

**UNITED STATES BANKRUPTCY COURT**  
Eastern District of California

**Honorable Ronald H. Sargis**  
Bankruptcy Judge  
Modesto, California

**January 16, 2025 at 2:00 p.m.**

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1. [24-90708-E-11](#)      **MCAP LLC**  
[CAE-1](#)

**STATUS CONFERENCE RE:  
VOLUNTARY PETITION  
11-21-24 [1]**

Debtor's Atty: Michael Jay Berger

Notes:

Operating Reports filed: 1/3/25

[MJB-1] Debtor in Possession's *Ex Parte* Application for Order Designating Responsible Individual filed 11/25/24 [Dckt 7]; Order granting filed 11/25/24 [Dckt 9]

[MJB-2] Application of Debtor-In-Possession for Order Authorizing Debtor to Employ the Law Offices of Michael Jay Berger as its General Bankruptcy Counsel filed 12/12/24 [Dckt 13]; set for hearing 1/16/25 at 10:30 a.m.

Trustee Report at 341 Meeting lodged 12/30/24

Debtor's Initial Case Status Conference Report filed 1/2/25 [Dckt 19]

<b>The Status Conference is <span style="color:red">XXXXXXX</span></b>
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**JANUARY 16, 2025 STATUS CONFERENCE**

MCAP LLC, the Debtor in Possession, filed its Status Conference Report on January 2, 2025. Dckt. 19. The Debtor in Possession identifies the Bankruptcy Estates sole significant asset being real property located in Modesto, California. The Schedules list Debtor's secured and unsecured claims to total \$1,311,000. The Debtor in Possession anticipates having a proposed plan filed by February 19, 2025.

At the Status Conference, XXXXXXX

**The court shall issue an order in substantially the following form:**

Findings of Fact and Conclusions of Law are stated in the Civil Minutes for the hearing.

The Chapter Status Conference having been conducted by the court, and upon review of the pleadings, reports of counsel, and good cause appearing,

**IT IS ORDERED** that the Status Conference is continued to **2:00 p.m. on XXXXXXX, 2025.**

2. [24-90209-E-11](#)      **JEFFREY MCPHEE**      **CONTINUED STATUS CONFERENCE RE:**  
[CAE-1](#)           **VOLUNTARY PETITION**  
4-21-24 [\[1\]](#)

Debtor's Atty: David C. Johnston

Notes:

Continued from 10/10/24

Operating Reports filed: 10/29/24; 10/30/24; 11/13/24; 12/24/24

<b>The Status Conference is XXXXXXX</b>
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### **JANUARY 16, 2025 STATUS CONFERENCE**

The Debtor in Possession, with fiduciary duties running to the Bankruptcy Estate has not filed an updated Status Report as of the court's January 15, 2025 review of the Docket.

Creditor Farmers and Merchants Bank of Central California has filed a Motion to Dismiss this Bankruptcy Case (Dckt. 64), which is set for hearing on February 20, 2025. The grounds stated with particularity in the Motion (Fed. R. Bankr. P. 9013) include that the Debtor in Possession is suffering continuing losses and has not formulated any business plan and is not prosecuting a Chapter 11 Plan in this Case. <sup>FN.1.</sup>

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FN. 1. The court notes that in the points and authorities, stating the legal authorities upon which the Motion is based and the legal arguments in favor of the Motion, there is an extensive discussion of the "facts," which appears be part of the grounds that must be stated with particularity in the Motion. The court will follow the direction of the U.S. Supreme Court in Federal Rule of Bankruptcy Procedure 9013 and look to the Motion for the grounds upon which the requested relief is based.  
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At the Status Conference, **XXXXXXX**

## **OCTOBER 10, 2024 STATUS CONFERENCE**

This Subchapter V Case was filed on April 21, 2024. The Court entered an order extending the deadline for filing a Subchapter V Plan to and including August 21, 2024. Order; Dckt. 40. No Subchapter V Plan was filed by the Debtor/Debtor in Possession as of the court's October 8, 2024 review of the Docket.

This Court's Order Setting the Status Conference and other Dates and Deadlines also includes the requirement for the filing of the Plan and lodging with the court a proposed order setting a confirmation hearing within 90-days of the commencement of the bankruptcy case Order, ¶ 4; Dckt. 4. This Order also includes the provision that failure to comply with the order may result in sanctions, including the dismissal or conversion of the bankruptcy case. Id.; ¶ 8.

On October 7, 2024, the Debtor/Debtor in Possession filed the Monthly Operating Report for July 2024. Dckt. 49.

At the Status Conference, counsel for the Debtor/Debtor in Possession reported that with the SBA debt that had not been previously identified (a personal guaranty), the Debtor does not qualify for Subchapter V relief.

On August 21, 2024, the Debtor filed an Amended Petition, seeking relief pursuant to Chapter 11 and not Subchapter V. Dckt. 45. The Subchapter V Trustee has filed her Report of No Distribution when this case was under Subchapter V. Dckt. 50.

The Status Conference is continued to 2:00 p.m. on January 16, 2025.

## **AUGUST 8, 2024 STATUS CONFERENCE**

The Debtor/Debtor in Possession has filed a Motion requesting the court extending the filing deadline for the Subchapter V Plan to August 21, 2024. The Subchapter V Trustee filed a statement of non-opposition.

The Trustee's July 5, 2024 Docket Entry Report states that the 341 Meeting was continued to July 31, 2024.

Counsel for Creditor noted that at the Meeting of Creditors that the Debtor in Possession was taking loans from his wholly owned corporations to fund the ongoing Chapter 11 Estate without court authorization.

Also, an attorney with a prepetition claim has been paid, without authorization, by the fiduciary Debtor in Possession. Additionally a hauler with a pre-petition has also been paid.

Creditor also argues Debtor's corporation has an SBA loan, which is generally required to be personally guaranteed by the principal, which in this case is the Debtor. However, no such claim for the guaranty is listed.

**The Status Conference is continued to 2:00 p.m. on October 10, 2024. By separate order the court is order the Debtor/Debtor in Possession to personally attend – No Telephonic Appearance Permitted for the Debtor/Debtor in Possession – all future status conferences, hearing, and other proceedings.**

## **JUNE 6, 2024 STATUS CONFERENCE**

Jeffrey McPhee, the Debtor/Debtor in Possession, commenced this voluntary Subchapter V Case on April 21, 2024. The Schedules and Statement of Financial Affairs were filed on May 9, 2024. Dckts. 15, 16. On Schedule A/B Debtor lists a real estate asset of significant value and modest personal property assets. Dckt. 15 at 3-9. These include an account receivable for Debtor's 2023 almond crop that has not been received. With the secured claims listed on Schedule D for which the real property is collateral, there is approximately a 15% equity cushion. The Debtor has claimed an exemption in the unencumbered portion of the value of the real property.

Debtor lists no priority unsecured claims on Schedule E/F, and modest general unsecured claims, except for one (\$6,042,728) judgment claim, which Debtor lists as Contingent, Unliquidated, and Disputed. Schedule E/F; Id. at 18. It is not clear to the court how a final judgment is contingent, unliquidated, or disputed. Debtor does assert that he is entitled to credits that were not taken into account when the judgment was entered. Additionally, there are two other co judgment debtors.

On Schedule I, Debtor lists employment at his business, McPhee Masonry, Inc. Id. at 23. While a significant income is shown on Schedule I, on Schedule J, Id. at 25-26, Debtor shows a substantial negative monetary cash flow after expenses.

On May 26, 2024, the Debtor/Debtor in Possession filed a Status Report. Dckt. 22. In it the weedy events leading up to the financial situation and Debtor being conned with respect to an investment are outlined. The Debtor/Debtor in Possession does not identify any significant legal issues or disputes to be addressed in the case, and is working with the Subchapter V Trustee to develop a consensual plan.

At the Status Conference, counsel for the Debtor/Debtor in Possession reported that the judgment arises from the Debtor's personal guaranty, in which there were other guarantors who have made payments on the debt.

Counsel for judgment creditor projected that the full amount of the judgment is still owing, and they are working on confirming that amount for the filing of a proof of claim.

The Subchapter V Trustee reported that the continued June 27, 2024 Meeting of Creditors.

The Status Conference is continued to August 8, 2024 at 2:00 p.m.

3. [22-90415-E-7](#)      **JOHN MENDOZA**  
[23-9011](#)  
**WVJP 2021-4, LP V. MENDOZA**

**CONTINUED PRE-TRIAL CONFERENCE**  
**RE: COMPLAINT FOR**  
**NON-DISCHARGEABILITY**  
**6-16-23 [1]**

Plaintiff's Atty: Brian C. Aton  
Defendant's Atty: Peter G. Macaluso

Adv. Filed: 6/16/23  
Answer: 7/9/23

Nature of Action:  
Dischargeability - false pretenses, false representation, actual fraud  
Dischargeability - willful and malicious injury

Notes:  
Continued from 11/21/24 by order filed 11/19/24 [Dckt 36]

[CAE-1] Pre-Trial Statement [Defendant] filed 1/2/25 [Dckt 38]

[GG-14] Combined Pre-Trial Statement of Plaintiffs filed 1/9/25 [Dckt 39]

<b>The Pre-Trial Conference is <span style="color: red;">XXXXXXX</span></b>
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## **SUMMARY OF COMPLAINT**

The Complaint filed by WVJP 2021-4, LP ("Plaintiff"), Dckt. 1, asserts claims for the nondischargeability of debt. Plaintiff is an assignee of a judgment awarded against the Defendant-Debtor. The Complaint includes detailed allegations of multiple transfers of properties, the creation of entities (asserted to be shell entities) which were owned or controlled by Defendant-Debtor for such transfers, and other acts of Debtor.

The First Claim for Relief is one for nondischargeability of debt based on fraud (fraudulent conveyances) pursuant to 11 U.S.C. § 523(a)(2)(A). It is asserted that Defendant-Debtor injured Plaintiff by engaging in fraudulent schemes and committing actual fraud. The fraud consists of alleged fraudulent conveyances by which Defendant-Debtor moved properties through various (shell) entities.

The Second Claim for Relief is for the nondischargeability of Plaintiff's debt by the various alleged fraudulent conveyances. Having made such alleged fraudulent conveyances, Plaintiff asserts that "injury" was cause Plaintiff.

11 U.S.C. § 523(a)(6) provides that a debt will be nondischargeable “(6) for willful and malicious injury by debtor to another entity; . . . .”

Plaintiff seeks judgement for amounts proven at trial, punitive damages, costs and expenses, and that such judgment is nondischargeable.

## **SUMMARY OF ANSWER**

John Pierre Mendoza (“Defendant-Debtor”) has filed an Answer, Dckt. 8, which first states a general denial of each and every allegation in the Complaint. No exceptions to the general denial are stated.

Defendant-Debtor admits the allegations of federal court jurisdiction, venue, and that this is a Core Matter proceeding.

Defendant-Debtor also denied and admits specific allegations as stated in paragraph 3, 4, and 5 of the Answer. Defendant-Debtor also expressly reserves stating affirmative defenses in the future as discovery proceeds.

## **FINAL BANKRUPTCY COURT JUDGMENT**

Plaintiff WVJP 2021-4, LP alleges in the Complaint that jurisdiction for this Adversary Proceeding exists pursuant to 28 U.S.C. §§ 1334 and 157, and that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Complaint ¶ 5, Dckt. 1. In the Answer, Defendant-Debtor John Pierre Mendoza admits the allegations of jurisdiction and that this is a core proceeding. Answer ¶¶ 2, 4; Dckt. 8. To the extent that any issues in the existing Complaint as of the Status Conference at which the Pre-Trial Conference Order was issued in this Adversary Proceeding are “related to” matters, the parties consented on the record to this bankruptcy court entering the final orders and judgement in this Adversary Proceeding as provided in 28 U.S.C. § 157(c)(2) for all issues and claims in this Adversary Proceeding referred to the bankruptcy court.

## **PRETRIAL CONFERENCE STATEMENTS**

Plaintiffs Gary Farrar, Trustee, and WVJP 2021-4, LP filed their Combined Pre-Trial Statement on January 9, 2025. Dckt. 39. Defendant-Debtor John Mendoza filed his Pre-Trial Statement on January 2, 2025. Dckt. 38.

At the Pre-Trial Conference, **XXXXXXX**

The court shall issue an Trial Setting in this Adversary Proceeding setting the following dates and deadlines:

A. Evidence shall be presented pursuant to Local Bankruptcy Rule 9017-1.

B. **Plaintiff** shall lodge with the court and serve their Direct Testimony Statements and Exhibits on or before **-----, 2021**.

C. **Defendant** shall lodge with the court and serve their Direct Testimony Statements and Exhibits on or before -----, **2025**.

D. The Parties shall lodge with the court, file, and serve Hearing Briefs and Evidentiary Objections on or before -----, **2025**.

E. Oppositions to Evidentiary Objections, if any, shall be lodged with the court, filed, and served on or before -----, **2025**.

