

UNITED STATES BANKRUPTCY COURT

Eastern District of California

Honorable Robert S. Bardwil  
Bankruptcy Judge  
Sacramento, California

July 28, 2015 at 10:00 a.m.

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INSTRUCTIONS FOR PRE-HEARING DISPOSITIONS

1. Matters resolved without oral argument:

Unless otherwise stated, the court will prepare a civil minute order on each matter listed. If the moving party wants a more specific order, it should submit a proposed amended order to the court. In the event a party wishes to submit such an Order it needs to be titled 'Amended Civil Minute Order.'

If the moving party has received a response or is aware of any reason, such as a settlement, that a response may not have been filed, the moving party must contact Nancy Williams, the Courtroom Deputy, at (916) 930-4580 at least one hour prior to the scheduled hearing.

2. The court will not continue any short cause evidentiary hearings scheduled below.

3. If a matter is denied or overruled without prejudice, the moving party may file a new motion or objection to claim with a new docket control number. The moving party may not simply re-notice the original motion.

4. If no disposition is set forth below, the matter will be heard as scheduled.

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1. 15-21807-D-13 ALBERT/MARY HAYNES MOTION TO CONFIRM PLAN  
RAS-1 6-4-15 [46]

**Final ruling:**

This case was dismissed on July 1, 2015. As a result the motion will be denied by minute order as moot. No appearance is necessary.

2. 14-29811-D-13 GUADALUPE/JAIME HERNANDEZ ORDER TO SHOW CAUSE  
6-23-15 [59]

**DEBTOR DISMISSED:**

01/28/2015

**JOINT DEBTOR DISMISSED:**

01/28/2015

**Tentative ruling:**

This is a hearing on the court's order to show cause why the debtors' attorney, Richard Sturdevant, dba Financial Relief Law Center ("Counsel"), should not be

required to disgorge the fees paid for his services rendered in contemplation of and in connection with this case. As required by the OSC, Counsel has filed a declaration. No other party-in-interest has weighed in (although there is a defect in the proof of service, as discussed below). For the following reasons, the court intends to continue the hearing and require Counsel to supplement the record.

Counsel's Rule 2016(b) statement filed in this case indicates he agreed to a flat fee of \$4,000, of which he was paid \$3,000 prior to the filing. The debtors' proposed chapter 13 plan drew objections by the trustee and a creditor. The trustee's objection was sustained and the creditor's was overruled as moot. No amended plan was filed, and the case was dismissed. The debtors filed two other cases, also through Counsel - one before and one after this case, before finally filing their current case, Case No. 15-24449, also through Counsel. The first and third cases were dismissed for failure to file required schedules and statements. In the current case, Counsel indicated he did not intend to apply the \$3,000 he received for his services in this case as payment for his services in the current case. Instead, his Rule 2016(b) statement in the current case indicates he charged the debtors \$4,000 for the case, of which \$0 was paid prior to the filing, leaving a balance due of \$4,000.

Thus, the court questioned in the OSC whether the \$3,000 Counsel received for this case exceeds the reasonable value of his services in this case. In his declaration, Counsel states he actually received \$3,351 from the debtors for this case, of which \$310 went to pay the filing fee and \$70 for two credit reports, leaving \$2,971 for Counsel. The OSC directed Counsel to account for the services he rendered in this case, by date, amount, time spent, and amount billed. Counsel reports he cannot do so because he expected his fixed fee would be approved when the plan was confirmed, whereas he tracks his time only for matters outside the scope of what he agreed to in the "RARA" (presumably, the Rights and Responsibilities of Chapter 13 Debtors and Their Attorneys). Counsel estimates he spent 10 hours drafting and filing the petition, schedules, and plan, reviewing them with the debtors, submitting documents to the trustee, and attending the meeting of creditors.

Counsel acknowledges he failed to properly prosecute what he refers to as the debtors' first and second cases (actually, their second and third). As he puts it, "[f]rankly, my failure to prosecute the case[s] was inexcusable, embarrassing and costly, as I paid for the filing fees out of my own pocket." Sturdevant Decl., filed July 16, 2015, at 3:23-24. He hopes to vindicate himself by promptly prosecuting the current case. However, rather than disgorgement, Counsel suggests he be directed to apply the \$3,000 he received for this case to the current case, reducing the balance to be paid through the plan to either \$1,000 (the balance of the \$4,000 the debtors agreed to pay for this case and later agreed to pay for the current case) or to \$0.

