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5 UNITED STATES BANKRUPTCY COURT
6 EASTERN DISTRICT OF CALIFORNIA
7

8
9 In re) Case No. 12-27639-C-7
10 PATRICK LEE WATSON and) Docket Control No. HSM-1
PATRICIA JO WATSON,)
11)
Debtor(s) .)
12 _____)
13

14 **This memorandum decision is not approved for publication and may**
15 **not be cited except when relevant under the doctrine of law of the**
16 **case or the rules of claim preclusion or issue preclusion.**

17
18 **MEMORANDUM OPINION AND DECISION**

19 Patrick Lee Watson and Patricia Jo Watson, the Debtors,
20 commenced a voluntary Chapter 7 case on April 20, 2012. On
21 Schedule C the Debtors claimed exempt pursuant to California Code
of Civil Procedure § 704.115(a) as a "Private Retirement Plan" the
asset described as,

22 Proof of Claim filed in Chapter 11 Bankruptcy Case no.
23 08-11535-RR, Central District of California, Northern
24 Division, In re Estate Financial Mortgage Fund, LLC,
25 filed in the amount of \$414,132.00. Pro rata share of
initial distribution made from the Estate Financial
Mortgage Fund LLC Liquidating Trust in the amount of
\$9981.55 (In re Estate Financial Mortgage Fund LLC 08-
11535-RR CA CD Chapter 11).

26
27 Schedule C, Dckt. 15.

28 Schedule C also asserts an exemption for "Tools, implements,

1 instruments, materials, uniforms, furnishings, books, equipment,
2 one commercial motor vehicle, one vessel, and other personal
3 property (1), if reasonably necessary to and actually used by
4 the judgment debtor and by the spouse of the judgment debtor in the
5 exercise of the same trade, business, or profession by which both
6 earn a livelihood....” Cal. C.C.P. § 704.060(a), (a)(3). The
7 Debtors have specifically identified the items of personal property
8 on Schedule C in which the exemptions are being claimed. A copy of
9 Schedule C is attached as Addendum “A” to this Decision. The
10 Debtors assert that these items of personal property were formally
11 used, are being used, and will be used in the future, as part of
12 the automobile repair business for which each of the Debtors’ work.

13 As shown from Schedule C, each of these items of personal
14 property is valued to be of modest amounts, most \$50.00 or less.
15 The assets of asserted higher value and larger exemption amounts
16 are:

Asset	Value	Exemption Amount Claimed
2006 Chevrolet Silverado (with 154,442 miles)	\$7,844	\$7,844
Four post 12000 lb. Bend Pak Lift	\$900	\$900
Double Axel Trailer	\$1,200	\$750
Hunter BL505 Brake Lathe and Tooling	\$750	\$750
8 Drawer Mac Toolbox with Tools	\$500	\$500
Two post 9000 lb. Car Lift	\$300	\$300
Cooltech 34788 Robin Air A/C charge station	\$300	\$300
Genesis Evoscan Tool	\$200	\$200

Coolant Transfer Machine	\$150	\$150
Red Single Axle Utility Trailer	\$150	\$150
Quincee Air Compressor 5 hp	\$100	\$100
Plastic Tool Shed	\$100	\$100
Zep Parts Clearing Station	\$100	\$100

Finally, the Debtors also claim an exemption in a 2011 Keystone Montana Hickory Fifth Wheel pursuant to California Code of Civil Procedure § 704.730(a)(3) as their homestead.

The Chapter 7 Trustee filed an objection to each of the above exemptions claimed by the Debtors. At the November 13, 2012 hearing, the Trustee confirmed on the record that his objection to the homestead exemption claim in the 2011 Keystone Montana Hickory Fifth Wheel had been resolved and he was withdrawing that portion of the objection.

**OBJECTION TO EXEMPTION IN THE
ESTATE FINANCIAL MORTGAGE FUND, LLC INVESTMENT**

Little disagreement exists between the parties concerning the facts which relate to how the claims being asserted in the Financial Mortgage Fund, LLC bankruptcy case arose. Patrick Watson is 69 years old and Patricia Watson is 67 years old. Over the years the Debtors owned and operated various businesses relating to automobile repair. The last automobile repair business owned and operated by the Debtors was located in Berkeley, California. At some undisclosed time, but prior to the 2006 investment of \$500,000.00 with Estate Financial Mortgage Fund, the Debtors sold their automobile repair business in Berkeley. The Debtors desired to use the proceeds to provide for their retirement, as a

1 supplement to the Social Security Benefits they receive (\$1,409.00
2 and \$945.00 a month).

3 The Debtors invested \$500,000.00 of the proceeds from the sale
4 of their business with Estate Financial Mortgage Fund. This turned
5 out to be an improvident investment, with Estate Financial Mortgage
6 Fund being a Ponzi scheme. Estate Financial Mortgage Fund ended up
7 in bankruptcy and the Debtors testify that the principals of Estate
8 Financial Mortgage Fund have been convicted of more than
9 20 felonies and are serving time in prison.

10 The Debtors testify that they are unsophisticated and relied
11 on Estate Financial Mortgage Fund to provide for the proper
12 investment of these monies the Debtors wanted to use for their
13 retirement. The Debtors assert that being unsophisticated as to
14 financial investment and having limited education, they reasonably
15 relied on Estate Financial Mortgage Fund to provide an investment
16 of these monies in a retirement fund and such reliance is
17 sufficient to qualify for the exemption asserted.

18 The Debtors believe that they were defrauded by Estate
19 Financial Mortgage Fund not only with respect to it being a Ponzi
20 scheme, but also their reliance on that entity to provide them with
21 a "retirement fund" or "retirement plan." The testimony does not
22 state what the Debtors mean by these terms, but for purposes of
23 this decision the court accepts that it was the Debtors' intention
24 to use the proceeds from the sale of their business for their
25 retirement.

26 As with most Ponzi scheme cases, the impact on the victims is
27 horrific. The Debtors testify that they were forced to sell their
28 residence, being unable to make the payments with only their Social

1 Security Benefits for income. The Debtors state that they lost two
2 rental properties (one to foreclosure and one to short sale)
3 because they could not afford to make the payments.¹ For purposes
4 of this Motion the court accepts that both of the Debtors are hard
5 working, honest persons who built up businesses, culminating in the
6 sale of the Berkeley automobile repair business they sold in or
7 about 2006 (when they were in their mid-60's, a commonly referenced
8 retirement age).

