

The Final Hearing Date on the Debtors' Motion to Use Cash Collateral, Set forth in Paragraph 19. of this Order is set for Thursday, September 13, 2012, at 10:00 A.M. .



**SO ORDERED.**

**DONE and SIGNED August 3, 2012.**

  
STEPHEN V. CALLAWAY  
UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF LOUISIANA  
SHREVEPORT DIVISION**

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<b>In re</b>	:	<b>Chapter 11 Case No.</b>
	:	<b>12-12013</b>
<b>LOUISIANA RIVERBOAT GAMING</b>	:	
<b>PARTNERSHIP, et al.<sup>1</sup></b>	:	
	:	<b>Jointly Administered</b>
<b>Debtors.</b>	:	
-----X	:	

**INTERIM CASH COLLATERAL ORDER PURSUANT TO  
SECTIONS 361, 362 AND 363 OF THE BANKRUPTCY CODE AND BANKRUPTCY  
RULE 4001; (1) AUTHORIZING USE OF CASH COLLATERAL; (2) GRANTING  
ADEQUATE PROTECTION; (3) MODIFYING THE AUTOMATIC STAY;  
(4) SCHEDULING AND APPROVING THE METHOD OF NOTICE OF  
THE FINAL HEARING; AND (5) PROVIDING RELATED RELIEF**

Upon consideration of the motion (the "Motion")<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the "Debtors") [P-24] seeking entry of an order pursuant to sections 361, 362 and 363 of title 11 of the United States Code (the "Bankruptcy Code") and

<sup>1</sup> Legends Gaming of Louisiana-1, LLC (12-12014); Legends Gaming of Louisiana-2, LLC (12-12015); Legends Gaming, LLC (12-12017); Legends Gaming of Mississippi, LLC (12-12019); and Legends Gaming of Mississippi RV Park, LLC (12-12020) are being jointly administered with Louisiana Riverboat Gaming Partnership pursuant to order of this Court [P-6].

<sup>2</sup> Each capitalized term used herein, but not otherwise defined, shall have the meaning given to it in the Motion.

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Rule 4001 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”): (a) authorizing the Debtors to use cash collateral on the terms and conditions set forth therein; (b) granting adequate protection; (c) modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the relief requested therein; (d) scheduling and approving the method of notice of the final hearing on the Motion (the “Final Hearing”); and (e) providing related relief; a hearing to consider the interim relief requested in the Motion having been held and concluded (the “Interim Hearing”); all objections, if any, to the interim relief requested in the Motion having been withdrawn, resolved or overruled by the Court; it appearing to the Court that granting the interim relief requested is necessary to avoid immediate and irreparable harm to the Debtors, their estates and their creditors pending the Final Hearing and otherwise is fair and reasonable and in the best interest of the Debtors, their estates and their creditors and is essential for the continued operation of the Debtors’ business; upon consideration of the evidence presented or proffered at the Interim Hearing; and after due deliberation and consideration and good and sufficient cause appearing therefor;

**IT IS HEREBY FOUND AND DETERMINED THAT:**

A. On July 31, 2012 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code and thereby commenced a case thereunder (collectively, the “Chapter 11 Cases”). The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Pursuant to an order of this Court [P-6], the Chapter 11 Cases are being jointly administered.

B. This Court has jurisdiction over the Chapter 11 Cases and this matter pursuant to 28 U.S.C. §§ 157(b) and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of the Chapter 11 Cases and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. Under the circumstances, the notice of the Motion and the Interim Hearing constitutes due and sufficient notice thereof and complies with Bankruptcy Rule 4001, and no other or further notice is required.

D. The lenders (collectively, the “First Lien Lenders”) under that certain Amended and Restated Credit Agreement dated as of August 31, 2009 (as amended, supplemented or otherwise modified from time to time, the “First Lien Credit Agreement”) and related agreements and documents assert that the Debtors’ pre-petition obligations to them secured by valid, enforceable and properly-perfected first priority liens on and security interests in substantially all of the Debtors’ property (collectively, the “Pre-Petition Collateral”), including all of the Debtors’ “cash collateral” as such term is defined in section 363(a) of the Bankruptcy Code (the “Cash Collateral”).

E. Subject only to the rights of other parties under paragraphs 13 through 15 of this Interim Cash Collateral Order, the Debtors irrevocably acknowledge, admit and agree to the following (it being understood that other than as prohibited by this Interim Cash Collateral Order, nothing in the admissions and agreements below shall be construed to limit Debtors’ ability to prosecute the Chapter 11 Cases and to exercise their rights under the Bankruptcy Code, including pursuing any sale of the Debtors’ assets under section 363 of the Bankruptcy Code or under a chapter 11 plan free and clear of liens and interests):

- (i) As of the Petition Date, the Debtors were liable to Wilmington Trust Company, as administrative agent for the First Lien Lenders (the “First

Lien Agent”) and the First Lien Lenders in respect of obligations under the First Lien Credit Agreement and related agreements and documents for (x) the aggregate amount of not less than \$181,182,013.83 (which amount includes matured and unpaid interest thereon as of the Petition Date) and (y) any and all other unpaid fees, expenses, disbursements, indemnifications, and charges or claims of whatever nature, whether or not contingent, whenever arising, due or owing under the First Lien Loan Agreement, related agreements and documents, or applicable law (collectively, the “First Lien Obligations”).

