

1 UNITED STATES BANKRUPTCY COURT

2 EASTERN DISTRICT OF CALIFORNIA

3 In re:)
) Case No. 25-22820
 4 JEFFREY STEVEN VANHEE,) Case No. 26-20013
)
 5 Debtor.)
)
 6 _____)

7 MEMORANDUM DECISION REGARDING SANCTIONS

8 Christopher M. Klein, Bankruptcy Judge:

9
 10 This sanctions case is about a lawyer who has filed six
 11 bankruptcy cases for one client over a course of 23 months in the
 12 face of pending civil litigation, not appeared in proper
 13 prosecution of the cases, not appeared at meetings of creditors,
 14 not required his debtor client to appear at meetings of
 15 creditors, and then upon dismissal filed yet another case.

16 A bankruptcy judge dismissed the third case as a "bad faith"
 17 filing. Strike one. Another bankruptcy judge imposed \$3,500.00
 18 sanctions in the fourth case after the lawyer did not comply with
 19 a \$3,500.00 disgorgement order. Strike two.

20 Now the lawyer is before this third bankruptcy judge seeking
 21 relief from the \$3,500.00 sanction order and defending against
 22 this judge's Order to Show Cause re Rule 9011 sanctions.

23 Using a "dog-ate-the-homework" excuse, the lawyer blames his
 24 paralegal, partners, bankruptcy trustees, bankruptcy clerks, and
 25 then: "I am the victim of my client." Strikes 3, 4, 5, and 6.

26 The motion to vacate the \$3,500.00 sanction is DENIED. For
 27 violation of Rule 9011(b) in six cases, the lawyer shall pay a
 28 penalty into the Court of \$15,000.00 per Rule 9011(c) (4) (A) (ii).

1 6. No. 26-20013, filed January 4, 2026, motion to dismiss
2 for not attending meeting of creditors (Dkt. 30) pending.

3 In the third of the six cases, now-retired Bankruptcy Judge
4 Sargis granted the Pimor Action creditors' motion to dismiss,
5 making the following ruling:

6 The court finds all four factors of Leavitt [v. Soto
7 (In re Leavitt), 171 F.3d 1219,1224 (9th Cir. 1999)] of bad
8 faith are present here. Debtor's history of filing three
9 cases in this year alone, frustrating the prosecution of the
10 state Court Litigation, amounts to unfairly manipulating the
11 Bankruptcy Code. There have been no realistic efforts to
12 pursue these cases, and yet they have come in close
13 succession all while the State Court Litigation is being
14 frustrated.

15 The Debtor's history of filings and dismissal clearly
16 points toward this being a bad faith filing for the same
17 reasons mentioned above.

18 Again, these three cases tend to support a finding that
19 the filings have been intended solely to defeat state court
20 litigation.

21 Finally, the facts could support a finding that Debtor
22 has been committing egregious behavior by abusing the
23 Bankruptcy Code and filing cases without any real attempt to
24 prosecute these cases.

25 Civil Minute Order, No. 2024-24750, 12/10/2024 (Dkt. 44).

26 Laub did not take the hint from Bankruptcy Judge Sargis that
27 he was cruising in dangerous waters.

28 Instead of taking the hint, Laub filed Case No. 25-22820 on
29 June 5, 2025. It was dismissed June 24, 2025, for failure to file
30 documents.

31 But that was not the end of the matter because now-retired
32 Bankruptcy Judge Clement, to whom the fourth case was assigned,
33 reviewed the record, noted Laub's declaration under penalty of
34 perjury that he had received \$3,500.00 to represent VanHee,
35 ordered that Laub disgorge \$3,500.00 to VanHee pursuant to 11
36 U.S.C. § 329, file a declaration not later than November 10,
37 2025, verifying compliance with the order, and set a hearing for

1 November 17, 2025, requiring Laub to appear, either in person or
2 remotely to demonstrate compliance.

3 Laub stiffed Judge Clement. Laub did not respond. He did not
4 attempt to explain the situation or explain how the \$3,500.00 had
5 been handled within the Laub & Laub firm. Accordingly, Judge
6 Clement sanctioned Laub personally in the amount of \$3,500.00,
7 required that payment be remitted to the court, and ordered Laub
8 to report the sanctions to the State Bar of California, as
9 required by California Business & Profession Code § 6068(o)(3).
10 Laub did not appeal. That sanctions order is now final.