9 The Trustee clearly and succinctly states that the investment
10 in Estate Financial Mortgage Fund and the bankruptcy claim relating
11 thereto cannot qualify as a Private Retirement Plan pursuant to
12 California Code of Civil Procedure 704.115 as a matter of law.
13 Citing to the leading Ninth Circuit Case *Lieberman v. Hawkins (In*
14 *re Lieberman)*, 245 F.3d 1090 (9th Cir. 2001), the Trustee argues
15 that the retirement plan must be one established or maintained by
16 a private employer or employee organization, such as a union.
17 Merely because a person decides to invest money with the intention
18

19 ¹ Interestingly, the Debtors state that the reason for the loss
20 of the rental properties was due to the "so called 'Great Recession.'" Declaration ¶ 11, Dckt. 48. The court is unsure as to what "Great
21 Recession" is being referenced to and why that would cause owners of
22 positive income producing property to lose such properties. If the
23 Debtors purchased rental properties which did not produce income or
24 did not produce sufficient income to pay the mortgage, taxes, and
25 insurance, or the Debtors refinanced the rental property to take out
26 the "equity" and use it for other purposes, then the loss of other
27 income to fund the negative operation of rental property (such as loss
28 of the \$500,000.00 investment) which would have caused the Debtors to
lose the rental properties. Alternatively, the Debtors may have
chosen to engage in speculative real estate ventures, buying negative
income properties banking on "flipping the properties" and turning a
quick profit in the never-ending rising real estate market. If so,
then the unavoidable bursting of the real estate bubble would have
been the cause of the loss from such a speculative venture, with the
Debtors being the last man and woman holding the properties when the
easy lending boom collapsed.

1 to use the principal and accretions to the investment during
2 retirement does not make the investment a "Private Retirement Plan"
3 as required by statute. Further, there is no showing that the
4 investment with Estate Financial Mortgage Fund was either a profit-
5 sharing plan or that the investment was in an account as provided
6 by the Internal Revenue Code. Cal. Code Civ. P. § 704.115(a)(2)
7 and (3) additional retirement account exemption definitions.

8 The Debtors argue that there is a strong policy under federal
9 and state law to liberally interpret exemptions in favor of
10 debtors. *In re Arrol*, 170 F.3d 934, 937 (9th Cir. 1999). The
11 Debtors direct the court to consider the statement in *In re Beaty*,
12 306 F.3d 915, 922 (9th Cir. 2002) for the proposition that the
13 bankruptcy court is a "court of equity" and should invoke equitable
14 principles and doctrines when refusing to do so would be
15 inconsistent with the Bankruptcy Code. The Debtors offer no
16 authorities, either case law or legislative history, concerning the
17 proper interpretation and application of this state law statutory
18 provision. The court takes this not as a sign that there is a lack
19 of effort, but that the best legal opportunity for the Debtors in
20 this case is to rely upon the equitable powers of the court and the
21 *sui generis* facts of this case.

22 The Ninth Circuit Court of Appeals has considered the decision
23 in *Lieberman* on several subsequent occasions. The most recent is
24 *Cunning v. Rucker (In re Rucker)*, 570 F.3d 1155 (9th Cir. 2009).
25 The court in *Cunning* restated that Civil Code of Procedure
26 § 704.115 is construed liberally for the benefit of the debtor and
27 that its very purpose is to allow a debtor to put assets beyond the
28 reach of creditors. *Id.* at 1160. However, this liberal

1 construction and putting assets beyond the reach of creditors
2 applies "[s]o long as they [the asset] qualify for the exemption
3 under the law." *Id.*, citing *Schwartzman v. Wilshinsky*, 50 Cal.
4 App. 4th 619, 629 (1996).

5 The court in *Lieberman* reviewed the earlier Ninth Circuit
6 decision in *Bloom v. Robinson (In re Bloom)*, 839 F.2d 1376 (9th
7 Cir. 1988), in which the court had to consider whether an
8 established private retirement plan and profit-sharing plan
9 qualified as an exempt private retirement plan pursuant to
10 California Civil Procedure Code § 704.115(a). Though on its face
11 there was an actual employer-based private retirement plan, the
12 Ninth Circuit stated that a debtor's conduct can demonstrate that
13 such a "private retirement plan" is not actually intended for
14 retirement and does not qualify to be exempt under California Code
15 of Civil Procedure § 704.115(a). *Id.* at 1378, citing *Daniel v.*
16 *Security Pacific National Bank et al. (In re Daniel)*, 771 F.2d 1352
17 (9th Cir. 1985).

18 This inquiry into "intent" was discussed by the Ninth Circuit
19 Court of Appeals in *Simpson v. Burkart (In re Simpson)*, 557 F.3d
20 1010, 1018 (9th Cir. 2009), stating,

21 However, the purpose of this inquiry [whether the asset
22 was primarily intended or used for retirement purposes]
23 is distinct and limited. It does not allow the debtor to
24 circumvent the statutory definitions and categorize the
25 asset as an exempt private retirement plan. Rather, the
26 inquiry seeks only to determine whether an asset that
fits the definition of a "private retirement plan" should
nonetheless be excluded from exemption because the debtor
treats it as something other than a retirement asset.
Thus, while the debtor's subjective intent cannot create
an exemption, it may take one away.

27 The Ninth Circuit Court of Appeals in *Simpson* rejected a
28 similar argument to that of the Debtors in this case, that since

1 they intended to use the investment as their retirement, such
2 intention was sufficient to qualify the asset for the "Retirement
3 Plan" exemption.

4 Simpson's sole argument in support of his claimed
5 exemption is that the annuity constitutes a private
6 retirement plan under section 704.115(a)(1), because he
7 subjectively intended to use it as one. As we have noted,
8 a debtor's subjective intent for or use of the asset is
9 irrelevant to this analysis. *Lieberman*, 245 F.3d at 1095.
Rather, section 704.115(a)(1) applies only to retirement
plans set up by private employers, "not by individuals
acting on their own, outside of the employment sphere."
Simpson, 366 B.R. at 74 (citing *Lieberman*, 245 F.3d at
1093). As we explained in *Lieberman*:

10 [T]he legislature intended § 704.115(a)(1) to
11 exempt only retirement plans established or
12 maintained by private employers or employee
13 organizations, such as unions, not
arrangements by individuals to use specified
assets for retirement purposes.