- (ii) As of the Petition Date, all claims in respect of the First Lien Obligations (x) constitute legal, valid, binding and unavoidable obligations of the Debtors and (y) are not subject to avoidance, disallowance, disgorgement, reduction, setoff, recoupment, subordination (whether equitable, contractual or otherwise), counterclaims, cross-claims or defenses.
- (iii) The security interests and liens securing the First Lien Obligations, including without limitation all security agreements, pledge agreements, financing statements, mortgages, deeds of trust, control agreements, and similar agreements and documents (the “Pre-Petition First Liens”) (x) constitute valid, binding, enforceable, unavoidable, and properly perfected first priority security interests and liens on the Pre-Petition Collateral that are senior in priority over any and all other liens on the Pre-Petition Collateral, subject only to those liens explicitly permitted by the First Lien Credit Agreement (to the extent any such liens were valid, properly perfected, non-avoidable liens senior in priority to the Pre-Petition First Liens as of the Petition Date), if any; and (y) are not subject to avoidance, disallowance, disgorgement, reduction, setoff, recoupment, subordination (whether equitable, contractual or otherwise), counterclaims, cross-claims or defenses.
- (iv) The First Lien Agent and the First Lien Lenders are not and shall not be deemed “control persons” or “insiders” of the Debtors.
- (v) As of the Petition Date, the Debtors and their estates have not brought, are not aware of, and have no claims, objections, challenges, counterclaims, cross-claims, recoupment or setoff rights, or other causes of action or defenses, including without limitation avoidance claims under chapter 5 of the Bankruptcy Code, against the First Lien Agent or any First Lien Lender arising out of, related to or in connection with the First Lien Obligations, the Pre-Petition First Liens or the First Lien Credit Agreement and related agreements and documents, including without limitation any “lender liability” claims.

F. The lenders (collectively, the “Second Lien Lenders”) under that certain Amended and Restated Second Lien Credit Agreement dated as of August 31, 2009 (as amended,

supplemented or otherwise modified from time to time, the “Second Lien Credit Agreement”) and related agreements and documents assert that the Debtors’ obligations to them (collectively, the “Second Lien Obligations”) are secured by valid, enforceable and properly-perfected second priority liens on and security interests in the Pre-Petition Collateral, including the Cash Collateral (the “Pre-Petition Second Liens”).

G. By the Motion, the Debtors have requested that the Court authorize the Debtors’ use of Cash Collateral on an interim basis, subject to the provisions hereof and the budget that is attached as Exhibit A hereto (as may be amended, supplemented, modified or extended by agreement of the Debtors and the *ad hoc* group of First Lien Lenders or upon approval by the Court, the “Budget”), *provided* that (x) the Budget may, exceed each line item for expenditures (other than professional fees unless any material dispute arises in the Chapter 11 Cases) in such Budget by up to 12.5% of the amount thereof on a monthly basis, so long as the aggregate amount of the expenditures under the Budget on a monthly basis is not exceeded by more than 12.5% and (y) any budgeted amount for expenditures not made in a particular monthly period covered by the Budget may be used in any other periods covered by the Budget. The adequate protection and other terms contained herein are authorized by the Bankruptcy Code, and are necessary to obtain the consent or non-objection by the First Lien Agent and the *ad hoc* group of First Lien Lenders to the Debtors’ use of Cash Collateral.

H. The Debtors have requested immediate entry of this Interim Cash Collateral Order pursuant to Bankruptcy Rule 4001(b). Absent the relief provided by this Interim Cash Collateral Order, the Debtors and their estates will be immediately and irreparably harmed. Use of Cash Collateral in accordance with this Interim Cash Collateral Order is therefore in the best interests

of the Debtors, their estates and their creditors and is essential for the continued operation of the Debtors' business.

I. Based on the record before the Court, the terms of the use of the Cash Collateral as provided herein are fair, reasonable and reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and have been negotiated with the First Lien Agent and the *ad hoc* group of First Lien Lenders at arms' length and in good faith.

Based on the foregoing, upon the Motion and the record made before this Court at the Interim Hearing, and good and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED AND ADJUDGED THAT:**

1. The Motion is GRANTED on an interim basis, as set forth herein.
2. All objections to the interim relief requested in the Motion that have been made and have not been withdrawn, waived or settled, and all reservations of rights included therein, are hereby overruled on the merits.

**A. Use of Cash Collateral and the Budget**

3. Subject to the terms of this Interim Cash Collateral Order, the Debtors are permitted to use Cash Collateral from the Petition Date through September 30, 2012, or such later date as may be agreed upon by the *ad hoc* group of First Lien Lenders or approved by the Bankruptcy Court (the "Expiration Date"). For the avoidance of doubt, (a) except (i) as set forth in the Budget, (ii) to make payments on account of required gaming expenses and to post security deposits for utility service and/or to secure the Debtors' continued performance under their gaming licenses (all such payments, the "Required Gaming Expenses"), or (iii) as otherwise expressly provided herein, no Cash Collateral may be used, directly or indirectly, for any payments, expenses or other disbursements of the Debtors; and (b) the Debtors' authorization to

use Cash Collateral hereunder shall expire at 11:59 p.m. prevailing Central Time on the Expiration Date unless terminated earlier in accordance with this Interim Cash Collateral Order; *provided, however*, that after the Expiration Date, the Debtors may continue to use Cash Collateral in the amounts set forth in the Budget so long as the Debtors' authority to use Cash Collateral hereunder has not been terminated in accordance with this Interim Cash Collateral Order before the Expiration Date. To the extent that the actual payment or payments on account of any line item in the Budget are less than the budgeted amount on account of such line item during any month, the difference between the budgeted amount and the actual payment shall remain available for payment on account of such line item in the Budget during any other month during the term of this Interim Cash Collateral Order.

4. Unless expressly provided otherwise herein, all of the rights, remedies, benefits and protections provided to the First Lien Agent, the First Lien Lenders, Wells Fargo Bank, National Association, as administrative agent for the Second Lien Lenders (the "Second Lien Agent"), and the Second Lien Lenders under this Interim Cash Collateral Order shall survive (a) the expiration or termination of the Debtors' authorization to use Cash Collateral hereunder; (b) any order converting the Chapter 11 Cases to chapter 7 of the Bankruptcy Code; (c) any order dismissing the Chapter 11 Cases; and (d) the appointment or election of any trustee or examiner with expanded powers in the Chapter 11 Cases.