F. The Trial shall be conducted at ----**x.m. on** -----, **2025**.

The Parties in their respective Pretrial Conference Statements, Dckts. 39 and 38, and as stated on the record at the Pretrial Conference, have agreed to and establish for all purposes in this Adversary Proceeding the following facts and issues of law:

Plaintiff(s)	Defendant(s)
<p>Jurisdiction and Venue:</p> <p>Plaintiff WVJP 2021-4, LP alleges in the Complaint that jurisdiction for this Adversary Proceeding exists pursuant to 28 U.S.C. §§ 1334 and 157, and that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Complaint ¶ 5, Dckt. 1. In the Answer, Defendant-Debtor John Pierre Mendoza admits the allegations of jurisdiction and that this is a core proceeding. Answer ¶¶ 2, 4; Dckt. 8. To the extent that any issues in the existing Complaint as of the Status Conference at which the Pre-Trial Conference Order was issued in this Adversary Proceeding are “related to” matters, the parties consented on the record to this bankruptcy court entering the final orders and judgement in this Adversary Proceeding as provided in 28 U.S.C. § 157(c)(2) for all issues and claims in this Adversary Proceeding referred to the bankruptcy court.</p> <p>This is confirmed in the Plaintiffs Pretrial Statement (p. 1:12-18; Dckt. 39) and Defendant-Debtor’s Pretrial Statement (p. 1:22-28; Dckt. 38).</p>	
<p>Undisputed Facts:</p> <p><u>Citing to the Defendant-Debtor’s Pre-Trial Statement in Adversary Proceeding 24-09004:</u></p> <ol style="list-style-type: none"><li>1. The Debtor filed a voluntary chapter 7 on November 10, 2022 (“Petition Date”).</li><li>2. The Debtor resided at 23955 Cedar Hill Lane, Twain Harte, CA 95383 (the “Cedar Hill Property”).</li><li>3. The Debtor did not qualify for the “Homestead” exemption because he did not continuously reside at the Property.</li></ol>	<p>Undisputed Facts:</p> <ol style="list-style-type: none"><li>1. The Debtor filed a voluntary chapter 7 on November 10, 2022 (“Petition Date”).</li><li>2. The Debtor resided at 23955 Cedar Hill Lane, Twain Harte, CA 95383 (the “Property”).</li><li>3. The Debtor did not qualify for the “Homestead” exemption because he</li></ol>

4.	The Debtor scheduled: a vacant lot at 12539 Quail Dr, Placida, FL 33946, a rental house at 1035 18th St., Merced CA 95340, a rental house at 1027 W. 18th St., Merced, Ca 95430, a commercial building located at 115 East Green St., Michigan 49058, and the Cedar Hill Property.	did not continuously reside at the Property.
5.	[The dates of the meeting of creditors, stated as an undisputed factual issue in Defendant-Debtor s pre-trial statement as undisputed fact 5, are not relevant]	4. The Debtor scheduled: (a) a vacant lot at 12539 Quail Dr, Placida, FL 33946,  (b) a rental house at 1035 18th St., Merced CA 95340,  (c) a rental house at 1027 W. 18th St., Merced, Ca 95430,
6.	[Whether the Defendant’s sister was the custodian for Jenae-Desiree Mendoza until she reached the age of 21, stated as an undisputed factual issue in Defendant-Debtor s pre-trial statement as undisputed fact 5, is subject to conflicting testimony and therefore disputed].	(d) a commercial building located at 115 East Green St., Marshall, Michigan 49058, and  (e) the “Property.”
7.	La Estrella Enterprises, LLC (“La Estrella”) was assigned to Jenae-Desiree Mendoza in 2019.	5. The Meeting of Creditor was held on 12/22/22, and continued to 1/19/23.
8.	[Whether La Estrella was capitalized with \$7,500.00, stated as an undisputed factual issue in Defendant-Debtor’s pre-trial statement as undisputed fact 5, is subject to conflicting testimony and therefore disputed].	6. The Defendant’s sister was the custodian for Jenae-Desiree Mendoza until she reached the age of 21.
9.	Since the formation of La Estella, Defendant-Debtor has had “control” over Estrella;	7. La Estrella was assigned to Jenae-Desiree Mendoza in 2019.
10.	The Civic Plaza, LLC (“The Civic Plaza”) was registered October 17, 2014.	8. La Estrella was capitalized with \$7,500.00.
11.	The Civic Plaza was dissolved September 9, 2019, after failing at a Chapter 11 Reorganization.	9. Since the formation of La Estella, Defendant has had “control” rather advisory role, and as a Father.
<u>Citing to Defendant Lupe Martin’s Pretrial Statement Transmitted to Plaintiffs’ Counsel</u>		10. The Civic Plaza was registered October 17, 2014.
12.	Defendant [John Pierre] Mendoza exercised full control over the properties transferred to Defendant La Estrella, collecting the rent, servicing debt, and maintaining the properties	11.

	<p>The Civic Plaza was dissolved September 9, 2019, after failing at a Chapter 11 Reorganization.</p>
<p>Disputed Facts:</p> <p>ADV 24-9004</p> <p>1. 1. Defendants transferred property with an actual intent to hinder and/or delay (and possibly defraud creditors of the Debtor, including one or more of the following properties (one or more collectively, the “Fraudulently Transferred Property”):</p> <p>a. 1727 N Street, Merced, CA.</p> <p>b. Two (2) Parcels consisting of 6 lots located in Merced County California (commonly known as 1022, 1032 and 1040 W. 18th Street, Merced, CA). The Debtor transferred this property to La Estrella via grant deed, recorded in Merced County on July 29, 2014, recordation number 2014-022996.</p> <p>c. One (1) lot located in Tuolumne County, California, commonly known as 20272 Starr King Drive, Soulsbyville, CA), transferred to La Estrella via grant deed, recorded in Tuolumne County on December 15, 2014, recordation number 2014013159. The Debtor transferred this property to La Estrella pursuant to California Revenue and Taxation Code § 11925, which provides for transfers of realty that result solely in a change in the method of holding title and in which ownership interests remain the same, claiming zero transfer taxes.</p> <p>d. 18361 Main Street, Jamestown, California. The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on December 19, 2014, recordation number 2014013398.</p> <p>e. 18373 Main Street, Jamestown, California. The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on December 19, 2014, recordation number 2014013399.</p>	<p>Disputed Facts:</p> <p>1. The Debtor has not “systematically transferred, conveyed, or gifted his assets for the purpose of defrauding creditors.”</p> <p>2. The Debtor did not form La Estrella Enterprises, LLC nor The Civic Plaza, LLC to facilitate fraudulent transfers.</p> <p>3. The Debtor denies having control over either LLC’s.</p> <p>4. The “vast majority” of these transfers were fraudulent conveyances.</p> <p>5. There are distinct differences between La Estrella and The Civic Plaza.</p> <p>6. The Debtor did not, at all times control La Estrella and The Civic Plaza.</p> <p>7. The Debtor did not intentionally hinder, delay, or defraud creditors.</p> <p>8. The Defendant did not transfer any properties for less than fair market value.</p> <p>9. The Defendant did not retain either possession or control of any of the transferred properties.</p>

<p>f. Two (2) Parcels located in Jamestown California (commonly known as 18369 and 18371 Main Street, Jamestown, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on March 27, 2015, recordation number 2015003567. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor's sister, Lupe Martin, as the "CEO/Manager" of La Estrella.</p> <p>g. One (1) lot located in Soulsbyville California (commonly known as 20400 Starr King Drive, Soulsbyville, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on March 27, 2015, recordation number 2015003568. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor as the "CEO/Manager" of La Estrella.</p> <p>h. One (1) Parcel / portion of NE ¼, located in Twain Harte, California (commonly known as 22622 Twain Harte Drive, Twain Harte, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on March 27, 2015, recordation number 2015003566. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor as the "CEO/Manager" of La Estrella.</p> <p>i. Two (2) lots located in Merced California (commonly known as 1014 W 18th Street, Merced, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Merced County, California, on March 30, 2015, recordation number 2015010044. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor as the "CEO/Manager" of La Estrella.</p> <p>j. Four (4) lots located in Merced California (commonly known as 2127 O Street, Merced, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Merced County, California, on March 30, 2015, recordation number 2015-010043. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor as the "CEO/Manager" of La Estrella.</p> <p>k. One (1) Parcel located in Merced County, California (commonly known as 6845 Camellia Drive, Atwater, CA). The Debtor transferred this property to La Estrella via grant</p>	<p>10. The Defendant lost his opposition to his claim of exemption in the Twain Harte Property.</p> <p>11. The Defendant opposes the allegation that he transferred any real property, with the intent to hinder, delay, or defraud creditors.</p> <p>12. The Defendant did not conceal and property of the Estate Post-Petition Date.</p> <p>13. The Defendant did not conceal, nor hid assets in which he had an interest by failing to list in his schedules all assets in which the Defendant had an interest.</p> <p>14. The Defendant did not fail to disclose in his schedules his beneficial interests in real property.</p> <p>15. The failure to qualify as a homestead exemption is not due to the Defendant failing to reside at the Property, on the day of filing, but from not continuously residing thereon.</p> <p>16. The Trustee should not recover money/property pursuant to 11 U.S.C. 542.</p>
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deed recorded in Merced County, California, on April 15, 2015, recordation number 2015-012181. The grant deed, signed by the Debtor April 15, 2015, identifies the Debtor as the "Manager" of La Estrella.

1. One (1) lot located in Merced County, California (commonly known as 1226 Brookdale Drive, Merced, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Merced County, California, on August 23, 2017, recordation number 2017027149. The grant deed, signed by the Debtor on August 23, 2017, identifies the Debtor's sister, Lupe Martin, as the "Custodian and Manager" of La Estrella.

m. 18375 Main Street, Jamestown, California. The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on or about December 18, 2017, recordation number 2017014570, one week after the Abstract of Judgment of the California Sister-State Judgment was recorded on December 11, 2017, in Tuolumne County, California, and without receiving equivalent value in exchange. The grant deed, signed by the Debtor on December 15, 2017, identifies the Debtor's sister, Lupe Martin, as the "CEO, Manager" of La Estrella.

2. The transfers at issue were from Debtor to one or more insider(s), including without limitation the Debtor's daughter and/or sister.
3. The Debtor maintained possession and/or control over the fraudulently transferred property.
4. Before the transfers were made, the Debtor had been sued or threatened with suit.
5. The fraudulent nature of the transfers was concealed and/or not disclosed by the Debtor.
6. The transfers, taken together, were of substantially all the Debtor's assets.
7. The Debtor either removed his assets, and/or concealed his assets by making it appear that they had been removed from his estate when they had not.
8. The Debtor did not receive consideration for the

	transfers that was reasonably equivalent to the value of the properties transferred by the Debtor.	
9.	The Debtor was insolvent or became insolvent shortly after some or all of the transfers were made.	
10.	The transferee of the fraudulently transferred property was not a good faith transferee, did not pay anything for the transfer(s) and may not even have been aware of the transfers at the time they were made (and/or may not have agreed to accept the transfer of the property).	
11.	In the Debtor's related bankruptcy case, there exists one or more creditors holding unsecured claims that are allowable under section 502 of the Bankruptcy Code or that are not allowable only under section 502(e) of the Bankruptcy Code, who could have avoided, under California Civil Code § 3439.04, the Fraudulent Transfers.	
12.	At all material times: (a) the Debtor controlled La Estrella and The Civic Plaza; (b) the Debtor treated the assets of La Estrella and The Civic Plaza as his own; and (c) the Debtor used La Estrella and The Civic Plaza, in conspiracy with (and/or as aided and abetted by) the Defendants, to intentionally hinder, delay, and/or defraud creditors.	
13.	The Fraudulently Transferred Property was transferred to an insider of the Debtor, to the Debtor himself, or to an entity formed, controlled and operated by the Debtor.	
14.	The Fraudulently Transferred Property was transferred at the direction of or under the control of the Debtor.	
15.	The Debtor retained <i>de facto</i> possession, custody and/or control of the property transferred, after each of the transfer of the Fraudulently Transferred Property.	
16.	The Debtor had been sued or threatened with suit before each of the transfers described above were	

	made.	
17.	Altogether, the transfers of the Fraudulently Transferred Property constituted the transfer of substantially all of the Debtor's assets, and/or left him with insufficient assets to satisfy obligations.	
18.	The Debtor, Defendants, and others played active roles in the acts and Fraudulent Transfers described above with the actual intent to assist in defrauding the Debtor's creditors; (b) the named Defendant(s) herein, and those acting in concert with them (including without limitation the Debtor's sister and daughter), did the acts and things herein alleged pursuant to, and in furtherance of, the conspiracy to deceive and defraud the Debtor's creditors, and to hinder and delay them from collecting amounts owed to them by the Debtor; and (c) the Debtors actions in refinancing the property in May 2022, constituted the last (currently known) overt act in furtherance of the conspiracy to defraud the Debtor's creditors (such that any otherwise applicable statutes of limitation would have been tolled through this date).	
19.	As of approximately May 2022, according to loan documents apparently created by a lender, the Debtor sought to refinance a loan secured by a property held by La Estrella, in an effort to release a personal guaranty under said loan, thereby using La Estrella's assets for his own personal benefit. When confronted with this transaction in his 2004 examination, the Debtor claimed not to know what a personal guaranty even was – despite having testified to having purchased and sold over 100 properties.	
20.	The statute of limitations for fraudulent transfer is further extended to the extent that the Internal Revenue Service is a creditor of the Debtor's bankruptcy estate.	
21.	The Debtor's bankruptcy estate (and/or the Trustee acting on behalf of said estate) is the equitable owner of the trust <i>res</i> .	

