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12 UNITED STATES BANKRUPTCY COURT
13 CENTRAL DISTRICT OF CALIFORNIA
14 SANTA ANA DIVISION

15 In re
16 James C. Gianulias,
17 Debtor.

Case No. 8:08-bk-13150-RK
Chapter 7 Proceeding

18 In re
19 Cameo Homes, a California Corporation
20 Debtor.

Case No. 08-bk-13151-RK
Chapter 7 Proceeding

**EX PARTE APPLICATION FOR ORDER
SHORTENING TIME FOR HEARING ON
JOINT MOTION OF JAMES C.
GIANULIAS AND CAMEO HOMES FOR
ORDER APPROVING THE SALE OF
CERTAIN PARTNERSHIP INTERESTS
PURSUANT TO 11 U.S.C. §§ 105 AND 303;
DECLARATION OF JAMES C.
GIANULIAS IN SUPPORT THEREOF**

1 **TO THE HONORABLE ROBERT KWAN, UNITED STATES BANKRUPTCY JUDGE,**
2 **THE OFFICE OF THE UNITED STATES TRUSTEE, AND OTHER PARTIES-IN-**
3 **INTEREST IN THESE CHAPTER 7 CASES:**

4 James C. Gianulias, the debtor in involuntary chapter 7 case no. 08-13150 ("Mr.
5 Gianulias"), and Cameo Homes, a California Corporation, the debtor in involuntary chapter 7 case
6 no. 08-13151 ("Cameo" and, collectively with Mr. Gianulias, the "Debtors"), hereby jointly file
7 this application (the "Application") seeking entry of an order shortening the time for a hearing on
8 the concurrently filed *Joint Motion Of James C. Gianulias And Cameo Homes For Order*
9 *Approving The Sale Of Certain Partnership Interests Pursuant To 11 U.S.C. §§ 105 And 303* (the
10 "Motion") for an order: (i) approving the *Contribution Agreement* (the "Contribution Agreement");
11 (ii) authorizing Mr. Gianulias to transfer 49% of his partnership interests (the "Partnership
12 Interests") in Murrieta 144 Apartments, LP and Murrieta 492, LP (the "Partnerships") to APW
13 Avenue Group, Ltd. (APW) (the "Purchaser"); and (iii) authorizing Cameo, as the sole member of
14 144 Apartments, LLC and 492 Apartments, LLC (the "General Partners"), to consent to the
15 transfer of the General Partners' 1% interest in the Partnerships to the Purchaser, at which time the
16 Purchaser will replace the General Partners as the general partners of the Partnerships.

17 This Application is made pursuant to Local Rule 9075-1 and is more fully supported by (i)
18 the attached Memorandum of Points and Authorities, (ii) the Motion, (iii) the accompanying
19 "Declaration of James C. Gianulias" (the "Gianulias Declaration"), and (iv) the entire record
20 before the Court.

21 If this Application is granted, and a hearing on the Motion is scheduled, counsel for the
22 Debtors will serve a notice of the hearing on the Motion, via expedited delivery, on the following
23 parties: (i) the Office of the United States Trustee; (ii) the twenty (20) largest general unsecured
24 creditors of each of the Debtors; (iii) all secured creditors of each of the Debtors; (iv) any party
25 who filed a request for special notice in the Debtors' chapter 7 cases; and (v) any other party who
26 may be adversely affected by the relief sought in the Motion.

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WHEREFORE, the Debtors respectfully requests that the Court grant this Application and enter an order scheduling a hearing on the Motion for June 30, 2008 or the earliest possible date thereafter.

Dated: June 24, 2008

IRELL & MANELLA LLP

By: *Kerri A. Lyman*
Williams N. Lobel
Alan J. Friedman
Kerri A. Lyman

[Proposed] Attorneys for James C. Gianulias

Dated: June 24, 2008

WINTHROP COUCHOT, P.C.

By: *Paul J Couchot*
Paul Couchot
[Proposed] Attorneys for Cameo Homes, a
California Corporation

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. FACTUAL BACKGROUND**

3 Mr. Gianulias is a limited partner in a number of single asset real estate ventures that
4 purchase and develop real estate assets. Mr. Gianulias owns 100% of Cameo, which is the sole
5 member of the General Partners, which are the general partners of each of the Partnerships. The
6 Partnerships are in the process of developing residential apartment complexes (the "Projects").

7 As a result of changes in the market and a general decline in the economy, in
8 approximately November 2007, the Debtors and certain other parties-in-interest began actively
9 seeking an investor to make a contribution to the Partnerships, which are currently operating at a
10 deficit. Without an infusion of cash, the Partnerships would be unable to complete construction
11 on the Projects and, as a result, unable to pay their outstanding secured debt, which the Debtors
12 partially guaranteed.

