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14 UNITED STATES BANKRUPTCY COURT
15 CENTRAL DISTRICT OF CALIFORNIA
16 SANTA ANA DIVISION

17 In re
18 JAMES C. GIANULIAS, and CAMEO
HOMES, a California corporation,
19
20 Debtors and Debtors-in-Possession.

) Case No. SA 08-13150-RK
) [Substantively Consolidated With:
) Case No. 8:08-bk-13151-RK]
) Chapter 11
) **SECONDT HIRD AMENDED
) DISCLOSURE STATEMENT FOR
) DEBTORS' SECONDT HIRD AMENDED
) PLAN OF REORGANIZATION (DATED
) FEBRUARY 22, MAY 12, 2010)
) **Disclosure Statement Hearing:**
) Date: February 24, May 19, 2010
) Time: 211:00 pa.m.
) Place: Courtroom 5D
) 411 West Fourth Street
) Santa Ana, CA 92701**

1 ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS
2 DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO
3 ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN
4 THIS DISCLOSURE STATEMENT, INCLUDING THE FOLLOWING SUMMARY, ARE
5 QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, EXHIBITS ANNEXED
6 TO THE PLAN, THIS DISCLOSURE STATEMENT AND ALL EXHIBITS TO THIS
7 DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE
8 STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF UNLESS OTHERWISE
9 SPECIFIED, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS
10 CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. **ALL**
11 **CREDITORS SHOULD READ CAREFULLY THE “RISK FACTORS” SECTION**
12 **HEREOF BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. SEE ARTICLE V**
13 **BELOW, “CERTAIN RISK FACTORS TO BE CONSIDERED.”**

14 THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE
15 WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL
16 RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE
17 WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE LAW. THIS
18 DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY
19 THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) NOR HAS THE SEC
20 PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED
21 HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING,
22 SELLING, OR TRANSFERRING CLAIMS OR INTERESTS OF THE DEBTORS SHOULD
23 EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE
24 PURPOSES FOR WHICH THEY WERE PREPARED.

25 THE INFORMATION IN THIS DISCLOSURE STATEMENT IS BEING PROVIDED
26 SOLELY FOR PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN. NOTHING
27 IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY ENTITY FOR ANY OTHER
28 PURPOSE.

1 THE TERMS OF THE PLAN GOVERN IN THE EVENT OF ANY INCONSISTENCY
2 WITH THE PLAN SUMMARY IN THIS DISCLOSURE STATEMENT. ALL EXHIBITS TO
3 THIS DISCLOSURE STATEMENT ARE INCORPORATED INTO AND ARE A PART OF
4 THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.

5 AS TO CONTESTED MATTERS, EXISTING LITIGATION INVOLVING, OR
6 POSSIBLE ADDITIONAL LITIGATION TO BE BROUGHT BY, OR AGAINST, THE
7 DEBTORS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED
8 ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE
9 CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION, OR A
10 WAIVER, BUT RATHER AS A STATEMENT MADE WITHOUT PREJUDICE SOLELY FOR
11 SETTLEMENT PURPOSES, WITH FULL RESERVATION OF RIGHTS, AND IS NOT TO BE
12 USED FOR ANY LITIGATION PURPOSE WHATSOEVER BY ANY PERSON, PARTY OR
13 ENTITY. AS SUCH, THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN
14 ANY NONBANKRUPTCY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER
15 PARTY IN INTEREST, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE
16 ON THE TAX, SECURITIES, FINANCIAL OR OTHER EFFECTS OF THE PLAN AS TO
17 HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTORS.

18 **I. INTRODUCTION**

19 On June 6, 2008, three creditors of James C. Gianulias ("Gianulias") commenced an
20 involuntary case against him under Chapter 7 of Title 11 of the United States Code (the
21 "Bankruptcy Code"), thereby commencing case number 8:08-bk-13150-RK. Concurrently, the
22 same three creditors commenced an involuntary chapter 7 case against Cameo Homes, a California
23 corporation ("Cameo" and together with Gianulias, the "Debtors"), thereby commencing case
24 number 8:08-bk-13151-RK. On July 2, 2008 (the "Petition Date"), the United States Bankruptcy
25 Court for the Central District of California, Santa Ana Division (the "Bankruptcy Court") entered
26 Orders for Relief and converted the Debtors' cases to chapter 11 proceedings. On December 11,
27 2008, the Bankruptcy Court entered an order substantively consolidating Cameo's chapter 11
28 estate into Gianulias' estate, effective as of June 6, 2008. Since the commencement of the

1 bankruptcy cases, the Debtors have managed their affairs as debtors and debtors-in-possession
2 pursuant to sections 1107 and 1108 of the Bankruptcy Code.

3 On ~~February 22, May 12,~~ 2010, the Debtors filed the Debtors' SecondThird Amended
4 Plan of Reorganization (Dated ~~February 22, May 12,~~ 2010) (the "Plan"), which sets forth the
5 manner in which Claims against and Interests in the Debtors will be treated, and this SecondThird
6 Amended Disclosure Statement for Debtors' SecondThird Amended Plan of Reorganization
7 (Dated ~~February 22, May 12,~~ 2010) (the "Disclosure Statement"), which describes certain aspects
8 of the Plan, the Debtors' business and related matters.

9 The Plan contemplates (among other things) a reorganization of the Debtors' business,
10 with the following structure:

- 11 • Creditors holding Allowed Unsecured Claims against the Debtors' Estates shall
12 receive payments from the Creditors' Trust, which will administer assets and
13 resolve Disputed Claims. The Creditors' Trust shall receive a stream of payments
14 from the Reorganized Debtors on account of (a) the Cash Flow Note in the
15 principal amount of \$42 million, subject to adjustment as provided therein, and
16 (b) the Secondary Note in the principal amount of \$5 million, to be issued by the
17 Reorganized Debtors to the Creditors' Trust. ~~The foregoing notes will be paid~~
18 ~~from the Reorganized Debtors' cash flow in connection with Ownership~~
19 ~~Interests owned by the Reorganized Debtors in the Portfolio Entities and~~
20 ~~Intermediate Entities, which are entities that directly or indirectly hold real~~
21 ~~estate assets. The Cash Flow Note will be secured by a lien against the Debtors'~~
22 ~~proceeds received from the Portfolio Entities and Intermediate Entities, and~~
23 ~~proceeds in connection with or otherwise on account of the Ownership Interests~~
24 ~~held by the Reorganized Debtors in the Portfolio Entities and the Intermediate~~
25 ~~Entities.~~
26 • Certain Secured Creditors shall have their debt obligations modified with respect to
27 repayment terms and interest rates as provided in the Plan, and are entitled to vote
28 on the Plan. Other Secured Creditors shall retain, unaltered, all of their legal,

1 equitable and contractual rights, and, consequently, shall be deemed to vote in
2 favor of the Plan.

- 3 • Creditors holding Allowed Priority Claims against each Debtor shall receive
4 payment in full under the terms of the Plan.
- 5 • The Debtors shall retain their ownership interests in assets of the Estates, subject to
6 the obligations created by or preserved under the Plan, and shall continue the
7 business operations of Cameo and its subsidiaries following confirmation of the
8 Plan.

