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UNITED STATES BANKRUPTCY COURT
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Attorneys for Bally Gaming, Inc. dba Bally Gaming and Systems

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:	) Case No. BK-S-03-17939 LBR
VSS ENTERPRISES, LLC, a Nevada limited liability company, d/b/a Castaways Hotel, Casino and Bowling Center,	) Chapter 11
	) **APPLICATION FOR RELEASE OF PROPERTY OWNED BY BALLY GAMING, INC.**
Debtors.	) Date: February 10, 2004
	) Time: 9:30 a.m.

Bally Gaming, Inc. dba Bally Gaming and Systems ("Bally") by and through its counsel, Jeanette E. McPherson of Schwartzer & McPherson Law Firm, hereby files this Application For Release Of Property Owned By Bally Gaming, Inc. ("Application"). This Application is being filed in accordance with the "Amended Notice Of Procedure Governing Claims Of Parties Asserting Interests In Assets Of The Castaway's Hotel, Casino And Bowling Center Filed Under Seal" (the "Procedures") filed on February 2, 2004. As set forth in this Application, Bally seeks the release of its equipment, as defined herein, located in the Castaway's Hotel as this equipment is the property of Bally.

1. Bally entered into three agreements with Castaways, including: 1) a "Wide Area Network Services Agreement Product Description- Cash For Life," 2) a "Wide Area Network Services Agreement Product Description- Millionaire Sevens," and 3) a Bally Gaming, Inc. Lease Agreement (collectively the "Agreements"). True and correct copies of the Agreements

are attached hereto as **Exhibits "1" through "3"** to **Exhibit "A."**

2. The "Wide Area Network Services Agreement Product Description- Cash For Life" Agreement provides in relevant part:

> WHEREAS, Bally has developed a computerized monitoring system comprised of a central computer system, communications equipment, progressive jackpot accounting and collection, and related equipment enabling linking of slot machines in casinos throughout Nevada (the "System").
>
> WHEREAS, Location desires to have the computer monitoring equipment, progressive meters and related signs, seats and stands (if applicable), slot machines of various game themes offered by Bally under the Cash For Life system link (the "Devices"), and other components necessary for the Devices to operate as part of the System (collectively, with the devices, the "Equipment") to be installed and operated at the Premises.
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> 4. Ownership of the Equipment; modification. The Equipment shall at all times remain Bally's sole property and shall not be subject to ownership or encumbrances by Location or any other person and shall be returned to Bally at the expiration or other termination of this Agreement in the same condition in which it was delivered except for reasonable wear and tear. If Location breaches this Agreement, ceases doing business, or loses any license necessary to operate the Business, Bally may enter the Premises and remove the Devices in addition to enforcing any other lawful remedy.

See Exhibit "1." The serial numbers for the Equipment (to the extent applicable to the Equipment) under this Agreement are as follows: 1) S010308032, 2) S010308079, 3) S010307601, 4) S010307603, and 5) S010307645. **See Exhibit "A."**

3. The "Wide Area Network Services Agreement Product Description- Millionaire Sevens" Agreement provides in relevant part:

> WHEREAS, Bally has developed a computerized monitoring system comprised of a central computer system, communications equipment, progressive jackpot accounting and collection, and related equipment enabling linking of slot machines in casinos throughout Nevada (the "System").
>
> WHEREAS, Location desires to have the computer monitoring equipment, progressive meters and related signs, seats and stands (if applicable), Bally Millionaire Sevens slot machines (the "Devices"), and other components necessary for the Devices to operate as part of the System (collectively, with the Devices, the "Equipment") to be installed and operated at the Premises.
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4. Ownership of the Equipment; modification. The Equipment shall at all times remain Bally's sole property and shall not be subject to ownership or encumbrances by Location or any other person and shall be returned to Bally at the expiration or other termination of this Agreement in the same condition in which it was delivered except for reasonable wear and tear. If Location breaches this Agreement, ceases doing business, or loses any license necessary to operate the Business, Bally may enter the Premises and remove the Devices in addition to enforcing any other lawful remedy.

See Exhibit "2." The serial numbers for the Equipment (to the extent applicable to the Equipment) under this Agreement are as follows: 1) S010508983, 2) S010508984, 3) S010508985, 4) S010811482, and 5) S010811483. **See Exhibit "A."**

4. The Bally Gaming, Inc. Lease Agreement provides in relevant part:

WHEREAS, Bally manufactures gaming devices for distribution to gaming establishments; and
WHEREAS, Lessee now desires to lease from Bally, and Bally is willing to lease to Lessee, the gaming devices listed on Exhibit "A" together with the software and the medium on which the software resides (collectively the "Devices") in accordance with this Agreement.
. . . .
. . . .
2. Lease of Bally Gaming Devices. During the term of this Agreement, Bally will lease the Devices to Lessee, and Lessee will lease the Devices from Bally, to be used only at the Facility. Each such Device and any and all intellectual property associated with the Device are and will at all times remain Bally's exclusive personal property, and Lessee will keep each Device free and clear of any and all claims, liens, levies, processes, and encumbrances. In addition, Lessee will maintain and keep each Device at all times in good working condition at Lessee's sole expense.

