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13 Debtor and Debtor-in-Possession

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UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION

In re:

CAMEO HOMES, INC., a California
corporation,

Debtor and
Debtor-in-Possession.

Case No. **8:08-13151 RK**

Chapter 11

**EX PARTE APPLICATION FOR ORDER
SHORTENING TIME FOR HEARING ON
MOTION OF CAMEO HOMES FOR ORDER
APPROVING THE SALE OF CERTAIN
PARTNERSHIP INTERESTS PURSUANT TO
11 U.S.C. § 363; DECLARATION OF JAMES C.
GIANULIAS IN SUPPORT THEREOF**

[No Hearing Set]

Cameo Homes, the Debtor and Debtor in Possession herein, (“Cameo”), hereby files this application (the “Application”) seeking entry of an order shortening the time for a hearing on the concurrently filed *Motion Of Cameo Homes For Order Approving The Sale Of Certain Partnership Interests Pursuant To 11 U.S.C. § 363* (the “Motion”) for an order: (i) approving the *Contribution Agreement* (the “Contribution Agreement”); (ii) authorizing Mr. Gianulias to transfer 49% of his current partnership interests (the “Partnership Interests”) in Murrieta 144 Apartments, LP and Murrieta 492, LP (the “Partnerships”) to APW Avenue Group, Ltd. (APW) (the

1 “Purchaser”);¹ and (iii) authorizing Cameo (“Cameo” and, collectively with James C. Gianulias
2 (“Mr. Gianulias”), the Debtor in chapter 11 case No. 8:08-13150 RK, the “Debtors”), as the sole
3 member of 144 Apartments, LLC and 492 Apartments, LLC (the “General Partners”), to consent
4 to the transfer of the General Partners’ 1% interest in the Partnerships to the Purchaser, at which
5 time the Purchaser will replace the General Partners as the general partners of the Partnerships.

6 This Application is made pursuant to Local Rule 9075-1 and is more fully supported by (i)
7 the attached Memorandum of Points and Authorities, (ii) the Motion, (iii) the accompanying
8 “Declaration of James C. Gianulias” (the “Gianulias Declaration”), and (iv) the entire record
9 before the Court.

10 If this Application is granted, and a hearing on the Motion is scheduled, counsel for the
11 Debtors will serve a notice of the hearing on the Motion, via expedited delivery, on the following
12 parties: (i) the Office of the United States Trustee; (ii) the twenty (20) largest general unsecured
13 creditors of Cameo; (iii) all secured creditors; (iv) any party who filed a request for special notice
14 in Cameo’s case; and (v) any other party who may be adversely affected by the relief sought in the
15 Motion.

27 ¹ Mr. Gianulias currently owns 74% of Murrieta 492, LP and 74% of Murrieta 144 Apartments,
28 LP.

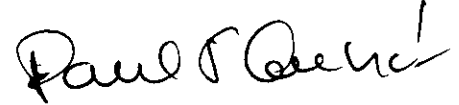
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WHEREFORE, the Debtor respectfully requests that the Court grant this Application and enter an order scheduling a hearing on the Motion for July 25, 2008, or the earliest possible date thereafter.

Dated: July 17, 2008

WINTHROP COUCHOT
PROFESSIONAL CORPORATION

By:



Paul J. Couchot
Kavita Gupta
Charles Liu

[Proposed] Attorneys for Cameo Homes

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. FACTUAL BACKGROUND**

3 Mr. Gianulias is an individual debtor who resides in Newport Beach, California. Mr.
4 Gianulias is in the business of real estate development. Mr. Gianulias owns an interest in a
5 number of single asset real estate entities that were formed to purchase and develop real estate.
6 Cameo also owns an interest in a number of single asset real estate ventures that were formed to
7 purchase and develop real estate. Cameo holds an interest in many of the same real estate entities
8 in which Mr. Gianulias holds an interest. Mr. Gianulias owns 100% of Cameo and therefore has
9 an indirect interest in all of Cameo's interest in the various real estate entities. The real estate
10 entities owned in part by Mr. Gianulias and Cameo include both limited liability companies and
11 limited partnerships (collectively, the "Companies"). The Companies represent a substantial
12 portion of the Debtors' assets.

