UNITED STATES BANKRUPTCY COURT Eastern District of California Honorable Jennifer E. Niemann Hearing Date: Wednesday, September 16, 2020 Place: Department A - Courtroom #11 Fresno, California

ALL APPEARANCES MUST BE TELEPHONIC (Please see the court's website for instructions.)

Pursuant to District Court General Order 618, no persons are permitted to appear in court unless authorized by order of the court until further notice. All appearances of parties and attorneys shall be telephonic through CourtCall. The contact information for CourtCall to arrange for a phone appearance is: (866) 582-6878. A telephone appearance through CourtCall must be arranged 24 hours in advance of the hearing time.

INSTRUCTIONS FOR PRE-HEARING DISPOSITIONS

Each matter on this calendar will have one of three possible designations: No Ruling, Tentative Ruling, or Final Ruling. These instructions apply to those designations.

No Ruling: All parties will need to appear at the hearing unless otherwise ordered.

Tentative Ruling: If a matter has been designated as a tentative ruling it will be called. The court may continue the hearing on the matter, set a briefing schedule or enter other orders appropriate for efficient and proper resolution of the matter. The original moving or objecting party shall give notice of the continued hearing date and the deadlines. The minutes of the hearing will be the court's findings and conclusions.

Final Ruling: Unless otherwise ordered, there will be <u>no hearing</u> <u>on these matters</u>. The final disposition of the matter is set forth in the ruling and it will appear in the minutes. The final ruling may or may not finally adjudicate the matter. If it is finally adjudicated, the minutes constitute the court's findings and conclusions.

Orders: Unless the court specifies in the tentative or final ruling that it will issue an order, the prevailing party shall lodge an order within 14 days of the final hearing on the matter.

THE COURT ENDEAVORS TO PUBLISH ITS RULINGS AS SOON AS POSSIBLE. HOWEVER, CALENDAR PREPARATION IS ONGOING AND THESE RULINGS MAY BE REVISED OR UPDATED AT ANY TIME PRIOR TO 4:00 P.M. THE DAY BEFORE THE SCHEDULED HEARINGS. PLEASE CHECK AT THAT TIME FOR POSSIBLE UPDATES.

1. $\frac{20-10010}{\text{NB}-3}$ -A-11 IN RE: EDUARDO/AMALIA GARCIA

CONTINUED MOTION FOR RELIEF FROM AUTOMATIC STAY 7-16-2020 [172]

KEEVMO, LLC/MV LEONARD WELSH/ATTY. FOR DBT. RICARDO ARANDA/ATTY. FOR MV. RESPONSIVE PLEADING

NO RULING.

2. $\frac{20-10010}{NB-4}$ -A-11 IN RE: EDUARDO/AMALIA GARCIA

CONTINUED MOTION TO DISMISS CASE, MOTION TO APPOINT TRUSTEE, MOTION TO CONVERT CASE FROM CHAPTER 11 TO CHAPTER 7 7-16-2020 [181]

KEEVMO, LLC/MV LEONARD WELSH/ATTY. FOR DBT. RICARDO ARANDA/ATTY. FOR MV. RESPONSIVE PLEADING

NO RULING.

3. 20-10569-A-12 IN RE: BHAJAN SINGH AND BALVINDER KAUR DRJ-4

CONTINUED OMNIBUS OBJECTION TO CLAIMS 6-23-2020 [173]

BHAJAN SINGH/MV DAVID JENKINS/ATTY. FOR DBT. RESPONSIVE PLEADING

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Sustained.

ORDER: The minutes of the hearing will be the court's findings and conclusions. The court will issue the order.

This omnibus objection to claims was continued from a set for hearing held on July 23, 2020 ("July 23 Hearing"). Debtors Bhajan Singh and Balvinder Kaur (collectively, "Debtors") object to the ten original claims filed by claimant Nirmal S. Sihota ("Claimant") on two grounds. First, the proofs of claim were not filed timely and, second, the proofs of claim should be disallowed in their entirety on substantive grounds. At the July 23 Hearing, the court set a

Page 2 of 19

schedule for the filing of the amended claims by Claimant as well as a response by Debtors.

On August 13, 14 and 17, 2020, Claimant filed ten amended proofs of claim as well as a brief, declarations and exhibits in support of his amended claims. Doc. ##275-287; Claim Nos. 10-2 through 19-2. Debtors responded to Claimant's new pleadings on September 3 and 7, 2020. Doc. ##323-330.

Debtors first seek to disallow Claimant's proofs of claim in their entirety because the claims were filed after the claims bar date. The claims bar date in Debtors' chapter 12 bankruptcy case for non-governmental entities was April 28, 2020. Doc. #12. Claimant's original proofs of claim were filed on May 19, 2020. Claim Nos. 10-1 through 19-1.

Bankruptcy Code section 502(b)(9) permits a bankruptcy court to disallow a claim if the proof of claim was not filed timely, except to the extent a tardily filed claim is permitted under certain sections of the Bankruptcy Code not applicable here and the Federal Rules of Bankruptcy Procedure. 11 U.S.C. § 502(b)(9).

Federal Rule of Bankruptcy Procedure ("FRBP") 9006(b)(3) provides in relevant part that the deadline for filing a proof of claim in a chapter 12 bankruptcy case can be extended "only to the extent and under the conditions stated" in FRBP 3002(c). Fed. R. Bankr. P. 9006(b)(3). FRBP 3002(c)(6) provides that a court may extend the time to file a proof of claim in a chapter 12 case "[o]n motion filed by a creditor before or after the expiration of the time to file a proof of claim[.]" Fed. R. Bankr. P. 3002(c)(6).

While Claimant's pleadings filed on August 13 and 17, 2020 assert grounds that may permit Claimant's proofs of claim to be considered filed timely, Claimant has not filed a motion pursuant to FRBP 3002 requesting that this court extend the time for Claimant to file his proofs of claim and have his claims, that were filed after the claims bar date, be deemed timely filed. Under Ninth Circuit and other authority, FRBP 3002(c) provides the only means for extending the claims filing deadline, and Claimant has not made such a request. <u>Spokane</u> <u>Law Enforcement Fed. Credit Union v. Barker (In re Barker)</u>, 839 F.3d 1189, 1197-98 (9th Cir. 2016) (chapter 13 case); <u>In re Greenig</u>, 152 F.3d 631, 635 (chapter 12 case). As a result, the court will not invoke its equitable power to extend the claims deadline in connection with this objection to claim proceeding.