13 After preliminary discussions with several potential investors, the partners of the
14 Partnerships determined that the Purchaser's offer was the most favorable, and negotiations have
15 been ongoing since January 2008. The parties are currently in the process of finalizing the
16 Contribution Agreement and anticipate that the Purchaser will provide the required funding as
17 soon as the Motion is approved by this Court. Pursuant to the Contribution Agreement, the
18 Purchaser has agreed to make a contribution to each of the Partnerships, in exchange for 50% of
19 the Partnership Interests. Although no funds will be paid directly to the Debtors, the contributions
20 made by the Purchaser will allow the Partnerships to complete development of their ongoing
21 Projects and to continue to pay their bills in the ordinary course of business. Further, in
22 connection with the Contribution Agreement, the secured lender has agreed to extinguish the
23 Debtors' guarantees of the Partnerships' loans. The elimination of the Debtors' guarantees will
24 benefit the Debtors and their estates by reducing the pool of creditors competing for the Debtors'
25 assets.

26 On June 6, 2008, before the parties could finalize the Contribution Agreement, three
27 alleged creditors commenced an involuntary chapter 7 case against Mr. Gianulias. Concurrently,
28 the same three alleged creditors commenced an involuntary chapter 7 case against Cameo, which

1 is being separately administered by this Court as Case No. 08-13151. This Court has not yet
2 entered an order with respect to the involuntary petitions.

3 **II. THERE EXISTS GOOD CAUSE TO SHORTEN THE NOTICE PERIOD WITH**
4 **RESPECT TO THE MOTION**

5 Pursuant to the Motion, the Debtor seeks entry of an order authorizing Mr. Gianulias to
6 transfer 49% of his Partnership Interests in the Partnerships to the Purchaser and authorizing
7 Cameo, as the sole member of the General Partners, to consent to the transfer of the General
8 Partners' 1% interest in the Partnerships to the Purchaser, at which time the Purchaser will replace
9 the General Partners as the general partners of the Partnerships. Although the Debtors believe
10 that, under the circumstances, Court approval of the Contribution Agreement is not strictly
11 necessary, the Debtors are seeking the approval of this Court out of an abundance of caution and
12 to provide all creditors with an opportunity to receive notice and to be heard on the issue, if
13 desired. Without Court approval of the transaction, the Purchaser may decline to make the
14 contributions to the Partnerships, which will result in substantial harm to the Debtors and their
15 estates.

16 An expedited hearing on the Motion is vital. As noted above, the Partnerships are
17 currently operating at a deficit and the partners of the Partnerships hope to finalize the
18 Contribution Agreement as soon as possible. Without an infusion of cash, the Partnerships would
19 be unable to complete construction on the Projects and, as a result, unable to pay their outstanding
20 secured debt, which the Debtors partially guaranteed. The secured lender has informed the
21 Debtors that it expects the transaction to be completed no later than July 3, 2008. Additionally,
22 the City of Murrieta has required the Partnerships to provide funding for certain road
23 improvements within the next forty (40) days, or else the City of Murrieta will not approve the
24 transaction. Assuming the Motion is approved by this Court, the parties anticipate that the
25 Purchaser will provide the required funding to satisfy the secured lender and the City of Murrieta
26 as soon as the Court approves this Motion.

27 Approving the Motion and authorizing Mr. Gianulias to sell 49% of his interest in the
28 Partnerships is in the best interest of Mr. Gianulias, his estate and his creditors. Similarly,

1 approving the Motion and authorizing Cameo, as the sole member of the General Partners, to
2 consent to the transfer of the General Partners' 1% interest in the Partnerships to the Purchaser, is
3 in the best interest of Cameo, its estate and its creditors. The sale of the Partnership Interests will
4 allow the Projects to reach economic stabilization and therefore realize value through the
5 completion of the Projects. Further, the potential deficiencies will be eliminated and the Debtors'
6 guarantees will be extinguished, thus improving the overall position of the Debtors' creditors.

7 WHEREFORE, the Debtors requests entry of the order granting a hearing on shortened
8 time on the Motion as set forth in the proposed order attached at Exhibit "A."

9 Dated: June 24, 2008

IRELL & MANELLA LLP

10 By: *Kerri A. Lyman*
11 Williams N. Lobel
12 Alan J. Friedman
13 Kerri A. Lyman

[Proposed] Attorneys for James C. Gianulias

14 Dated: June 24, 2008

WINTHROP COUCHOT, P.C.

15 By: *Paul Couchot*
16 Paul Couchot
17 [Proposed] Attorneys for Cameo Homes, a
18 California Corporation
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DECLARATION OF JAMES GIANULIAS

I, James Gianulias, hereby declare and state as follows:

1. I am the debtor in this chapter 7 case. I am a limited partner of Murrieta 492, L.P. and Murrieta 144 Apartments, L.P. (the "Partnerships"). I own 100% of Cameo Homes, a California Corporation ("Cameo"), which is the debtor in a separate involuntary chapter 7 proceeding before this Court.