9 The Plan incorporates the terms ~~of an agreement (the “Term Sheet”)~~ reached agreed to
10 between the Debtors and the Official Committee of Unsecured Creditors (the “Committee”)
11 following extensive negotiations among the parties. The Plan represents a settlement of various
12 matters that were negotiated between the Debtors and the Committee including, among other
13 things, (i) the establishment of the Cash Flow Note and Secondary Note and the provision of
14 payments to holders of Allowed General Unsecured Claims; (ii) the allocation of the Reorganized
15 Debtors’ Available Cash Flow from the Reorganized Debtors’ post-Confirmation operations; (iii)
16 provisions for providing “full transparency” to permit monitoring the Debtors’ post-confirmation
17 business and operations of the Portfolio Entities and the Intermediate Entities, and the receipt,
18 allocation and distribution of ~~available~~ Available Cash Flow from certain post-Confirmation
19 assets, business and operations of the Portfolio Entities, Intermediate Entities and in connection
20 with the sales, transfer or financings with respect to the Reorganized Debtors’ interests therein;
21 and (iv) the grant of a lien against the Reorganized Debtors’ proceeds received from the Portfolio
22 Entities and Intermediate Entities, ~~and proceeds in connection with~~ or otherwise on account of
23 the Ownership Interests ~~held by the Reorganized Debtors in the Portfolio Entities and the~~
24 ~~Intermediate Entities~~ to secure prompt performance by the Reorganized Debtors of their
25 respective obligations under the Plan, the Cash Flow Note, the Secondary Note and the other
26 ~~Term Sheet~~ Plan Documents.

27 The Debtors and the Committee believe that the Plan is in the best interests of all Creditors
28 and recommend that Creditors vote in favor of the Plan.

1 This Disclosure Statement is submitted pursuant to section 1125 of the Bankruptcy Code to
2 holders of Claims against and Interests in the Debtors in connection with (i) the solicitation of
3 acceptances of the Debtors' Plan and (ii) the hearing to consider confirmation of the Plan (the
4 "Confirmation Hearing") scheduled for _____, 2010, at _____, prevailing Pacific
5 ~~Standard~~-Time.

6 Attached as Exhibits to this Disclosure Statement are copies of the following:

- 7 • The Plan (Exhibit "1");
- 8 • The Debtors' Financial Projections (Exhibit "2");
- 9 • The Debtors' Liquidation Analysis (Exhibit "3");
- 10 • An Order of the Court (excluding the exhibits thereto) dated _____, 2010 (the
11 "Disclosure Statement Order"), among other things, approving the Disclosure
12 Statement and establishing certain procedures with respect to the solicitation and
13 tabulation of votes to accept or reject the Plan (Exhibit "4");
- 14 • Relevant portions of the Debtors' Statement of Financial Affairs disclosing certain
15 transfers made within 90 days and one-year of the Petition Date (Exhibit "5");
- 16 • Copies of statements of financial condition of the Debtors for the years 2005,
17 2006, and 2007 and the Debtors' most recent Monthly Operating Reports filed
18 with the United States Trustee (Exhibit "6");
- 19 • The Plan Distribution Analysis, which indicates the estimated Plan distributions
20 for the Estates on a combined basis (Exhibit "7"); and
- 21 • The Term Sheet Agreement entered into by Gianulias, Cameo and the
22 Committee in October 2009, which, to the extent is inconsistent with either of
23 the Plan and/or the Plan Documents, is superseded by the Plan and/or the
24 Plan Documents as the case may be (Exhibit "8").

25 Attached as Exhibits to the Plan are copies of the following documents:

- 26 • The Creditors' Trust Agreement (the "Creditors' Trust Agreement") establishing a
27 trust (the "Creditors' Trust") for the benefit of the holders of Allowed General
28 Unsecured Claims against Gianulias and Cameo (Exhibit "A");

- 1 • ~~The Binding Term Sheet entered into by Gianulias, Cameo and the~~
2 ~~Committee in October 2009 (Exhibit “B”);~~List of Assumed Contracts and
3 Leases (Exhibit “B”);
- 4 • The Secured Promissory Note (the “Cash Flow Note”) issued by Gianulias, Cameo
5 and The James Chris Gianulias Trust (the “Gianulias Trust”) (Exhibit “C”);
- 6 • The Secondary Note (the “Secondary Note”) issued by Gianulias, Cameo and the
7 Gianulias Trust (Exhibit “D”);
- 8 • The Security Agreement (the “Security Agreement”) between Gianulias, Cameo
9 and the Gianulias Trust, on the one hand, and the Creditors’ Trust, on the other
10 hand (Exhibit “E”);
- 11 • The Disbursing Agent Agreement (the “Disbursing Agent Agreement”) between
12 Gianulias, Cameo and the Gianulias Trust, on the one hand, and the Creditors’
13 Trust, on the other hand (Exhibit “F”);
- 14 • The Negative Pledge (the “Negative Pledge”) issued by Gianulias, Cameo and the
15 Gianulias Trust (Exhibit “G”); and
- 16 • The Written Instructions (Exhibit “H”).

17 (collectively, the Creditors’ Trust Agreement, the Cash Flow Note, the Secondary Note, the
18 Security Agreement, the Disbursing Agent Agreement, the Negative Pledge, the deposit account
19 control agreement to be entered into among Reorganized Debtors, the Committee and the financial
20 institution in which such deposit account is maintained (the “Control Agreement”) and the Written
21 Instructions are referred to as the “~~Term Sheet~~Plan Documents”).

22 Finally, a Ballot for the acceptance or rejection of the Plan is enclosed with the Disclosure
23 Statement submitted to the holders of Claims that are entitled to vote to accept or reject the Plan.

24 On _____, 2010, after notice and a hearing, the Court approved the Disclosure
25 Statement Order, determining that the Disclosure Statement contains “adequate information” as
26 that term is defined in section 1125 of the Bankruptcy Code. Section 1125(a)(1) of the
27 Bankruptcy Code defines “adequate information” as “information of a kind, and in sufficient
28 detail, as far as is reasonably practicable in light of the nature and the history of the debtor and the

1 condition of the debtor's books and records, including a discussion of the potential material
2 Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical
3 investor typical of the holders of Claims or Interests in the case, that would enable such a
4 hypothetical investor of the relevant class to make an informed judgment about the plan, but
5 adequate information need not include such information about any other possible or proposed plan
6 and in determining whether a disclosure statement provides adequate information, the court shall
7 consider the complexity of the case, the benefit of additional information to creditors and other
8 parties in interest, and the cost of providing additional information....” 11 U.S.C. § 1125(a)(1).

9 NO STATEMENTS OR INFORMATION CONCERNING THE PLAN AND THE
10 TRANSACTIONS CONTEMPLATED THEREBY HAVE BEEN AUTHORIZED, OTHER
11 THAN THE STATEMENTS AND INFORMATION CONTAINED IN THIS DISCLOSURE
12 STATEMENT AND THE INFORMATION ACCOMPANYING THIS DISCLOSURE
13 STATEMENT. ALL OTHER STATEMENTS REGARDING THE PLAN AND THE
14 TRANSACTIONS CONTEMPLATED THEREBY, WHETHER WRITTEN OR ORAL, ARE
15 UNAUTHORIZED.

16 APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER,
17 CONSTITUTE A DETERMINATION BY THE COURT AS TO THE FAIRNESS OR MERITS
18 OF THE PLAN.

19 The Disclosure Statement Order sets forth in detail the deadlines, procedures and
20 instructions for voting to accept or reject the Plan and for filing objections to confirmation of the
21 Plan, the record date for voting purposes, and the applicable standards for tabulating Ballots. In
22 addition, detailed voting instructions accompany each Ballot. Each holder of a Claim entitled to
23 vote on the Plan should read in their entirety the Disclosure Statement, the Plan, the Disclosure
24 Statement Order and the instructions accompanying the Ballots before voting on the Plan. These
25 documents contain, among other things, important information concerning the classification of
26 Claims for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan
27 may be made except pursuant to section 1125 of the Bankruptcy Code.

1 **A. Definitions**

2 Any capitalized term not otherwise defined in this Disclosure Statement has the meaning
3 ascribed to it in the Plan. (See Article II.A of the Plan – Specific Definitions). Such definitions set
4 forth in the Plan are incorporated in this Disclosure Statement by this reference as though fully set
5 forth herein. To the extent that there is any inconsistency between the terms contained herein and
6 those contained in the Plan, the terms of the Plan shall govern.

