

Plaintiffs' Exhibit 1502

From: Bill Scott. Sent: 10/13/2008 1:38 PM.
To: [-] Susman, Jeff; Yunker, Bret D; Varnell, Jon M; Howard, David; Fuad, Peter H -Legal; Susman, Jeff; Yunker, Bret D; Varnell, Jon M; Howard, David; Fuad, Peter H -Legal.
Cc: Richard Brunette; Fred Puglisi; Richard Brunette; Fred Puglisi.
Bcc: .
Subject: FW: Fontainebleau Resorts.

Dear All:

REDACTED - PRIVILEGED

WMS

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From: Andrei Dorenbaum [mailto:ADorenbaum@hcmIp.com]
Sent: Monday, October 13, 2008 9:37 AM
To: Bill Scott
Cc: Brad Means; Kevin Rourke
Subject: RE: Fontainebleau Resorts

Bill,

This e-mail follows-up our conversation from last week. We would like to confirm the following matters:

1. Under section 3.3.23 of the Master Disbursement Agreement, the borrower cannot request disbursements without demonstrating that the Retail Lenders made required advances under the relevant financing agreements.
2. We are unaware and understand that the agent is unaware of any facts that would support that Lehman, as a Retail Lender, made any disbursements while in bankruptcy. In fact, as we discussed, it is both your understanding and our understanding that Lehman has not made any disbursements while in bankruptcy.
3. It does not appear that Retail Lenders made the Sept. payment, but rather equity investors. Please see attached report from Merrill Lynch. This would indicate that the reps the company made for that funding request were false.
4. Given the above, we believe that the agent should request the borrower to provide wiring confirmations from the Retail Lenders or funding certificates from the Retail Lenders to confirm that funding is made by the Retail Lenders (rather than other sources). This includes confirmation for the Sept. payment as this issues raises a breach concern under the Disbursement Agreement.
5. The borrower's legal counsel should provide an opinion that the Lehman funding agreement is in full force and effect. This issue is a legal question and should be certified by qualified bankruptcy counsel, rather than the borrower's CFO. Our position is that Lehman is in breach of the agreement because it failed to fund and thus the agreement is not in full force.

Please let me know if you have any additional questions.

Best regards,

Andrei Dorenbaum

Assistant General Counsel

Highland Capital Management, L.P.

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Dallas, Texas 75240

office: 972-419-2573

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From: Kevin Rourke. Sent: 10/10/2008 12:42 PM.
To: Andrei Dorenbaum; Brad Means.
Cc: .
Bcc: .
Subject: FW: High Yield: HY Gaming, Lodging & Leisure Weekly - United States - 32pp.

FYI - re: Fontainebleau equity sponsor funding for retail commitment.

Kevin Rourke
Highland Capital Management, LP
13455 Noel Road, Suite 800
(972) 628-4100
krouke@hcmlp.com

-----Original Message-----

From: ML-John Maxwell [mailto:feedback@mlresearch.ml.com]
Sent: Friday, October 03, 2008 11:29 AM
To: Kevin Rourke
Subject: High Yield: HY Gaming, Lodging & Leisure Weekly - United States - 32pp

Link to full report including important disclosures*
<http://research1.ml.com/C/?q=sGaH03J5e%2BTltljEpgrEYA%3D%3D&r=rourke>

Gaming, Lodging & Leisure Recent Performance

Gaming: Highlights

1) Legislative Update - The Time Grows Near. We provide an overview of several gaming initiatives slated for the November 4, 2008 ballot. Highlighted states include AR, CO, IL, KY, MD, MO and OH.

2) Las Vegas Sands Issues Convertible Notes. LVS has entered into a \$475 million convertible note offering with the Adelson family. Proceeds will be used to reduce the debt of the U.S. credit facility and cure potential covenant violations.

3) Foxwoods Announces Layoffs. MASHTU announced plans to layoff 700 workers (6% of total) at its Foxwoods and MGM Grand at Foxwoods properties.

4) Penn National Lowers 3Q 2008 Guidance. Adjusted EBITDA is now expected to be \$146.3 million (was \$178.6 million), due to i) the economic slowdown, ii) heightened competition and iii) hurricane disruptions.

5) Fontainebleau Update. We understand that the FBLEAU equity sponsors have funded the amount required from Lehman on the retail credit facility due this month (\$4 million). As a result, there are no delays in construction thus far.

Lodging: Highlights

1) Marriott Reports 3Q 2008 Results; Maintain UW-30%. We are still not comfortable given the ongoing slowing lodging fundamentals.

2) Lodging - 3Q 2008 RevPAR Preview. We expect actual 3Q 2008 RevPAR's to be at or slightly below

the low-end of management guidance. We have included a monthly RevPAR summary, credit flashes and a lodging comp sheet.

3) Starwood Hotels - Downgrading to UW-30%. Our ratings change primarily reflects the potential for slowing international demand.

4) Smith Travel Research: Weekly Lodging RevPAR -2%; -1.8% Past Month.

Leisure: Highlights
None

To reply to John Maxwell directly, Click here mailto:john_maxwell@ml.com or call +1 212 449 5936

* Read the research report, available through the link above, for complete information including important disclosures and analyst certification(s). The research report and the link to such report is for the use of Merrill Lynch customers only and all copying, redistribution, retransmission, publication, and any other unauthorized dissemination or use of the contents thereof are prohibited. Reports can be saved to your local drive in .pdf format. There may be more recent information available. Please visit one of the electronic venues that carry Merrill Lynch research or contact your Merrill Lynch representative for further information.

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Publication: 571136-10772194.pdf
Recipient: Kevin Rourke