Debtors' objection to Claimant's claims is sustained without prejudice to Claimant promptly filing a motion under FRBP 3002(c)(6) to have his untimely claims deemed to be filed timely. Because the court is sustaining Debtors' objection on the basis that Claimant's claims were filed untimely, the court is not making any determination as to Debtors' objection to Claimant's claims based on the merits of those claims.

1. 20-12223-A-7 IN RE: MATTHEW/AISHEA TYSON

REAFFIRMATION AGREEMENT WITH A-L FINANCIAL CORP. 8-24-2020 [14]

TIMOTHY SPRINGER/ATTY. FOR DBT.

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Denied.

ORDER: The court will issue an order.

Debtors' counsel will inform debtor that no appearance is necessary.

Both the reaffirmation agreement and the bankruptcy schedules show that reaffirmation of this debt creates a presumption of undue hardship which has not been rebutted in the reaffirmation agreement. Although the debtors' attorney executed the agreement, the attorney could not affirm that, (a) the agreement was not a hardship and, (b) the debtor would be able to make the payments.

1. <u>18-14403</u>-A-7 IN RE: RODOLFO TORRES AND MARIA DE CAZARES UST-1 MOTION FOR DENIAL OF DISCHARGE OF BOTH DEBTORS UNDER 11 U.S.C. SECTION 727(A) 8-10-2020 [85] TRACY DAVIS/MV MARK HANNON/ATTY. FOR DBT. TREVOR FEHR/ATTY. FOR MV. DISMISSED 8/11/20

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Denied as moot.

ORDER: The court will issue an order.

This motion is DENIED AS MOOT. The case was dismissed on August 11, 2020. Doc. #88.

2. $\frac{19-14305}{JES-2}$ -A-7 IN RE: PHETMANY HIMPHAYVANH

MOTION TO SELL 8-14-2020 [29]

JAMES SALVEN/MV MICHAEL ARNOLD/ATTY. FOR DBT. RESPONSIVE PLEADING

TENTATIVE RULING: This matter will proceed as scheduled for higher and better offers.

DISPOSITION: Granted.

ORDER: The minutes of the hearing will be the court's findings and conclusions. The Moving Party shall submit a proposed order in conformance with the ruling below.

This motion was set for hearing on at least 28 days' notice pursuant to Local Rule of Practice ("LBR") 9014-1(f)(1) and will proceed as scheduled.

James E. Salven ("Trustee"), the Chapter 7 trustee of the bankruptcy estate of Phetmany Himphayvanh ("Debtor") moves the court pursuant to 11 U.S.C. § 363 for an order authorizing the sale of the estate's interest in real property commonly known as 6768 N. Maple Ave., Fresno, California 93710, APN 410-142-045 (the "Property") to Debtor for the net purchase price of \$10,325.00, subject to higher and better offers at the hearing. Doc. #29. Trustee proposes to sell the Property to Debtor, subject to all liens and encumbrances, for \$260,868.00, less credit for the approximate amount of \$150,543.00 owed to Wells Fargo and Debtor's claim of exemption of \$100,000.00. Id. at ¶ 5. No commission will be paid. Id. at ¶ 6. Debtor will pay the net purchase price of \$10,325.00 to the estate, and Trustee is in receipt of these funds. Doc. #31, Tr.'s Decl. at ¶ 2.

Page 5 of 19

Secured Creditor Wells Fargo Bank, N.A. ("Wells Fargo") filed a statement of non-opposition provided that (i) Wells Fargo will receive full payment of its claim due under a promissory note dated February 21, 2013, that is secured by a first deed of trust for the Property, and (ii) the order granting the motion will include the language: "The loan secured by a first lien on real property located at 6768 N Maple Ave, Fresno, CA 93710 will be paid in full as of the date of the closing of the sale, and the sale will be conducted through escrow and based on a non-expired contractual payoff statement received directly from Wells Fargo Bank, N.A." Doc. #35. Wells Fargo argues that it is entitled to full payment of its claim pursuant to 11 U.S.C. § 363(f). Bankruptcy Code section 363(f) provides:

The trustee may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if -

- applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- 2. such entity consents;
- 3. such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- 4. such interest is in bona fide dispute; or
- such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

However, 11 U.S.C. § 363(f) only applies to sales that are free and clear of an interest in property. Here, the proposed sale of the Property is subject to all liens and encumbrances of record, including Wells Fargo's deed of trust, so Bankruptcy Code section 363(f) does not apply. Doc. #29, at ¶ 5. Therefore, the court will decline including Wells Fargo's suggested language to its order granting Trustee's motion.

Pursuant to 11 U.S.C. § 363(b)(1), the trustee, after notice and a hearing, may "use, sell, or lease, other than in the ordinary course of business, property of the estate." Proposed sales under section 363(b) are reviewed to determine whether they are: (1) in the best interests of the estate resulting from a fair and reasonable price; (2) supported by a valid business judgment; and (3) proposed in good faith. In re Alaska Fishing Adventure, LLC, 594 B.R. 883, 887 (Bankr. D. Ala. 2018), citing 240 North Brand Partners, Ltd. v. Colony GFP Partners, LP (In re 240 N. Brand Partners, Ltd.), 200 B.R. 653, 659 (B.A.P. 9th Cir. 1996) (citing In re Wilde Horse Enterprises, Inc., 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991)). In the context of sales of estate property under section 363, a bankruptcy court "should determine only whether the trustee's judgment was reasonable and whether a sound business justification exists supporting the sale and its terms." Alaska Fishing Adventure, 594 B.R. at 889, quoting 3 Collier on Bankruptcy ¶ 363.02[4] (Richard Levin & Henry J. Sommer eds., 16th ed.). "[T]he trustee's business judgment is to be given great judicial deference.'" Id. at 889-90, citing In re Psychometric Systems, Inc., 367 B.R. 670, 674 (Bankr. D. Colo. 2007) (citing In re Bakalis, 220 B.R. 525, 531-32 (Bankr. E.D.N.Y. 1998)).