7 **B. The Purpose of this Disclosure Statement**

8 The Bankruptcy Code requires that the proponent of a plan of reorganization prepare and
9 file with the Bankruptcy Court a “disclosure statement” that provides information of a kind, and in
10 sufficient detail, that would enable a typical holder of a claim or interest in a class impaired under
11 the plan to make an informed judgment about the plan. This Disclosure Statement provides such
12 information regarding the Debtors, the Cases, and the Plan, as well as information regarding the
13 deadlines for casting Ballots with respect to the Plan, the deadlines for objecting to confirmation
14 of the Plan, and the requirements that must be satisfied in order for the Bankruptcy Court to
15 confirm the Plan. **Holders of Claims and Interests should read this Disclosure Statement, the
16 Plan, and all of the accompanying exhibits in their entirety in order to ascertain:**

- 17 1. **Who can vote or object;**
- 18 2. **What the treatment of your claim is (i.e., what your claim will receive if the
19 Plan is confirmed), and how this treatment compares to what your claim
20 would receive in liquidation;**
- 21 3. **The history of the Debtors and significant events during the bankruptcy;**
- 22 4. **What things the Court will look at to decide whether or not to confirm the
23 Plan;**
- 24 5. **What is the effect of confirmation; and**
- 25 6. **Whether the Plan is feasible.**

26 This Disclosure Statement, however, cannot and does not provide holders of Claims with
27 legal or other advice, or inform such parties of all aspects of their rights. **Holders of Claims
28 against the Debtors are advised to consult with their lawyers and/or financial advisors to**

1 **obtain more specific advice regarding how the Plan will affect them and regarding their best**
2 **course of action with respect to the Plan.**

3 This Disclosure Statement has been prepared by the Debtors in good faith and in
4 compliance with applicable provisions of the Bankruptcy Code. Based upon information currently
5 available, the Debtors believe that the information contained in this Disclosure Statement is
6 correct, in all material respects, as of the date of its dissemination. With certain exceptions, the
7 Disclosure Statement does not and will not reflect events that occur after the filing of the
8 Disclosure Statement with the Bankruptcy Court, and, in the case of the financial information
9 provided with this Disclosure Statement, is necessarily limited to the reporting period prior to the
10 filing of the Disclosure Statement with the Bankruptcy Court, and, except as set forth herein, the
11 Debtors assume no duty and presently do not intend to prepare or distribute any amendments or
12 supplements to reflect such events; provided, however, that current financial information may be
13 provided in connection with confirmation of the Plan as required by the applicable provisions of
14 the Bankruptcy Code or the Bankruptcy Court.

15 **THE COURT HAS NOT AUTHORIZED ANY PERSON TO GIVE ANY**
16 **INFORMATION OR MAKE ANY REPRESENTATIONS REGARDING THE PLAN OR**
17 **THE SOLICITATION OF ITS ACCEPTANCE, OTHER THAN THE INFORMATION**
18 **AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT. IN**
19 **ADDITION, THE COURT HAS NOT YET DETERMINED WHETHER OR NOT THE**
20 **PLAN IS CONFIRMABLE AND THE COURT MAKES NO RECOMMENDATION AS**
21 **TO WHETHER OR NOT YOU SHOULD SUPPORT OR OPPOSE THE PLAN.**

22 **C. Summary of Entities Entitled to Vote on the Plan and of Certain**
23 **Requirements Necessary for Confirmation of the Plan**

24 Pursuant to the provisions of the Bankruptcy Code, only holders of Allowed Claims or
25 Interests in classes of Claims or Interests that are impaired are entitled to vote to accept or reject a
26 proposed chapter 11 plan. Classes of Claims or Interests in which the holders of Claims or
27 Interests are unimpaired under a chapter 11 plan are deemed to have accepted the plan and are not
28 entitled to vote to accept or reject the plan. Classes of Claims or Interests in which the holders of

1 Claims or Interests are impaired but are not entitled to receive or retain any property on account of
2 such Claims or Interests are deemed to have rejected the plan and similarly are not entitled to vote
3 to accept or reject the plan.

4 Only holders of allowed Claims in Classes 1A, 1B-1, 1B-2, 1D, 1F, 3 and 4 (collectively,
5 the "Voting Classes"), are entitled to vote on the Plan because such Classes are the only Classes
6 that are "impaired" (within the meaning of section 1124 of the Bankruptcy Code) and that will
7 receive or retain property under the Plan. Classes 1C, 1E, 1G, 1H, 2, 5, and 6 are unimpaired and
8 therefore not entitled to vote on the Plan. Entities holding Administrative Claims and Priority Tax
9 Claims are not classified and are not entitled to vote on the Plan. See Article V of the Plan for a
10 description of the various Classes of Claims, and of the treatment of such Claims and Interests
11 under the Plan, and see Article VI of the Plan for an explanation of impairment, and the entities
12 that are entitled to vote on the Plan.

13 The Bankruptcy Court may confirm the Plan only if at least one Class of impaired Claims
14 has voted to accept the Plan (without counting the votes of any insiders whose Claims are
15 classified within that Class), and if certain statutory requirements are met as to both nonconsenting
16 members within a consenting Class and as to dissenting Classes. A Class of Claims has accepted
17 the Plan only when more than one-half in number and at least two-thirds in amount of the Allowed
18 Claims actually voting in that Class vote in favor of the Plan. The Plan may be confirmed even if
19 all of the Voting Classes do not accept the Plan and do not receive payments or property equal to
20 the full amount of their Allowed Claims as of the Effective Date, so long as at least one Class of
21 impaired Claims has voted to accept the Plan. See Section VI below for a description of various
22 other requirements for acceptance and confirmation of the Plan.

23 **D. Confirmation Hearing, Voting Procedures, Balloting Deadline, and Other**
24 **Important Dates, Deadlines, and Procedures**

25 **1. Voting Procedures and Deadlines**

26 If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose
27 of voting on the Plan. If you hold a Claim in more than one Class and you are entitled to vote
28

1 Claims in more than one Class, you will receive separate Ballots that must be used for each
2 separate Class of Claims. Please vote and return your Ballot(s).

3 If you received a Ballot from a broker, bank or other institution, return the completed
4 Ballot(s) to such broker, bank or other institution promptly so that it can be forwarded to the
5 Debtors' Ballot Tabulator (as defined below). If you received a Ballot(s) from the Debtors, please
6 vote and return your Ballot(s) directly to Ms. Lori Gauthier, Legal Assistant, Irell & Manella LLP,
7 840 Newport Center Drive, Suite 400, Newport Beach, California 92660 (the "Ballot Tabulator"),
8 so that it is actually received by the Ballot Tabulator no later than the Balloting Deadline (as
9 defined below). Ballots do not constitute proofs of claims or interests, or amendments to proofs of
10 claims or interests, and must not be sent to the Debtors or to the Bankruptcy Court.

11 **All Ballots must be signed and be returned to and actually received by the Ballot**
12 **Tabulator by no later than [_____], 2010 [DATE TO BE ESTABLISHED BY COURT],**
13 **at 4:00 p.m. Pacific Time (the "Balloting Deadline"). Ballots received after the Balloting**
14 **Deadline, and Ballots sent directly to the Debtors, the Bankruptcy Court, or any entity other**
15 **than the Ballot Tabulator, will not be counted in connection with confirmation of the Plan.**

16 Any Claim in Classes 1A, 1B-1, 1B-2, 1D, 1F, 3 and 4 to which an objection or request for
17 estimation is pending, is not entitled to vote unless the holder of such Claim has obtained an order
18 of the Court temporarily allowing such Claim for the purpose of voting on the Plan. In addition,
19 any Ballots cast by alleged creditors whose Claim(s) is either (a) not listed on the Debtors'
20 Schedules of liabilities or (b) listed as disputed, contingent and/or unliquidated on the Debtors'
21 Schedules of liabilities, but who timely filed a proof of claim in unliquidated or unknown amounts
22 that is not the subject of an objection filed by the Debtors will have their Ballot(s) counted towards
23 satisfying the numerosity requirement of section 1126(c) of the Bankruptcy Code, but will not
24 have their Ballots counted toward satisfying the aggregate Claim amount requirements of that
25 section.