Plaintiffs' Exhibit 1504

United States Bankruptcy Court/Southern District of New York Lehman Brothers Holdings Claims Processing Center c/o Epiq Bankruptcy Solutions, LLC FDR Station, P.O. Box 5076 New York, NY 10150-5076		<h2 style="margin: 0;">PROOF OF CLAIM</h2>	
In Re: Lehman Brothers Holdings Inc., et al. Debtors.	Chapter 11 Case No. 08-13555 (JMP) (Jointly Administered)	Filed: USBC - Southern District of New York Lehman Brothers Holdings Inc., Et Al. 08-13555 (JMP) 0000027120	
Name of Debtor Against Which Claim is Held Lehman Brothers Holdings, Inc.	Case No. of Debtor 08-13555		
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503. Additionally, this form should not be used to make a claim for Lehman Programs Securities (See definition on reverse side.)		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.	
Name and address of Creditor: (and name and address where notices should be sent if different from Creditor) Fontainebleau Las Vegas Retail LLC; Attn: Howard C. Karawan 19950 West Country Club Drive, Aventura, FL 33180 Notice should also be sent to: Kasowitz, Benson, Torres & Friedman LLP Attn: Jed I. Bergman and Matthew B. Stein 1633 Broadway, New York, NY 10019 Telephone number: (212) 506-1717 Email Address: jbergman@kasowitz.com		Court Claim Number: _____ (If known) Filed on: _____	
Name and address where payment should be sent (if different from above) Telephone number: _____ Email Address: _____		<input checked="" type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.	
1. Amount of Claim as of Date Case Filed: \$ Please see attachment. If all or part of your claim is secured, complete Item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete Item 5. If all or part of your claim qualifies as an Administrative Expense under 11 U.S.C. §503(b)(9), complete Item 6. <input type="checkbox"/> Check this box if all or part of your claim is based on a Derivative Contract.* <input type="checkbox"/> Check this box if all or part of your claim is based on a Guarantee.* *IF YOUR CLAIM IS BASED ON AMOUNTS OWED PURSUANT TO EITHER A DERIVATIVE CONTRACT OR A GUARANTEE OF A DEBTOR, YOU MUST ALSO LOG ON TO http://www.lehman-claims.com AND FOLLOW THE DIRECTIONS TO COMPLETE THE APPLICABLE QUESTIONNAIRE AND UPLOAD SUPPORTING DOCUMENTATION OR YOUR CLAIM WILL BE DISALLOWED. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of interest or additional charges. Attach itemized statement of interest or charges to this form or on http://www.lehman-claims.com if claim is a based on a Derivative Contract or Guarantee.		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim: <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries or commissions (up to \$10,950), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5). <input type="checkbox"/> Up to \$2,425 of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(____). Amount entitled to priority: \$ _____	
2. Basis for Claim: Please see attachment. (See instruction #2 on reverse side.)		FOR COURT USE ONLY <div style="border: 2px solid black; padding: 10px; text-align: center;"> <h3 style="margin: 0;">FILED / RECEIVED</h3> <p style="font-size: 24px; margin: 5px 0;">SEP 22 2009</p> <p style="margin: 0;">EPIQ BANKRUPTCY SOLUTIONS, LLC</p> </div>	
3. Last four digits of any number by which creditor identifies debtor: _____ 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)			
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: _____ Value of Property: \$ _____ Annual Interest Rate _____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____			
6. Amount of Claim that qualifies as an Administrative Expense under 11 U.S.C. §503(b)(9): \$ _____ (See instruction #6 on reverse side.)		Date: 9/21/09 Signature: _____ The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.	
7. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. 8. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages and security agreements. Attach redacted copies of documents providing evidence of perfection of a security interest. (See definition of "redacted" on reverse side.) If the documents are voluminous, attach a summary. DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain: _____			
Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.			

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.

Items to be completed in Proof of Claim form

Name of Debtor, and Case Number:

YOU MUST INDICATE THE SPECIFIC DEBTOR AGAINST WHICH YOUR CLAIM IS ASSERTED, INCLUDING THE THE NAME OF THE DEBTOR AND THE RELATED CASE NUMBER (DEBTORS AND CASE NUMBERS LISTED BELOW), IN THE SPACE ALLOTTED AT THE TOP OF THE CLAIM FORM.

08-13555	Lehman Brothers Holdings Inc.	08-13905	CES Aviation LLC
08-13600	LB 745 LLC	08-13906	CES Aviation V LLC
08-13885	Lehman Brothers Commodity Services Inc.	08-13907	CES Aviation IX LLC
08-13888	Lehman Brothers Special Financing Inc.	08-13908	East Dover Limited
08-13893	Lehman Brothers OTC Derivatives Inc.	09-10108	Luxembourg Residential Properties Loan Finance S.a.r.l.
08-13899	Lehman Brothers Derivative Products Inc.	09-10137	BNC Mortgage LLC
08-13900	Lehman Commercial Paper Inc.	09-10558	Structured Asset Securities Corporation
08-13901	Lehman Brothers Commercial Corporation	09-10560	LB Rose Ranch LLC
08-13902	Lehman Brothers Financial Products Inc.	09-12516	LB 2080 Kalakaua Owners LLC
08-13904	Lehman Scottish Finance L.P.	08-13664	PAMI Stalter Arms LLC

If your Claim is against multiple Debtors, complete a separate form for each Debtor.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the Bankruptcy filing. Follow the instructions concerning whether to complete items 4, 5 and 6. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:

Use this space to report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

4. Secured Claim:

Check the appropriate box and provide the requested information if the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See DEFINITIONS, below.) State the type and the value of property that secures the claim, attach copies of lien documentation, and state annual interest rate and the amount past due on the claim as of the date of the bankruptcy filing.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).

If any portion of your claim falls in one or more of the listed categories, check the appropriate box(es) and state the amount entitled to priority. (See DEFINITIONS, below.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Amount of Claim that qualifies as an Administrative Expense under 11 U.S.C. §503(b)(9)

State the value of any goods received by the debtor within 20 days before the date of commencement in which the goods have been sold to the debtor in the ordinary course of the debtor's business.

7. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

8. Documents:

Attach to this proof of claim form redacted copies documenting the existence of the debt and of any lien securing the debt. You may also attach a summary. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary. FRBP 3001(c) and (d). Do not send original documents, as attachments may be destroyed after scanning.

Date and Signature:

The person filing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2), authorizes courts to establish local rules specifying what constitutes a signature. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. Attach a complete copy of any power of attorney. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS

Debtor
A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

Creditor
A creditor is the person, corporation, or other entity owed a debt by the debtor on the date of the bankruptcy filing.

Claim
A claim is the creditor's right to receive payment on a debt that was owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

Proof of Claim
A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the Claims Agent at the following address:
Lehman Brothers Holdings Claims Processing
c/o Epiq Bankruptcy Solutions, LLC
FDR Station, PO Box 5076
New York, NY 10150- 5076

Secured Claim Under 11 U.S.C. §506(a)
A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

Unsecured Claim
An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

Claim Entitled to Priority Under 11 U.S.C. §507(a)
Priority claims are certain categories of unsecured Claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

Redacted
A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor should redact and use only the last four digits of any social-security, individual's tax identification, or financial-account number, all but the initials of a minor's name and only the year of any person's date of birth.