See Exhibit "3." A listing of the Devices under this Agreement is set forth on Exhibit "A" to **Exhibit "3."** The serial numbers for the Devices (to the extent applicable to the Devices) under this Agreement are: 1) V020720636, 2) V020720637, 3) V020720638, 4) V020720639, 5) V020720640, 6) V020720863, and 7) DA038874. **See Exhibit "A."**

5. Based upon the foregoing provisions in each of the Agreements, Bally owns the Equipment and is entitled to the release of the Equipment because Castaways has ceased doing business. The Equipment is not property of the Castaway's estate under 11 U.S.C. § 541.

6. On February 2, 2004, the Procedures were filed which require that:

All creditors and parties in interest who claim a lien or ownership in property of Debtor upon closing senior to the interest of Vestin may apply to the Court for an order releasing such property, upon no less than five (5) business days written notice to Vestin and Debtor. Property shall be released to third parties only upon Court Order in compliance herewith. Upon closing, Vestin shall notify all creditors of this provision.

In accordance with the Procedures, Bally has noticed this Application to counsel for the Debtor and Vestin Mortgage.

CONCLUSION

Based upon the foregoing, Bally requests an order releasing the Equipment and Devices.

Dated this 4th day of February, 2004.

Jeanette E. McPherson, Esq.
Lenard E. Schwartzer, Esq.
Schwartzer & McPherson Law Firm
3800 Howard Hughes Pkwy, Suite 1100
Las Vegas, NV 89109
Attorneys for Bally Gaming, Inc.
dba Bally Gaming and Systems

EXHIBIT "A"

Jeanette E. McPherson
Nevada Bar No. 5423
Lenard E. Schwartzer
Nevada Bar No. 0399
Schwartzer & McPherson Law Firm
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E-Mail: jmcpherson@s-mlaw.com
Attorneys for Bally Gaming, Inc. dba Bally Gaming and Systems

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re: VSS ENTERPRISES, LLC, a Nevada limited liability company, d/b/a Castaways Hotel, Casino and Bowling Center, Debtors.	Case No. BK-S-03-17939 LBR Chapter 11 **DECLARATION OF A.C. ANSANI IN SUPPORT OF APPLICATION FOR RELEASE OF PROPERTY OWNED BY BALLY GAMING, INC.** Date: February 10, 2004 Time: 9:30 a.m.

I, A.C. Ansani, hereby declare:

1. I am over the age of eighteen and am mentally competent. I have personal knowledge of the facts in this matter, except where stated upon information and belief, and if called upon to testify, could and would testify.

2. I am assistant general counsel with Bally Gaming, Inc.

3. Bally entered into three agreements with Castaways, including: 1) a "Wide Area Network Services Agreement Product Description- Cash For Life," 2) a "Wide Area Network Services Agreement Product Description- Millionaire Sevens," and 3) a Bally Gaming, Inc. Lease Agreement (collectively the "Agreements"). True and correct copies of the Agreements

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are attached hereto as **Exhibits "1" through "3."**

4. The "Wide Area Network Services Agreement Product Description- Cash For Life" Agreement provides in relevant part:

> WHEREAS, Bally has developed a computerized monitoring system comprised of a central computer system, communications equipment, progressive jackpot accounting and collection, and related equipment enabling linking of slot machines in casinos throughout Nevada (the "System").
>
> WHEREAS, Location desires to have the computer monitoring equipment, progressive meters and related signs, seats and stands (if applicable), slot machines of various game themes offered by Bally under the Cash For Life system link (the "Devices"), and other components necessary for the Devices to operate as part of the System (collectively, with the devices, the "Equipment") to be installed and operated at the Premises.
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> 4. Ownership of the Equipment; modification. The Equipment shall at all times remain Bally's sole property and shall not be subject to ownership or encumbrances by Location or any other person and shall be returned to Bally at the expiration or other termination of this Agreement in the same condition in which it was delivered except for reasonable wear and tear. If Location breaches this Agreement, ceases doing business, or loses any license necessary to operate the Business, Bally may enter the Premises and remove the Devices in addition to enforcing any other lawful remedy.

See Exhibit "1." Upon information and belief, the serial numbers for the Equipment (to the extent applicable to the Equipment) under this Agreement are as follows: 1) S010308032, 2) S010308079, 3) S010307601, 4) S010307603, and 5) S010307645.

5. The "Wide Area Network Services Agreement Product Description- Millionaire Sevens" Agreement provides in relevant part:

> WHEREAS, Bally has developed a computerized monitoring system comprised of a central computer system, communications equipment, progressive jackpot accounting and collection, and related equipment enabling linking of slot machines in casinos throughout Nevada (the "System").
>
> WHEREAS, Location desires to have the computer monitoring equipment, progressive meters and related signs, seats and stands (if applicable), Bally Millionaire Sevens slot machines (the "Devices"), and other components necessary for the Devices to operate as part of the System (collectively, with the Devices, the "Equipment") to be installed and operated at the Premises.
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4. Ownership of the Equipment; modification. The Equipment shall at all times remain Bally's sole property and shall not be subject to ownership or encumbrances by Location or any other person and shall be returned to Bally at the expiration or other termination of this Agreement in the same condition in which it was delivered except for reasonable wear and tear. If Location breaches this Agreement, ceases doing business, or loses any license necessary to operate the Business, Bally may enter the Premises and remove the Devices in addition to enforcing any other lawful remedy.