11 There is pending the chapter 7 trustee's motion to dismiss
12 this, the sixth case, for not filing required information and not
13 appearing at the meeting of creditors.

14 A nondischargeability adversary proceeding has been filed by
15 the judgment creditors in the Pimor Action, who have opposed
16 dismissal unless such dismissal is, pursuant to 11 U.S.C.
17 § 349(a), accompanied by a multi-year bar to filing.

18 Faced with this record, in case number six, this Court
19 issued an Order to Show Cause under Rule 9011(c)(3) describing
20 the conduct that appears to violate Rule 9011(b) and directing
21 Joe Laub and Laub & Laub to show cause why it has not been
22 violated.

23

24 I

25 \$3,500.00 Sanctions Order

26 Laub misconstrues Judge Clement's sanctions order by
27 thinking that a belated explanation of how funds were handled
28 within Laub & Laub in connection with the representation of

1 VanHee in multiple cases suffices to obviate the sanction.

2 However, the § 329 disgorgement order has ceased to be
3 relevant.

4 What is relevant is that Laub did not comply with Judge
5 Clement's duly issued and served order requiring Laub: (1) to
6 file a declaration by a date certain regarding his compliance
7 with the § 329 disgorgement order; and (2) to appear before Judge
8 Clement at a time and date certain either in person or remotely.

9 Laub's excuse for stiffing Judge Clement that he was on
10 vacation is not satisfactory. He has a professional
11 responsibility duty to assure that his mail and messages were
12 addressed by someone. The order was correctly served by the
13 Court's electronic means to which Laub and the firm of Laub &
14 Laub subscribe. The firm has multiple lawyers and staff members
15 who should have been available to address the situation by, at
16 the very least, requesting an extension of time.

17 The \$3,500.00 sanction is for disobeying Judge Clement's
18 order to file something by a date certain and to show up at a
19 date and time certain. Internal disorganization within Laub &
20 Laub is no excuse. A vacation is no excuse.

21 The judges in this district do not, when asked, unreasonably
22 refuse to accommodate counsel's schedules.

23 But counsel who, without reasonable excuse, ignore orders
24 from judges should not be surprised by a sanction order.

25 Hence, the motion to reconsider and vacate the \$3,500
26 sanction motion will be denied.

27

28

II

Rule 9011 Violations

Laub's signature on each of the six petitions certified that it was not presented for "any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase litigation costs." Fed. R. Bankr. P. 9011(b)(1).

It is beyond cavil that each of the six petitions was filed in the midst of events in the Pimor Action in state court in which VanHee was being sued on theories sounding in licensed contractor fraud in which civil action Laub was defending VanHee.

It is also plain that the filings triggered automatic stays that created unnecessary delay and needlessly increased litigation cost as Laub and VanHee exploited the bankruptcy cases to dodge and delay discovery. Any seasoned litigation lawyer well understands the use of bankruptcy to wage a campaign of delay. Laub is no exception.

The Pimor Action was filed in El Dorado County Superior Court on April 19, 2023. All six bankruptcy petitions were filed between the commencement of the Pimor Action and the entry of Default Judgment on March 12, 2026.

The plaintiffs in the Pimor Action have documented the unnecessarily expensive litigation merry-go-round propelled by Laub's six bankruptcy filings. (Dkt. 37 Exs.).