13 Mr. Gianulias and Cameo established the Companies to own and operate various real
14 estate assets, including, without limitation, condominiums, residential developments, commercial
15 and retail developments, and multi-family apartment complexes (the "Properties"). Of those
16 various real estate assets, approximately nineteen (19) single-family residence projects, four (4)
17 multifamily land development projects, and three (3) multifamily projects remain under
18 construction and are not generating income. Nine (9) multifamily projects and five (5)
19 commercial/retail projects have reached stabilization and are generating income.

20 While the Debtors' businesses span multiple states, a significant portion of the Debtors'
21 homebuilding operations are located in the state of California. The erosion in the California
22 homebuilding market during the second half of 2007 was unexpected and cataclysmic, and it
23 touched all homebuilding markets in California, including the markets in which the Debtors
24 operate. The result of the market erosion in values and slow down of absorption broadly affected
25 the Debtors' financial position.

26 After preliminary discussions with several potential investors, the partners of the
27 Partnerships determined that the Purchaser's offer was the most favorable, and negotiations have
28 been ongoing since January 2008. The parties have now finalized the Contribution Agreement

1 and anticipate that the Purchaser will provide the required funding as soon as the Motion is
2 approved by this Court. Pursuant to the Contribution Agreement, the Purchaser has agreed to
3 make a contribution to each of the Partnerships, in exchange for 49% of the interests in the
4 Partnerships. Although no funds will be paid directly to the Debtors, the contributions made by
5 the Purchaser will allow the Partnerships to complete development of their ongoing Projects and
6 to continue to pay their bills in the ordinary course of business. Further, in connection with the
7 Contribution Agreement, PNC Bank (the "Secured Lender") has agreed to extinguish the Debtors'
8 guarantees of the Partnerships' loans. The elimination of the Debtors' guarantees will benefit the
9 Debtors and their estates by reducing the pool of creditors competing for the Debtors' assets.

10 On June 6, 2008, before the parties could finalize the Contribution Agreement, three
11 creditors commenced an involuntary chapter 7 case against Mr. Gianulias. Concurrently, the same
12 three creditors commenced an involuntary chapter 7 case against Cameo, which is being separately
13 administered by this Court as Case No. 08-13151.

14 On July 1, 2008, Mr. Gianulias and Cameo filed their respective Consents to the Entry of
15 an Order for Relief and Election to Convert Chapter 7 case to case under chapter 11 of the
16 Bankruptcy Code. On July 2, 2008, this Court entered Orders for Relief and converted Mr.
17 Gianulias' and Cameo's cases to ones under chapter 11.

18 No request has been made for the appointment of a trustee or examiner in either case.

19 **II. THERE EXISTS GOOD CAUSE TO SHORTEN THE NOTICE PERIOD WITH**
20 **RESPECT TO THE MOTION**

21 Pursuant to the Motion, Mr. Gianulias seeks entry of an order authorizing him to transfer
22 49% of his current Partnership Interests to the Purchaser and authorizing Cameo, as the sole
23 member of the General Partners, to consent to the transfer of the General Partners' 1% interest in
24 the Partnerships to the Purchaser, at which time the Purchaser will replace the General Partners as
25 the general partners of the Partnerships. The City of Murrieta has required the Partnerships to
26 provide funding for certain road improvements prior to August 1, 2008, or else the City of
27 Murrieta will not approve the transaction. The parties anticipate that the Purchaser will provide
28 the required funding to satisfy the Secured Lender and the City of Murrieta as soon as the Court

1 approves the Motion.

2 Approving the Motion and authorizing Mr. Gianulias to sell 49% of his interest in the
3 Partnerships is in the best interest of Mr. Gianulias, his estate and his creditors. Similarly,
4 approving the Motion and authorizing Cameo, as the sole member of the General Partners, to
5 consent to the transfer of the General Partners' 1% interest in the Partnerships to the Purchaser, is
6 in the best interest of Cameo, its estate and its creditors. The sale of 49% of the Partnerships will
7 allow the Projects to reach economic stabilization. The potential deficiencies will be eliminated
8 and the Debtors' guarantees will be extinguished, thus improving the overall position of the
9 Debtors' creditors.

10 The Debtors therefore request a hearing on the Motion on July 25, 2008, based on this
11 Court's availability, as well the date most convenient for the Purchaser and the Secured Lender.