See Exhibit "2." Upon information and belief, the serial numbers for the Equipment (to the extent applicable to the Equipment) under this Agreement are as follows: 1) S010508983, 2) S010508984, 3) S010508985, 4) S010811482, and 5) S010811483.

6. The Bally Gaming, Inc. Lease Agreement provides in relevant part:

WHEREAS, Bally manufactures gaming devices for distribution to gaming establishments; and
WHEREAS, Lessee now desires to lease from Bally, and Bally is willing to lease to Lessee, the gaming devices listed on Exhibit "A" together with the software and the medium on which the software resides (collectively the "Devices") in accordance with this Agreement.

. . . .

. . . .

2. Lease of Bally Gaming Devices. During the term of this Agreement, Bally will lease the Devices to Lessee, and Lessee will lease the Devices from Bally, to be used only at the Facility. Each such Device and any and all intellectual property associated with the Device are and will at all times remain Bally's exclusive personal property, and Lessee will keep each Device free and clear of any and all claims, liens, levies, processes, and encumbrances. In addition, Lessee will maintain and keep each Device at all times in good working condition at Lessee's sole expense.

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See **Exhibit "3."** A listing of the Devices under this Agreement are set forth on Exhibit "A" to **Exhibit "3."** Upon information and belief, the serial numbers for the Devices (to the extent applicable to the Devices) under this Agreement are: 1) V020720636, 2) V020720637, 3) V020720638, 4) V020720639, 5) V020720640, 6) V020720863, and 7) DA038874.

Dated this 4th day of February, 2004.

A.C. Ansani

EXHIBIT "1"

WIDE AREA NETWORK SERVICES AGREEMENT
Product Description – Cash For Life

Wide Area Network Services Agreement (the "Agreement") entered into on February 10, 2003 between Bally Gaming, Inc., doing business as Bally Gaming and Systems, 6601 South Bermuda Road, Las Vegas, Nevada ("Bally"), and Castaways Hotel ("Location"), doing business as Castaways Hotel (the "Business") at 2800 Fremont Street, Las Vegas, Nevada (the "Premises").

WHEREAS, Bally has developed a computerized monitoring system comprised of a central computer system, communications equipment, progressive jackpot accounting and collection, and related equipment enabling linking of slot machines in casinos throughout Nevada (the "System").

WHEREAS, Location desires to have the computer monitoring equipment, progressive meters and related signs, seats and stands (if applicable), slot machines of various game themes offered by Bally under the Cash For Life System link (the "Devices"), and other components necessary for the Devices to operate as part of the System (collectively, with the Devices, the "Equipment") to be installed and operated at the Premises.

WHEREFORE, the parties agree as follows:

1. **Installation, operation, and maintenance of System and Equipment.** Bally shall supply, install, and service the Equipment at the Premises and maintain it in good order at all times and at its sole expense and may enter the Premises at any reasonable time to do so. The Equipment shall be installed on the main gaming floor in positions mutually agreed on by the parties, and Location shall not relocate the Equipment without Bally's prior consent. The number and type of Devices shall be determined by Bally in consultation with Location, subject to any necessary regulatory approvals, provided that Location agrees to the operation of no fewer than 6 Devices at the Premises throughout the term of this Agreement. Bally shall be responsible at its sole expense for maintenance and operation of the System, advertising and other promotion of the System, and, except as otherwise provided in this Agreement, all other expenses relating to operation of the System and the Equipment.

2. **Participation.** Location shall receive 100 percent of the Net Win from the Devices. Bally shall receive 4.25 percent of the Gross Handle. Net Win and Gross Handle shall be determined weekly or at such intervals as the parties agree. Bally, in its sole discretion, may from time to time require that its representative be present at such counts. Bally shall submit an invoice for the Bally Participation Amount to Location, and Location shall immediately pay Bally the amount invoiced. In addition to any other remedies available to Bally, any such amount not received by Bally within ten days after Location has received the invoice shall accrue interest at the rate of 1.5 percent of the outstanding balance, compounded as to principal and interest monthly, until paid in full. As used in this paragraph:

a. "Bally Participation Amount" means 4.25 percent of the Gross Handle.
b. "Gross Handle" means the total amount of money played in the Devices at the Premises.
c. "Net Win" means the money and tokens removed from the Devices' drop boxes (the "drop") minus (i) the sum of the money and tokens put in the Devices by Location ("fills"), (ii) the amount of jackpots hand paid by Location, and (iii) the Bally Participation Amount.