Evidence of Perfection
Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

Derivative Contract
A contract that is any of (i) a "swap agreement" as such term is defined in section 101(53B) of the Bankruptcy Code or (ii) a "forward contract" as such term is defined in section 101(25) of the Bankruptcy Code. A cash-market purchase or sale of a security or loan (i.e. any purchase or sale of a security or loan for settlement within the standard settlement cycle for the relevant market), exchange-traded future or option, securities loan transaction, repurchase agreement in respect of securities or loans, and any guarantee or reimbursement obligations which would otherwise be included in the definition of such terms in the Bankruptcy Code shall not be considered a Derivative Contract for the purposes of this definition nor shall any notes, bonds, or other securities issued by the Debtors or their affiliates (including, but not limited to, Lehman Brothers Holdings Inc., Lehman Brothers Treasury Co. B.V., Lehman Brothers Bankhaus AG, Lehman Brothers Holdings plc, Lehman Brothers Securities N.V., and Lehman Brothers (Luxembourg) Equity Finance S.A.).

Guarantee
A promise, representation or agreement to answer for the payment of some debt or the performance of some duty in case of the failure of another person or entity who is liable in the first instance.

Lehman Programs Securities
Lehman Programs Securities means those securities included on the Lehman Programs Securities list available on <http://www.lehman-docket.com> as of July 27, 2009.

INFORMATION

Acknowledgment of Filing of Claim
To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim, or you may access the Claims Agent's system (<http://www.lehman-docket.com>) to view your filed proof of claim.

Offers to Purchase a Claim
Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 *et seq.*), and any applicable orders of the bankruptcy court.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
:

In re: : Case No.: 08-13555 (JMP)

:

Lehman Brothers Holdings Inc., et al. : Chapter 11

:

Debtors. : (Jointly Administered)

:

-----X

ATTACHMENT TO PROOF OF CLAIM FORM

Fontainebleau Las Vegas Retail LLC ("Fontainebleau Retail" or "Claimant"), a creditor in the above-captioned jointly administered chapter 11 bankruptcy cases (the "Chapter 11 Cases") of Lehman Brothers Holdings Inc. ("LBHI") and its affiliates, hereby submits this attachment to, and in further support of, its proof of claim (the "Proof of Claim") against LBHI.

1. The Fontainebleau Las Vegas, a planned "Tier A" casino hotel resort with gaming, lodging, convention, and entertainment amenities (the "Project"), is approximately 70% complete and is situated on approximately 24.4 acres at the sites of the former El Rancho Hotel and Algiers Hotel on the north end of the Las Vegas Strip. The current plans for the Project include a 63-story glass skyscraper, featuring, among other things: (a) approximately 3,815 stylishly furnished guestrooms; (b) an approximately 100,000 square-foot casino with an approximately 40-foot tall ceiling, featuring 1,700 slot machines, 125 table games, a 14-table poker room and a race and sports book; (c) approximately 394,000 square feet of class "A" convention, meeting and pre-function space; (d) an approximately 60,000 square-foot state-of-the-art spa; (e) a rooftop pool; and (f) a state-of-the-art theater featuring live entertainment and shows.

2. Fontainebleau Retail has been engaged in the development of approximately 286,500 square feet of the Project's retail component, consisting of signature restaurants,

marquee nightclubs and related amenities (the "Retail Component"). On June 6, 2007, Fontainebleau Retail and LBHI entered into that certain loan agreement (the "Retail Loan Agreement") under which Fontainebleau Retail was to be loaned a total amount of \$315 million (the "Retail Loan"). The Retail Loan Agreement was entered into to finance, in part, the construction of a multi-billion dollar casino-resort development project in Las Vegas (the "Project").

3. The Retail Loan Agreement provided that the Retail Loan was to be funded through an initial advance in the amount of \$125.4 million on the closing date. Thereafter, an additional \$145 million was to be advanced pursuant to conditions in the Retail Loan Agreement from time to time, based upon the incurred expenses of the Project, upon the request of Fontainebleau Retail (the "Advance Requests"). The remaining \$44.6 million of the Retail Loan was earmarked for the purpose of paying monthly debt service amounts in the event of a shortfall between revenue and expenses at the Project for a specific month, although such funding was not limited to the payment of interest. Specifically, the Retail Loan was intended to be applied towards the development of both (i) the completion of the Project, in conjunction with the concurrent funding from the other sources of capital; and (ii) the completion of the Retail Component, which is comprised of numerous air rights parcels located in the podium section of the Project.

4. After syndication of the Retail Loan, LBHI remained responsible for \$215 million of the Retail Loan, or 68.253968%.

5. In conjunction with the Retail Loan, LBHI, as lender and agent, also entered into a mezzanine loan agreement dated June 6, 2007 (the "Mezzanine Loan Agreement") with Fontainebleau Las Vegas Retail Mezzanine, LLC ("Fontainebleau Mezzanine"), as borrower,

and Fontainebleau Las Vegas Retail Parent, LLC, as pledgor, pursuant to which, subject to the terms and conditions thereof, LBHI agreed to lend and Fontainebleau Mezzanine agreed to borrow \$85 million (the "Mezzanine Loan"). LBHI funded the entire principal amount of the Fontainebleau Mezzanine Loan.

6. Concurrently with entering into the Retail Loan Agreement and the Mezzanine Loan Agreement, LBHI requested and obtained guarantees (the "Guarantees"), in consideration for the Retail Loan and the Mezzanine Loan, from Fontainebleau Resorts, LLC ("Fontainebleau Resorts") and Jeffrey Soffer, jointly and severally. In particular, the following guarantees were provided:

- a completion guarantee to guarantee the completion of construction of all improvements in the Fontainebleau retail component of the Project;
- a \$400 million payment guarantee to guarantee 100% of the retail credit facilities until the conveyance to Fontainebleau Retail of fee title to the Fontainebleau retail component of the Project, receipt of a separate tax lot endorsement to the title policy and the "Opening Date" as defined in the documents, at which time the guarantee will reduce to 50% of the retail credit facilities. The guarantee will be further reduced to 25% of the retail credit facilities upon the conditions described above and the achievement of a satisfactory debt service coverage ratio;
- a recourse guarantee for losses resulting from the violation of any of the single-purpose entity provisions or certain other provisions set forth in the retail credit facility documents;
- an environmental indemnity to indemnify the retail lenders against losses resulting from any release of hazardous materials or certain other environmental issues at the site of the Fontainebleau retail component of the Project.