**B. Adequate Protection for the First Lien Agent and First Lien Lenders**

5. Pursuant to sections 361, 362 and 363 of the Bankruptcy Code, the First Lien Agent, for the benefit of itself and the First Lien Lenders, shall receive the following adequate protection (collectively, the "First Lien Adequate Protection Obligations"):

- a. Subject only to the Carve-Out (as defined herein), the Court hereby grants a superpriority administrative expense claim under section 507(b) of the

Bankruptcy Code against each of the Debtors' estates in favor of the First Lien Agent for the benefit of itself and the First Lien Lenders in the aggregate amount of any diminution in value in the First Lien Agent's or First Lien Lenders' interests in the Cash Collateral during the Chapter 11 Cases (the "First Lien Adequate Protection Claims"), which claims shall have priority in payment over any and all administrative expenses of the kinds specified or ordered pursuant to any provision of the Bankruptcy Code including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 546(d), 552, 726, 1113 or 1114 of the Bankruptcy Code, whether or not such expenses or claims arise in the Chapter 11 Cases or in any subsequent case or proceedings under the Bankruptcy Code that may result therefrom, and whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment. Except with respect to the Carve-Out or as otherwise provided in this Interim Cash Collateral Order, nothing herein shall impair or modify the application of section 507(b) of the Bankruptcy Code in the event that the adequate protection provided to the First Lien Agent or the First Lien Lenders in this Interim Cash Collateral Order proves to be insufficient during the Chapter 11 Cases or any successor case.

- b. In accordance with the Budget, the Debtors shall pay the following fees and expenses (each, a "Professional Payment" and collectively, the "Professional Payments") that are incurred on or before the expiration or termination of the Debtors' authorization to use Cash Collateral hereunder: (i) all reasonable documented fees and expenses for each legal counsel for the First Lien Agent and each legal counsel for the *ad hoc* group of First Lien Lenders, and (ii) all monthly fees in the amount of \$75,000 per month and reasonable documented expenses of Houlihan Lokey Capital, Inc. ("Houlihan Lokey"), the financial advisor to counsel for the First Lien Agent and the *ad hoc* group of First Lien Lenders, in accordance with the engagement letter dated March 29, 2012 among the Debtors, Houlihan Lokey and counsel for the First Lien Agent and the *ad hoc* group of First Lien Lenders. Each of the Professional Payments shall be made on a monthly basis directly to the applicable professional upon the Debtors' receipt of an invoice from each such professional, without the need for any such professional to file any application, motion or notice with this Court for retention or payment. The Debtors are authorized and shall provide the invoices for the fees and expenses provided by Houlihan Lokey and by each counsel to the First Lien Agent or the *ad hoc* group of First Lien Lenders to the Office of the United States Trustee and to counsel for any official committee appointed in the Chapter 11 Cases. The Second Lien Agent and the *ad hoc* group of Second Lien Lenders may request a summary of the requested fees and expenses from Houlihan Lokey and from each counsel to the First Lien Agent or the *ad hoc* group of First Lien Lenders.
- c. To secure the First Lien Adequate Protection Obligations set forth in (a) and (b) above, the First Lien Agent, for the benefit of itself and the First Lien Lenders, is hereby granted first priority replacement security interests in and liens upon



(collectively, the “First Lien Adequate Protection Liens”) all post-petition property of the Debtors and their estates and all proceeds and products of such property (collectively, the “Post-Petition Collateral”) to the same extent and priority as the pre-petition security interests and liens of the First Lien Agent or the First Lien Lenders in and upon Pre-Petition Collateral. The First Lien Adequate Protection Liens granted herein shall be junior only to the Carve-Out (as defined herein) and to any valid, duly perfected, enforceable and unavoidable liens and security interests granted in compliance with the First Lien Credit Agreement by the Debtors or operation of law that were existing as of the Petition Date, legally superior in priority to the Pre-Petition First Liens, and not subject to subordination (any such liens, the “Superior Liens”). The First Lien Adequate Protection Liens are hereby deemed to be valid, effective and perfected as of the date of this Interim Cash Collateral Order by operation of law without the necessity of the execution by the Debtors, the First Lien Agent or any other party of any mortgages, security agreements, pledge agreements, financing statements, control agreements or other agreements or documents (notwithstanding any provisions of any agreement, lease, instrument, document, the Uniform Commercial Code or any other relevant law or regulation of any jurisdiction). Notwithstanding the foregoing or anything herein to the contrary, neither the First Lien Adequate Protection Liens nor the Post-Petition Collateral shall include (i) any claims or causes of action arising under sections 510, 544, 545, 546, 547, 548, 550 and 551 of the Bankruptcy Code (collectively, “Avoidance Actions”) or proceeds thereof, or (ii) any property in or upon which security interests and liens are prohibited by, or not enforceable under, applicable state gaming laws or regulations.

**C. Adequate Protection for the Second Lien Agent and Second Lien Lenders**

6. Pursuant to sections 361, 362 and 363 of the Bankruptcy Code, the Second Lien Agent, for the benefit of itself and the Second Lien Lenders, shall receive the following adequate protection in the aggregate amount of any diminution of value in the Second Lien Agent’s or Second Lien Lenders’ interests, if any, in the value of Cash Collateral during the Chapter 11 Cases (the “Second Lien Adequate Protection Obligations”):

- a. To the extent of the diminution in value (if any) in the Second Lien Agent’s or Second Lien Lenders’ interests in the Cash Collateral during the Chapter 11 Cases, the Second Lien Agent, for the benefit of itself and the Second Lien Lenders, is hereby granted second priority replacement security interests in and liens (collectively, the “Second Lien Adequate Protection Liens”) upon the Post-Petition Collateral to the same extent and priority as the pre-petition security interests and liens of the Second Lien Agent or the Second Lien Lenders in and upon Pre-Petition Collateral. The Second Lien Adequate Protection Liens granted herein shall be junior only to the Carve-Out (as defined herein), the First Lien