22.	Defendants are constructive trustees of said property (and said title ownership) for the benefit of the true owner (the Debtor's bankruptcy estate).	
23.	The transfers of Fraudulently Transferred Property alleged herein were made under circumstances showing that the transferee(s) were not intended to take the beneficial interest of the transferred property, but rather that they would receive bare record title thereto, while the Debtor continued to enjoy all the beneficial interests of the property despite passage of record title).	
24.	After transfer, the Debtor still <i>de facto</i> exercised ownership and control over said properties, through the transferee companies he created, and which he installed himself and/or his immediately family as said transferee(s)' owner(s) and/or controllers.	
25.	After transfer, the Debtor treated the Fraudulently Transferred Property as his own, as if there were no separation of ownership or interest between himself and the entities he created.	
26.	The Civic Plaza was the interim title holder of the commercial property located at 1727 N Street, Merced, CA, between the Debtor and La Estrella, and in October 2014, the Debtor executed a grant deed of the property to The Civic Plaza stating that the transfer resulted solely in a change in the method of holding title and in which ownership interests remain the same, such that the Debtor was to retain equitable and legal ownership of the property, despite the Deed otherwise (facially) purporting to transfer the property to another.	
27.	Debtor effectively treated The Civic Plaza as an extension of himself, operated it as if it were his dba, and acted as if there were no separate ownership or interest between himself and The Civic Plaza.	
28.	In November 2021, Transcounty Title Co. handled an escrow for La Estrella involving the	

	<p>disbursement of \$1,424,645.64 in loan proceeds. The Debtor's daughter, acting as La Estrella's manager, attested to signing the documents but later stated she did not recall doing so. The disbursement included hundreds of thousands of dollars in loan payoffs (the "Payoffs"), although she was unaware of the purpose of these Payoffs or whether the loans being paid off were connected to property her father owned personally</p>	
29.	<p>The Debtor directed these payoffs, and he was able to satisfy his personal debts/loans with these proceeds.</p>	
30.	<p>With regard to 20272 Starr King Drive, Soulsbyville, California, the Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County on or about December 15, 2014, recordation number 2014013159 (the "20273 Deed") through which the Debtor publicly disclosed a tax exemption for the transfer under California Revenue and Taxation Code § 11925, which provides for transfers of realty that result solely in a change in the method of holding title and in which ownership interests remain the same.</p>	
31.	<p>The 20272 Deed evidences: (a) the Debtor's intent that he retain equitable and legal ownership of the property, despite the Deed otherwise (facially) purporting to transfer the property to another; and (b) this shows that the Debtor effectively treated La Estrella as an extension of himself, operated it as if it were his dba, and acted as if there were no separation between himself and La Estrella.</p>	
32.	<p>These filings, essentially asserting that the Debtor's transfers to La Estrella and The Civic Plaza resulted in the mere change in the method of holding title and in which ownership interests remain the same, constitute evidence of the parties' (including the Debtor's) intent, understanding and agreement (whether express, tacit or implied) that the beneficial interest in the properties transferred by the Debtor to La Estrella and The Civic Plaza (i.e., the two properties</p>	

	<p>referenced above and, indeed, all other transfers of property by the Debtor to these entities) was intended to remain with the transferor (i.e., the Debtor), and that the transferred properties in equity and conscience belong to the Debtor's bankruptcy estate and should be used for the benefit of the Debtor's estate.</p>	
33.	<p>As late as November 8, 2021, the Debtor was still signing documents on behalf of La Estrella, even though he was no longer even a manger of La Estrella – including an Amendment to Authorization to Register Lender and Fee Agreement, which the Debtor signed on behalf of La Estrella and his daughter signed on behalf of herself individually.</p>	
34.	<p>As late as approximately May 2022, the Debtor was filling out personal financial statements in his own handwriting, on behalf of his daughter, for her use in obtaining loans on behalf of La Estrella – claiming that La Estrella's property had a net worth of nearly \$7 million. So too, as late as approximately May 2022, the Debtor was seeking a loan against property whose title was in the name of La Estrella, in order to pay off (or otherwise remove) one or more personal obligations of the Debtor – here again, essentially treating La Estrella (and its property) as if it were his own dba.</p>	
35.	<p>La Estrella was operated by the Debtor as if it were his own dba, such that in equity and good conscience the Court should disregard the corporate or other legal form of La Estrella in order to hold it liable for the debts of the Debtor, as La Estrella was effectively organized and controlled, and its affairs conducted, so as to make it merely an instrumentality, agency, conduit, or adjunct of the Debtor.</p>	
36.	<p>Notwithstanding the purported transfers of Fraudulently Transferred Property, said properties are (or should be deemed or determined in equity and good conscience to be) held in a resulting trust by Defendant(s) in order to enforce the intent of the parties (including the Debtor) to the</p>	

	transfer, and Defendants can and should be compelled to transfer all of their interests in said transferred property (including without limitation record title thereto) to the Debtor's estate.	
37.	Such a resulting trust has never been repudiated (nor formally acknowledged) by Defendants), no one material party has had actual knowledge or breach of any repudiation of said trust, no one has indicated that he, she or it is holding the property adversely to Plaintiff (or the Debtor's estate), and/or to the extent there was any repudiation of the trust, or indication that the transferred properties were being held adversely to the transferor (or Plaintiff), said repudiation or indication first arose less than four years from the date of filing of this action.	
38.	As a result of the foregoing: (a) Defendants received a benefit; and (b) Defendants are unjustly retaining that benefit at the expense of another (in this case, since the Debtor has filed a petition for bankruptcy, at the expense of the Debtor's estate and, more particularly, the Debtor's creditors who, without recovery of said property or the monetary value of the equity lost through the transfers of said property, will not be paid in full on the debts owed to them by the Debtor).	
39.	Consequently, in equity and good conscience, Defendants can and should be compelled to transfer said property (and record title thereto) to the Debtor's estate, and/or pay the estate an amount equal to the amount by which Defendants have been unjustly enriched as a result of said transfers.	
40.	As a result of the foregoing: (a) La Estrella is a mere shell and/or instrumentality of the Debtor, that La Estrella is functionally (and functioning as) the Debtor's alter ego, and that all assets and profits of La Estrella belong in equity and good conscience to the Debtor's estate, the Debtor having filed a petition for bankruptcy; and/or (b) there is (or was) a relationship between the Debtor and La Estrella that reflects a degree of	

	confidentiality or closeness.	
41.	Also as a result of the foregoing, there was (and is): (1) a relationship between the parties that requires an accounting; and (2) a balance due the Plaintiff and that can only be ascertained fully by an accounting.	
42.	Accordingly, under each of the causes of action alleged above, and under the allegations incorporated herein, Plaintiff (as Trustee of the Debtor's estate) is entitled to an accounting of all assets and profits of La Estrella.	
43.	As a result of the foregoing, there is an actual and justiciable controversy whether the transferred properties alleged herein were fraudulently transferred (such that a constructive trust should be imposed over the properties for the benefit of the Debtor's estate), or whether the properties were legitimately transferred with an actual or implied promise that only legal title would transfer and that beneficial ownership would remain with the Debtor (such that a resulting trust should be acknowledged over the properties for the benefit of the Debtor's estate), or whether the transfers and conduct herein alleged involved no wrongdoing capable of remediation for the benefit of the Debtor's estate.	
44.	Accordingly, the Court can and should determine what, if any, remedies the Debtor's estate is entitled to receive as a result of the conduct herein, whether that be imposition or recognition of a constructive or resulting trust, monetary damages, provisional relief or some other remedy.	
ADV 23-9020		
45.	That Defendant, with the intent to hinder, delay, or defraud creditors and the Trustee, concealed property of the Estate post-Petition Date, including, without limitation to amended according to proof at trial, the following:	

(a) 1727 N Street, Merced, California;

(b) 18375 Main Street, Jamestown, California;

(c) 1226 Brookdale Drive, Merced, California;

(d) 20272 Starr King Drive, Soulsbyville, California;

(e) 1014 W. 18th Street, Merced, California;

(f) 1022 W. 18th Street, Merced, California;

(g) 1032 W. 18th Street, Merced, California;

(h) 1040 W. 18th Street, Merced, California;

(i) 18361 Main Street, Jamestown, California;

(j) 18369 Main Street, Jamestown, California;

(k) 18371 Main Street, Jamestown, California;

(l) 18373 Main Street, Jamestown, California;

(m) 22622 Twain Harte Drive, Twain Harte, California;

(n) 2127 O Street, Merced, California;  
and

(o) 6845 Camellia Drive, Atwater, California.

46. That Defendant, with the intent to hinder, delay, or defraud creditors and the Trustee, concealed and hid assets in which Defendant has an interest by failing to list in his Schedules all assets in which Defendant has an interest.

47. That Defendant knowingly and fraudulently made a false oath or account, including, without limitation to amendment according to proof at trial, the following: (a) failing to disclose in his Schedules his beneficial interests in real property; (b) claiming on his schedules that his residence is the Property.

ADV 23-9011

48. Defendant-Debtor committed actual fraud by fraudulently conveying real property to shell entities controlled by Defendant-Debtor. La Estrella was formed by Defendant-Debtor, with the sole member being Defendant-Debtor's then-13 year old daughter. At the time of the transfers at issue, La Estrella's purported "sole member" had not reached the age of majority. Defendant-Debtor identified himself as the CEO or Manager and therefore beneficiary of the transfers.

49. Defendant-Debtor, as the beneficiary and recipient of these transfers, obtained the properties through the fraudulent conveyance. Defendant-Debtor did not obtain reasonably equivalent value for any of the conveyances and has not been paid on any of the notes or deeds of trusts on which he is the beneficiary.

50. Defendant-Debtor intentionally engaged in the fraudulent conveyances for the purpose of defrauding Plaintiff and frustrating Plaintiff's efforts to enforce its debt.

51. Defendant-Debtor's activities described above were conducted with knowledge that he was engaged in a fraudulent scheme.

52. Defendant-Debtor injured Plaintiff by knowingly engaging in the fraudulent schemes and committing actual fraud.

53. Defendant-Debtor, in causing, conveying,

<p>and benefitting from each of the above described fraudulent conveyances, and at all times relevant hereto, had the subjective motive to inflict injury to his creditors, including but not limited to Plaintiff.</p> <p>54. Defendant-Debtor, in causing, conveying, and benefitting from each of the above described fraudulent conveyances, and at all times relevant hereto, believed injury to his creditors was substantially certain to result from the transfers.</p> <p>55. Defendant-Debtor's willful and malicious conduct caused Plaintiff's injury.</p>	
<p>Disputed Evidentiary Issues:</p> <p>1. None Identified.</p>	<p>Disputed Evidentiary Issues:</p> <p>1. None identified.</p>
<p>Relief Sought:</p> <p>1. The transfers or real property be set aside and declared void.</p> <p>2. A temporary restraining order/other provisional relief be granted restraining Defendants, and their representatives, agents, and attorneys from selling, transferring, conveying, or otherwise disposing of any of the real property.</p> <p>3. Judgment in favor of Plaintiff herein be declared a lien on the real property described above, and that under Section 551 all liens avoided will be preserved for the benefit of the estate.</p> <p>4. That an order be made declaring that Defendants hold all of the transferred real property described above in trust for Plaintiff, whether involuntarily or voluntarily.</p> <p>5. That the real property be determined property of the Debtor's estate, that Defendants be ordered to transfer said real property to the Debtor's estate,</p>	<p>Relief Sought:</p> <p>1. The Non-Discharge of Debtor.</p> <p>2. Attorney's Fees for Trustee's Counsel in Prosecuting Case.</p>

<p>and that any trust over such real property administered by Defendants be terminated upon transfer of each such real property to the Debtor's estate.</p> <p>6. That Defendants be required to account to Plaintiff for: (a) all profits and proceeds earned from or taken in exchange for the real property described above; and (b) all profits and proceeds of La Estrella, including without limitation profits and proceeds earned in connection with the transfer(s) of said real property to La Estrella, and all payments made to, on behalf of or for the benefit for one or more of the Defendants.</p> <p>7. That the court orders the avoidance of the transfers or at plaintiff's election a judgment for the value of the assets transferred against the initial transferee and to any entity benefitting from such transfers.</p> <p>8. For general damages according to proof, including the value of property improperly transferred (and/or any income or appreciation in equity lost as a result) to the extent said property is returned to the Debtor's estate, as well as the value of any other money or property improperly used for the benefit of one or more Defendants.</p> <p>9. For costs and attorneys' fees.</p> <p>10. For punitive damages pursuant to statute and according to proof</p> <p>11. That the Debtor be denied a discharge pursuant to 11 U.S.C. §§ 523(a)(2)(A), 523(a)(6), 727(a)(2) and 727(a)(4).</p> <p>12.</p>	
<p>Points of Law:</p> <p>Adv. 24-9004.</p> <p>1. Cal Civ Code § 2223.</p> <p>2. Cal Civ Code § 2224.</p>	<p>Points of Law:</p> <p>1. 11 U.S.C. § 523(a)(2), (a)(6).</p>

