wholly-owned subsidiary or other affiliate of the Company.

B. Severability. If any provision of this Agreement is declared invalid or unenforceable, such provision shall be deemed automatically adjusted to conform to the requirements for validity or enforceability as declared at such time while maintaining the original intent of the provision to the greatest extent possible and, as so adjusted, shall be deemed a provision of this Agreement as though originally included herein. If the provision invalidated or deemed unenforceable is of such a nature that it cannot be so adjusted, the provision shall be deleted from this Agreement as though it had never been included therein. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

C. Injunctive Relief. The Company and the Employee agree that any breach of this Agreement by the Company or the Employee is likely to cause the Employee or the Company substantial and irrevocable damage and therefore, in the event of any such breach, in addition to such other remedies

which may be available, the Employee or the Company shall have the right to seek specific performance and injunctive relief.

D. Governing Law . The validity, interpretation, construction, enforceability and performance of this Agreement shall be governed by the internal law of the State of Nevada.

E. Waivers . No waiver by the Employee at any time of any breach of, or compliance with, any provision of this Agreement to be performed by the Company shall be deemed a waiver of that or any other provision at any subsequent time.

F. Counterparts . This Agreement may be executed in counterparts, each of which shall be deemed to be an original but both of which together will constitute one and the same instrument.

G. Tax Withholding . Any payments provided for hereunder shall be paid net of any applicable tax withholding required under federal, state or local law.

H. Entire Agreement . Except as provided in the Employee's equity award agreement(s) and Employment Agreement, if applicable, this Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

I. Amendments . The Employee and the Company may, by mutual agreement, amend or modify this Agreement, provided, however, that any such amendment or modification shall only be effected by a written instrument executed by both the Company and the Employee.

J. Section 409A Compliance . This Agreement is intended to comply with Section 409A of the Code (as amplified by any Internal Revenue Service or U.S. Treasury Department guidance), and shall be construed and interpreted in accordance with such intent. The severance payments set forth in this Agreement are intended to fit within the "short-term deferral exception" to Section 409A of the Code, and shall at all times be interpreted and administered in furtherance of this intent. Notwithstanding anything to the contrary in this Agreement, (A) no severance benefits payable to the Employee under this Agreement that are considered deferred compensation under Section 409A of the Code, if any (" Deferred Compensation Separation Benefits "), will be considered due or payable until the Employee has a "separation from service" within the meaning of Section 409A of the Code, (B) any Deferred Compensation Separation Benefits, if any, shall be paid to the Employee in a lump sum in cash on the sixtieth (60 th) day after the Date of Termination, subject to the other terms and conditions of this Agreement and (C) if the Employee is a "specified employee" within the meaning of Section 409A of the Code, any Deferred Compensation Separation Benefits will be delayed until the earlier to occur of the Employee's death or the day that is six (6) months and one (1) days following the Employee's separation from service, without interest. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

COMPANY :

AFFINITY GAMING

By: /s/ WALTER BOGUMIL
Name: Walter Bogumil
Title: Senior Vice President, Chief Financial

Officer and Treasurer

EMPLOYEE :

/s/ MICHAEL SILBERLING
Michael Silberling

[****] = CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

EXHIBIT A

The Severance Payment will be determined as follows:

[****]	Multiple
[****]	[****]
[****]	[****]
[****]	[****]
[****]	[****]
[****]	[****]
[****]	[****]
[****]	[****]
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[****]	[****]
[****]	[****]
[****]	Three (3)

EXHIBIT 10.35

CHANGE IN CONTROL AGREEMENT

This CHANGE IN CONTROL AGREEMENT (this " Agreement ") is entered into as of this 5th day of October, 2015, by and between AFFINITY GAMING, a Nevada corporation (the " Company "), and Walter Bogumil, a key employee of the Company (the " Employee ").

RECITALS

WHEREAS, the Company recognizes that, as is the case with many publicly-held corporations, the possibility of certain terminations of employment or a change in control of the Company exists and that the uncertainties raised by such a possibility may result in the distraction or even the premature departure of the Employee to the detriment of the Company and its stockholders. This Agreement is intended, therefore, to provide for an effective means of providing incentives to induce the retention of key employees.

WHEREAS, the Board of Directors of the Company (the " Board ") has determined that appropriate steps should be taken to reinforce and encourage the continued employment and dedication of the Employee without distraction from the possibility of certain terminations of employment or a change in control of the Company and related events and circumstances.

NOW, THEREFORE, as an inducement for and in consideration of the Employee remaining in its employ, the Company agrees that the Employee shall receive the benefits set forth in this Agreement in the circumstances described below.

I. Key Definitions .

As used herein, the following terms shall have the following respective meanings:

A. " Cause " means:

1. The Employee's breach of any material term of his or her Employment Agreement, if any;

2. Indictment of, or formal charge against, the Employee for a felony or any other offense which involves an act of embezzlement, misappropriation of funds, or other conduct evidencing an act of moral turpitude, dishonesty or lack of fidelity; or, the Employee's admission of having engaged in the same;

3. Payment (or, by the operation solely of the effect of a deductible, the failure of payment) by a surety or insurer of a claim under a fidelity bond issued for the benefit of the Company reimbursing the Company for a loss due to the wrongful act, or wrongful omission to act, of the Employee;

4. The Employee's failure to obey the reasonable and lawful orders of an officer, the Board or a direct supervisor;

5. The Employee's misconduct or failure to discharge his or her duties commensurate with his or her title and function;

6. The denial, revocation or suspension of a license, qualification or certificate of suitability to the Employee by any governmental authority that holds regulatory, licensing or permit authority over gambling, gaming or casino activities (" Gaming Authority ") or the reasonable likelihood that the same will occur; or

7. Any action or failure to act by the Employee that the Company or its affiliate reasonably believes, as a result of a communication or action by any Gaming Authority or on the basis of the Company's or its affiliate's consultations with its legal counsel and/or other professional advisors, will likely cause any Gaming Authority to: (i) fail to license, qualify and/or approve the Company or its affiliate to own and operate a gaming business; (ii) grant any such licensing, qualification and/or approval only upon terms and conditions that are unacceptable to the Company or its affiliate; (iii) significantly delay any such licensing, qualification and/or approval process; or (iv) revoke or suspend any existing license.

B. " Change in Control " means a "change in control" as defined in the Company's Amended and Restated 2011 Long-Term Incentive Plan (the " LTIP "), as amended from time to time; provided, however that, notwithstanding the last paragraph of that definition, a party to the Settlement Agreement (as defined in the LTIP) and its Affiliates may effectuate a Change in Control for purposes of this Agreement, but only if and when their acquisition of the requisite ownership level is accompanied by the acquisition of the power to name a majority of members of the Board.

C. " Change in Control Date " means the date on which a Change in Control is consummated.

D. " Disability " means the Employee's absence from the full-time performance of the Employee's duties with the Company for one hundred eighty (180) consecutive calendar days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Employee or the Employee's legal representative.

E. " Effective Date " means the date of this Agreement.

F. " Employment Agreement " means any written employment agreement between the Company and the Employee.

G. " Good Reason " means the occurrence of any of the following without the Employee's consent, provided that the Employee has provided Company with written notice of the applicable event within sixty (60) calendar days after the Employee becomes aware of the occurrence thereof, and the Company has not cured (or, otherwise commenced steps reasonably designed to result in a prompt cure) within thirty (30) calendar days thereafter if such circumstance is curable:

1. A material reduction in the Employee's annual salary, bonus opportunity or long-term incentive potential;

2. A material diminution in the Employee's title, position, status, authority, duties or responsibilities;

3. The material breach by the Company of this Agreement or any Employment Agreement with the Employee; or

4. Relocation by Company of the Employee's primary place of employment to a location that is more than fifty (50) miles from the Company's current headquarters in Las Vegas, Nevada and which results in a material increase in the Employee's daily commuting distance.

The Employee's right to terminate his or her employment for Good Reason shall not be affected by his or her incapacity due to physical or mental illness.

H. [****].

I. " Release " means the Employee's release of employment claims acceptable to the Company.

J. " Signing Date " means the execution date of a binding definitive agreement that will by its terms result in a Change in Control when consummated.

II. Term of Agreement . This Agreement, and all rights and obligations of the parties hereunder, shall take effect upon the Effective Date and shall expire upon the first to occur of:

(a) the expiration of the Term (as defined below) if a Signing Date has not occurred during the Term, or the definitive agreement related to a Signing Date has then been terminated;

(b) if a Signing Date has occurred within the Term and the related Change in Control is consummated, the date twelve (12) months following the Change in Control Date, if the Employee is still employed by the Company as of such later date;

(c) if a Signing Date has occurred within the Term and the Change in Control is not consummated, the post-Term date on which the definitive agreement is terminated.

(d) if a Signing Date has occurred within the Term, the Change in Control is consummated and the Employee's employment with the Company is terminated for any reason by the Employee or by the Company after the Signing Date and by the date that is twelve (12) months following the Change in Control Date, then, respectively, fulfillment by the Company of all of its obligations, if any, under Section IV.

" Term " shall mean the one (1)-year period commencing as of the Effective Date and continuing in effect through the first anniversary of the Effective Date.

III. Employment Status; Termination Following Change in Control, and/or During the Term .

A. Not an Employment Contract . The Employee acknowledges that this Agreement does not constitute a contract of employment or impose on the Company any obligation to retain the Employee as an employee and that this Agreement does not prevent the Employee from terminating employment at any time. If the Employee's employment with the Company terminates for any reason and subsequently a Change in Control occurs, the Employee shall not be entitled to any benefits hereunder, except as otherwise provided in this Agreement.