7. Apart from the Retail Loan and the Mezzanine Loan, other financing for the Project includes a \$1.85 billion senior secured credit facility (the "Resort Loan"), with Fontainebleau Las Vegas, LLC as borrower, for the benefit of Fontainebleau Las Vegas, LLC, and which was guaranteed by Fontainebleau Resorts and Fontainebleau Resort Properties I, LLC. Additionally, Fontainebleau Las Vegas Holdings, LLC and Fontainebleau Las Vegas Capital

Corp. issued \$675 million of 10.25% Second Mortgage Notes Due 2015 (the "Junior Mortgage Notes"), which were guaranteed by Fontainebleau Las Vegas, LLC, Fontainebleau Resorts, and Fontainebleau Resort Properties I, LLC. The financing is tied together by a master disbursement agreement, pursuant to which, subject to certain conditions, monthly advances were to be made from the Resort Loan and the Retail Loan. One of the conditions to the advances from the Resort Loan is that advances be made from the Retail Loan, and *vice versa*.

8. On September 15, 2008, LBHI commenced the above-captioned Chapter 11 case.

9. Pursuant to the Retail Loan Agreement, Fontainebleau Retail made a valid and proper Advance Request in September 2008 in the amount of \$3,730,628.00. LBHI failed to honor its obligation in the amount of \$2,526,184.00 (the "LBHI September Advance").

10. Pursuant to the Retail Loan Agreement, Fontainebleau Retail made a valid and proper Advance Request in December 2008 in the amount of \$4,969,135.00. LBHI failed to honor its obligation in the amount of \$3,391,631.83 (the "LBHI December Advance").

11. Pursuant to the Retail Loan Agreement, Fontainebleau Retail made a valid and proper Advance Request in January 2009 in the amount of \$3,324,093.00. LBHI failed to honor its obligation in the amount of \$2,268,825.38 (the "LBHI January Advance").

12. Pursuant to the Retail Loan Agreement, Fontainebleau Retail made a valid and proper Advance Request in February 2009 in the amount of \$4,043,132.00. LBHI failed to honor its obligation in the amount of \$2,759,598.04 (the "LBHI February Advance").

13. Pursuant to the Loan Agreement, Fontainebleau Retail made a valid and proper Advance Request in March 2009 in the amount of \$4,854,180.00. LBHI failed to honor its obligation in the amount of \$3,313,170.49 (the "LBHI March Advance").

14. Accordingly, LBHI has failed to honor its obligations to Fontainebleau Retail

under the Retail Loan Agreement in the amount of \$14,259,409.74 based upon its failure to honor the LBHI September Advance, the LBHI December Advance, the LBHI January Advance, the LBHI February Advance, and the LBHI March Advance (collectively, the "LBHI Advances").

15. Moreover, Fontainebleau Retail has made, from time to time, numerous requests to LBHI in its capacity as agent under the Retail Loan Agreement seeking various consents and approvals related to and necessary for the completion of the Project. These consents included obtaining the required approval of modifications to the configuration of the retail collateral. LBHI has continually delayed in responding to these requests. The continued delays have severely harmed the development of the Project in an amount yet to be determined.

16. In connection with the Retail Loan, Fontainebleau Retail, together with Fontainebleau Las Vegas LLC, Fontainebleau Resorts, LLC, and Fontainebleau Las Vegas Holdings, LLC entered into a title indemnity agreement (the "Retail Indemnity"), jointly and severally agreeing to indemnify and hold harmless the counter-party title insurance companies from liability, loss, or damage incurred by the title companies caused by any and all mechanics' liens filed against the real property. Accordingly, Fontainebleau Retail asserts a claim for any damages incurred under the Retail Indemnity arising out of or related to LBHI's failure to fund the LBHI Advances.

17. Additionally, Claimant asserts a right to setoff its damages against any claim that LBHI or its affiliates or related parties may assert against Claimant, including but not limited to those claims arising out of or related to any loan funded, in whole or in part, by LBHI or its affiliates or related parties. Claimant also asserts a right or a claim, including such a claim for indemnification or contribution, against LBHI, with respect to any claim brought by a third-party

against Claimant arising out of or related to, directly or indirectly, LBHI's failure to fund the LBHI Advances.

18. The Proof of Claim and the Claims set forth therein are not subject to subordination under any provisions of the Bankruptcy Code or otherwise applicable law.

19. The filing of this Proof of Claim is not intended to be and should not be construed as (a) a statement of all claims or facts supporting the claims of Claimant, (b) an election of remedies, (c) a waiver of any past, present or future defaults or events of default, or (d) a waiver or limitation of any rights, claims or causes of action of Claimant.

20. Claimant reserves the right to amend and/or to supplement this Proof of Claim to reflect any additional claims of whatever kind or nature that it has or may have against the Debtors, including, without limitation, any claims for (a) attorneys' fees incurred both before and after the Petition Date, (b) premiums, costs, expenses, fees and other charges incurred both before and after the Petition Date, (c) interest accrued both before and after the Petition Date, (d) claims for punitive damages that are not compensation for actual pecuniary losses suffered to the extent permitted by applicable law; and (e) all other claims at law or in equity.

21. Claimant reserves the right to supplement this Proof of Claim with additional relevant documents and/or claims.

22. This Proof of Claim is not a waiver of any right, power, or remedy that may be available to Claimant in any applicable document or by law; all such rights are hereby expressly reserved.

23. No judgment has been rendered on this Proof of Claim or the Claims set forth herein.

24. Claimant files this Proof of Claim without prejudice and in addition to any other

claims of Claimant that have been listed in any of the Debtors' schedules.

25. Notices with respect to this Proof of Claim should be served upon the following:

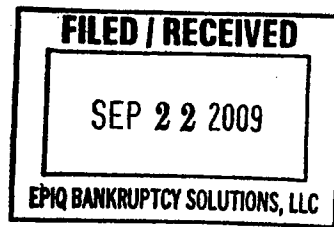
Kasowitz, Benson, Torres & Friedman LLP
Attn: Jed I. Bergman and Matthew B. Stein
1633 Broadway
New York, NY 10019
Facsimile: (212) 506-1800

--and--

Fontainebleau Las Vegas Retail, LLC
Attn: Howard Karawan
19550 West Country Club Drive
Aventura, FL 33180

H
A
N
D

D
E
L
I
V
E
R
Y



RECEIVED BY:

DATE

TIME

Plaintiffs' Exhibit 1505

From: Bolio, Brandon. Sent: 3/24/2009 11:53 PM.
To: bscott@sheppardmullin.com; bscott@sheppardmullin.com.
Cc: .
Bcc: .
Subject: Re: Fontainebleau Las Vegas update.

Tks.

