



No. S092767

Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, as amended**

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.B.C 2002 c. 57

AND

**IN THE MATTER OF EVERGREEN GAMING CORPORATION AND WASHINGTON
GAMING, INC. AND THEIR SUBSIDIARIES**

FOURTH REPORT OF DELOITTE & TOUCHE INC., MONITOR

AUGUST 13, 2009

Deloitte.

Evergreen Gaming
Corporation and
Washington Gaming,
Inc.,
and their subsidiaries
Fourth Report of
Deloitte & Touche
Inc., Monitor

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1. Introduction

On April 15, 2009, Evergreen Gaming Corporation and Washington Gaming, Inc. and their subsidiaries (collectively, the "Company" or the "Petitioners") filed a Petition in the Vancouver Registry of the Supreme Court of British Columbia (the "Court"), Action Number S092767 (the "CCAA Proceedings") and obtained protection from their creditors under the *Companies' Creditors Arrangement Act* ("CCAA") pursuant to the Order of this Honourable Court (the "Initial Order"). The Initial Order which was granted stayed creditors from taking or continuing any proceedings against the Company, thus permitting the Company to remain in control of its assets and to continue carrying on business during the restructuring period.

On May 15, 2009, a further Court Order was granted which continued to stay creditors from taking or continuing any proceedings against the Company until June 18, 2009. This further Court Order was to allow the Company sufficient time to prepare its Plan of Arrangement ("Plan") to its creditors. A further extension was granted on June 18, 2009 for a one week period expiring on June 24, 2009.

On June 24, 2009 an additional extension was granted to the Company which further continued to stay creditors from taking or continuing any proceedings against the Company until July 3, 2009. The Order stipulated that the Petitioners would not seek to extend the stay against Fortress Credit Corporation ("Fortress") beyond July 3, 2009.

On this same date, upon application by Fortress, an additional Order was granted by the Supreme Court of British Columbia which appointed Grant Thornton Limited ("GTL") as Interim Receiver, Receiver and Manager over EGC Holdings Ltd., EGC Properties Ltd. and Frank Sisson's Silver Dollar Ltd. ("Silver Dollar Casino").

On July 3, 2009, an additional extension was granted to the Company which further continued to stay creditors from taking or continuing any proceedings against the Company until September 1, 2009. In addition, the Order approved a settlement agreement ("the Agreement") reached between the Company and Fortress and appointed GTL as Monitor, Interim Receiver and Receiver Manager over the Petitioners with the exception of Evergreen Gaming Corporation ("Evergreen") and Washington Gaming, Inc. ("WGI").

On July 10, 2009, upon application by the Petitioners, this Honourable Court granted a Meeting and Claims Process Order allowing the Petitioners to put their Plan forward to their creditors.

2. Background

Evergreen is a company incorporated under the laws of British Columbia and is publicly listed on the TSX Venture Exchange (TSX-TNA.V).

At the time of the Initial Order, the Company was headquartered in Richmond, British Columbia and operated ten casinos in the Seattle-Puget Sound area of Washington State and operated a casino in Calgary, Alberta, the Silver Dollar Casino. EGC Properties Ltd., a wholly owned subsidiary of EGC Holdings Ltd., which is wholly owned by Evergreen, owns three blocks of land in Calgary on which the Silver Dollar Casino is located.

Mr. Norman Osatuik, the President of Evergreen and Mr. Cory Coyle, now the former President of WGI managed the day to day operations of the Company.

Prior to the Initial Order the Company had been meeting its current operating obligations at each of its casinos and had been keeping its payables current. However, the Company failed to meet its obligations under the Credit Facility Agreement with Fortress by not making monthly payments from November 2008 to the date of this Fourth Report. On April 1, 2009 Fortress made demand in the amount of approximately US\$30 million and served its Notice of Intention to Enforce Security on the Company, necessitating the filing for protection under the CCAA proceedings.

At the time of the initial CCAA filing, the Petitioners had hoped to be able to restructure their business by rationalizing their business and selling certain subsidiaries to address their outstanding obligations to Fortress. The Petitioners were not able to raise sufficient funds and, as noted above, Fortress obtained a Court Order appointing an Interim Receiver and Receiver Manager over the Silver Dollar Casino in Calgary.