B. Termination of Employment .

1. Any termination of the Employee's employment by the Company or by the Employee (other than due to the death of the Employee) shall be communicated by a written notice to the other party hereto (the " Notice of Termination "), given in accordance with Section VII. Any Notice of Termination during the Term shall: (i) indicate the specific termination provision (if any) of this Agreement relied upon by the party giving such notice; (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination for the Employee's employment under the provision so indicated and (iii) specify the Date of Termination (as defined below). The date on which an employment termination becomes effective (the " Date of Termination ") shall be (A) the close of business on the date specified in the Notice of Termination (which date shall be thirty (30) days after the date of delivery of such Notice of Termination), in the case of a termination other than due to the Employee's death, or (B) the date of the Employee's death in the case of a termination due to the Employee's death, as the case may be.

2. The failure by the Employee or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Employee or the Company, respectively, to assert any such fact or circumstance in enforcing the Employee's or the Company's right hereunder.

3. Any Notice of Termination for Cause given by the Company must be given within ninety (90) days after the Board becomes aware of the occurrence of the event(s) or circumstance(s) which constitute(s) Cause. Prior to any Notice of Termination for Cause being given (and prior to any termination for Cause being effective), the Employee shall be entitled to a hearing before the Board at which he or she may, at his or her election, be represented by counsel and at which he or she shall have a reasonable opportunity to be heard. Such hearing shall be held with not less than fifteen (15) days' prior written notice to the Employee stating the Board's intention to terminate the Employee for Cause and stating in detail the particular event(s) or circumstance(s) which the Board believes constitutes Cause for termination.

4. Any Notice of Termination for Good Reason given by the Employee must be given within ninety (90) days of the occurrence of the event(s) or circumstance(s) which constitute Good Reason.

IV. Benefits to Employee .

A. Termination Without Cause or for Good Reason in connection with a Change in Control . If the Employee's employment with the Company is terminated by the Company (other than for Cause, Disability or death) or by the Employee for Good Reason, in each case during the Term of this Agreement, following a Signing Date and no later than twelve (12) full months following the Change in Control Date, and provided the Change in Control is consummated, the Employee shall be entitled to the following benefits, provided that the Employee signs and does not revoke the Release within the period required by the Release, inclusive of any revocation period set forth in the Release:

1. Subject to Section VIII.J, the Company shall pay to the Employee an amount equal to the product of (A) the applicable Multiple set forth in Exhibit A and (B) the sum of (x) the Employee's annual base salary on the Date of Termination and (y) one hundred percent (100%) the Employee's bonus at "target" for the calendar year in which the Date of Termination occurs (such product, the " Severance

Payment "); provided, however, that if the Employee's employment with the Company is terminated by the Employee for Good Reason due to a material reduction in the Employee's annual base salary, the base salary under this subsection will be the Employee's base salary in effect immediately before the reduction.

2. To the extent not previously paid or provided, the Company shall timely pay or provide to the Employee any other amounts or benefits required to be paid or provided or which the Employee is eligible to receive following the Employee's termination of employment under any plan, program, policy, practice, contract or agreement of the Company (such other amounts and benefits shall be referred to as the " Other Benefits ").

B. Resignation without Good Reason, Termination for Cause, or Termination for Death or Disability Following a Change in Control . If the Employee voluntarily terminates his or her employment with the Company during the Term of this Agreement, excluding a termination for Good Reason, or the Employee's employment with the Company is terminated by the Company for Cause, or by reason of the Employee's death or Disability, then the Company shall timely pay or provide to the Employee the Other Benefits earned before the Date of Termination.

C. Form and Timing of Payment . The Severance Payment under Section IV.A is payable at the time and in the form provided in this subsection. This amount is composed of two parts: the amount to which the Employee would otherwise be entitled under an Employment Agreement with respect to base salary and bonus in the absence of this Agreement (" Base Severance Amount ") and the additional amount, if any, provided under Section IV.A (" Severance Enhancement "). These amounts are payable as follows, depending upon whether the Change in Control is a "change in control event" as defined in Section 409A (a " 409A Change in Control ") or not (a " Non-409A Change in Control ").

1. A Severance Payment payable as a result of a 409A Change in Control is payable in a lump sum; provided, however, that if the Employee's termination without Cause or for Good Reason occurs after the Signing Date and prior to the Change in Control Date (a " Pre-Change in Control Termination ") (x) any Severance Payment payable under this Agreement shall be reduced by the Employee's Base Severance Amount, if any, (y) such Base Severance Amount shall be payable at the time and in the form provided under the Applicable Employment Agreement, and (z) the Employee's Severance Enhancement shall be payable in a lump sum. A Severance Payment, or Severance Enhancement, payable as a result of a 409A Change in Control is payable on or after the date on which the Release becomes effective and (x) within sixty (60) days after the Date of Termination or (y) for a Pre-Change in Control Termination, the Change in Control Date, if later.

2. A Severance Enhancement payable as a result of a Non-409A Change in Control is payable as a lump sum. All Base Severance Amounts payable as a result of a termination in connection with a Non-409A Change in Control are payable at the time and in the form provided under the applicable Employment Agreement. A Severance Enhancement payable as a result of a Non-409A Change in Control is payable on or after the date on which the Release becomes effective and (x) within sixty (60) days after the Date of Termination or (y) for a Pre-Change in Control Termination, the Change in Control Date, if later.

D. Benefits in Lieu of Other Severance . Any Severance Payment payable under this Section IV will be paid solely in lieu of, not in addition to, any severance amounts payable under any Employment Agreement on account of the Employee's termination from employment, except to the extent that the Employment Agreement provides greater benefits than the Severance Payment under this Agreement.

If the Employment Agreement provides a greater benefit, that excess amount will be paid in accordance with the Employment Agreement. In no event may there be duplication of benefits under this Agreement and any Employment Agreement.

E. Mitigation . The Employee shall not be required to mitigate the amount of any payment or benefits provided for in this Section IV by seeking other employment or otherwise. Further, the amount of any payment or benefits provided for in this Section IV shall not be reduced by any compensation earned by the Employee as a result of employment by another employer, by retirement benefits, by disability or death benefits, by offset against any amount claimed to be owed by the Employee to the Company or otherwise.

F. Change in Control and Equity Awards . In the event of a Change in Control during the Term, any then outstanding and unvested equity compensation awards (including but not limited to stock options and restricted stock units) held by the Employee will vest on an accelerated basis immediately prior to and contingent on consummation of the Change in Control (with awards subject to vesting that is not strictly time based vesting at target assuming performance at 100%). Acceleration benefits pursuant to this Section IV.F shall be subject to the Employee's delivery of a release acceptable to the Company and similar to the Release that becomes effective no later than sixty (60) days following the Change in Control.

G. Limitation on Payments . In the event that any of the payments or benefits provided for in this Agreement or otherwise (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the " Code "), and (ii) but for this Section IV.G, would be subject to the excise tax imposed by Section 4999 of the Code, then the Employee's payments or benefits under this Agreement or otherwise will be either:

(A) delivered in full, or

(B) delivered as to such lesser extent which would result in no portion of such payments or benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by the Employee on an after-tax basis of the greatest amount of payments and benefits, notwithstanding that all or some portion of such payments or benefits may be taxable under Section 4999 of the Code. Unless the Company and the Employee otherwise agree in writing, any determination required under this Section IV.G will be made in writing by the Company's independent public accountants immediately prior to the Change in Control Date (the " Accountants "), whose determination will be conclusive and binding upon the Employee and the Company for all purposes. For purposes of making the calculations required by this Section IV.G, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Employee will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section IV.G. The Company will bear all fees and costs payable to the Accountants in connection with any calculations contemplated by this Section IV.G. Any reduction in payments and/or benefits required by this Section IV.G shall occur in the following order: (1) reduction of cash payments, (2) reduction of equity acceleration (full-value awards first, then stock options), and (3) other benefits paid to the Employee. In the event that acceleration of vesting of equity awards is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of the equity awards.

V. Disputes.

A. Settlement of Disputes; Arbitration. All claims by the Employee for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Employee in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Employee for a review of the decision denying a claim. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Las Vegas, Nevada, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

B. Expenses. The prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, expert witness fees, court costs and all other costs and expenses incurred in any action or proceeding arising out of this Agreement or as to any matters related to but not covered by this Agreement. For purposes of this Section V.B, the term "prevailing party" includes a party who agrees to dismiss an action or proceeding upon the other's payment of the sums allegedly due or for performance of the covenants, undertakings or agreements allegedly breached, or who obtains substantially the relief it sought.

VI. Successors; Binding Agreement.

A. Successors. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to expressly assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a breach of this Agreement and shall constitute Good Reason if the Employee elects to terminate employment (and such termination shall be deemed to have occurred after a Change in Control), except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to its business or assets as aforesaid that assumes and agrees to perform this Agreement, by operation of law or otherwise.

B. Binding Agreement. This Agreement shall inure to the benefit of and be enforceable by the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Employee should die while any amount would still be payable to the Employee or his or her family hereunder if the Employee had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Employee's estate.