The Default Judgment's components imposed pursuant to the State Court's terminating sanctions include: Damages, \$267,427.78; Punitive Damages, \$87,239.58; Prejudgment interest at 7%, \$62,600.18; Attorney fees, \$43,650.00; Costs, \$4,107.30. Along the way, Laub and VanHee incurred State Court discovery

1 abuse sanctions in the form of shifting attorney's fees for at
2 least \$5,104.59.

3 Each bankruptcy case filing necessarily increased the
4 attorney's fees incurred by the Pimor Action plaintiffs,
5 lengthened accrual of prejudgment interest, and increased the
6 probability of an award of punitive damages.

7 Judge Sargis specifically ruled, in the course of dismissing
8 VanHee's third case as a bad faith filing: "The Debtor's history
9 of filing three cases in this year alone, frustrating the
10 prosecution of the state Court Litigation, amounts to unfairly
11 manipulating the Bankruptcy Code."

12 Nothing about the three cases that Laub filed subsequent to
13 the dismissal of the third case for bad faith alters this Court's
14 view that Judge Sargis was correct.

15 This Court is mindful that Laub has explained that VanHee
16 suffered a cascade of personal catastrophes during the period of
17 the Pimor Action. VanHee was plagued by other litigation, break-
18 up of the marital community into a hostile divorce proceeding in
19 which Laub represented VanHee, increased housing costs attendant
20 to expulsion from the marital home, child custody issues,
21 suspension by the California State Contractor's License Board,
22 and the failure of his business.

23 Laub has told this Court that everything VanHee and Laub did
24 was done in good faith. Other than that conclusory statement, he
25 has provided no evidence tending to show good faith. Laub ignored
26 the effect of Judge Sargis' determination in No. 2024-24750 and
27 continued to ignore the effect of that determination in the three
28 subsequent bankruptcy filings. Nothing in the record other than

1 Laub's "trust-me-I'm-a-lawyer" unsworn assertion supports that
2 proposition.

3 Laub has the burden to persuade this Court that his
4 activities and VanHee's bankruptcy activities were done in good
5 faith. He has not succeeded in carrying that burden. To the
6 contrary, this Court finds that bad faith permeates this record.

7 While VanHee may genuinely need a fresh start and debt
8 forgiveness in light of his multiple personal catastrophes, that
9 result must be obtained by way of a good faith effort to comply
10 with all requirements of a debtor that are necessary to obtain a
11 bankruptcy discharge. He has not heretofore done so. Laub has
12 only made things worse.

13
14 III

15 Laub has ignored the scope of representation requirements
16 imposed by Local Bankruptcy Rule 2017-1. And, he ignored the
17 scope of his own representation undertakings as stated in his
18 Disclosure of Compensation.

19 Laub's signatures on each the petitions constituted "an
20 appearance for all purposes" in the case other than adversary
21 proceedings. Local Bankr. Rule 2017-1(a)(1) & (b)(2)(A).

22 In each of the six cases Laub filed a disclosure of
23 compensation that included the following agreed-upon services:
24 "Representation of the debtor at the meeting of creditors and
25 confirmation hearing, and any adjourned hearings thereof." Yet,
26 Laub has not attended meetings of creditors.

27 Laub cannot withdraw from representation or decline to act
28 on behalf of the client without complying with the Local Rule

1 withdrawal requirements. Local Bankr. Rule 2017-1(a)(2).

2 As an attorney who entered an appearance, he may not
3 withdraw leaving the client in propria persona without leave of
4 court upon noticed motion and must comply with the withdrawal
5 requirements of the Rules of Professional Conduct of the State
6 Bar of California. Local Bankr. Rule 2017-1(e).

7 By repeatedly absenting himself from meetings of creditors,
8 Laub in effect was abandoning his client without leave of court.
9 However, as attorney of record, his authority and duty continues
10 until relieved by order of court. Local Bankr. Rule 2017-1(e).

11 Those violations inform this Court's assessment of what
12 sanctions will "suffice to deter repetition of the conduct or
13 deter comparable conduct by others similarly situated" within the
14 meaning of Rule 9011(c)(4)(A).