14 245 F.3d at 1095.

15 The Keyport Annuity was not established for Simpson by an
16 employer. Rather, Simpson purchased it as an individual.
17 Thus, regardless of his intentions, Simpson is not
entitled to claim an exemption for the annuity as a
private retirement plan under section 704.115(b).

18 *Id.* at 1018-1019.

19 The uncontradicted evidence presented to the court with
20 respect to the Estate Financial Mortgage Fund, LLC investment does
21 not differ from the investments in *Lieberman* and *Simpson* - the
22 Debtors' investment is not part of an employer or other third party
23 retirement plan. Patricia Watson's testimony is that the Debtors
24 sold their business and wanted to use the proceeds of the sale for
25 their retirement. Patricia Decl. ¶ 5, Dckt. 49. With her limited
26 education and understanding of investments, she "understood Estate
27 Financial Mortgage Fund to be a retirement plan,..." *Id.* ¶ 6. The
28 Debtors believed that the entire investment in Estate Financial

1 Mortgage Fund was "a legitimate retirement plan." *Id.* ¶ 9. Patrick
2 Watson provides exactly the same testimony as to the intent in
3 investing the proceeds from the sale of the Debtors' business.
4 Patrick Decl. ¶¶ 6, 7, and 10, Dckt. 48.

5 From the evidence presented and with all inferences drawn in
6 favor of the Debtors, it is established that the investment they
7 sought to make was not a "Private Retirement Plan" as defined by
8 California Code of Civil Procedure § 704.115(a)(1), (2) or (3).
9 While the Debtors testify that they had the subjective intent to
10 invest the money for their retirement, it is well established in
11 this Circuit and the State of California that such subjective
12 intent is not sufficient to override the statutory requirements of
13 California law.

14
15 **Debtors Plea in Equity Does Not Expand the
Statutory Requirements of California C.C.P. § 704.115(a)**

16 The Debtors make the passionate argument that they have been
17 wronged twice - first by trusting Estate Financial Mortgage Fund to
18 be a legitimate investment advisor and not a Ponzi scheme, and then
19 again in relying on Estate Financial Mortgage Fund to properly
20 structure a retirement fund for them. The Debtors advance the
21 argument that they are hard-working people of limited education and
22 not sophisticated in the ways of investment. Therefore, they
23 reasonably relied upon Estate Financial Mortgage Fund to establish
24 a Private Retirement Account which would qualify for California
25 Code of Civil Procedure § 704.115 protection against creditors.

26 The Debtors provide no legal authority for the contention that
27 failure of a financial advisor to structure an investment to
28 qualify for protection under California Code of Civil Procedure

1 § 704.115 is an exception to the statutory requirements. Properly
2 applying the California Code of Civil Procedure to determine
3 whether an exemption applies is not inconsistent with fairly and
4 equally applying the Bankruptcy Code to all creditors and debtors.
5 In *Beaty*, cited by the Debtors for the principle that the court
6 should invoke "equitable principles" to make the exemption
7 applicable to the Debtors, the Ninth Circuit Court of Appeals said
8 more than just that a trial court could "just do what it thought
9 was fair, irrespective of the law."

10 The court in *Beaty* considered whether the equitable doctrine
11 of Laches should properly be applied to the time period to commence
12 a nondischargeability action under 11 U.S.C. § 523(a). The
13 "equitable principle" considered in *Beaty* was an actual equitable
14 doctrine or rule, not merely whether it would be "fair" to grant an
15 *ad hoc* exception to the statutory requirements based on how
16 passionately a party pleads its case. The Debtors offer no
17 equitable doctrines to the court as a reason not to apply the law
18 as well established in this Circuit.

19 Even liberally construing California Code of Civil Procedure
20 § 704.115(a) and how the Debtors invested their monies from the
21 sale of their business does not generate an exemption for the
22 Debtors in the Estate Financial Mortgage Fund investment. In *Arrol*
23 *v. Broach (In re Arrol)*, 170 F.3d 934 (9th Cir. 1999), the court
24 addressed the issue of determining whether the California homestead
25 exemption should apply when the debtor's home was not physically
26 located in California. Under the facts of *Arrol*, the debtor had
27 moved his residence to Michigan, with venue being proper in the
28 Northern District of California based on that debtor having resided

1 the greater part of the 180 days prior to the commencement of the
2 bankruptcy case in the Northern District of California. The court
3 in *Arrol* determined that the Bankruptcy Code required that the
4 exemption law in the state where the case was filed applied in that
5 case, irrespective of where the debtor was actually residing at the
6 time the bankruptcy case was filed. The court in *Arrol* then
7 determined that California law did not require the property to be
8 located in California. *Id.* at 936. In saying that it was
9 liberally interpreting the exemption is based on the court
10 concluding, "We find nothing in the California exemption statutory
11 scheme, its legislative history, or its interpretation in
12 California law to limit the application of the homestead exemption
13 to dwellings within California." *Id.* at 937. The "liberally in
14 favor of the debtor" comment concerns how the court interpreted the
15 language of the California homestead exemption, not creating
16 additional provisions or exceptions to the homestead exemption.²

17 This court finds no equitable basis, defense, or doctrine to
18 exempt the Debtors from having complied with the statutory
19 requirements of California Code of Civil Procedure § 704.115(a).

20 The Trustee's Objection to the Claim of Exemption in the
21 Estate Financial Mortgage Fund investment and bankruptcy claim is
22 sustained and the exemption is denied in its entirety.

23 **OBJECTION TO EXEMPTION IN TOOLS OF THE TRADE**

24 The Debtors have claimed an exemption in a long list of items

25
26 ² In interpreting the exemptions arising under state law, "we
27 are bound by California rules of statutory interpretation, which
28 require that courts 'give effect to statutes according to the usual,
ordinary import of the language employed in framing them.' [citation
omitted]" *Little v. Reaves (In re Reaves)*, 285 F.3d 1152, 1156 (9th
Cir. 2002).