Subsequent to this, the Petitioners and Fortress reached the Agreement whereby WGI would transfer its interest in the shares of its subsidiaries listed on Schedule A of the Initial Order to Fortress and Fortress would release its secured claim over Evergreen and WGI upon approval of the Petitioners' Plan. Fortress retained an unsecured charge for a portion of its debt.

The Agreement was approved by this Honourable Court on July 3, 2009. The Agreement preserves certain assets, most significantly the Riverside Casino and allows Evergreen and WGI the opportunity to continue operating the Riverside Casino, and allows them to present their respective Plans to the unsecured creditors.

3. Plan of Arrangement

Pursuant to Paragraph 7 of the Meeting and Claims Process Order, the Monitor was directed to send to each creditor known to Evergreen and WGI the following forms:

- Notice to Creditors (annexed as Schedule C of the Meeting and Claims Process Order);
- Proof of Claim form (annexed as Schedule D of the Meeting and Claims Process Order);
- The Meeting and Claims Process Order;
- The Plan;
- Proxy (annexed as Schedule H of the Meeting and Claims Process Order).

The above noted documents which are collectively the "Meeting Materials" were mailed by the Monitor on July 14, 2009. Subsequent mailings were sent on July 22nd and 30th, 2009 to creditors that had registered claims in the US Chapter 15 proceeding and to other creditors who had requested a copy of the Meeting Materials.

4. Creditor's Meeting & Voting Results

As directed by the Meeting and Claims Process Order, on August 12, 2009 the Petitioners' Creditor's Meeting was held at the office of the Monitor. A quorum was obtained and a duly constituted meeting was held. There were both creditors present and proxies / voting letters filed with the Monitor. After a brief discussion on the status of the CCAA proceeding and a question and answer period, the Monitor proceeded with a vote on the CCAA Plans filed by Evergreen and WGI. The following four votes were held:

- with respect to Evergreen there was a secured and a general creditor vote; and
- with respect to WGI there was a secured and a general creditor vote.

The creditors that were either present or represented by proxy voted as follows:

Secured Creditor Class:

	In Number		In Value	
	For	Against	For	Against
Evergreen Gaming Corporation				
<i>Allowed</i>				
<i>In Number</i>	3	0	29,478,400	0
<i>As a Percentage</i>	100%	0%	100%	0%
Washington Gaming, Inc.				
<i>Allowed</i>				
<i>In Number</i>	3	0	29,478,400	0
<i>As a Percentage</i>	100%	0%	100%	0%

Based on the above voting results, the Petitioners' Plan was approved by the secured creditor class for both Evergreen and WGI as the votes in favour of the Petitioners' Plan for the secured creditor class exceeded the statutory requirement of a majority in number and 2/3rds in value of those voting on the Plan.

As a result, the Petitioners are now seeking an Order of this Court sanctioning the acceptance of the Plan by the secured creditor class.

General Creditor Class:

	In Number		In Value	
	For	Against	For	Against
Evergreen Gaming Corporation				
Allowed				
<i>In Number</i>	10	0	8,529,778	0
<i>As a Percentage</i>	100%	0%	100%	0%
Disputed				
<i>In Number</i>	1	0	60,791	0
<i>As a Percentage</i>	100%	0%	100%	0%
Total				
<i>In Number</i>	11	0	8,590,569	0
<i>As a Percentage</i>	100%	0%	100%	0%
Washington Gaming, Inc.				
Allowed				
<i>In Number</i>	6	1	7,191,656	288,000
<i>As a Percentage</i>	86%	14%	96%	4%
Disputed				
<i>In Number</i>	1	2	60,791	20,496,636
<i>As a Percentage</i>	33%	67%	0%	100%
Total				
<i>In Number</i>	7	3	7,252,447	20,784,636
<i>As a Percentage</i>	70%	30%	26%	74%

Based on the above voting results, the Petitioners' Plan was approved by the general creditor class of Evergreen as the votes in favour of the Petitioners Plan for the general creditor class exceeded the statutory requirement of a majority in number and 2/3rds in value of those voting on the Plan.