The court will refrain from ordering disgorgement on condition that Counsel agrees he will receive a total fee of \$2,971 for the current case, which will be paid by application of the \$2,971 he received for this case, with nothing to be paid to Counsel through the plan. The court appreciates Counsel's expression of regret for his handling of this case and the debtors' next case; however, the court is concerned Counsel expresses no qualms about attempting to charge his clients \$4,000 for the current case on top of the \$2,971 he received for this case, for which, in the court's view, the clients received no value. Accordingly, the court believes an appropriate fee for the current case would be \$2,971, reduced from the agreed \$4,000, with the \$2,971 to be paid by application of the \$2,971 Counsel received for

this case.

Two issues remain. First, the OSC directed Counsel to disclose any payments he received from the debtors or anyone else for services in contemplation of or in connection with any other bankruptcy case of the debtors, including but not limited to Case Nos. 14-28545 and 15-23604. Counsel has ignored Case No. 14-28545 entirely in his declaration. The court intends to continue the hearing to August 11, 2015 at 10:00 p.m., Counsel to file a supplemental declaration no later than July 31, 2015. Counsel shall serve the supplemental declaration and a notice of continued hearing on the debtors, the trustee, and the United States Trustee. The debtors shall be served by overnight mail; the trustee and the United States Trustee by electronic mail.

Finally, in the OSC, Counsel was directed to serve his declaration on the debtors by overnight mail and on the trustee and the United States Trustee by electronic mail. He served the debtors by overnight mail, but served the trustee and the United States Trustee by "NEF," which, apparently, stands for Nikon Electronic Format, a RAW file format, and which, apparently, requires special software to convert it to JPEG or PDF format. The court directs Counsel to serve the trustee and the United States Trustee by electronic mail, in PDF format, as required by LBR 7005-1(d)(1), and to prove such service in the manner required by LBR 7005-1(d)(3). Counsel shall also serve his declaration filed July 16, 2015 on the trustee and the United States Trustee in this manner and file a proof of service that complies with the rule.

The court will hear the matter. Counsel may appear by telephone; other parties-in-interest may appear by telephone or in person.

3. 15-24014-D-13 WESLEY OBERMAN OBJECTION TO CONFIRMATION OF  
MDE-1 PLAN BY HARLEY-DAVIDSON CREDIT  
CORP.  
6-5-15 [14]

4. 15-20823-D-13 MARINA GALINDO MOTION TO CONFIRM PLAN  
JCK-3 6-12-15 [45]

**Final ruling:**

The relief requested in the motion is supported by the record and no timely opposition to the motion has been filed. Accordingly, the court will grant the motion by minute order and no appearance is necessary. The moving party is to lodge an order confirming the plan, amended plan, or modification to plan, and shall use the form of order which is attached as Exhibit 2 to General Order 05-03. The order is to be signed by the Chapter 13 trustee approving its form prior to the order being submitted to the court.

5. 15-24726-D-13 JOSE DIAZ  
CLH-1

MOTION TO VALUE COLLATERAL OF  
INTEGRITY WEALTH BUILDING, LLC  
6-23-15 [11]

**Final ruling:**

The matter is resolved without oral argument. This is the debtor's motion to value the secured claim of Integrity Wealth Building, LLC at \$0.00, pursuant to § 506(a) of the Bankruptcy Code. The creditor's claim is secured by a junior deed of trust on the debtor's residence and the amount owed on the senior encumbrance exceeds the value of the real property. No timely opposition has been filed and the relief requested in the motion is supported by the record. As such, the court will grant the motion and set the amount of Integrity Wealth Building, LLC's secured claim at \$0.00 by minute order. No further relief will be afforded. No appearance is necessary.

6. 11-48830-D-13 RENNE DEVINE  
ADS-1  
ED ATWOOD VS.

MOTION FOR RELIEF FROM  
AUTOMATIC STAY  
6-23-15 [119]

**Final ruling:**

This matter is resolved without oral argument. This is Ed Atwood's motion for relief from automatic stay. The court records indicate that no timely opposition has been filed. The motion along with the supporting pleadings demonstrate that there is no equity in the subject property and the creditor's interest in the property is not adequately protected. Accordingly, the court finds there is cause for granting relief from stay. The court will grant relief from stay by minute order. There will be no further relief afforded. No appearance is necessary.