3.	<p>Imposition of a constructive trust, resulting trust. <i>In re Real Estate Associates Ltd. Partnership Litig.</i>, 223 F. Supp. 2d 1109, 1139 (C.D. Cal. 2002); <i>Murphy v. T. Rowe Price Prime Reserve Fund, Inc.</i>, 8 F.3d 1420, 1422 (9th Cir.); <i>Burlesci v. Petersen</i>, 68 Cal. App. 4th 1062, 1069 (1998); <i>Martin v. Kehl</i>, 145 Cal. App. 3d 228, 238 (1983); <i>Laing v. Laubach</i>, 233 Cal.App.2d 511, 515 (1965); <i>Berniker v. Berniker</i>, 30 Cal. 2d 439, 447-448 (1947); <i>Majewsky v. Empire Constr. Co.</i>, 2 Cal. 3d 478, 485 (1970) <i>Goodrich v. Briones (In re Schwarzkopf)</i>, 626 F.3d 1032, 1037 (9th Cir. 2010); <i>Cadles of W. Va., LLC v. Alvarez</i>, 2023 U.S. Dist. LEXIS 112881, *42, WL 4280786 (S.D. Cal. 2023); <i>Estrada v. Garcia</i>, 132 Cal. App. 2d 545, 552 (1955);</p>
4.	<p>Resulting trust statute of limitations. <i>Estate of Yool</i>, 151 Cal. App. 4th 867, 875 (2007); <i>Murphy v. Am. Gen. Life Ins. Co.</i>, 74 F. Supp. 3d 1267, 1281 (9th Cir 2015).</p>
5.	<p>Cal Civ § 3439.04(a) statute of limitations. <i>Monastra v. Konica Bus. Machines, U.S.A., Inc.</i>, 43 Cal. App. 4th 1628, 1645 (1996); <i>Wyatt v. Union Mortgage Co.</i>, 24 Cal. 3d 773, 786 (1979); <i>Munoz v. Ashcroft</i>, 339 F.3d 950, 956-957 (2003).</p>
6.	<p>Constructive trust statute of limitations. <i>Higgins v. Higgins</i>, 11 Cal. App. 5th 648, 659 (2017).</p>
7.	<p>Unjust enrichment statute of limitations. <i>First Nationwide Savings v. Perry</i>, 11 Cal. App. 4th 1657, 1670 (1992).</p>
8.	<p>Accounting action statute of limitations. <i>Glue-Fold, Inc. v. Slautterback Corp.</i>, 82 Cal. App. 4th 1018, 1023 (2000); <i>Estate of Peebles</i>, 27 Cal. App. 3d 163, 166 (1972).</p>
9.	<p>Declaratory relief statute of limitations. <i>Bank of New York Mellon v. Citibank, N.A.</i>, 8 Cal. App. 5th 935, 943; <i>North Star Reinsurance Corp. v. Superior Court</i>, 10 Cal. App. 4th 1815, 1822 (1992).</p>

10.	If IRS is a creditor, extension of the statute of limitations. 26 U.S.C. § 6502; , 11 U.S.C. § 544(b)(1); d <i>United States v. Summerlin</i> , 310 U.S. 414, 416 (1940).
11.	Equitable tolling. <i>Milby v. Templeton (In re Milby)</i> , 875 F.3d 1229, 1232 (9th Cir. 2017).
12.	Equitable estoppel. <i>Lantz v. Centex Homes</i> , 31 Cal.4th 363, 383 (2003); <i>Sofranek v. County of Merced</i> , 146 Cal. App. 4th 1238, 1250 (2007).
Additional for Adv. 23-9020 and 23-9011.	
13.	Burden of proof. <i>Searles v. Riley (In re Searles)</i> , 317 B.R. 368, 376 (B.A.P. 9th Cir. 2004); <i>Lansdowne v. Cox (In re Cox)</i> , 41 F.3d 1294, 1297 (9th Cir. 1994); <i>Caneva v. Sun Cmtys. Operating Ltd. P'Ship (In re Caneva)</i> , 550 F.3d 755, 761 (9th Cir. 2008).
14.	11 U.S.C. §§ 727, 727(a)(2)(B); <i>In re Miller</i> , 2015 WL 3750830, at *3 (Bankr. C.D. Cal. June 12, 2015); <i>Beauchamp v. Hoose (In re Beauchamp)</i> , 236 B.R. 727, 732 (B.A.P. 9th Cir. 1999).
15.	Definition of transfer. 11 U.S.C. § 101(54); <i>Hughes v. Lawson (In re Lawson)</i> , 122 F.3d 1237, 1240 (9th Cir. 1997).
16.	Intent inferred from actions of debtor. <i>In re Devers</i> , 759 F.2d 751, 753-54 (9th Cir. 1985); <i>United States v. Swenson (In re Swenson)</i> , 381 B.R. 272, 292 (Bankr. E.D. Cal. 2008); <i>In re Adeeb</i> , 787 F.2d 1339, 1343 (9th Cir. 1986); <i>Freelife, Int'l, LLC v. Butler (In re Butler)</i> , 377 B.R. 895, 916 (Bankr. D. Utah 2006) .
17.	11 U.S.C. § 727(a)(4)(A); <i>Song v. Acosta (In re Song)</i> , 2011 Bankr. LEXIS 4796 at *13 (B.A.P. 9th Cir. 2011); <i>In re Retz</i> , 606 F.3d at 1196; <i>Hansen v. Moore (In re Hansen)</i> , 368 B.R. 868, 877 (B.A.P. 9th Cir. 2007); <i>In re Caneva</i> , 550 F.3d at 761.

<p>18. Accuracy of schedules and statement of financial affairs. <i>In re Searles</i>, 317 B.R. at 377.</p> <p>19. 11 U.S.C. § 523(a) and preponderance of the evidence standard. <i>Grogan v. Garner</i>, 489 U.S. 279, 291 (1991).</p> <p>20. 11 U.S.C. § 523(a)(2); <i>In re Lewis</i>, 551 B.R. 41, 48 (Bankr. E.D. Cal. 2016); <i>In re Tran</i>, 301 B.R. 576, 582 (Bankr. N.D. Cal. 2003).</p> <p>21. 11 U.S.C. § 523(a)(6); <i>Carrillo v. Su (In re Su)</i>, 290 F.3d 1140, 1143-47 (9th Cir. 2002); <i>Petralia v. Jercich (In re Jercich)</i>, 238 F.3d 1202, 1209 (9th Cir. 2001).</p>	
<p>Abandoned Issues:</p> <p>1. None identified.</p>	<p>Abandoned Issues:</p> <p>1. None identified.</p>
<p>Witnesses:</p> <p>1. Gary Farrar, Chapter 7 Trustee.</p> <p>2. Loris Bakken, Esq.</p> <p>3. John Pierre Mendoza.</p> <p>4. Jenae-Desiree Mendoza.</p> <p>5. John McCallum.</p> <p>6. Paul Quinn.</p>	<p>Witnesses:</p> <p>1. John Pierre Mendoza.</p> <p>2. Gary Farrar, Chapter 7 Trustee</p>
<p>Exhibits:</p> <p>1. See Attachment A, Dckt. 39 at pp. 32-38.</p>	<p>Exhibits:</p> <p>1. Debtor's Chapter 7 petition, schedules, and other items appearing on the docket of his bankruptcy case #22-90415.</p> <p>2. 2013 John-Pierre Mendoza 2013 Trust</p>

	<p>Agreement.</p> <p>3. Grant Deed, Dated 3/30/2015, to La Estrella Enterprises, 2127 “O” Street, Merced, CA 95340, for \$250,000.00.</p> <p>4. Grant Deed, Dated 3/30/2015, to La Estrella Enterprises, 1014 W. 18th St., Merced, CA 95340, for \$105,000.00.</p> <p>5. Grant Deed, Dated 4/15/2015, to La Estrella Enterprises, 6845 W. Camelia Dr., Atwater, CA 95340, for \$168,000.00.</p> <p>6. Grant Deed, Dated 8/23/2017, to La Estrella Enterprises, 1226 Brookdale Dr., Merced, CA 95340, for \$180,000.00.</p> <p>7. Debtor’s Previous chapter 11 petition, schedules, and other items appearing on the docket of his bankruptcy case #11-93308.</p> <p>8. The Civic Plaza, LLC’s Previous chapter 11 petition, schedules, and other items appearing on the docket of his bankruptcy case #14-91454.</p> <p>9. JANAE-DESIREE MENDOZA 2015 TAX RETURNS.</p> <p>10. JOHN-PIERRE MENDOZA 2019 TAX RETURNS.</p> <p>11. JOHN-PIERRE MENDOZA 2020 TAX RETURNS.</p>
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	<p>12. JOHN-PIERRE MENDOZA 2021 TAX RETURNS.</p> <p>13. JOHN-PIERRE MENDOZA 2022 TAX RETURNS.</p> <p>14. LA ESTELLA ENTERPRISES, LLC 2022 TAX RETURNS.</p> <p>15. JOHN-PIERRE MENDOZA 2023 TAX RETURNS.</p> <p>16. PROPERTY MANAGEMENT AGREEMENT JULY 1, 2015.</p> <p>17. SELLER'S CLOSING STATEMENT APRIL 15, 2015.</p> <p>18. PROPERTY TAX STATEMENT TAX YEAR 2023-2024 1. 23955 Cedar Hill Ln</p> <p>19. PROPERTY TAX STATEMENTS TAX YEAR 2023-2024 1. 1022 W. 18TH St. 2. 1027 W. 18th St. 3. 1032 W. 18TH St. 4. 1035 W 18th St 5. 1040 W. 18TH St. 6. 20272 Starr King Dr. 7. 20400 Starr King Dr. 8. 18373 Main St. 9. 18361 Main St. 10. 2127 O St. 11. 1014 W. 18th St. 12. 22622 Twain Hart Dr. 13. 18369 Main St. 14. 18371 Main St.</p>
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	<p>15. 18375 Main St.</p> <p>16. 6845 W. Camellia Dr.</p> <p>17. 1226 Brookdale Dr.</p> <p>18. 1727 N St.</p> <p>20.</p> <p>DWELLING FIRE POLICY EFFECTIVE 7/23-24 (23955 Cedar Hill Lane)</p> <p>21.</p> <p>RENTS RECEIVED AND AMOUNTS PAID 11/22 - 8/31/24</p> <p>1. 1027 w. 18TH St.</p> <p>2. 1035 W. 18th St.</p> <p>3. 23955 Cedar Hill Ln.</p> <p>22.</p> <p>22. PROPERTY ANALYSIS CALENDAR YEAR 2012.</p> <p>23.</p> <p>PROPERTIES SOLD TO LA ESTRELLA 2014 - 2022.</p> <p>24.</p> <p>PROPERTY VALUES LA ESTRELLA 2015.</p> <p>25.</p> <p>PROPERTIES SOLD TO LEEC 1980 - 2006</p> <p>1. 1022 W. 18th St.</p> <p>2. 1032 W. 18th St.</p> <p>3. 1040 W. 18th St.</p> <p>4. 20272 Starr King Dr.</p> <p>5. 20400 Starr King Dr.</p> <p>6. 18373 Main St.</p> <p>7. 18361 Main St.</p> <p>8. 2127 O St.</p> <p>9. 1014 W. 18th St.</p> <p>10. 22622 Twain Harte Rd.</p> <p>11. 18369 Main St.</p> <p>12. 18371 Main St.</p> <p>13. 18375-18377 Main St.</p>
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	<p>14. 6845 Camellia St.</p> <p>15. 1226 Brookdale Dr.</p> <p>26.</p> <p>APPRAISAL 1032 W. 18TH ST.</p> <p>6/08/11</p> <p>27.</p> <p>APPRAISAL 1014 W. 18TH ST.</p> <p>6/08/11</p> <p>28.</p> <p>APPRAISAL 1226 BROOKDALE RD. 6/10/11</p> <p>29.</p> <p>APPRAISAL 18375-18377 MAIN ST</p> <p>9/13/11</p> <p>30.</p> <p>APPRAISAL 18371 MAIN ST.</p> <p>9/13/11</p> <p>31.</p> <p>APPRAISAL 18369 MAIN ST.</p> <p>9/13/11</p> <p>32.</p> <p>APPRAISAL 20400 STARR KING DR 9/13/11</p> <p>33.</p> <p>APPRAISAL 20272 STARR KING DR 9/13/11</p> <p>34.</p> <p>LOAN MOD. EATON, MICHIGAN</p> <p>4/01/12</p> <p>35.</p> <p>2013 TRUST AGREEMENT 10/15/13</p> <p>36.</p> <p>OPERATING AG. LA ESTRELLA</p> <p>4/07/14</p> <p>37.</p>
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	<p>ART. OF OR. LA ESTRELLA 4/07/14</p> <p>38. ART. OF OR. CIVIC PLAZA 4/17/14</p> <p>39. 2ND AMEND. OP AG. LA ESTRELLA 4/07/14</p> <p>40. OP AGREE. LA ESTRELLA, LLC 4/07/14</p> <p>41. MORTGAGE MODIFICATION 6/24/14</p> <p>42. SALES MENDOZA TO LAW [sic] ESTRELLA 7/29/14</p> <p>43. CONTRACT FOR DEED 8/18/14</p> <p>44. OFFER 18361/18373 MAIN ST 9/30/14</p> <p>45. GRANT DEED PARCEL 031-044-018 9/18/14</p> <p>46. JUDGMENT EATON. MICHIGAN 4/03/15</p> <p>47. ORDER GRANTING MOTION TO SELL 4/20/15</p> <p>48. PROMISSORY NOTE 6/01/15</p> <p>49. 2015 FORM 1099-S 6/12/15</p> <p>50.</p>
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	<p>SELLER'S CLOSING STATEMENT 6/12/15</p> <p>51. PROPERTY MGMT AGREEMENT 7/01/15</p> <p>52. DEBTOR'S REPORT OF SALE 8/27/15</p> <p>53. ORDER GRANTING SJM 5/23/17</p> <p>54. CONTRACT FOR DEED 6/10/17</p> <p>55. GRANT DEED 12/18/17</p> <p>56. GRANT DEED 12/18/17</p> <p>57. GRANT DEED 7/06/16</p> <p>58. WARRANTY DEED 7/06/16</p> <p>59. SELLER PACKAGE 10/23/19</p> <p>60. JPM RESIDENTIAL LEASE 11/23/22</p> <p>61. SECOND AMENDED OP AGREEMENT 11/23/22</p>
<p>Discovery Documents:</p> <p>1. Defendants' Response to First Request for Admissions, dated/verified by Defendant-Debtor October 20, 2024.</p> <p>2. Deposition of Defendant-Debtor John Mendoza,</p>	<p>Discovery Documents:</p> <p>1. None identified.</p>