Adequate Protection Liens, and to any Superior Liens. The Second Lien Adequate Protection Liens are hereby deemed to be valid, effective and perfected as of the date of this Interim Cash Collateral Order by operation of law without the necessity of the execution by the Debtors, the Second Lien Agent or any other party of any mortgages, security agreements, pledge agreements, financing statements, control agreements or other agreements or documents (notwithstanding any provisions of any agreement, lease, instrument, document, the Uniform Commercial Code or any other relevant law or regulation of any jurisdiction). Notwithstanding the foregoing or anything herein to the contrary, neither the Second Lien Adequate Protection Liens nor the Post-Petition Collateral shall include (i) any claims or causes of action arising under sections 510, 544, 545, 546, 547, 548, 550 and 551 of the Bankruptcy Code (collectively, “Avoidance Actions”) or proceeds thereof or (ii) any property in or upon which security interests and liens are prohibited by, or not enforceable under, applicable state gaming laws or regulations.

**D. Carve-Out**

7. For purposes of this Interim Cash Collateral Order, the term “Carve-Out” shall mean an amount equal to the sum of (a) the unpaid fees of the Office of the United States Trustee and of the Clerk of the Court; plus (b) the accrued and unpaid fees and expenses for services rendered by all professionals retained pursuant to an order of this Court before the expiration or termination of the Debtors’ authority to use Cash Collateral under this Interim Cash Collateral Order, to the extent such fees and expenses are ultimately allowed by this Court; plus (c) (i) up to \$125,000 for fees and expenses of professionals retained by the Debtors pursuant to an order of this Court for services rendered on and after the expiration or termination of the Debtors’ authority to use Cash Collateral under this Interim Cash Collateral Order and (ii) up to an aggregate of \$10,000 for fees and expenses of professionals retained by any official committee pursuant to an order of this Court for services rendered on and after the expiration or termination of the Debtors’ authority to use Cash Collateral under this Interim Cash Collateral Order, in each case of subparagraph (c)(i) and (c)(ii) to the extent such fees and expenses are ultimately allowed by this Court. Notwithstanding the foregoing, the Carve-Out is subject in all respects to paragraph 14 of this Interim Cash Collateral Order.

**E. Sections 506(b) and 552(b) Matters**

8. Except to the extent of the Carve-Out and the Investigation Budget (as defined herein), no claims, including fees and expenses of professionals, shall be charged or assessed against or recovered from the Pre-Petition Collateral or Post-Petition Collateral, or be attributed to the First Lien Agent or the First Lien Lenders with respect to their respective interests in the Pre-Petition Collateral or Post-Petition Collateral pursuant to the provisions of section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the affected secured party or parties, for the costs and expenses of preserving, or disposing of the Pre-Petition Collateral or Post-Petition Collateral incurred on or before the termination or expiration of this Interim Cash Collateral Order. No such consent shall be inferred or implied from any action, inaction or acquiescence by, either with or without notice to, the First Lien Agent or the First Lien Lenders. None of the First Lien Agent or the First Lien Lenders shall be subject to the equitable doctrine of “marshaling” or any similar doctrine with respect to their respective interests in the Pre-Petition Collateral or the Post-Petition Collateral.

9. The “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to the First Lien Agent or the First Lien Lenders with respect to the proceeds, product, offspring, or profits of any of their collateral.

**F. Expiration or Termination of Debtors’ Authority to Use Cash Collateral; Modification of Automatic Stay**

10. Subject to the Carve-Out, the Debtors’ authority to use Cash Collateral hereunder shall terminate immediately and automatically without further order of this Court if (a) this Interim Cash Collateral Order is reversed, stayed, vacated or otherwise ceases to be in full force and effect for any reason; (b) this Interim Cash Collateral Order is modified without the express written consent of the *ad hoc* group of First Lien Lenders (which consent may be granted or

withheld in the sole discretion of the *ad hoc* group of First Lien Lenders); (c) the Chapter 11 Cases are dismissed; (d) the Chapter 11 Cases are converted to cases under chapter 7 of the Bankruptcy Code; or (e) a chapter 11 trustee or an examiner with expanded powers is appointed or elected in the Chapter 11 Cases. For the avoidance of doubt and notwithstanding any other provision of this Interim Cash Collateral Order, after the termination of their authority to use Cash Collateral hereunder, the Debtors may make the payments from Cash Collateral encompassed within the Carve-Out.

11. If the Debtors fail to make a Professional Payment in accordance with the Budget when due, then, subject to the Carve-Out, the Debtors' authority to use Cash Collateral hereunder shall terminate automatically following the fifth business day after written notice of such failure is provided and not later withdrawn by counsel for the *ad hoc* group of First Lien Lenders (or such longer period of time as the *ad hoc* group of First Lien Lenders may agree). Such notice shall specify the nature and amount of the unpaid amounts and the date upon which the Debtors' authority to use Cash Collateral under this Interim Cash Collateral Order would terminate unless payment is received. The Debtors reserve the right to request relief from the Bankruptcy Court in connection with any such written notice, and the First Lien Agent and the *ad hoc* group of First Lien Lenders shall be deemed to consent to an expedited hearing on any such request, but reserve the right to object to such requested relief.