1 asserted to be exempt as tools of the trade - the Debtors'
2 automotive repair business. The Debtors testify that they have now
3 returned to the automobile repair business and are doing business
4 as Discount Brake & Automotive Repair. The testimony presented is
5 that both Debtors work in this business, in addition to Patricia
6 Watson working part-time at Red Hawk Casino. Patrick Watson is
7 identified as doing the repair work and Patricia Watson maintains
8 the books and other administrative tasks. Patrick Decl. ¶¶ 14, 15,
9 16, 17, and 19, Dckt 48; and Patricia Decl. ¶¶ 13, 14, 15, 16, 17,
10 18, 19, and 20, Dckt. 49.

11 **Grounds Stated For Trustee's Objection**

12 From reviewing the Objection to Claim of Exemption which
13 combines the grounds for the objection with the points and
14 authorities, the court distills the following grounds being
15 asserted by the Trustee:

16 1. Patricia Watson works as a cook at Red Hawk Casino.

17 2. The Schedules and Statement of Financial Affairs indicate
18 that Patricia Watson also works as a bookkeeper for Discount Brake
19 & Automotive, a corporation for which the Debtors are the
20 shareholders.

21 3. The Trustee does not know how much time is spent by
22 Patricia Watson and whether she is being paid wages for working at
23 Discount Brake & Automotive.

24 4. The Trustee does not know what assets are used by
25 Patricia Watson if and when working at Discount Brake & Automotive.

26 5. The Trustee asserts that none of the items listed as
27
28

1 Item 25 and Item 29³ claimed as exemption are used by Patricia
2 Watson, with the exception of some nominal value items of office
3 equipment, for any employment with Discount Brake & Automotive.

4 6. It does not appear that Patrick Watson makes any money
5 from Discount Brake & Tire as no business income is stated on
6 Schedule I.⁴

7 The Trustee requests that the court deny the claim of
8 exemptions of all the Item 25 and Item 29 assets.

9 **Debtors' Response to Objection to Tools of the Trade Exemption**

10 The Debtors respond that the tools of the trade exemption is
11 proper, asserting that both Debtors are active in their business -
12 Discount Brake & Automotive. The court is directed to the holding
13 of the bankruptcy court in *In re Vigil*, 101 B.R. 189, 191 (Bankr.
14 N.D. Cal. 1989) for the proposition that each spouse does not have
15 to personally use each asset for both to claim the exemption. The
16 Debtors also assert that merely because Patricia Watson works part-
17 time at Red Hawk Casino and part-time at Discount Brake &
18 Automobile, she is not disqualified from claiming the tools of the
19

20
21 ³ This reference is to Schedule B filed by the Debtor and the
22 assets listed under Item 25, Automobiles, truck, trailers, and other
23 vehicles and accessories) and Item 29 (machinery, fixtures, equipment,
24 and supplies used in business). For vehicles, the Debtors list a 2006
Chevrolet Silverado (valued at \$7,844.00), a small double axle trailer
(valued at \$1,200.00), and a small trailer with portable sign for
business (valued at \$100.00). There are 114 separate assets
identified under Item 29, most valued at \$100.00 or less.

25 ⁴ The Trustee also objected to the values listed on Schedule B
26 (Item 25 Assets and Item 29 Assets), without identifying the specific
27 assets as disputed values. In his Reply Brief, the Trustee conceded
28 the value of the asserted tools of the trade to be \$14,350.00 as
scheduled by the Debtors. This results in the value of the assets
claimed as exempt exceeding the full two person tools of the trade
exemption by \$429.00.

1 trade exemption for assets of the Debtors' business.

2 With respect to the validity of claiming this exemption, the
3 Trustee argues that there is no evidence presented as to how much
4 work is being done by Patricia Watson, that she is paid for doing
5 any work, and that no income from the business is stated by Patrick
6 Watson on Schedule I or the Statement of Financial Affairs.

7 The Trustee also objects to claiming the Chevrolet Silverado
8 an exempt tool of the trade (the Debtors having also claimed a Jeep
9 Liberty as exempt under California Code of Civil Procedure
10 § 704.010, vehicle exemption). The Trustee directs the court to
11 California Code of Civil Procedure § 704.060(c) which states that
12 a tool of the trade exemption is not available if another vehicle
13 has been claimed as exempt under § 704.010 which is reasonably
14 adequate for use in connection with the business.

15 **DISCUSSION**

16 The Objection to the Tools of the Trade Exemption raises
17 several factual disputes which can only be resolved through an
18 evidentiary hearing.⁵ How much and what work each of the Debtors
19 are actually doing, whether a *bona fide* business actually exists,
20 and if the assets are actually being used in such a business will
21 turn on more detailed evidence and the court weighing the
22 credibility of the witnesses. However, there are several legal
23 issues which shape the evidentiary hearing.

24 First, there is the issue of whether working part-time at the
25

26 ⁵ *Kono v. Meeker*, 196 Cal. App. 81, 87 (2011). (Stating that the
27 question of whether California Code of Civil Procedure § 704.060
28 applies is generally a question of fact for the court to determine
upon common-sense principles, in view of the circumstances of the
particular case.)

1 business qualifies a debtor to claim the tools of the trade
2 exemption pursuant to California Code of Civil Procedure § 704.060.
3 This code section allows for a specific dollar amount exemption to
4 be claimed in "Tools, implements, instruments, materials, uniforms,
5 furnishings, books, equipment, one commercial motor vehicle, one
6 vessel, and other personal property... if reasonably necessary to
7 and actually used by the judgment debtor in the exercise of the
8 trade, business, or profession by which the judgment debtor earns
9 a livelihood." Cal. C.C.P. § 704.060(a)(1). The judgment debtor
10 and judgment debtor's spouse may claim this exemption for their
11 respective trades or business, or may claim double the exemption
12 amount for such assets used by them "[i]n the exercise of the same
13 trade, business, or profession by which both earn a livelihood."
14 Cal. C.C.P. § 704.060(a)(3).

15 As shown by the Debtors' reliance on *Vigil*, a married couple's
16 joint use of the tools of the trade exemption under California law
17 is not an often discussed topic. This court has surveyed the cases
18 shown in the annotations under Westlaw and Lexis, as well as
19 Shepardizing California Code of Civil Procedure § 704.060. There
20 is little more to provide guidance for the court.

