HON. SAMUEL J. STEINER Chapter 15 HEARING DATE: April 16, 2009 HEARING TIME: 1:30 pm RESPONSE DUE: At Hearing

## UNITED STATES BANKRUPTCY COURT WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re

Case No. 09-13567 (SJS)

DELOITTE & TOUCHE, INC. as Foreign Representative of

DECLARATION OF JOHN R. SANDRELLI CONCERNING CANADIAN LAW

EVERGREEN GAMING CORP., Debtor in a Foreign Proceeding.

JOHN R. SANDRELLI hereby declares and states as follows:

1. My name is John R. Sandrelli. I am a practicing lawyer in the Province of British Columbia, Canada, and a member in good standing of the Law Society of British Columbia and I have practiced exclusively in the area of insolvency and bankruptcy for the last 20 years. I am currently the Vancouver Chair of the Insolvency and Workout Group and Managing Partner of the Vancouver office of Fraser Milner Casgrain LLP. I regularly act for companies in need of restructuring as well as for trustees, receivers, financial institutions, commercial lenders, noteholders and other creditors. I make this declaration from personal knowledge and I am competent to testify to the facts herein.

DECLARATION OF JOHN R. SANDRELLI - 1

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- 2. On April 15, 2009, Evergreen Gaming Corporation and nineteen direct and indirect Canadian and American subsidiaries (collectively, the "Evergreen Group" or the "Debtors") filed a Petition in the Supreme Court of British Columbia, Canada under the Canadian Companies' Creditors Arrangement Act (the "CCAA"), R.S. C. 1985, c.C-36, as amended, and the Business Corporations Act, S.B.C. 2002, c.57 (the "CCAA Proceeding"). 
  I am one of the attorneys acting for the Debtors in the CCAA Proceeding.
- 3. By order entered April 15, 2009, the Supreme Court of British Columbia granted the petitioners relief under the CCAA and appointed Deloitte & Touche Inc. as Monitor for all Debtors in the CCAA Proceeding. A certified copy of the order (i) granting relief under the CCAA, (ii) appointing Deloitte & Touche Inc. as the Monitor and (iii) authorizing the Monitor to commence this Chapter 15 Proceeding (the "CCAA Order") has been supplied to the Monitor's U.S. Counsel for attachment to the Chapter 15 Petition to be filed by the each of the Debtors in the United States Bankruptcy Court.
- 4. The CCAA is a federal statute promulgated under the laws of Canada, the objective of which is to facilitate compromises or arrangements to be made between insolvent corporations and their creditors. The CCAA has a broad remedial purpose giving debtor corporations a process by which they may reorganize their debt or restructure generally under judicial supervision without making a formal assignment under the Bankruptcy and Insolvency Act. The CCAA provides a structured and monitored means to

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<sup>&</sup>lt;sup>1</sup> The "Evergreen Group" consists of Evergreen Gaming Corporation, the parent company, and the following direct and indirect subsidiaries: EGC Holdings Ltd., EGC Properties Ltd., Frank Sisson's Silver Dollar Ltd., Washington Gaming, Inc., Big Nevada, Inc., Little Nevada II, Inc., Little Nevada III, Inc., Silver Dollar Mill Creek, Inc., Golden Nugget Tukwila, Inc., Shoreline Gaming, Inc., Little Nevada, Inc., Snohomish Gaming Inc., Hollydrift Gaming, Inc., Royal Casino Holdings, Inc., Gameco, Inc., Gaming Management Inc., Gaming Consultants, Inc., Shoreline Holdings Inc., and Mill Creek Gaming, Inc. With the exception of EGC Holdings Ltd., EGC Properties Ltd., and Frank Sisson's Silver Dollar Ltd., each of the entities has filed chapter 15 a petition in this Court.

maintain the status quo through a stay of proceedings to allow corporate debtors to effect a plan of reorganization that will allow them to meet the demands of their creditors.

5. From my understanding of the United States Bankruptcy Code, a CCAA proceeding resembles the bankruptcy proceedings in the United States in a case under chapter 11 of the Code. The CCAA process includes the imposition of a stay, centralization of the debtor's assets under the control of a "trustee" with fiduciary obligations to the court and creditors, the involvement of creditors through designated representatives, court review of transactions, notice to creditors of disposition of property, remedies for the avoidance of certain transfers, remedies related to the marshaling of assets and equitable distribution to creditors, and provisions for the restructuring of the Petitioners' business.

I declare under penalty of perjury under laws of the United States of America that I have read the foregoing statement and that it is true and correct to the best of my knowledge, information and belief.

Dated April 15, 2009.

/s/ John R. Sandrelli John R. Sandrelli

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