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13 (702) 734-2220

14 Special Securities Counsel for Debtors

15 UNITED STATES BANKRUPTCY COURT

16 DISTRICT OF NEVADA

17 In re:  
18 STRATOSPHERE CORPORATION,  
19 a Delaware corporation,  
20 Debtor.

CASE NO. 97-20554 GWZ  
CHAPTER 11  
(Jointly Administered)

21 In re:  
22 STRATOSPHERE GAMING CORP.,  
23 a Nevada corporation,  
24 Debtor.

Case No. 97-20555 GWZ  
Date: December 10, 1998  
Time: 10:00 a.m.  
(per Sheila)

25 **FINAL FEE APPLICATION OF**  
26 **GIBSON, DUNN & CRUTCHER LLP, SPECIAL SECURITIES LITIGATION**  
27 **COUNSEL, SEEKING COMPENSATION FOR LEGAL SERVICES RENDERED**

28 This final application for allowance of compensation ("Final Application") is filed by GIBSON, DUNN & CRUTCHER LLP (the "Gibson Firm"), special securities litigation counsel for Stratosphere Corporation, a Delaware corporation, one of the debtors and debtors-

1797

1 in-possession in the above-captioned Chapter 11 cases, and other  
2 named defendants in the securities litigation, i.e., Grand Casinos,  
3 Inc., a Minnesota corporation, David K. Wirshing, Lyle A. Berman,  
4 Thomas A. Lettero, Andrew S. Blumen, Thomas G. Bell and Stanley  
5 Taube (collectively, the "Defendants"). On August 18, 1997 the  
6 Gibson Firm filed its Second Interim Fee Application ("Second  
7 Application"). The Gibson Firm's Second Application is attached  
8 hereto as Exhibit "1". Upon the United States Trustee review of the  
9 Gibson Firm's Second Application, the United States Trustee issued  
10 and filed its Objection of the United States Trustee to Second  
11 Interim Fee Application of Gibson, Dunn Crutcher LLP, Special  
12 Securities Litigation Counsel, Seeking Compensation for Legal  
13 Services Rendered and Reimbursement of Expenses ("Trustee's  
14 Objection") on September 5, 1997. A copy of the Trustee's Objection  
15 is attached hereto as Exhibit "2". The Trustee's Objection  
16 requested the Court to impose "holdbacks" with respect to the  
17 reimbursement of fees and expenses sought by the Gibson Firm in its'  
18 Second Application. On October 1, 1997 an Order Approving Second  
19 Interim Fee Application of Gibson, Dunn Crutcher LLP, Special  
20 Securities Litigation Counsel, Seeking Compensation for Legal  
21 Services Rendered and Reimbursement of Expenses ("Order") was  
22 entered, wherein the Court ordered that the Gibson Firm was granted  
23 reimbursement of professional fees in the amount of \$37,334.93 and  
24 not the full requested amount of \$56,008.00, which the Gibson Firm  
25 sought. A copy of the Order is attached hereto as Exhibit "3". The  
26 Order further called for the remaining \$18,673.07 of the Gibson  
27 Firm's fee to be subject to further order of the court. Pursuant to  
28 this Final Application, the Gibson Firm respectfully represents that

1 the Court enter an Order:

2 (a) Authorizing the debtors to pay to the Gibson Firm all  
3 unpaid fees, which are only those heldback from the Gibson  
4 Firm's **Second Application in the amount of \$18,673.07,** as may  
5 be now allowed by the Court;<sup>1</sup>

6 (b) Determining the total amount of professional fees  
7 charged by the Gibson Firm to the debtors during that Second  
8 Application Period were reasonable within the meaning of  
9 11 U.S.C. § 330(a); and

10 (c) Authorizing the Gibson Firm to draw down on its retainer  
11 all approved fees and expenses allowed by the Court.

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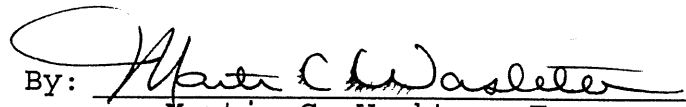
26 <sup>1</sup> The Gibson Firm's retention letter allows for Grand Casinos, Inc.  
27 ("Grand") to pay one-half (1/2) of the fees and costs expended.  
28 The billings attached do not reflect those credits.

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This Final Application is supported by the attached points and authorities and the exhibits to the Final Application, which contain descriptions and analysis of the professional services rendered by the Gibson Firm.

Dated this 12th day of November, 1998.

Respectfully submitted,  
  
MARTIN C. WASHTON, SBN 054762  
GARETH T. EVANS, SBN 138992  
JAMES P. MANISCALCO, SBN 179386  
GIBSON, DUNN & CRUTCHER LLP  
  
KIRK B. LENHARD, Nevada BAR 1437  
JONES, JONES, CLOSE & BROWN

By:   
Martin C. Washton, Esq.  
Special Securities Litigation Counsel

GIBSON, DUNN & CRUTCHER LLP  
BILLING SUMMARY

*totals*

Fees Previously Requested	\$ 329,684.00
Fees Previously Awarded	\$ 311,010.93
Expenses Previously Requested	\$ 107,150.27
Expenses Previously Awarded	\$ 107,150.27
Retainer paid	\$ 12,500.00 <sup>2</sup>
Drawn on Retainer	\$ 0.00
Remaining Retainer	\$ 12,500.00

*18,673.07  
held back*

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<sup>2</sup> This is the retainer attributable to Stratosphere Corporation paid at the time of the Gibson Firm's retention in October, 1996. This retainer has not been applied to any of the Gibson Firm's fees and costs, either pre- or post-petition.

