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UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION

In re JAMES C. GIANULIAS Debtor.	Case No. 8:08-bk-13150-RK Jointly Administered with Case No. 8:08-bk-13151-RK Chapter 11 **LIMITED OBJECTION OF THE OFFICIAL JOINT COMMITTEE OF UNSECURED CREDITORS TO APPLICATION TO EMPLOY IRELL & MANELLA LLP AS REORGANIZATION COUNSEL; REQUEST FOR HEARING** DATE: TIME: [No Hearing Required] PLACE:
In re CAMEO HOMES, a California corporation	8:08-bk-13151-RK
☐ Affects All Debtors	
☒ Affects James C. Gianulias	8:08-bk-13150-RK
☐ Affects Cameo Homes, a California corporation	8:08-bk-13151-RK

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TO THE HONORABLE ROBERT KWAN, UNITED STATES BANKRUPTCY JUDGE, THE DEBTORS AND DEBTORS IN POSSESSION, THE OFFICE OF THE UNITED STATES TRUSTEE, AND OTHER INTERESTED PARTIES:

The Official Joint Committee of Unsecured Creditors appointed in the above-captioned bankruptcy cases (the "Committee"), submits the following limited objections to the Application to Employ Irell & Manella LLP as Reorganization Counsel for Debtor James C. Gianulias. The Committee requests a hearing on this Objection.

LIMITED OBJECTION TO APPLICATION

I.

Debtor James C. Gianulias ("Debtor") filed an application ("Application") for authority to employ the law firm of Irell & Manella LLP ("Irell") as his reorganization counsel in this Case.

Pursuant to the Application, Debtor provided a retainer to Irell of $1.5 million pre-petition. Of this amount, $302,851.73 was paid to the firm for services rendered pre-petition and $483,813.32 was returned to the Debtor. As of the date of entry of the Order for relief, July 1, 2008, Irell held $725,000.00 in its trust account as a retainer for fees and costs it anticipates it will incur in representing Debtor in this Chapter 11 case.

In the Application, Irell proposes that it be paid monthly, in accordance with monthly notice requirements, from this retainer which payments shall be subject to approval on a noticed fee applications every 120 days. Payments are to be deducted from the retainer until the balance in the retainer is $250,000. At that point, Irell states, it will maintain the balance of the retainer in its trust account and be paid from available cash in the estate. Irell does not state when, if at all, it will draw down on the remaining $250,000.00.

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II.

LIMITED OBJECTION

The Committee has no objection to Debtor's choice of counsel or the fee procedures except as follows:

1. Monthly Procedure: To the extent that the Court allows Irell to be paid monthly on notice, the Committee's counsel also should be paid monthly on notice. There is no provision in the bankruptcy code which allows for a distinction in the way in which administrative professionals are to be paid.

2. Retainer: As set forth above, Irell seeks to be paid from the retainer until the balance in the retainer is $250,000. At that point, Irell intends to be paid from available cash in the Estate, holding the $250,000 in its trust account to some undisclosed date in the future. Irell should be required to draw down on the retainer in its entirety before looking to the estate for additional funds. There is nothing in Irell's Engagement Agreement with Debtor, Exhibit "1" to its Application that allows for Irell to hold any amount of the retainer to the end of case or for any period. To the contrary, the engagement agreement provides for Irell to look to the estate only if the "initial retainer is not sufficient." Irell has provided no basis to vary from the terms of its engagement agreement with Debtor. Allowing Irell to maintain $250,000 in its trust account also puts Irell at an unfair advantage over all other professionals in this case.

III.

REQUEST FOR HEARING

The Committee requests a hearing on this Objection.

DATED: August 6, 2008

Respectfully submitted,

SulmeyerKupetz
A Professional Corporation

By: _____
Elissa D. Miller
Proposed Attorneys for Official Joint Committee of Unsecured Creditors

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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

At the time of service, I was over 18 years of age and **not a party to this action**. I am employed in the County of Los Angeles, State of California. My business address is 333 South Hope Street, Thirty-Fifth Floor, Los Angeles, California 90071-1406.

On August 7, 2008, I served the following document(s) described as **LIMITED OBJECTION OF THE OFFICIAL JOINT COMMITTEE OF UNSECURED CREDITORS TO APPLICATION TO EMPLOY IRELL & MANELLA LLP AS REORGANIZATION COUNSEL; REQUEST FOR HEARING** on the interested parties in this action as follows:

SEE ATTACHED SERVICE LIST

BY MAIL: I enclosed the document(s) in a sealed envelope or package addressed to the persons at the addresses listed in the Service List and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with SulmeyerKupetz's practice for collecting and processing correspondence for mailing. On the same day that the correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on August 7, 2008, at Los Angeles, California.

Denise Givens

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REQUEST FOR SPECIAL NOTICE

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