7. 10-44133-D-13 NENITA/EMY RAYRAY  
HWW-2

MOTION TO VALUE COLLATERAL OF  
SPRINGLEAF FINANCIAL SERVICES,  
INC.

**Final ruling:**

6-30-15 [83]

The matter is resolved without oral argument. The court's records indicate that no timely opposition has been filed and the relief requested in the motion is supported by the record. As such the court will grant the motion and, for purposes of this motion only, sets the creditor's secured claim in the amount set forth in the motion. Moving party is to submit an order which provides that the creditor's secured claim is in the amount set forth in the motion. No further relief is being afforded. No appearance is necessary.

8. 14-23843-D-13 ELVIN/HURLENE BAKER  
CJO-1

CONTINUED MOTION FOR CONSENT TO  
ENTER INTO LOAN MODIFICATION  
AGREEMENT  
6-11-15 [54]

9. 15-23544-D-13 FRANCISCO MORA OBJECTION TO CONFIRMATION OF  
KAZ-1 PLAN BY JP MORGAN CHASE BANK,  
N.A.  
7-1-15 [22]

10. 15-23544-D-13 FRANCISCO MORA OBJECTION TO CONFIRMATION OF  
RDG-1 PLAN BY RUSSELL D. GREER  
7-1-15 [19]

**Final ruling:**

**Objection withdrawn by moving party. Matter removed from calendar.**

11. 14-30347-D-13 ANTHONY DISOMMA MOTION TO MODIFY PLAN  
JCK-3 6-12-15 [41]

**Final ruling:**

**This is the debtor's motion to confirm a modified chapter 13 plan. The motion will be denied because the moving party failed to serve the Franchise Tax Board, listed on the debtor's Schedule F, at all. Thus, the moving party failed to serve all creditors, as required by Fed. R. Bankr. P. 2002(b).**

**As a result of this service defect, the motion will be denied by minute order. No appearance is necessary.**

12. 15-24848-D-7 SAOVANNI MEAS MOTION FOR RELIEF FROM  
CJO-1 AUTOMATIC STAY  
FEDERAL NATIONAL MORTGAGE 7-1-15 [13]  
ASSOCIATION VS.

**Final ruling:**

**This case was converted to a Chapter 7 on July 13, 2015. As such, the hearing on this motion is continued to August 26, 2015 at 10:00 a.m. to allow the moving party to serve the Chapter 7 trustee with the moving papers along with a notice of continued hearing. No appearance is necessary is necessary on July 28, 2015.**

13. 14-31159-D-13 ELISA SOTO CONTINUED MOTION TO VALUE  
GMW-2 COLLATERAL OF BMW BANK OF NORTH  
AMERICA  
5-12-15 [40]

**Final ruling:**

**The hearing on this motion is continued to August 11, 2015 at 10:00 a.m. No appearance is necessary on July 28, 2015.**

14. 14-31159-D-13 ELISA SOTO MOTION TO CONFIRM PLAN  
GMW-3 6-10-15 [53]

**Final ruling:**

**The hearing on this motion is continued to August 11, 2015 at 10:00 a.m. No appearance is necessary on July 28, 2015.**

15. 14-30872-D-13 ARMANDO COVARRUBIAS MOTION TO CONFIRM PLAN  
TOG-7 6-3-15 [84]

16. 15-23574-D-13 LONEY/MARY TURPIN OBJECTION TO CONFIRMATION OF  
AP-1 PLAN BY PENNYMAC LOAN SERVICES,  
LLC  
6-30-15 [21]

17. 14-29877-D-13 JOHN/KELLY COSTAMAGNA MOTION FOR RELIEF FROM  
NEU-2 AUTOMATIC STAY  
FARMERS AND MERCHANTS BANK 6-4-15 [52]  
OF CENTRAL CALIFORNIA VS.
18. 14-29877-D-13 JOHN/KELLY COSTAMAGNA MOTION TO DISMISS CASE AND/OR  
NEU-3 MOTION TO CONVERT CASE TO  
CHAPTER 7  
6-30-15 [70]
19. 14-91486-D-13 KUBANGUSU MAHUNGU ORDER TO SHOW CAUSE  
6-23-15 [47]  
**DEBTOR DISMISSED: 02/25/2015**

