

ORIGINAL

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UNITED STATES
BANKRUPTCY COURT
PATRICIA GRAY
CLERK

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10

11 UNITED STATES BANKRUPTCY COURT

12 DISTRICT OF NEVADA

13 In re:)
14 STRATOSPHERE CORPORATION) Case No. BK-S 97-20554 GWZ
15 a Delaware corporation) Chapter 11
16 EIN: 88-0292318)
17)
18 Debtor.)

19 In re:)
20 STRATOSPHERE GAMING CORP.) Case No. BK-S 97-20555 GWZ
21 a Nevada corporation) Chapter 11
22 EIN: 88-0320164) (Jointly Administered)

23 Debtor.)
24) SEVENTH AND FINAL APPLICATION OF
25) ARTHUR ANDERSEN LLP FOR APPROVAL OF
26) COMPENSATION AND REIMBURSEMENT OF
27) EXPENSES (INCLUSIVE OF EXHIBITS A
28) THROUGH P); DECLARATION OF JEFFREY R.
29) TRUITT IN SUPPORT THEREOF

30) Date: December 10, 1998
31) Time: 10:00 AM
32) Calendar Clerk:

33 SEVENTH AND FINAL APPLICATION FOR APPROVAL OF COMPENSATION AND REIMBURSEMENT
34 OF EXPENSES UNDER 11 U.S.C. § 330 TO ARTHUR ANDERSEN LLP AS ACCOUNTANTS AND
35 RESTRUCTURING/REORGANIZATION ADVISORS TO STRATOSPHERE CORPORATION AND
36 STRATOSPHERE GAMING CORP., DEBTORS AND DEBTORS-IN-POSSESSION.
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1 The independent public accounting and financial advisory firm of Arthur
2 Andersen LLP ("Arthur Andersen" or the "Firm") submits this Seventh and Final
3 Application for Approval of Compensation and Reimbursement of Expenses (the
4 "Seventh And Final Application" or this "Application") for the period of
5 July 1, 1998 through October 14, 1998 (the "Seventh Application Period") and
6 hereby seeks final approval of all compensation and reimbursement of expenses
7 previously approved on an interim basis for the periods of January 27, 1997
8 through April 30, 1997 (the "First Application Period"); May 1, 1997 through
9 June 30, 1997 (the "Second Application Period"); July 1, 1997 through
10 August 31, 1997 (the "Third Application Period"); September 1, 1997 through
11 December 31, 1997 (the "Fourth Application Period"); January 1, 1998 through
12 March 31, 1998 (the "Fifth Application Period"); and April 1, 1998 through
13 June 30 1998 (the "Sixth Application Period"). In support of the Seventh And
14 Final Application, Arthur Andersen respectfully represents as follows:

15 I.

16 INTRODUCTION

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18 1. Through this Seventh And Final Application, Arthur Andersen seeks
19 approval of fees and expenses incurred in connection with the Firm's
20 representation of Stratosphere Corporation and Stratosphere Gaming Corp.,
21 debtors and debtors-in-possession herein (collectively, "Stratosphere" or the
22 "Debtors", and each individually, a "Debtor"). During the Seventh Application
23 Period, the Firm's professionals and paraprofessionals expended a total of
24 677.1 hours. The professional fees for such services, computed at Arthur
25 Andersen's standard hourly rates for similar services, are \$91,472.50.
26 Certain audit/compliance related services were performed pursuant to the terms
27 of a fixed-fee agreement entered into by Arthur Andersen and Stratosphere (see
28 Exhibit "N"). To the extent actual professional fees incurred in the
29 rendition of such services differed from the fixed-fee amount agreed upon

1 (with respect to such services), Arthur Andersen adjusted the amount of
2 professional fees billed in order to comply with the terms of the fixed-fee
3 agreement. Accordingly, Arthur Andersen has applied a downward adjustment of
4 \$5,843.00 with respect to fees incurred during the Seventh Application Period,
5 thereby reducing the actual professional fees for which it is seeking approval
6 to \$85,629.50. Arthur Andersen incurred ordinary and necessary expenses of
7 \$1,662.20 during the Seventh Application Period.