VII. Notice. All notices, instructions and other communications given hereunder or in connection herewith shall be in writing. Any such notice, instruction or communication shall be sent either (i) by registered or certified mail, return receipt requested, postage prepaid, or (ii) prepaid via a reputable nationwide overnight courier service, in each case addressed to the Company at 3755 Breakthrough Way, Suite 300, Las Vegas, NV 89135, and to the Employee at the home address most recently provided by the Employee to the Company (or to such other address as either the Company or the Employee may have furnished to the other in writing in accordance herewith). Any such notice, instruction or communication shall be deemed to have been delivered, whether or not actually received, five (5) business days after it is sent by registered or certified

mail, return receipt requested, postage prepaid, or one business day after it is sent via a reputable nationwide overnight courier service. Either party may give any notice, instruction or other communication hereunder using any other means, but no such notice, instruction or other communication shall be deemed to have been duly delivered unless and until it is actually is received by the party for whom it is intended.

VIII. Miscellaneous.

A. Employment by Subsidiary. For purposes of this Agreement, the Employee's employment with the Company shall not be deemed to have terminated solely as a result of the Employee continuing to be employed by a wholly-owned subsidiary or other affiliate of the Company.

B. Severability. If any provision of this Agreement is declared invalid or unenforceable, such provision shall be deemed automatically adjusted to conform to the requirements for validity or enforceability as declared at such time while maintaining the original intent of the provision to the greatest extent possible and, as so adjusted, shall be deemed a provision of this Agreement as though originally included herein. If the provision invalidated or deemed unenforceable is of such a nature that it cannot be so adjusted, the provision shall be deleted from this Agreement as though it had never been included therein. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

C. Injunctive Relief. The Company and the Employee agree that any breach of this Agreement by the Company or the Employee is likely to cause the Employee or the Company substantial and irrevocable damage and therefore, in the event of any such breach, in addition to such other remedies which may be available, the Employee or the Company shall have the right to seek specific performance and injunctive relief.

D. Governing Law. The validity, interpretation, construction, enforceability and performance of this Agreement shall be governed by the internal law of the State of Nevada.

E. Waivers. No waiver by the Employee at any time of any breach of, or compliance with, any provision of this Agreement to be performed by the Company shall be deemed a waiver of that or any other provision at any subsequent time.

F. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but both of which together will constitute one and the same instrument.

G. Tax Withholding. Any payments provided for hereunder shall be paid net of any applicable tax withholding required under federal, state or local law.

H. Entire Agreement. Except as provided in the Employee's equity award agreement(s) and Employment Agreement, if applicable, this Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

[****] = CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

I. Amendments . The Employee and the Company may, by mutual agreement, amend or modify this Agreement, provided, however, that any such amendment or modification shall only be effected by a written instrument executed by both the Company and the Employee.

J. Section 409A Compliance . This Agreement is intended to comply with Section 409A of the Code (as amplified by any Internal Revenue Service or U.S. Treasury Department guidance), and shall be construed and interpreted in accordance with such intent. The severance payments set forth in this Agreement are intended to fit within the "short-term deferral exception" to Section 409A of the Code, and shall at all times be interpreted and administered in furtherance of this intent. Notwithstanding anything to the contrary in this Agreement, (A) no severance benefits payable to the Employee under this Agreement that are considered deferred compensation under Section 409A of the Code, if any (" Deferred Compensation Separation Benefits "), will be considered due or payable until the Employee has a "separation from service" within the meaning of Section 409A of the Code, (B) any Deferred Compensation Separation Benefits, if any, shall be paid to the Employee in a lump sum in cash on the sixtieth (60 th) day after the Date of Termination, subject to the other terms and conditions of this Agreement and (C) if the Employee is a "specified employee" within the meaning of Section 409A of the Code, any Deferred Compensation Separation Benefits will be delayed until the earlier to occur of the Employee's death or the day that is six (6) months and one (1) days following the Employee's separation from service, without interest. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

COMPANY :

AFFINITY GAMING

By: /s/ MICHAEL SILBERLING
Name: Michael Silberling
Title: Chief Executive Officer

EMPLOYEE :

/s/ WALTER BOGUMIL
Walter Bogumil

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EXHIBIT A

The Severance Payment will be determined as follows:

[****]	**Multiple**
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EXHIBIT 14.1

AFFINITY GAMING

CODE OF BUSINESS CONDUCT AND ETHICS

AS ADOPTED BY THE BOARD OF DIRECTORS

January 2015

Dear Colleagues:

As we move forward as an organization it is important that we maintain our professionalism. We should all be excited about the future of Affinity Gaming (the “Company”). Together, we are responsible for preserving and enhancing this reputation, a task that is fundamental to our continued well-being. Our goal is not just simply to comply with the laws and regulations that apply to our business; we also strive to abide by the highest standards of business conduct.

As such, we set forth in the pages that follow the Company's Code of Business Conduct and Ethics ("Code"), which has been approved by our Board of Directors. The purpose of the Code is to reinforce and enhance the Company's commitment to an ethical way of doing business. The contents of the Code are not new, and the policies set forth herein are part of the Company's long-standing tradition of ethical business standards.

All employees, officers and directors are expected to comply with the policies set forth in this Code. Read the Code carefully and make sure that you understand it, the consequences of non-compliance, and the Code’s importance to the success of the Company. If you have any questions, speak to your supervisor, the Corporate Compliance Officer or any of the other resources identified in this Code. The Code cannot and is not intended to cover every applicable law or provide answers to all questions or situations that might arise; for that we must ultimately rely on each person's good sense of what is right, including a sense of when it is proper to seek guidance from others on the appropriate course of conduct. When in doubt about the advisability or propriety of a particular practice or matter, we believe it is always a good idea to seek such guidance.

We at the Company are committed to providing the best and most competitive services to our clients. Adherence to the policies set forth in the Code will help us achieve that goal.

Sincerely,

Michael Silberling
Chief Executive Officer

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AFFINITY GAMING

CODE OF BUSINESS CONDUCT AND ETHICS

As Adopted By The Board Of Directors

I. Introduction

A. General Policy and Procedures

The good name and reputation of our Company are the product of the conduct, dedication, integrity, and abilities of our employees. All gaming companies, including ours, depend on their reputations. The Company expects all of its employees to share its commitment to high ethical, legal and moral standards, and to avoid any activities that could involve the Company or its employees in any unethical, improper or unlawful act. As used in this Code, the term “employee” shall refer to all employees, officers and directors of the Company, unless otherwise indicated.

Careful study of this Code will provide you with a better understanding of the Company’s expectations and of your own obligations. Compliance with this Code is mandatory and it is the duty of all employees to familiarize themselves with the Code, as well as the legal standards and policies applicable to their assigned duties, and to conduct themselves accordingly.

The Code is not intended, however, to be an exclusive set of guidelines or policies for governing the conduct of employees. The Company has adopted and may amend or adopt other policies, procedures, personnel manuals, or employee handbooks. Moreover, no Code or set of policies can ever be totally comprehensive or serve as a substitute for the good judgment, common sense and proper, ethical and legal conduct we expect of all employees.

As an employee of the Company, you acknowledge and agree that you have reviewed and understand this Code; that compliance with this Code is a requirement of your continued employment; that you agree to comply with this Code; and, that a violation of this Code is grounds for discipline up to and including discharge.

The Code is a statement of policies for individual and business conduct and does not, in any way, constitute an employment contract or an assurance of continued employment. Employees of the Company are employed at-will, except when covered by an express, written employment agreement. This means that you may choose to resign your employment at any time, for any reason or for no reason at all. Similarly, the Company may choose to terminate your employment at any time, for any legal reason or for no reason at all, but not for an unlawful reason.

B. Corporate Compliance Officer

The Corporate Compliance Officer of the Company will have the ultimate responsibility for overseeing compliance with all applicable laws, the Code, and all other Company policies.

The designation of a Corporate Compliance Officer in no way diminishes the responsibilities of all employees to comply with all applicable laws and all Company policies, nor does it diminish every

Manager’s responsibility to ensure that the employees under his or her supervision comply with all applicable laws and Company policies.

Anyone with questions or doubts about the application of the Code or who is aware of or suspects a violation of the Code should follow the procedures provided in Section XIV or consult with the Corporate Compliance Officer.

II. Equal Opportunity Employer

A. Respecting One Another

The way we treat each other and our work environment affects the way we do our jobs. All employees want and deserve a work place where they are respected and appreciated. Everyone who works for the Company must contribute to the creation and maintenance of such an environment, and supervisors and managers have a special responsibility to foster a workplace that supports honesty, integrity, respect and trust.

B. Employee Privacy

We respect the privacy and dignity of all individuals. The Company collects and maintains personal information that relates to your employment, including medical and benefit information. Special care is taken to limit access to personal information to Company personnel with a need to know such information for a legitimate purpose. Employees who are responsible for maintaining personal information and those who are provided access to such information must not disclose private information in violation of applicable law or in violation of the Company's policies.

Employees should not search for or retrieve items from another employee's workspace without prior approval of that employee or management. Similarly, you should not use communication or information systems to obtain access to information directed to or created by others without the prior approval of management, unless such access is part of your job function and responsibilities at the Company.

Personal items, messages or information that you consider to be private should not be placed or kept in telephone systems, computer or electronic mail systems, office systems, offices, work spaces, desks, credenzas or file cabinets. The Company reserves all rights, to the fullest extent permitted by law, to inspect such systems and areas, and to retrieve information or property from them when deemed appropriate in the judgment of management.

C. Equal Opportunity Employer

The Company provides equal opportunity for employment on the basis of ability and aptitude and will not discriminate on the basis of race, color, religion, sex, national origin, ancestry, age, medical condition, disability or handicap, perceived disability or handicap, military service, veteran status, marital status or sexual orientation.

D. Sexual and Other Forms of Harassment

Company policy strictly prohibits any form of harassment in the workplace, including sexual harassment. The Company will take prompt and appropriate action to prevent and, where necessary, discipline behavior that violates this policy.