2. As to the following facts, I know them to be true of my own knowledge, or I have gained such knowledge from the business records of a business in which I have an ownership interest which were made at or near the time of the acts, conditions or events to which they relate. Any such document or record was prepared in the ordinary course of business by a person who had personal knowledge of the event being recorded and had a business duty to accurately record such event.

3. I submit this declaration in support of the application (the "Application") requesting that this Court shorten time for the hearing on the motion (the "Motion") pursuant to sections 105 and 303 of 11 U.S.C. § 101 *et seq.* (the "Bankruptcy Code") for an order: (i) approving the *Contribution Agreement* (the "Contribution Agreement"); (ii) authorizing me to transfer 49% of my partnership interests (the "Partnership Interests") in the Partnerships to APW Avenue Group, Ltd. (APW) (the "Purchaser"); and (iii) authorizing Cameo, as the sole member of 144 Apartments, LLC and 492 Apartments, LLC (the "General Partners"), to consent to the transfer of the General Partners' 1% interest in the Partnerships to the Purchaser, at which time the Purchaser will replace the General Partners as the general partners of the Partnerships. I submit this declaration in my individual capacity, as well as my capacity as 100% owner of Cameo.

4. I am an individual currently living in Newport Beach, California. I am in the business of real estate development and am a limited partner in a number of single asset real estate ventures that purchase and develop real estate assets. Cameo is the sole member of the General Partners, which are the general partners of each of the Partnerships.

5. The Partnerships are in the process of developing residential apartment complexes (the "Projects").

1 6. As a result of changes in the market and a general decline in the economy, in
2 approximately November 2007, Cameo and I, along with certain other parties-in-interest, began
3 actively seeking an investor to make a contribution to the Partnerships, which are currently
4 operating at a deficit. Without an infusion of cash, I believe that the Partnerships would be unable
5 to complete construction on the Projects and, as a result, unable to pay their outstanding secured
6 debt, which Cameo and I partially guaranteed.

7 7. After preliminary discussions with several potential investors, Cameo and I, along
8 with the other partners of the Partnerships, determined that the Purchaser's offer was the most
9 favorable, and negotiations have been ongoing since January 2008. We are currently in the
10 process of finalizing the Contribution Agreement and anticipate that the Purchaser will provide the
11 required funding as soon as this Motion is approved by the Court. Pursuant to the Contribution
12 Agreement, the Purchaser has agreed to make a contribution to each of the Partnerships, in
13 exchange for 50% of the Partnership Interests. Although no funds will be paid directly to me or
14 Cameo, the contributions made by the Purchaser will allow the Partnerships to complete
15 development of their ongoing Projects and to continue to pay their bills in the ordinary course of
16 business. Further, in connection with the Contribution Agreement, the secured lender has agreed
17 to extinguish Cameo and my guarantees of the Partnerships' loans. The elimination of the
18 guarantees will benefit both Cameo and me, as well as our estates, by reducing the pool of
19 creditors competing for our assets.

20 8. On June 6, 2008, before we could finalize the Contribution Agreement, three
21 alleged creditors commenced an involuntary chapter 7 case against me. Concurrently, the same
22 three alleged creditors commenced an involuntary chapter 7 case against Cameo, which is being
23 separately administered by this Court as Case No. 08-13151. This Court has not yet entered an
24 order with respect to the involuntary petitions.

25 9. Although I believe that, under the circumstances, Court approval of the
26 Contribution Agreement is not strictly necessary, I am seeking the approval of this Court out of an
27 abundance of caution and to provide all creditors with an opportunity to receive notice and to be
28 heard on the issue, if desired. Without Court approval of the transaction, I believe that the

1 Purchaser may decline to make the contributions to the Partnerships, which will result in
2 substantial harm to both Cameo and me, as well as our estates.


3 10. I believe an expedited hearing on the Motion is vital. The Partnerships are
4 currently operating at a deficit and the partners of the Partnerships hope to finalize the
5 Contribution Agreement as soon as possible. Without an infusion of cash, the Partnerships would
6 be unable to complete construction on the Projects and, as a result, unable to pay their outstanding
7 secured debt, which Cameo and I partially guaranteed. I am aware that the secured lender expects
8 the transaction to be completed no later than July 3, 2008. Additionally, the City of Murrieta has
9 required the Partnerships to provide funding for certain road improvements within the next forty
10 (40) days, or else the City of Murrieta will not approve the transaction. I anticipate that the
11 Purchaser will provide the required funding to satisfy the secured lender and the City of Murrieta
12 as soon as the Motion is approved by this Court.