From: Bill Scott
To: Valerie Shapiro
Cc: robert.dombroff@bingham.com ; keith.c.braun@db.com ; Bolio, Brandon; Corum, Brian; Yu, Henry; Alan Martin
Sent: Tue Mar 24 20:47:51 2009
Subject: RE: Fontainebleau Las Vegas update

Redacted -- Privileged

From: Valerie Shapiro [mailto:valerie.shapiro@db.com]
Sent: Tuesday, March 24, 2009 8:45 PM
To: Bill Scott
Cc: robert.dombroff@bingham.com; keith.c.braun@db.com; Bolio, Brandon; Corum, Brian; henry.yu@bankofamerica.com
Subject: RE: Fontainebleau Las Vegas update

Thanks Bill. Was able to dial-in at end of call.

Redacted -- Privileged

Val Shapiro
Global Banking
Deutsche Bank
60 Wall Street
New York, New York 10005

Office: (212) - 250 - 4574
Mobile: (917) - 734 - 9727
valerie.shapiro@db.com

"Bill Scott" <bscott@sheppardmullin.com> wrote on 03/24/2009 05:21:32 PM:

>
> Redacted -- Privileged

> Again, sorry on timing.
>

> WMS

>

> From: Valerie Shapiro [mailto:valerie.shapiro@db.com]

> Sent: Tuesday, March 24, 2009 2:03 PM

> To: Bill Scott

> Cc: adrianknowles@bankofscotlandusa.com; Alan Martin; Andrew

> Carlson; Brent Horstman; Bolio, Brandon; Corum, Brian; Chet

> Paipanandiker; csullivan@smbclf.com; Howard, David; diane.

> albanese@barclayscapital.com; donald.shokrian@jpmorgan.com; Sieke,

> Eric -Legal; henry.yu@bankofamerica.com;

> janevanbrussel@bankofscotlandusa.com; jason.white@barclayscapital.

> com; jessica.fainman@barclayscapital.com; jkim@smbclf.com; john.

> mcdonagh@chase.com; Fuszard, Joseph; Keith C Braun; kerl.

> svancara@barcap.com; Kevin Rourke; marc.costantino@jpmorgan.com;

> mark.manski@barclayscapital.com; mark.spitzer@bingham.com; MaryKay

> Coyle; richard.l.smith@chase.com; robert.dombroff@bingham.com;

> robert.silverman@barclayscapital.com; Naval, Ronaldo; Shane

> Noworatzky; Theresa Bangert; tim.mcnaught@rbs.com; vlad.barshtak@rbs.com

> Subject: RE: Fontainebleau Las Vegas update

> Bill -

>

> Thank you for arranging a Lenders call. However, given it is so late

> in the day, I will not be able to adjust my schedule to attend.

> Wouldn't it be more appropriate when you can assure all lenders can

> participate and have had sufficient time to prepare. Do others agree?

>

> -----

> Val Shapiro

> Global Banking

> Deutsche Bank

> 60 Wall Street

> New York, New York 10005

>

> Office: (212) - 250 - 4574

> Mobile: (917) - 734 - 9727

> valerie.shapiro@db.com

>

>

> "Bill Scott" <bscott@sheppardmullin.com> wrote on 03/24/2009 04:23:56 PM:

>

>> This matter is being covered by Brian Corum and Brandon Bolio, with

>> support from Jay Wampler.

>>

>> We are in the process of putting together an AT&T call this evening

>> in response to your request and Val's email at 6:00 PM (EAST) this

>> evening to answer any questions about the materials which have been

>> posted. The call in will be made available as soon as it can be arranged.

>>

>> WMS

>>

>> [image removed]

>>

>> 333 South Hope Street

>> 48th Floor

>> Los Angeles, CA 90071-1448

>> 213.620.1780 office

>> fax

>> www.sheppardmullin.com

>>

>> William M. Scott IV

>> 213.617.4276 direct | 213.443.2717 direct fax

> > 818.515.3679 cell
> > bscott@sheppardmullin.com | Bio
> >
> >
> >
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> > From: Kevin Rourke [mailto:KRourke@hcmlp.com]
> > Sent: Tuesday, March 24, 2009 1:12 PM
> > To: 'Valerie Shapiro'; 'henry.yu@bankofamerica.com'
> > Cc: 'adriankowles@bankofscotlandusa.com'; Alan Martin; 'Andrew
> > Carlson'; Brent Horstman; 'Bolio, Brandon'; 'Corum, Brian'; Bill
> > Scott; Chet Paipanandiker; 'csullivan@smbclf.com'; 'Howard, David';
> > 'diane.albanese@barclayscapital.com'; 'donald.shokrian@jpmorgan.
> > com'; 'Sieke, Eric -Legal'; 'janevanbrussel@bankofscotlandusa.com';
> > 'jason.white@barclayscapital.com'; 'jessica.fainman@barclayscapital.
> > com'; 'jkim@smbclf.com'; 'john.mcdonagh@chase.com'; 'Fuszard,
> > Joseph'; 'Keith C Braun'; 'keri.svancara@barcap.com'; 'marc.
> > costantino@jpmorgan.com'; 'mark.manski@barclayscapital.com'; 'mark.
> > spitzer@bingham.com'; 'MaryKay Coyle'; 'richard.l.smith@chase.com';
> > 'robert.dombroff@bingham.com'; 'robert.silverman@barclayscapital.
> > com'; 'Naval, Ronaldo'; Shane Noworatzky; Theresa Bangert; 'tim.
> > mcnaught@rbs.com'; 'vlad.barshtak@rbs.com'
> > Subject: RE: Fontainebleau Las Vegas update
>
> > Who at Bank of America is covering for Henry Yu on the Fontainebleau
> > Las Vegas case while he is on vacation?
> >
> > Kevin Rourke
> > Highland Capital Management, LP
> > 13455 Noel Road, Suite 800
> > (972) 628-4100
> > krourke@hcmlp.com
> > From: Valerie Shapiro [mailto:valerie.shapiro@db.com]
> > Sent: Tuesday, March 24, 2009 2:12 PM
> > To: henry.yu@bankofamerica.com
> > Cc: adriankowles@bankofscotlandusa.com; Alan Martin; Andrew
> > Carlson; Brent Horstman; Bolio, Brandon; Corum, Brian; Bill Scott;
> > Chet Paipanandiker; csullivan@smbclf.com; Howard, David; diane.
> > albanese@barclayscapital.com; donald.shokrian@jpmorgan.com; Sieke,
> > Eric -Legal; janevanbrussel@bankofscotlandusa.com; jason.
> > white@barclayscapital.com; jessica.fainman@barclayscapital.com;
> > jkim@smbclf.com; john.mcdonagh@chase.com; Fuszard, Joseph; Keith C
> > Braun; keri.svancara@barcap.com; Kevin Rourke; marc.
> > costantino@jpmorgan.com; mark.manski@barclayscapital.com; mark.
> > spitzer@bingham.com; MaryKay Coyle; richard.l.smith@chase.com;
> > robert.dombroff@bingham.com; robert.silverman@barclayscapital.com;
> > Naval, Ronaldo; Shane Noworatzky; Theresa Bangert; tim.mcnaught@rbs.
> > com; vlad.barshtak@rbs.com
> > Subject: Re: Fontainebleau Las Vegas update
> >
> > Henry -