III. Compliance with Laws and Ethical Business Conduct

Recognition of the public interest is a permanent commitment of the Company in the conduct of its business. The activities of the Company must always be in compliance with all applicable laws, statutes and regulations.

Employees occupy positions of trust and confidence. In discharging their responsibilities, each employee has a duty to serve the Company, in good faith, in a manner that he or she reasonably believes to be in the best interests of the Company and its members and with such care as an ordinary prudent person in a like position would use under similar circumstances. Employees also have duties of candor, care and loyalty to the Company. These duties include, but are not limited to, the duty to make a reasonable inquiry where the circumstances requires such inquiry; the duty to disclose all material information relevant to corporate decisions from which that person may derive, directly or indirectly, a personal or other benefit; the duty to deal openly with and make full disclosure to the Company; the duty to avoid and disclose any activities which could create, or appear to create, a conflict with the interest of the Company, as discussed in Section V; the duty not to exploit one's positions with the Company by improperly converting money or other property which lawfully belong to the Company; and, the duty to act with integrity, fidelity and high standards of conduct.

IV. Confidentiality of Information and Insider Trading

A. Confidentiality of Information

The protection of the Company's confidential and proprietary information is of critical importance to the Company's business and its ability to compete within the gaming industry. By virtue of their service to or employment by the Company, employees will have access to (i) confidential and proprietary information of the Company including, without limitation, financial information and projections, computer records and programs, contracts, customer files and lists, investments, investment strategies, marketing plans, personnel information, policies, strategies and other proprietary information, (ii) confidential or other non-public information regarding other companies or contemplated transactions in a company's securities, and (iii) confidential policy or contract holder information (collectively referred to as "Confidential Information").

All Confidential Information is the sole property of the Company. The Company and all employees have ethical and legal responsibilities to maintain and protect the confidentiality of all Confidential Information. Failure to adequately protect this information may have an adverse economic impact on the Company, and any misuse or disclosure of Confidential Information may result in violation of applicable state and federal laws, including securities laws and state gaming codes. Violations could expose the Company and/or the person involved to severe criminal or civil liability.

It is a violation of this Code for any employee, both during and after such person's service or employment with the Company, directly or indirectly, to use or disclose outside the Company any Confidential Information, regardless of any derived benefit, to any entity or person (including a person within the Company who does not have a need to know such Confidential Information) unless approved by the CFO, COO, CEO, General Counsel or the Corporate Compliance Officer in accordance with the procedures set forth herein. Further, all employees must promptly deliver to the Company upon their resignation or termination of their relationship with the Company, or at any other time as the Company may so request, all materials and all copies of materials (including computer disks or drives) containing or evidencing Confidential Information or any materials derived from or based upon such information. Any violation of this provision may result in the Company prosecuting to the fullest extent of the law.

Confidentiality Agreements are commonly used when the Company needs to disclose Confidential Information to suppliers, consultants, joint venture participants or others. A Confidentiality Agreement puts the person receiving confidential information on notice that he or she must maintain the secrecy of such information. If, in doing business with persons not employed by the Company, you foresee that you may need to disclose Confidential Information, you should call the Legal Department and discuss the utility of entering into a Confidentiality Agreement.

You may not disclose your previous employer's confidential information to the Company. Of course, you may use general skills and knowledge acquired during your previous employment.

B. Insider Trading

You are prohibited by Company policy and the law from buying or selling securities of the Company at a time when in possession of "material nonpublic information." (There is, however, an exception for trades made pursuant to a pre-existing trading plan, discussed below.) This conduct is known as "insider trading." Passing such information on to someone who may buy or sell securities – known as "tipping" – is also illegal. The prohibition applies to the Company's securities and to securities of other companies if you learn material nonpublic information about other companies, such as the Company's clients, in the course of your duties for the Company.

Information is "material" if (i) there is a substantial likelihood that a reasonable investor would find the information "important" in determining whether to trade in a security; or (ii) the information, if made public, likely would affect the market price of a company's securities. Examples of types of material information include unannounced dividends, earnings, financial results, new or lost contracts or products, sales results, important personnel changes, business plans, possible mergers, acquisitions, divestitures or joint ventures, important litigation developments, and important regulatory, judicial or legislative actions. Information may be material even if it relates to future, speculative or contingent events and even if it is significant only when considered in combination with publicly available information.

Information is considered to be nonpublic unless it has been adequately disclosed to the public, which means that the information must be publicly disclosed, and adequate time must have passed for the securities markets to digest the information. Examples of adequate disclosure include public filings with securities regulatory authorities and the issuance of press releases, and may also include meetings with members of the press and the public. A delay of two business days is generally considered a sufficient period for routine information to be absorbed by the market.

Nevertheless, a longer period of delay might be considered appropriate for more complex disclosures.

Do not disclose material nonpublic information to anyone, including co-workers, unless the person receiving the information has a legitimate need to know the information for purposes of carrying out the Company's business. If you leave the Company, you must maintain the confidentiality of such information until it has been adequately disclosed to the public by the Company. If there is any question as to whether information regarding the Company or another company with which we have dealings is material or has been adequately disclosed to the public, contact the Legal Department.

Notwithstanding the prohibition against insider trading, the law and Company policy permit Company employees, directors and officers to trade in Company securities regardless of their awareness of material nonpublic information if the transaction is made pursuant to a pre-arranged trading plan that was established in compliance with applicable law and was entered into when the person was not in possession of material nonpublic information. A person who wishes to enter into a trading plan must submit the plan to the Legal Department for approval prior to the adoption, modification or termination of the trading plan.

V. Conflicts of Interest

A. General

Employees shall avoid employment or business activities, including personal investments, that interfere with their duties to the Company, divide their loyalty, or create or appear to create a conflict of interest, unless such employment or activities are fully disclosed to the Company and approved in accordance with the procedures set forth herein.

It is not possible to provide a precise, comprehensive definition of a conflict of interest. However, one factor that is common to all conflict of interest situations is the possibility that a person’s actions or decisions may be affected or have the appearance of being affected because of an actual or potential divergence between the interests of the Company and some other interest, including that person’s own personal interests. Conflicts of interest also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, such persons are of special concern. A particular activity or situation may be found to involve a conflict of interest even though it does not result in any financial loss to the Company and irrespective of the motivations of the person involved.

The facts of each case will determine whether the interest in question involves an actual or potential conflict. A person shall promptly report any situation or transaction involving an actual or potential conflict of interest to his or her supervisor, Human Resources, the General Counsel, or the Corporate Compliance Officer.

Special rules apply to executive officers and directors who engage in conduct that creates an actual, apparent or potential conflict of interest. Before engaging in any such conduct, executive officers and directors must make full disclosure of all facts and circumstances to the Corporate Compliance Officer, who shall inform and seek the prior approval of the Audit Committee of the Board of Directors.

B. Business or Investment Opportunities

Employees, officers and directors are prohibited from (i) taking for themselves personally opportunities that are discovered through the use of Company property, information or position; (ii) using Company property, information, or position for personal gain; and (iii) competing with the Company. Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

C. Employees Interest in Companies Transacting Business with the Company

It is the policy of the Company to select suppliers and others on the basis of merit, without favoritism. As such, this Code requires that employees avoid any relationship or activity that may directly or indirectly impair their independence or judgment.

The Company recognizes that from time to time it may transact business with a company in which an employee or an employee's spouse or children ("Immediate Family") have an interest or are employed. The Company also recognizes, however, that this could present a conflict of interest or the appearance of a conflict of interest if the employee did not disclose the relationship or participated in the approval process. Therefore, whenever the Company does or considers doing business with a company in which an employee or member of an employee's Immediate Family is employed or has a material, financial or other interest, the employee must (i) disclose the interest to his or her supervisor, and (ii) refrain from participating in the approval process.

A conflict of interest may also arise where an employee or a member of his or her Immediate Family makes an investment in a company that does business or competes with the Company. If an employee or a member of his or her Immediate Family is considering an investment in a company that does business, is being considered to do business with or competes with the Company, the employee should disclose the proposed investment in advance to his or her supervisor and seek approval for it. If such approval is obtained, the employee shall comply with any conditions of the approval and shall not participate in any Company decision regarding the selection of or purchase from such entity.

This Section does not prohibit investment in the securities of any corporation whose securities are regularly traded on a national securities exchange or regularly reported in over-the-counter quotations, where the number of shares owned by an employee is insignificant compared to the number of outstanding shares. However, any such investment is prohibited and will violate the Code if the employee invests while in possession of material, non-public information regarding such corporation. This information would, for example, include knowledge about the Company's investments in, or relations or negotiations with, such corporation, if such information has not been generally released to the public.

D. Outside Employment

The Company recognizes and encourages participation of employees in religious, charitable, educational and civic activities. Such services are encouraged so long as they do not unreasonably interfere with the employee's duties with the Company.

If an employee wishes to engage in activities as an employee, general partner, consultant, agent or trustee of a business, non-profit or for-profit organization, then the employee must disclose the proposed relationship or employment to the Corporate Compliance Officer and seek prior approval. Such approval may be granted if the proposed employment or activities do not interfere with the performance of the employee's duties and/or do not involve a conflict of interest or the appearance of a conflict of interest with the Company.

Simultaneous employment with or serving as a director of a competitor of the Company is strictly prohibited, as is any activity that is intended to or that you should reasonably expect to advance a competitor's interests. You may not market products or services in competition with the Company's current or potential business activities. It is your responsibility to consult with the Corporate Compliance Officer to determine whether a planned activity will compete with any of the Company's business activities before you pursue the activity in question.