<p>taken November 17, 2023.</p> <p>3. Deposition of Defendant John Mendoza, taken December 8, 2023.\</p> <p>4. Deposition of Defendant Janae-Desiree Mendoza, taken January 16, 2024.</p> <p>5. Deposition of Lupe Martin, taken September 24, 2024.</p> <p>6. Defendant-Debtor's admission in Response to Plaintiff's First Request for Admissions: Nos. 4, 6, 8, 9, 19, 20.</p>	
<p>Further Discovery or Motions:</p> <p>1. None identified.</p>	<p>Further Discovery or Motions:</p> <p>1. None identified.</p>
<p>Stipulations:</p> <p>1. None identified.</p>	<p>Stipulations:</p> <p>1. None identified.</p>
<p>Amendments:</p> <p>1. None identified.</p>	<p>Amendments:</p> <p>1. None identified.</p>
<p>Dismissals:</p> <p>1. None identified.</p>	<p>Dismissals:</p> <p>1. None identified.</p>
<p>Agreed Statement of Facts:</p> <p>1. None identified.</p>	<p>Agreed Statement of Facts:</p> <p>1. None identified.</p>
<p>Attorneys' Fees Basis:</p> <p>1. Special damages arising from the tortious conduct</p>	<p>Attorneys' Fees Basis:</p> <p>1.</p>

of defendants. <i>Gray v. Don Miller &amp; Associates, Inc.</i> , 35 Cal.3d 498, 505 (1984), regarding tort of another. The underlying judgment that Defendants sought to avoid included an attorney's fees provision.	"Pursuant to 11 U.S.C. §"
Additional Items  1. None identified.	Additional Items  1. None identified.
Trial Time Estimation: 3-5 days.	Trial Time Estimation: 2 days.

4. [22-90415-E-7](#) [23-9020](#) **JOHN MENDOZA**  
**FARRAR V. MENDOZA**

**CONTINUED PRE-TRIAL CONFERENCE**  
**RE: COMPLAINT FOR DENIAL OF**  
**DEBTOR'S DISCHARGE**  
**10-16-23 [1]**

Plaintiff's Atty: Jeffrey I. Golden, Beth E. Gaschen  
Defendant's Atty: Peter G. Macaluso

Adv. Filed: 10/26/23  
Answer: 10/24/23

Nature of Action:  
Objection / revocation of discharge

Notes:  
Continued from 11/21/24 by order filed 11/15/24 [Dckt 31]

[CAE-1] Pre-Trial Statement [Defendant] filed 1/2/25 [Dckt 34]

[GG-14] Combined Pre-Trial Statement of Plaintiffs filed 1/9/25 [Dckt 35]

**The Status Conference is XXXXXXX**

## SUMMARY OF COMPLAINT

The Complaint filed by Gary Farrar, the Chapter 7 Trustee in Bankruptcy Case 22-90415, (“Plaintiff-Trustee”), Dckt. 1 , asserts claims for entry of a discharge in Defendant-Debtor’s Chapter 7 Bankruptcy Case. The basis for such relief stated in the Complaint include the following. It is alleged that beginning in 2014 Defendant-Debtor has owned as many as 37 properties and has engaged in a series of transfers to prevent creditors from reaching such assets. It is alleged that Defendant-Debtor organized limited liability companies to be the transferees of such properties.

It is alleged that these limited liability companies were controlled by Defendant-Debtor and Defendant-Debtor’s family members (including minor children being named as the sole member of the LLC). It is alleged that Defendant-Debtor continues in the control and management of these assets. The Complaint contains a very detailed statement of the basis for the claims asserted against Defendant-Debtor. Denial of discharge is requested pursuant to 11 U.S.C. § 727(a)(2)(B) [transfer, removal, destruction of property of the estate after the filing of the petition] and § 727(a)(4)(A) [knowing and fraudulent false oath or account in connection with the bankruptcy case].

## **FINAL BANKRUPTCY COURT JUDGMENT**

Plaintiff-Trustee alleges in the Complaint that jurisdiction for this Adversary Proceeding exists pursuant to 28 U.S.C. §§ 1334 and 157, and that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (J), and (O). Complaint ¶¶ 1, Dckt. 1. In the Answer, Defendant -Debtor admits the allegations of jurisdiction and that this is a core proceeding. Answer ¶ 2; Dckt. 1. To the extent that any issues in the existing Complaint as of the Status Conference at which the Pre Trial Conference Order was issued in this Adversary Proceeding are “related to” matters, the parties consented on the record to this bankruptcy court entering the final orders and judgement in this Adversary Proceeding as provided in 28 U.S.C. § 157(c)(2) for all issues and claims in this Adversary Proceeding referred to the bankruptcy court.

The court shall issue an Trial Setting in this Adversary Proceeding setting the following dates and deadlines:

- A. Evidence shall be presented pursuant to Local Bankruptcy Rule 9017-1.
- B. **Plaintiff** shall lodge with the court and serve their Direct Testimony Statements and Exhibits on or before -----, **2025**.
- C. **Defendant** shall lodge with the court and serve their Direct Testimony Statements and Exhibits on or before -----, **2025**.
- D. The Parties shall lodge with the court, file, and serve Hearing Briefs and Evidentiary Objections on or before -----, **2025**.
- E. Oppositions to Evidentiary Objections, if any, shall be lodged with the court, filed, and served on or before -----, **2025**.
- F. The Trial shall be conducted at ----x.m. on -----, **2025**.

The Parties in their respective Pretrial Conference Statements, Dckts. 35, 34, and as stated on the record at the Pretrial Conference, have agreed to and establish for all purposes in this Adversary Proceeding the following facts and issues of law:

Plaintiff(s)	Defendant(s)
<p>Jurisdiction and Venue:</p> <p>Plaintiff WVJP 2021-4, LP alleges in the Complaint that jurisdiction for this Adversary Proceeding exists pursuant to 28 U.S.C. §§ 1334 and 157, and that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Complaint ¶ 5, Dckt. 1. In the Answer, Defendant-Debtor John Pierre Mendoza admits the allegations of jurisdiction and that this is a core proceeding. Answer ¶¶ 2, 4; Dckt. 8. To the extent that any issues in the existing Complaint as of the Status Conference at which the Pre-Trial Conference Order was issued in this Adversary Proceeding are “related to” matters, the parties consented on the record to this bankruptcy court entering the final orders and judgement in this Adversary Proceeding as provided in 28 U.S.C. § 157(c)(2) for all issues and claims in this Adversary Proceeding referred to the bankruptcy court.</p> <p>This is confirmed in the Plaintiffs Pretrial Statement (p. 1:12-18; Dckt. 35) and Defendant-Debtor’s Pretrial Statement (p. 1:25-28, 2:1-3; Dckt. 34).</p>	
<p>Undisputed Facts:</p> <p><u>Citing to the Defendant-Debtor’s Pre-Trial Statement in Adversary Proceeding 24-09004:</u></p> <ol style="list-style-type: none"> <li>1. The Debtor filed a voluntary chapter 7 on November 10, 2022 (“Petition Date”).</li> <li>2. The Debtor resided at 23955 Cedar Hill Lane, Twain Harte, CA 95383 (the “Cedar Hill Property”).</li> <li>3. The Debtor did not qualify for the “Homestead” exemption because he did not continuously reside at the Property.</li> <li>4. The Debtor scheduled: a vacant lot at 12539 Quail Dr, Placida, FL 33946, a rental house at 1035 18th St., Merced CA 95340, a rental house at 1027 W. 18th St., Merced, Ca 95430, a commercial building located at 115 East Green St., Michigan 49058, and the Cedar Hill Property.</li> <li>5. [The dates of the meeting of creditors, stated as an undisputed factual issue in Defendant-Debtor s pre-trial statement as undisputed fact 5, are not</li> </ol>	<p>Undisputed Facts:</p> <ol style="list-style-type: none"> <li>1. The Debtor filed a voluntary chapter 7 on November 10, 2022 (“Petition Date”).</li> <li>2. The Debtor resided at 23955 Cedar Hill Lane, Twain Harte, CA 95383 (the “Property”).</li> <li>3. The Debtor did not qualify for the “Homestead” exemption because he did not continuously reside at the Property.</li> <li>4. The Debtor scheduled:               <ol style="list-style-type: none"> <li>(a) a vacant lot at 12539 Quail Dr, Placida, FL 33946,</li> <li>(b) a rental house at 1035 18th St., Merced CA 95340,</li> </ol> </li> </ol>

<p>relevant]</p> <p>6. [Whether the Defendant’s sister was the custodian for Jenae-Desiree Mendoza until she reached the age of 21, stated as an undisputed factual issue in Defendant-Debtor s pre-trial statement as undisputed fact 5, is subject to conflicting testimony and therefore disputed].</p> <p>7. La Estrella Enterprises, LLC (“La Estrella”) was assigned to Jenae-Desiree Mendoza in 2019.</p> <p>8. [Whether La Estrella was capitalized with \$7,500.00, stated as an undisputed factual issue in Defendant-Debtor’s pre-trial statement as undisputed fact 5, is subject to conflicting testimony and therefore disputed].</p> <p>9. Since the formation of La Estella, Defendant-Debtor has had “control” over Estrella;</p> <p>10. The Civic Plaza, LLC (“The Civic Plaza”) was registered October 17, 2014.</p> <p>11. The Civic Plaza was dissolved September 9, 2019, after failing at a Chapter 11 Reorganization.</p> <p><u>Citing to Defendant Lupe Martin’s Pretrial Statement Transmitted to Plaintiffs’ Counsel</u></p> <p>12. Defendant [John Pierre] Mendoza exercised full control over the properties transferred to Defendant La Estrella, collecting the rent, servicing debt, and maintaining the properties</p>	<p>(c) a rental house at 1027 W. 18th St., Merced, Ca 95430,</p> <p>(d) a commercial building located at 115 East Green St., Marshall, Michigan 49058, and</p> <p>(e) the “Property.”</p> <p>5. The Meeting of Creditor was held on 12/22/22, and continued to 1/19/23.</p> <p>6. The Defendant’s sister was the custodian for Jenae-Desiree Mendoza until she reached the age of 21.</p> <p>7. La Estrella was assigned to Jenae-Desiree Mendoza in 2019.</p> <p>8. La Estrella was capitalized with \$7,500.00.</p> <p>9. Since the formation of La Estella, Defendant has had “control” rather advisory role, and as a Father.</p> <p>10. The Civic Plaza was registered October 17, 2014.</p> <p>11. The Civic Plaze was dissolved September 9, 2019, after failing at a Chapter 11 Reorganization.</p>
<p>Disputed Facts:</p> <p>ADV 24-9004</p> <p>1. 1. Defendants transferred property with an actual intent to hinder and/or delay (and possibly defraud</p>	<p>Disputed Facts:</p> <p>1. The Debtor has not “systematically transferred, conveyed, or gifted his assets for the purpose of defrauding</p>