3. **Handpaid Jackpots.** Bally shall pay, at its sole expense and in accordance with its established procedures and applicable law, the top progressive jackpot offered by the System, the base amount of which shall be the amount authorized and approved by the applicable gaming authorities. Location shall pay at its sole expense all other jackpots and other amounts won by players of the Devices at the Premises. On an apparent or claimed win of the top progressive prize on a Device at the Premises, Location shall place appropriate security to prevent further play of the Device, notify Bally, and prohibit any opening, power shutdown, or other handling of the Device until a representative of Bally is present. Verification of the win shall be conducted by Bally and Location. Only on full verification of the validity of the win and of the correct progressive jackpot amount shall payment of the prize be initiated. If ordered by a final determination of the gaming authorities or a court

4. **Ownership of the Equipment; modifications.** The Equipment remains the sole and exclusive property and shall not be subject to ownership or encumbrances by Location or any other person and shall be returned to Bally at the expiration or other termination of this Agreement in the same condition in which it was delivered except for reasonable wear and tear. If Location breaches this Agreement, ceases doing business, or loses any license necessary to operate the Business, Bally may enter the Premises and remove the Devices in addition to enforcing any other lawful remedy. Bally may at any time and in its sole discretion modify the System and Equipment, including but not limited to glass modifications, artwork modifications, change of machines, or modification of the reel strips of the Devices to improve the payout odds to the gaming public. As to lessening such odds, however, Bally may, in its sole discretion, modify the reel strips to increase the probable size of the jackpot at the time of the probable win only upon a win of the top progressive prize then displayed to the public, or at any time on approval of the applicable gaming authorities. Bally may also, in its sole discretion, provide the content, layout, placement, and other aspects of advertisements of the product. Location acknowledges and agrees that the payout odds are considered confidential and not subject to public disclosure. Therefore, Location agrees that it will make no such public disclosure of the payout odds except with Bally's express written authorization or as required by applicable law.

5. **Location's responsibilities.** In addition to any other responsibilities assigned to Location under this Agreement:

a. Location shall be responsible for keeping the Equipment and the area around it clean and neat, clearing coin jams, replacing fuses, light bulbs, and standard coin acceptors, and for making all fills to the Devices, including but not limited to the initial hopper loads. Location shall immediately notify Bally of any problems with the Equipment that require maintenance by Bally under this Agreement.

b. Location shall provide such facilities as may be necessary to make change for use in the Devices. At all times the Devices are available for play by the public, Location shall provide an adult, holding any necessary work card, near the Devices to supervise them and to keep minors from playing or loitering about the Devices.

c. Location shall be responsible for all utility charges, property taxes, rent, or similar charges incurred by Location, whether or not the charges or any portion of them are attributable to the operation of the Equipment.

d. Location shall ensure compliance with any statutory or regulatory requirements pertaining to public disclosure of progressive jackpot systems including but not limited to disclosures relating to the periodic payment of jackpots. Location shall provide, establish, and maintain appropriate machine surveillance and exterior security as required by the applicable gaming authorities of all of the

Equipment on the Premises. Location shall abide by such security and internal control measures as Bally or the applicable gaming authorities may require or establish in relation to the System, including but not limited to applicable regulations and minimum internal control standards.

e. Location shall not connect any external communication equipment (e.g., player tracking, data collection) to the Devices or other Equipment without Bally's approval.

6. **Commencement; termination.** Bally shall install the Devices promptly after all regulatory approvals and licenses necessary for Bally to install and operate the Devices on the Premises have been obtained. This Agreement shall continue until either party, for any reason whatsoever, notifies the other at least ten days in advance of its intent to terminate and the top progressive prize then displayed to the public is won, unless an earlier termination is authorized by the applicable gaming authorities. Following such termination, Bally shall timely remove the equipment from the premises of Location. The money collected or then due from the Location's Devices shall be irrevocably and conclusively deemed conveyed to Bally for use as specified herein and shall not be returned to Location. If such termination is part of a termination of the entire System as to all participating casinos, the Equipment shall be turned off immediately upon the win of the top progressive prize or at such time as authorized by the applicable gaming authorities. In addition, Bally may require Location at any time to remove any Devices that, in Bally's sole discretion, do not generate sufficient performance to be profitable.

7. **Licensing; taxes and fees.** Each party shall promptly apply to the appropriate regulatory authorities for any licenses and approvals necessary for that party to perform under this Agreement, and shall diligently pursue its applications and pay all costs and fees incurred in connection therewith. All taxes and fees relating to the operation of the Devices, of any kind or nature whatsoever, except as provided herein, and taxes and fees relating solely to the licensing of Bally and federal income taxes on Bally's income, shall be the sole responsibility of and timely paid by Location. Pursuant to NRS 463.370 or any successor statute, Bally shall pay its proportionate share of the license fees imposed on revenues from the Devices. Bally will issue a credit to Location for Bally's proportionate share which credit may be deducted from the payments to Bally required under this Agreement. On a monthly basis, Bally will provide Location with appropriate accounting information.

