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UNITED STATES
BANKRUPTCY COURT
PAMELA B. GLEN, CLERK

JAMES D. GREENE, ESQ.
Nevada Bar No.: 002647
SCHRECK BRIGNONE
300 South Fourth Street, Suite 1200
Las Vegas, Nevada 89101
Telephone: (702) 382-2101
E-mail: jgreene@schrecklaw.com

Attorneys for **TEAMSTERS SECURITY FUND FOR SOUTHERN NEVADA LOCAL 995**

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:

VSS ENTERPRISES, INC., a Nevada limited liability company, dba Castaways Hotel, Casino and Bowling Center,

Debtor.

BK-S-03-17939 LBR
Chapter 11

DATE: **August 28, 2003**
TIME: **9:30 a.m.**

MOTION TO COMPEL PAYMENT TO TEAMSTERS SECURITY FUND FOR SOUTHERN NEVADA LOCAL 995 FOR HEALTH AND WELFARE CONTRIBUTIONS

The Teamsters Security Fund for Southern Nevada Local 995 ("Teamsters Security Fund"), by and through its counsel, James D. Greene, Esq. of the law firm of Schreck Brignone, hereby file their motion to compel payment of health and welfare contributions on behalf of the Teamsters Security Fund employees. This motion is made and based upon the attached points and authorities, all the pleadings and papers on file herein, and such argument of counsel as may be presented at the time of hearing the motion.

DATED this 1st day of August 2003.

SCHRECK BRIGNONE

By: _____
JAMES D. GREENE, ESQ. (002647)
300 South Fourth Street, #1200
Las Vegas, Nevada 89101
Attorneys for **TEAMSTERS SECURITY FUND FOR SOUTHERN NEVADA LOCAL 995**

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POINTS AND AUTHORITIES

I. FACTUAL BACKGROUND

Debtor-in-Possession VSS Enterprises, Inc. dba Castaways Hotel, Casino and Bowling Center ("Debtor") filed a petition under Chapter 11 of the United States Bankruptcy Code on or about June 25, 2003 ("Petition Date"). On the Petition Date, the Debtor was (and remains) a signatory to collective bargaining agreements with, *inter alia*, the Teamsters Union. Pursuant to the collective bargaining agreement between the Debtor and the Teamsters, the Debtor is obligated to make monthly payments to the Teamsters Security Fund for the provision of health insurance to approximately 46 covered employees of the Debtor.

On the Petition Date, the Debtor was delinquent in making payments to the Teamsters Security Fund for the months of April and May 2003. As of the date this motion is drafted, The Debtor is delinquent for June 2003 also. The amount due and owing to the Teamsters Security Fund is approximately $65,274.40 ($21,370.08 for April 2003; $23,011.58 for May 2003; and $20,892.74 for June 2003). *See* Contribution Report for Teamsters Security Fund for April, May and June 2003 attached hereto as **Exhibit 1**.

An Ex Parte Order Authorizing Payment of Wages, Salaries, Employee Benefits and Reimbursable Employee Expenses was entered on June 26, 2003 ("Employee Benefits Order"). A copy of the Employee Benefits Order is attached hereto as **Exhibit 2**. Pursuant to the Employee Benefits Order, the Debtor is authorized to:

> honor all of its ***prepetition obligations with respect to its Employees arising in the ordinary course of business, including without limitation the authority: . . . (ii) to make contributions or payments to or for the benefit of the Employees with respect to the Employee Benefit Plans***; (iii) to pay all costs incident to Prepetition Compensation and Employee Benefit Contributions (such as payroll-related taxes and processing cost); . . . (v) to pay, on behalf of the Employees, voluntary insurance premiums; . . . and (vii) for Debtor to settle and pay workers' compensation claims, and maintain deposits, surety bonds and insurance; . . .

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Las Vegas, Nevada 89101
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The benefits at issue and the amounts owed to the Teamsters Security Fund are precisely the types of benefits encompassed by the Employee Benefits Order. In addition, the amounts owed on a per employee basis are well within the priority amounts established by Bankruptcy Code section 507(a)(4).

On or about July 17, 2003, counsel for the Teamsters Security Fund sent a letter to counsel for the Debtor requesting payment of the existing pre-petition delinquencies owed to the Teamsters Security Fund. A copy of the July 17, 2003 letter is attached hereto as **Exhibit 3**. No response to the July 17 letter has been received by the undersigned counsel.

Special Counsel for the Debtor, Salvatore C. Gugino, sent a letter dated July 21, 2003 to the Business Agent of the Teamsters Union asserting the position that the Debtor "is not the same entity as the pre-bankruptcy company, but is rather a new entity created with its own rights and duties". Mr. Gugino's letter appears to suggest that the Debtor is no longer a party to its collective bargaining agreements, including its agreement with the Teamsters Union. A copy of Mr. Gugino's July 21, 2003 letter is attached hereto as **Exhibit 4**.

On or about July 23, 2003, counsel for the Teamsters Security Fund sent a letter to Mr. Gugino pointing out the flaw in his reasoning regarding the Debtor's continuing obligations under the collective bargaining agreements and again requesting payment of the Teamsters Security Fund of the delinquent trust fund contributions. A copy of the July 23, 2003 letter is attached hereto as **Exhibit 5**. The undersigned counsel has received no response to the July 23 letter. Meanwhile, on July 23, 2003, the Debtor entered into a stipulated order approving over $2 million in post-petition Debtor-in-Possession financing. *See* **Exhibit 6**.

The Teamsters Security Fund cannot continue to provide health insurance covered to employees of the Debtor without payment. Accordingly, the Teamsters Security Fund requests that this Court order the Debtor to pay to the Teamsters Security Fund all amounts

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currently due to it under the collective bargaining agreement between the Debtor and the Teamsters Union and that the Court order the Debtor to timely pay all such contributions in the future.

II. LEGAL ARGUMENT

A. The Amounts owed to the Teamsters Security Fund are Allowed and Authorized to be Paid Pursuant to the Employee Benefits Order Entered on June 26, 2003.

In the case at bar, the Debtor has gone to extraordinary lengths to obtain an order that specifically authorizes it to pay the amounts owed to the Teamsters Security Fund. As noted above, the Employee Benefits Order specifically authorizes and directs the Debtor to "make contributions or payments to or for the benefit of the employees with respect to the Employee Benefit plans; . . .." Moreover, the Debtor has obtained in excess of $2 million in post-petition financing, the purpose of which is to enable it to meet its ongoing accruing obligations and to remain in business. It is clear that the very purpose of this order was to allow the Debtor to meet obligations such as those to its employees represented by the claims of the Teamsters Security Fund. In fact, the fund has continued to provide healthcare benefits to all covered employees notwithstanding the Debtor's very substantial default. Unfortunately, the Fund cannot continue to do so and if the Debtor does not promptly cure the existing arrearages, the Teamsters Security Fund will have no choice but to terminate employee benefits for the approximately 46 covered teamsters employed by the Debtor.

B. The Amounts Owed to the Teamsters Security Fund are Within the Priority Amounts established by Bankruptcy Code § 507(a)(4).

11 U.S.C. section 507 sets forth the types and amounts of claims receiving priority status as well. Section 507 provides, in relevant part,

> (a) The following expenses and claims have priority in the following order:
>
> . . .
>
> (4) Fourth, allowed unsecured claims for contributions to an employee benefit plan -

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> (A) arising from services rendered within 180 days before the date of the filing of the petition or the date of the cessation of the debtor's business, whichever occurs first; but only
>
> (B) for each such plan, to the extent of -
>
> (i) the number of employees covered by each such plan multiplied by $4,650; less
>
> (ii) the aggregate amount paid to such employees under paragraph (3) of this subsection, plus the aggregate amount paid by the estate on behalf of such employees to any other employee benefit plan.

11 U.S.C. § 507(a)(4). Under its collective bargaining agreement with the Teamsters Union, the Debtor pays a set amount per covered employee, per hour, for healthcare benefits. As may be seen from a review of the reports attached hereto as Exhibit 1, for full-time employees, this amounts to approximately $450 to $500 per month. Accordingly, the total amounts due on a per-employee basis is approximately $1,400 to $1,600 per month, well within the limits established by Bankruptcy Code section 507(a)(4).

