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TIMOTHY S. CORY, ESQ.

E-FILED
ON
April 28, 2005

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

* * *

In re:	Case No. BK-S-03-17939 LBR
VSS ENTERPRISES, LLC, dba Castaways Hotel Casino and Bowling Center,	Chapter 7 Date: June 1, 2005 Time: 1:30 p.m.
Debtor.	Judge: Honorable Linda B. Riegle

DECLARATION OF TIMOTHY S. CORY, ESQ., TRUSTEE, IN SUPPORT OF MOTION TO APPROVE SETTLEMENT WITH SACON CONSTRUCTION

I, TIMOTHY S. CORY, ESQ., declare that:

1. I am the duly appointed Trustee of the Chapter 7 estate of VSS ENTERPRISES, INC., d/b/a/ the CASTAWAYS HOTEL, CASINO, and BOWLING CENTER (the "Debtor" or the "Estate") in the above-entitled case. As such, I have personal knowledge of the facts set forth herein and, if called as a witness, I could and would, testify competently to those facts.

2. I give this declaration in support of my Motion to Approve the Estate's Settlement (the "Motion") with SACON CONSTRUCTION ("Sacon"), the recipient of a demand from the estate for the return of funds from the Debtor, which is avoidable under various provisions of the Bankruptcy Code.

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3. In the course of administering this Estate, with the assistance of properly-employed legal and accounting professionals and paraprofessionals, I have determined that the case is administratively insolvent. It appears that most of the Debtor's assets were encumbered, and later sold by, its primary secured creditor Vestin Mortgage, Inc.

4. The assets of the Estate consist primarily of monies held in deposit by Nevada gaming regulators, certain wireless telecommunications licenses, and potential avoidance actions. The Estate has now received all funds due from the Nevada gaming authorities and is in the process of marketing the telecommunications licenses.

5. As part of my duties as Trustee, I have evaluated pursuing actions against third parties who received payments from the Debtor prior to its bankruptcy filing that may be avoidable under §§ 547 or 550 of the Bankruptcy Code. Through my counsel and paraprofessionals, the estate has sent out demand letters (the "Demand Letters") to persons who have received transfers from the Debtor that appear to be avoidable under various provisions of the Bankruptcy Code.

6. Two omnibus avoidance actions have been filed against parties who either failed entirely to respond to the Trustee's Demand Letters or who provided inadequate responses. Certain other parties have been provided with an extension of time to provide further documentation supporting various proffered defenses. Other parties are still being evaluated as this investigation and evaluation continues.

7. Through my counsel and paraprofessionals, the Estate sent letters to Sacon demanding the return of $66,660.75 in transfers (the "Transfers") that my counsel believed to be avoidable under §§ 547 and 550 of the Bankruptcy Code.

8. In response to the estate's Demand Letters, Sacon provided evidence that tended to support its defense that at least some portion of the Transfers were made in the ordinary course of the Debtor's business and constituted a contemporaneous exchange for new value received, pursuant to subsections (A) and (B), respectively of Bankruptcy Code §547 (c) (2).

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9. In view of the view of the time, expense, and uncertainty of further litigation, on behalf or the estate, I entered into a settlement agreement with Sacon (the "Settlement Agreement"), a true and correct copy of which is attached to the Motion as Exhibit "A" and is incorporated herein, to entirely resolve the Estate's claims against Sacon in return for the payment of $30,000.00.

10. Pursuant to the Settlement Agreement, Sacon has tendered payment of $30,000.00 to the Trustee, its check has been deposited in the Trustee's bank account pending this Court's approval of the Settlement Agreement, and said check has now been cleared by the issuing bank.

11. As such, in the exercise of my business judgment I believe that it is in the best interests of this Estate for this Court to approve the Settlement Agreement

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Las Vegas, Nevada and dated this 28th day of April, 2005.

TIMOTHY S. CORY, ESQ., TRUSTEE

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