As a result, the Petitioners are seeking an Order of this Court sanctioning the acceptance of the Plan for Evergreen.

The Petitioners Plan was not approved by the general creditor class of WGI as a result of Disputed Claims being included for voting purposes. The votes in favour of the Plan exceeded the statutory requirement of a majority in number, however, with the Disputed Claims being included for voting purposes the votes in favour did not meet the statutory requirement of 2/3rds in value.

Given the Plan was not approved by the required majority as a result of the Disputed Claims, the Monitor is advised that the Petitioners will be applying to Court for a determination of the validity and quantum of the Disputed Claims for the purpose of determining the vote of the general creditor class of WGI. As indicated in the Petitioners' Plan, "the right of a Claimant to vote at the Creditors' Meeting pursuant to this Section 5.8 does not constitute an admission on behalf of the Petitioners or the Monitor as to the validity or quantum of any Disputed Claim...". Once this Honourable Court makes a determination on the validity and/or quantum of the Disputed Claims there will be a recalculation of the votes with respect to WGI's general creditor class.

5. Monitor's Recommendation

The Monitor supports the Petitioners' motion for sanctioning the Petitioners' Plan with respect to the secured creditor class of both Evergreen and WGI and the general creditor class with respect to Evergreen on the basis that:

- Notice of the Petitioners Creditors' Meeting, held to approve the Plan, was duly given and the Creditors' Meeting was duly constituted;
- The Plan provided a reasonable return for all classes of creditors;
- The Petitioners' secured creditor class and Evergreen's general creditor class, by those voting in person or by proxy at the Creditors' Meeting, approved the Petitioners' Plan; and
- To the best of the Monitor's knowledge, the Petitioners have complied with all statutory requirements of the CCAA and all previous Orders of this Honourable Court and have not done or purported to do anything which is not authorized by the CCAA.

In the opinion of the Monitor, the Petitioners have acted and continue to act in good faith and with due diligence. The Petitioners have continued to operate the two businesses while fulfilling the restructuring that was contemplated in the Petition. The Monitor believes the Petitioners' Plan is in the best interest of all of the Petitioners stakeholders and recommends to this Honourable Court that the Plan with respect to the Petitioners' secured creditor class and the general creditor class for Evergreen be approved.

With respect to the Plan to the general creditor class of WGI:

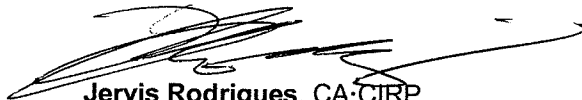
- Notice of the Petitioners Creditors Meeting held to the approve the Plan was duly given and the Creditors Meeting was duly constituted; and
- The Petitioners general creditor class voting in person or by proxy at the Creditors Meeting did not approve the Petitioners' Plan based on statutory requirement of 2/3rds in value required for the Plan to succeed, as a result of Disputed Claims being allowed for voting as directed by the Petitioners' Plan..

There are Disputed Claims which were sufficient to determine the outcome of the vote and the Petitioners will be seeking a determination of this Honourable Court as to the validity and/or quantum of these claims. One of the creditors with a Disputed Claim voted in favour of the Plan and two of the creditors with Disputed Claims voted against the Plan. Copies of the Dispute Notices issued are attached as Appendix A, B and C.

All of which is respectfully submitted this 13th of August, 2009.

Deloitte & Touche Inc.

In its capacity as Court Appointed Monitor of Evergreen Gaming Corporation and Washington Gaming, Inc., and their subsidiaries and not in its personal capacity.



Jervis Rodrigues, CA-CIRP
Senior Vice-President

Appendix A –
Timothy Iszley Dispute Notice

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

**IN THE MATTER OF EVERGREEN GAMING CORPORATION AND WASHINGTON
GAMING, INC., AND THEIR SUBSIDIARIES LISTED ON SCHEDULE "A"**

PETITIONERS

DISPUTE NOTICE

Name of Creditor: Timothy Brian Iszley

Pursuant to the Meeting and Claims Process Order, Evergreen Gaming Corporation and Washington Gaming, Inc. give you notice that your Proof of Claim has been reviewed and your Proof of Claim has been revised or disallowed for the following reasons:

The claim is contingent in nature and not a provable claim.

