

1 Marsha A. Houston (SBN 129956)
2 Christopher O. Rivas (SBN 238765)
3 REED SMITH LLP
355 South Grand Avenue, Suite 2900
4 Los Angeles, CA 90071
Telephone: (213) 457-8000
Facsimile: (213) 457-8080

5 Email: mhouston@reedsmith.com
6 crivas@reedsmith.com

7 *Attorneys for Wachovia Bank, National Association*

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9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **SANTA ANA DIVISION**

12
13 In re
14 James C. Gianulias,
15 Debtor.

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

16
17 In re
18 Cameo Homes, a California corporation,
19 Debtor.

Case No. 8:08-bk-13151-RK
Chapter 7 Proceeding

OPPOSITION TO: (1) EX PARTE APPLICATION FOR ORDER SHORTENING TIME FOR HEARING ON JOINT MOTION; AND (2) UNDERLYING 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

Honorable Robert N. Kwan

Date: July 1, 2008
Time: 10:00 a.m.
Place: Courtroom 5D
Ronald Reagan Federal Building
411 West Fourth Street
Santa Ana, CA 92701

1 Wachovia Bank, National Association (“Wachovia”) hereby objects to the Ex Parte
2 Application for Order Shortening Time for Hearing on Joint Motion and to the underlying Joint
3 Motion of James C. Gianulias and Cameo Homes For Order Approving The Sale of Certain
4 Partnership Interests Pursuant to 11 U.S.C. Sections 105 and 303 (“Sale Motion”) as follows:

5 **I. FACTUAL BACKGROUND**

6 1. Wachovia loaned \$6,000,000 to James C. Gianulias (“Gianulias”), Cameo Homes
7 (“Cameo”) and James Chris Gianulias Trust (hereinafter, sometimes referred to individually and
8 collectively, as “Borrower”) pursuant to a Loan Agreement dated April 30, 2007, as amended from
9 time to time (“Loan Agreement”). The Loan Agreement is evidenced by, among other things: (i)
10 that certain promissory note dated April 30, 2007, in the principal amount of \$3,000,000 executed by
11 Borrower and made payable to Wachovia (“Line of Credit Note”); and (ii) that certain promissory
12 note dated April 30, 2007 in the principal amount of \$3,000,000 executed by Borrower and made
13 payable to Wachovia (“Guidance Note”). The Line of Credit and Guidance Note are hereinafter
14 sometimes referred to collectively as the “Notes.”

15 2. The Guidance Note is secured by a Trust Deed dated as of June 28, 2007, recorded
16 August 15, 2007 as Document No. 2007-44807 in the Deschutes Official Records (“Trust Deed”) on
17 certain real property located in Bend, Oregon (“Property”). The Loan Agreement, Notes, Trust Deed
18 and any and all other documents or instruments evidencing, governing or securing the Notes and/ or
19 Loan are hereinafter collectively referred to as the “Loan Documents.”

20 3. Borrower has failed to pay the monthly payments due on the Line of Credit Note
21 since January 1, 2008. Likewise, Borrower has ailed to pay the monthly payments due under the
22 Guidance Line Note since January 1, 2008. Borrower has been in default of its obligations under the
23 Loan Agreement and related Loan Documents for more than six months.

24 4. Approximately six months ago, Cameo and Gianulias ceased making debt service
25 payments not only to Wachovia, but to many of their other creditors. During this period, Cameo and
26 Gianulias either stockpiled the cash they would have otherwise paid to their creditors, or they paid
27 “selective” debts such as those secured by properties with perceived equity.

28 5. During this non-payment period Wachovia, along with numerous other creditors,

1 waited for Cameo and Gianulias to present an acceptable out-of-court restructuring. When it became
2 apparent that no such satisfactory plan would be forthcoming, three creditors of Cameo and
3 Gianulias filed involuntary petitions against them.

4 6. The status hearing on the involuntary petitions was originally set for July 15, 2008.
5 Neither Cameo, nor Gianulias, has consented to the orders for relief, though Wachovia is advised
6 that both intend to consent to such relief and to seek conversion of the cases to Chapter 11 cases.

7 **II. CAMEO AND GIANULIAS HAVE NOT SHOWN CAUSE FOR EXPEDITING THE**
8 **HEARING OF THE UNDERLYING RELIEF REQUESTED**

9 7. Cameo and Gianulias, having had a six month “breather” from debt service, are now
10 “rushing into court” on an ex parte application to bless the transfer of 49% of Gianulias partnership
11 interests in certain partnerships and Cameo’s 1% interest in those partnerships to a purchaser on the
12 grounds that: i) PNC, the lender holding the secured liens on the underlying apartment complex
13 projects “expects the transaction to be completed no later than July 3, 2008”; ii) the City of Marietta
14 is requiring funding for road improvements. Neither reason is sufficient for the Court to provide
15 expedited relief which would transfer assets out of the estate at this juncture.

16 8. Moreover, Cameo and Gianulias protest that an immediate cash infusion is needed to
17 complete construction of these projects. It is hard to imagine why these projects require
18 “immediate” funding, while other creditors have been waiting months without a single payment of
19 interest. Cameo and Gianulias have had cash flow problems for more than six months. Cash flow
20 problems are nothing new for the debtors and certainly this “need for cash infusion” to complete
21 construct cannot be a new problem warranting exigent relief. In fact, the Sale Motion admits that
22 “negotiations have been ongoing since January 2008.” Ex Parte Application, p.4, lines 13-15.
23 Indeed, the proposed transaction might be better dealt with pursuant to a plan, or at a minimum a
24 fully noticed Bankruptcy Code § 363 Motion and hearing **after** parties are provided with an
25 adequate opportunity to evaluate the requested relief.

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CERTIFICATE OF SERVICE

I hereby certify that on June 27, 2008I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which sent notification of such filing to the following:

Jess R. Bressi, Esq.
jbressi@coxcastle.com

Paul J. Couchot, Esq.
pcouchot@winthropcouchot.com

Joshua D. Wayser, Esq.
jwayser@lordbissell.com

David K. Eldan, Esq.
malvarado@pmcos.com

Steven G. Polard, Esq.
spolard@perkinscoie.com

Derrick Talerico, Esq.
dtalerico@loeb.com

Matthew S. Walker, Esq.
matthew.walker@pillsburylaw.com

United States Trustee
ustregion16.sa.ecf@usdoj.gov

and I hereby certify that I have mailed by United States Postal Service the document to the following non-CM/ECF participants:

Lori Scott, Esq.
1301 Fifth Avenue
Suite 3100
Seattle, WA 98101

/s/ _____
Marsha A. Houston
mhouston@reedsmith.com