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WRITTEN DECISION - NOT FOR PUBLICATION

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ENTERED <u>MAY 12 2008</u>			
FILED			
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CLERK, U.S. BANKRUPTCY COURT SOUTHERN DISTRICT OF CALIFORNIA			
BY	<u>QB</u>		
	DEPUTY		

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA

In re)	Case No. 07-04500-B11
)	
SAIF, INC.,)	ORDER ON MOTION TO
)	APPOINT CHAPTER 11
Debtor.)	TRUSTEE
)	

The Chapter 11 Trustee of a companion case, In re Secured Assets Trust, No. 07-04501, moved to appoint a Chapter 11 Trustee in the instant case. The United States Trustee filed a statement in support of the motion, and the matter has been continued over recent months while certain parties were negotiating the path of the case. Those negotiations have failed, and the matter came on for hearing.

The Court heard oral argument on the motion on May 5, as well as on several other motions. At the argument, counsel for the OCC in this case stated that at the present the OCC opposed appointment of a Chapter 11 trustee, as well as conversion of the case to one under Chapter 7. However, there is a dearth of

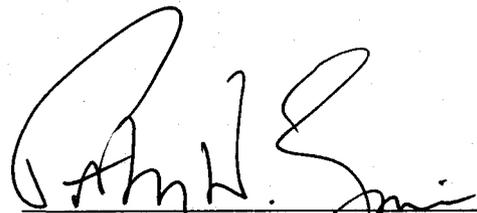
1 competent evidence to show why this case should not be converted
2 to Chapter 7, and why allowing it to continue to operate under
3 Chapter 11 is not putting good money after bad.

4 This case was filed August 20, 2007. Debtor's assets have
5 been subject to a blanket lien held by SAT (which the OCC says is
6 avoidable). So debtor has been struggling along on cash
7 collateral stipulations which have since run out. The OCC has
8 reached an agreement with the debtor for some measure of
9 oversight, and has incorporated into the agreement some of the
10 recommendations of the expert employed by SAT and debtor.

11 For purposes of resolving the instant motion, the Court
12 calls upon the OCC and the debtor to provide competent
13 declarations setting out how the asset base of SAIF will be
14 increased in the coming months by operation of SAIF, coupled with
15 the costs and risks of generating those funds. Those
16 declarations should be filed and served on or before Friday, May
17 23, 2008 (including on SAT and the United States Trustee). Any
18 opposition shall be filed and served on or before June 3, 2008.
19 Thereafter, the motion will be under submission.

20 IT IS SO ORDERED.

21 DATED: MAY - 9 2008

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23 
24 PETER W. BOWIE, Chief Judge
25 United States Bankruptcy Court
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