26 Pursuant to the Disclosure Statement Order, the Court set _____, 2010, the date of
27 the entry of the Disclosure Statement Order, as the record date (the "Voting Record Date") for
28

1 voting on the Plan. Accordingly, only holders of record as of _____, 2010 will
2 receive a Ballot and may vote on the Plan.

3 If you are a holder of a Claim entitled to vote on the Plan and did not receive a Ballot(s),
4 received a damaged Ballot(s) or lost your Ballot(s), or if you have any questions concerning the
5 Disclosure Statement, the Plan or the procedures for voting on the Plan, please call ~~provide~~
6 ~~contact~~ at _____ **Alan J. Friedman at 949-760-0991** from 9:00 a.m. to 5:00 p.m.,
7 _____, Monday through Friday. You may also email questions to Lori Gauthier,
8 Paralegal, at the following address, but must reference "Gianulias/Cameo plan inquiry" in the
9 subject line of the email: lgauthier@irell.com.

10 **2. Date Of The Confirmation Hearing And Deadlines For Objections To**
11 **Confirmation Of The Plan**

12 Pursuant to section 1128 of the Bankruptcy Code, the Court has scheduled a hearing to
13 consider confirmation of the Plan for _____, 2010 at _____ prevailing Pacific
14 ~~Standard~~ Time before the Honorable Robert Kwan, United States Bankruptcy Judge for the
15 Central District of California, Santa Ana Division, Courtroom 5D, United States Bankruptcy
16 Court, 411 West Fourth Street, Santa Ana, California (the "Confirmation Hearing"). The Court
17 has directed that objections, if any, to confirmation of the Plan be filed and served on the
18 following entities so that they are received on or before _____, 2010 at 4:00 P.M.,
19 prevailing Pacific ~~Standard~~ Time: (a) Irell & Manella LLP, 840 Newport Center Drive, Suite
20 400, Newport Beach, California 92660, Attention: Alan J. Friedman, Esq.; (b) The Lobel Firm,
21 LLP, 840 Newport Center Drive, Suite 750, Newport Beach, California 92660, Attention: William
22 N. Lobel, Esq. and Mike D. Neue, Esq.; (c) SulmeyerKupetz, 333 South Hope Street, 35th Floor,
23 Los Angeles, California 90071, Attention: Victor A. Sahn, Esq. and Elissa D. Miller, Esq.; and (d)
24 The Office of the United States Trustee, 411 West Fourth Street, Suite 9041, Santa Ana, California
25 92701, Attention: Michael Hauser. **Please refer to the accompanying notice of the**
26 **Confirmation Hearing for specific requirements regarding the form and nature of objections**
27 **to confirmation of the Plan.** The Confirmation Hearing may be adjourned from time to time by
28

1 the Court without further notice except for the announcement of the adjournment date made at the
2 Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

3 THE DEBTORS BELIEVE THAT THE PLAN WILL ENABLE THEM TO
4 REORGANIZE SUCCESSFULLY AND TO ACCOMPLISH THE OBJECTIVES OF CHAPTER
5 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE
6 DEBTORS AND THEIR CREDITORS. THE DEBTORS URGE CREDITORS TO VOTE TO
7 ACCEPT THE PLAN.

8 **E. Important Notices and Cautionary Statements**

9 No representations concerning the Plan are authorized by the Debtors other than those set
10 forth in this Disclosure Statement. The information contained in this Disclosure Statement has
11 been provided by the Debtors from the Debtors' books and records and from other sources. In
12 reaching your decision on how to vote on the Plan, the Debtors recommend that you not rely on
13 any representation or inducement made to secure your acceptance or rejection of the Plan that is
14 not contained in this Disclosure Statement or in the Plan itself.

15 Certain financial advisors, attorneys, appraisers and other professionals employed by the
16 Debtors have assisted in the preparation of this Disclosure Statement based upon factual
17 information and assumptions respecting financial, business, and accounting data provided by the
18 Debtors and third parties. While those financial advisors, attorneys, appraisers, other
19 professionals and third parties who have contributed to this Disclosure Statement have used their
20 best efforts to ensure the accuracy of the Disclosure Statement and the data presented herein, they
21 have not independently verified such information and the representations made herein are solely
22 the representations of the Debtors, and are not representations made individually by such financial
23 advisors, attorneys, appraisers, other professionals and third parties.

24 This Disclosure Statement may not be relied upon for any purpose other than to determine
25 how to vote on the Plan. Nothing contained in this Disclosure Statement shall be deemed advice
26 on the tax or other legal effects of the Plan on holders of Claims or Interests. Holders of Claims
27 should consult their personal counsel or tax advisor on any questions or concerns respecting tax or
28 other legal consequences of the Plan.

1 The financial data relied upon in formulating the Plan is based on the Debtors' books and
2 records. The Debtors represent that everything stated in this Disclosure Statement is true to their
3 best knowledge. The Debtors do not represent, however, that everything stated in this Disclosure
4 Statement is without any inaccuracy.

5 **F. Additional Information**

6 If you have any questions about the procedures for voting on the Plan, desire another copy
7 of a Ballot, or seek further information about the timing and deadlines with respect to
8 confirmation of the Plan, please write to the Ballot Tabulator. The Ballot Tabulator, however,
9 cannot and will not provide holders of Claims with any advice, including advice regarding how to
10 vote on the Plan, or the legal effect that confirmation of the Plan will have upon Claims against the
11 Debtors. An inquiry to the Ballot Tabulator will not change the Ballot Deadline.

12 As provided in the Plan, material modifications to the Plan, exhibits to the Plan or
13 documents related to the Plan may be made. Finally, all pleadings filed in the Cases are on file
14 with the Clerk of the Bankruptcy Court and available for review during normal business hours.
15 Written requests for a copy of any specific pleading or document may also be made to the Ballot
16 Tabulator.

17 Approval of this Disclosure Statement is not a determination as to whether or not the Plan
18 is confirmable and is not a recommendation by the Court as to whether or not you should support
19 or oppose the Plan.

20 **II. BACKGROUND INFORMATION**

21 **A. The Debtors**

22 Gianulias is an individual who resides with his family in Newport Beach, California.
23 Gianulias has been in the business of real estate development for approximately forty years.
24 Gianulias owns an interest (direct and indirect) in a number of single asset real estate entities that
25 were formed to purchase and develop real estate. Cameo, an entity that Gianulias formed in 1968,
26 also owns an interest (direct and indirect) in a number of single asset real estate ventures that were
27 formed to purchase and develop real estate. Cameo holds an interest (direct and indirect) in many
28 of the same real estate entities in which Gianulias holds an interest, as well as interests in other

1 entities. Gianulias owns 100% of Cameo and therefore has an indirect interest in all of Cameo's
2 interests in the various real estate entities. The real estate entities owned in part by Gianulias and
3 Cameo include limited liability companies, general partnerships, corporations and limited
4 partnerships (collectively, the "Companies"). The Companies, which are identified and described
5 below, comprise a substantial portion of the Debtors' assets and provide the source of revenue that
6 will be used to make payments under the Plan.

7 Gianulias and Cameo established the Companies to develop and operate various real estate
8 assets, including, without limitation, condominiums, residential developments, commercial and
9 retail developments, mixed-use developments, and multi-family apartment complexes. Through
10 the Companies, the Debtors have built thousands of homes and apartment units throughout
11 California, as well as in certain other regions of the country. Of those various real estate assets,
12 approximately fourteen (14) single-family residence projects, two (2) mixed-use projects and four
13 (4) multi-family land development projects are not currently generating income. Four (4) multi-
14 family projects and three (3) commercial/retail projects remain under construction or are in lease-
15 up status, and are not generating sufficient income to cover operating costs and service their debt.
16 Nine (9) multi-family projects and eight (8) commercial/retail projects have reached stabilization
17 and are generating income.