Trustee believes that approval of the sale on the terms set forth in the motion is in the best interests of the creditors of the estate. Doc. #31, Tr.'s Decl. at ¶ 6. The proposed sale reflects the full and fair market value of the Property, with a credit for the value of Wells Fargo's lien and Debtor's claim of exemption. Id. at ¶¶ 3, 5. Debtor has offered to buy the Property for the net purchase price of \$10,325.00, which is the best and highest offer Trustee

Page 6 of 19

received for the Property considering the liens and encumbrances. Id. at \P 2-3. The court recognizes that because the sale is to Debtor, no commission will need to be paid. Id. at \P 4. Further, the proposed sale is subject to overbid at the hearing. Doc. #29, at \P 9.

It appears that the sale of the estate's interest in the Property is in the best interests of the estate, will obtain a fair and reasonable price, is supported by a valid business judgment, and proposed in good faith.

Accordingly, subject to higher and better offers at the hearing, the court is inclined to GRANT Trustee's motion and authorize the sale of the estate's interest in the Property to Debtor on the terms set forth in the motion.

3. <u>20-12431</u>-A-7 IN RE: JEFFREY SHAFFER EPE-1

MOTION FOR RETURN OF EXEMPT LEVIED FUNDS AND/OR MOTION FOR AVOIDANCE OF PREFERENTIAL TRANSFER OF EXEMPT PROPERTY 8-8-2020 [15]

JEFFREY SHAFFER/MV ERIC ESCAMILLA/ATTY. FOR DBT.

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Denied without prejudice.

ORDER: The minutes of the hearing will be the court's findings and conclusions. The court will issue an order.

This motion is DENIED WITHOUT PREJUDICE. Constitutional due process requires that the movant make a *prima facie* showing that they are entitled to the relief sought. Here, the moving papers do not present "sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" In re Tracht Gut, LLC, 503 B.R. 804, 811 (B.A.P. 9th Cir. 2014) (citing Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009), and <u>Bell Atlantic Corp. v.</u> Twombly, 550 U.S. 544, 570 (2007)).

Jeffrey Steven Shaffer ("Debtor"), the debtor in this Chapter 7 case, moves the court for an order directing the Fresno County Sheriff's Office (the "Sheriff") to surrender Debtor's wages in the sum of \$1,465.91 that the Sheriff garnished pre-petition (the "Levied Funds"), which Debtor has claimed exempt in this bankruptcy case. Doc. #15.

On June 27, 2020, the Sheriff garnished Debtor's wages from the Fresno Unified School District in the amount of \$1,465.91 on behalf of judgment creditor Pan American Bank. Doc. #17, Escamilla Decl. at ¶ 5; see also Doc. #18, Ex. 1. Debtor filed this Chapter 7 case on July 21, 2020. Doc. #1. On August 4, 2020, Debtor filed amended Schedules A/B and C, and Statement of Financial Affairs to list the Levied Funds as property of the estate, claim an exemption in the Levied Funds in the amount of \$1,465.91 under California Code of Civil Procedure § 703.140(b)(5), and disclose the levy and garnishment of Debtor's wages by the Sheriff. See Doc. #13; Doc. #17, Escamilla Decl. at ¶¶ 8-10. Debtor's counsel asserts the Sheriff has possession of the Levied Funds and will not surrender the Levied Funds to Debtor without a court order. Doc. #17, Escamilla Decl. at ¶ 14.

Page 7 of 19

Whether a debtor's interest constitutes property of the estate is a question to be decided by federal law, but whether and to what extent the debtor has any legal or equitable interests in property as of the commencement of the case is determined by state law. <u>See Butner v. United States</u>, 440 U.S. 48, 54-55 (1979). In <u>Collect Access LLC v. Hernandez (In re Hernandez)</u>, 483 B.R. 713, 723 (B.A.P. 9th Cir. 2012), the Ninth Circuit Bankruptcy Appellate Panel ("BAP") held a debtor's interest in property and whether a pre-petition levy or garnishment of funds transferred ownership must be determined on a case-by-case basis.

Debtor relies on <u>Hernandez</u> for the argument that pre-petition levied funds in the hands of the sheriff on the petition date constitute property of the estate under 11 U.S.C. § 541, Debtor may preserve his exemption in the Levied Funds by invoking 11 U.S.C. § 522(g) and/or exercising the Chapter 7 trustee's avoiding powers under 11 U.S.C. § 522(h), and this court has authority pursuant to 11 U.S.C. § 105(a) to enter an order requiring the Sheriff to surrender exempt property. Doc. #15, at ¶¶ 16-21. However, as the Ninth Circuit BAP cautioned, a debtor's interest in property must be determined on a case-by-case basis, and Hernandez is distinguishable from this case.

In Hernandez, the sheriff served a writ of execution on a bank where the debtor had a deposit account and the sheriff received funds from that deposit account. Hernandez, 483 B.R. at 717. The statutory provision for a levy on deposit accounts is found at California Code of Civil Procedure § 700.140. Id. at 721. The Ninth Circuit BAP read the plain language of section 700.140 to mean the judgment creditor obtained an execution lien on the amounts in the debtor's deposit account at the time of the service of the writ of execution and notice of levy on the financial institution, and the lien terminated at the time the funds were paid to the levying officer. Id. However, the Ninth Circuit BAP reasoned that because virtually all of the funds in the debtor's account on the day of the levy consisted of social security benefits, which California law automatically exempted up to \$2,425.00 under California Code of Civil Procedure § 704.080(b), the debtor had grounds to challenge the levy in state court prepetition and recover the funds because no transfer of ownership could have occurred. Id. at 723-25. Thus, the Ninth Circuit BAP concluded the debtor had an exempt property interest in the funds and those funds constituted property of the debtor's bankruptcy estate. Id. at 725.

Here, Debtor asserts an interest in wages that were garnished pre-petition. Doc. #15. California's wage garnishment law is set forth in the Code of Civil Procedure § 706.010 <u>et seq</u>. California Code of Civil Procedure section 706.029 provides,

Service of an earnings withholding order creates a lien upon the earnings of the judgment debtor that are required to be withheld pursuant to the order and upon all property of the employer subject to the enforcement of a money judgment in the amount required to be withheld pursuant to such order. The lien continues for a period of one year from the date the earnings of the judgment debtor become payable unless the amount required to be withheld pursuant to the order is paid as required by law.