12. Subject to the Debtors' continued ability to make payments encompassed by the Carve-Out from Cash Collateral and to pay the Required Gaming Expenses, the automatic stay is hereby modified to the extent necessary to permit the First Lien Agent and the First Lien Lenders to exercise, upon the expiration or termination of the Debtors' authority to use Cash Collateral hereunder and upon three business days' prior notice filed with this Court, all rights and

remedies provided for hereunder or under applicable law, and to take any or all of the following actions without further order of or application to this Court: (a) terminate the Debtors' use of Cash Collateral; (b) declare all of the First Lien Obligations and the First Lien Adequate Protection Obligations to be immediately due and payable; (c) the First Lien Agent to take control of all Cash Collateral for the benefit of itself and the First Lien Lenders; and (d) the First Lien Agent and the First Lien Lenders to take any other actions or exercise any other rights or remedies permitted under this Interim Cash Collateral Order or applicable law to effect the repayment and satisfaction of the First Lien Obligations and the First Lien Adequate Protection Obligations. The Debtors reserve the right to request relief from the Bankruptcy Court in connection with any such notice or action of the First Lien Agent or the First Lien Lenders, and all parties shall be deemed to consent to an expedited hearing on any such request for relief by the Debtors.

**G. Prohibition on Certain Uses of Cash Collateral; Investigation Period and Budget**

13. Notwithstanding the Carve-Out but subject to the Investigation Budget (as defined herein), the Pre-Petition First Liens and the First Lien Adequate Protection Liens shall be senior to (and no Pre-Petition Collateral or Post-Petition Collateral may be used to pay) any claims for services rendered by any professional retained by the Debtors or any successor thereto (including any trustee, examiner or other estate representative in the Chapter 11 Cases or any successor bankruptcy case), by any official committee, or by any creditor or other party in interest, in connection with the assertion of or joinder in any claim, counterclaim, action, proceeding, application, motion, investigation, objection, prosecution, defense or other contested matter or adversary proceeding against the First Lien Agent or the First Lien Lenders with respect to or in connection with (a) invalidating, setting aside, avoiding, subordinating (whether equitable, contractual or otherwise), disallowing, offsetting, recouping, or otherwise challenging, in whole

or in part, any claims, security interests or liens arising under, relating to or in connection with the First Lien Credit Agreement and related agreements and documents; or (b) preventing, hindering or delaying, whether directly or indirectly, the First Lien Agent's or the First Lien Lenders' assertions or enforcement of their security interests, liens, or realization upon any of the Pre-Petition Collateral or the Post-Petition Collateral. Notwithstanding the foregoing, the official committee of unsecured creditors appointed in the Chapter 11 Cases (the "Committee") shall have sixty (60) days after its appointment by the United States Trustee, and only if a Committee is not appointed, other parties in interest shall have seventy-five (75) days after the date this Interim Cash Collateral Order is entered (the "Investigation Termination Date") to investigate the validity, perfection, enforceability, and extent of the First Lien Obligations, the Pre-Petition First Liens, and any other potential claim or defense whatsoever of the Debtors or their estates against the First Lien Agent or the First Lien Lenders arising out of or relating to the First Lien Credit Agreement and related agreements and documents, including without limitation any "lender liability" claims and causes of action, and claims or defenses under chapter 5 of the Bankruptcy Code (all such claims, defenses and other actions described in this paragraph are collectively defined as the "Claims and Defenses"). Except with respect to the Investigation Budget, any claim incurred in connection with any of the activities described in this paragraph shall not constitute an allowed administrative expense claim for purposes of sections 503 and 1129(a)(9) of the Bankruptcy Code. Nothing in this paragraph shall be construed to limit the fees and expenses the Debtors may incur in accordance with the Budget and the other terms of this Interim Cash Collateral Order in prosecuting the Chapter 11 Cases or exercising their rights under the Bankruptcy Code (except for investigating or pursuing any claims, causes of action and defenses released in this Interim Cash Collateral Order), including in connection with any

sale of the Debtors' assets under section 363 of the Bankruptcy Code or under a chapter 11 plan free and clear of liens and interests.

14. Any assertion or pursuit of Claims and Defenses must be made by the Committee (or in the event a Committee is not appointed, by another party in interest) that is granted standing by this Court. The Committee (or in the event a Committee is not appointed, by another party in interest), upon being granted standing by this Court, must timely and properly commence an adversary proceeding asserting any Claims and Defenses on or before the Investigation Termination Date. If no such adversary proceeding is properly filed on or before the Investigation Termination Date by the Committee (or in the event a Committee is not appointed, by another party in interest) that is granted standing by this Court, all holders of claims and interests as well as all other parties in interest (including without limitation the Debtors and any trustee or examiner appointed in the Chapter 11 Cases or any successor bankruptcy case) shall be forever barred from asserting any Claims and Defenses against the First Lien Agent or the First Lien Lenders, and the Debtors' stipulations and admissions made herein and the release set forth herein shall be binding on all holders of claims and interests as well as all other parties in interest. If an adversary proceeding asserting only some Claims and Defenses is timely and properly brought, any Claim and Defense that is not timely and properly asserted in such adversary proceeding shall be forever barred. In the event of a timely, proper and successful assertion of Claims and Defenses, this Court shall fashion an appropriate remedy after hearing from all parties.

15. Before the Investigation Termination Date, the Committee and its advisors may investigate (a) the claims, security interests and liens granted pursuant to the First Lien Credit Agreement and related agreements and documents and (b) the claims, security interests and liens

granted pursuant to the Second Lien Credit Agreement and related agreements and documents; *provided* that the aggregate fees and expenses for such investigation that may be paid from Cash Collateral shall not exceed \$30,000 (the “Investigation Budget”).

16. Nothing in this Interim Cash Collateral Order shall be deemed to vest or confer upon any official or *ad hoc* committee or any other party standing or authority to bring, assert, commence, continue, prosecute, or litigate any cause of action belonging to the Debtors or their estates, including without limitation the Claims and Defenses. Any request for such standing or authority must be made through a properly-filed motion on at least fourteen days’ notice to all appropriate parties.