21 The court in *Vigil* concluded that the question is not whether
22 a debtor was engaging in the business activity on the day of
23 bankruptcy, but whether the debtor had abandoned or was incapable
24 of continuing in that trade or business in the future.

25 The Trustee is correct that on Schedule I both Debtors state,
26 under penalty of perjury, no income from any business. The Debtors
27 do state on Schedule I that "The Debtors Operate Discount Brake &
28 Automotive And Had A Net Loss Through March 2012. The Business Was

1 Recently Incorporated.” Schedule I also states that the Debtors
2 own Discount Brake & Automobile, which was recently incorporated,
3 and that Patricia Watson works as the Owner/Bookkeeper of that
4 business and as a cook at Red Hawk Casino.⁶

5 The Debtors have chosen to include more information on
6 Schedule I than normally provided, and in doing so have provided
7 inaccurate information. The question is not what net income one
8 makes from their business, but the gross income. The expenses for
9 the business are to be shown on Schedule J, line 16. The Debtors
10 also do not show any income from the corporation. Taken at face
11 value, the Debtors are purporting to have a business which loses
12 money each month. No resources have been shown by the Debtors to
13 fund such negative operation.⁷

14 The Debtors’ contention that there isn’t any income from the
15 operation from Discount Brake & Automobile is inconsistent with the
16 gross income information shown on the Statement of Financial
17 Affairs. In 2012 the Debtors report \$46,910.17 of income for the
18 first three months of the year. For 2011 the Debtors report
19 \$309,247.00 in gross income and for 2010 \$207,858.00 in gross
20 income.⁸ However, the Debtors have nothing “positive” to show for
21

22 ⁶ Schedule I, Dckt. 15.

23 ⁷ When debtors assert that they have businesses which do not
24 generate any income, but fail to provide the gross income and the
25 detailed expenses, the court and creditors are left to wonder what
26 personal expenses are being paid for the debtors through the business,
27 if any, as the real reason for the continued operation of an
“unprofitable” business. Merely arguing that “We have a company and
it loses money each month, so let us keep all of the assets so we can
continue to lose more money” is not a compelling argument showing that
tools are necessary for a *bona fide* business.

28 ⁸ Statement of Financial Affairs Question 1, Dckt. 15.

1 it, asserting that this business operates as a loss. In the
2 27 months prior to the commencement of the bankruptcy case
3 \$564,015.00 has gone somewhere. The Debtors state that they have
4 paid no one creditor more than an aggregate of \$600.00 in the
5 90 days prior to the commencement of the bankruptcy case.⁹ Where
6 all the money has gone is just left up in the air.

7 The court interprets the language of California Code of Civil
8 Procedure § 704.060 to permit two spouses jointly involved in a
9 business to each claim up to \$7,175.00 in exemptions in the tools
10 of the trade used in that business. Such does not require each
11 spouse to use each wrench, sprocket, analyzer, computer, mail cart,
12 copy machine, printer, and file cabinet, but to have such tools be
13 a necessary part of a joint, integrated business operated by the
14 two spouses. This requires each spouse to be substantially
15 involved in the business, not merely the second spouse lending his
16 or her name, credit, or minimal amount of time as window dressing
17 to create the illusion of a joint business operation for an
18 improper doubling of the exemption.

19 Taken at their word as testified in the Declarations, there
20 has been some business operated by the Debtors. The scope of each
21 of their involvement is not clearly provided in the testimony. The
22 court cannot determine from the declarations whether there is a
23 *bona fide* business and whether both spouses are sufficiently

24 ⁹ The Statement of Financial Affairs also discloses that
25 Patricia Wilson had gambling winnings of \$9,760.00 in 2011 and
26 \$4,440.00 in 2010. No gambling winnings are disclosed for 2012 and no
27 information is provided as to the gambling losses which go with the
28 gross wins for 2011 and 2010. Statement of Financial Affairs
Question 2, Dckt. 15. In response to Question 8 of the Statement of
Financial Affairs Question 8 the Debtors state that Patricia Watson
had gambling losses of \$200.00 in February 2012.

involved in any such business.

Second, the assets must be reasonably necessary and actually used by the judgment debtor in pursuing his or her livelihood.¹⁰ Based on the limited information provided, it appears that the automobile repair business could well be a "hobby," as the Debtors assert that it makes no money for them (expenses exhausting all income). For tax purposes, the Internal Revenue Service considers an activity to be a "business" when it is carried on with the reasonable expectation of earning a profit. Internal Revenue Service Publication 535, March 13, 2012.

The court has determined that an evidentiary hearing is required on the issue of whether the Debtors may jointly or separately claim the tools of the trade exemption in the various assets as listed on Schedule C, and if either or both may claim such an exemption, which items properly qualify under California Code of Civil Procedure § 704.060.

RULING

Estate Financial Mortgage Fund Investment

The court sustains the Trustee's Objection to the Claim of Exemption pursuant to California Code of Civil Procedure § 704.115(a) asserted in the asset described as "Proof of Claim filed in Chapter 11 Bankruptcy Case no. 08-11535-RR, Central District of California, Northern Division, *In re* Estate Financial Mortgage Fund, LLC, filed in the amount of \$414,132.00. Pro rata share of initial distribution made from the Estate Financial Mortgage Fund LLC Liquidating Trust in the amount of \$9,981.55 (*In*

¹⁰ *C.F. Nielsen, Inc. v. Stern*, 11 Cal. App. 4th Supp. 22, 25 (1992), certified for partial publication.

1 re Estate Financial Mortgage Fund LLC 08-11535-RR CACD Chapter 11)"
2 and such exemption is disallowed in its entirety.¹¹ This Memorandum
3 Opinion and Decision constitutes the court's findings of fact and
4 conclusions of law with respect to the Objection to the Claim of
5 Exemption pursuant to California Code of Civil Procedure
6 § 704.115(a) by the Debtors. No further proceedings on this issue
7 shall be conducted by the court pending entry of one order on all
8 of the Trustee's objection to the multiple claims of exemption in
9 this contested matter. The court has determined that it will not
10 enter a separate order for each objection to claim of exemption
11 pursuant to Federal Rules of Bankruptcy Procedure 7052(b) and 9014.
12 One order shall be issued in this contested matter with rulings on
13 all of the objections to exemptions asserted by the Trustee.