>>
>> Thank you for the update and the additional information posted to
>> Intralinks today. Seems it would be appropriate to hold a Steering
>> Committee call today/tomorrow to discuss the following points:
>>
>> 1. Has BofA delivered a defaulting lender notice to Z Capital and/or
>> Guggenheim?
>>
>> 2. Why it is appropriate to allow for the inclusion of \$21.7m of
>> defaulting lender commitments in the In-Balance Test?
>>
>> 3. What progress has been made in scheduling a meeting with
>> Management for early next week and what specific topics will be discussed.
>>
>> -----
>> Val Shapiro
>> Global Banking
>> Deutsche Bank
>> 60 Wall Street
>> New York, New York 10005
>>
>> Office: (212) - 250 - 4574
>> Mobile: (917) - 734 - 9727
>> valerie.shapiro@db.com
>>
>>
>> "Yu, Henry" <henry.yu@bankofamerica.com> wrote on 03/23/2009 12:41:07 PM:
>>
>>> Dear committee members;
>>>
>>> I would like to update you on a few items. But first I would like
>>> to apologize to those lenders on the phone Friday who were in queue
>>> to ask questions. There was a miscommunication between the people
>>> at the site and the operator over whether there were questions.
>>> Specifically, Glenn Schaeffer thought he heard that there was no
>>> questions and hung up.
>>>
>>> 1. Presentation slides
>>> These came in last night and were posted to Intralinks this morning.
>>>
>>> 2. Z Capital position
>>> There was a question at the meeting whether Barclays had stepped
>>> into Z Capital's shoes on the Delay Draw Term Loan commitment.
>>> Barclays has confirmed to me this morning that they have NOT.
>>>
>>> 3. IVI certificate
>>> The company and IVI worked through the weekend to reconcile the
>>> numbers. We heard from IVI this morning that the numbers have been
>>> reconciled. The positive in balance will be reduced to \$16 mm. The
>>> company will be updating the advance request package with a Nov 1
>>> opening date, and IVI is expecting that they will issue a clean
>>> certificate.
>>>
>>> 4. Availability of Z Capital and unfunded Guggenheim positions
>>> Bank of America is preparing a statement on these positions for
>>> distribution to private side lenders today.
>>>
>>> 5. Follow up meeting between committee and company
>>> I plan to schedule a follow up meeting between the committee and the
>>> company next week to talk about longer term issues such as updated
>>> plans and projections.
>>>

> > > 6. Bingham's engagement
> > > The company still has not committed definitively to our request that
> > > they pick up the tab for Bingham although they have indicated that
> > > they are so inclined.
> > >
> > >
> > > Best regards,
> > > Henry
> > >
> > >
> > >
> > > ---
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Plaintiffs' Exhibit 1506

From: Heimann, Jeff S. Sent:10/20/2008 10:41 AM.
To: Varnell, Jon M; Varnell, Jon M.
Cc: Vertrees, Jennifer M; Vertrees, Jennifer M.
Bcc: .
Subject: FW: Meeting in Las Vegas?.

Think this was meant for you Jon.

-----Original Message-----

From: Sturzenegger, Ron D
Sent: Monday, October 20, 2008 7:36 AM
To: Vertrees, Jennifer M
Cc: Goldsmith, Larry J; Tria, Vincent A; Heimann, Jeff S
Subject: RE: Meeting in Las Vegas?

Jen,

Can you see if we can get on the phone at 12.15pm EST today?

Thanks,

Ron

Ron Sturzenegger

Managing Director, Global Head

Real Estate, Gaming & Lodging Investment Banking

Banc of America Securities LLC

(415) 627-2004

(415) 913-5802 - Fax

rsturzenegger@bofasecurities.com

-----Original Message-----

From: Goldsmith, Larry J
Sent: Monday, October 20, 2008 7:32 AM
To: Sturzenegger, Ron D
Subject: Re: Meeting in Las Vegas?

I land at 11:50. Could do call after you finish the monday call.

Perhaps include varnell on the fountainbleu side as he is lead there.

Larry Goldsmith
704.236.2555 - cell

----- Original Message -----

From: Sturzenegger, Ron D
To: Goldsmith, Larry J
Sent: Mon Oct 20 10:26:38 2008
Subject: RE: Meeting in Las Vegas?

Sorry, on a call...what time you land?

Ron Sturzenegger

Managing Director, Global Head

Real Estate, Gaming & Lodging Investment Banking

Banc of America Securities LLC

(415) 627-2004

(415) 913-5802 - Fax

rsturzenegger@bofasecurities.com

-----Original Message-----

From: Goldsmith, Larry J
Sent: Monday, October 20, 2008 7:25 AM
To: Sturzenegger, Ron D; Tria, Vincent A
Subject: Re: Meeting in Las Vegas?

Can talk now, but have a flight leaving in 15-20

Larry Goldsmith
704.236.2555 - cell

----- Original Message -----

From: Sturzenegger, Ron D
To: Tria, Vincent A
Cc: Goldsmith, Larry J
Sent: Mon Oct 20 10:23:11 2008
Subject: RE: Meeting in Las Vegas?

Can the 3 of us discuss today...I can get to LV, but at great personal expense...want to make sure that it is worth the pain.

Ron Sturzenegger

Managing Director, Global Head

Real Estate, Gaming & Lodging Investment Banking

Banc of America Securities LLC

(415) 627-2004

(415) 913-5802 - Fax

rsturzenegger@bofasecurities.com

From: Tria, Vincent A

Sent: Friday, October 17, 2008 2:44 PM

To: Sturzenegger, Ron D

Cc: Goldsmith, Larry J

Subject: Meeting in Las Vegas?