8. **License to use trademarks and tradenames.** Location grants Bally a non-exclusive and revocable license for the term of this Agreement to use Location's tradename and trademark solely in the advertising and promotion of the System. Location shall not use the Cash For Life mark, any other trademarks or intellectual property associated with the Equipment for any purpose (except to the extent it is incorporated in Devices and other Equipment furnished by Bally under this Agreement) without obtaining Bally's advance written approval. Nothing is this Agreement shall be construed or interpreted to grant or assign to either party any additional right, title, or interest in any trademark, tradename, or other intellectual property except as expressly set forth in this paragraph.

9. **Disclaimer of warranties.** BALLY SHALL NOT BE LIABLE FOR DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF USE, REVENUE, OR PROSPECTIVE PROFITS RESULTING FROM OPERATION OF OR MALFUNCTION OF THE EQUIPMENT, BUT SHALL RESTORE THE EQUIPMENT TO GOOD OPERATING CONDITION. ALL WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE ARE HEREBY DISCLAIMED AND NO GUARANTY IS MADE AS TO EQUIPMENT FOR ANY GIVEN PERIOD.

10. Indemnification. Location agrees to indemnify Bally and hold Bally harmless from and against liability or damage from injury or loss arising out of the possession or use of the equipment on the premises of the Location, over which Bally has no control, provided, however, that within the warranty limitations set forth above, Bally shall be responsible for the acts and omissions of its employees and agents.

11. Modification, rescission, assignment; controlling law. This Agreement may be modified, rescinded, and assigned only with the written consent of both parties. Nevada law shall govern this Agreement and its interpretation. If any provision is unenforceable for any reason, it shall be deemed stricken from the Agreement but shall not otherwise affect the intention of the parties or the remaining provisions of the Agreement.

Bally Gaming, Inc.

Signature Date

Name and Title

Castaways Hotel

M. V. Vill 2/19/03

Signature Date

Michael V. Villamor / President

Name and Title

Bally GAMING • SYSTEMS

Product CEL Salesperson L. WILSON

HOLD HARMLESS AGREEMENT

CASTAWAYS HOTEL COMPANY OR CASINO agrees that, as to the Bally Gaming and Systems Wide Area Progressive System(s) operated on its premises, it will indemnify and hold the State of Nevada, State Gaming Control Board, and Nevada Gaming Commission, harmless from and against all claims, suits, demands, damages, costs, expenses, losses, and/or actions of any kind in consequence of official action taken as to said operation of the system.

Date: 2/20/03

By: Michael V. Villamor

Title: President

Signature: M.V. Villamor

State of Nevada)
) ss
County of)

On 2/20/03 DATE, before me, the undersigned, a Notary Public in and for said State, personally appeared MICHAEL VILLAMOR personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument and acknowledged that (s)he executed the same.

WITNESS my hand and official seal.

Catherine Mambaje
Notary Public

NOTARY PUBLIC
County of Clark-State of Nevada
CATHERINE MAMBAJE
No 00-63097-1
My Appointment Expires Oct 2, 2004

STAMP EACH COPY

Bally Entertainment Systems
Revised 4/99
WHITE - NVSCB CANARY - BALLY GAMING & SYSTEMS AUDIT PINK - BALLY GAMING & SYSTEMS ENT. SYSTEMS GOLDENROD - CASINO LOCATION

EXHIBIT "2"

WIDE AREA NETWORK SERVICES AGREEMENT
Product Description – Millionaire Sevens™

Wide Area Network Services Agreement (the "Agreement") entered into on _____ between Bally Gaming, Inc., doing business as Bally Gaming and Systems, 6601 South Bermuda Road, Las Vegas, Nevada ("Bally"), and CASTAWAYS ("Location"), doing business as 3580 E. FREMONT ST. (the "Business") at _____, Nevada (the "Premises").

WHEREAS, Bally has developed a computerized monitoring system comprised of a central computer system, communications equipment, progressive jackpot accounting and collection, and related equipment enabling linking of slot machines in casinos throughout Nevada (the "System").

WHEREAS, Location desires to have the computer monitoring equipment, progressive meters and related signs, seats and stands (if applicable), Bally Millionaire Sevens™ slot machines (the "Devices"), and other components necessary for the Devices to operate as part of the System (collectively, with the Devices, the "Equipment") to be installed and operated at the Premises.

WHEREFORE, the parties agree as follows:

1. **Installation, operation, and maintenance of System and Equipment.** Bally shall supply, install, and service the Equipment at the Premises and maintain it in good order at all times and at its sole expense and may enter the Premises at any reasonable time to do so. The Equipment shall be installed on the main gaming floor in positions mutually agreed on by the parties, and Location shall not relocate the Equipment without Bally's prior consent. The number and type of Devices shall be determined by Bally in consultation with Location, subject to any necessary regulatory approvals, provided that Location agrees to the operation of no fewer than 10 Devices at the Premises throughout the term of this Agreement. Bally shall be responsible at its sole expense for maintenance and operation of the System, advertising and other promotion of the System, and, except as otherwise provided in this Agreement, all other expenses relating to operation of the System and the Equipment.