**Tentative ruling:**

This is a hearing on the court's order to show cause why the debtor's attorney, Richard Sturdevant, dba Financial Relief Law Center ("Counsel"), should not be required to disgorge the fees paid for his services rendered in contemplation of and in connection with this case. As required by the OSC, Counsel has filed a declaration. No other party-in-interest has weighed in (although there is a defect in the proof of service, as discussed below). For the following reasons, the court intends to continue the hearing and require Counsel to serve his declaration and a notice of continued hearing in accordance with the applicable local rule.

Counsel's Rule 2016(b) statement filed in this case indicated he agreed to a flat fee of \$4,000, of which he was paid \$4,000 prior to the filing. The statement of Rights & Responsibilities, the debtor's chapter 13 plan, and her statement of financial affairs all showed Counsel had received \$4,000. The plan drew an objection by the trustee on 11 different grounds. The objection was sustained; no amended plan was filed, and the case was dismissed. The debtor filed another case, also through Counsel, before finally filing her current case, Case No. 15-90541, also through Counsel. The second case was dismissed for failure to file required schedules and statements. In the current case, Counsel indicated he did not intend to apply the \$4,000 he allegedly received for his services in this case as payment for his services in the current case. Instead, his Rule 2016(b) statement in the

current case indicates he charged the debtor \$4,000 for the case, of which \$0 was paid prior to the filing, leaving a balance due of \$4,000.

Thus, the court questioned in the OSC whether the \$4,000 Counsel allegedly received for this case exceeds the reasonable value of his services in this case. In his declaration, Counsel states, first, that he actually received \$3,000 from the debtor for this case (of which \$310 went to pay the filing fee), not \$4,000 as stated in the Rule 2016(b) statement, the Rights & Responsibilities, statement of affairs, and plan. He states the reference to \$4,000 was a mistaken reference to the fee the debtor would have been charged for a loan modification if Counsel had been successful in negotiating one, which he was not. Assuming Counsel had received \$4,000 for this case, the court directed Counsel to account for the services he rendered in this case, by date, amount, time spent, and amount billed. The court's concern remains valid despite the fact that Counsel now says he received \$3,000, not \$4,000. Counsel reports he cannot account for his time because he expected his fixed fee would be approved when the plan was confirmed, whereas he tracks his time only for matters outside the scope of what he agreed to in the "RARA" (presumably, the Rights and Responsibilities of Chapter 13 Debtors and Their Attorneys). Counsel estimates he spent 10 hours drafting and filing the petition, schedules, and plan, reviewing them with the debtor, submitting documents to the trustee, and attending the meeting of creditors.

Counsel acknowledges he failed to properly prosecute the debtor's first and second cases. As he puts it, "[f]rankly, my failure to prosecute the case[s] was inexcusable, embarrassing and costly, as I paid for the filing fees out of my own pocket." Sturdevant Decl., filed July 16, 2015, at 4:10-11. He hopes to vindicate himself by promptly prosecuting the current case. However, rather than disgorgement, Counsel suggests he be directed to apply the \$3,000 he received for this case to the current case, reducing the balance to be paid through the plan to either \$1,000 (the balance of the \$4,000 the debtor agreed to pay for the current case) or to \$0.

The court will refrain from ordering disgorgement on condition that Counsel agrees he will receive a total fee of \$2,690 for the current case (\$3,000 minus the filing fee of \$310), which will be paid by application of the \$2,690 he received for this case, with nothing to be paid to Counsel through the plan. The court appreciates Counsel's expression of regret for his handling of this case and the debtor's next case; however, the court is concerned Counsel expresses no qualms about attempting to charge his client \$4,000 for the current case on top of the \$2,690 he received for this case, for which, in the court's view, the client received no value. Accordingly, the court believes an appropriate fee for the current case would be \$2,690, reduced from the agreed \$4,000, with the \$2,690 to be paid by application of the \$2,690 Counsel received for this case.