13 11. I believe that approving the Motion and authorizing me to sell 49% of my interest
14 in the Partnerships is in the best interests of me, my estate and my creditors. Similarly, I believe
15 that approving the Motion and authorizing Cameo, as the sole member of the General Partners, to
16 consent to the transfer of the General Partners' 1% interest in the Partnerships to the Purchaser, is
17 in the best interest of Cameo, its estate and its creditors. The sale of the Partnership Interests will
18 allow the Projects to reach economic stabilization and therefore realize value through the
19 completion of the Projects. Further, the potential deficiencies will be eliminated and the Cameo
20 and my guarantees will be extinguished, thus improving the overall position of our creditors.

21 12. Based on the foregoing, I believe that the sale of the Partnership Interests to the
22 Purchaser is in the best interest of my estate and Cameo's estate. I further believe that an
23 expedited hearing is necessary in order to obtain this relief.

24 I declare under penalty of perjury that the foregoing is true and correct.

25 Executed this 23 day of June, 2008, at Newport Beach, California.

26 
27 _____
28 JAMES GIANULIAS

1 William N. Lobel – (State Bar No. 93202)
Alan J. Friedman – State Bar No. 132580
2 Kerri A. Lyman – State Bar No. 241615
Issa K. Moe – (State Bar No. 254998)
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10 [Proposed] Attorneys for Cameo Homes

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12 UNITED STATES BANKRUPTCY COURT
13 CENTRAL DISTRICT OF CALIFORNIA
14 SANTA ANA DIVISION

15 In re
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Case No. 8:08-bk-13150-RK
Chapter 7 Proceeding

18 In re
19 Cameo Homes, a California Corporation
20 Debtor.

Case No. 08-bk-13151-RK
Chapter 7 Proceeding

21
22 **[PROPOSED] ORDER SHORTENING**
23 **TIME FOR HEARING ON JOINT**
24 **MOTION OF JAMES C. GIANULIAS**
25 **AND CAMEO HOMES FOR ORDER**
APPROVING THE SALE OF REAL
PROPERTY PURSUANT TO 11 U.S.C. §§
105 AND 303

26 The Court, having considered the application for order shortening time for hearing (the
27 "Application") on the joint motion (the "Motion") filed by James C. Gianulias, the debtor in
28 involuntary chapter 7 case no. 08-13150 ("Mr. Gianulias"), and Cameo Homes, a California

1 Corporation, the debtor in involuntary chapter 7 case no. 08-13151 ("Cameo" and, collectively
2 with Mr. Gianulias, the "Debtors"), for entry of an order: (i) approving the *Contribution*
3 *Agreement*; (ii) authorizing Mr. Gianulias to transfer 49% of his partnership interests (the
4 "Partnership Interests") in Murrieta 144 Apartments, LP and Murrieta 492, LP (the "Partnerships")
5 to APW Avenue Group, Ltd. (APW) (the "Purchaser"); and (iii) authorizing Cameo, as the sole
6 member of 144 Apartments, LLC and 492 Apartments, LLC (the "General Partners"), to consent
7 to the transfer of the General Partners' 1% interest in the Partnerships to the Purchaser, at which
8 time the Purchaser will replace the General Partners as the general partners of the Partnerships,
9 and good cause appearing therefor,

10 IT IS HEREBY ORDERED that,

11 A. The Application is GRANTED.

12 B. The Motion shall be heard on shortened notice.

13 C. The hearing on the Motion will be held on _____, 2008 at

14 _____ a.m./p.m., prevailing Pacific Time, before the Honorable Robert

15 Kwan, United States Bankruptcy Judge, in Courtroom 5D of the United States

16 Bankruptcy Court for the Central District of California, Santa Ana Division, 411

17 West Fourth Street, Santa Ana, California 92701-4593.

18 D. All papers filed in opposition to the Motion shall be served by facsimile, personal

19 service or overnight mail upon the Court, Debtors' counsel, the Debtors and the

20 United States Trustee not later than _____ a.m./p.m., on _____,

21 2008.

22 E. The deadline for the service and filing of any replies to filed objections to the

23 Motion shall be set for _____, 2008 at _____ a.m./p.m.,

24 prevailing Pacific Time.

25 F. The Debtors shall immediately provide telephonic, facsimile, electronic mail,

26 overnight mail or personal service notice of the date, time, location and nature of

27 the hearing to the United States Trustee, the twenty (20) largest general unsecured

28 creditors of each of the Debtors, all secured creditors of the Debtors, any party who

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filed a request for special notice in the Debtors' Chapter 7 cases and any other party
who may be adversely affected by the relief sought in the Motion.

DATED _____, 2008

THE HONORABLE ROBERT KWAN
UNITED STATES BANKRUPTCY JUDGE