C. *The Debtor Remains Bound by the Collective Bargaining Agreements and Must Make All Post-Petition Benefit Contributions Provided Therein.*

The Debtor's special counsel appears to take the position that because VSS Enterprises is now a "debtor-in-possession," it is no longer the same entity as it was pre-petition and is therefore not a party to the collective bargaining agreements. This is false. Merely filing bankruptcy is not sufficient to reject a labor agreement. To the contrary, unless and until there is an approved modification or rejection under 11 U.S.C. section 1113, the Debtor remains bound to the labor agreement and must make all post-petition benefit contributions provided therein. 11 U.S.C. § 1113. *Chicago Council of Carpenters Pen. Fund v. Cotter*, 914 F. Supp. 237, 242 (N.D. Ill. 1996) ("this section provides the exclusive means by which to reject a collective bargaining agreement"); *In re Arrow Trans.*, 224 B.R. at 460; *In re Bob's Supermarkets, Inc.*, 118 B.R. 783, 785 (D. Montana 1990)(Congress intended "to treat collective bargaining agreements differently . . . due to strong national labor policy favoring collective bargaining"). If not rejected in accordance with section 1113, a CBA is assumed. *Adventure Resources*, 137 F.3d at 798 ("the

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collective bargaining agreement . . . was assumed in bankruptcy *as the result of [debtor's] failure to reject it in accordance with § 1113*") (emphasis added); *In re Moline Corp.*, 144 B.R. at 78 ("If the debtor never rejects the collective bargaining agreement [he] thus assumes the agreement by inaction"). Regardless of whether an acceptable modification can be negotiated between the Debtor and the Teamsters Security Fund, the Debtor remains obligated under its labor agreement to continue paying its monthly obligations to the Teamsters Security Fund.

III. CONCLUSION

Based on the foregoing, it is clear that the Debtor continues to be obligated to make contributions to the Teamsters Security Fund notwithstanding the filing of its Chapter 11 petition. More importantly, it is critical to the Teamsters Security Fund that the Debtor immediately cure the existing pre-petition arrearages, all of which constitute priority benefit claims, all of which this Court has authorized to be paid. The Teamsters Security Fund cannot continue providing health insurance service to the approximately 46 covered employees employed by the Debtor absent such payment.

The Teamsters Security Fund therefore moves the court for an order requiring the Debtor to pay all pre-petition amounts owed as described above, to continue filing reports regarding the Teamsters Security Fund contributions it is obligated to pay and make accruing payments to the Teamster Security Fund in a timely fashion.

DATED this 1st day of August 2003.

SCHRECK BRIGNONE

By: _____
JAMES D. GREENE, ESQ. (002647)
300 South Fourth Street, #1200
Las Vegas, Nevada 89101

Attorneys for **TEAMSTERS SECURITY FUND FOR SOUTHERN NEVADA LOCAL 995**

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Las Vegas, Nevada 89101
(702) 382-2101

Exhibit 1

Back-up

TURN TO:
[illegible] FUND-SRN NEV LC 996
U.S. BANK TM PROCESSING
PO BOX 9693
S VEGAS, NV 89193-8693

MAKE CHECK PAYABLE TO:
TEAMSTERS FUND SRN NEV LC 996
WELLS FARGO BANK TM PROCESSING
PO BOX 9693
LAS VEGAS, NV 89193-8693

EMPLOYER'S CONTRIBUTION REPORT

PAGE 1

WORK MONTH	COVERAGE MONTH	CONTRIBUTION DUE	EMPLOYER NO.	UNION NO.
APRIL	APRIL	5/25/2003	01960 A5683	000996

A SOC. SEC. NUMBER (MUST BE SHOWN FOR ALL EMPLOYEES)	B NAME OF EMPLOYEE THE NAMES PRELISTED BELOW APPEARED ON YOUR PREVIOUS REPORT. PLEASE ADD NEW EMPLOYEES AND DRAW A LINE THROUGH TERMINATED EMPLOYEES.		C DATE OF BIRTH (MUST BE SHOWN FOR ALL EMPLOYEES) MO. DAY. YR.	D NO. OF UNITS (MO. OR HRS.)	E SEX	F NEW & TERM. EMPLOYEES CODE (OVER)	F DATE START OR TERM.	G
[illegible]	AGUILAR, BLANCA V	430.44	03/09/1973	F				[illegible]
[illegible]	AMBAU-LICHTENBERGER, [illegible]	430.44	10/04/1960	F				[illegible]
[illegible]	ALBAN, NORMA C	430.44	07/11/1964	F				[illegible]
[illegible]	ANDRES, JOHN P	430.44	10/07/1969	M				[illegible]
[illegible]	AUER, RANDY J	430.44	11/29/1951	M				[illegible]
[illegible]	AZULL, HERB	430.44	07/20/1965	M				[illegible]
[illegible]	BRISCOE, OPAL M	430.44	03/03/1938	F				[illegible]
[illegible]	BUCKLER, EMMA L	430.44	01/13/1948	F				[illegible]
[illegible]	CERDA, ROSA	430.44	10/12/1962	F	STEADY EXTRA			[illegible]
[illegible]	CHARLES, PEGGY A	430.44	05/21/1945	F				[illegible]
[illegible]	CLARK, GREG G	430.44	12/05/1969	M				[illegible]
[illegible]	CORDOVA, ARTURO	0	02/03/1953	M	STEADY EXTRA			[illegible]
[illegible]	CROCKER, NORMA J	430.44	12/03/1952	F	STEADY EXTRA			[illegible]
[illegible]	CZACZ, GERALD V	0	01/24/1943	M	TERM(D) 3-13-03			[illegible]
[illegible]	FLYE, BRUCE E	430.44	05/17/1949	M				[illegible]
[illegible]	FRAZIER, THOMAS E	430.44	09/12/1959	M				[illegible]
[illegible]	GAYLORD, FRANCES M	430.44	07/22/1943	F				[illegible]
[illegible]	HAYNES, WALTER M	430.44	04/02/1940	M				[illegible]
[illegible]	HOLSTEN, JACK W	430.44	12/19/1951	M				[illegible]
[illegible]	HOWARD, DOLLY P	430.44	05/20/1959	F				[illegible]
[illegible]	HUTCHINSON, DWAYNE W	0	09/24/1958	M	TERM'D 3/7/03			[illegible]
[illegible]	JONES, CHARLES, E	430.44	03/05/1941	M				[illegible]
[illegible]	JONES, JULIANN J	430.44	01/27/1947	F				[illegible]
[illegible]	KASEL, MARK	430.44	01/22/1971	M				[illegible]
[illegible]	LEIMS, BARBARA J	430.44	09/03/1946	F				[illegible]
[illegible]	MARTIN, JOANN	430.44	12/27/1947	F				[illegible]
[illegible]	MATTES, YVONNE M	430.44	03/23/1938	F				[illegible]
[illegible]	MCCAIN, DONNA F	430.44	09/30/1942	F				[illegible]
[illegible]	MICAS, NICHOLAS	430.44	10/25/1953	M				[illegible]
[illegible]	MINNICK, MARK H	430.44	07/05/1961	M				[illegible]
[illegible]	NEWMAN, DAVID A	430.44	10/08/1958	M				[illegible]
[illegible]	NYGREN, LEROY L	430.44	10/18/1945	M				[illegible]
[illegible]	PAPAYNO, JAY	430.44	12/10/1972	M	STEADY EXTRA			[illegible]
[illegible]	PRICE, DONALD	430.44	11/.6/1932	M				[illegible]

TOTAL EMPLOYEES PRELISTED IN THIS REPORT

RECONCILIATION-TO BE COMPLETED BY EMPLOYER		ADMINISTRATOR USE ONLY
TOTAL EMPLOYEES REPORTED	45	
TOTAL HOURS REPORTED (IF APPLICABLE) * 3/3	2000.28	
RATE 4.33 + 4.6		
CONTRIBUTION DUE	19369.80	
OTHER AMOUNTS DUE	0	
ADJUSTMENTS (Please explain)	0	
TOTAL REMITTANCE ENCLOSED	19369.80	

CASAMAYS HOTEL & CASINO
ATTN: PAYROLL (JOAN)
[illegible]
LAS VEGAS NV 89119

ENTER YOUR COMPANY'S LEGAL NAME

By [signature] Controller 5/8/03
SIGNATURE TITLE DATE

1-C-04

EMPLOYER COPY-RETAIN FOR YOUR RECORDS

BACK-UP

EMPLOYER'S CONTRIBUTION REPORT

PAGE 7

RETURN TO:	MAKE CHECK PAYABLE TO:
TEAMSTERS FUND SRN NEV LC 995	TEAMSTERS FUND SRN NEV LC 995
WELLS FARGO BNK TH PROCESSING	WELLS FARGO BNK TH PROCESSING
BOX 98930	PO BOX 98930
LAS VEGAS, NV 89193-8930	LAS VEGAS, NV 89193-8930