18 The Debtors created two entities -- G Companies Management, Inc. ("G Companies
19 Management") and Mesa Management, Inc. ("Mesa Management") -- to provide the Companies
20 and the Debtors with management and administrative services necessary to ensure the successful
21 development, construction and management of the real estate projects owned by the Companies.
22 G Companies Management and Mesa Management, and their respective employees, generally
23 devote all or substantially all of their time and resources toward providing critical services to the
24 Companies and the Debtors, and therefore do not have an alternative source of income.

25 ~~In~~ Historically, in exchange for the services provided by G Companies Management to the
26 Companies, as well as the services G Companies Management provides in connection with the
27 Debtors' bankruptcy cases and plan development efforts, funds ~~are~~ were transferred by the
28 Debtors to G Companies Management on a monthly basis, pursuant to the budget approved by the

1 Bankruptcy Court. These funds cover the company's business expenses, which include, without
2 limitation, payroll, payroll burden, rent, and general administrative expenses. Historically, the
3 Debtors would have been reimbursed for these expenses on a pro-rata basis from the projects that
4 were actively involved in development or construction activity. Since the fourteen single-family
5 residence projects have all been either foreclosed upon or no longer have an active source of
6 funding available, and the four multi-family projects under construction are no longer under direct
7 management control of the Debtors (or have also been foreclosed upon), the Debtors no longer
8 have the ability to obtain expense reimbursements from these specific construction or development
9 projects, and therefore can no longer pass these expenses through on a pro rata basis.

10 Historically, Mesa Management, in contrast, ~~is~~was paid a fee directly by the stabilized
11 multi-family and commercial project Companies for management services provided, and
12 ~~covers~~covered all of its general and administrative expenses from this fee income source.
13 ~~The~~Historically, the fee paid to Mesa Management ~~nets~~netted out to be approximately 4.2% of
14 all income from the project Companies. Initially Mesa Management ~~receives~~received 5% of
15 rental income from each property (which equals approximately 92% of the total income, the other
16 8% derived from utility and concession income for which Mesa Management is not compensated).
17 The 5% paid to Mesa Management is further reduced by 0.5% in accordance with a contractual
18 agreement between Robert Lucas Development and Mesa Management. Hence, Mesa
19 Management ~~receives~~historically received a net 4.14% (5.0% less 0.5% times 92%).

20 As Mesa Management and G Companies ~~have~~ downsized, to reduce costs, the few
21 remaining employees of G Companies Management were transferred onto Mesa Management's
22 payroll service (as of January 1, 2009), in order to avoid the cost of duplicate payroll processing
23 fees. As a result, G Companies Management ~~reimburses~~reimbursed Mesa Management for the
24 proportionate share of payroll expense that is incurred by Mesa Management for those specific
25 employees who ~~are~~were actively working on the bankruptcy cases, or are providing
26 administrative services critical to the continued operation of each of the bankruptcy estates. Prior
27 to the commencement of the bankruptcy cases, G Companies Management and Mesa Management
28 had a collective workforce of 54 employees and 5 consultants. However, to reduce costs in the

1 cases, the Debtors downsized the collective workforce of G Companies Management and Mesa
2 Management to 21 employees¹ and no longer employ any consultants on a regular basis.² Further
3 cost-cutting measures the Debtors have implemented, or expect to implement in the future, include
4 the following:

- 5 • The Debtors have reduced their rental costs by consolidating all employees from
6 five office suites into three office suites, and negotiating a reduction in the rental
7 costs of one of the remaining suites, thereby reducing overall rental costs by
8 approximately \$173,000 per year.
- 9 • The Debtors eliminated the use of Human Resource and Unemployment Claim
10 consultants—effective as of January 9, 2009—reducing overall health plan costs by
11 approximately \$75,000 per year.
- 12 • At renewal on July 1, 2008, the Debtors selected a lower cost health care plan to
13 avoid a cost increase, and implemented a greater level of employee cost sharing,
14 which reduced overall costs by approximately \$25,000 per year.
- 15 • The Debtors selected higher deductible levels and adjusted their coverage levels on
16 property and liability insurance policies covering all assets—while maintaining
17 adequate coverage levels—which reduced overall costs by approximately \$70,000
18 per year.
- 19 • The Debtors implemented a wage freeze for 2009 for all G companies Management
20 and Mesa Management corporate employees, which will result in a cost savings of
21 approximately \$50,000 to \$60,000 per year.

22
23
24 ¹ While salaries for all 21 employees are paid directly by G Companies Management and
25 Mesa, 9 of the 21 employees are not corporate level employees, but rather are field staff who
26 service several of the projects owned by the Companies. Given that these field staff employees
27 are in a sense “floaters,” the Debtors have determined that is more efficient to have Mesa pay their
28 salaries directly, and then have the projects the employees service reimburse their salaries out of
business operations on a pro rata basis.

² As a result of the reduction, total annual payroll, excluding payroll for the 9 employees
reimbursed directly by the projects they service, has been reduced from \$4,550,000 to \$1,975,000.
Of the current payroll, Mesa’s revenue stream from its management fee covers approximately
\$1,650,000, leaving only approximately \$325,000 in payroll to be covered by the Debtors.

- During fall 2008, the Debtors restricted management's use of expense accounts for business meals and travel to only required essential functions.

As to their business operations going forward, the Debtors expect that they will continue to develop and operate those Companies which hold income-producing projects, and that those Companies will continue to generate revenue. As to the Companies which hold projects which are currently operating at a loss, the Debtors expect that they will eventually either (1) joint venture with an equity partner to obtain the necessary capital to support operations until a positive cash flow can be achieved, (2) continue to fund proceeds from the Debtors' estates necessary to cover any operating shortfall specifically on properties that have a positive equity position and appear to have the potential of achieving a positive cash flow in the relatively near future, (3) look to find a buyer for the property, or (4) allow the lender to foreclose on the property. As to the Companies whose projects have been foreclosed on or otherwise transferred to a third party, or that the Debtors anticipate will be foreclosed on in the near future, the Debtors expect that they will eventually dissolve those Companies.

Both Gianulias and Cameo have guaranteed, in whole or in part, the outstanding secured loans with respect to twenty-four (24) real estate ventures that do not generate positive cash flow. Gianulias has personally guaranteed project loans totaling approximately \$135 million (net of foreclosures). Cameo has also guaranteed project loans totaling approximately \$117 million (net of foreclosures). The Debtors have also borrowed or guaranteed unsecured loans in excess of \$9 million.

B. Description of Some of the Entities Owned in Whole, or Part, by the Debtors

The following is a brief summary of some of the business entities owned in whole, or in part, by the Debtors.

1. Cameo

Cameo, one of the debtors and debtors-in-possession herein, is a California corporation that was formed by Gianulias in 1968. Gianulias owns 100% of the interests of Cameo. Like Gianulias, Cameo, through its ownership interests in the various Companies described below, is in the business of real estate development.

1 **2. G Companies Management**

2 G Companies Management, LLC ("G Companies Management"), a California limited
3 liability company, was formed in 2001. Gianulias owns 79% of the interests of G Companies
4 Management and the remaining 21% is owned by one party that is not an affiliate of the Debtors.
5 G Companies Management was formed by Gianulias to provide the Companies with essential
6 management and administrative services necessary to ensure the successful development and
7 construction of the Companies' real estate assets.³ More specifically, services provided by G
8 Companies Management to the Companies include, but are not limited to, cash management,
9 human resources and insurance oversight, Internet Technology ("IT"), as well as, with respect to
10 the real estate assets, obtaining financing, construction and development oversight, construction
11 accounting, contract management, sales and marketing, and acquisitions and dispositions. In
12 addition, since the commencement of the bankruptcy cases, G Companies Management has
13 provided essential corporate tax and accounting work for the Companies, as well as essential
14 support in connection with the Debtors' bankruptcy cases and plan development efforts. Going
15 forward, the Debtors anticipate that some of the projects owned by the Companies will require
16 additional entitlement and development work, or will need to be sold to third parties, and the
17 Debtors anticipate that G Companies Management will handle these essential matters.