One issue remains. In the OSC, Counsel was directed to serve his declaration on the debtor by overnight mail and on the trustee and the United States Trustee by electronic mail. He served the debtor by overnight mail, but served the trustee and the United States Trustee by "NEF," which, apparently, stands for Nikon Electronic Format, a RAW file format, and which, apparently, requires special software to convert it to JPEG or PDF format. The court intends to continue the hearing to August 11, 2015 at 10:00 a.m., Counsel to file and serve a notice of continued hearing on the debtor, the trustee, and the United States Trustee. The debtor shall be served by overnight mail; the trustee and the United States Trustee by electronic mail. The court directs Counsel to serve the trustee and the United States Trustee by electronic mail, in PDF format, as required by LBR 7005-1(d)(1), and to prove

such service in the manner required by LBR 7005-1(d) (3). Counsel shall also serve his declaration filed July 16, 2015 on the trustee and the United States Trustee in this manner and file a proof of service that complies with the rule.

The court will hear the matter. Counsel may appear by telephone; other parties-in-interest may appear by telephone or in person.

20. 11-23887-D-13 JAY/CASSANDRA GREENLEE MOTION FOR RELIEF FROM  
NLG-1 AUTOMATIC STAY  
SETERUS, INC. VS. 6-23-15 [96]

**Final ruling:**

This matter is resolved without oral argument. This is Seterus, Inc.'s motion for relief from automatic stay. The court records indicate that no timely opposition has been filed. The motion along with the supporting pleadings demonstrate that there is no equity in the property and the creditor's interest in the subject property is not adequately protected. Accordingly, the court finds there is cause for granting relief from stay. The court will grant relief from stay by minute order. There will be no further relief afforded. No appearance is necessary.

21. 13-24789-D-13 RONALD/NICOLE TILLMAN MOTION TO MODIFY PLAN  
MC-5 6-2-15 [111]

22. 15-21791-D-13 LYNELLE SAYRE CONTINUED OBJECTION TO  
RDG-1 CONFIRMATION OF PLAN BY RUSSELL  
D. GREER  
5-1-15 [13]

Tentative ruling:

This is the application of Irma Edmonds (the "trustee") for approval of compensation for services rendered as chapter 7 trustee during the time this case was a chapter 7 case. The debtor has filed opposition. As the application was brought pursuant to LBR 9014-1(f)(2), the court will entertain opposition of other parties-in-interest, if any, at the hearing. The court will address the debtor's opposition and the court's preliminary view of the application here.

By her original application, the trustee sought approval of compensation in the amount of \$6,177.50 for 17.65 hours billed at the rate of \$350 per hour. (Any costs were waived.) The debtor opposed the application on the grounds that (1) it was not authorized under the Bankruptcy Code; and (2) it failed to plead with particularity the basis for the fees sought. In the latter regard, the debtor correctly pointed out that the application included no information about monies the trustee had "disbursed or turned over in the case" for purposes of calculating an appropriate fee under § 326(a). In response, the trustee filed an amended application in which she reduced the amount of her requested fees from \$6,177.50 to \$2,949.05 based on the cap permitted by the § 326(a) formula. She based her calculation on the total amount of the claims filed in the case thus far, \$21,990.49.

The debtor's first argument - that compensation is not authorized under the Code - fails because case law in the Ninth Circuit permits a chapter 7 trustee in a case converted to chapter 13 to recover fees even where he or she made no disbursements before the case was converted. See In re Hages, 252 B.R. 789, 794 (Bankr. N.D. Cal. 2000). The reasoning is that disbursements made through the chapter 13 plan are imputed to the chapter 7 trustee for purposes of calculating his or her fees under § 326(a). Id.

Whether or not the chapter 7 trustee actually turns over cash to the chapter 13 trustee, the chapter 7 trustee turns over an estate that must generate distributions to creditors under a chapter 13 plan that are equal to or greater than they will receive in Chapter 7. 11 U.S.C. § 1325(a)(4). Given these realities, it is entirely appropriate to impute the moneys that will be distributed by the chapter 13 trustee to the chapter 7 trustee for purposes of computing the maximum fee the chapter 7 trustee can charge, and allowing interim fees up to that maximum.

Id.