<p>creditors of the Debtor, including one or more of the following properties (one or more collectively, the “Fraudulently Transferred Property”):</p> <p>a. 1727 N Street, Merced, CA.</p> <p>b. Two (2) Parcels consisting of 6 lots located in Merced County California (commonly known as 1022, 1032 and 1040 W. 18th Street, Merced, CA). The Debtor transferred this property to La Estrella via grant deed, recorded in Merced County on July 29, 2014, recordation number 2014-022996.</p> <p>c. One (1) lot located in Tuolumne County, California, commonly known as 20272 Starr King Drive, Soulsbyville, CA), transferred to La Estrella via grant deed, recorded in Tuolumne County on December 15, 2014, recordation number 2014013159. The Debtor transferred this property to La Estrella pursuant to California Revenue and Taxation Code § 11925, which provides for transfers of realty that result solely in a change in the method of holding title and in which ownership interests remain the same, claiming zero transfer taxes.</p> <p>d. 18361 Main Street, Jamestown, California. The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on December 19, 2014, recordation number 2014013398.</p> <p>e. 18373 Main Street, Jamestown, California. The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on December 19, 2014, recordation number 2014013399.</p> <p>f. Two (2) Parcels located in Jamestown California (commonly known as 18369 and 18371 Main Street, Jamestown, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on March 27, 2015, recordation number 2015003567. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor’s sister, Lupe Martin, as the “CEO/Manager” of La Estrella.</p> <p>g. One (1) lot located in Soulsbyville California (commonly known as 20400 Starr King Drive, Soulsbyville, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on March 27,</p>	<p>creditors.”</p> <p>2. The Debtor did not form La Estrella Enterprises, LLC nor The Civic Plaza, LLC to facilitate fraudulent transfers.</p> <p>3. The Debtor denies having control over either LLC’s.</p> <p>4. The “vast majority” of these transfers were fraudulent conveyances.</p> <p>5. There are distinct differences between La Estrella and The Civic Plaza.</p> <p>6. The Debtor did not, at all times control La Estrella and The Civic Plaza.</p> <p>7. The Debtor did not intentionally hinder, delay, or defraud creditors.</p> <p>8. The Defendant did not transfer any properties for less than fair market value.</p> <p>9. The Defendant did not retain either possession or control of any of the transferred properties.</p> <p>10. The Defendant lost his opposition to his claim of exemption in the Twain Harte Property.</p> <p>11. The Defendant opposes the allegation that he transferred any real property, with the intent to hinder, delay, or</p>
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<p>2015, recordation number 2015003568. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor as the "CEO/Manager" of La Estrella.</p> <p>h. One (1) Parcel / portion of NE ¼, located in Twain Harte, California (commonly known as 22622 Twain Harte Drive, Twain Harte, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on March 27, 2015, recordation number 2015003566. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor as the "CEO/Manager" of La Estrella.</p> <p>i. Two (2) lots located in Merced California (commonly known as 1014 W 18th Street, Merced, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Merced County, California, on March 30, 2015, recordation number 2015010044. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor as the "CEO/Manager" of La Estrella.</p> <p>j. Four (4) lots located in Merced California (commonly known as 2127 O Street, Merced, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Merced County, California, on March 30, 2015, recordation number 2015-010043. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor as the "CEO/Manager" of La Estrella.</p> <p>k. One (1) Parcel located in Merced County, California (commonly known as 6845 Camellia Drive, Atwater, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Merced County, California, on April 15, 2015, recordation number 2015-012181. The grant deed, signed by the Debtor April 15, 2015, identifies the Debtor as the "Manager" of La Estrella.</p> <p>l. One (1) lot located in Merced County, California (commonly known as 1226 Brookdale Drive, Merced, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Merced County, California, on August 23, 2017, recordation number 2017027149. The grant deed, signed by the Debtor on August 23, 2017, identifies the Debtor's sister, Lupe Martin, as the "Custodian and</p>	<p>defraud creditors.</p> <p>12. The Defendant did not conceal and property of the Estate Post-Petition Date.</p> <p>13. The Defendant did not conceal, nor hid assets in which he had an interest by failing to list in his schedules all assets in which the Defendant had an interest.</p> <p>14. The Defendant did not fail to disclose in his schedules his beneficial interests in real property.</p> <p>15. The failure to qualify as a homestead exemption is not due to the Defendant failing to reside at the Property, on the day of filing, but from not continuously residing thereon.</p> <p>16. The Trustee should not recover money/property pursuant to 11 U.S.C. 542.</p> <p>17. The Defendant should not be denied a discharge pursuant to 11 U.S.C. 727(a)(2).</p> <p>18. The Defendant should not be denied a discharge pursuant to 11 U.S.C. 727(a)(4)(A).</p>
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Manager" of La Estrella.

m. 18375 Main Street, Jamestown, California. The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on or about December 18, 2017, recordation number 2017014570, one week after the Abstract of Judgment of the California Sister-State Judgment was recorded on December 11, 2017, in Tuolumne County, California, and without receiving equivalent value in exchange. The grant deed, signed by the Debtor on December 15, 2017, identifies the Debtor's sister, Lupe Martin, as the "CEO, Manager" of La Estrella.

2. The transfers at issue were from Debtor to one or more insider(s), including without limitation the Debtor's daughter and/or sister.
3. The Debtor maintained possession and/or control over the fraudulently transferred property.
4. Before the transfers were made, the Debtor had been sued or threatened with suit.
5. The fraudulent nature of the transfers was concealed and/or not disclosed by the Debtor.
6. The transfers, taken together, were of substantially all the Debtor's assets.
7. The Debtor either removed his assets, and/or concealed his assets by making it appear that they had been removed from his estate when they had not.
8. The Debtor did not receive consideration for the transfers that was reasonably equivalent to the value of the properties transferred by the Debtor.
9. The Debtor was insolvent or became insolvent shortly after some or all of the transfers were made.
10. The transferee of the fraudulently transferred property was not a good faith transferee, did not pay anything for the transfer(s) and may not even have been aware of the transfers at the time they were made (and/or may not have agreed to accept

	the transfer of the property).	
11.	In the Debtor's related bankruptcy case, there exists one or more creditors holding unsecured claims that are allowable under section 502 of the Bankruptcy Code or that are not allowable only under section 502(e) of the Bankruptcy Code, who could have avoided, under California Civil Code § 3439.04, the Fraudulent Transfers.	
12.	At all material times: (a) the Debtor controlled La Estrella and The Civic Plaza; (b) the Debtor treated the assets of La Estrella and The Civic Plaza as his own; and (c) the Debtor used La Estrella and The Civic Plaza, in conspiracy with (and/or as aided and abetted by) the Defendants, to intentionally hinder, delay, and/or defraud creditors.	
13.	The Fraudulently Transferred Property was transferred to an insider of the Debtor, to the Debtor himself, or to an entity formed, controlled and operated by the Debtor.	
14.	The Fraudulently Transferred Property was transferred at the direction of or under the control of the Debtor.	
15.	The Debtor retained <i>de facto</i> possession, custody and/or control of the property transferred, after each of the transfer of the Fraudulently Transferred Property.	
16.	The Debtor had been sued or threatened with suit before each of the transfers described above were made.	
17.	Altogether, the transfers of the Fraudulently Transferred Property constituted the transfer of substantially all of the Debtor's assets, and/or or left him with insufficient assets to satisfy obligations.	
18.	The Debtor, Defendants, and others played active roles in the acts and Fraudulent Transfers described above with the actual intent to assist in defrauding the Debtor's creditors; (b) the named	

	<p>Defendant(s) herein, and those acting in concert with them (including without limitation the Debtor's sister and daughter), did the acts and things herein alleged pursuant to, and in furtherance of, the conspiracy to deceive and defraud the Debtor's creditors, and to hinder and delay them from collecting amounts owed to them by the Debtor; and (c) the Debtors actions in refinancing the property in May 2022, constituted the last (currently known) overt act in furtherance of the conspiracy to defraud the Debtor's creditors (such that any otherwise applicable statutes of limitation would have been tolled through this date).</p>	
19.	<p>As of approximately May 2022, according to loan documents apparently created by a lender, the Debtor sought to refinance a loan secured by a property held by La Estrella, in an effort to release a personal guaranty under said loan, thereby using La Estrella's assets for his own personal benefit. When confronted with this transaction in his 2004 examination, the Debtor claimed not to know what a personal guaranty even was – despite having testified to having purchased and sold over 100 properties.</p>	
20.	<p>The statute of limitations for fraudulent transfer is further extended to the extent that the Internal Revenue Service is a creditor of the Debtor's bankruptcy estate.</p>	
21.	<p>The Debtor's bankruptcy estate (and/or the Trustee acting on behalf of said estate) is the equitable owner of the trust <i>res</i>.</p>	
22.	<p>Defendants are constructive trustees of said property (and said title ownership) for the benefit of the true owner (the Debtor's bankruptcy estate).</p>	
23.	<p>The transfers of Fraudulently Transferred Property alleged herein were made under circumstances showing that the transferee(s) were not intended to take the beneficial interest of the transferred property, but rather that they would receive bare record title thereto, while the Debtor continued to enjoy all the beneficial interests of the property</p>	

	despite passage of record title).	
24.	After transfer, the Debtor still <i>de facto</i> exercised ownership and control over said properties, through the transferee companies he created, and which he installed himself and/or his immediately family as said transferee(s)' owner(s) and/or controllers.	
25.	After transfer, the Debtor treated the Fraudulently Transferred Property as his own, as if there were no separation of ownership or interest between himself and the entities he created.	
26.	The Civic Plaza was the interim title holder of the commercial property located at 1727 N Street, Merced, CA, between the Debtor and La Estrella, and in October 2014, the Debtor executed a grant deed of the property to The Civic Plaza stating that the transfer resulted solely in a change in the method of holding title and in which ownership interests remain the same, such that the Debtor was to retain equitable and legal ownership of the property, despite the Deed otherwise (facially) purporting to transfer the property to another.	
27.	Debtor effectively treated The Civic Plaza as an extension of himself, operated it as if it were his dba, and acted as if there were no separate ownership or interest between himself and The Civic Plaza.	
28.	In November 2021, Transcounty Title Co. handled an escrow for La Estrella involving the disbursement of \$1,424,645.64 in loan proceeds. The Debtor's daughter, acting as La Estrella's manager, attested to signing the documents but later stated she did not recall doing so. The disbursement included hundreds of thousands of dollars in loan payoffs (the "Payoffs"), although she was unaware of the purpose of these Payoffs or whether the loans being paid off were connected to property her father owned personally	
29.	The Debtor directed these payoffs, and he was able to satisfy his personal debts/loans with these proceeds.	

<p>30.</p> <p>31.</p> <p>32.</p> <p>33.</p>	<p>With regard to 20272 Starr King Drive, Soulsbyville, California, the Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County on or about December 15, 2014, recordation number 2014013159 (the “20273 Deed”) through which the Debtor publicly disclosed a tax exemption for the transfer under California Revenue and Taxation Code § 11925, which provides for transfers of realty that result solely in a change in the method of holding title and in which ownership interests remain the same.</p> <p>The 20272 Deed evidences: (a) the Debtor’s intent that he retain equitable and legal ownership of the property, despite the Deed otherwise (facially) purporting to transfer the property to another; and (b) this shows that the Debtor effectively treated La Estrella as an extension of himself, operated it as if it were his dba, and acted as if there were no separation between himself and La Estrella.</p> <p>These filings, essentially asserting that the Debtor’s transfers to La Estrella and The Civic Plaza resulted in the mere change in the method of holding title and in which ownership interests remain the same, constitute evidence of the parties’ (including the Debtor’s) intent, understanding and agreement (whether express, tacit or implied) that the beneficial interest in the properties transferred by the Debtor to La Estrella and The Civic Plaza (i.e., the two properties referenced above and, indeed, all other transfers of property by the Debtor to these entities) was intended to remain with the transferor (i.e., the Debtor), and that the transferred properties in equity and conscience belong to the Debtor’s bankruptcy estate and should be used for the benefit of the Debtor’s estate.</p> <p>As late as November 8, 2021, the Debtor was still signing documents on behalf of La Estrella, even though he was no longer even a manager of La Estrella – including an Amendment to Authorization to Register Lender and Fee Agreement, which the Debtor signed on behalf of La Estrella and his daughter signed on behalf of</p>	
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herself individually.

