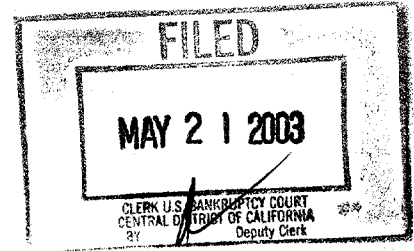


1 HOWARD KOLLITZ (State Bar No. 059611),
2 RICHARD D. BURSTEIN (State Bar No. 056661), of
3 DANNING, GILL, DIAMOND & KOLLITZ, LLP
4 2029 Century Park East, Third Floor
5 Los Angeles, California 90067-2904
6 Telephone: (310) 277-0077
7 Facsimile: (310) 277-5735

8 Attorneys for Danning, Gill, Diamond & Kollitz, LLP



9 UNITED STATES BANKRUPTCY COURT
10 CENTRAL DISTRICT OF CALIFORNIA
11 NORTHERN DIVISION

12 In re

13 REED E. SLATKIN and Substantively
14 Consolidated Affiliates TOPSIGHT
15 OREGON, LLC, and REED SLATKIN
16 INVESTMENT CLUB, L.P.

17 Debtors.

) Case No. ND-01-11549-RR

) Chapter 11

) Judge: Hon. Robin L. Riblet

) **RESPONSE OF DANNING, GILL,
) DIAMOND & KOLLITZ, LLP TO
) OFFICIAL COMMITTEE OF
) UNSECURED CREDITORS' REQUEST
) FOR HEARING ON MOTION: (1) FOR
) MONETARY SANCTIONS FOR BAD
) FAITH CONDUCT, AND (2) FOR
) RELIEF PURSUANT TO
) BANKRUPTCY RULE 2019 AGAINST
) DANNING, GILL, DIAMOND &
) KOLLITZ, LLP FOR ITS FAILURE TO
) COMPLY WITH RULE 2019 AND TO
) PROPOSED SCHEDULING ORDER
) THEREON; DECLARATION OF
) RICHARD D. BURSTEIN IN SUPPORT
) THEREOF**

22 Date: to be determined
23 Time: to be determined
24 Place: Courtroom 201
25 1415 State Street
26 Santa Barbara, California
27 [Judge Riblet]

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I. INTRODUCTION

Danning, Gill, Diamond & Kollitz, LLP (“DGDK”) hereby responds to the Official Committee of Unsecured Creditors’ Request for Hearing on Motion: (1) For Monetary Sanctions For Bad Faith Conduct, And (2) For Relief Pursuant To Bankruptcy Rule 2019 Against Danning, Gill, Diamond & Kollitz, LLP For Its Failure To Comply With Rule 2019 and the related Proposed Scheduling Order (“Committee Request”). The Committee Request and the underlying motion for sanctions (“Sanctions Motion”) were served on DGDK at 4:30 p.m. on Monday, May 19, 2003 in conjunction with service of the Trustee’s and Committee’s response to objections interposed by numerous persons through DGDK to the proposed Plan of Reorganization. The Committee Request seeks a hearing for the Sanctions Motion on June 16, 2003, the opposition being due June 2, 2003. That due date is coincidentally the hearing date of plan confirmation and falls between the hearing on plan confirmation and the hearing date (June 20, 2003) on the pending motions in various adversary proceedings filed by DGDK on behalf of its clients for summary judgment on stockbroker-related issues. At the time that DGDK would be compelled to devote resources to responding to the Sanctions Motion, it is also required to prepare a reply on its summary judgment motion (due June 6, 2003) and on plan confirmation (due May 23, 2003). These replies require legal briefing and responding to three putative “expert” declarations and dealing with literally hundreds of pages of text. It is therefore respectfully requested that a hearing be set on the Sanctions Motion sufficiently after hearing on the summary judgment motion to permit the preparation of a measured response to the Sanctions Motion after the summary judgment hearing is concluded.

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II. STATEMENT OF FACTS

It is apparent from the Sanctions Motion that on January 9, 2003 DGDK on behalf of one of its clients filed an Objection to the Trustee’s and Creditors’ Committee’s motion to approve a disclosure statement (“Bernstein Objection”). See Exhibit 1 to the Sanctions Motion. The Court’s file shows that the Court, with modifications in part to meet concerns identified in the Bernstein Objection, approved the disclosure statement on or about January 22, 2003. On March 18, 2003, a 2004 examination of Brad Bernstein was undertaken. The Sanctions Motion is based on a

1 comparison of snippets of argument at the approval hearing and selected portions of testimony in
2 the 2004 exam and other selected passages. Serious allegations are made against DGDK which
3 DGDK will refute. Doing so will require careful review of the record and possible contact with
4 Mr. Bernstein through his independent legal counsel.

5 In addition, as the Court is aware, objectors to plan confirmation must reply to the response
6 to their objections by May 23, 2003 and, in addition, must reply to opposition to their summary
7 judgment motion, which is to be served no later than May 23, 2003, by June 6, 2003 (see, the
8 Notice from the Trustee as to plan confirmation and the Order Setting Motion for Hearing entered
9 April 29, 2003 as to summary judgment). The plan confirmation is set for a multi-day hearing
10 commencing the June 2, 2003 and the summary judgment motions are scheduled for hearing on
11 June 20, 2003. Response to these motions requires extensive briefing, reply to the Trustee's three
12 putative experts' declarations (Klee, Newton and Adams) within 72 hours (without any prior
13 reports from them). In addition, the Debtor's deposition is set for May 27, 2003 and the Trustee
14 currently has pending between May 22 and May 30 four depositions of DGDK clients. DGDK
15 may need to request postponement of some of this discovery and it may need to seek postponement
16 of the plan confirmation hearing.