The trustee's calculation, which bases her fees on the total amount of claims filed in the case thus far, assumes those claims will be paid in full through the debtor's chapter 13 plan. That would not be an appropriate basis for the calculation in all cases because many, if not most, chapter 13 cases result in a dividend much lower than 100%. Here, however, it appears likely any confirmed plan will be a 100% plan. This is because the debtor's claim of exemption of a \$73,427 annuity has been disallowed and the total of the debts scheduled by the debtor is \$34,130. Thus, in

order to confirm a plan that meets the liquidation test, it appears the debtor will need to propose a 100% plan. Indeed, she has done so.

In light of the trustee's amended application, there is no longer a basis in the debtor's opposition for denying the compensation sought. The court will hear the matter.

24. 14-30697-D-13 CAROLE PETERSEN  
SSA-5

MOTION FOR COMPENSATION FOR  
STEVEN S. ALTMAN, TRUSTEE'S  
ATTORNEY  
7-1-15 [101]

Tentative ruling:

This is the application of Steven S. Altman ("Counsel") for compensation for services rendered as counsel to the trustee during the time this case was a chapter 7 case. The debtor has filed opposition. As the application was brought pursuant to LBR 9014-1(f)(2), the court will entertain opposition of other parties-in-interest, if any, at the hearing. The court will address the debtor's opposition and the court's preliminary view of the application here.

Counsel seeks approval of \$11,736 in fees and \$213.02 in costs, for a total of \$11,949.02, for services rendered during the period December 12, 2014 through July 28, 2015 (the date of the hearing on this application). The debtor opposes the application on the grounds that (1) it is not authorized under the Bankruptcy Code; (2) it fails to plead with particularity the basis for the fees sought; and (3) "the appointment of an attorney does not appear on the docket, and thus any time spent by counsel is prior to appointment by this Court." Debtor's Opp., at 3:21-23.

Taking these in reverse order, the court finds that the employment of Counsel as counsel for the chapter 7 trustee was approved by order filed December 30, 2014, the approval to be effective December 12, 2014, the first day of the time period in which Counsel performed services. Thus, there is no issue of retroactive approval here. To the extent the debtor is referring to a failure to be appointed in the case after it was converted to chapter 13, no such appointment was necessary as the chapter 7 trustee and Counsel have no further services to perform.

Second, the application does "plead with particularity" the basis for the fees sought in that the application is supported by detailed time records. Third, there is a basis in the Code for the fees sought; namely, § 330, which is cited in the application. Thus, there is no basis in the opposition for denying the compensation sought.

The court, however, in the exercise of its independent duty to review the application for reasonableness (see In re Eliapo, 298 B.R. 392, 404-05 (9th Cir. BAP 2003)), has one concern. Counsel has billed at \$90 per hour for services of a paralegal which the court finds are secretarial in nature, and therefore, not compensable. See Sousa v. Miguel, 32 F.3d 1370, 1374 (9th Cir. 1994). Counsel has billed for his paralegal's time in "proofing and revising" documents after Counsel has billed for his own time in revising them, in transcribing documents, and in e-filing and mailing documents. Unless Counsel can demonstrate that his paralegal makes substantive changes to documents or does something other than simply



28. 10-36040-D-13 WILLIAM/MARGARET BELTRAM MOTION TO SELL  
JCK-7 7-6-15 [80]
29. 14-30872-D-13 ARMANDO COVARRUBIAS CONTINUED MOTION FOR RELIEF  
HRH-1 FROM AUTOMATIC STAY  
GENERAL ELECTRIC CAPITAL 1-8-15 [26]  
CORP. VS.

30. 14-29877-D-13 JOHN/KELLY COSTAMAGNA MOTION TO SELL  
CLH-5 7-11-15 [87]

**Tentative ruling:**

This is the debtors' motion for retroactive approval of the debtors' sale of a vehicle. The motion was brought pursuant to LBR 9014-1(f)(2) on 17 days' notice. However, Fed. R. Bankr. P. 2002(b)(2) requires a debtor to give 21 days' notice of a proposed sale of property of the estate other than in the ordinary course of business. Because the debtors gave only 17 days' notice, the court intends to deny the motion. In the alternative, the court will continue the hearing to allow the debtors to file and serve a notice of continued hearing giving an appropriate amount of notice.

The court will hear the matter.

31. 12-25179-D-13 LARRY/CARRIE STAMPER MOTION TO INCUR DEBT  
JCK-7 7-9-15 [103]