34. As late as approximately May 2022, the Debtor was filling out personal financial statements in his own handwriting, on behalf of his daughter, for her use in obtaining loans on behalf of La Estrella – claiming that La Estrella’s property had a net worth of nearly \$7 million. So too, as late as approximately May 2022, the Debtor was seeking a loan against property whose title was in the name of La Estrella, in order to pay off (or otherwise remove) one or more personal obligations of the Debtor – here again, essentially treating La Estrella (and its property) as if it were his own dba.
35. La Estrella was operated by the Debtor as if it were his own dba, such that in equity and good conscience the Court should disregard the corporate or other legal form of La Estrella in order to hold it liable for the debts of the Debtor, as La Estrella was effectively organized and controlled, and its affairs conducted, so as to make it merely an instrumentality, agency, conduit, or adjunct of the Debtor.
36. Notwithstanding the purported transfers of Fraudulently Transferred Property, said properties are (or should be deemed or determined in equity and good conscience to be) held in a resulting trust by Defendant(s) in order to enforce the intent of the parties (including the Debtor) to the transfer, and Defendants can and should be compelled to transfer all of their interests in said transferred property (including without limitation record title thereto) to the Debtor’s estate.
37. Such a resulting trust has never been repudiated (nor formally acknowledged) by Defendants), no one material party has had actual knowledge or breach of any repudiation of said trust, no one has indicated that he, she or it is holding the property adversely to Plaintiff (or the Debtor’s estate), and/or to the extent there was any repudiation of the trust, or indication that the transferred properties were being held adversely to the transferor (or Plaintiff), said repudiation or indication first arose less than four years from the

	date of filing of this action.	
38.	As a result of the foregoing: (a) Defendants received a benefit; and (b) Defendants are unjustly retaining that benefit at the expense of another (in this case, since the Debtor has filed a petition for bankruptcy, at the expense of the Debtor's estate and, more particularly, the Debtor's creditors who, without recovery of said property or the monetary value of the equity lost through the transfers of said property, will not be paid in full on the debts owed to them by the Debtor).	
39.	Consequently, in equity and good conscience, Defendants can and should be compelled to transfer said property (and record title thereto) to the Debtor's estate, and/or pay the estate an amount equal to the amount by which Defendants have been unjustly enriched as a result of said transfers.	
40.	As a result of the foregoing: (a) La Estrella is a mere shell and/or instrumentality of the Debtor, that La Estrella is functionally (and functioning as) the Debtor's alter ego, and that all assets and profits of La Estrella belong in equity and good conscience to the Debtor's estate, the Debtor having filed a petition for bankruptcy; and/or (b) there is (or was) a relationship between the Debtor and La Estrella that reflects a degree of confidentiality or closeness.	
41.	Also as a result of the foregoing, there was (and is): (1) a relationship between the parties that requires an accounting; and (2) a balance due the Plaintiff and that can only be ascertained fully by an accounting.	
42.	Accordingly, under each of the causes of action alleged above, and under the allegations incorporated herein, Plaintiff (as Trustee of the Debtor's estate) is entitled to an accounting of all assets and profits of La Estrella.	
43.	As a result of the foregoing, there is an actual and justiciable controversy whether the transferred properties alleged herein were fraudulently	

transferred (such that a constructive trust should be imposed over the properties for the benefit of the Debtor's estate), or whether the properties were legitimately transferred with an actual or implied promise that only legal title would transfer and that beneficial ownership would remain with the Debtor (such that a resulting trust should be acknowledged over the properties for the benefit of the Debtor's estate), or whether the transfers and conduct herein alleged involved no wrongdoing capable of remediation for the benefit of the Debtor's estate.

44. Accordingly, the Court can and should determine what, if any, remedies the Debtor's estate is entitled to receive as a result of the conduct herein, whether that be imposition or recognition of a constructive or resulting trust, monetary damages, provisional relief or some other remedy.

ADV 23-9020

45. That Defendant, with the intent to hinder, delay, or defraud creditors and the Trustee, concealed property of the Estate post-Petition Date, including, without limitation to amended according to proof at trial, the following:

(a) 1727 N Street, Merced, California;

(b) 18375 Main Street, Jamestown, California;

(c) 1226 Brookdale Drive, Merced, California;

(d) 20272 Starr King Drive, Soulsbyville, California;

(e) 1014 W. 18th Street, Merced, California;

(f) 1022 W. 18th Street, Merced, California;

(g) 1032 W. 18th Street, Merced, California;

(h) 1040 W. 18th Street, Merced, California;

(i) 18361 Main Street, Jamestown, California;

(j) 18369 Main Street, Jamestown, California;

(k) 18371 Main Street, Jamestown, California;

(l) 18373 Main Street, Jamestown, California;

(m) 22622 Twain Harte Drive, Twain Harte, California;

(n) 2127 O Street, Merced, California;  
and

(o) 6845 Camellia Drive, Atwater, California.

46. That Defendant, with the intent to hinder, delay, or defraud creditors and the Trustee, concealed and hid assets in which Defendant has an interest by failing to list in his Schedules all assets in which Defendant has an interest.

47. That Defendant knowingly and fraudulently made a false oath or account, including, without limitation to amendment according to proof at trial, the following:  
(a) failing to disclose in his Schedules his beneficial interests in real property; (b) claiming on his schedules that his residence is the Property.

**ADV 23-9011**

48. Defendant-Debtor committed actual fraud by fraudulently conveying real property to shell entities controlled by Defendant-Debtor. La Estrella was formed by Defendant-Debtor, with the sole member being Defendant-

<p>Debtor's then-13 year old daughter. At the time of the transfers at issue, La Estrella's purported "sole member" had not reached the age of majority. Defendant-Debtor identified himself as the CEO or Manager and therefore beneficiary of the transfers.</p> <p>49. Defendant-Debtor, as the beneficiary and recipient of these transfers, obtained the properties through the fraudulent conveyance. Defendant-Debtor did not obtain reasonably equivalent value for any of the conveyances and has not been paid on any of the notes or deeds of trusts on which he is the beneficiary.</p> <p>50. Defendant-Debtor intentionally engaged in the fraudulent conveyances for the purpose of defrauding Plaintiff and frustrating Plaintiff's efforts to enforce its debt.</p> <p>51. Defendant-Debtor's activities described above were conducted with knowledge that he was engaged in a fraudulent scheme.</p> <p>52. Defendant-Debtor injured Plaintiff by knowingly engaging in the fraudulent schemes and committing actual fraud.</p> <p>53. Defendant-Debtor, in causing, conveying, and benefitting from each of the above described fraudulent conveyances, and at all times relevant hereto, had the subjective motive to inflict injury to his creditors, including but not limited to Plaintiff.</p> <p>54. Defendant-Debtor, in causing, conveying, and benefitting from each of the above described fraudulent conveyances, and at all times relevant hereto, believed injury to his creditors was substantially certain to result from the transfers.</p> <p>55. Defendant-Debtor's willful and malicious conduct caused Plaintiff's injury.</p>	
<p>Disputed Evidentiary Issues:</p>	<p>Disputed Evidentiary Issues:</p>

1. None Identified.	1. None identified.
<p>Relief Sought:</p> <ol style="list-style-type: none"> <li>1. The transfers or real property be set aside and declared void.</li> <li>2. A temporary restraining order/other provisional relief be granted restraining Defendants, and their representatives, agents, and attorneys from selling, transferring, conveying, or otherwise disposing of any of the real property.</li> <li>3. Judgment in favor of Plaintiff herein be declared a lien on the real property described above, and that under Section 551 all liens avoided will be preserved for the benefit of the estate.</li> <li>4. That an order be made declaring that Defendants hold all of the transferred real property described above in trust for Plaintiff, whether involuntarily or voluntarily.</li> <li>5. That the real property be determined property of the Debtor's estate, that Defendants be ordered to transfer said real property to the Debtor's estate, and that any trust over such real property administered by Defendants be terminated upon transfer of each such real property to the Debtor's estate.</li> <li>6. That Defendants be required to account to Plaintiff for: (a) all profits and proceeds earned from or taken in exchange for the real property described above; and (b) all profits and proceeds of La Estrella, including without limitation profits and proceeds earned in connection with the transfer(s) of said real property to La Estrella, and all payments made to, on behalf of or for the benefit for one or more of the Defendants.</li> <li>7. That the court orders the avoidance of the transfers or at plaintiff's election a judgment for the value of the assets transferred against the initial transferee and to any entity benefitting from such transfers.</li> </ol>	<p>Relief Sought:</p> <ol style="list-style-type: none"> <li>1. The Non-Discharge of Debtor.</li> <li>2. Attorney's Fees for Trustee's Counsel in Prosecuting Case.</li> </ol>

<p>8. For general damages according to proof, including the value of property improperly transferred (and/or any income or appreciation in equity lost as a result) to the extent said property is returned to the Debtor's estate, as well as the value of any other money or property improperly used for the benefit of one or more Defendants.</p> <p>9. For costs and attorneys' fees.</p> <p>10. For punitive damages pursuant to statute and according to proof</p> <p>11. That the Debtor be denied a discharge pursuant to 11 U.S.C. §§ 523(a)(2)(A), 523(a)(6), 727(a)(2) and 727(a)(4).</p> <p>12.</p>	
<p>Points of Law:</p> <p>Adv. 24-9004.</p> <p>1. Cal Civ Code § 2223.</p> <p>2. Cal Civ Code § 2224.</p> <p>3. Imposition of a constructive trust, resulting trust. <i>In re Real Estate Associates Ltd. Partnership Litig.</i>, 223 F. Supp. 2d 1109, 1139 (C.D. Cal. 2002); <i>Murphy v. T. Rowe Price Prime Reserve Fund, Inc.</i>, 8 F.3d 1420, 1422 (9th Cir.); <i>Burlesci v. Petersen</i>, 68 Cal. App. 4th 1062, 1069 (1998); <i>Martin v. Kehl</i>, 145 Cal. App. 3d 228, 238 (1983); <i>Laing v. Laubach</i>, 233 Cal.App.2d 511, 515 (1965); <i>Berniker v. Berniker</i>, 30 Cal. 2d 439, 447-448 (1947); <i>Majewsky v. Empire Constr. Co.</i>, 2 Cal. 3d 478, 485 (1970) <i>Goodrich v. Briones (In re Schwarzkopf)</i>, 626 F.3d 1032, 1037 (9th Cir. 2010); <i>Cadles of W. Va., LLC v. Alvarez</i>, 2023 U.S. Dist. LEXIS 112881, *42, WL 4280786 (S.D. Cal. 2023); <i>Estrada v. Garcia</i>, 132 Cal. App. 2d 545, 552 (1955);</p> <p>4. Resulting trust statute of limitations. <i>Estate of Yool</i>, 151 Cal. App. 4th 867, 875 (2007); <i>Murphy</i></p>	<p>Points of Law:</p> <p>1. 11 U.S.C. § 727(a)(2), (a)(4)(A).</p>

	<p><i>v. Am. Gen. Life Ins. Co.</i>, 74 F. Supp. 3d 1267, 1281 (9th Cir 2015).</p>	
5.	<p>Cal Civ § 3439.04(a) statute of limitations. <i>Monastra v. Konica Bus. Machines, U.S.A., Inc.</i>, 43 Cal. App. 4th 1628, 1645 (1996); <i>Wyatt v. Union Mortgage Co.</i>, 24 Cal. 3d 773, 786 (1979); <i>Munoz v. Ashcroft</i>, 339 F.3d 950, 956-957 (2003).</p>	
6.	<p>Constructive trust statute of limitations. <i>Higgins v. Higgins</i>, 11 Cal. App. 5th 648, 659 (2017).</p>	
7.	<p>Unjust enrichment statute of limitations. <i>First Nationwide Savings v. Perry</i>, 11 Cal. App. 4th 1657, 1670 (1992).</p>	
8.	<p>Accounting action statute of limitations. <i>Glue-Fold, Inc. v. Slautterback Corp.</i>, 82 Cal. App. 4th 1018, 1023 (2000); <i>Estate of Peebles</i>, 27 Cal. App. 3d 163, 166 (1972).</p>	
9.	<p>Declaratory relief statute of limitations. <i>Bank of New York Mellon v. Citibank, N.A.</i>, 8 Cal. App. 5th 935, 943; <i>North Star Reinsurance Corp. v. Superior Court</i>, 10 Cal. App. 4th 1815, 1822 (1992).</p>	
10.	<p>If IRS is a creditor, extension of the statute of limitations. 26 U.S.C. § 6502; , 11 U.S.C. § 544(b)(1); d <i>United States v. Summerlin</i>, 310 U.S. 414, 416 (1940).</p>	
11.	<p>Equitable tolling. <i>Milby v. Templeton (In re Milby)</i>, 875 F.3d 1229, 1232 (9th Cir. 2017).</p>	
12.	<p>Equitable estoppel. <i>Lantzy v. Centex Homes</i>, 31 Cal.4th 363, 383 (2003); <i>Sofranek v. County of Merced</i>, 146 Cal. App. 4th 1238, 1250 (2007).</p>	
	<p>Additional for Adv. 23-9020 and 23-9011.</p>	
13.	<p>Burden of proof. <i>Searles v. Riley (In re Searles)</i>, 317 B.R. 368, 376 (B.A.P. 9th Cir. 2004); <i>Lansdowne v. Cox (In re Cox)</i>, 41 F.3d 1294, 1297 (9th Cir. 1994); <i>Caneva v. Sun Cmtys. Operating Ltd. P'Ship (In re Caneva)</i>, 550 F.3d 755, 761 (9th Cir. 2008).</p>	

14.	11 U.S.C. §§ 727, 727(a)(2)(B); <i>In re Miller</i> , 2015 WL 3750830, at *3 (Bankr. C.D. Cal. June 12, 2015); <i>Beauchamp v. Hoose (In re Beauchamp)</i> , 236 B.R. 727, 732 (B.A.P. 9th Cir. 1999).	
15.	Definition of transfer. 11 U.S.C. § 101(54); <i>Hughes v. Lawson (In re Lawson)</i> , 122 F.3d 1237, 1240 (9th Cir. 1997).	
16.	Intent inferred from actions of debtor. <i>In re Devers</i> , 759 F.2d 751, 753-54 (9th Cir. 1985); <i>United States v. Swenson (In re Swenson)</i> , 381 B.R. 272, 292 (Bankr. E.D. Cal. 2008); <i>In re Adeeb</i> , 787 F.2d 1339, 1343 (9th Cir. 1986); <i>Freelife, Int'l, LLC v. Butler (In re Butler)</i> , 377 B.R. 895, 916 (Bankr. D. Utah 2006) .	
17.	11 U.S.C. § 727(a)(4)(A); <i>Song v. Acosta (In re Song)</i> , 2011 Bankr. LEXIS 4796 at *13 (B.A.P. 9th Cir. 2011); <i>In re Retz</i> , 606 F.3d at 1196; <i>Hansen v. Moore (In re Hansen)</i> , 368 B.R. 868, 877 (B.A.P. 9th Cir. 2007); <i>In re Caneva</i> , 550 F.3d at 761.	
18.	Accuracy of schedules and statement of financial affairs. <i>In re Searles</i> , 317 B.R. at 377.	
19.	11 U.S.C. § 523(a) and preponderance of the evidence standard. <i>Grogan v. Garner</i> , 489 U.S. 279, 291 (1991).	
20.	11 U.S.C. § 523(a)(2); <i>In re Lewis</i> , 551 B.R. 41, 48 (Bankr. E.D. Cal. 2016); <i>In re Tran</i> , 301 B.R. 576, 582 (Bankr. N.D. Cal. 2003).	
21.	11 U.S.C. § 523(a)(6); <i>Carrillo v. Su (In re Su)</i> , 290 F.3d 1140, 1143-47 (9th Cir. 2002); <i>Petralia v. Jercich (In re Jercich)</i> , 238 F.3d 1202, 1209 (9th Cir. 2001).	
Abandoned Issues:		Abandoned Issues:
1.	None identified.	1. None identified.