Ron,

Ray just called and would like to know if you can meet him and Jeff Soffer in Las Vegas next Tuesday or Wednesday. They would like to you to see Fontainebleau, meet Jeff and of course continue to discuss capital raising ideas.

Larry and I spoke at some length earlier and we attempting to set up a call for you, Ron C, John Varnell, Larry and me for Tuesday, which we now might push to Monday.

Lemme know if this works. Thanks,

Vinnie Tria

Florida Region Executive

Commercial Real Estate Banking

305.533.2453 o

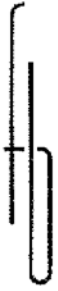
305.533.2456 f

vincent.a.tria@bankofamerica.com

Plaintiffs' Exhibit 1507

From: Jim Freeman. Sent: 3/3/2009 11:38 PM.
To: brian.corum@bankofamerica.com; Naval, Ronaldo; brian.corum@bankofamerica.com; Naval, Ronaldo.
Cc: .
Bcc: .
Subject: Notice of Borrowing.





FONTAINEBLEAU RESORTS, LLC
702 495 8100
2827 PARADISE ROAD
LAS VEGAS NV 89109
FONTAINEBLEAU.COM

March 3, 2009

VIA ELECTRONIC MAIL

Bank of America, N.A.,
as Administrative Agent
Agency Management
901 Main Street
Mail Code TX1-492-14-11
Dallas, TX 75202
Attn: Ronaldo Naval, Vice President

RE: CREDIT AGREEMENT DATED AS OF JUNE 6, 2007 AMONG FONTAINEBLEAU LAS VEGAS, LLC, FONTAINEBLEAU LAS VEGAS II, LLC, THE LENDERS PARTY THERETO AND BANK OF AMERICA, N.A., AS ADMINISTRATIVE AGENT

Dear Ron:

We are in receipt of your letter of March 3, 2009, in which Bank of America incorrectly declined to process the Notice of Borrowing we submitted yesterday¹. We are legally entitled to have these monies deposited into the Bank Proceeds Account, in which we have a beneficial interest.

Your letter states that you will not process the Notice of Borrowing based upon an erroneous position that the Notice of Borrowing does not comply with Section 2.1(c)(iii) of the Credit Agreement. We believe that your reading of that section is contrary to the plain language of the Credit Agreement and related Loan Documents. For that reason, we urge you to reconsider your position.

The Notice of Borrowing, by its own terms, satisfies the requirements of Section 2.1(c)(iii). Specifically, at the time that Revolving Loans in excess of \$150 million will be outstanding, the Delay Draw Commitments will have been fully drawn in compliance with this provision.

To be clear, Section 2.1(c)(iii) does not require the Delay Draw Term Loan Commitment to have been **funded prior** to drawing down the Revolving Loans; instead, this provision restricts the **outstanding** amount of the Revolving Loans **unless** the Total Delay Draw Commitments have

¹ The Notice of Borrowing submitted on March 2, 2009, contained a scrivener's error such that the amount of Borrowing sought under the Revolving Commitments was represented to be \$670 million. The actual amount intended to be drawn upon is \$656,522,698, in respect of \$13,477,302 of Letters of Credit outstanding. We attach hereto a corrected Notice of Borrowing reflecting the appropriate amount.

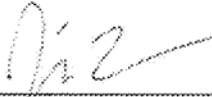
been **fully drawn**. By fully drawing on the Delay Draw Commitments at the same time as we requested the borrowing under the Revolving Commitments, we met this requirement.

Accordingly, the Notice of Borrowing we submitted yesterday satisfied the requirements of the Credit Agreement and should have been processed and funded today. Your failure to have done so constitutes a breach of the Credit Agreement, resulting in substantial harm to the Loan Parties. We expect the Lenders to honor their obligations and fund their loans pursuant to the corrected Notice of Borrowing without further delay.

Nothing herein is intended to waive any of our rights and/or remedies, both at law or in equity, all of which we expressly reserve.

Very truly yours,

Fontainebleau Las Vegas, LLC



Name: Jim Freeman

Title: Sr. Vice President and Chief Financial Officer

cc: Brian Corum

NOTICE OF BORROWING

March 3, 2009

Bank of America, N.A.,
as Administrative Agent
Mail Code: TX1-492-14-11
Bank of America Plaza
901 Main St.
Dallas, TX 75202-3714
Attention: Donna F. Kimbrough

Fontainebleau Las Vegas, LLC and Fontainebleau Las Vegas II, LLC

Ladies and Gentlemen:

Pursuant to Section 2.4 of that certain Credit Agreement, dated as of June 6, 2007 (as amended, supplemented, replaced or otherwise modified from time to time, the "Credit Agreement"; capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement or if not set forth therein the meanings given to them in the Disbursement Agreement, or, to the extent the Disbursement Agreement is then not in effect, the Disbursement Agreement as of the last day of its effectiveness), among Fontainebleau Las Vegas, LLC and Fontainebleau Las Vegas II, LLC (collectively, the "Borrowers"), each lender from time to time party thereto and Bank of America, N.A., as administrative agent (the "Administrative Agent"), the Borrowers hereby give the Administrative Agent irrevocable notice that the Borrowers hereby request a Loan under the Credit Agreement, and in that connection set forth below the information relating to such Loan:

1. The Banking Day of the proposed Loan is March 5, 2009 (the "Borrowing Date").
2. The proposed Loan is a Disbursement Agreement Loan.
3. The proposed Loan is a Delay Draw Loan and a Revolving Loan.
4. The Type of the proposed Loan is a Base Rate Loan.
5. The aggregate amount of the proposed Delay Draw Loan is \$350,000,000, and the aggregate amount of the proposed Revolving Loan is \$656,522,698.

The Borrowers agree that, if prior to the Borrowing Date any of the foregoing certifications shall cease to be true and correct, the Borrowers shall forthwith notify the Administrative Agent thereof in writing (any such notice, a "Non-Compliance Notice"). Except to the extent, if any, that prior to the Borrowing Date, the Borrowers shall deliver a Non-Compliance Notice to the Administrative Agent, each of the foregoing certifications shall be deemed to be made additionally on the Borrowing Date as if made on such date.

The undersigned is executing this Notice of Borrowing not in an individual capacity, but in the undersigned's capacity as a Responsible Officer of the Borrowers.