Without prior written approval from the Corporate Compliance Officer, you may not be a client, or be employed by, serve as a director of or represent a client, of the Company. Similarly, without prior written approval from the Corporate Compliance Officer, you may not be a supplier, or be employed by, serve as a director of or represent a supplier, to the Company. Nor may you accept money or benefits of any kind as compensation or payment for any advice or services that you may provide to a client, supplier or anyone else in connection with its business with the Company.

E. Improper Personal Benefits from the Company

Conflicts of interest arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company. You may not accept any benefits from the Company that have not been duly authorized and approved pursuant to Company policy and procedure, including any Company loans or guarantees of your personal obligations. The Company will not make any personal loans to nor guarantee the personal obligations of directors and executive officers.

F. Business Arrangements with the Company

Without prior written approval from the Corporate Compliance Officer, you may not participate in a joint venture, partnership or other business arrangement with the Company .

G. Family Members Working In The Industry

You may find yourself in a situation where your spouse or significant other, your children, parents, or in-laws, or someone else with whom you have a close familial relationship is a competitor, supplier or client of the Company or is employed by one. Such situations are not prohibited, but they call for extra sensitivity to security, confidentiality and conflicts of interest.

There are several factors to consider in assessing such a situation. Among them: the relationship between the Company and the other company; the nature of your responsibilities as a Company employee and those of the other person; and the access each of you has to your respective employer's confidential information. Such a situation, however harmless it may appear to you, could arouse suspicions among your associates that might affect your working relationships. The very appearance of a conflict of interest can create problems, regardless of the propriety of your behavior.

To remove any such doubts or suspicions, you must disclose your specific situation to the Corporate Compliance Officer to assess the nature and extent of any concern and how it can be resolved. In some instances, any risk to the Company's interests is sufficiently remote that the Corporate Compliance Officer may only remind you to guard against inadvertently disclosing Company confidential information and not to be involved in decisions on behalf of the Company that involve the other company.

VI. Fair Dealing and Antitrust Laws

A. Fair Dealing

The Company depends on its reputation for quality, service and integrity. The way we deal with our customers, competitors and suppliers molds our reputation, builds long-term trust and ultimately determines our success. Employees should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. Employees must never take unfair advantage of others through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

B. Antitrust Laws

While the Company competes vigorously in all of its business activities, its efforts in the marketplace must be conducted in accordance with all applicable antitrust and competition laws. While it is impossible to describe antitrust and competition laws fully in any code of business conduct, this Code will give you an overview of the types of conduct that are particularly likely to raise antitrust concerns. If you are or become engaged in activities similar to those identified in the Code, you should consult the Legal Department for further guidance.

C. Conspiracies and Collaborations Among Competitors

One of the primary goals of the antitrust laws is to promote and preserve each competitor's independence when making decisions on price, output and other competitively sensitive factors. Some of the most serious antitrust offenses are agreements between competitors that limit independent judgment and restrain trade, such as agreements to fix prices, restrict output or control the quality of products, or to divide a market for clients, territories, products or purchases. You should not agree with any competitor on any of these topics, as these agreements are virtually always unlawful. (In other words, no excuse will absolve you or the Company of liability.)

Unlawful agreements need not take the form of a written contract or even express commitments or mutual assurances. Courts can -- and do -- infer agreements based on "loose talk," informal discussions, or the mere exchange between competitors of information from which pricing or other collusion could result. Any communication with a competitor's representative, no matter how innocuous it may seem at the time, may later be subject to legal scrutiny and form the basis for accusations of improper or illegal conduct. You should take care to avoid involving yourself in situations from which an unlawful agreement could be inferred.

By bringing competitors together, trade associations and standard-setting organizations can raise antitrust concerns, even though such groups serve many legitimate goals. The exchange of sensitive information with competitors regarding topics such as prices, profit margins or advertising practices can potentially violate antitrust and competition laws, as can creating a standard with the purpose and effect of harming competition. You must notify the Legal Department before joining any trade associations or standard-setting organizations. Further, if you are attending a meeting

at which potentially competitively sensitive topics are discussed without oversight by an antitrust lawyer, you should object, leave the meeting, and notify the Legal Department immediately.

Joint ventures with competitors are not illegal under applicable antitrust and competition laws. However, like trade associations, joint ventures present potential antitrust concerns. The Legal Department should therefore be consulted before negotiating or entering into such a venture.

D. Distribution Issues

Relationships with clients and suppliers can also be subject to a number of antitrust prohibitions if these relationships harm competition. For example, it can be illegal for a company to affect competition by agreeing with a supplier to limit that supplier's sales to any of the company's competitors. Collective refusals to deal with a competitor, supplier or client may be unlawful as well. While a company generally is allowed to decide independently that it does not wish to buy from or sell to a particular person, when such a decision is reached jointly with others it may be unlawful, regardless of whether it seems commercially reasonable. Finally, it is always unlawful to restrict a customer's re-selling activity through minimum resale price maintenance (for example, by prohibiting discounts).

E. Penalties

Failure to comply with the antitrust laws could result in jail terms for individuals and large criminal fines and other monetary penalties for both the Company and individuals. In addition, private parties may bring civil suits to recover three times their actual damages, plus attorney's fees and court costs.

The antitrust laws are extremely complex. Because antitrust lawsuits can be very costly, even when a company has not violated the antitrust laws and is cleared in the end, it is important to consult with the Legal Department before engaging in any conduct that even appears to create the basis for an allegation of wrongdoing. It is far easier to structure your conduct to avoid erroneous impressions than to have to explain your conduct in the future when an antitrust investigation or action is in progress. For that reason, when in doubt, consult the Legal Department with your concerns.

VII. Receipt of Gifts, Loans, Favors, or other Gratuities and Remuneration

Employees must not accept entertainment, gifts or favors that could influence, or would appear to influence, business decisions in favor of any person or organization with which the Company has or is likely to have business dealings. In order to avoid the appearance of impropriety, it is the Company’s policy that no employee, or any member of his or her Immediate Family, may solicit or accept from any outside individual or business that does, or is seeking to do, business with or competes with the Company any gift of cash (or equivalent), gift of other than nominal value, series of or repeated gifts of any value, loan, discount not available to the general public, lavish entertainment or other substantial remuneration or favor for his or her personal benefit, unless approved by the Corporate Compliance Officer. Unsolicited gifts and business courtesies, including meals and entertainment, are permissible if they are customary and commonly accepted business courtesies; not excessive in value; and given and accepted without an express or implied understanding that you are in any way obligated by your acceptance of the gift, or that the gift is a reward for any particular business decision already made or forthcoming. This Section shall not

prohibit employees or members of their Immediate Family from obtaining loans made in or provided in the ordinary course of business, or other services (on the same terms as are generally available to the public) from banks, brokers or other financial institutions that have relationships with the Company. Exceptions to those policies such as receipt of paid trips or guest accommodations in connection with proper Company business may be made only with the written approval of the Corporate Compliance Officer.

VIII. Use of the Company Funds or Other Resources

The Company's funds, assets, services of the Company personnel, and other resources of the Company (collectively, "Resources") are to be utilized solely for the benefit of the Company and only for legitimate business purposes. The Company's policy is to prohibit the use of such Resources for any purpose other than for the benefit of the Company, unless otherwise approved in advance in accordance with the prescribed procedures, and to prohibit any questionable or unethical disposition or use thereof. Employees, officers and directors should protect the Company's assets and ensure their efficient use.

An employee who has access to Company funds must follow the prescribed procedures for recording, handling and protecting money as detailed in the Company's manuals, internal controls or other written policy documentation. Where an employee's position requires spending of Company funds or incurring any personal expenses later to be reimbursed by the Company, it is the individual's responsibility to use good judgment on the Company's behalf and to ensure that good value is received for every expenditure. Company funds should only be used for Company purposes and must not be used for personal benefit.

A. Personal Use of the Company Funds or other Resources

Without the prior permission of the Company as set forth herein or in a Company manual or written policy or procedure, no employee shall appropriate or authorize any other person or entity to appropriate for their use any Company Resources. Misappropriation of any Company Resources is theft and, in addition to subjecting a person to possible criminal and civil penalties, may result in immediate dismissal or other disciplinary action.

B. Payments and Gifts

The Company's Resources shall not be directly or indirectly used for any unlawful or unethical purpose.

1. Payments and Gifts to Governmental Officials. No employee may (i) authorize or participate in any payment or gift of any of the Company's Resources to any governmental agency (other than in the ordinary course of business) or official for any purpose unless approved by the Corporate Compliance Officer in writing in advance, and (ii) in any event authorize or participate in any payment or gift for the purpose of inducing or influencing the recipient or another person or improperly grant special consideration to or forego any claim against the Company.

2. Payment and Gifts to Others. Employees should avoid all circumstances in which a gift or entertainment could present or create the appearance of a conflict of interest or improper, unethical or illegal conduct. To avoid such circumstances, employees may give incidental

gifts, favors and entertainment of nominal value to others on behalf of the Company, only if they are consistent with accepted business practice, are of sufficiently limited value and in a form that will not be construed as an improper payment. No gift or entertainment is permitted if it violates any applicable laws or ethical standards and, if in doubt, approval must be obtained from the Corporate Compliance Officer. Our suppliers and clients likely have gift and entertainment policies of their own. You must be careful never to provide a gift or entertainment that violates the other company's gift and entertainment policy.

Giving or receiving *any* payment or gift in the nature of a bribe, gratuity, or kickback is absolutely prohibited.