Unlike <u>Hernandez</u>, Debtor in this case was not entitled to an automatic exemption in the Levied Funds, which were Debtor's wages and not social security payments or other public benefits payments. California Code of Civil Procedure section 706.105 provides the procedure for a judgment debtor to claim an exemption by first filing the claim of exemption with the levying officer. In <u>In re Solorzano</u>, 2013 Bankr. LEXIS 1699, *3-4 (Bankr. S.D. Cal. Apr. 12, 2013), the bankruptcy court denied a Chapter 13 debtor's motion for an order instructing the sheriff to release the wages that had been garnished prepetition pursuant to an earnings withholding order served upon the debtor's employer, in part, because the funds were not estate property. The <u>Solorzano</u> court reasoned that before a debtor may claim property as exempt, the property must first come into the estate. <u>Id.</u> at *3 (citing <u>In re Varney</u>, 449 B.R. 411, 417 (Bankr. D. Idaho 2011)). However, the debtor may only recover and exempt the funds at issue "if he could have challenged the garnishment in the state court, prepetition." Id. at *3-4; see also Hernandez, 483 B.R. at 724-25.

In this case, Debtor does not allege that he asserted a claim of exemption in the Levied Funds pre-petition, or made any allegation what exemption(s) applied that could have allowed Debtor to challenge the garnishment in state court prepetition. Therefore, this court finds that Debtor did not have an exempt property interest in the Levied Funds as of the commencement of a case, and the Levied Funds are not property of the estate.

While <u>Hernandez</u>, 483 B.R. at 726, recognized bankruptcy courts have the authority under 11 U.S.C. § 105(a) to enter an order requiring a judgment creditor (or its levying officer) to surrender levied funds to a debtor to protect the debtor's exemption in bankruptcy, under <u>Solorzano</u>, the funds must first come into the estate before a debtor may claim the property as exempt. Solorzano, 2013 Bankr. LEXIS 1699 at *3.

Because the court finds the Levied Funds are not property of the estate, the motion will be DENIED WITHOUT PREJUDICE.

4. <u>20-12547</u>-A-7 IN RE: NICANOR BARRIGA AND MIRIAM BARRIGA MACIEL EPE-1

MOTION TO COMPEL ABANDONMENT 8-2-2020 [5]

NICANOR BARRIGA/MV ERIC ESCAMILLA/ATTY. FOR DBT. ORDER, DOCKET #26

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Dropped from calendar.

NO ORDER REQUIRED.

The court already issued an order on August 27, 2020. Doc. #26.

5. $\frac{20-11854}{JES-1}$ -A-7 IN RE: RICHARD/RACHEL BEHRENS

MOTION TO EMPLOY BAIRD AUCTIONS AND APPRAISALS AS AUCTIONEER, AUTHORIZING SALE OF PROPERTY AT PUBLIC AUCTION AND AUTHORIZING PAYMENT OF AUCTIONEER FEES AND EXPENSES 8-19-2020 [22]

JAMES SALVEN/MV PETER BUNTING/ATTY. FOR DBT.

TENTATIVE RULING: This matter will proceed as scheduled to clarify the record.

DISPOSITION: Granted.

ORDER: The minutes of the hearing will be the court's findings and conclusions. The Moving Party shall submit a proposed order in conformance with the ruling below.

This motion was set for hearing on at least 28 days' notice pursuant to Local Rule of Practice ("LBR") 9014-1(f)(1). The failure of the creditors, the debtors, the U.S. Trustee, or any other party in interest to file written opposition at least 14 days prior to the hearing as required by LBR 9014-1(f)(1)(B) may be deemed a waiver of any opposition to the granting of the motion. <u>Cf. Ghazali v. Moran</u>, 46 F.3d 52, 53 (9th Cir. 1995). Therefore, the defaults of the above-mentioned parties in interest are entered. Upon default, factual allegations will be taken as true (except those relating to amount of damages). <u>Televideo Systems, Inc. v. Heidenthal</u>, 826 F.2d 915, 917 (9th Cir. 1987). Constitutional due process requires that the movant make a *prima facie* showing that they are entitled to the relief sought.

James E. Salven ("Trustee"), the Chapter 7 trustee of the bankruptcy estate of Richard Arliss Behrens, Jr. and Rachel Behrens (collectively, "Debtors"), moves the court for an order (1) authorizing the employment of Baird Auctions & Appraisals ("Auctioneer"); (2) authorizing the sale of a 7mm Winchester Rifle SN G24010112, a Baikal 12 Gauge Shotgun SN 12-H-27EM-1C, and a S&W 357 Magnum BJH5 477 (collectively, the "Firearms") at public auction on or after October 6, 2020 at 1328 N. Sierra Vista, Suite B in Fresno, California; and (3) authorizing the estate to pay Auctioneer commission and expenses. Doc. #22.

LBR 9014-1(d)(3)(A) requires a motion to "set forth the relief or order sought and shall state with particularity the factual and legal grounds therefor. Legal grounds for the relief sought means citation to the statute, rule, case, or common law doctrine that forms the basis of the moving party's request but does not include a discussion of those authorities or argument for their applicability." The motion did not state with particularity under which statutes Trustee seeks relief. The court will call this matter at the hearing for Trustee to clarify the record.

Pursuant to 11 U.S.C. § 363(b)(1), the trustee, after notice and a hearing, may "use, sell, or lease, other than in the ordinary course of business, property of the estate." Proposed sales under section 363(b) are reviewed to determine whether they are: (1) in the best interests of the estate resulting from a fair and reasonable price; (2) supported by a valid business judgment; and (3) proposed in good faith. <u>In re Alaska Fishing Adventure, LLC</u>, 594 B.R. 883, 887 (Bankr. D. Ala. 2018), citing 240 North Brand Partners, Ltd. v. Colony GFP

Page 10 of 19

Partners, LP (In re 240 N. Brand Partners, Ltd.), 200 B.R. 653, 659 (B.A.P. 9thCir. 1996) (citing <u>In re Wilde Horse Enterprises</u>, <u>Inc.</u>, 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991)). In the context of sales of estate property under section 363, a bankruptcy court "should determine only whether the trustee's judgment was reasonable and whether a sound business justification exists supporting the sale and its terms." <u>Alaska Fishing Adventure</u>, 594 B.R. at 889, quoting 3 Collier on Bankruptcy ¶ 363.02[4] (Richard Levin & Henry J. Sommer eds., 16th ed.). "[T]he trustee's business judgment is to be given great judicial deference.'" <u>Id.</u> at 889-90, citing <u>In re Psychometric Systems</u>, <u>Inc.</u>, 367 B.R. 670, 674 (Bankr. D. Colo. 2007) (citing <u>In re Bakalis</u>, 220 B.R. 525, 531-32 (Bankr. E.D.N.Y. 1998)).