1 POINTS AND AUTHORITIES

2 I

3 GENERAL BACKGROUND

4 1. On January 27, 1997 (the "Petition Date"), the debtors  
5 filed their voluntary Chapter 11 petitions, thereby commencing their  
6 Chapter 11 case. Debtors owned and operated a casino hotel and  
7 related facilities in Las Vegas, Nevada ("Casino-Hotel").

8 2. Debtors continued to be in possession, operation and  
9 management of the Casino-Hotel as debtors-in-possession in  
10 accordance with Sections 1107 and 1108 of the United States  
11 Bankruptcy Code.

12 3. On February 7, 1997, the debtors filed an application to  
13 employ the Gibson Firm as special securities litigation counsel for  
14 Defendants. Pursuant to their application, the Court subsequently  
15 entered an Order authorizing the employment of the Gibson Firm as  
16 special securities litigation counsel for the Defendants.

17 4. The Debtors ceased possession, operation and management of  
18 the Casino-Hotel pursuant to the Bankruptcy Court's Order Approving  
19 Plan of Reorganization dated October 14, 1998.

20 5. The Gibson Firm continues to hold in its trust account a  
21 retainer in the amount of \$12,500.00 attributable to Stratosphere  
22 Corporation.

23 6. Pursuant to this Final Application, the Gibson Firm  
24 requests allowance of compensation of \$18,673.07, in connection with  
25 services provided during the Second Application Period, but heldback  
26 in accordance with the Order of October 1, 1997. The Gibson Firm  
27 has received no payments on those professional fees during this  
28 Final Application Period.



1 Thus, the attached supporting Exhibits "1" and "4" contain a  
2 description of the Gibson Firm's professional services and  
3 reimbursable expenses.

4 IV

5 STANDARDS RELEVANT TO PROFESSIONAL

6 COMPENSATION

7 A. There are no current fees billed by the Gibson Firm to the  
8 Defendants for professional services rendered during this Final  
9 Application Period. There are no current fees pertaining to the  
10 Prior Application Periods. The only fees noted were those heldback  
11 from the Second Application. Those amounts were calculated (as  
12 required by Bankruptcy Code Section 330) in accordance with the  
13 standards used to calculate what would be charged for comparable  
14 services in a non-bankruptcy situation.

15 B. The pertinent factors to be considered in establishing  
16 fees for legal services rendered are: (a) the time and labor  
17 required, the novelty and difficulty of the questions involved, and  
18 the skill required to perform the legal services properly; (b) the  
19 likelihood that the acceptance of the particular employment will  
20 preclude other employment by the lawyer; (c) the fee customarily  
21 charged for similar services; (d) the amount involved and the  
22 results obtained; (e) the time constraints required by the  
23 exigencies of the case, including the frequency and amount of time  
24 required to be devoted other than in regular business hours; (f) the  
25 nature and length of the professional relationship with the client;  
26 (g) the experience, reputation, and ability of the lawyers  
27 performing the services; and (h) whether the fee is fixed or  
28 contingent. In re First Colonial Corp. of America, 544 F.2d 1291



1 (5th Cir. 1977), cert. denied, 431 U.S. 904 (1977); American Bar  
2 Association's Code of Professional Responsibility, Disciplinary  
3 Rule 2-106.

4 C. The Gibson Firm submits that its requested professional  
5 compensation is fair and reasonable under the circumstances of this  
6 case and its representation of the Defendants therein.

7 V

8 COMPLIANCE WITH SECTION 504 OF THE  
9 BANKRUPTCY CODE AND BANKRUPTCY RULE 2016

10 The Gibson Firm has not entered into any arrangement or  
11 agreement with any person or entity with respect to the sharing of  
12 fees and expenses for which the Gibson Firm is seeking compensation  
13 and reimbursement as set forth in this Supplemental Amended Fourth  
14 Application, except as permitted by Bankruptcy Code  
15 Section 504(b)(1).

16 VI

17 CONCLUSION

18 WHEREFORE, the Gibson Firm respectfully requests that the Court  
19 enter an Order:  
20

21 (a) Authorizing the debtors to pay to the Gibson Firm all  
22 unpaid fees, which are only those heldback from the Gibson  
23 Firm's Second Application in the amount of \$18,673.07, as may  
24 be now allowed by the Court;<sup>3</sup>

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26 <sup>3</sup> The Gibson Firm's retention letter allows for Grand Casinos, Inc.  
27 ("Grand") to pay one-half (1/2) of the fees and costs expended.  
28 The billings attached do not reflect those credits.

1 (b) Determining the total amount of professional fees  
2 charged by the Gibson Firm to the debtors during that Second  
3 Application Period were reasonable within the meaning of  
4 11 U.S.C. § 330(a); and

5 (c) Authorizing the Gibson Firm to draw down on its  
6 retainer all approved fees and expenses allowed by the Court.  
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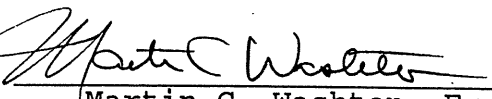
8 This Final Application is supported by the attached points and  
9 authorities and the exhibits to the Final Application, which contain  
10 descriptions and analysis of the professional services rendered by  
11 the Gibson Firm.  
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13 DATED this 12th day of November, 1998.  
14

15 Respectfully submitted,

16 MARTIN C. WASHTON, SBN 054762  
17 GARETH T. EVANS, SBN 138992  
18 JAMES P. MANISCALCO, SBN 179386  
19 GIBSON, DUNN & CRUTCHER LLP

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24 Martin C. Washton, Esq.  
25 Special Securities Litigation Counsel  
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