Washington Gaming, Inc. has documentation to support indemnities were discharged on October 28, 2005 and the claim is disallowed in full.

If you wish to object to the Dispute Notice, you must, within 14 days of the date of delivery of the Dispute Notice, file and serve a Notice of Motion to the address below to be heard by the Court on a date to be agreed to by counsel for the Petitioners:

Fraser Milner Casgrain LLP
1500 — 1040 West Georgia Street
Vancouver, B.C. V6E 4H8
Attention: Christopher J. Ramsay
Fax No. (604) 683-5214
chris.ramsay@fmc-law.com

AND

Deloitte & Touche LLP
PO Box 49279, Four Bentall Centre
2800 – 1055 Dunsmuir Street
Vancouver, British Columbia V7X 1P4
Attn: Delwin Yung
Tel: (604) 640 – 3007
Fax No. (604) 899 - 8376
delyung@deloitte.ca

Subject to further dispute by you in accordance with the provisions of the Proof of Claim, your claim will be allowed at \$0.00 for purposes of (voting) and/or (distribution) (circle one or both).

DATED at Vancouver, British Columbia, Canada this 11th day of August, 2009.

Appendix B –
Michael Iszley Dispute Notice

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

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GAMING, INC., AND THEIR SUBSIDIARIES LISTED ON SCHEDULE "A"**

PETITIONERS

DISPUTE NOTICE

Name of Creditor: Michael Eric Iszley

Pursuant to the Meeting and Claims Process Order, Evergreen Gaming Corporation and Washington Gaming, Inc. give you notice that your Proof of Claim has been reviewed and your Proof of Claim has been revised or disallowed for the following reasons:

The claim is contingent in nature and not a provable claim.

Washington Gaming, Inc. has documentation to support indemnities were discharged on October 28, 2005 and the claim is disallowed in full.

If you wish to object to the Dispute Notice, you must, within 14 days of the date of delivery of the Dispute Notice, file and serve a Notice of Motion to the address below to be heard by the Court on a date to be agreed to by counsel for the Petitioners:

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Attn: Delwin Yung
Tel: (604) 640 – 3007
Fax No. (604) 899 - 8376
delyung@deloitte.ca

Subject to further dispute by you in accordance with the provisions of the Proof of Claim, your claim will be allowed at \$0.00 for purposes of voting and/or distribution (*circle one or both*).

DATED at Vancouver, British Columbia, Canada this 11th day of August, 2009.

Appendix C –

Seattle Junior Hockey Association
Dispute Notice

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

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GAMING, INC., AND THEIR SUBSIDIARIES LISTED ON SCHEDULE "A"**

PETITIONERS

DISPUTE NOTICE

Name of Creditor: Seattle Jr Hockey Association

Pursuant to the Meeting and Claims Process Order, Evergreen Gaming Corporation and Washington Gaming, Inc. give you notice that your Proof of Claim has been reviewed and your Proof of Claim has been revised or disallowed for the following reasons:

Little Nevada II Inc is not the subject of this Plan which has been filed by Washington Gaming, Inc. ("WGI"), and Evergreen Gaming Corporation ("EGC"). Accordingly, the two claims which are on EGC and WGI's claim forms in the amount of \$60,791.38 each, against Little Nevada II Inc are not provable claims under the Plan.

If you wish to object to the Dispute Notice, you must, within 14 days of the date of delivery of the Dispute Notice, file and serve a Notice of Motion to the address below to be heard by the Court on a date to be agreed to by counsel for the Petitioners:

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Vancouver, B.C. V6E 4H8
Attention: Christopher J. Ramsay
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delyung@deloitte.ca

Subject to further dispute by you in accordance with the provisions of the Proof of Claim, your claim will be allowed at \$0.00 for purposes of: voting and/or distribution (*circle one or both*).

DATED at Vancouver, British Columbia, Canada this 11th day of August, 2009.