Trustee seeks authority to sell the Firearms so the proceeds can benefit the estate. Doc. #22. Debtors scheduled the values of the S&W 357 Magnum as \$1,500.00, the Winchester Rifle as \$300.00, and the Baikal Shotgun as \$200.00. See Doc. #18, Schedules A/B, line 10. The Firearms are nonexempt assets. See Doc. #20, Schedule C, line 2. Trustee states that, based on his experience, the sale of the Firearms at public auction through the employment and services of Auctioneer is in the best interest of the estate and creditors, as it will yield the highest net recovery for the estate in terms of time efficiency and amount to be realized from the sale. Doc. #24, Tr.'s Decl. at ¶4.

Trustee wishes to employ Jeffrey S. Baird at Baird Auctions & Appraisals, 1328 N. Sierra Vista, Suite B, in Fresno, California. Doc. #22. Trustee requires Auctioneer's services to actively advertise the sale of the Firearms, assist in storing the Firearms until sold, and generally perform and assist Trustee in matters related to the auction sale of the Firearms. Doc. #24, Tr.'s Decl. at ¶ 5. Trustee has agreed to pay Auctioneer a commission of 15% of the gross sale price and estimated expenses of \$150.00 for storage and sale. Doc. #22. Auctioneer has testified, and to the best of Trustee's knowledge, Auctioneer is a "disinterested person" as defined by 11 U.S.C. § 101(14), and does not hold or represent an interest adverse to the estate. Doc. #24, Tr.'s Decl. at ¶¶ 10-11; Doc. #25, Baird Decl. at ¶ 4-6.

Bankruptcy Code section 327(a) provides, in relevant part, "the trustee, with the court's approval, may employ . . . auctioneers . . . that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee's duties under this title."

Bankruptcy Code section 328(a) provides, in relevant part, "[t]he trustee . . . with the court's approval, may employ or authorize the employment of a professional person under section 327 . . . of this title, as the case may be, on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis."

Trustee and Auctioneer are aware that 11 U.S.C. § 328(a) provides "[n]otwithstanding such terms and conditions, the court may allow compensation different from the compensation provided under such terms and conditions after the conclusion of such employment, if such terms and conditions prove to have been improvident." Doc. #24, Tr.'s Decl. at ¶ 14. However, an application to employ a professional on terms and conditions to be pre-approved by the court must unambiguously specify that it seeks approval under section 328. See, e.g., <u>Circle K Corp. v. Houlihan, Lokey, Howard & Zukin, Inc.</u>, 279 F.3d 669, 671 (9th Cir. 2002) ("We hold that unless a professional's retention application unambiguously specifies that it seeks approval under § 328, it is subject to review under § 330."). Although Trustee refers to section 328(a) in his declaration, the motion does not mention section 328.

Page 11 of 19

Subject to Trustee clarifying the record as to which statutes Trustee seeks relief, the motion will be GRANTED. The court is inclined to find the proposed sale of the Firearms at public auction to be in the best interests of the estate, will obtain a fair and reasonable price, is supported by a valid business judgment, and proposed in good faith. The court also is inclined to find the arrangement between Trustee and Auctioneer is reasonable in this instance. Trustee shall be authorized to employ and pay Auctioneer for his services as set forth in the motion, and the proposed sale of the Firearms at public auction is approved. Trustee shall submit a form of order that specifically states that the employment of Auctioneer has been approved pursuant to 11 U.S.C. § 328, if the Trustee clarifies that he is moving under that statute.

6. <u>20-12456</u>-A-7 **IN RE: RANJIT CHAUHAN** MSM-1

MOTION FOR RELIEF FROM AUTOMATIC STAY 9-1-2020 [18]

THE GOLDEN 1 CREDIT UNION/MV LAYNE HAYDEN/ATTY. FOR DBT. MICHAEL MYERS/ATTY. FOR MV.

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Granted.

ORDER: The minutes of the hearing will be the court's findings and conclusions. The Moving Party shall submit a proposed order after hearing.

This motion was filed and served pursuant to Local Rule of Practice ("LBR") 9014-1(f)(2) and will proceed as scheduled. Unless opposition is presented at the hearing, the court intends to enter the respondents' defaults and grant the motion. If opposition is presented at the hearing, the court will consider the opposition and whether further hearing is proper pursuant to LBR 9014-1(f)(2). The court will issue an order if a further hearing is necessary.

The movant, The Golden 1 Credit Union ("Movant"), seeks relief from the automatic stay under 11 U.S.C. §§ 362(d)(1) and (d)(2) with respect to a 2016 Dodge Ram 1500 ("Vehicle").

11 U.S.C. § 362(d)(1) allows the court to grant relief from the stay for cause, including the lack of adequate protection. "Because there is no clear definition of what constitutes 'cause,' discretionary relief from the stay must be determined on a case by case basis." In re Mac Donald, 755 F.2d 715, 717 (9th Cir. 1985).

11 U.S.C. § 362(d)(2) allows the court to grant relief from the stay if the debtor does not have an equity in such property and such property is not necessary to an effective reorganization.

After review of the included evidence, the court finds that "cause" exists to lift the stay because the debtor does not have any equity in the Vehicle and the Vehicle is not necessary to an effective reorganization because debtor is in chapter 7. Movant values the Vehicle at \$27,409.00 and the amount owed to

Page 12 of 19

Movant is \$36,928.10. Doc. #18. According to the debtor's Statement of Intention, the Vehicle will be surrendered.

Accordingly, the motion will be granted pursuant to 11 U.S.C. §362(d)(2) to permit the movant to dispose of its collateral pursuant to applicable law and to use the proceeds from its disposition to satisfy its claim. No other relief is awarded.

The 14-day stay of Fed. R. Bankr. P. 4001(a)(3) will be ordered waived because the Vehicle is a depreciating asset.