IX. Political Contributions

There are three basic tenets of the Company's policy with respect to political contributions:

First, the Company unequivocally forbids the illegal use of Company Resources for the support of political parties or political candidates for any office (Federal, State, or local) in the United States or any foreign country.

Second, the Company forbids pressure, direct or implied, that infringes upon the right of employees to decide whether, to whom, and in what amount they will make a political contribution or render services to individual candidates or political committees where permitted by applicable laws. Employees are free, and indeed are encouraged, to endorse, advocate, contribute to, or otherwise support any political party, candidate or cause they may choose.

Third, any permitted political contributions using Company Resources must be approved by the Board Governance and Nominating Committee of the Board of Directors, in accordance with its policy.

X. Corporate Records

A. Record Keeping

Accurate and complete record keeping is essential to the corporate well being of the Company and to enable it to comply with legal and regulatory requirements, to manage the affairs of the Company, and to provide the best possible service to its customers. The Company adheres to a strict policy of maintaining complete and accurate books and records including, but not limited to, memoranda, time cards, expense reports, accounts, contracts, financial reports, and other business or corporate records. The Company's books and records must reflect, in an accurate and timely manner, all business transactions. Undisclosed or unrecorded funds, other assets or liabilities are not permitted. All persons are expected and required to prepare, preserve and produce all books and records in accordance with this Code.

It is Company policy to make full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations in all reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and in all other public communications made by the Company.

In order to protect the privacy of Company officers and employees and comply with federal and state law, employees must ensure that all records are kept confidential and only disclosed to authorized Company personnel. .

B. Record Retention

The Company has specific requirements for retaining various categories of records generated by the Company. In addition to these specific requirements, the Company must retain all records that have any bearing on threatened or pending litigation, investigations or administrative proceedings.

Officers, directors and employees who are notified of the existence of a subpoena or have reason to believe that a government investigation is imminent or that legal proceedings may be instituted must retain all potentially relevant records in their possession, custody, or control, including papers, computer disks and tapes, until they have been notified otherwise by the Legal Department. Managers must ensure that employees under their supervision retain all such records in their possession, custody or control.

XI. Approval of Expenses

No payment by or on behalf of the Company shall be approved, made or reimbursed if any part of the payment is used for a purpose not in compliance with the Code. All proper and valid requests for reimbursement by employees shall be made in accordance with policies and procedures the Company may from time to time adopt.

XII. Media, Regulatory, Legal and Other Inquiries

A. General

In addition to the provisions set forth in the Section regarding Confidentiality of Information above, as a general matter, no employee shall disclose to any non-employee any information except in accordance with the Code.

B. Conduct Regarding Media and Investor Inquiries

When a determination is made in accordance with the procedures set forth herein to respond to media inquiries, it is the Company's policy to fully and fairly convey accurate information to members of the news media. However, it is also the Company's policy to protect and safeguard its Confidential Information. Therefore, in order to preserve and maintain the integrity of communications, no employee, other than the Chief Executive Officer and those designated from time to time as spokespersons by the Chief Executive Officer, may discuss matters involving the Company or its affiliates, employees, members, creditors, consultants, counsel, accountants and agents with any member of the news media.

It is imperative that all employees follow this Code and not respond to media inquiries, unless authorized in accordance with this Code, even when the question appears to relate to objective facts within the knowledge of the person contacted.

Company employees who are not official Company spokespersons may not speak with the press, securities analysts, other members of the financial community, shareholders or groups or organizations as a Company representative or about Company business, unless specifically authorized to do so by the Chief Executive Officer.

C. Requests From or Visits by Regulatory Authorities

From time to time the Company and its employees may be contacted by regulatory officials or other governmental agencies regarding the Company's filings or other matters. It is the Company's policy to comply with applicable laws and regulations and to respond properly to all contacts, inquiries or requests made by governmental authorities. Employees may respond to routine matters within the ordinary scope of their day-to-day responsibilities. Employees should keep their supervisors generally informed as to the nature and scope of such contacts. All contacts, inquiries or requests, whether written or oral, by governmental authorities regarding matters that are not routine or are outside the scope of an employee's day-to-day responsibilities must be immediately reported to the employee's supervisor or the Legal Department before a substantive response is given. This will allow the Company time to gather and evaluate any relevant information and to respond properly to the governmental authorities. Examples of matters that are not routine include, among other things, complaints, adverse claims, investigations, litigation, audits, regulatory exams, and other matters that could result in significant monetary or other liabilities.

D. Investigations

Officers, directors and employees are required to cooperate fully with all investigations by the Corporate Compliance Officer, the Legal Department or the Company's outside legal counsel. In particular, they are required to respond truthfully, completely and promptly to any and all such inquiries.

E. Subpoenas or Other Legal Process

Only the General Counsel or his or her designee(s) may accept legal process on behalf of the Company. If someone attempts to serve any person on behalf of the Company who is not an authorized representative, such person must decline to accept service and should immediately contact the General Counsel, Company Secretary or their designee. Service of a subpoena on an individual, the subject matter of which relates directly to the Company or its employees, should immediately be referred to the attention of the Legal Department.

XIII. Disciplinary Action and Violations of the Code

All employees shall promptly disclose any acts or transactions known to such person that may be in violation of the Code. No one will be subject to retaliation because of a good faith report of suspected misconduct. However, failure to report any such acts or transactions shall be grounds for disciplinary action up to and including discharge. Any person who violates the Code, or permits a subordinate to do so, shall be subject to disciplinary action up to and including discharge.

XIV. Procedural Matters, Reports, Inquiries, and Approvals

While each of us is individually responsible for putting the Code to work, we need not go it alone. The Company has a number of resources, people and processes in place to answer our questions and guide us through difficult decisions.

Copies of this Code are available from the Corporate Compliance Officer and on the Company's Intranet. A statement of compliance with the Code of Business Conduct and Ethics must be signed by all officers, directors and employees .

The procedures to be followed in the case of any issues, questions, interpretations required approval, reports of conduct in violation of this Code, or other matters regarding this Code are as follows: (i) an employee should contact his or her supervisor, Human Resources, the General Manager, the Legal Department, or the Corporate Compliance Officer and (ii) in any matter involving any officer, director or the General Counsel, such person should contact the Chairman of the Board of Directors, the Corporate Compliance Officer, or such other person as the Board of Directors may designate.

To the extent permitted by law, and consistent with its enforcement objectives under this Code, the Company will keep confidential the identity of any employee about or against whom allegations of violations are brought, unless or until it has been determined that a violation has occurred. Similarly, to the extent permitted by law, and consistent with its enforcement objectives under this Code, the Company will keep confidential the identity of anyone reporting a possible violation.

XV.Application/Waivers

All directors, officers and other employees of the Company, as well as individuals working as independent contractors, whether regular or temporary, full or part time, are subject to this Code.

The Company will waive application of the policies set forth in this Code only where circumstances warrant granting a waiver, and then only in conjunction with any appropriate monitoring of the particular situation. Waivers of the Code for directors and executive officers may be made only by the Board of Directors as a whole and must be promptly disclosed as required by law or regulation. Waivers of the Code for other employees shall at the discretion of the Corporate Compliance Officer.

XVI. Reports Regarding Accounting Matters

The Company is committed to compliance with applicable securities laws, rules, and regulations, accounting standards and internal accounting controls. You are expected to report any complaints or concerns regarding accounting, internal accounting controls and auditing matters (“Accounting Matters”) promptly.

Complaints or concerns about Accounting Matters may be submitted to the Audit Committee of the Board of Directors in any of the following ways:

- Mail a written description of the complaint or concern to the following address:
  Corporate Compliance Officer
  Affinity Gaming
  3755 Breakthrough Way, Suite 300
  Las Vegas, NV 89135

- OR -

- Call toll-free to 1-877-756-4303

    - OR -

- Visit the website address at *www.reportlineweb.com/affinitygaming*
    - Click on the “BEGIN A NEW REPORT” button

The Corporate Compliance Officer will check the mail and e-mail messages on a regular basis and will promptly review and log all submissions. Any concerns regarding accounting, internal controls or auditing matters requiring immediate Audit Committee action will be directly submitted to the Audit Committee. Reports of suspected violations of law and Company policies will be appropriately investigated and reported periodically to the Audit Committee and the Company’s Compliance Committee. The Corporate Compliance Officer will provide periodic reports to the Audit Committee regarding the submissions relating to accounting, internal controls or auditing matters and the investigation and resolution of such matters.

Confidentiality is a priority, and all reports will be treated confidentially to the fullest extent possible. Submissions of complaints or concerns will not be traced and submissions may be made anonymously. To ensure the anonymous submission of complaints or concerns via e-mail, please do not send the submission from an e-mail address that identifies the sender. For submissions that are not anonymous, the sender may be contacted in order to confirm information or to obtain additional information. No one will be subject to retaliation because of a good faith report of a complaint, concern or suspected misconduct regarding Accounting Matters.

XVII. Investigations of Suspected Violations

All reported violations will be promptly investigated and treated confidentially to the extent reasonably possible. It is imperative that reporting persons not conduct their own preliminary investigations. Investigations of alleged violations may involve complex legal issues, and acting on your own may compromise the integrity of an investigation and adversely affect both you and the Company.

XVIII. Discipline for Violations

The Company intends to use every reasonable effort to prevent the occurrence of conduct not in compliance with its Code and to halt any such conduct that may occur as soon as reasonably possible after its discovery. Subject to applicable law and agreements, Company personnel who violate this Code and other Company policies and procedures may be subject to disciplinary action, up to and including discharge.