2. **Participation.** Location shall receive 100 percent of the Net Win from the Devices. Bally shall receive 3.95 percent of the Gross Handle. Net Win and Gross Handle shall be determined weekly or at such intervals as the parties agree. Bally, in its sole discretion, may from time to time require that its representative be present at such counts. Bally shall submit an invoice for the Bally Participation Amount to Location, and Location shall immediately pay Bally the amount invoiced. In addition to any other remedies available to Bally, any such amount not received by Bally within ten days after Location has received the invoice shall accrue interest at the rate of 1.5 percent of the outstanding balance, compounded as to principal and interest monthly, until paid in full. As used in this paragraph:

a. "Bally Participation Amount" means 3.95 percent of the Gross Handle.
b. "Gross Handle" means the total amount of money played in the Devices at the Premises.

c. "Net Win" means the money and tokens removed from the Devices' drop boxes (the "drop") minus (i) the sum of the money and tokens put in the Devices by Location ("fills"), (ii) the amount of jackpots hand paid by Location, and (iii) the Bally Participation Amount.

3. Handpaid jackpots. Bally shall pay, at its sole expense and in accordance with its established procedures and applicable law, the top progressive jackpot offered by the System, the base amount of which shall be the amount authorized and approved by the applicable gaming authorities. Location shall pay at its sole expense all other jackpots and other amounts won by players of the Devices at the Premises. On an apparent or claimed win of the top progressive prize on a Device at the Premises, Location shall place appropriate security to prevent further play of the Device, notify Bally, and prohibit any opening, power shutdown, or other handling of the Device until a representative of Bally is present. Verification of the win shall be conducted by Bally and Location. Only on full verification of the validity of the win and of the correct progressive jackpot amount shall payment of the prize be initiated. If ordered by a final determination of the gaming authorities or a court of competent jurisdiction to pay a disputed jackpot, such jackpot shall be conclusively deemed a bona fide win for purposes of this Agreement.

4. Ownership of the Equipment; modifications. The Equipment shall at all times remain Bally's sole property and shall not be subject to ownership or encumbrances by Location or any other person and shall be returned to Bally at the expiration or other termination of this Agreement in the same condition in which it was delivered except for reasonable wear and tear. If Location breaches this Agreement, ceases doing business, or loses any license necessary to operate the Business, Bally may enter the Premises and remove the Devices in addition to enforcing any other lawful remedy. Bally may at any time and in its sole discretion modify the System and Equipment, including but not limited to glass modifications, artwork modifications, change of machines, or modification of the reel strips of the Devices to improve the payout odds to the gaming public. As to lessening such odds, however, Bally may, in its sole discretion, modify the reel strips to increase the probable size of the jackpot at the time of the probable win only upon a win of the top progressive prize then displayed to the public, or at any time on approval of the applicable gaming authorities. Bally may also, in its sole discretion, provide the content, layout, placement, and other aspects of advertisements of the product. Location acknowledges and agrees that the payout odds are considered confidential and not subject to public disclosure. Therefore, Location agrees that it will make no such public disclosure of the payout odds except with Bally's express written authorization or as required by applicable law.

5. Location's responsibilities. In addition to any other responsibilities assigned to Location under this Agreement:

a. Location shall be responsible for keeping the Equipment and the area around it clean and neat, clearing coin jams, replacing fuses, light bulbs, and standard coin acceptors, and for making all fills to the Devices, including but not limited to the initial hopper loads. Location shall immediately notify Bally of any problems with the Equipment that require maintenance by Bally under this Agreement.

b. Location shall provide such facilities as may be necessary to make change for use in the Devices. At all times the Devices are available for play by the public, Location shall provide an adult, holding any necessary work card, near the Devices to supervise them and to keep minors from playing or loitering about the Devices.

c. Location shall be responsible for all utility charges, property taxes, rent, or similar charges incurred by Location, whether or not the charges or any portion of them are attributable to the operation of the Equipment.

d. Location shall ensure compliance with any statutory or regulatory requirements pertaining to public disclosure of progressive jackpot systems including but not limited to disclosures relating to the periodic payment of jackpots. Location shall provide, establish, and maintain appropriate machine surveillance and exterior security as required by the applicable gaming authorities of all of the Equipment on the Premises. Location shall abide by such security and internal control measures as Bally or the applicable gaming authorities may require or establish in relation to the System, including but not limited to applicable regulations and minimum internal control standards.

e. Location shall not connect any external communication equipment (e.g., player tracking, data collection) to the Devices or other Equipment without Bally's approval.

6. **Commencement; termination.** Bally shall install the Devices promptly after all regulatory approvals and licenses necessary for Bally to install and operate the Devices on the Premises have been obtained. This Agreement shall continue until either party, for any reason whatsoever, notifies the other at least ten days in advance of its intent to terminate and the top progressive prize then displayed to the public is won, unless an earlier termination is authorized by the applicable gaming authorities. Following such termination, Bally shall timely remove the equipment from the premises of Location. The money collected or then due from the Location's Devices shall be irrevocably and conclusively deemed conveyed to Bally for use as specified herein and shall not be returned to Location. If such termination is part of a termination of the entire System as to all participating casinos, the Equipment shall be turned off immediately upon the win of the top progressive prize or at such time as authorized by the applicable gaming authorities. In addition, Bally may require Location at any time to remove any Devices that, in Bally's sole discretion, do not generate sufficient performance to be profitable.