WORK MONTH	COVERAGE MONTH	CONTRIBUTION DUE	EMPLOYER NO.	UNION NO.
4/2003	5/2003	5/20/2003	01953 A5053	000995

A SOC. SEC. NUMBER (MUST BE SHOWN FOR ALL EMPLOYEES)	B NAME OF EMPLOYEE THE NAMES PRELISTED BELOW APPEARED ON YOUR PREVIOUS REPORT. PLEASE ADD NEW EMPLOYEES AND DRAW A LINE THROUGH TERMINATED EMPLOYEES.		C DATE OF BIRTH (MUST BE SHOWN FOR ALL EMPLOYEES) MO. DAY. YR.	D NO. OF UNITS (MO. OR HRS.)	E SEX	F NEW & TERM. EMPLOYEES CODE (OVER)	DATE START OR TERM.	G
04-29-3087	RODGERS, SHEILA	430.44	04/15/1953	F				000995
30-92-2753	RYAN, ROBERT	430.44	05/05/1957	M				000995
30-46-7806	SCHULTZ, JOHN P	430.44	01/14/1952	M				000995
30-30-9774	SHOREY, MARY F	430.44	01/01/1944	F				000995
30-40-2092	SULLIVAN, DAVID K	430.44	02/17/1950	M				000995
30-44-2028	TAYLOR, DEBY	430.44	01/10/1953	F				000995
47-91-3315	TUCKER, ELIZABETH M	430.44	12/06/1974	F				000995
56-49-8821	WAKEFIELD, STEVEN L	430.44	03/29/1952	M		STEADY EXTRA		000995
52-90-4618	WATSON, MICHAEL W	430.44	06/20/1951	M				000995
70-54-4560	WEATHERNOX, JOHN A	430.44	10/29/1956	M				000995
30-54-5697	WHITAKER, WANDA T	430.44	12/13/1955	F				000995
30-26-0064	WHITE, SHEILA	430.44	12/24/1946	F				000995
30-84-7684	ZURITA, JANICE [illegible]	430.44	01/15/1948	F				000995
527-45-3336	STAFFORD, KAWIKA A	430.44	09/19/1960	F		HIRED 3/24/03 TERMED 5/16/03		000995

TOTAL EMPLOYEES PRELISTED 47
IN THIS REPORT

RECONCILIATION TO BE COMPLETED BY EMPLOYER		ADMINISTRATOR USE ONLY
TOTAL EMPLOYEES REPORTED	45	
TOTAL HOURS REPORTED (IF APPLICABLE) 430	2000.28	
RATE 430.44		
CONTRIBUTION DUE	19369.80	
OTHER AMOUNTS DUE	0	
ADJUSTMENTS (Please explain)	0	
TOTAL REMITTANCE ENCLOSED	21370.08	

CASTAWAYS HOTEL & CASINO
ATTN: PAYROLL (JOHN)
[illegible]
LAS VEGAS NV 89113

ENTER YOUR COMPANY'S LEGAL NAME By [signature] SIGNATURE [signature] TITLE 5/8/03 DATE

C-04

EMPLOYER COPY-RETAIN FOR YOUR RECORDS

TEAMSTERS SECURITY FUND FOR SOUTHERN NEVADA

LOCAL 9

ELLS FARGO BANK TH PROCESSING PO BOX 98930 LAS VEGAS, NV 89193-8930 (702) 734-86

NAME AND ADDRESS

ATTN: PAYROLL (JCAN)
CASTAWAYS HOTEL & CASINO
PO BOX 43117
LAS VEGAS, NV 89116

EMPLOYER NO. 01953 A5053

WORK MONTH: 05/2003

COVERAGE MONTH: 07/2003

CONTRIBUTION DATE: 06/20/2003

PAGE 001

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A Social Security Number	B Last Name / First / MI	C Unit (1)	D Compensable Hours	E Status	F Event Date
24-05-2023	AGUILAR, BLANCA V	1	252.00	F	
45-60-3739	AHMAD-LICHTENBERGER, THERESE	1	238.00	F	
86-07-4239	ALDAN, NORMA C	1	239.00	F	
51-13-6600	ARCHER, JOHN P	1	224.50	F	
30-42-3654	AUER, RANDY J	1	243.50	F	
30-48-2943	AZBILL, BRAD	1	218.50	F	
30-22-9115	BRISCOE, OPAL M	1	202.75	F	
20-44-9863	BUCKLER, EMMA L	1	234.00	F	
17-07-7606	CEPEDA, ROSA	1	131.00	F	
70-54-2545	CHARLES, PEGGY A	1	216.00	F	
30-48-3175	CLARK, GREG G	1	191.00	F	
87-90-9094	CORDOVA, ARTURO	1	74.25	F	
81-68-3322	CROCKER, NORMA J	1	106.00	F	
50-46-1152	ESKEW, GERALD W	—	0	T	3-13-03
20-52-9190	FLYR, BRUCE E	1	238.00	F	
30-22-2013	FRAZIER, THOMAS E	1	343.00	F	
85-64-2096	GAYLORD, FRANCES M	1	230.00	F	
30-24-3132	HAYNES, WALTER M	1	68.25	T	5-1-03
26-56-8266	HENG, SILKKEE	—	0	T	12-4-02
30-85-1359	HOLSTEN, JACK W	1	240.00	F	
26-82-3830	HOWARD, DOLLY P	1	184.00	F	
50-66-0866	HUTCHINSON, DWAYNE W	—	0	T	3-7-03
TOTALS					

RECONCILIATION TO BE COMPLETED BY EMPLOYER

CONTRIBUTIONS DUE	RATE	UNITS	AMOUNT DUE	CREDIT DUE	TOTAL DUE	ADMINISTRATOF USE ONLY
LAT RATE	430.44	COLUMN C 49	21,097.56	0	21,097.56	
MPLOYEE LAT RATE		COLUMN C	NO CHECK WITH REMITTANCE			
MPLOYEE OURLY	.30	COLUMN C 9480.62	1920.02	0	1920.02	
OTAL			23,011.58	0	23,011.58	

IG- ATURE John Belair

DATE 6/4/03

ITLE Payroll Clerk

PHONE NO. 365-9169

MAKE CHECKS PAYABLE TO:
Teamsters Security Fund

TEAMSTERS SECURITY FUND FOR SOUTHERN NEVADA

LOCAL 9

WELLS FARGO BANK TH PROCESSING PO BOX 98930 LAS VEGAS, NV 89193-8930 (702) 734-86

NAME AND ADDRESS

ATTN: PAYROLL (JOAN)
CASTAWAYS HOTEL & CASINO
PO BOX 43117
LAS VEGAS, NV 89116

EMPLOYER NO.	
61953	A6953

WORK MONTH:
05/2003

COVERAGE MONTH:
07/2003

CONTRIBUTION DATE:
06/20/2003

PAGE 002

A Social Security Number	B Last Name / First / MI	C Unit (1)	D Compensable Hours	E Status	F Event Date
84-32-0125	JONES, CHARLES E	1	287.00	E (CAS)	
88-38-7311	JONES, JULIANN J	1	231.50	F	
33-82-6351	KASEL, MARK	1	206.00	E	
91-36-5483	LEIVA, BARBARA J	1	224.00	F	
33-62-2889	MARTIN, JOANN	1	230.00	F	
73-44-4633	MATTES, YVONNE M	1	148.50	F	
70-42-5369	MCCAIN, DONNA R	1	241.00	F	
45-76-7055	MICAS, NICHOLAS	1	218.00	F	
30-66-5279	MINNICK, MARK H	1	123.50	F	
36-86-2529	NEWMAN, DAVID A	1	231.50	F	
59-56-1682	NYGREN, LARRY E	1	235.00	F	
56-32-9816	PARAYNO, JAY	1	163.50	E	
69-26-0107	REESE, DONALD	1	188.50	E (CAS)	
64-39-3087	RODGERS, SHEILA	1	155.50	F	
3[illegible]-92-2753	RYAN, ROBERT	1	283.00	F	
30-46-7806	SCHULTZ, JOHN P		0	T	4-3-03
32-3[illegible]-9776	SHOREY, MARY E	1	236.00	F	
30-40-2092	SULLIVAN, DAVID K	1	199.25	F	
30-44-2028	TAYLOR, DEBY	1	179.00	F	
47-91-3315	TUCKER, ELIZABETH M	1	191.00	F	
56-49-5821	WAKEFIELD, STEVEN L	1	140.00	E	
62-9[illegible]-4618	WATSON, MICHAEL W	1	200.00	F	
TOTALS					