#### **H. Release**

17. Subject to the rights of other parties set forth in paragraphs 13 through 15 of this Interim Cash Collateral Order, the Debtors, on behalf of themselves and their estates (including any successor trustee or other estate representative in the Chapter 11 Cases or successor bankruptcy case) and any party acting by, through, or under the Debtors or their estates, forever and irrevocably (a) release, discharge, waive, and acquit the First Lien Agent, the First Lien Lenders and each of their respective affiliates, and each of their respective former, current or future officers, employees, directors, agents, representatives, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates, and predecessors in interest (collectively, the “Released Parties”) of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, and obligations existing as of the Petition Date arising from, relating to or in connection with the First Lien Credit Agreement and related agreements and documents, including, without limitation, (x) any and all so-called “lender liability” and any and all disallowance or



subordination claims or defenses, with respect to or relating to the First Lien Credit Agreement and related agreements and documents, and (y) any and all claims regarding the validity, priority, perfection or avoidability of the claims, security interests or liens of the First Lien Agent and the First Lien Lenders under the First Lien Credit Agreement and related agreements and documents; and (b) waive any and all defenses (including, without limitation, offsets and counterclaims of any nature or kind) as to the validity, perfection, priority, and unavailability of the First Lien Obligations and the Pre-Petition First Liens.

**I. Notice of Final Hearing**

18. The Debtors shall promptly serve by first-class United States mail a copy of this Interim Cash Collateral Order (which shall constitute adequate notice of the Final Hearing) and a copy of the proposed final order authorizing and approving the use of Cash Collateral and providing adequate protection (such order, a “Final Cash Collateral Order”) that shall be in form substantially similar to this Interim Cash Collateral Order upon (a) counsel to the First Lien Agent and the *ad hoc* group of First Lien Lenders; (b) counsel to the Second Lien Agent; (c) counsel to the *ad hoc* group of Second Lien Lenders; (d) all other secured creditors of record; (e) the Office of the United States Trustee; (f) the Debtors’ twenty (20) largest creditors on a consolidated basis as determined in accordance with Bankruptcy Rule 1007(d); and (g) any party that has filed a request to receive service in the Chapter 11 Cases.

19. The Final Hearing to consider the entry of a Final Cash Collateral Order is hereby scheduled for \_\_\_\_\_, 2012 at \_\_\_\_\_ .m. in the United States Bankruptcy Court, 300 Fannin Street, Shreveport, Louisiana 71101. All objections to the entry of such a Final Cash Collateral Order shall be filed with this Court and received, no later than three (3) business days before the date of the Final Hearing set forth above, by:

- (a) William H. Patrick, III, Esq. and Tristan Manthey, Esq., Heller, Draper, Patrick & Horn, LLC, 650 Poydras St., Suite 2500, New Orleans, LA 70130, proposed co-counsel to the Debtors;
- (b) Paul E. Harner, Esq. and Michael J. Riela, Esq., Latham & Watkins LLP, 885 Third Avenue, New York, NY 10022, counsel to the First Lien Agent and the *ad hoc* group of First Lien Lenders;
- (c) Mildred Quinones-Holmes, Esq., Thompson Hine LLP, 335 Madison Avenue, New York, NY 10017, counsel to the Second Lien Agent;
- (d) Jeffrey L. Jonas, Esq., Brown Rudnick LLP, One Financial Center, Boston, MA 02111, counsel to the *ad hoc* group of second lien lenders;
- (e) counsel to any statutorily-appointed official committee; and
- (f) the Office of the United States Trustee.

**J. Miscellaneous**

20. In the event that any party (a) holds a lien or security interest in Pre-Petition Collateral or Post-Petition Collateral that is junior or subordinate to the liens and security interests of the First Lien Agent or the First Lien Lenders (a “Subordinate Lien”) and (b) receives any payment or proceeds on account of such Subordinate Lien prior to the repayment in full of the First Lien Obligations, then such party shall be deemed to have received such payment or proceeds in trust for the First Lien Lenders and shall promptly turn over such payment or proceeds to the First Lien Agent for the benefit of the First Lien Lenders.

21. The First Lien Agent and the *ad hoc* group of First Lien Lenders agree not to object to the relief sought in the Debtors’ first day motions that are filed in the Chapter 11 Cases.

22. The Debtors are directed to deliver to the First Lien Agent and to the Second Lien Agent on or before the fifteenth day of each month following the entry of this Interim Cash Collateral Order, a reconciliation for the prior month of all budgeted amounts that compares for each line item the amount forecast under the Budget to the actual amounts paid or received by the Debtors for such month.

23. The Debtors are directed to keep their books and records of original entry, including without limitation, records of sale, credits authorized (whether or not credit memoranda have been issued), purchases, accounts receivable, cash receipts, and cash disbursements, current and updated, so that all business activity is posted to them in the ordinary course of the Debtors' business.

24. The board resolutions of each of the Debtors that authorize the filing and prosecution of the Chapter 11 Cases shall not be amended, modified, supplemented, revoked or withdrawn without (i) the prior written consent of the *ad hoc* group of First Lien Lenders or (ii) an order of this Court after adequate notice to the *ad hoc* group of First Lien Lenders.

25. No Professional Payment or other payment made in accordance with the Budget or this Interim Cash Collateral Order shall be subject to avoidance, recovery or disgorgement by any Chapter 11 trustee or Chapter 7 trustee in these Chapter 11 Cases or any successor bankruptcy cases of the Debtors, or by any person or entity for any reason, including without limitation on the basis that (a) the claims of the First Lien Agent or the First Lien Lenders ultimately may be determined to be undersecured, (b) cash payments as adequate protection ultimately may be considered inappropriate or unnecessary for any reason, (c) such payments were not authorized by the Bankruptcy Court, (d) the adequate protection payments are or become insufficient to compensate for any diminution in value of Cash Collateral or any of the other Pre-Petition Collateral during the Chapter 11 Cases or any successor case, or (e) such payments were not authorized by this Court or by the Bankruptcy Code or any other law, rule or regulation. Any party's right to seek to re-characterize the Professional Payments made pursuant to this Interim Cash Collateral Order as payments of principal on the First Lien Obligations (and

any defenses or objections to such attempted re- characterization) under 11 U.S.C. § 506 are reserved.