7. **Licensing; taxes and fees.** Each party shall promptly apply to the appropriate regulatory authorities for any licenses and approvals necessary for that party to perform under this Agreement, and shall diligently pursue its applications and pay all costs and fees incurred in connection therewith. All taxes and fees relating to the operation of the Devices, of any kind or nature whatsoever, except as provided herein, and taxes and fees relating solely to the licensing of Bally and federal income taxes on Bally's income, shall be the sole responsibility of and timely paid by Location. Pursuant to NRS 463.370 or any successor statute, Bally shall pay its proportionate share of the license fees imposed on revenues from the Devices. Bally will issue a credit to Location for Bally's proportionate share which credit may be deducted from the payments to Bally required under this Agreement. On a monthly basis, Bally will provide Location with appropriate accounting information.

8. **License to use trademarks and tradenames.** Location grants Bally a non-exclusive and revocable license for the term of this Agreement to use Location's tradename and trademark solely in the advertising and promotion of the System. Location shall not use the Millionaire Sevens or Millionaire 7's marks for any purpose (except to the extent it is incorporated in Devices and other Equipment furnished by Bally under this Agreement) without obtaining Bally's advance written approval. Nothing is this Agreement shall be construed or interpreted to grant or assign to either party any additional right, title, or interest in any trademark, tradename, or other intellectual property except as expressly set forth in this paragraph.

9. **Disclaimer of warranties.** BALLY SHALL NOT BE LIABLE FOR DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF USE, REVENUE, OR PROSPECTIVE PROFITS RESULTING FROM OPERATION OF OR MALFUNCTION OF THE EQUIPMENT, BUT SHALL RESTORE THE EQUIPMENT TO GOOD OPERATING CONDITION. ALL

WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTECULAR PURPOSE ARE HEREBY DISCLAIMED AND NO GUARANTY IS MADE AS TO EQUIPMENT FOR ANY GIVEN PERIOD.

10. **Indemnification.** Location agrees to indemnify Bally and hold Bally harmless from and against liability or damage from injury or loss arising out of the possession or use of the equipment on the premises of the Location, over which Bally has no control, provided, however, that within the warranty limitations set forth above, Bally shall be responsible for the acts and omissions of its employees and agents.

11. **Modification, rescission, assignment; controlling law.** This Agreement may be modified, rescinded, and assigned only with the written consent of both parties. Nevada law shall govern this Agreement and its interpretation. If any provision is unenforceable for any reason, it shall be deemed stricken from the Agreement but shall not otherwise affect the intention of the parties or the remaining provisions of the Agreement.

Bally Gaming, Inc.

Signature Date

Name and Title

Location

Signature Date

Name and Title

Bally Entertainment Systems
Betty Boop Contract
Within Nevada
6-16-00

EXHIBIT "3"

BALLY GAMING, INC.
LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Agreement"), effective as of August 27, 2003, 2000 (the "Effective Date"), is entered into by and between Castaways Hotel ("Lessee"), and Bally Gaming, Inc., a Nevada corporation ("Bally").

WHEREAS, Lessee operates a gaming establishment located at 2800 Fremont St., Las Vegas, NV 89104 ("Facility");

WHEREAS, Bally manufactures gaming devices for distribution to gaming establishments; and

WHEREAS, Lessee now desires to lease from Bally, and Bally is willing to lease to Lessee, the gaming devices listed on Exhibit A together with the software and the medium on which the software resides (collectively the "Devices") in accordance with this Agreement.

NOW, WHEREFORE, Lessee and Bally agree as follows:

1. Term And Termination. The term of this Agreement shall begin on the Effective Date and will continue thereafter for the period of time specified on Exhibit A, unless earlier terminated in accordance with this Agreement; provided that the term of this Agreement shall be automatically renewed for successive thirty day periods, unless either party gives the other thirty days' advance written notice of non-renewal. Bally may terminate this Agreement immediately upon a breach by Lessee of the terms of this Agreement if such breach continues uncured for thirty days following written notification by Bally to Lessee.

2. Lease of Bally Gaming Devices. During the term of this Agreement, Bally will lease the Devices to Lessee, and Lessee will lease the Devices from Bally, to be used only at the Facility. Each such Device and any and all intellectual property associated with the Device are and will at all times remain Bally's exclusive personal property, and Lessee will keep each Device free and clear of any and all claims, liens, levies, processes, and encumbrances. In addition, Lessee will maintain and keep each Device at all times in good working condition at Lessee's sole expense.

3. Lease Payment. Lessee shall pay Bally the lease payment listed on Exhibit A for each Device leased under this Agreement, beginning on the date the Device is installed. Accrued sums payable to Bally shall be paid by Lessee by the 15th of each month following the month in which such sums accrue.