12 **III. CONCLUSION:**

13 The Debtor requests entry of the order granting a hearing on shortened time on the Motion
14 as set forth in the proposed order attached as Exhibit "A."

15 Dated: July 17, 2008

WINTHROP COUCHOT
PROFESSIONAL CORPORATION

By:

/s/ Paul J. Couchot

Paul J. Couchot
Kavita Gupta
Charles Liu

[Proposed] Attorneys for Cameo Homes

1 **DECLARATION OF JAMES C. GIANULIAS**

2 I, James C. Gianulias, hereby declare and state as follows:

3 1. I am the debtor in this chapter 11 case. I am a limited partner of Murrieta 492, LP
4 and Murrieta 144 Apartments, LP (the "Partnerships"). I own 100% of Cameo Homes, a
5 California corporation ("Cameo"), which is the debtor in a separate chapter 11 proceeding before
6 this Court.

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

13 3. I submit this declaration in support of the application (the "Application")
14 requesting that this Court shorten time for the hearing on the motion (the "Motion") pursuant to
15 section 363 of 11 U.S.C. § 101 *et seq.* (the "Bankruptcy Code") for an order: (i) approving the
16 *Contribution Agreement* (the "Contribution Agreement"); (ii) authorizing me to transfer 49% of
17 my current partnership interests (the "Partnership Interests") in the Partnerships to APW Avenue
18 Group, Ltd. (APW) (the "Purchaser");² and (iii) authorizing Cameo, as the sole member of 144
19 Apartments, LLC and 492 Apartments, LLC (the "General Partners"), to consent to the transfer of
20 the General Partners' 1% interest in the Partnerships to the Purchaser, at which time the Purchaser
21 will replace the General Partners as the general partners of the Partnerships. I submit this
22 declaration in my individual capacity, as well as my capacity as 100% owner of Cameo.

23 4. I am an individual currently living in Newport Beach, California. I am in the
24 business of real estate development. I own an interest in a number of single asset real estate
25 entities that were formed to purchase and develop real estate. Cameo also owns an interest in a
26 number of single asset real estate ventures that were formed to purchase and develop real estate.

27
28 ² I currently own 74% of Murrieta 492, LP and 74% of Murrieta 144 Apartments, LP.

1 Cameo holds an interest in many of the same real estate entities in which I hold an interest. I own
2 100% of Cameo and therefore have an indirect interest in all of Cameo's interest in the various
3 real estate entities. The real estate entities owned in part by me and Cameo include both limited
4 liability companies and limited partnerships (collectively, the "Companies"). The Companies
5 represent a substantial portion of my assets and Cameo's assets.

6 5. Cameo and I established the Companies to own and operate various real estate
7 assets, including, without limitation, condominiums, residential developments, commercial and
8 retail developments, and multi-family apartment complexes (the "Properties"). Of those various
9 real estate assets, approximately nineteen (19) single-family residence projects, four (4)
10 multifamily land development projects, and three (3) multifamily projects remain under
11 construction and are not generating income. Nine (9) multifamily projects and five (5)
12 commercial/retail projects have reached stabilization and are generating income.

13 6. While Cameo and my businesses span multiple states, a significant portion of our
14 homebuilding operations are located in the state of California. The erosion in the California
15 homebuilding market during the second half of 2007 was unexpected and cataclysmic, and it
16 touched all homebuilding markets in California, including the markets in which we operate. The
17 result of the market erosion in values and slow down of absorption broadly affected both Cameo
18 and my financial position.

19 7. After preliminary discussions with several potential investors, Cameo and I, along
20 with the other partners of the Partnerships, determined that the Purchaser's offer was the most
21 favorable, and negotiations have been ongoing since January 2008. We have finalized the
22 Contribution Agreement and anticipate that the Purchaser will provide the required funding as
23 soon as this Motion is approved by the Court. Pursuant to the Contribution Agreement, the
24 Purchaser has agreed to make a contribution to each of the Partnerships, in exchange for 49% of
25 the Partnership Interests. Although no funds will be paid directly to me or Cameo, the
26 contributions made by the Purchaser will allow the Partnerships to complete development of their
27 ongoing Projects and to continue to pay their bills in the ordinary course of business. Further, in
28 connection with the Contribution Agreement, PNC Bank (the "Secured Lender") has agreed to

1 extinguish Cameo and my guarantees of the Partnerships' loans. The elimination of the
2 guarantees will benefit both Cameo and me, as well as our estates, by reducing the pool of
3 creditors competing for our assets.