17 It is thus apparent that the Sanctions Motion, if set as requested, cannot but divert the
18 resources of counsel and the attention of the Court from the substantive matters that are ripe. The
19 disclosure statement has already been ruled on by this Court, the Court finding merit in some of the
20 positions articulated by the objector Brad Bernstein. No emergency requires that something as
21 serious as the Sanctions Motion impair the adjudication of plan confirmation or summary
22 judgment. Bernstein is not an objector to plan confirmation.

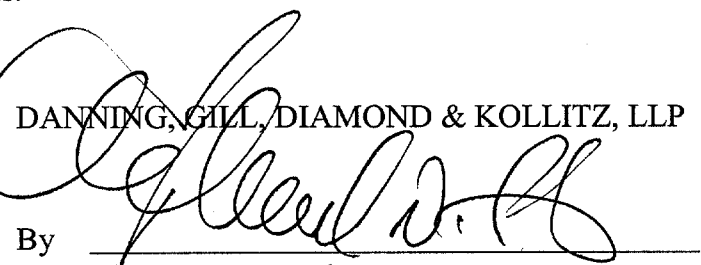
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III. CONCLUSION

It is respectfully submitted that the Sanctions Motion be scheduled sufficiently after the June 20, 2003 hearing on pending motions for summary judgment to permit DGDK, after the conclusion of the summary judgment hearing, to prepare a full response to the Sanctions Motion and thereby acquaint the Court with the facts.

Dated: May 20, 2003

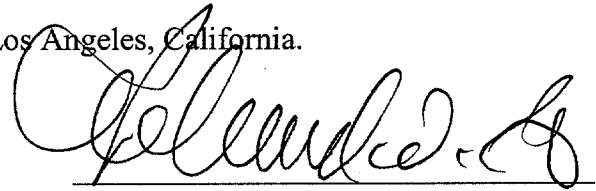
DANNING, GILL, DIAMOND & KOLLITZ, LLP

By _____
Richard D. Burstein

Attorneys for Danning, Gill, Diamond &
Kollitz, LLP

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I declare under penalty of perjury under the laws of the State of California
and of the United States of America that the foregoing is true and correct.

Executed on May 12, 2003, at Los Angeles, California.



RICHARD D. BURSTEIN

1 **PROOF OF SERVICE**

2 I, Martha Gonzalez, declare:

3 I am employed by the law firm of DANNING, GILL, DIAMOND & KOLLITZ, LLP, in
4 the County of Los Angeles, State of California. I am employed in the office of a member of the bar
5 of this court at whose direction the service was made. I am over the age of 18 years and am not a
party to the within action. My business address is 2029 Century Park East, Third Floor, Los
Angeles, California 90067-2904.

6 On May 20, 2003, I served the following document(s):

7 **RESPONSE OF DANNING, GILL, DIAMOND & KOLLITZ, LLP TO OFFICIAL**
8 **COMMITTEE OF UNSECURED CREDITORS' REQUEST FOR HEARING ON**
9 **MOTION: (1) FOR MONETARY SANCTIONS FOR BAD FAITH CONDUCT, AND (2)**
10 **FOR RELIEF PURSUANT TO BANKRUPTCY RULE 2019 AGAINST DANNING, GILL,**
DIAMOND & KOLLITZ, LLP FOR ITS FAILURE TO COMPLY WITH RULE 2019 AND
TO PROPOSED SCHEDULING ORDER THEREON; DECLARATION OF RICHARD D.
BURSTEIN IN SUPPORT THEREOF

11 on the interested parties addressed as follows:

12 [SEE ATTACHED SERVICE LIST.]

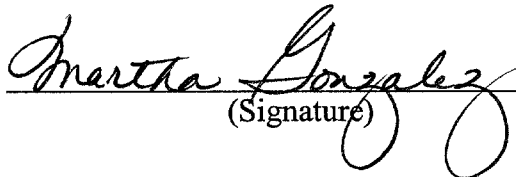
13 (By Mail) I placed the document for collection and deposit in the mail. I am familiar with this
14 firm's practice for the collection and processing of correspondence for mailing. Under that
15 practice, the document would be placed in a sealed envelope and deposited with the U.S. Postal
16 Service on that same day with postage thereon fully prepaid at 2029 Century Park East, Third
Floor, Los Angeles, California 90067-2904, in the ordinary course of business. The documents
served were placed in sealed envelopes and placed for collection and mailing following ordinary
business practices.

17 (By Facsimile) I'm readily familiar with this firm's practice of sending documents by facsimile.
18 Under that practice, a cover sheet is prepared showing the telephone number of the recipient. The
19 facsimile telephone number is shown on the attached service list. The documents were sent by
facsimile and a confirmation was obtained from the facsimile machine that the transmission
occurred without error.

20 I declare under penalty of perjury under the laws of the State of California and of the
21 United States of America that the foregoing is true and correct.

22 Executed on May 20, 2003, at Los Angeles, California.

23 Martha Gonzalez
24 (Type or print name)

25 
26 (Signature)

SERVICE LIST

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Office of the U.S. Trustee
Attn: Brian D. Fittipaldi, Esq.
21051 Warner Center Lane
Suite 115
Woodland Hills, CA 91367

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