14 **Keystone Montana Hickory Fifth Wheel**

15 On September 26, 2012, the Trustee filed a Supplemental
16 Statement Regarding The Objection to Claim of Exemption, in which
17 the Trustee withdrew that portion of the Objection which related to
18 the 2011 Keystone Montana Hickory Fifth Wheel claimed as exempt on
19 Schedule C by the Debtors. Supplemental Statement, Dckt. 41. The
20 Trustee repeated the statement that he was withdrawing the
21 Objection as to the Fifth Wheel on the record at the hearing, to
22 which the Debtors consented.

23 The court construes the September 25, 2012 Supplemental
24 Statement of Withdrawal of this portion of the Objection, which is
25 consistent with the Debtors' Opposition, and the oral request at
26 the hearing to so withdraw this portion of the Objection, as a

27
28 ¹¹ Exemption claim on Schedule C filed May 2, 2012, Dckt. 15.

1 Motion to Dismiss the Objection to the Claim of Exemption by the
2 Debtors in the 2011 Keystone Montana Hickory Fifth Wheel pursuant
3 to Federal Rule of Civil Procedure 41(a)(2) and Federal Rule of
4 Bankruptcy Procedure 9014. The Debtors do not oppose such motion
5 and the court dismisses without prejudice the Objection to the
6 Claim of Exemption by the Debtors in the 2011 Keystone Montana
7 Hickory Fifth Wheel. The court shall issue a separate order
8 providing for the dismissal of this portion of the Objection to
9 Claims of Exemption.

10 **Tools of the Trade Assets**

11 The court shall set a discovery schedule and an evidentiary
12 hearing schedule for the Objection to Claims of Exemption in the
13 various personal property assets as tools of the trade. Cal.
14 C.C.P. § 704.115. After review, the judges in Department C and
15 Department E have determined that the evidentiary hearing shall be
16 conducted in Department E so that one judge rules on all elements
17 of this contested matter.

18 The Discovery Scheduling Conference shall be conducted at
19 **1:30 p.m. on December 18, 2012**, in Courtroom 33 of the United
20 States Bankruptcy Court for the Eastern District of California
21 (Sacramento Division).

22 The court shall issue orders consistent with the Ruling set
23 forth above.

24 Dated: December 12, 2012

25
26 /s/

27 RONALD H. SARGIS, Judge
28 United States Bankruptcy Court

IN RE Watson, Patrick Lee & Watson, Patricia JoCase No. 12-27639-C-7

Debtor(s)

(If known)

SCHEDULE C - PROPERTY CLAIMED AS EXEMPTDebtor elects the exemptions to which debtor is entitled under:
(Check one box)☒ Check if debtor claims a homestead exemption that exceeds \$146,450. *

- ☐ 11 U.S.C. § 522(b)(2)
☒ 11 U.S.C. § 522(b)(3)

DESCRIPTION OF PROPERTY	SPECIFY LAW PROVIDING EACH EXEMPTION	VALUE OF CLAIMED EXEMPTION	CURRENT VALUE OF PROPERTY WITHOUT DEDUCTING EXEMPTIONS
<u>SCHEDULE B - PERSONAL PROPERTY</u>			
Cash on hand	CCCP § 704.070	41.00	41.00
El Dorado Savings Bank checking account ending 2575: 4040 El Dorado Road, Placerville, CA 95667.	CCCP § 704.080	1,929.70	1,929.70
Schools Financial Credit Union Checking account: P.O. Box 526001, Sacramento, CA 95852	CCCP § 704.080	638.04	638.04
Wells Fargo Business Checking account number ending 3345: This account is held in the name of Discount Brake & Automotive	CCCP § 704.060(a)(3)	80.00	80.00
Pre-paid lease with Far Horizons 49er Village RV Resort. Debtors have paid through June 30, 2012.	CCCP § 704.730(a)(3)	1,610.00	1,610.00
Bedroom lamps (built in): 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	550.00	10.00
Canister vacuum cleaner: 18265 State Highway 49 Plymouth CA 95669	CCCP § 704.020	20.00	20.00
Dining room table and four chairs (built in): 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	550.00	50.00
Entertainment center (built in): 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	550.00	50.00
Everyday dishes: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	50.00	50.00
Everyday flatware: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	25.00	25.00
King size bed and mattress (built in): 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	550.00	50.00
Lap top computer: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	50.00	50.00
Living room lamps (built in): 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	550.00	20.00
Metal tv tray: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	10.00	10.00
Microwave (built in): 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	550.00	25.00
Miscellaneous cookware, pots and pans: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	100.00	100.00
Miscellaneous everyday dishes, pots & pans: 18265 State Highway 49 Plymouth CA 95669	CCCP § 704.020	25.00	25.00
Miscellaneous garden supplies (fertilizer, plant food, etc): 18265 State Highway 49 Plymouth CA 95669	CCCP § 704.020	15.00	15.00

* Amount subject to adjustment on 4/1/13 and every three years thereafter¹² with respect to cases commenced on or after the date of adjustment.

Addendum "A"

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IN RE Watson, Patrick Lee & Watson, Patricia Jo

Debtor(s)

Case No. 12-27639-C-7

(If known)

SCHEDULE C - PROPERTY CLAIMED AS EXEMPT
(Continuation Sheet)