4 8. On June 6, 2008, three creditors commenced an involuntary chapter 7 case against
5 me. Concurrently, the same three creditors commenced an involuntary chapter 7 case against
6 Cameo, which is being separately administered as Case No. 08-13151. On July 1, 2008, Cameo
7 and I filed Consents to the Entry of an Order for Relief and Election to Convert Chapter 7 case to
8 case under chapter 11 of the Bankruptcy Code. On July 2, 2008, this Court entered Orders for
9 Relief and converted my and Cameo's cases to ones under chapter 11.

10 9. Pursuant to the Motion, I seek entry of an order authorizing me to transfer 49% of
11 my current Partnership Interests to the Purchaser and authorizing Cameo, as the sole member of
12 the General Partners, to consent to the transfer of the General Partners' 1% interest in the
13 Partnerships to the Purchaser, at which time the Purchaser will replace the General Partners as the
14 general partners of the Partnerships. I am informed and believe that the City of Murrieta has
15 required the Partnerships to provide funding for certain road improvements prior to August 1,
16 2008, or else the City of Murrieta will not approve the transaction. I anticipate that the Purchaser
17 will provide the required funding to satisfy the Secured Lender and the City of Murrieta as soon as
18 the Court approves this Motion.

19 10. I believe that approving the Motion and authorizing me to sell 49% of my current
20 interests in the Partnerships is in the best interests of me, my estate and my creditors. Similarly, I
21 believe that approving the Motion and authorizing Cameo, as the sole member of the General
22 Partners, to consent to the transfer of the General Partners' 1% interest in the Partnerships to the
23 Purchaser, is in the best interest of Cameo, its estate and its creditors. The sale of 49% of the
24 Partnerships will allow the Projects to reach economic stabilization. The potential deficiencies
25 will be eliminated and the Cameo and my guarantees will be extinguished, thus improving the
26 overall position of our creditors.

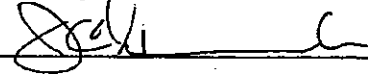
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1 11. Based on the foregoing, I believe that the sale of the Partnership Interests to the
2 Purchaser is in the best interest of my estate and Cameo's estate. I therefore request a hearing on
3 the Motion on July 25, 2008.

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

5 Executed this ____ day of July, 2008, at Newport Beach, California.

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7 JAMES GIANULIAS
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CERTIFICATE OF SERVICE

I, Viann Corbin, declare as follows:

I am employed in the County of Orange, State of California; I am over the age of eighteen years and am not a party to this action; my business address is 660 Newport Center Drive, 4th Floor, Newport Beach, California 92660, in said County and State. On July 17, 2008 I served the following document:

EX PARTE APPLICATION FOR ORDER SHORTENING TIME FOR HEARING ON MOTION OF CAMEO HOMES FOR ORDER APPROVING THE SALE OF CERTAIN PARTNERSHIP INTERESTS PURSUANT TO 11 U.S.C. § 363; DECLARATION OF JAMES C. GIANULIAS IN SUPPORT THEREOF on each of the interested parties stated on the attached service list:

United States Trustee 411 W Fourth St., Suite 9041 Santa Ana, CA 92701-4593	Cameo Homes, Inc. Mr. James C. Gianulias, President 1105 Quail St Newport Beach, CA 92660
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by the following means of service:

- BY FEDERAL EXPRESS OR UNITED STATES POSTAL EXPRESS MAIL:** On the above-mentioned date, I placed a true copy of the above mentioned document(s), in a sealed envelope or package designated by either Federal Express or the United States Postal Service with delivery fees paid or provided for, addressed to the person(s) as indicated above and deposited same in a box or other facility regularly maintained by Federal Express or the United States Postal Service or delivered same to an authorized courier or driver authorized by Federal Express or the United States Postal Service to receive documents.
- I am employed in the office of Winthrop Couchot Professional Corporation; Paul J. Couchot is a member of the bar of this court.
- (STATE)** I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
- (FEDERAL)** I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 17, 2008



VIANN CORBIN