15

16 IV

17 Rule 9011 Sanctions

18 This Court is persuaded that a nonmonetary directive to Laub
19 will fall on deaf ears.

20 In view of the egregious nature of the six bad faith
21 bankruptcy case filings that propelled the litigation merry-go-
22 round in El Dorado County Superior Court it is appropriate for
23 this Court to exercise its discretion to require that Laub and
24 the Laub & Laub law firm pay a penalty into court.

25 Since each filing was in bad faith and since each
26 exacerbated the Rule 11 violation, an increasing scale will serve
27 the interests of deterring repetition by Laub and deter others
28 tempted for similar repeat filing strategies: first case, one

1 free bite; second case, \$1,000.00; third case, \$2,000.00; fourth
2 case, \$3,000.00; fifth case, \$4,000.00; sixth case, \$5,000.00.
3 The total is \$15,000.00.

4
5 ***

6 This Court does not doubt that VanHee is in desperate
7 straits, inundated with trouble: divorce, child custody battles,
8 extra housing costs, business failure, and suspension of
9 contractor's license.

10 Laub says he "is the victim of his client." To the contrary,
11 Laub's strategy of interposing multiple bad faith bankruptcies in
12 order to delay and obstruct nonbankruptcy litigation, victimized
13 his client.

14 IT IS ORDERED THAT Joe M. Laub, California State Bar No.
15 141800, and the law firm Laub & Laub are jointly liable to pay a
16 penalty into Court in an amount of \$15,000.00 as a sanction for
17 multiple violations of Federal Rule of Bankruptcy Procedure
18 9011(b);

19 IT IS FURTHER ORDERED THAT Joe M. Laub and/or the law firm
20 of Laub & Laub shall no later than June 30, 2026, remit payment
21 totaling \$15,000.00 in a check payable to "Clerk, U.S. Bankruptcy
22 Court" and delivered to the Clerk, U.S. Bankruptcy Court, Eastern
23 District of California, 501 Street, Suite 3200, Sacramento,
24 California 95814;


25 IT IS FURTHER ORDERED THAT Joe M. Laub and/or the law firm
26 of Laub & Laub shall indicate on the check or checks, or in an
27 accompanying letter, the words "Sanction Due" and state the case
28 Numbers 2025-22820 and 2026-20013;

1 IT IS FURTHER ORDERED THAT the Motion for Relief from the
2 Order of Sanctions in the amount of \$3,500.00 against Joe M. Laub
3 in Case No. 2025-22820 is DENIED. That Order of Sanctions remains
4 in full force and is in addition to the aforesaid \$15,000.00. If
5 not previously paid, it shall be paid in a Check payable to the
6 Clerk, U.S. Bankruptcy Court, and delivered to U.S. Bankruptcy
7 Court, Eastern District of California 501 Street, Suite 3200,
8 Sacramento, California 95814, with notation on the check, or in a
9 letter accompanying the check, "Sanction Due" and state Case No.
10 2025-22820;

11 IT IS FURTHER ORDERED THAT Joe M. Laub shall report both
12 sanctions, i.e., \$3,500.00 and \$15,000.00, to the State Bar of
13 California, as required by California Business & Professions Code
14 § 6068(o)(3);

15 IT IS FURTHER ORDERED THAT two separate judgments in favor
16 of the Clerk, U.S. Bankruptcy Court for deposit with Treasurer of
17 the United States for \$3,500.00 in Case No. 2025-22820 and for
18 \$15,000.00 in Case No. 2026-20013, respectively, shall be
19 entered, one in each case, and may be collected by the United
20 States by any legal means if not paid by June 30, 2026.

21
22 **Dated: May 12, 2026**

23
24
25 
26 _____
27 United States Bankruptcy Judge
28

**INSTRUCTIONS TO CLERK OF COURT
SERVICE LIST**

The Clerk of Court is instructed to send the attached document, via the BNC, to the following parties:

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