XIX. No Rights Created

This Code is a statement of the fundamental principles and key policies and procedures that govern the conduct of the Company's business. It is not intended to and does not create any obligations to or rights in any employee, director, client, supplier, competitor, shareholder or any other person

or entity, and shall not be used as a defense by an employee against whom an adverse personnel action has been taken or initiated for legitimate reasons.

XX.Reminder

Ultimate responsibility to ensure that we as a Company comply with the many laws, regulations and ethical standards affecting our business rests with each of us. You must become familiar with and conduct yourself strictly in compliance with those laws, regulations and standards and the Company's policies and guidelines pertaining to them.

Adopted February 2011 (January 2015 Revision)

ACKNOWLEDGMENT FORM

I have received and read the Affinity Gaming Code of Business Conduct and Ethics, and I understand its contents. I agree to comply fully with the standards, policies and procedures contained in the Code and the Company's related policies and procedures. I understand that I have an obligation to report to the Corporate Compliance Officer any suspected violations of the Code that I am aware of. I acknowledge that the Code is a statement of policies for business conduct and does not, in any way, constitute an employment contract or an assurance of continue employment.

Signature _____

Printed Name _____

Date _____

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-174089) pertaining to the Affinity Gaming 2011 Long-Term Incentive Plan of our report dated March 23, 2016, with respect to the consolidated financial statements of Affinity Gaming and its subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 2015.

/s/ Ernst & Young LLP

Las Vegas, Nevada
March 23, 2016

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Silberling, certify that:

1. I have reviewed this annual report on Form 10-K of Affinity Gaming;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 23, 2016

By: */s/ Michael Silberling*

Michael Silberling

Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Walter Bogumil, certify that:

1. I have reviewed this annual report on Form 10-K of Affinity Gaming;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

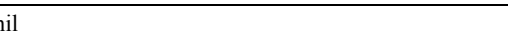
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 23, 2016

By *  *

Walter Bogumil

Senior VP, Chief Financial Officer and Treasurer

EXHIBIT 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

We; Michael Silberling, the registrant's principal executive officer, and Walter Bogumil, the registrant's principal financial officer; certify that:

1. the accompanying Annual Report on Form 10-K for the period ended December 31, 2015 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Affinity Gaming at the dates and for the periods indicated.

A signed original of this written statement required by Section 906 has been provided to Affinity Gaming, which will retain it and furnish it to the Securities and Exchange Commission or its staff upon request.

The undersigned expressly disclaims any obligation to update the foregoing certification except as required by law.

Date: March 23, 2016

/s/ Michael Silberling

Michael Silberling

Chief Executive Officer

/s/ Walter Bogumil

Walter Bogumil

Senior Vice President, Chief Financial Officer and Treasurer

The foregoing certification is being furnished solely pursuant to the requirements of 18 U.S.C. § 1350 and is not being filed as a part of the Report or as a separate disclosure document.

EXHIBIT 99.1

DESCRIPTION OF GOVERNMENTAL REGULATIONS

General

The ownership, operation, and management of Affinity Gaming and our gaming facilities are subject to significant and stringent regulation under the laws and regulations of each of the jurisdictions in which we operate. Gaming laws are generally based upon declarations of public policy designed to protect gaming consumers and the viability and integrity of the gaming industry. Gaming laws also may be designed to protect and maximize state and local revenues derived through taxes and licensing fees imposed on gaming industry participants, as well as to enhance economic development and tourism. To accomplish these public policy goals, gaming laws establish procedures to ensure that participants in the gaming industry meet certain standards of character and fitness. In addition, gaming laws require gaming industry participants to:

- ensure that unsuitable individuals and organizations have no role in gaming operations;
- establish procedures designed to prevent cheating and fraudulent practices;
- establish and maintain responsible accounting practices and procedures
- maintain effective controls over their financial practices, including establishing minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;
- maintain systems for reliable record keeping;
- file periodic reports with gaming regulators;
- ensure that contracts and financial transactions are commercially reasonable, reflect fair market value and are arms-length transactions; and
- establish programs to promote responsible gaming.

Typically, a regulatory environment is established by statute and administrative regulations that are administered by a regulatory agency and/or gaming commission with broad discretion to regulate the affairs of owners, managers, and persons with financial interests in gaming operations. Among other things, gaming authorities in the various jurisdictions in which we operate:

- adopt rules and regulations under the implementing statutes;
- interpret and enforce gaming laws;
- investigate possible violations of the laws and prosecute person alleged to have violated the laws, impose disciplinary sanctions for violations, including fines and penalties;
- review the character and fitness of participants in gaming operations and make determinations regarding their suitability or qualification for licensure;
- grant licenses for participation in gaming operations;
- collect and review reports and information submitted by participants in gaming operations;
- review and approve transactions, such as acquisitions or change-of-control transactions of gaming industry participants, securities offerings and debt transactions engaged in by such participants; and
- establish and collect fees and taxes.

Any change in the laws or regulations of a gaming jurisdiction could have a material adverse effect on our gaming operations.

Licensing and Suitability Determinations

Gaming laws require that we, along with each of our subsidiaries engaged in gaming operations and certain directors, officers, employees, stockholders, and holders of our debt securities, obtain licenses and/or findings of suitability from gaming authorities. Gaming authorities have very broad discretion to determine whether an applicant is suitable and/or qualifies for license. Subject to certain administrative proceeding requirements, gaming authorities have the authority to (i) deny any application, (ii) limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval, and/or (iii) fine any person licensed, registered or found suitable or approved, for any cause that the gaming authorities deem reasonable.

While each jurisdiction has its own criteria to determine whether to grant a license or finding of suitability, generally, gaming authorities may consider, among other things, the following:

- The financial stability, integrity and responsibility of the applicant, including if the operation is adequately capitalized and insured in the jurisdiction;
- The sources of the applicant’s financing
- The character, record, and reputation of all persons materially associated with the applicant

- The quality of the applicant's casino facilities, and whether those facilities qualify for licensure;
- The amount of revenue to be derived by the applicable jurisdiction through operation of the applicant's gaming facility;
- The applicant's practices with respect to minority hiring and training; and
- The effect on competition and general impact on the community.

In evaluating individual applicants, gaming authorities consider the individual's reputation for good character and criminal and financial history and also whether the individual associates with persons of unsavory character.

Some jurisdictions limit the number of licenses granted to operate gaming facilities within the jurisdiction, or the number of licenses granted to any one gaming operator. Additionally, licenses in some of the jurisdictions we operate are granted for limited durations and require renewal. For example, Missouri Gaming Law allows for thirteen licensed facilities, and our two licenses were most recently renewed in January 2013 for four-year terms. Although the Missouri Gaming Law provides no limit on the amount of riverboat space which may be used for gaming, the Missouri Gaming Commission is empowered to impose space limitations through the adoption of rules and regulations. In Iowa, our ability to continue our casino operations is subject to a referendum every eight years or at any time upon petition of the voters in the county in which we operate; the most recent referendum occurred in 2010. Our excursion gambling boat license is not transferable and needs to be renewed annually. Our renewal was approved at a March 2016 meeting of the Iowa Gaming Commission, and will be considered for renewal at the March 2017 meeting of the Iowa Gaming Commission. In Colorado, no one may have an interest in more than three licensed casinos. Our Colorado licenses expire two years from their date of issuance, and Colorado law requires that we file applications for renewal not less than 120 days prior to their expiration. Our licenses were renewed by the Colorado Commission most recently on October 16, 2014.

There can be no assurance that any of our licenses will be renewed; or with respect to our gaming operations in Iowa, that continued gaming activity will be approved in any referendum. Generally, gaming licenses are not transferable, unless approved by the gaming authorities. If any of our licenses were revoked, conditioned, or not renewed, this would have a materially adverse effect on our business operations. In the event that a license is revoked or not renewed, most jurisdictions have statutory or regulatory provisions governing the winding-down or transfer of gaming operations, including but not limited to the appointment of a receiver, or providing a limited period to secure a buyer of the gaming operations.

In furtherance of their broad oversight and regulatory powers, gaming authorities may investigate any individual or entity having a material relationship to, or material involvement with, any of our direct or indirect operations. This includes requiring the individual or entity to submit to a finding of suitability and/or licensing investigation. Certain jurisdictions also require notification or approval of any change in our directors or officers, including the directors or officers of our subsidiaries. Our officers, directors and certain key employees must also file applications with the gaming authorities and may be required to be licensed, qualified or be found suitable in many jurisdictions. Gaming authorities may deny an application for licensing for any cause which they deem reasonable. These determinations require submission of detailed personal and financial information followed by a thorough investigation. The burden of demonstrating suitability is on the applicant, who must pay all the costs of the investigation. We must report changes in licensed positions to gaming authorities, which are subject to their approval.

If gaming authorities were to find that an officer, director, key employee, or any other person or entity was unsuitable for licensing or unsuitable to continue having a relationship with us, we would have to sever all relationships with such person. In addition, gaming authorities may require us to terminate the employment of any person who refuses to file appropriate applications.

Moreover, in many jurisdictions, this application and/or suitability process may apply to any of our stockholders or holders of our debt securities. For example, under Nevada gaming laws, each person who acquires, directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any non-voting security or any debt security in a public corporation which is registered with the Nevada Gaming Commission (the “Commission”), such as Affinity Gaming, may be required to be found suitable if the Commission has reason to believe that his or her acquisition of that ownership, or his or her continued ownership in general, would be inconsistent with the declared public policy of Nevada, in the sole discretion of the Commission. Any person required by the Commission to be found suitable shall apply for a finding of suitability within 30 days after the Commission's request that he or she should do so and, together with his or her application for suitability, deposit with the Nevada Gaming Control Board (the “Board”) a sum of money which, in the sole discretion of the Board, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of that application for suitability, and deposit such additional sums as are required by the Board to pay final costs and charges.