7. <u>20-12061</u>-A-7 IN RE: MARIBEL MARTINEZ JHW-1

MOTION FOR RELIEF FROM AUTOMATIC STAY 8-6-2020 [16]

SANTANDER CONSUMER USA INC./MV MARK ZIMMERMAN/ATTY. FOR DBT. JENNIFER WANG/ATTY. FOR MV. NON-OPPOSITION

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Granted.

ORDER: The Moving Party shall submit a proposed order in conformance with the ruling below.

This motion was set for hearing on 28 days' notice as required by Local Rule of Practice ("LBR") 9014-1(f)(1). The failure of the creditors, the debtor, the U.S. Trustee, or any other party in interest to file written opposition at least 14 days prior to the hearing as required by LBR 9014-1(f)(1)(B) may be deemed a waiver of any opposition to the granting of the motion. <u>Cf. Ghazali v.</u> <u>Moran</u>, 46 F.3d 52, 53 (9th Cir. 1995). Further, because the court will not materially alter the relief requested by the moving party, an actual hearing is unnecessary. <u>See Boone v. Burk (In re Eliapo)</u>, 468 F.3d 592 (9th Cir. 2006). Therefore, the defaults of the above-mentioned parties in interest are entered and the matter will be resolved without oral argument. Upon default, factual allegations will be taken as true (except those relating to amount of damages). <u>Televideo Systems, Inc. v. Heidenthal</u>, 826 F.2d 915, 917 (9th Cir. 1987). Constitutional due process requires that the movant make a *prima facie* showing that they are entitled to the relief sought, which the movant has done here.

The movant, Santander Consumer USA Inc. dba Chrysler Capital ("Movant"), seeks relief from the automatic stay under 11 U.S.C. §§ 362(d)(1) and (d)(2) with respect to a 2019 Dodge Charger ("Vehicle"). Doc. #16.

11 U.S.C. § 362(d)(1) allows the court to grant relief from the stay for cause, including the lack of adequate protection. "Because there is no clear definition of what constitutes 'cause,' discretionary relief from the stay must be determined on a case by case basis." <u>In re Mac Donald</u>, 755 F.2d 715, 717 (9th Cir. 1985).

11 U.S.C. § 362(d)(2) allows the court to grant relief from the stay if the debtor does not have an equity in such property and such property is not necessary to an effective reorganization.

Page 13 of 19

After review of the included evidence, the court finds that "cause" exists to lift the stay because debtor has failed to make at least five complete pre- and post-petition payments. Movant has produced evidence that debtor is delinquent by at least \$2,961.68. Id.

The court also finds that the debtor does not have any equity in the Vehicle and the Vehicle is not necessary to an effective reorganization because debtor is in chapter 7. Id. The Vehicle is valued at \$27,500.00 and debtor owes \$34,618.44. Doc. #19. According to the debtor's Statement of Intention, the Vehicle will be surrendered.

The court notes debtor filed a non-opposition on August 13, 2020. Doc. # 23.

Accordingly, the motion will be granted pursuant to 11 U.S.C. §§ 362(d)(1) and (d)(2) to permit Movant to dispose of its collateral pursuant to applicable law and to use the proceeds from its disposition to satisfy its claim. No other relief is awarded.

The 14-day stay of Fed. R. Bankr. P. 4001(a)(3) will be ordered waived because debtor has failed to make at least five pre- and post-petition payments to Movant and the Vehicle is a depreciating asset.

8. $\frac{17-12781}{FW-13}$ -A-7 IN RE: DALIP NIJJAR FW-13

MOTION TO COMPROMISE CONTROVERSY/APPROVE SETTLEMENT AGREEMENT WITH VIRPAL K NIJJAR, NIJJAR FARMS, LLC, AND NIJJAR FARMS, INC. 8-10-2020 [249]

JAMES SALVEN/MV JEFFREY ROWE/ATTY. FOR DBT. PETER FEAR/ATTY. FOR MV.

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Granted.

ORDER: The Moving Party shall submit a proposed order in conformance with the ruling below.

This motion was set for hearing on at least 28 days' notice pursuant to Local Rule of Practice ("LBR") 9014-1(f)(1). The failure of the creditors, the debtors, the U.S. Trustee, or any other party in interest to file written opposition at least 14 days prior to the hearing as required by LBR 9014-1(f)(1)(B) may be deemed a waiver of any opposition to the granting of the motion. <u>Cf. Ghazali v. Moran</u>, 46 F.3d 52, 53 (9th Cir. 1995). Further, because the court will not materially alter the relief requested by the moving party, an actual hearing is unnecessary. <u>See Boone v. Burk (In re Eliapo)</u>, 468 F.3d 592 (9th Cir. 2006). Therefore, the defaults of the above-mentioned parties in interest are entered and the matter will be resolved without oral argument. Upon default, factual allegations will be taken as true (except those relating to amount of damages). <u>Televideo Systems, Inc. v. Heidenthal</u>, 826 F.2d 915, 917 (9th Cir. 1987). Constitutional due process requires that the movant make a *prima facie* showing that they are entitled to the relief sought, which the movant has done here.

Page 14 of 19

James E. Salven (the "Trustee"), the Chapter 7 trustee of the bankruptcy estate of Dalip Singh Nijjar ("Debtor"), moves the court for an order pursuant to Federal Rule of Bankruptcy Procedure 9019, approving the settlement agreement between Trustee and defendants Virpal K. Nijjar, VK Nijjar Farms, LLC, and Nijjar Farms, Inc. (collectively, "Defendants") in the adversary proceeding entitled <u>Salven v. Nijjar et al.</u>, A.P. No. 17-01066-A (the "Adversary Proceeding"), currently pending before this court. Doc. #249.

Trustee alleged eight causes of action in the Adversary Proceeding. Doc. #249, at ¶ 3. The first cause of action was dismissed pursuant to a motion by Defendants, leaving seven causes of action: (1) the Second Claim alleges the community property of the marriage of Debtor and Virpal was never divided, remains community property, and therefore is property of the estate; (2) the Third, Fourth, Fifth, and Sixth Claims allege various transfers of real and personal property from Debtor to Defendants are avoidable as fraudulent transfers; (3) the Seventh Claim seeks declaratory relief as to the ownership interests in the LLC; and (4) the Eighth Claim seeks judicial dissolution of the LLC. Id. Trustee and Defendants engaged in protracted litigation of the claims, which resulted in a full and complete resolution of the claims of the Adversary Proceeding. Id. at ¶ 4.