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JUL 11 2003
WELLS FARGO

RECONCILIATION TO BE COMPLETED BY EMPLOYER

CONTRIBUTIONS DUE	RATE	UNITS	AMOUNT DUE	CREDIT DUE	TOTAL DUE	ADMINISTRATOR USE ONLY
FLAT RATE	430.44	COLUMN C 49	21,091.56	0	21,091.56	
EMPLOYEE FLAT RATE		COLUMN C				
EMPLOYEE HOURLY	.30	COLUMN D 9480.62	1920.02	0	1920.02	
TOTAL			23,011.58	0	23,011.58	

SIGNATURE: Joan Pelaez
DATE: 6/4/03
TITLE: Payroll Clerk
PHONE NO: 385-9168

MAKE CHECKS PAYABLE TO:
Teamsters Security Fund

TEAMSTERS SECURITY FUND FOR SOUTHERN NEVADA

LOCAL 9

LLS FARGO BANK TH PROCESSING PO BOX 98930 LAS VEGAS, NV 89193-8930 (702) 734-86

NAME AND ADDRESS

ATTN: PAYROLL (JOAN)
CASTAWAYS HOTEL & CASINO
PO BOX 43117
LAS VEGAS, NV 89116

EMPLOYER NO.	
01953	A5053

WORK MONTH:
05/2003

COVERAGE MONTH:
07/2003

CONTRIBUTION DATE:
06/20/2003

PAGE 003

A Social Security Number	B Last Name / First / MI	C Unit (1)	D Compensable Hours	E Status	F Event Date
7[illegible]-54-4060	WEATHERWAX, JOHN A	1	174.50	E (CAS)	
3[illegible]-54-5587	WHITAKER, WANDA T	1	269.50	E	
3[illegible]-26-0064	WHITE, SHEILA	1	275.75	E	
3[illegible]-54-7684	ZURITA, JANICE K	1	240.00	E	
30-23-1553	Castillo, Alejandro E	1	46.00	E	5/5/03
30-98-6480	Henderson, Gregory	1	111.50	E (S)	4/29/03
30-31-3063	Leavitt, James T (S/E)	[redacted]	24.00	T	4-3-03
17-36-0463	Russell, James S.	1	127.50	E (CAS)	4-24-03
30-86-8677	Smith, Kristianne J	1	77.37	E	4-22-03
27-45-3336	Stafford, Kamika A.	1	136.00	T	5-6-03
04-36-1719	Witlicki, Jan G	[redacted]	24.00	E	5-1-03
TOTALS					

RECEIVED
JUL 11 2003

RECONCILIATION TO BE COMPLETED BY EMPLOYER

CONTRIBUTIONS DUE	RATE	UNITS	AMOUNT DUE	CREDIT DUE	TOTAL DUE	ADMINISTRATOR USE ONLY
LAT RATE	430.44	COLUMN C 49	21,091.56	0	21,091.56	
MPLOYEE LAT RATE		COLUMN C				
MPLOYEE OURLY	.30	COLUMN D 9480.62	1920.02	0	1920.02	
OTAL			23,011.58	0	23,011.58	

G- ATURE [signature] DATE 6/4/03

TLE Payroll Clerk PHONE NO. 385-9168

MAKE CHECKS PAYABLE TO:
Teamsters Security Fund

TEAMSTER[illegible]ECURITY FUND FOR SOU[illegible]ERN NEVADA

LOCAL [illegible]

WELLS FARGO BANK TH PROCESSING PO BOX 98936 LAS VEGAS NV 89193-8936 (702) 734-[illegible]

NAME AND ADDRESS

AFENT PAYROLL (MGAN)
CASTAWAYS HOTEL & CASINO
PO BOX 93117
LAS VEGAS, NV 89119

Back-up

EMPLOYER NO.	
01953	A5053

WORK MONTH:
06/2003

COVERAGE MONTH:
06/2003

CONTRIBUTION DATE:
07/20/2003

PAGE 001

A Social Security Number	B Last Name, First, MI	C Unit (1)	D Compensable Hours	E Status	F Event Date
524-[illegible]-2128	AGUILAR, BLANCA V	1	152.00	F	
346-[illegible]-3710	AMMAO-LIONTYNEHOGER, [illegible]ELEEF	1	154.50	F	
566-[illegible]7-4239	ALBANO, NORMA C	1	168.00	F	
551-13-6629	ARCHON, JOHN P	1	168.00	F	
531-42-9694	AUER, FANOY J	1	166.00	F	
530-48-7963	ARCILL, BRAD	1	162.00	F	
570-22-611F	BRISCOE, CRAIG M	1	137.00	F	
522-44-9653	BUCKLER, EMMA L	1	195.00	F	
617-[illegible]7-7610	CEPEDA, ROSA	1	114.00	F	3-4-03
570-54-[illegible]949	CHAPLNE, PEGGY A	1	192.00	F	
530-48-1175	CLARK, GREG G	1	151.50	F	
537-93-[illegible]096	CORDOVA, ARTURO	0	14.00	E	
481-09-3322	CROCKER, NORMA J	0	36.00	E	
540-46-1132	ASKEW, GERALD W	0	0	T	3-13-03
530-52-9196	FLYR, BRUCE F	1	207.00	F	
530-32-[illegible]213	FRAZIER, THOMAS E	1	160.00	F	
568-64-2996	GAYLORD, FRANCES M	1	119.00	F	
531-24-4132	HAYNES, WALTER M	0	0	T	5-1-03
525-61-[illegible]946	HONG, SILKEE	0	0	T	12-4-02
530-66-1350	HOLSTEN, JACK W	1	240.00	F	
536-52-5330	HOWARD, DOLLY P	1	168.00	E	
[illegible]-66-[illegible]854	HUTCHINSON, DWAYNE W	0	0	T	3-7-03
TOTALS					

RECONCILIATION TO BE COMPLETED BY EMPLOYER

CONTRIBUTIONS DUE	RATE	UNITS	AMOUNT DUE	CREDIT DUE	TOTAL DUE	ADMINISTRATOR USE ONLY
FLAT RATE	9.93+4%	COLUMN C	18,939.36	—	18,939.36	
EMPLOYEE FLAT RATE		COLUMN C				
EMPLOYEE HOURLY	4.31	COLUMN D	1953.38	—	1953.38	
TOTAL			20,892.74	—	20,892.74	

SIGNATURE [signature]

DATE

TITLE Payroll Clerk

PHONE NO. 794-9145

MAKE CHECKS PAYABLE TO:
Teamsters Security Fund

TEAMSTERS SECURITY FUND FOR SOUTHERN NEVADA

LOCAL 99

WELLS FARGO BANK TH PROCESSING PO BOX 98930 LAS VEGAS, NV 89193-8930 (702) 734-26

NAME AND ADDRESS

ATTN: PAYROLL (JOAN)
CASTAWAYS HOTEL & CASINO
PO BOX 46117
LAS VEGAS, NV 89116

BACK-UP

EMPLOYER NO.	
01953	A5053

WORK MONTH:
06/2003

COVERAGE MONTH:
08/2003

CONTRIBUTION DATE:
07/20/2003

PAGE 002

A Social Security Number	B Last Name / First / MI	C Unit (1)	D Compensable Hours	E Status	F Event Date
084-32-1125	JONES, CHARLES E	1	108.50	CASUAL	
080-36-7211	JONES, JULIANN J	1	159.00	F	
536-82-6351	KASEL, MARK	1	114.50	F	
091-36-6483	LEIVA, BARBARA J	1	156.00	F	
427-[illegible]-2889	MARTIN, JOANN	1	156.00	F	
573-44-4630	MATTES, YVONNE M	1	122.25	F	
370-[illegible]-5369	MCCAIN, DONNA [illegible]	1	168.00	F	
545-7[illegible]-7055	MICAS, NICHOLAS	1	173.80	F	
530-66-[illegible]279	MINNICK, MARK H	1	119.10	F	
4[illegible]6-86-2519	NEWMAN, DAVID A	1	158.00	F	
469-5[illegible]-1682	NYGREN, LARRY E	1	160.00	F	
586-[illegible]-9816	PARAYNO, JAY	1	128.25	E	
159-36-[illegible]	REESE, DONALD	1	112.50	CASUAL	
464-39-3087	RODGERS, SHEILA	1	124.25	F	
097-36-[illegible]483	RUSSELL, JAMES S	1	153.50	CASUAL	
536-[illegible]-2753	RYAN, ROBERT	1	128.00	F	
530-46-7816	SCHULTZ, JOHN P	~~0~~	~~0~~	T	4-3-03
530-[illegible]-9776	SHOREY, MARY E	1	167.00	F	
530-4[illegible]-2092	SULLIVAN, DAVID K	1	137.00	F	
530-44-2028	TAYLOR, DEBY	1	149.50	F	
347-01-3315	TUCKER, ELIZABETH M	1	127.00	T	7-2-03
556-49-3821	WAKEFIELD, STEVEN L	1	64.00	E	
TOTALS					