26. This Interim Cash Collateral Order shall be binding on all parties in interest, including without limitation on any official committee appointed in the Chapter 11 Cases and on any trustee or examiner appointed in the Chapter 11 Cases or any successor bankruptcy case.

27. The First Lien Agent and the First Lien Lenders shall not be required to file a proof of claim with respect to any of the First Lien Obligations, but the First Lien Agent may voluntarily elect to file a proof of claim relating to the First Lien Obligations on behalf of itself and the First Lien Lenders.

28. Notwithstanding the possible application of Bankruptcy Rules 6004(h), 7062 and 9014, this Interim Cash Collateral Order shall (a) be immediately enforceable, and (b) not be stayed absent further Court order upon a motion by a party in interest for a stay pending appeal in conformance with Bankruptcy Rule 8005 and after notice and a hearing, and entry of an order staying this Interim Cash Collateral Order upon such party's posting a bond sufficient to protect the Debtors and all other parties in interest from consequential damages as a result of the stay of the Interim Cash Collateral Order.

29. Nothing herein shall abrogate, abridge, modify or otherwise affect any party's rights, remedies, obligations and liabilities under that certain Intercreditor Agreement, dated as of July 31, 2006, between the first lien agent and the second lien agent, and acknowledged by Legends Gaming, LLC (the "Intercreditor Agreement"). For the avoidance of doubt, any rights, remedies or protections granted either directly or derivatively hereby to the Second Lien Agent or any Second Lien Lender are expressly subject to the terms and conditions of the Intercreditor Agreement.

30. The Court shall retain jurisdiction to hear and determine all matters pertaining to the interpretation, implementation and enforcement of this Interim Cash Collateral Order.

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This order was prepared and is being submitted by:

William H. Patrick, III, LA Bar 1035  
Tristan Manthey, LA Bar 24539  
Heller, Draper, Patrick & Horn, LLC  
650 Poydras Street, Suite 2500  
New Orleans, Louisiana 70130  
Phone: 504-299-3300  
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*Proposed Counsel to the Debtors*