DESCRIPTION OF PROPERTY	SPECIFY LAW PROVIDING EACH EXEMPTION	VALUE OF CLAIMED EXEMPTION	CURRENT VALUE OF PROPERTY WITHOUT DEDUCTING EXEMPTIONS
Miscellaneous garden tools (rakes, trowels, etc): 18265 State Highway 49 Plymouth CA 95669	CCCP § 704.020	15.00	15.00
Occasional table (built in): 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	550.00	20.00
Patio chairs: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	20.00	20.00
Plastic Coleman cooler: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	10.00	10.00
Plastic shelving units (2): 18265 State Highway 49 Plymouth CA 95669	CCCP § 704.020	15.00	15.00
Plastic wardrobe: 18265 State Highway 49 Plymouth CA 95669	CCCP § 704.020	10.00	10.00
Recliners (2) (built in): 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	550.00	50.00
Refrigerator (built in): 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	550.00	50.00
Rocking chair: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	10.00	10.00
Rolling barbecue grill: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	25.00	25.00
Single cup coffee maker: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	50.00	50.00
Sofa (built in) : 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	550.00	50.00
Storage shed (plastic): 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	100.00	100.00
Stove (built in): 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	550.00	50.00
Television: 24" LEDToshiba: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	100.00	100.00
Two-drawer file cabinet: 18265 State Highway 49 Plymouth CA 95669	CCCP § 704.020	20.00	20.00
Clothing, shoes, and accessories for one adult male; 18265 State Highway 49, Plymouth, CA 95669.	CCCP § 704.020	300.00	300.00
Clothing, shoes, purses, and accessories for one adult female; 18265 State Highway 49, Plymouth, CA 95669.	CCCP § 704.020	300.00	300.00
Men's blue saphire ring: 18265 State Highway 49 Plymouth CA 95669	CCCP § 704.040	150.00	150.00
Men's Citizens watch: 18265 State Highway 49 Plymouth CA 95669	CCCP § 704.040	5.00	5.00
Woman's anniversary ring: 18265 State Highway 49 Plymouth CA 95669	CCCP § 704.040	410.00	410.00
Woman's Pandora style bracelets (2) and necklace: 18265 State Highway 49 Plymouth CA 95669	CCCP § 704.040	308.00	308.00
Woman's wedding ring: 18265 State	CCCP § 704.040	460.00	460.00

IN RE Watson, Patrick Lee & Watson, Patricia JoCase No. 12-27639-C-7

Debtor(s)

(If known)

SCHEDULE C - PROPERTY CLAIMED AS EXEMPT
(Continuation Sheet)

DESCRIPTION OF PROPERTY	SPECIFY LAW PROVIDING EACH EXEMPTION	VALUE OF CLAIMED EXEMPTION	CURRENT VALUE OF PROPERTY WITHOUT DEDUCTING EXEMPTIONS
Highway 49 Plymouth CA 95669			
Glock 40: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	150.00	150.00
Glock 9: 18265 State Highway 49, Plymouth, CA 95669	CCCP § 704.020	150.00	150.00
Proof of Claim filed in Chapter 11 Bankruptcy case no. 08-11535-RR, Central District of California, Northern Division, In re Estate Financial Mortgage Fund, LLC, filed in the amount of \$414,132.00. Pro rata share of initial distribution made from the Estate Financial Mortgage Fund LLC Liquidating Trust in the amount of \$9981.55 (In re Estate Financial Mortgage Fund LLC 08-11535-RR CACD Chapter 11).	CCCP § 704.115(a)	100%	unknown
Unpaid wages due to Joint Debtor as of date of filing.	U.S.C. 15 § 1673	888.25	888.25
Wages garnished by Franchise Tax Board	U.S.C. 15 § 1673	1,348.65	1,348.65
2006 Chevrolet Silverado; 154,442 miles: 8900 Alder Ave, Sacramento, CA. This vehicle is used in the business.	CCCP § 704.060(a)(3)	7,844.00	7,844.00
2006 Jeep Liberty; 106,397 miles; Highway 49 residence.	CCCP § 704.010	2,725.00	5,530.00
2011 Keystone Montana Hickory Fifth Wheel Series M3455 SA-37 and jack for set up: 18265 State Highway 49, Plymouth, CA 95669. The Keystone Montana is a mobilehome that is the primary residence of Mr. and Mrs. Watson. Please note that the mobilehome comes furnished with built-ins.	CCCP § 704.730(a)(3)	173,390.00	62,615.00
Small double axle trailer: 8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	750.00	1,200.00
Small trailer with portable sign for business: 8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	100.00	100.00
(2) ladders (1-8 ft) (1-12ft): 8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
(3) Bottle jacks (1-12 tons) (1-6 tons): 8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
1 set oxygen and acetaline torches: 8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	50.00	50.00
10 key calculator: 8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
10 key calculator: 8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	15.00	15.00
1000 lb transmission jack: 8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	100.00	100.00
110 volt Lincoln welder: 8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	50.00	50.00
2 1/2 ton floor jacks (2): 8900 Alder Avenue	CCCP § 704.060(a)(3)	60.00	60.00

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IN RE Watson, Patrick Lee & Watson, Patricia JoCase No. 12-27639-C-7

Debtor(s)

(If known)

SCHEDULE C - PROPERTY CLAIMED AS EXEMPT
(Continuation Sheet)

DESCRIPTION OF PROPERTY	SPECIFY LAW PROVIDING EACH EXEMPTION	VALUE OF CLAIMED EXEMPTION	CURRENT VALUE OF PROPERTY WITHOUT DEDUCTING EXEMPTIONS
Sacramento			
2600 psi portable pressure washer:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	50.00	50.00
3 Shelf metal shelving unit (2):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	35.00	35.00
50 ft air lines (2) :8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	35.00	35.00
50 gallon used oil drain:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	30.00	30.00
8 Drawer Mac Toolbox w/ assorted hand tools:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	500.00	500.00
Assorted cans of brake cleaner, paint cleaner, WD40:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	30.00	30.00
Assorted metric and American tap & die sets:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	15.00	15.00
Assortment of dampner pullers:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	40.00	40.00
Axle nut sockets (4):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	30.00	30.00
Bench grinder:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	35.00	35.00
Bench vices (3):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	20.00	20.00
Blue point roll-around cart/ assorted hand tools:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	50.00	50.00
Chop saw:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Coffee maker:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	5.00	5.00
Coolant transfer machine:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	150.00	150.00
Cooltech 34788 Robin Air A/C charge station:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	300.00	300.00
Desk chair:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Dust pans(3):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	3.00	3.00
Dymo Label maker:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	5.00	5.00
Electric stapler :8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	5.00	5.00
Engine hoist:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	75.00	75.00
Extension cords (4):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3) CCCP § 704.060(a)(2)	5.00 5.00	5.00
Fans (4):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	50.00	50.00
Folding tables (2):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	40.00	40.00
Ford spark plug repair kit:8900 Alder	CCCP § 704.060(a)(3)	20.00	20.00

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IN RE Watson, Patrick Lee & Watson, Patricia JoCase No. 12-27639-C-7

Debtor(s)

(If known)

SCHEDULE C - PROPERTY CLAIMED AS EXEMPT
(Continuation Sheet)