RECONCILIATION TO BE COMPLETED BY EMPLOYER

CONTRIBUTIONS DUE	RATE	UNITS	AMOUNT DUE	CREDIT DUE	TOTAL DUE	ADMINISTRATOR USE ONLY
FLAT RATE	433.44	COLUMN C	18,939.36	—	18,939.36	
EMPLOYEE FLAT RATE		COLUMN C				
EMPLOYEE HOURLY	[illegible]	COLUMN D	1953.38	—	1953.38	
TOTAL			20,892.74	—	20,892.74	

SIGNATURE: [signature]

DATE:

TITLE: Payroll Clerk

PHONE NO.: 385-9166

MAKE CHECKS PAYABLE TO:
Teamsters Security Fund

TEAMSTERS SECURITY FUND FOR SOUTHERN NEVADA

LOCAL 5

WELLS FARGO BANK TH PROCESSING PO BOX 98930 LAS VEGAS NV 89193-8930 (702) 734-85

NAME AND ADDRESS

ATTN: PAYROLL (JOAN)
CASTAWAYS HOTEL & CASINO
PO BOX 43117
LAS VEGAS, NV 89116

BACK-UP

EMPLOYER NO.	WORK MONTH:
01953- A5063	06/2003

COVERAGE MONTH:
08/2003

CONTRIBUTION DATE:
07/20/2003

PAGE 003

A Social Security Number	B Last Name / First / MI	C Unit (1)	D Compensable Hours	E Status	F Event Date
552-9 -4518	WATSON, MICHAEL W	1	148.50	F	
370-54-4160	WEATHERMAX, JOHN A	1	76.00	CASUAL	
530-54-5587	WHITAKER, WANDA T	1	128.00	F	
530-26-0964	WHITE, SHEILA	1	95.75	F	
530-54-7684	ZURITA, JANICE K	1	224.00	F	
530-23-1553	CASTILLO, ALEJANDRO E	1	160.00	F	5-15-03
530-98-6480	HENDERSON, GREGORY	1	104.75	CASUAL	4-29-03
530-86-8677	SMITH, KRISTIANNE J	~~0~~	55.00	F	4-22-03
504-36-1719	WITLICKI, JAN G	~~0~~	16.00	F	5-1-03
TOTALS					

RECONCILIATION TO BE COMPLETED BY EMPLOYER

CONTRIBUTIONS DUE	RATE	UNITS	AMOUNT DUE	CREDIT DUE	TOTAL DUE	ADMINISTRATOR USE ONLY
FLAT RATE	400.44	COLUMN C	18,939.36	—	18,939.36	
EMPLOYEE FLAT RATE		COLUMN C				
EMPLOYEE HOURLY	.3	COLUMN D	1953.38	—	1953.38	
TOTAL			20,892.74		20,892.74	

SIGNATURE: [signature]

DATE:

TITLE: Payroll clerk

PHONE NO.: 32[illegible]-9168

MAKE CHECKS PAYABLE TO:
Teamsters Security Fund

Exhibit 2

GORDON & SILVER, LTD.
GERALD M. GORDON, ESQ. (NV Bar No. 229)
Email gmg@gordonsilver.com
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Email thf@gordonsilver.com
AMBRISH S. SIDHU, ESQ. (NV Bar No. 7516)
Email sas@gordonsilver.com
3960 Howard Hughes Parkway, 9th Floor
Las Vegas, Nevada 89109
Telephone (702) 796-5555
Facsimile (702) 369-2666

Attorneys for VSS ENTERPRISES, LLC

FILED AND ENTERED
ON DOCKET

'03 JUN 26 P5:52

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF NEVADA

In re:

VSS ENTERPRISES, LLC,
a Nevada limited liability company, d/b/a Castaways Hotel, Casino and Bowling Center,

Debtor.
_____/

Case No: BK-S-03- 17939
Chapter 11

Date:
Time:

EX PARTE ORDER AUTHORIZING PAYMENT OF WAGES, SALARIES, EMPLOYEE BENEFITS AND REIMBURSABLE EMPLOYEE EXPENSES

Upon the Ex Parte Application to Pay Wages, Salaries, Employee Benefits and Reimbursable Employee Expense (the "Application") of VSS ENTERPRISES, LLC, a Nevada limited liability company, d/b/a Castaways Hotel, Casino and Bowling Center ("Debtor") debtor and debtor-in-possession for an order authorizing Debtor (i) to pay Prepetition Compensation (as defined in the Application) to Employees (as defined in the Application); (ii) to make contributions or payments to or for the benefit of the Employees with respect to the Employee Benefit Plans (as defined in the Application); (iii) to pay all costs incident to Prepetition Compensation and Employee Benefit Contributions (as defined in the Application) (such as payroll-related taxes and processing costs); (iv) to honor the Vacation Accrual (as defined in the Application); (v) to pay, on behalf of the Employees, voluntary insurance premiums; (vi) to reimburse Employees for Reimbursable Business Expenses (as defined in the Application), all in accordance with the stated policies with respect thereto; and (vii) to settle and pay workers'

compensation claims, and maintain deposits, surety bonds and excess insurance; as well as (viii) authorizing all applicable banks and other financial institutions to receive, process, honor and pay any and all checks representing Prepetition Compensation drawn on Debtor's payroll accounts, whether presented prior to or after the Petition Date in accordance with the stated policies with regard thereto, provided sufficient funds exist in the payroll accounts to cover such payment; and it appearing that the relief requested is necessary to preserve the Debtor's ongoing operations, and is in the best interests of the Debtor's estate, creditors, equity holders and all parties-in-interest; and notice of this Application having been provided to parties-in-interest noted in the record; and in the light of the circumstances and the emergency nature of the relief requested, it appearing that no further notice need be given; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Application be, and hereby is, granted in all respects and accordance herewith and it is further

ORDERED the Debtor is hereby authorized to honor all of its prepetition obligations with respect to its Employees arising in the ordinary course of business, including without limitation the authority: (i) to pay Prepetition Compensation to Employees; (ii) to make contributions or payments to or for the benefit of the Employees with respect to the Employee Benefit Plans; (iii) to pay all costs incident to Prepetition Compensation and Employee Benefit Contributions (such as payroll-related taxes and processing costs); (iv) to honor the Vacation Accrual; (v) to pay, on behalf of the Employees, voluntary insurance premiums; (vi) to reimburse Employees for Reimbursable Business Expenses, all in accordance with the Debtor's stated policies with respect thereto; and (vii) for Debtor to settle and pay workers' compensation claims, and maintain deposits, surety bonds and insurance; and it is further

ORDERED that all applicable banks are authorized to receive, process, honor and pay any and all checks drawn on the payroll account at US Bank, Account No. 15379057622, whether presented prior to or after the Petition Date in accordance with the Debtor's stated policies with regard thereto, provided sufficient funds exist in the payroll account to cover such payment; and it is further

GORDON & SILVER, LTD.
ATTORNEYS AT LAW
NINTH FLOOR
3960 HOWARD HUGHES PKWY
LAS VEGAS, NEVADA 89109
(702) 796-5555

ORDERED that payments authorized by this Order are not exempt from subsequent operation of 11 U.S.C. §§ 547, 548, 549 and 550, and it is further

ORDERED that Debtor will provide thirty (30) days written negative notice of this Application to the United States Trustee; the top twenty (20) unsecured creditors in this case or any official creditors committee of unsecured creditors, if one is appointed pursuant to 11 U.S.C. § 1102; the Internal Revenue Service; the Nevada Attorney General's Office on behalf of the Nevada Gaming Control Board; and any entity which files and serves on Debtor a request for special notice prior to entry of this order approving the Application. Without prejudice to pass 16 by of [illegible] in case of priority [illegible] claims.

DATED this 26th day of June, 2003.