**EXHIBIT A**

**BUDGET**

**Legends Gaming LLC**  
**Monthly Cash Collateral Budget - 08/01/12 thru 10/31/12**

	Month Ending:				
	Budget 8/31/2012	Budget 9/30/2012	Budget 10/31/2012	Budget 11/30/2012	Budget 12/31/2012
<b>NET CASH FLOW</b>					
<b>Cash Receipts:</b>					
Casino - Slots	7,643,850	6,783,926	6,869,230	6,810,152	7,282,770
Casino - Tables	1,318,124	1,202,974	1,215,407	1,184,285	1,248,550
Rooms	331,140	301,685	289,484	310,415	285,205
Food, Beverage, Other	371,656	372,217	360,566	301,954	378,134
<b>Total Receipts</b>	<b>\$ 9,664,770</b>	<b>\$ 8,660,803</b>	<b>\$ 8,734,687</b>	<b>\$ 8,606,807</b>	<b>\$ 9,194,660</b>
<b>Cash Disbursements<sup>(1)</sup>:</b>					
Cost of Sales - F&B / Gift Shop	670,000	565,000	565,000	670,000	575,000
Payroll	2,275,400	1,260,400	1,843,100	1,620,400	1,575,400
Benefits	1,375,544	1,055,793	1,636,000	1,186,500	1,286,500
Gaming Taxes	1,887,905	1,742,859	1,776,921	1,773,097	1,897,310
Marketing	669,325	574,820	598,760	580,908	649,517
Taxes - Sales & Use/Withholding	65,000	65,000	65,000	65,000	65,000
Property Tax	-	-	-	-	-
Supplies	298,000	276,000	228,000	228,000	233,000
Repairs & Maintenance	121,000	105,000	115,000	120,000	105,000
Professional Services	113,383	45,600	56,600	64,600	51,075
General Liability Insurance	198,111	198,111	248,111	212,111	212,111
Bank Charges	32,000	31,000	31,000	30,000	30,000
Contract Services	567,000	443,000	448,000	499,000	412,000
Fees & Licenses	9,750	44,750	8,750	7,250	44,750
Rent Equipment	250,015	246,015	246,015	258,448	301,038
Rent Space	8,705	8,705	16,205	8,705	8,705
Travel - Meals, Lodging, Other	27,000	27,000	27,000	27,000	27,000
Utilities	338,405	340,280	330,955	299,530	293,180
Slot Participation Fees	140,000	193,000	140,000	155,000	140,000
Other	127,700	115,200	161,950	110,200	111,475
<b>Total Disbursements</b>	<b>\$ 9,174,242</b>	<b>\$ 7,337,533</b>	<b>\$ 8,542,367</b>	<b>\$ 7,915,749</b>	<b>\$ 8,018,061</b>
<b>Net Operating Cash Flow</b>	<b>\$ 490,528</b>	<b>\$ 1,323,270</b>	<b>\$ 192,320</b>	<b>\$ 691,058</b>	<b>\$ 1,176,599</b>
<b>Capital Expenditures</b>					
Project Capital	221,000	137,500	122,500	122,500	132,500
Maintenance Capital	100,000	255,000	255,000	255,000	255,000
<b>Total Capex</b>	<b>\$ 321,000</b>	<b>\$ 392,500</b>	<b>\$ 377,500</b>	<b>\$ 377,500</b>	<b>\$ 387,500</b>
<b>Net Cash Flow</b>	<b>\$ 169,528</b>	<b>\$ 930,770</b>	<b>\$ (185,180)</b>	<b>\$ 313,558</b>	<b>\$ 789,099</b>
<b>(before Restructuring Charges &amp; Adequate Protection Payments)</b>					
<b>CASH BALANCE</b>					
<b>(before Restructuring Charges &amp; Adequate Protection Payments)</b>					
<b>Beginning Cash Balance</b>					
Cash at the Casino Cage & Bank Accounts <sup>(2)</sup>	6,700,000	6,700,000	6,000,000	6,100,000	6,100,000
Restricted Cash (Zurich)	654,592	654,592	654,592	654,592	654,592
Cash For Operations	1,200,000	1,369,528	3,000,298	2,715,119	3,028,676
<b>Total Beginning Cash</b>	<b>\$ 8,554,592</b>	<b>\$ 8,724,121</b>	<b>\$ 9,654,891</b>	<b>\$ 9,469,711</b>	<b>\$ 9,783,269</b>
<b>Net Cash Flow</b>	<b>169,528</b>	<b>930,770</b>	<b>(185,180)</b>	<b>313,558</b>	<b>789,099</b>
<b>Ending Cash Balance</b>	<b>\$ 8,724,121</b>	<b>\$ 9,654,891</b>	<b>\$ 9,469,711</b>	<b>\$ 9,783,269</b>	<b>\$ 10,572,368</b>
<b>Restructuring Charges</b>					
Jenner	-	75,000	50,000	50,000	50,000
Seaport	-	87,500	87,500	87,500	87,500
Heller Draper	-	175,000	175,000	175,000	175,000
Regulatory Counsel	-	25,000	25,000	25,000	25,000
US Trustee	-	-	53,000	-	-
Kurtzman Carson Associates	-	20,000	20,000	20,000	20,000
Miscellaneous	25,000	25,000	25,000	25,000	25,000
<b>Total Restructuring Charges</b>	<b>25,000</b>	<b>407,500</b>	<b>435,500</b>	<b>382,500</b>	<b>382,500</b>
<b>Net Cash Flow after Restructuring Charges</b>	<b>\$ 144,528</b>	<b>\$ 523,270</b>	<b>\$ (620,680)</b>	<b>\$ (68,942)</b>	<b>\$ 406,599</b>
<b>(before Adequate Protection Payments)</b>					
<b>CASH BALANCE AFTER RESTRUCTURING CHARGES</b>					
<b>(before Adequate Protection Payments)</b>					
<b>Beginning Cash Balance</b>					
Cash at the Casino Cage & Bank Accounts <sup>(2)</sup>	6,700,000	6,700,000	6,000,000	6,100,000	6,100,000
Restricted Cash (Zurich)	654,592	654,592	654,592	654,592	654,592
Cash For Operations	1,200,000	1,344,528	2,567,798	1,847,119	1,778,176
<b>Total Beginning Cash</b>	<b>\$ 8,554,592</b>	<b>\$ 8,699,121</b>	<b>\$ 9,222,391</b>	<b>\$ 8,601,711</b>	<b>\$ 8,532,769</b>
<b>Net Cash Flow after Restructuring Charges</b>	<b>144,528</b>	<b>523,270</b>	<b>(620,680)</b>	<b>(68,942)</b>	<b>406,599</b>
<b>Ending Cash Balance</b>	<b>\$ 8,699,121</b>	<b>\$ 9,222,391</b>	<b>\$ 8,601,711</b>	<b>\$ 8,532,769</b>	<b>\$ 8,939,368</b>
<b>Adequate Protection Payments from Cash Collateral</b>					
Latham	-	150,000	150,000	150,000	150,000
Houlihan	-	75,000	75,000	75,000	75,000
Local Counsel Lender	-	10,000	10,000	10,000	10,000
<b>Total Adequate Protection Payments from Cash Collateral</b>	<b>-</b>	<b>235,000</b>	<b>235,000</b>	<b>235,000</b>	<b>235,000</b>
<b>Net Cash Flow after Restructuring Charges &amp; Adequate Protection Payments</b>	<b>\$ 144,528</b>	<b>\$ 288,270</b>	<b>\$ (855,680)</b>	<b>\$ (303,942)</b>	<b>\$ 171,599</b>
<b>CASH BALANCE AFTER RESTRUCTURING CHARGES &amp; ADEQUATE PROTECTION PAYMENTS</b>					
<b>Beginning Cash Balance</b>					
Cash at the Casino Cage & Bank Accounts <sup>(2)</sup>	6,700,000	6,700,000	6,000,000	6,100,000	6,100,000
Restricted Cash (Zurich)	654,592	654,592	654,592	654,592	654,592
Cash For Operations	1,200,000	1,344,528	2,332,798	1,377,119	1,073,176
<b>Total Beginning Cash</b>	<b>\$ 8,554,592</b>	<b>\$ 8,699,121</b>	<b>\$ 8,987,391</b>	<b>\$ 8,131,711</b>	<b>\$ 7,827,769</b>
<b>Net Cash Flow after Restructuring Charges &amp; Adequate Protection</b>	<b>144,528</b>	<b>288,270</b>	<b>(855,680)</b>	<b>(303,942)</b>	<b>171,599</b>
<b>Ending Cash Balance</b>	<b>\$ 8,699,121</b>	<b>\$ 8,987,391</b>	<b>\$ 8,131,711</b>	<b>\$ 7,827,769</b>	<b>\$ 7,999,368</b>

(1) The Debtors currently maintain various surety bonds which secure gaming tax and utility payments. The Debtors intend to continue making the required gaming tax and utility payments so that these surety bonds are maintained in favor of the states of Louisiana and Mississippi, and the utility companies. The Debtors may be required to provide some utility deposits in compliance with section 366 of the Bankruptcy Code and those amounts may be in addition to the cash disbursements itemized here.

(2) The Debtors' beginning and ending cash balance includes approximately \$6.7 million of cash (the "Gaming Facilities Cash") that the Debtors maintain at their gaming locations and bank accounts which is restricted by Gaming Regulations.