18 **3. Mesa Management**

19 Mesa Management, a California corporation, was formed in 1977. Gianulias owns 100%
20 of the interests of Mesa Management. Mesa Management was formed by Gianulias and one of his
21 partners (not an affiliate of the Debtors) to provide essential management and administrative
22 services necessary to ensure the successful lease-up, property management, and physical asset
23 maintenance of the Companies' multi-family and commercial real estate assets. Services provided
24 by Mesa Management include, but are not limited to, with respect to the real estate assets, property
25 level staffing and management, accounting, regional management, capital improvements, tenant

26
27 ³ G Companies Management primarily focused on the development and construction of the
28 Debtors' homebuilding operations, as well as the development and construction of the multi-
family assets. Once constructed, however, management of the multi-family assets became the
responsibility of Mesa, as described in more detail below.

1 relations, cash collections, payroll services, maintenance project coordination, financial reporting,
2 and commercial/retail leasing. In exchange for these services, Mesa Management receives a net
3 4.2% management fee directly from the Companies. Mesa Management also contracts with
4 Entities completely unrelated to the Debtors to provide management services.

5 **4. G Companies Homebuilding, LLC**

6 G Companies Homebuilding, LLC ("G Companies Homebuilding"), a California limited
7 liability company, is a special purpose entity that was formed by Cameo in 2004 to own direct
8 interests in the various Companies. Cameo owns 100% of the interests of G Companies
9 Homebuilding, and therefore has an indirect ownership interest in all of the Companies owned, in
10 whole or in part, by G Companies Homebuilding. G Companies Homebuilding's ownership
11 interests in the various Companies are described below. All but one of the projects owned by the
12 Companies in which G Companies Homebuilding has an interest have already been foreclosed or
13 sold out, and the Debtors anticipate that the remaining project will be foreclosed on in the near
14 future.

15 **COMPANIES THE DEBTORS INTEND TO DISSOLVE**

16 The following group of Companies consists of those entities whose projects have been
17 foreclosed on or otherwise transferred to a third party, or that the Debtors anticipate will be
18 foreclosed on in the near future. The Debtors believe that preserving these Companies will
19 provide no further value to their Estates, and the Debtors therefore expect that they will dissolve
20 these Companies as soon as practicable. **However, the Debtors reserve all rights to pursue any**
21 **legal action for the benefit of any of the foregoing Companies in order to resolve any and all**
22 **outstanding issues including, but not limited to, property valuations, performance bonds,**
23 **governmental agency obligations, and any other legal action that Debtors or the Companies**
24 **see fit to pursue.**

25 **5. Arenal Road, LLC**

26 **Debtors' Ownership Interest.** Arenal Road, LLC, a California limited liability company
27 ("Arenal"), was formed in 2006. G Companies Homebuilding, which is 100% owned by Cameo,
28 owns 100% of the interests of Arenal.

1 **Project.** This project was a proposed multi-phase 83 unit condominium project located
2 within the grounds of the La Costa Resort and Spa in the City of Carlsbad, San Diego County,
3 California. The two phases were a part of the La Costa Resort master plan. The first phase
4 (referred to as Phase 3 in the master plan) was to consist of 38 condominium units and the second
5 phase (referred to as Phase 4) was to consist of 45 condominium units. The condominium design
6 called for two-story buildings with units ranging from 1,172 to 1,554 square feet and base pricing
7 from \$1,018,000 to \$1,320,000. Benefits from home ownership at La Costa were to include club
8 membership, participation in resort room revenue, rental pool, close proximity to the Pacific
9 Ocean and Five Star resort amenities, including golf, tennis and world class spa.

10 On June 13, 2008, the project was foreclosed on by Virtual Realty Enterprises. As a result,
11 the Debtors have no go-forward plan with respect to the project, and intend to dissolve Arenal as
12 soon as possible.

13 **6. Benton Road, LLC**

14 **Debtors' Ownership Interest.** Benton Road, LLC, a California limited liability company
15 ("Benton"), was formed in 2005. G Companies Homebuilding owns 100% of the interests of
16 Benton.

17 **Project.** Benton was a proposed 38 unit residential development in the Winchester/French
18 Valley area of unincorporated Riverside County, California. The development plan called for
19 single-family detached homes ranging in size from 2,545 to 3,240 square feet with base pricing
20 beginning in the \$500,000's. Lot sizes were to range from a minimum of 7,200 square feet up to
21 over 20,000 square feet.

22 On October 21, 2008, the project was foreclosed on by Bank Midwest. As a result, the
23 Debtors have no go-forward plan with respect to the project, and intend to dissolve Benton as soon
24 as possible.

25 **7. Indio Homes 130, LP (Parkfield)**

26 **Debtors' Ownership Interest.** Indio Homes 130, LP, a California limited partnership
27 ("Indio"), was formed in 2005. Cameo owns 49% of the interests of Indio, a 1% interest is owned
28

1 by Indio 130, LLC (which is owned 100% by Cameo Homes) and the remaining 50% is owned by
2 one party that is not an affiliate of the Debtors.

3 **Project.** The proposed development, also known as Parkfield, is located in the City of
4 Indio, Riverside County, California. The community, when completed, was to consist of 89
5 single-family detached two-story homes that range in size from 1,417 to 1,925 square feet.
6 Designed as a “cluster” concept consisting of eight homes per cluster, each cluster was to have its
7 own individual street. Community amenities were to include a gated community with recreation
8 center and pool. Sales prices were projected from \$300,000 to \$400,000.

9 On February 13, 2008, the project was sold to a third party. As a result, the Debtors have
10 no go-forward plan with respect to the project, and intend to dissolve Indio as soon as possible.

11 **8. Quail Ridge Communities, LLC (La Quinta 9)**

12 **Debtors’ Ownership Interest.** Quail Ridge Communities, LLC, a California limited
13 liability company (“Quail Ridge”), was formed in 2005. G Companies Homebuilding owns 100%
14 of the interests of Quail Ridge.

15 **Project.** Quail Ridge, also known as La Quinta 9, is a 10.65 acre parcel located at the base
16 of the Santa Rosa Mountains in the City of La Quinta, Riverside County, California. Initially
17 planned as 46 single-family detached homes, the project went through a significant redesign
18 concept that called for 132 condominium units, each a minimum of 1,346 square feet, in a
19 community immediately adjacent to the La Quinta Resort and Club. Benefits of homeownership
20 at Quail Ridge were to include participation in the rental pool and room revenue in affiliation with
21 La Quinta Resort and Club.

22 On October 21, 2008, the project was foreclosed on by Bank Midwest. As a result, the
23 Debtors have no go-forward plan with respect to the project, and intend to dissolve Quail Ridge as
24 soon as possible.

25 **9. Silver Oaks 183, LLC (Sweetwater Ranch)**

26 **Debtors’ Ownership Interest.** Silver Oaks 183, LLC, a California limited liability
27 company (“Silver Oaks”), was formed in 2004. G Companies Homebuilding owns 53.33% of the
28

1 interests of Silver Oaks and the remaining 46.67% is owned by one party that is not an affiliate of
2 the Debtors.

3 ***Project.*** Design concept on this project called for 133 single-family detached lots located
4 in the City of Winchester, Riverside County, California. The homes were to range in size from
5 2,545 to 3,574 square feet in one- and two-story floor plans.