UNITED STATES BANKRUPTCY JUDGE

PREPARED AND SUBMITTED BY:

GORDON & SILVER, LTD.

By_____

GERALD M. GORDON, ESQ.
Nevada Bar No. 229
THOMAS H. FELL, ESQ.
Nevada Bar No. 3717
AMBRISH S. SIDHU, ESQ.
Nevada Bar No. 7516
3960 Howard Hughes Pkwy, 9th Fl.
Las Vegas, Nevada 89109

Attorneys for Debtor

APPROVED/DISAPPROVED

OFFICE OF THE U.S. TRUSTEE

By_____

600 Las Vegas Blvd. So., Rm. 430
Las Vegas, Nevada 89102

GORDON & SILVER, LTD.
ATTORNEYS AT LAW
NINTH FLOOR
3960 HOWARD HUGHES PKWY
LAS VEGAS, NEVADA 89109
(702) 796-5555

Exhibit 3

SCHRECK BRIGNONE
ATTORNEYS AT LAW

300 South Fourth Street
Suite 1200
Las Vegas, Nevada 89101
(702) 382-2101 · Fax (702) 382-8135
www.schrecklaw.com

FRANK A. SCHRECK
ANDREW S. BRIGNONE
LESLIE TERRY JONES
ELLEN SCHULLIQUER
JAMES J. PISANELLI
TODD L. BICE
ELAYNA J. YOUCHAH
DAVID ARRAJ
SONIA CHURCH VERMEYS

JAMES O. GREENE
CRAIG S. DUNLAP
KATHLYNN S. LEVER
ADAM P. SEGAL
ELIZABETH A. SAVAGE
MICHAEL A. KRISTOF
NIKKI L. WILMER
ANGELA TURRICIANO OTTO
MICHAEL V. INFUSO
DAVORIN J. OURCIC
REBECCA LEVINE
MICHAEL J. HIGDON
ANDREA K. BRYANT
KATE C. LOWENHAR
JENICA D. YURCIC

JAMES R. CHAMBERLAIN
(1952-2002)

July 17, 2003

VIA HAND DELIVERY

Gerald M. Gordon, Esq.
GORDON & SILVER, LTD.
3960 Howard Hughes Parkway, 9th Floor
Las Vegas, Nevada 89109

RE: ***In re VSS Enterprises, LLC dba Castaways Hotel Casino and Bowling Center***
BK-S-03-17939 LBR

Dear Gerry:

Schreck Brignone represents the Teamsters Security Fund for Southern Nevada Local 995 and the Carpenters Joint Trust Funds. VSS Enterprises, LLC, dba Castaways Hotel Casino and Bowling Center, is a signatory to collective bargaining agreements with the Carpenters Union and the Teamsters Union. These agreements obligate the Debtor to make monthly payments to the Teamsters and Carpenters trust funds.

The Teamsters Security Fund provides health insurance to approximately 46 covered employees. The Carpenters Joint Trust Funds provides health insurance to approximately six covered employees. Payment of amounts due to the trust funds is critical and the trust funds cannot continue to provide coverage to employees for whom contributions are not made.

As of the date of this letter, Castaways owes the Teamsters Security Fund the following amounts for the months of April, May and June:

April 2003	$21,370.08
May 2003	$23,011.58
June 2003	$20,892.74
TOTAL	**$65,274.40**

The amounts owed to the Carpenters Joint Trust Fund for the months of May and June are as follows:

May 2003	$4,867.61
June 2003	$5,105.89
TOTAL	**$9,973.50**

I am, of course, aware that Castaways filed a Chapter 11 bankruptcy petition on June 26, 2003. However, Castaways subsequently obtained an order authorizing payment of pre-petition wages and related benefits. The benefits at issue and the amounts owed to the Carpenters Joint Trust Funds and the Teamsters Security Fund are precisely the types of benefits encompassed by that order. In addition, the amounts owed on a per employee basis are well within the priority amounts established by Bankruptcy Code § 507(a)(4).

Accordingly, please direct the Debtor to forward checks made payable to the Teamsters Security Fund and Carpenters Joint Trust Funds in the amounts stated above at your earliest convenience. In the event Castaways is not able to bring these amounts current immediately, my clients will have no choice but to terminate the health insurance coverage of these employees. Clearly, that is a result that all parties wish to avoid.

If you have any questions, feel free to call me.

Yours very truly,

SCHRECK BRIGNONE

James D. Greene, Esq.

JDG/at

cc: Thomas H. Fell, Esq. *(via hand delivery)*
Ambrish S. Sidhu, Esq. *(via hand delivery)*

Exhibit 4

SALVATORE A. GUGINO
MONTE HALL *

OF COUNSEL
RHONDA G. SPOSS
RANDAL D. SIMON **

* ALSO ADMITTED IN UTAH
** ALSO ADMITTED IN ARIZONA

GUGINO LAW FIRM, CHTD
2960 WEST SAHARA AVENUE
SUITE 600
LAS VEGAS, NEVADA 89102

TELEPHONE: (702) 385-3801
FACSIMILE: (702) 385-3818
EMAIL: guginolawfirm.com

July 21, 2003

Via Facsimile & Certified Mail
702-385-4410

Professional, Clerical and Miscellaneous
Employees, Teamsters Local Union No. 995
300 Shadow Lane
Las Vegas, Nevada 89106

Attn: Mike Magnani
Secretary-Treasurer

Re: **Notice of Request To Meet For Purposes Of Review And Modification Of Collective Bargaining Agreements Pursuant To 11 U.S.C. § 1113**

Dear Mike:

On June 26, 2003, VSS Enterprises, LLC dba Castaways Hotel, Casino & Bowling Center ("VSS") filed its petition for reorganization relief under Chapter 11 of the Bankruptcy Code.

As the "debtor in possession," VSS is not the same entity as the pre-bankruptcy company, but is rather a new entity created with its own rights and duties, subject to the supervision of the bankruptcy court. Until the debtor in possession in bankruptcy assumes the old collective bargaining agreement of the pre-bankruptcy company, or makes a new one, it is not a "party" to any labor agreement with the Union and is not subject to the termination restrictions of the National Labor Relations Act.

Our client's financial condition is such that it must make new proposals to the aforementioned Union to modify the previously negotiated "Front End" and "Back End" collective bargaining agreements between VSS and the Professional, Clerical And Miscellaneous Employees, Teamsters Local Union No. 995 for the period of August 11, 2001 through August 10, 2006. These new proposals are currently being prepared. Simply put, VSS is formally requesting that the Union meet with the company to discuss modifications and changes to the collective bargaining agreements pursuant to 11 U.S.C. §1113.

By this letter, I am requesting that you provide our firm with dates and times in which the Union's negotiating team would be available to review any new proposals which VSS may wish to make. I wish to assure you that any such proposals will be based on the most complete and reliable

GUGINO LAW FIRM, CHTD

information available, and the company stands ready to provide the Union with such relevant information as is necessary for the Union to evaluate those proposals.

In closing, it is my expectation that the Union and the company will participate in good faith discussions with VSS, in order to achieve collective bargaining agreements which will permit the company to successfully continue its operations now, and in the future.

Sincerely,

GUGINO LAW FIRM, CHTD.

SALVATORE C. GUGINO, ESQ.

cc: VSS/DS/MV/SC

Exhibit 5

SCHRECK BRIGNONE
ATTORNEYS AT LAW

FRANK A. SCHRECK
ANDREW S. BRIGNONE
LESLIE TERRY JONES
ELLEN SCHULHOFER
JAMES J. PISANELLI
TODD L. BICE
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MICHAEL J. HIGDON
ANDREA K. BRYANT
KATE C. LOWENHAR
JENICA D. YURCIC

JAMES R. CHAMBERLAIN
(1952-2002)

July 23, 2003

VIA FACSIMILE #385-3015

Salvatore C. Gugino, Esq.
GUGINO LAW FIRM, CHTD.
3360 West Sahara Avenue, #200
Las Vegas, Nevada 89102

RE: ***In re VSS Enterprises, LLC dba Castaways Hotel Casino and Bowling Center***
BK-S-03-17939 LBR

Dear Mr. Gugino:

This firm represents the Teamsters Security Fund for Southern Nevada Local 995 and the Southern Nevada Carpenters Joint Trust Funds in the Castaways bankruptcy case. Mike Magnani, business agent for the Teamsters Local Union No. 995 has forwarded me a copy of your letter dated July 21, 2003 dealing with the Debtor's proposal to enter into negotiations to modify the collective bargaining agreement between the debtor and Teamsters Union Local 995.