Pursuant to the Settlement Agreement and Mutual Release, and subject to the court's approval, (1) Defendants agree to pay \$750,000.00 to Debtor's estate; (2) if necessary to allow Defendants to obtain the funds to pay the settlement amount, Trustee shall subordinate or release the lis pendens that Trustee currently holds; (3) after payment of the settlement amount, Trustee shall release any remaining lis pendens and dismiss the Adversary Proceeding with prejudice; (4) Trustee and Defendants agree to mutually release all claims against the other, known or unknown. Doc. #253, Ex. A.

On a motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement. Fed. R. Bankr. P. 9019. Approval of a compromise must be based upon considerations of fairness and equity. <u>Martin v.</u> <u>Kane (In re A & C Properties)</u>, 784 F.2d 1377, 1381 (9th Cir. 1986). The court must consider and balance four factors: (1) the probability of success in the litigation; (2) the difficulties, if any, to be encountered in the matter of collection; (3) the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending it; and (4) the paramount interest of the creditors with a proper deference to their reasonable views. <u>Woodson v. Fireman's Fund Ins. Co. (In re Woodson)</u>, 839 F.2d 610, 620 (9th Cir. 1988).

It appears from the moving papers that Trustee has considered the standards of A & C Properties and Woodson.

Although Trustee believes he will ultimately prevail in litigation, Trustee recognizes the claims are in various stages of proceeding with different probabilities of success, which will require significant administrative expense to continue to litigate. Doc. #252, Tr.'s Decl. at ¶¶ 9-14. Moreover, Trustee recognizes that some of the claims are largely duplicative or in the alternative, for which the recovery would be the same or any additional recovery would be difficult to collect. Id. at ¶¶ 12-14.

Trustee states that if he prevails as to real property that he claims is property of the estate, Trustee will have to liquidate the assets. Doc. #252, Tr.'s Decl. at ¶ 16. However, Trustee is informed the values for agricultural land is currently quite low. <u>Id.</u> Trustee believes, considering the amounts of liens the estate would have to pay in the liquidation process, the settlement

Page 15 of 19

amount is likely very similar to the net amount the estate would receive if it were to sell the real property, pay senior liens and costs of sale. Id. Additionally, Trustee believes the potential for future increase in liquidation value will not outweigh the costs of litigating the Adversary Proceeding to completion. Id. Trustee states that if he were to obtain a money judgment against Defendants, Trustee believes there would be insignificant value in the business and non-business assets after Trustee has liquidated the real property. Id. at ¶¶ 17-18.

Trustee states that the Adversary Proceeding has already been lengthy and complex, and continued litigation will incur significant delay and administrative expense. Doc. #252, Tr.'s Decl. at ¶ 20. Trustee is informed and believes that the scheduling in the Adversary Proceeding will require at least three further summary adjudication motions that are unlikely to resolve all the remaining issues, and trial will be needed. Id. Moreover, Defendants have informed Trustee that they intend to appeal the bankruptcy court's rulings in the Adversary Proceeding, which would require Trustee to defend an appeal. Id.

Trustee believes the proposed settlement will maximize the return to unsecured creditors by avoiding the administrative expenses of further litigation and receiving a settlement payment that is likely very similar to what the estate would have netted if Trustee prevails and liquidated the real property. Doc. #252, Tr.'s Decl. at ¶ 22.

The court concludes that the <u>Woodson</u> factors balance in favor of approving the compromise, and the compromise is in the best interests of the creditors and the estate.

Accordingly, it appears that the compromise pursuant to Federal Rule of Bankruptcy Procedure 9019 is a reasonable exercise of Trustee's business judgment. The court may give weight to the opinions of trustee, the parties, and their attorneys. <u>In re Blair</u>, 538 F.2d 849, 851 (9th Cir. 1976). No opposition has been filed. Furthermore, the law favors compromise and not litigation for its own sake. <u>Id</u>. Accordingly, Trustee's motion is GRANTED, and the Settlement Agreement and Mutual Release between Trustee and Defendants is approved.

This ruling is not authorizing the payment of any fees or costs associated with the litigation.

9. $\frac{14-10490}{FW-2}$ -A-7 IN RE: VIOLETA ALVAREZ

MOTION TO EMPLOY GARY WILSON AS SPECIAL COUNSEL AND/OR MOTION TO EMPLOY RICKY A. LEBLANC AS SPECIAL COUNSEL 8-14-2020 [32]

PETER FEAR/MV PHILLIP GILLET/ATTY. FOR DBT. PETER FEAR/ATTY. FOR MV.

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Granted.

ORDER: The Moving Party shall submit a proposed order in conformance with the ruling below.

Page 16 of 19

This motion was set for hearing on at least 28 days' notice pursuant to Local Rule of Practice ("LBR") 9014-1(f)(1). The failure of the creditors, the debtors, the U.S. Trustee, or any other party in interest to file written opposition at least 14 days prior to the hearing as required by LBR 9014-1(f)(1)(B) may be deemed a waiver of any opposition to the granting of the motion. <u>Cf. Ghazali v. Moran</u>, 46 F.3d 52, 53 (9th Cir. 1995). Further, because the court will not materially alter the relief requested by the moving party, an actual hearing is unnecessary. <u>See Boone v. Burk (In re Eliapo)</u>, 468 F.3d 592 (9th Cir. 2006). Therefore, the defaults of the above-mentioned parties in interest are entered and the matter will be resolved without oral argument. Upon default, factual allegations will be taken as true (except those relating to amount of damages). <u>Televideo Systems, Inc. v. Heidenthal</u>, 826 F.2d 915, 917 (9th Cir. 1987). Constitutional due process requires that the movant make a *prima facie* showing that they are entitled to the relief sought, which the movant has done here.

Peter L. Fear ("Trustee"), the Chapter 7 trustee of the bankruptcy estate of Violeta M. Alvarez ("Debtor"), seeks authorization to employ the law firms of Robins Kaplan, LLP and Sokolove Law, LLC (collectively, "Special Counsel") to serve as special counsel effective as of June 20, 2016. Doc. #32.