6 On April 19, 2008, California National Bank foreclosed on the model complex, phase 1
7 and phase 2—5 model homes and 20 lots, and on October 21, 2008, Bank Midwest foreclosed on
8 the remaining 108 lots in the project. As a result, the Debtors have no go-forward plan with
9 respect to the project, and intend to dissolve Silver Oaks as soon as possible.

10 **10. JB Redmond, LLC**

11 ***Debtors' Ownership Interest.*** JB Redmond, LLC, a California limited liability company
12 ("JB Redmond"), was formed in 2005. The James Chris Gianulias Trust (the "Gianulias Trust")
13 owns 75% of the interests of JB Redmond the remaining 25% is owned by one party that is not an
14 affiliate of the Debtors. Gianulias is both the trustor and trustee of the Gianulias Trust.

15 ***Project.*** This project was a proposed 55 acre site, zoned for mixed use, which was to
16 include single-family detached and single-family attached town homes, senior housing and light
17 commercial located in the City of Redmond, Deschutes County, Oregon. The podium design
18 called for homeownership over retail in some areas.

19 On May 11, 2009, the project was foreclosed on by Deutsche Bank. As a result, the
20 Debtors have no go-forward plan with respect to the project, and intend to dissolve JB Redmond
21 as soon as possible.

22 **11. 100 San Jacinto, LLC**

23 ***Debtors' Ownership Interest.*** 100 San Jacinto, LLC, a California limited liability
24 company ("100 San Jacinto"), was formed in 2004. G Companies Homebuilding owns 100% of
25 the interests of 100 San Jacinto.

26 ***Project.*** This project was a proposed 98 unit single-family detached residential
27 development located in the City of San Jacinto, Riverside County, California. The raw land was
28

1 designed for minimum 7,200 square foot lots for one- and two-story models ranging from 1,700 to
2 2,700 square feet.

3 On April 24, 2008, the project was foreclosed on by California National Bank. As a result,
4 the Debtors have no go-forward plan with respect to the project, and intend to dissolve 100 San
5 Jacinto as soon as possible.

6 **12. 213 Banning, LLC (Rolling Hills)**

7 **Debtors' Ownership Interest.** 213 Banning, LLC, a California limited liability company
8 ("Banning"), was formed in 2004. Cameo owns 100% of the interests of Banning.

9 **Project.** The site for this project was entitled for 213 single-family detached homes on
10 minimum 20,000 square foot lots located in the City of Banning, Riverside County, California.
11 Two product types were designed for this project: Rolling Hills Estates were to comprise 92
12 homes ranging from 2,774 to 3,574 square feet, to be priced from the mid \$500,000's; and Rolling
13 Hills Ranch product, on 121 lots, were to consist of all single-story homes ranging from 2,394 to
14 3,864 square feet and priced from \$455,000 to \$655,000.

15 On April 4, 2008, the project was foreclosed on by California National Bank. As a result,
16 the Debtors have no go-forward plan with respect to this project, and intend to dissolve Banning as
17 soon as possible.

18 **13. BEG, LLC (Shadow Canyon)**

19 **Debtors' Ownership Interest.** BEG, LLC, a California limited liability company ("BEG"),
20 was formed in 2002. G Companies Homebuilding owns 53.33% of the interests of BEG and the
21 remaining 46.67% is owned by one party that is not an affiliate of the Debtors.

22 **Project.** This project, also known as Shadow Canyon, was located in the Wildomar area of
23 unincorporated Riverside County, California. Product was to consist of 86 single-family detached
24 product offering four floor plans in single- and two-story configurations ranging from 2,545 to
25 3,363 square feet. Pricing was to range from \$492,000 to \$561,000. The project was under
26 construction, and had successfully sold 16 of the homes during the period from April 2007
27 through September 2007.

28

1 On May 7, 2008, the remaining 70 lots (some with fully constructed homes) in the project
2 were foreclosed on by California National Bank. As a result, the Debtors have no go-forward plan
3 with respect to this project, and intend to dissolve BEG as soon as possible.

4 **14. Country Estates Homes, LLC (Wine Country)**

5 **Debtors' Ownership Interest.** Country Estates Homes, LLC, a California limited liability
6 company ("Country Estates"), was formed in 2003. The Gianulias Trust owns 50% of the
7 interests of Country Estates and the remaining 50% is owned by one party that is not an affiliate of
8 the Debtors.

9 **Project.** This cross-collateral site was to consist of raw land designed to accept 19 semi-
10 custom parcels ranging from 2.5 to 3.4 acres. It is located in Temecula, Riverside County,
11 California.

12 On July 14, 2008, the project was foreclosed on by Virtual Realty Enterprises. As a result,
13 the Debtors have no go-forward plan with respect to the project, and intend to dissolve Country
14 Estates as soon as possible.

15 **15. French Valley 40, LLC (Assemblage)**

16 **Debtors' Ownership Interest.** French Valley 40, LLC, a California limited liability
17 company ("French Valley"), was formed in 2005. Cameo owns 1% of the interests of French
18 Valley and the Gianulias Trust owns the remaining 99% of the interests of the company.

19 **Project.** French Valley, also known as Assemblage, was a proposed 27 unit detached
20 single-family development in the Winchester area of unincorporated Riverside County, California.
21 The proposed product was to consist of single- and two-story detached homes ranging from
22 approximately 3,250 to 3,900 square feet with pricing projected from \$660,000 to \$690,000. The
23 lots were to average 20,000 square feet.

24 All further processing on the project has stopped. Famille Holdings holds a first trust deed
25 on the project, but has not yet foreclosed on the same. The current fair market value of the project
26 is less than the existing debt encumbering it. As it is unclear whether Famille Holdings will
27 proceed with a foreclosure on the project in response to French Valley's non-payment of debt
28 service to the lender, the Debtors have no go-forward plan with respect to this project at this time.

1 **16. Murrieta Land 60, LLC**

2 **Debtors' Ownership Interest.** Murrieta Land 60, LLC, a California limited liability
3 company ("Murrieta 60"), was formed in 2003. Cameo owns 100% of the interests of Murrieta
4 60.

5 **Project.** The site was a proposed residential subdivision of three lots designed for the
6 construction of 44 town homes, located in the City of Murrieta, Riverside County, California.
7 Product design was to offer three floor plans ranging in size from 1,268 to 1,908 square feet. All
8 units were to include direct access to attached two-car garages. Base pricing was projected to be
9 from \$320,000 to \$375,000.

10 All further processing on the project has stopped. Famille Holdings holds a first trust deed
11 on the project, but has not yet foreclosed on the same. The current fair market value of the project
12 is less than the existing debt encumbering it. As it is unclear whether Famille Holdings will
13 proceed with a foreclosure on the project in response to Murrieta 60's non-payment of debt service
14 to the lender, the Debtors have no go-forward plan with respect to this project at this time.

15 **17. 48th & Adams, LLC (Desert Cove)**

16 **Debtors' Ownership Interest.** 48th & Adams, LLC, a California limited liability company
17 ("48th"), was formed in 2004. G Companies Homebuilding owns 49% of the interests of 48th and
18 the remaining 51% is owned by one party that is not an affiliate of the Debtors.

19 **Project.** 48th, also known as Desert Cove, consisted of a gated 36 unit single-family
20 detached home development in the City of La Quinta, Riverside County, California.

21 All units in the project have been sold, and the last escrow closed on October 20, 2008.
22 Given that all its inventory has been sold, the Debtors intend to dissolve 48th as soon as possible.

23 **18. Rancho Fortunado, LLC**

24 **Debtors' Ownership Interest.** Rancho Fortunado, LLC, a California limited liability
25 company ("Rancho Fortunado"), was formed in 2004. G Companies Homebuilding owns 100%
26 of the interests of Rancho Fortunado.