As counsel for the Teamsters and Carpenters Trust Funds, it is not within our purview to address the Debtor's request to reopen the existing collective bargaining agreement. I write this letter for two reasons. First, to correct or clarify your statement suggesting that the Debtor-in-Possession is not bound by the collective bargaining agreements to which the Debtor was a party on the petition date. Secondly, to request that the Debtor-in-Possession forthwith pay existing pre-petition delinquencies for trust fund contributions for which the court has authorized payment.

Your contention that Castaways, as a Debtor-in-Possession, is not bound to its labor agreement with the Teamsters Union is not correct. Merely filing bankruptcy is not sufficient to reject a labor agreement. To the contrary, unless and until there is an approved modification or rejection under Section 1113, the debtor remains bound to the labor agreement and must make all post-petition benefit contributions provided therein. 11 U.S.C. § 1113. *Chicago Council of Carpenters Pen. Fund v. Cotter*, 914 F. Supp. 237, 242 (N.D. Ill. 1996) ("this section provides the exclusive means by which to reject a collective bargaining agreement"); *In re Arrow Trans.*, 224 B.R. at 460; *In re Bob's Supermarkets, Inc.*, 118 B.R. 783, 785 (D. Montana 1990)(Congress intended "to treat collective bargaining agreements differently . . . due to strong national labor policy favoring collective bargaining"). If not rejected in accordance with section 1113, a CBA is assumed. *Adventure Resources*, 137 F.3d at 798 ("the collective bargaining agreement . . . was assumed in bankruptcy *as the result of [debtor's] failure to reject it in accordance with § 1113*") (emphasis added); *In re Moline Corp.*, 144 B.R. at 78 ("If the debtor never rejects the collective bargaining agreement [he] thus assumes the agreement by inaction"). Whether an acceptable modification can be negotiated to the Union, Castaways remains obligated under its labor agreement to contribute to the Security Fund in the meantime.

I have previously sent correspondence to the Debtor's bankruptcy counsel, Gerry Gordon, Tom Fell and Ambrish Sidhu, regarding payment of priority amounts due to the Carpenters Union for May and June 2003 and due to the Teamsters Security Fund for April, May and June 2003. A copy of that letter accompanies this letter. A copy of the Court's order authorizing payment of pre-petition wages and benefits also accompanies this letter. I have recently received confirmation that Castaways has paid the amount due to the Carpenters Joint Trust Funds for the June 2003 reporting month in the amount of $5,105.89. Accordingly, the amount due to the Carpenters should be reduced by that amount.

However, payment of the remaining amounts referenced in my July 17 letter must be promptly paid. Otherwise these entities cannot continue providing health insurance benefits to covered employees. Please direct the Debtor to promptly make all such payments to the Teamsters Security Funds and Carpenters Joint Trust Fund so that I can avoid having to file a motion compelling the Debtor to do so or, in the alternative, terminating health insurance benefits to such employees.

If you have any questions, feel free to call me.

Yours very truly,

SCHRECK BRIGNONE

James D. Greene, Esq.

JDG/at
Enclosures

cc: Gerald Gordon, Esq. *(via facsimile w/ enclosures)*

Exhibit 6

GORDON & SILVER, LTD.
GERALD M. GORDON, ESQ. (NV Bar No. 229)
Email gmg@gordonsilver.com
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Las Vegas, Nevada 89109
Telephone (702) 796-5555
Facsimile (702) 369-2666
Attorneys for VSS ENTERPRISES, LLC

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re:

VSS ENTERPRISES, LLC,
a Nevada limited liability company, d/b/a Castaways Hotel, Casino and Bowling Center,

Debtor.
_____/

Case No: BK-S-03-17939-LBR
Chapter 11

Date: July 23, 2003
Time: 9:30 a.m.

NOTICE OF ENTRY OF ORDER (I) APPROVING STIPULATION FOR POSTPETITION FINANCING ON A SECURED BASIS PURSUANT TO 11 U.S.C. § 364(d), (II) GRANTING FINAL APPROVAL FOR USE OF CASH COLLATERAL; AND (III) GRANTING INTERIM APPROVAL AND SETTING A FINAL HEARING AS TO POST PETITION FINANCING IN EXCESS OF $2 MILLION

PLEASE TAKE NOTICE that an Order (i) Approving Stipulation for Postpetition Financing on a Secured Basis Pursuant to 11 U.S.C. § 364(d), (ii) Granting Final Approval for use of Cash Collateral; and (iii) Granting Interim Approval and Setting a Final Hearing as to Post Petition Financing in Excess of $2 Million, a copy of which is attached hereto, was entered in the above-captioned matter on the 23rd day of July, 2003.

DATED this 23rd day of July, 2003.

GORDON & SILVER, LTD.

By _____
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FILED AND ENTERED
ON DOCKET
JUL 23 1 58 PM '03
U.S.
BANKRUPTCY COURT
PATRICIA GRAY
CLERK

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF NEVADA

In re:

VSS ENTERPRISES, LLC,
a Nevada limited liability company, d/b/a Castaways Hotel, Casino and Bowling Center,

Debtor.

Case No: BK-S-03-17939-LBR
Chapter 11

Date: July 23, 2003
Time: 9:30 a.m.

ORDER (I) APPROVING STIPULATION FOR POSTPETITION FINANCING ON A SECURED BASIS PURSUANT TO 11 U.S.C. § 364(d); (II) GRANTING FINAL APPROVAL FOR USE OF CASH COLLATERAL; AND (III) GRANTING INTERIM APPROVAL AND SETTING A FINAL HEARING AS TO POST PETITION FINANCING IN EXCESS OF $2 MILLION

The Court having considered the motion of the Debtor seeking an order authorizing postpetition financing on a secured basis pursuant to 11 U.S.C. §364(d) (the "Motion"); as well as Debtor's Ex Parte Motion for Temporary Use of Cash Collateral; and having conducted initial hearings on June 26, 2003; and having commenced a final evidentiary hearing on July 16, 2003, and having reviewed, at the continued final hearing, the terms of the proposed Stipulation (including Addenda)(the "Stipulation") between Debtor and Vestin Mortgage, Inc., on behalf of Owens Financial Group, Inc., Vestin Fund I, LLC and Festin Fund II, LLC (collectively, "Vestin"); and good cause appearing:

THE COURT FINDS THAT:

A. On June 26, 2003 (the "Petition Date"), the Debtor filed a voluntary petition for relief with this Court pursuant to Chapter 11 of the Bankruptcy Code (the "Chapter 11 Case"). The Debtor is continuing in possession of its property, and operating and managing its business as debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

B. This Court has jurisdiction over the Chapter 11 Case and the Motion pursuant to 28 U.S.C. §§157(b) and 1334. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. §157(b)(2).

C. On June 26, 2003, over the objections of Vestin, this Court approved interim emergency financing on a "priming lien" basis, in the initial amount of $1 million, through USA Capital, Inc. In that date the Court also entered an Interim Order Authorizing Use of Cash Collateral b Debtor and Debtor-in-Possession and Granting Adequate Protection Pursuant to 11 U.S.C. Section 363 (the "Interim Cash Collateral Order").

D. Since that date, Vestin and the Debtor have engaged in extensive (though expedited) discovery, and have had the opportunity to negotiate the terms of the Stipulation.

E. Absent additional financing, the Debtor does not have sufficient available sources of working capital to operate its business in the ordinary course of business. The Debtor's ability to maintain business relationships with its vendors, suppliers and customers, to pay its employees and otherwise finance its operations, is essential to the Debtor's continued viability. In addition, the Debtor's need for financing is immediate. In the absence of the Initial Postpetition Financing, the continued operation of the Debtor's businesses will not be possible, and serious and irreparable harm to the Debtor and its estate would occur. The preservation, maintenance and enhancement of the going-concern value of the Debtor is of the utmost significance and importance to a successful reorganization of the Debtor under chapter 11 of the Bankruptcy Code and to the preservation of the Prepetition Collateral.

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F. Given the Debtor's current financial condition, financing arrangements and capital structure, the Debtor cannot obtain unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code as an administrative expense. The Postpetition Financing is not otherwise available without the Debtor securing, pursuant to Section 364(d) of the Bankruptcy Code, such indebtedness and obligations with security interests in and liens on all of the Debtor's property as described below.