Furthermore, as we are a public corporation registered with a gaming authority, any person found unsuitable by that gaming authority, shall not be able to hold, directly or indirectly, the beneficial ownership of any voting security or the beneficial or record ownership of any nonvoting security or any debt security, beyond a period of time prescribed by that gaming authority.

Many jurisdictions also require any person who acquires beneficial ownership of more than a certain percentage of our voting securities and, in some jurisdictions, our non-voting securities, typically 5%, to report the acquisition to gaming authorities, and gaming authorities may require such holders to apply for qualification or a finding of suitability. Most gaming authorities, however, allow an "institutional investor" to apply for a waiver that allows the "institutional investor" to acquire up to a threshold percentage of our voting securities without applying for qualification or a finding of suitability. An "institutional investor" is generally defined as an investor acquiring and holding voting securities in the ordinary course of business as an institutional investor, and not for the purpose of causing, directly or indirectly, the election of a majority of the members of our board of directors, any change in our corporate charter, bylaws, management, policies or operations, or those of any of our gaming affiliates, or the taking of any other action which gaming authorities find to be inconsistent with holding our voting securities for investment purposes only. An application for a waiver as an institutional investor requires the submission of detailed information about the company and its regulatory filings, the name of each person that beneficially owns more than 5% of the institutional investor's voting securities or other equivalent and a certification made under oath or penalty for perjury, that the voting securities were acquired and are held for investment purposes only. Even if a waiver is granted, an institutional investor generally may not take any action inconsistent with its status when the waiver was granted without once again becoming subject to the foregoing reporting and application obligations. A change in the investment intent of an institutional investor must be reported to certain regulatory authorities immediately after its decision.

Notwithstanding the foregoing requirements, most gaming authorities have the ability to require any person who acquires directly or indirectly, beneficial ownership of any voting security, or beneficial or record ownership of any nonvoting security or any debt security in our company, to be found suitable. Generally, any person who fails or refuses to apply for a finding of suitability or a license after being advised by gaming authorities to do so, may be denied a license or found unsuitable. The same restrictions may also apply to a record owner if the record owner, after request, fails to identify the beneficial owner.

Furthermore, we may be subject to disciplinary action if, after we receive notice that a person is unsuitable to be a stockholder or to have any other relationship with us or any of our subsidiaries, we:

- pays that person any dividend or interest upon voting securities;
- allows that person to exercise, directly or indirectly, any voting right conferred through securities held by that person;
- pays remuneration in any form to that person for services rendered or otherwise; or
- fails to pursue all lawful efforts to require the unsuitable person to relinquish his voting securities including, if necessary, purchasing the voting securities for cash at fair market value.

Although many jurisdictions generally do not require the individual holders of debt securities such as notes to be investigated and found suitable, gaming authorities may nevertheless retain the discretion to do so for any reason, including but not limited to, a default, or where the holder of the debt instruments exercises a material influence over the gaming operations of the entity in question. Any holder of debt securities required to apply for a finding of suitability or otherwise qualify must generally pay all investigative fees and costs of the gaming authority in connection with such an investigation. If the gaming authority determines that a person is unsuitable to own a debt security, we may be subject to disciplinary action, including the loss of our approvals, if without the prior approval of the gaming authority, we:

- pay to the unsuitable person any dividend, interest, or any distribution whatsoever;
- recognize any voting right by the unsuitable person in connection with the debt securities;
- pay the unsuitable person remuneration in any form; or
- make any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation or similar transaction.

Many jurisdictions also require that manufacturers and distributors of gaming equipment and suppliers of certain goods and services to gaming industry participants be licensed and require us to purchase and lease gaming equipment, supplies and services only from licensed suppliers.

Several jurisdictions also impose requirements related to any person who is licensed, required to be licensed, registered, required to be registered or is under common control with such persons or licensees (collectively, "licensees"), who is or who proposes to become involved in a gaming venture outside of the applicable jurisdiction, and also require revolving funds to be deposited with the relevant authorities to conduct investigations of those extra-jurisdictional gaming activities. If the gaming authority determines there are any violations of law, or of the public policy in their jurisdiction, related to those extra-jurisdictional gaming activities, it may take disciplinary action.

The sale of alcoholic beverages in gaming establishments is subject to strict licensing, control and regulation by local regulatory authorities. We have obtained the necessary liquor licenses to sell alcoholic beverages. Local regulatory authorities have full power

to limit, condition, suspend or revoke any such licenses, and any such disciplinary action could, and revocation would, have a material adverse effect on our operations.

Violation of Gaming Laws

If we or our subsidiaries violate applicable gaming laws, our gaming licenses could be limited, conditioned, suspended or revoked by gaming authorities, and we and any other persons involved could be subject to substantial fines. Further, a supervisor or conservator can be appointed by gaming authorities to operate our gaming properties, or in some jurisdictions, take title to our gaming assets in the jurisdiction, and under certain circumstances, earnings generated during such appointment could be forfeited to the applicable state or states. Furthermore, violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions. As a result, violations by us of applicable gaming laws could have a material adverse effect on our gaming operations.

Some gaming jurisdictions prohibit certain types of political activity by a gaming licensee, its officers, directors and key people. A violation of such a prohibition may subject the offender to criminal and/or disciplinary action. Additionally, as noted in the preceding section, many jurisdictions will also take disciplinary action against licensees if they violated gaming or other laws outside of the relevant jurisdiction.

Reporting and Record-keeping Requirements

We are required periodically to submit detailed financial and operating reports and furnish any other information about us and our subsidiaries which gaming authorities may require. Under federal law, we are required to record and submit detailed reports of currency transactions involving greater than $10,000 at our casinos as well as any suspicious activity that may occur at such facilities. We are required to maintain a current stock ledger which may be examined by gaming authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to gaming authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. Gaming authorities may require certificates for our securities to bear a legend indicating that the securities are subject to specified gaming laws.

Review and Approval of Transactions

Substantially all material loans, leases, sales of securities and similar financing transactions by us and our subsidiaries must be reported to and in some cases approved by gaming authorities. Neither we nor any of our subsidiaries may make a public offering of securities without the prior approval of certain gaming authorities. Changes in control through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or otherwise are subject to receipt of prior approval of gaming authorities. Entities seeking to acquire control of us or one of our subsidiaries must satisfy gaming authorities with respect to a variety of stringent standards prior to assuming control. Gaming authorities may also require controlling stockholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control to be investigated and licensed as part of the approval process relating to the transaction.

Because of regulatory restrictions, our ability to grant a security interest in any of our gaming assets is limited and subject to receipt of prior approval by certain gaming authorities.

License Fees and Gaming Taxes

License fees and taxes, computed in various ways depending on the type of gaming or activity involved, are payable to the states in which we operate, as well as the counties and cities. Depending upon the particular, jurisdiction, fee or tax involved, these fees and taxes are payable either monthly, quarterly or annually and are usually based upon such factors as:

- a percentage of the gross revenue received;
- the number of gaming devices and/or table operated;
- one time fees payable upon the initial filing or an application, receipt of a license and/or renewal fees.

In many jurisdictions, gaming taxes are usually graduated, meaning that the tax percentage increases as the gross gaming revenue increases. Tax rates are subject to change, sometimes with little notice, and such changes could have a material adverse effect on our gaming operations. Also, some jurisdictions have taxes on live entertainment, or other categories that involve our gaming operations. For example, in Nevada, there is flat entertainment tax that imposes a 9% tax on establishments that charge an admission fee for live entertainment. The tax has several exclusions and exceptions, but generally applies only to the admission fee, and the purchase of items required as part of admission.

Operational Requirements

In most jurisdictions, we are subject to certain requirements and restrictions on how we must conduct our gaming operations. Some gaming jurisdictions prohibit distributions, except to allow for the payment of taxes, if the distribution would impair the financial viability of the gaming operation. Moreover, many jurisdictions require a gaming operation to maintain insurance and post bonds in amounts determined by their gaming authority. Additionally, our ability to conduct certain types of games, introduce new games or move existing games within our facilities may be restricted or subject to regulatory review and approval. Some of our operations are subject to restrictions on the number of gaming positions we may have and the maximum wagers allowed to be placed by our customers.

Pursuant to an amendment to the Colorado Constitution (the "Colorado Amendment"), limited-stakes gaming became lawful in the cities of Central City, Black Hawk and Cripple Creek on October 1, 1991. Currently, limited-stakes gaming means a maximum single bet of $100 on slot machines and in the games of blackjack, poker, craps and roulette. Gaming is permitted to be conducted 24 hours each day. Limited-stakes gaming is confined to the commercial districts of these cities as defined by Central City ordinance on October 7, 1981, by Black Hawk ordinance on May 4, 1978, and by Cripple Creek ordinance on December 3, 1973. In addition, the Colorado Amendment restricts limited-stakes gaming to structures which conform to the architectural styles and designs which were common to the areas prior to World War I and that conform to the requirements of applicable city ordinances regardless of the age of the structures. Under the Colorado Amendment, no more than 35% of the square footage of any building and no more than 50% of any one floor of any building may be used for limited-stakes gaming.

There are currently no laws in Missouri, Nevada, or Iowa that impose restrictions on smoking at gaming facilities. There is no guarantee that the laws will not change in the future. Any such laws would be subject to legal challenge. Under Colorado state law, smoking is not permitted in any indoor area, including limited gaming facilities and any other facilities in which any gaming or gambling activity is conducted.