Debtor filed this Chapter 7 case on January 31, 2014, and the case was closed with no distribution on May 16, 2014. Doc. ##1, 18. Pre-petition, on or about October 2008, Debtor was prescribed a pharmacological agent, which allegedly caused Debtor to develop related compulsive behavior. Doc. #36, Wilson Decl. at ¶ 3. On or about June 20, 2016, Debtor retained Robins Kaplan, LLP and Sokolove Law, LLC to pursue a claim against the drug manufacturer (the "Injury Claim"). Id. at ¶ 4. Debtor did not reopen this case to disclose the Injury Claim at that time. The Injury Claim is one of many similar claims filed around the country as part of a Multi-District Litigation ("MDL") against the drug manufacturer. Id. at \P 5. As part of a proposed settlement to resolve the MDL claims, a fund was created and a "points" system established to evaluate and pay damages to claimants. Id. at ¶ 6. Debtor qualified for a settlement award in the gross amount of \$105,294.04. Id. at ¶ 7. Trustee contends, because Debtor was prescribed and consumed the medication pre-petition, the Injury Claim and any settlement therefrom is property of the estate. Doc. #32, at \P 8. On March 6, 2020, Debtor's case was ordered reopened on the motion of the United States Trustee (the "UST") to administer the undisclosed Injury Claim. Doc. ##20, 21.

Trustee seeks authorization to employ Special Counsel, effective as of June 20, 2016, to assist in processing the Injury Claim and bringing the settlement proceeds into the estate. Doc. #34, Tr.'s Decl. at ¶ 3. Trustee states Special Counsel are already familiar with the case, having represented Debtor in litigating the Injury Claim since 2016. Id. at ¶ 3. Trustee proposes to compensate Special Counsel for their services in pursuing the Injury Claim on the same basis as Special Counsel had been retained by Debtor, a 40% contingency fee of any gross amount secured on behalf of the estate, to be shared and split 80/20 between Robins Kaplan, LLP and Sokolove Law, LLC, plus costs. Id. at ¶ 4; Doc. #32.

Pursuant to 11 U.S.C. § 327(e), Trustee may employ, with the court's approval and for a specified special purpose, an attorney who has represented the debtor if it is in the best interest of the estate and if the attorney does not represent nor hold an adverse interest to the debtor or to the estate with respect to the matter on which such attorney is to be employed. The requirements of section 327(e) are less restrictive than section 327(a) in that

Page 17 of 19

there is no disinterestedness requirement. <u>In re Fondiller</u>, 15 B.R. 890, 892 (B.A.P. 9th Cir. 1981), appeal dismissed, 707 F.2d 441 (9th Cir. 1983).

The court finds that Special Counsel do not represent or hold any interest adverse to Debtor or to the estate with respect to the matters for which employment is sought. Special Counsel have reviewed Debtor's schedules, and verified that there are no connections between Special Counsel and any of the creditors, or any other party in interest, their respective attorneys or accountants, the UST, or any person employed in the Office of the UST. Doc. #35, LeBlanc Decl. at \P 12; Doc. #36, Wilson Decl. at \P 12.

Bankruptcy Code section 328(a) provides, in relevant part: "The trustee . . . with the court's approval, may employ or authorize the employment of a professional person under section 327 . . . of this title . . . on any reasonable terms and conditions of employment, including . . . on a contingency fee basis." In the Ninth Circuit, parties seeking the court's pre-approval of contingency fee agreements must specifically mention section 328 in the employment application, which Trustee has done here. <u>See</u>, e.g., <u>Circle K</u> <u>Corp. v. Houlihan, Lokey, Howard & Zukin, Inc.</u>, 279 F.3d 669, 671 (9th Cir. 2002) ("We hold that unless a professional's retention application unambiguously specifies that it seeks approval under § 328, it is subject to review under § 330.").

The court finds the proposed arrangement reasonable in this instance. If the arrangement proves improvident, the court may allow different compensation under 11 U.S.C. § 328(a).

However, in the Ninth Circuit, retroactive approval of employment of professionals for the estate and a retroactive award of fees for services rendered without court approval is limited to "exceptional circumstances where an applicant can show both a satisfactory explanation for the failure to receive prior judicial approval and that he or she has benefited the bankruptcy estate in some significant manner." Okamoto v. THC Fin'l Corp. (In re THC Fin'l Corp.), 837 F.2d 389, 392 (9th Cir. 1988). Thus, in order to obtain retroactive approval of employment, Special Counsel are required to demonstrate that they qualify for employment under 11 U.S.C. § 327(e) as well as explain satisfactorily their failure to apply for earlier court approval and show that their services benefitted the estate. See Atkins v. Wain, Samuel & Co. (In re Atkins), 69 F.3d 970, 975-76 (9th Cir. 1995).

The court recognizes, based on a review of the record, Debtor did not move to reopen this case prior to retaining Robins Kaplan, LLP and Sokolove Law, LLC to pursue the Injury Claim. Special Counsel have submitted declarations explaining they did not recognize Debtor's bankruptcy estate may have had a claim in the Injury Claim, and it is the policy of Special Counsel's firms to not incur the time and expense to conduct a check for bankruptcies until after it has been determined that the claimant is even eligible for consideration of an award. Doc. #35, LeBlanc Decl. at ¶¶ 8-10; Doc. #36, Wilson Decl. at ¶¶ 8-10. Special Counsel states that upon learning Debtor qualified for a settlement, they conducted a search and discovered Debtor had previously filed for bankruptcy. Doc. #35, LeBlanc Decl. at ¶ 9; Doc. #36, Wilson Decl. at ¶ 9. Special Counsel then promptly contacted the prior Chapter 7 trustee in this case; and when no response was received, the claims administrator notified the UST. Id. The court finds that these facts satisfactorily explain the failure of Special Counsel to receive prior court approval of their employment.

The court also finds Special Counsel's services benefited the bankruptcy estate in a significant manner. This case previously closed with no distribution. <u>See</u> Doc. ##13, 18. The work of Special Counsel in pursuing the Injury Claim

Page 18 of 19

resulted in a settlement award in the gross amount of \$105,294.04, subject to this court's approval of the compromise pursuant to Federal Rule of Bankruptcy Procedure 9019. <u>See</u> Doc. #32.

Accordingly, Trustee's motion is GRANTED. Trustee is authorized to employ the law firms of Robins Kaplan, LLP and Sokolove Law, LLC as Special Counsel, effective as of June 20, 2016, under 11 U.S.C. § 328(a), on the terms and conditions set forth in the motion.