DESCRIPTION OF PROPERTY	SPECIFY LAW PROVIDING EACH EXEMPTION	VALUE OF CLAIMED EXEMPTION	CURRENT VALUE OF PROPERTY WITHOUT DEDUCTING EXEMPTIONS
Avenue Sacramento			
Four drawer assorted A/C hardware:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	70.00	70.00
Four post 12000lb bend pak lift:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	900.00	900.00
Free standing 3 shelf wall unit:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	5.00	5.00
Free standing pole stands (2):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	5.00	5.00
Garbage cans(5):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	5.00	5.00
Garden hoses (2) :8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	15.00	15.00
Genesis Evoscan tool:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	200.00	200.00
Hack saws (3):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	15.00	15.00
Hand grinder:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
Hand held A/C pressure gauges:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	35.00	35.00
Hand pump vacuum machine:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	5.00	5.00
Hand truck:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Hanging drop light:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Hose clamp rack:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	15.00	15.00
HP computer and monitor:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
HP desk top computer:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
HP printer fax Office Jet J4580:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
HP printer:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
Hunter BL505 brake lathe and tooling:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	750.00	750.00
Ingersol impact wrench:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	20.00	20.00
Jack stands (8):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
John Wayne pictures:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Kirby vacuum cleaner:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
L shaped desk: 8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	40.00	40.00
Leaf blower:8900 Alder Avenue	CCCP § 704.060(a)(3)	25.00	25.00

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IN RE Watson, Patrick Lee & Watson, Patricia JoCase No. 12-27639-C-7

Debtor(s)

(If known)

SCHEDULE C - PROPERTY CLAIMED AS EXEMPT
(Continuation Sheet)

DESCRIPTION OF PROPERTY	SPECIFY LAW PROVIDING EACH EXEMPTION	VALUE OF CLAIMED EXEMPTION	CURRENT VALUE OF PROPERTY WITHOUT DEDUCTING EXEMPTIONS
Sacramento			
Mac 02 sensor puller kit:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	45.00	45.00
Master fuel line disconnect set:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Metal 2 drawer desk:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	20.00	20.00
Metal rolling work bench:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	50.00	50.00
Metal shelving units (5):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
Microwave:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	30.00	30.00
Noid light test kit:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3) CCCP § 704.060(a)(2)	20.00 20.00	20.00
Outside bench:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	35.00	35.00
Paper shredder:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	30.00	30.00
Pitot bearing puller:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	5.00	5.00
Plastic 4 drawer assorted bolts (2):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Plastic rolling carts (2):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Plastic rolling carts (2):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Pop rivet kit:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	12.00	12.00
Portable AT&T phones:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
Portable fan:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Portable heater:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	35.00	35.00
Portable radio:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	15.00	15.00
Portable radio:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	20.00	20.00
Power steering puller set:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	20.00	20.00
Propane tank and heater:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	40.00	40.00
Propane torch bernzomatic:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	30.00	30.00
Quincee air compressor 5hp (20 years old):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	100.00	100.00
Radiator pressure tester:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	45.00	45.00

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IN RE Watson, Patrick Lee & Watson, Patricia JoCase No. 12-27639-C-7

Debtor(s)

(If known)

SCHEDULE C - PROPERTY CLAIMED AS EXEMPT
(Continuation Sheet)

DESCRIPTION OF PROPERTY	SPECIFY LAW PROVIDING EACH EXEMPTION	VALUE OF CLAIMED EXEMPTION	CURRENT VALUE OF PROPERTY WITHOUT DEDUCTING EXEMPTIONS
Red single axle utility trailer:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	150.00	150.00
Refrigerator:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
Rolling battery charger:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	35.00	35.00
Rolling metal carts (2) :8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
Rolling office chairs (2):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
Rolling unit supply shelf:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	35.00	35.00
Shop light:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	5.00	5.00
Slide hammer/ bearing puller (2):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Small drill press:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
Small file cabinet:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
Small file cabinets (2):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
Small inventory muffler pipe and hangers:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	75.00	75.00
Small magazine rack:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Small plastic bolt organizers (10):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	30.00	30.00
Small rolling chairs (2):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	30.00	30.00
Small wood shelf:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Snap On air chisel:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	15.00	15.00
Snap On power screwdriver:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	35.00	35.00
Stut compressor:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	40.00	40.00
Timing tensioner kit:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	30.00	30.00
Tool shed (plastic): 8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	100.00	100.00
Two line AT&T phone:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Two line phone system:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Two post 9000lb car lift (purchased used):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	300.00	300.00
UPS scale:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	5.00	5.00

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IN RE Watson, Patrick Lee & Watson, Patricia JoCase No. 12-27639-C-7

Debtor(s)

(If known)

SCHEDULE C - PROPERTY CLAIMED AS EXEMPT
(Continuation Sheet)

DESCRIPTION OF PROPERTY	SPECIFY LAW PROVIDING EACH EXEMPTION	VALUE OF CLAIMED EXEMPTION	CURRENT VALUE OF PROPERTY WITHOUT DEDUCTING EXEMPTIONS
Used ball joint press kit:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Vacuum pump:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	15.00	15.00
Waiting room chairs (3):8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	20.00	20.00
Wall clocks (2) :8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	10.00	10.00
Wall mount exhaust gasket kit:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	25.00	25.00
Wall mounted corkboard:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	5.00	5.00
Zep Parts Cleaning station:8900 Alder Avenue Sacramento	CCCP § 704.060(a)(3)	100.00	100.00
Double burial niche #125: Memory Gardens, Inc., 2011 Arnold Industrial Way, Concord, CA 94524. Debtors purchased this niche for their own use.	CCCP § 704.200	1,500.00	1,500.00
Paid time off owing to Joint Debtor: 11.98 hours	CCCP § 704.070 CCCP § 704.113	75% 100%	unknown
Single burial niche #190: Memory Gardens Inc. 2011 Arnold Industrial Way, Concord, CA 94524. The Debtors purchased this niche in 1991 specifically for the interment of Debtor's brother's cremains, which currently occupy this niche.	CCCP § 704.200	100%	unknown
Stream of monthly Social Security payments in the amount of \$1409. 00 to Patrick Watson Sr.	U.S.C. 42 § 407	100%	unknown
Stream of monthly Social Security payments in the amount of \$945.00 to Patricia Watson	U.S.C. 42 § 407	100%	unknown

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