G. Notice of the Motion, and of the terms of the Stipulation has been given to (i) the Office of the United States Trustee; (ii) creditors who have requested special notice; and (iii) members of the Official Unsecured Creditors' Committee. Although notice of the Stipulation was provided by facsimile on the evening prior to, and the morning of, the continued final hearing, the Court finds that, in light of the Debtor's representations as to the immediate need for financing, the fact that the Motion was served on creditors and the absence of objection from unsecured creditors, and the Court's review of the terms of the Stipulation, the Court finds that, except to the extent that the Stipulation calls for financing in excess of $2 million (the amount of the financing request previously noticed to creditors) the notice given complies with the requirements of Sections 102(1) and 364(d) of the Bankruptcy Code and Bankruptcy Rules 2002 and 4001(c) and (d). To the extent the Stipulation provides for financing in an amount in excess of $2 million, the Court shall convene a final hearing pursuant to FRBP 4001(c)(2), the Court shall hold a final on August 7, 2003, at 10:30 p.m., in the courtroom of Judge Linda B. Riegle, 333 Las Vegas Blvd. South, Fourth Floor, Las Vegas, Nevada, 89101.

H. Based on the record made by the Debtor before this Court, the Stipulation has been negotiated in good faith and at arm's-length among the Debtor and Vestin, and any credit extended and Loan made to the Debtor pursuant to the Stipulation is deemed to have been extended or made, as the case may be, in good faith by the Lender as required by, and within the meaning of, Section 364(e) of the Bankruptcy Code.

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I. Based on the record made by the Debtor before this Court, the terms of the Stipulation appear to be fair and reasonable, reflect the Debtor's exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

J. The permission granted herein to enter into the Stipulation and obtain financing thereunder is necessary to avoid immediate and irreparable harm to the Debtor. This Court concludes that entry of this Order is in the best interest of the Debtor's estate, its equity holders and creditors as its implementation will, among other things, provide the Debtor with the necessary liquidity to sustain the operation of the Debtor's business and enhance the Debtor's prospects for a successful reorganization. The approval of the Stipulation will preserve the value of the Prepetition Collateral. A cessation of Debtor's operation would devalue the Prepetition Collateral in an amount in excess of the Postpetition Financing.

Based upon the foregoing findings and conclusions, and upon the record made before this Court at the Emergency and Final Hearings, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED that:

1. Except to the extent the Stipulation calls for financing in excess of $2 million, the Stipulation is approved in all respects, and the terms of the Interim Cash Collateral Order are extended as a final order. As to the request for financing in excess of $2 million, the Court grants interim approval of the Stipulation, subject to a final hearing to be held as provided in paragraph G, above.

2. The Debtor is expressly authorized and empowered to confirm its agreement to borrow funds pursuant to the terms of the Stipulation, and to execute any documents reasonable or necessary in connection therewith (including, without limitation, loan documents which substantially comply with the USA Mortgage, Inc. loan documents). The Debtor is authorized to comply with and perform all of the terms and conditions of the Stipulation. The Debtor is further

authorized and directed to the commitment fee provided by the Stipulation, and to make all other payments required to be made under the terms of the Stipulation. The loan to be provided pursuant to the Stipulation (the "Loan") and interest thereon, and all fees, cost, expenses, indebtedness, obligations and liabilities of the Debtor to the Lender pursuant thereto are hereinafter referred to as the "Post Petition Obligations."

3. Debtor is expressly authorized to borrow from Vestin, on the terms and subject to the conditions set forth in the Stipulation and this Order, a total of $2,200,000. The Debtor is authorized to use the proceeds of the Loan first, to retire the USA obligations, and thereafter, as provided in the Stipulation, in the operation of the Debtor's business.

4. As security for the Post-Petition Obligations, Vestin shall have and is hereby granted (effective upon the date of this Order and without the necessity of the recordation of mortgages, security agreements, pledge agreements, financing statements or otherwise) pursuant to Section 364(d)(1) of the Bankruptcy Code, a first priority, perfected priming lien ("Lien") upon all of the Debtor's assets, rights and interests of any nature whatsoever, whether acquired pre-petition or post-petition. The Liens granted pursuant to this Order and the Stipulation to the Agent for the benefit of the Lender to secure the Obligations shall not (i) except as expressly provided in paragraph C (and the Addenda) of the Stipulation, be subordinated to or made pari passu with any other lien or security interest or (ii), be subject to any lien or security interest which is avoided and preserved for benefit of the Debtor's estates under Section 551 of the Bankruptcy Code.

5. In no event will Vestin be subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any Collateral. Vestin is not required to record or file financing statements, mortgages, or give, file or serve notices of lien or similar instruments which otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect the Liens. If, however, Vestin, in its

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sole discretion, determines to file any such financing statements, mortgages, notices of lien or similar instruments, or to otherwise confirm perfection of such Liens, the Debtor shall cooperate with and assist in such process, the stay imposed by Section 362(a) of the Bankruptcy Code is lifted by this Order to allow the filing and recording of a certified copy of this Order or any such financing statements, notices of lien or similar instruments, and all such documents are deemed to have been filed or recorded at the time of and on the date of this Order.

6. Upon the occurrence and during the continuance of an Event of Default, the Lender may exercise rights and remedies and take all or any of the following actions without further modification of the automatic stay pursuant to Section 362 of the Bankruptcy Code (which is hereby deemed modified and vacated to the extent necessary to permit such exercise of rights and remedies and the taking of such actions) or further order of or application to this court: (a) terminate the Commitment to lend and thereafter cease to make Loan to the Debtor; (b) declare the principal of and accrued interest, fees and other liabilities constituting the Obligations to be due and payable; (c) take any other action or exercise any other right or remedy permitted to the Lender under the Stipulation, this Order or by operation of law; provided, however, the Lender may take the actions described in clauses (c) above only after providing the notice as required by the Stipulation.

7. The Debtor is authorized and directed to perform all acts, and execute and comply with the terms of such other documents, instruments and agreements in addition to the Initial Documents, as the the Lender may reasonably require, as evidence of and for the protection of the Obligations, or which otherwise may be deemed reasonably necessary by the Lender to effectuate the terms and conditions of this Order and the Initial Documents. The Debtor and Vestin hereby authorized to implement, in accordance with the terms of the Stipulation or as they shall mutually agree, any modifications of the Loan Documents which are not material and adverse to the Debtor without further order of this Court.

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8. Having been found to be extending credit and making Loan to the Debtor in good faith, Vestin is entitled to the full protection of Section 364(e) of the Bankruptcy Code with respect to the Obligations and the Liens created or authorized by this Order in the event that this Order or any authorization contained herein is stayed, vacated, reversed or modified on appeal. Any stay, modification, reversal or vacation of this Order shall not affect the validity of any obligation of the Debtor to the Lender incurred pursuant to this Order. Notwithstanding any such stay, modification, reversal or vacation, the Loan made pursuant to this Order and the Initial Documents, and all Obligations incurred by the Debtor pursuant hereto or the Initial Documents and this Order prior to written notice of the effective date of such stay, modification, reversal or vacation, shall be governed in all respects by the original provision hereof and the Lender shall be entitled to all the rights, privileges and benefits, including without limitation, the security interests and priorities granted in the Initial Documents and this Order with respect to all such Obligations.

9. Debtor is authorized to use cash collateral to the extent that such use is constituent with both the Interim Cash Collateral Order and the Stipulation.

10. The provisions of this Order and the Stipulation and any actions taken pursuant thereto shall survive entry of any order which may be entered (a) confirming any plan of reorganization in the Chapter 11 Case (and the Obligations shall not be discharged by the entry of any such order of pursuant to Section 1131(d)(4) of the Bankruptcy Code, the Debtor having waived such discharge); (b) converting the Chapter 11 Case to a chapter 7 case; or (c) dismissing of the Chapter 11 Case, and the terms and provisions of this Order as well as the Superpriority Claims and Liens granted pursuant to this Order and the Initial Documents shall continue in full force and effect notwithstanding the entry of such order.

11. The provisions of this Order shall be binding upon and inure to the benefit of Vestin, the Debtor and their respective successors and assigns, including, without limitation, any

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Chapter 11 or Chapter 7 trustee or other fiduciary hereafter appointed as a legal representative of the Debtor or its estate.

12. The Debtor shall immediately serve, by facsimile or electronic transmission, copies of this Order, together with a copy of the Stipulation, to any party which has filed prior to such date a request for notices with this Court and to the statutory committee of unsecured creditors appointed pursuant to Section 1102 of the Bankruptcy Code.

DATED this 23 day of July, 2003.

LINDA B. RIEGLE
UNITED STATES BANKRUPTCY JUDGE

SUBMITTED BY:

GORDON & SILVER, LTD.

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