4. Ownership. It is understood by the parties that various governmental or regulatory agencies may not permit the ownership structure of assets as anticipated under this Agreement. In the event such agencies prohibit such ownership structure, the parties agree to negotiate in good faith and to make such commercially reasonable accommodations to comply with a permitted ownership structure or to take such reasonable actions as are necessary to change such rules or regulations so as to carry out the purposes of this Agreement.

5. Delivery and Risk of Loss. Bally will, at its expense, deliver the Bally Gaming Devices to Lessee's Facility with shipping instructions to be F.O.B. Lessee's Facility. On delivery and

acceptance of the Devices by Lessee, Lessee assumes and will bear the risk of loss, theft, destruction or damage to the Devices from any cause. Bally will be responsible for all costs and expenses in connection with the delivery of the Devices to Lessee's Facility.

6. Installation. Bally shall install the Devices at the Facility at its expense. Electrical wiring and any other site preparation shall be at Lessee's sole expense.

7. Return of the Gaming Devices. On expiration or termination of this Agreement for any reason as provided in Section 1, Lessee will return the Devices to Bally at an address specified by Bally, in the same condition as received, reasonable wear and tear excepted. Transportation expenses for the return of the Devices shall be paid by Bally. If, upon inspection by Bally, any Device is not in the same condition in which it was received by Lessee, reasonable wear and tear excepted, Bally may at its option have the Device repaired, and Lessee will pay to Bally, in addition to any other sums due and payable hereunder, the cost of the repair. If Lessee fails to return any Device to Bally as provided in this Section, Lessee will continue to pay the lease payment specified in Exhibit A for such Device until it is returned to Bally.

8. Insurance. Until a Device is returned to Bally, Lessee will keep such Device insured against loss by fire, theft, and all other hazards (comprehensive coverage) by insurers, and in form, amount, and coverage satisfactory to Bally, but not less than the fair market value of the Device, or such other amount as Bally may approve in writing. Each policy of insurance furnished by Lessee must expressly provide that (i) Bally will be named as an additional insured thereunder, (ii) no act or omission of Lessee or any of its officers, agents, employees, representatives, or customers will affect the obligation of the insurer to pay the full amount of any loss, and (iii) such policy may not be canceled or materially altered except upon not less than thirty days' prior written notice to Bally. In the event of loss, destruction, or theft of or damage to any of the Devices, Lessee will immediately notify Bally in writing.

9. Confidentiality. Each party agrees that all confidential documents, work product and information (including all computer code and related materials) received or otherwise obtained from the other party pursuant to this Agreement, whether before or after the Effective Date, will be, and will be deemed to have been, received in strict confidence and will be used only for the purposes of performing under this Agreement. Without obtaining the prior written consent of the other party, neither party will disclose any such information to any third party, and each party will disclose such information only to such of its officers, employees, and agents that have a need to know such information for the purposes contemplated by this Agreement.

10. Additional Terms. All additional terms are listed on Exhibit A.

11. Relationship of Parties. The relationship of the parties during the term of this Agreement is not, nor shall it be deemed to be for any reason, a partnership, joint venture, common enterprise, association, or other business relationship of any sort or nature. Lessee and Bally acknowledge that each of them is engaged in the business of supplying gaming and gaming related products to participants in the gaming industry and, subject to the confidentiality obligations imposed by this Agreement, nothing herein is intended to be construed to limit the ability of either party to conduct its business or to compete with or enter the business of the other party at any point now or in the future.

12. Assignment. This Agreement shall be binding on the parties and their respective successors and assigns, but neither party may assign this Agreement to any third party without the prior written consent of the other party, which consent shall not be unreasonably withheld.

13. Survival. Expiration or termination of this Agreement for any reason shall not release either party from any liabilities or obligations set forth in this Agreement that remain to be performed or by their nature would be intended to be applicable following any such termination or expiration.

14. Governing Law. This Agreement shall be governed by and construed in accordance with Nevada law without regard to its choice of law rules.

15. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement may be amended only by a written agreement signed by both parties.

16. Compliance. This Agreement is contingent on each party obtaining all licenses or approvals necessary for it to perform under this Agreement. Each part shall promptly apply to the appropriate regulatory authorities for any such licenses and approvals and shall diligently pursue its applications and pay all associated costs and fees.

IN WITNESS WHEREOF, each of the parties have caused its duly authorized representative to execute and deliver this Agreement, effective as of the Effective Date.

Lessee: Castaways Hotel

By: _____

Name: _____

Title: _____

Bally Gaming & Systems, Inc.

By: _____

Name: LORRAINE J. WILSON

Title: Account Executive

BALLY GAMING, INC.
LEASE AGREEMENT

EXHIBIT A

Qty	Description of Devices
6	Playboy EVO Games
6	Seats with Playboy Panels
6	Stands
1	SIGN
Terms:	90 Day Minimum
Lease Payment:	80/20
Additional Terms:	

LESSEE: Castaways

Michael U. Ullmer

Michael U. Ullmer

Printed Name