27 **Project.** Rancho Fortunado was to be a 101 single-family detached development site
28 located in the Wildomar area of unincorporated Riverside County, California. Located

1 conveniently off the I-15 Freeway, the site offered good commuting options for employment
2 centers of Riverside and neighboring Orange County. The design criteria was to consist of single-
3 family detached homes in both single- and two-story floor plans ranging from 2,040 to 3,137
4 square feet. All homes were to offer attached three- or four-car garages. Base home prices were
5 projected to be from \$440,000 to \$539,000.

6 On June 10, 2008, the project was foreclosed on by Housing Capital Company. As a
7 result, the Debtors have no go-forward plan with respect to the project, and intend to dissolve
8 Rancho Fortunado as soon as possible.

9 **19. Rider & Patterson, LLC**

10 **Debtors' Ownership Interest.** Rider & Patterson, LLC, a California limited liability
11 company ("Rider"), was formed in 2005. G Companies Homebuilding owns 100% of the interests
12 of Rider.

13 **Project.** The project was to consist of 128 lot single-family detached residential units in
14 the Perris area of unincorporated Riverside County, California. The design was to call for five
15 distinctive floor plans ranging in size from 2,040 to 3,137 square feet on 7,200 minimum square
16 foot lots. Base prices were projected to be from \$379,000 to \$475,000.

17 On June 11, 2008, the project was foreclosed on by Housing Capital Company. As a
18 result, the Debtors have no go-forward plan with respect to the project, and intend to dissolve
19 Rider as soon as possible.

20 **20. Seventh Lyon, LLC (San Jacinto 150)**

21 **Debtors' Ownership Interest.** Seventh Lyon, LLC, a California limited liability company
22 ("Seventh Lyon"), was formed in 2003. The Gianulias Trust owns 47.50% of the interests of
23 Seventh Lyon and the remaining 52.50% is owned by two parties that are not affiliates of the
24 Debtors.

25 **Project.** The site was to consist of 150 single-family detached residential units in the City
26 of San Jacinto, Riverside County, California. The product design was to offer one- and two-story
27 models ranging from 2,040 to 3,137 square feet. Base pricing was to range from \$296,000 to
28 \$353,000.

1 On June 10, 2008, the property was foreclosed on by Housing Capital Company. As a
2 result, the Debtors have no go-forward plan with respect to the project, and intend to dissolve
3 Seventh Lyon as soon as possible.

4 **21. Rancho Cucamonga 212, LP (Sycamore Villas)**

5 **Debtors' Ownership Interest.** Rancho Cucamonga 212, LP, a California limited
6 partnership ("Rancho Cucamonga"), was formed in 2004. The Gianulias Trust owns 99% of the
7 interests of Rancho Cucamonga and the remaining 1% is owned by Rancho Cucamonga 212,
8 LLC, which is owned 100% by Cameo.

9 **Project.** Rancho Cucamonga, also known as Sycamore Villas, was a proposed 206 unit
10 private gated townhouse project located in the City of Rancho Cucamonga, San Bernardino
11 County, California, along the historic Route 66. The floor plans were to range in size from 1,104
12 to 1,356 square feet in buildings of two- and three-story configurations. The gated community
13 amenities were to include a recreation center with pool and spa; walking and biking paths; and an
14 on-site business center.

15 On August 27, 2008, the project was foreclosed on by Sterling Savings Bank (the assignee
16 of Intervest Mortgage Investment Company). As a result, the Debtors have no go-forward plan
17 with respect to the project, and intend to dissolve Rancho Cucamonga as soon as possible.

18 **22. Redmond 9, LLC**

19 **Debtors' Ownership Interest.** Redmond 9, LLC, a California limited liability company
20 ("Redmond 9"), was formed in 2007. The Gianulias Trust owns 75% of the interests of Redmond
21 9 and the remaining 25% is owned by one party that is not an affiliate of the Debtors.

22 **Project.** This site was to consist of nine acres designed for six individual super pads
23 located in Redmond, Deschutes County, Oregon. Over one-half of the site was to be utilized as
24 492 self-storage units.

25 On January 27, 2009, the project was foreclosed on by Wachovia Bank. As a result, the
26 Debtors have no go-forward plan with respect to the project, and intend to dissolve Redmond 9 as
27 soon as possible.

28

1 **23. San Jacinto 82, LLC**

2 **Debtors' Ownership Interest.** San Jacinto 82, LLC, a California limited liability company
3 ("San Jacinto 82"), was formed in 2004. G Companies Homebuilding owns 53.33% of the
4 interests of San Jacinto 82 and the remaining 46.67% is owned by one party that is not an affiliate
5 of the Debtors.

6 **Project.** As completed, San Jacinto 82 consisted of an 82 unit single-family detached
7 residential project in San Jacinto, California.

8 All units in the project have been sold, and the last unit closed escrow on July 23, 2007.
9 Given that all its inventory has been sold, the Debtors intend to dissolve San Jacinto 82 as soon as
10 possible.

11 **24. Murrieta Village Walk, LP (Grand Isle)**

12 **Debtors' Ownership Interest.** Murrieta Village Walk, LP, a California limited partnership
13 ("Village Walk"), was formed in 2004. The Gianulias Trust owns 74% of the interests of Village
14 Walk, Cameo owns andan additional 1% of the interests of the partnership via Murrieta Village
15 Walk, LLC (which is owned 100% by Cameo), and the remaining 25% is owned by two parties
16 that are not affiliates of the Debtors.

17 **Project.** Village Walk, also known as Grand Isle, was projected to be the largest senior
18 apartment community located in the City of Murrieta, Riverside County, California. Once the 453
19 unit gated complex was completed, community facilities were to include a central recreation
20 facility and clubhouse with a library and fireplace, state-of-the-art fitness center, media room and
21 business center. The lavish landscaping was to include a heated resort-style pool and spa and
22 barbeque facilities.

23 On October 17, 2008, the project was foreclosed on by Bank of the West. As a result, the
24 Debtors have no go-forward plan with respect to the project, and intend to dissolve Village Walk
25 as soon as possible.

1 **25. MS, LLC (Crossroads)**

2 **Debtors' Ownership Interest.** MS, LLC, a California limited liability company ("MS"),
3 was formed in 2004. The Gianulias Trust owns 51% of the interests of MS and the remaining
4 49% is owned by two parties that are not affiliates of the Debtors.

5 **Project.** MS was a proposed 366 unit apartment community located in the City of
6 Murrieta, Riverside County, California. The product designed for this site is three-story units with
7 parking under the individual units offering the carriage house feel.

8 On April 4, 2008, MS filed for relief under chapter 11 of the Bankruptcy Code. The case
9 was dismissed so that California National Bank could foreclose on the project, which it did on
10 February 2, 2009. There is no go-forward plan with respect to the project, and the Debtors intend
11 to dissolve MS as soon as possible.

12 **26. Murrieta 180 Apartments, LP**

13 **Debtors' Ownership Interest.** Murrieta 180 Apartments, LP, a California limited
14 partnership ("Murrieta 180"), was formed in 2004. The Gianulias Trust owns 99% of the interests
15 of Murrieta 180 and Cameo owns the remaining 1% of the interests of the partnership via Murrieta
16 180 Apartments, LLC (which is owned 100% by Cameo).

17 **Project.** Murrieta 180 was a proposed 180 unit apartment community located in the City
18 of Murrieta, Riverside County, California. The design called for a gated apartment community
19 with one-, two- or two-bedroom plus den luxury apartments. Once construction was completed,
20 the community was to include enclosed garages (some with direct access); resort style pool and
21 spa; state-of-the-art fitness center; and clubhouse with media center, game room, and business
22 center.

23 On April 4, 2008, Murrieta 180 filed for relief under chapter 11 of the Bankruptcy Code.
24 The case was thereafter dismissed so that California National Bank could foreclose on the project,
25 which it did on August 27, 2008. As a result, the Debtors have no go-forward plan with respect to
26 the project, and the Debtors intend to dissolve Murrieta 180 as soon as possible.