Very truly yours,

FONTAINEBLEAU LAS VEGAS, LLC,

and

FONTAINEBLEAU LAS VEGAS II, LLC

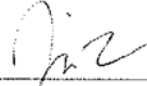
By: Fontainebleau Las Vegas Holdings, LLC,
Managing Member of each of the foregoing

By: Fontainebleau Resort Properties I, LLC, its
Managing Member

By: Fontainebleau Resort Holdings, LLC, its
Managing Member

By: Fontainebleau Resorts, LLC, its Managing
Member

By:

Name: 
Jim Freeman

Title: Sr. Vice President and Chief Financial Officer

Plaintiffs' Exhibit 1508

From: Varnell, Jon M.

Sent: 10/18/2007 12:44 AM.

To: mmalone@bofasecurities.com; Malone, Michael D.

Cc: bill.newby@bankofamerica.com; david.howard@bankofamerica.com; bdyunker@bofasecurities.com; Newby, Bill; Howard, David; Yunker, Bret D.

Bcc: .

Subject: Fontainebleau.

Mike - I understand you received a call Wednesday from Jeff Soffer indicating that the company had made the (drastic) decision not to sell condos in its Las Vegas project. I spoke with Jim Freeman tonight who tells me that, while Jeff has talked about that internally, the idea has no support from any other FB or Turnberry executive, particularly Glenn. The idea would introduce a host of difficult issues, the timing couldn't be worse, construction of the sales center is ongoing, and the rest of the team wish Jeff would quit bringing it up. Jim wants to have a call with us tomorrow to update us on a number of ideas, and he's eager to clean this up as well. I think we're best served, for now, to keep the notion within this small circle, and to basically let it drop for now.

JV

Plaintiffs' Exhibit 1509

From: Bender, Kyle D. Sent: 3/27/2008 5:25 PM.
To: Varnell, Jon M; Yunker, Bret D; Varnell, Jon M; Yunker, Bret D.
Cc: .
Bcc: .
Subject: FW: Barclays Capital Gaming, Lodging, and Leisure Update.

Jim apparently telling Barclays that condo sales process may be further delayed:

"Regarding condominium sales, the timetable is may be pushed back. While FBLEAU had originally hoped to open its sales office and begin selling condos in April, it appears that a marketing effort may not begin in earnest until later this year, possibly the fall. Management stated that while it could begin marketing in the summer, hot weather would not be conducive to high visitation at the sales office; thus, the entire condo sale process could be delayed. Additionally, while prior Turnberry projects had been marketed toward domestic buyers, FBLEAU will seek to capitalize on international customers looking to take advantage of the weak dollar. Management stated that the potential push back is due to the delay in the opening of its sales office on the Strip, although the weak condo market could be why the company is potentially pushing the opening until the fall."

-----Original Message-----

From: Lauren Oberg [mailto:loberg@fbresorts.com]
Sent: Thursday, March 27, 2008 2:09 PM
To: Bender, Kyle D
Subject: FW: Barclays Capital Gaming, Lodging, and Leisure Update

-----Original Message-----

From: Carpenter, William [mailto:WCarpenter@LordAbbott.com]
Sent: Monday, March 24, 2008 4:28 PM
To: Lauren Oberg
Subject: FW: Barclays Capital Gaming, Lodging, and Leisure Update

Wasn't sure if you saw this...

-----Original Message-----

From: John.Kempf@barclayscapital.com
[mailto:John.Kempf@barclayscapital.com]
Sent: Monday, March 17, 2008 8:07 AM
To: John.Kempf@barclayscapital.com
Subject: Barclays Capital Gaming, Lodging, and Leisure Update

Market Overview

Stocks were significantly weaker this past Friday on news that the Fed and JP Morgan would provide a bail-out plan for troubled Bear Stearns.

Following BSC's announcement that its liquidity had deteriorated significantly over Thursday night, the stock cratered and finished 47% lower on the day. The Dow fell 195 points close at 11,951 while the S&P gave back 27 points and finished at 1,288. Despite equity volatility, the general High Yield market was relatively unchanged on light volumes. It was the same story within the gaming sector, as not much trading took place. Most bonds were quoted lower on the day; however, buyers stepped in at lower levels. STN underperformed, and the sr and sr sub notes were down about 1-1 1/4 point.

Over the weekend, JP Morgan agreed to buy Bear Stearns for \$2/share, or about \$240mn. Also over the weekend, following an emergency meeting, the Fed announced that it would cut the discount rate a quarter point, to 3.25%. Following a weak overnight trading session in Asia, US stocks are opening lower this morning and credit spreads are moving wider.

Fontainebleau

We spoke with Fontainebleau last Friday and got an update on the construction progress in Las Vegas. The hotel tower is built to approximately the 24th floor on top of the 85-foot podium. Floors are being completed at a rate of one per every five days and the hotel tower will likely be completed about six to eight weeks ahead of schedule. However, the parking garage remains about seven weeks behind schedule, although this is not part of the critical path. At the close of last month, approximately \$544mn of the total budget had been spent, and there was slightly under \$85mn (out of an original \$111mn) in contingency funds available.

On the positive side, management stated that an equity contribution is still expected by the end of Q1. Interestingly, this contribution may not be a standard investment, but it would resolve any potential liquidity issues resulting from potentially higher construction costs and reduced condo sales proceeds.

Regarding condominium sales, the timetable is may be pushed back. While FBLEAU had originally hoped to open its sales office and begin selling condos in April, it appears that a marketing effort may not begin in earnest until later this year, possibly the fall. Management stated that while it could begin marketing in the summer, hot weather would not be conducive to high visitation at the sales office; thus, the entire condo sale process could be delayed. Additionally, while prior Turnberry projects had been marketed toward domestic buyers, FBLEAU will seek to capitalize on international customers looking to take advantage of the weak dollar. Management stated that the potential push back is due to the delay in the opening of its sales office on the Strip, although the weak condo market could be why the company is potentially pushing the opening until the fall. Recall that delayed condo sales are not tested under the company's credit facility until the end of Q1 09, at which time, if the company has not sold any units, pricing on the facility would increase to L + 400 from the current L + 325.

At current levels, we continue to find FBLEAU's notes attractive (\$67 bid, 18.7% YTW, 1635 bp STW) as we believe the possibility of an equity investment may mitigate any near-term liquidity issues. Nevertheless, if

management cannot close on the equity transaction, we would expect the bonds to trade down significantly.

Upcoming Events

Monday, March 17

Inn of The Mountain Gods will hold a conference call today at 2:00PM.

The dial-in number is (888) 591-4956.

Thursday, March 20

Carnival will host a conference call at 10:00AM. The dial-in number is (212) 271-4505.

John Kempf, CFA

Director

212-412-6833

john.kempf@barcap.com

Andrew Brophy

Manager

212-412-3084

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