8 2. During the period from January 27, 1997 through October 14, 1998
9 ("Case Period"), the Firm's professionals and paraprofessionals expended a
10 total of 7,212.8 hours. The professional fees for such services, computed at
11 Arthur Andersen's standard hourly rates for similar services, are
12 \$1,111,216.00. Certain audit/compliance related services were performed
13 pursuant to the terms of four fixed-fee agreements entered into by Arthur
14 Andersen and Stratosphere (see Exhibits "K", "L", "M" and "N"). To the extent
15 actual professional fees incurred in the rendition of such services differed
16 from the fixed-fee amounts agreed upon (with respect to such services), Arthur
17 Andersen adjusted the amount of professional fees billed in order to comply
18 with the terms of the fixed-fee agreements. Accordingly, Arthur Andersen has
19 applied downward adjustments totaling \$52,996.50 with respect to fees incurred
20 during the Case Period, thereby reducing the net amount of fees billed to
21 \$1,058,219.50. Accordingly, the Firm is seeking final approval for fees
22 incurred during the Case Period in the net amount of \$1,058,219.50.

23 3. Arthur Andersen incurred ordinary and necessary expenses of
24 \$21,879.59 during the Case Period.

25 4. The Firm recognizes that the fees incurred in these cases are
26 substantial. However, when considered in light of the complexity of the issues
27 involved, the type of services provided and the results achieved thus far, the
28 Firm believes that the fees requested are reasonable under the circumstances
29 and commensurate with the quality and quantity of services provided.

1 II.

2 SUMMARY OF FEE REQUEST

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4 5. This Application is the Firm's seventh and final application and
5 seeks approval, on a final basis, of compensation and reimbursement of
6 expenses for services rendered to the Debtors, in amounts which have been or
7 will be invoiced to the Debtors for the Case Period.

8 6. The Seventh And Final Application requests that this Court: (i)
9 approve fees in the amount of \$1,058,219.50 and expenses in the amount of
10 \$21,879.59 incurred by the Firm in connection with services rendered in these
11 cases and (ii) award and order to be paid to the Firm the balance of any such
12 fees and expenses incurred after deducting any retainer received by the Firm
13 and any payments made on account of prior interim fee awards.

14
15 **A. Fees Requested**

16 7. **Seventh Application Period:** The Firm seeks allowance of
17 compensation for the Seventh Application Period in the aggregate net amount of
18 \$85,629.50.

19 8. **Case Period:** The Firm also seeks allowance of compensation for the
20 Case Period, in the aggregate amount of \$1,058,219.50. After taking into
21 account the fees paid to the Firm pursuant to interim compensation orders
22 (entered by this Court) and the Firm's retainer, the following sums remain due
23 and unpaid:

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Professional Fees	Requested	Interim Approval	Pending Approval	Payments Received	Outstanding Balance
First Interim Application	\$113,844.50	\$113,844.50	\$0.00	\$113,844.50	\$0.00
Second Interim Application	58,038.00	58,038.00	0.00	58,038.00	0.00
Third Interim Application	214,565.50	214,565.50	0.00	214,565.50	0.00
Fourth Interim Application	183,866.50	183,866.50	0.00	183,866.50	0.00
Fifth Interim Application	223,101.00	223,101.00	0.00	223,101.00	0.00
Sixth Interim Application	179,174.50	179,174.50	0.00	179,174.50	0.00
Seventh and Final Application	85,629.50	0.00	85,629.50	0.00	85,629.50
Total	\$1,058,219.50	\$972,590.00	\$85,629.50	\$972,590.00	\$85,629.50

B. Expenses Incurred

9. Seventh Application Period: The Firm seeks allowance of reimbursement for expenses incurred during the Seventh Application Period in the amount of \$1,662.20.

10. Case Period: The Firm also seeks allowance of reimbursement for expenses incurred during the Case Period, in the aggregate amount of \$21,879.59. After taking into account the amounts paid to the Firm (pursuant to interim compensation orders entered by this Court) as reimbursement for expenses incurred, and the Firm's retainer, the following sums remain due and unpaid:

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