<p>Witnesses:</p> <ol style="list-style-type: none"> <li>1. Gary Farrar, Chapter 7 Trustee.</li> <li>2. Loris Bakken, Esq.</li> <li>3. John Pierre Mendoza.</li> <li>4. Jenae-Desiree Mendoza.</li> <li>5. John McCallum.</li> <li>6. Paul Quinn.</li> </ol>	<p>Witnesses:</p> <ol style="list-style-type: none"> <li>1. John Pierre Mendoza.</li> <li>2. Gary Farrar, Chapter 7 Trustee</li> </ol>
<p>Exhibits:</p> <ol style="list-style-type: none"> <li>1. See Attachment A, Dckt. 39 at pp. 32-38.</li> </ol>	<p>Exhibits:</p> <ol style="list-style-type: none"> <li>1. Debtor's Chapter 7 petition, schedules, and other items appearing on the docket of his bankruptcy case #22-90415.</li> <li>2. 2013 John-Pierre Mendoza 2013 Trust Agreement.</li> <li>3. Grant Deed, Dated 3/30/2015, to La Estrella Enterprises, 2127 "O" Street, Merced, CA 95340, for \$250,000.00.</li> <li>4. Grant Deed, Dated 3/30/2015, to La Estrella Enterprises, 1014 W. 18th St., Merced, CA 95340, for \$105,000.00.</li> <li>5. Grant Deed, Dated 4/15/2015, to La Estrella Enterprises, 6845 W. Camelia Dr., Atwater, CA 95340, for \$168,000.00.</li> <li>6. Grant Deed, Dated 8/23/2017, to La Estrella Enterprises, 1226 Brookdale Dr., Merced, CA 95340, for</li> </ol>

	<p>\$180,000.00.</p> <p>7. Debtor's Previous chapter 11 petition, schedules, and other items appearing on the docket of his bankruptcy case #11-93308.</p> <p>8. The Civic Plaza, LLC's Previous chapter 11 petition, schedules, and other items appearing on the docket of his bankruptcy case #14-91454.</p> <p>9. JANAE-DESIREE MENDOZA 2015 TAX RETURNS.</p> <p>10. JOHN-PIERRE MENDOZA 2019 TAX RETURNS.</p> <p>11. JOHN-PIERRE MENDOZA 2020 TAX RETURNS.</p> <p>12. JOHN-PIERRE MENDOZA 2021 TAX RETURNS.</p> <p>13. JOHN-PIERRE MENDOZA 2022 TAX RETURNS.</p> <p>14. LA ESTELLA ENTERPRISES, LLC 2022 TAX RETURNS.</p> <p>15. JOHN-PIERRE MENDOZA 2023 TAX RETURNS.</p> <p>16. PROPERTY MANAGEMENT AGREEMENT JULY 1, 2015.</p> <p>17.</p>
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	<p>SELLER'S CLOSING STATEMENT APRIL 15, 2015.</p> <p>18. PROPERTY TAX STATEMENT TAX YEAR 2023-2024 1. 23955 Cedar Hill Ln</p> <p>19. PROPERTY TAX STATEMENTS TAX YEAR 2023-2024 1. 1022 W. 18TH St. 2. 1027 W. 18th St. 3. 1032 W. 18TH St. 4. 1035 W 18th St 5. 1040 W. 18TH St. 6. 20272 Starr King Dr. 7. 20400 Starr King Dr. 8. 18373 Main St. 9. 18361 Main St. 10. 2127 O St. 11. 1014 W. 18th St. 12. 22622 Twain Hart Dr. 13. 18369 Main St. 14. 18371 Main St. 15. 18375 Main St. 16. 6845 W. Camellia Dr. 17. 1226 Brookdale Dr. 18. 1727 N St.</p> <p>20. DWELLING FIRE POLICY EFFECTIVE 7/23-24 (23955 Cedar Hill Lane)</p> <p>21. RENTS RECEIVED AND AMOUNTS PAID 11/22 - 8/31/24  1. 1027 w. 18TH St. 2. 1035 W. 18th St. 3. 23955 Cedar Hill Ln.</p> <p>22. 22. PROPERTY ANALYSIS CALENDAR YEAR 2012.</p>
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	<p>23. PROPERTIES SOLD TO LA ESTRELLA 2014 - 2022.</p> <p>24. PROPERTY VALUES LA ESTRELLA 2015.</p> <p>25. PROPERTIES SOLD TO LEEC 1980 - 2006</p> <p>1. 1022 W. 18th St. 2. 1032 W. 18th St. 3. 1040 W. 18th St. 4. 20272 Starr King Dr. 5. 20400 Starr King Dr. 6. 18373 Main St. 7. 18361 Main St. 8. 2127 O St. 9. 1014 W. 18th St. 10. 22622 Twain Harte Rd. 11. 18369 Main St. 12. 18371 Main St. 13. 18375-18377 Main St. 14. 6845 Camellia St. 15. 1226 Brookdale Dr.</p> <p>26. APPRAISAL 1032 W. 18TH ST. 6/08/11</p> <p>27. APPRAISAL 1014 W. 18TH ST. 6/08/11</p> <p>28. APPRAISAL 1226 BROOKDALE RD. 6/10/11</p> <p>29. APPRAISAL 18375-18377 MAIN ST 9/13/11</p> <p>30. APPRAISAL 18371 MAIN ST. 9/13/11</p>
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	<p>31. APPRAISAL 18369 MAIN ST. 9/13/11</p> <p>32. APPRAISAL 20400 STARR KING DR 9/13/11</p> <p>33. APPRAISAL 20272 STARR KING DR 9/13/11</p> <p>34. LOAN MOD. EATON, MICHIGAN 4/01/12</p> <p>35. 2013 TRUST AGREEMENT 10/15/13</p> <p>36. OPERATING AG. LA ESTRELLA 4/07/14</p> <p>37. ART. OF OR. LA ESTRELLA 4/07/14</p> <p>38. ART. OF OR. CIVIC PLAZA 4/17/14</p> <p>39. 2ND AMEND. OP AG. LA ESTRELLA 4/07/14</p> <p>40. OP AGREE. LA ESTRELLA, LLC 4/07/14</p> <p>41. MORTGAGE MODIFICATION 6/24/14</p> <p>42. SALES MENDOZA TO LAW [sic] ESTRELLA 7/29/14</p>
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	<p>43. CONTRACT FOR DEED 8/18/14</p> <p>44. OFFER 18361/18373 MAIN ST 9/30/14</p> <p>45. GRANT DEED PARCEL 031-044-018 9/18/14</p> <p>46. JUDGMENT EATON. MICHIGAN 4/03/15</p> <p>47. ORDER GRANTING MOTION TO SELL 4/20/15</p> <p>48. PROMISSORY NOTE 6/01/15</p> <p>49. 2015 FORM 1099-S 6/12/15</p> <p>50. SELLER'S CLOSING STATEMENT 6/12/15</p> <p>51. PROPERTY MGMT AGREEMENT 7/01/15</p> <p>52. DEBTOR'S REPORT OF SALE 8/27/15</p> <p>53. ORDER GRANTING SJM 5/23/17</p> <p>54. CONTRACT FOR DEED 6/10/17</p> <p>55. GRANT DEED 12/18/17</p>
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	<p>56. GRANT DEED 12/18/17</p> <p>57. GRANT DEED 7/06/16</p> <p>58. WARRANTY DEED 7/06/16</p> <p>59. SELLER PACKAGE 10/23/19</p> <p>60. JPM RESIDENTIAL LEASE 11/23/22</p> <p>61. SECOND AMENDED OP AGREEMENT 11/23/22</p>
<p>Discovery Documents:</p> <ol style="list-style-type: none"> <li>1. Defendants' Response to First Request for Admissions, dated/verified by Defendant-Debtor October 20, 2024.</li> <li>2. Deposition of Defendant-Debtor John Mendoza, taken November 17, 2023.</li> <li>3. Deposition of Defendant John Mendoza, taken December 8, 2023.\</li> <li>4. Deposition of Defendant Janae-Desiree Mendoza, taken January 16, 2024.</li> <li>5. Deposition of Lupe Martin, taken September 24, 2024.</li> <li>6. Defendant-Debtor's admission in Response to Plaintiff's First Request for Admissions: Nos. 4, 6, 8, 9, 19, 20.</li> </ol>	<p>Discovery Documents:</p> <ol style="list-style-type: none"> <li>1. None identified.</li> </ol>
<p>Further Discovery or Motions:</p> <ol style="list-style-type: none"> <li>1. None identified.</li> </ol>	<p>Further Discovery or Motions:</p> <ol style="list-style-type: none"> <li>1. None identified.</li> </ol>

<p>Stipulations:</p> <p>1. None identified.</p>	<p>Stipulations:</p> <p>1. None identified.</p>
<p>Amendments:</p> <p>1. None identified.</p>	<p>Amendments:</p> <p>1. None identified.</p>
<p>Dismissals:</p> <p>1. None identified.</p>	<p>Dismissals:</p> <p>1. None identified.</p>
<p>Agreed Statement of Facts:</p> <p>1. None identified.</p>	<p>Agreed Statement of Facts:</p> <p>1. None identified.</p>
<p>Attorneys' Fees Basis:</p> <p>1. Special damages arising from the tortious conduct of defendants. <i>Gray v. Don Miller &amp; Associates, Inc.</i>, 35 Cal.3d 498, 505 (1984), regarding tort of another. The underlying judgment that Defendants sought to avoid included an attorney's fees provision.</p>	<p>Attorneys' Fees Basis:</p> <p>1. "Pursuant to 11 U.S.C. §"</p>
<p>Additional Items</p> <p>1. None identified.</p>	<p>Additional Items</p> <p>1. None identified.</p>
<p>Trial Time Estimation: 3-5 days.</p>	<p>Trial Time Estimation: 2 days.</p>

5. [22-90415-E-7](#)      **JOHN MENDOZA**  
[24-9004](#)  
**FARRAR V. MENDOZA ET AL**

**CONTINUED PRE-TRIAL CONFERENCE**  
**RE: COMPLAINT FOR FRAUDULENT**  
**TRANSFER, CONSTRUCTIVE TRUST,**  
**RESULTING TRUST, UNJUST**  
**ENRICHMENT, ACCOUNTING AND**  
**DECLARATORY RELIEF**  
**3-28-24 [1]**

Plaintiff's Atty: Jeffrey I. Golden, Beth E. Gaschen  
Defendant's Atty: Peter G. Macaluso

Adv. Filed: 10/26/23  
Answer: 10/24/23

Nature of Action:  
Objection / revocation of discharge

Notes:  
Continued from 11/21/24 by order filed 8/23/24 [Dckt 74]

[CAE-1] Pre-Trial Statement [Defendant] filed 1/2/25 [Dckt 78]

[GG-14] Combined Pre-Trial Statement of Plaintiffs filed 1/9/25 [Dckt 35]

<b>The Pre-Trial Conference is <span style="color: red;">xxxxxxx</span></b>
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## **SUMMARY OF COMPLAINT**

The Complaint filed by Gary Farrar ("Plaintiff-Trustee"), Dckt. 1 , asserts claims for avoidable transfers of property to his minor daughter and to a series of limited liability companies under the Defendant-Debtor's control. The named defendants in this Adversary Proceeding are: (1) John Pierre Mendoza (the Debtor), La Estrella Enterprises, LLC, Lupe Martin, and Jenae-Desiree Mendoza.

The First Cause of Action seeks to recover the transfers as fraudulent conveyances. The Second Cause of Action seeks to impose a constructive trust for the transferred properties. The Third Cause of Action asserts that a resulting trust exists with respect to the properties transferred. The Fourth Cause of Action asserts a claims for unjust enrichment. The Fifth Cause of Action seeks an accounting from La Estrella Enterprises, LLC. The Sixth Cause of Action is for declaratory relief, requesting that "the Court can and should determine what, if any, remedies the Debtor's estate is entitled to receive as a result of the conduct herein, whether that be imposition or recognition of a constructive or resulting trust, monetary damages, provisional relief or some other remedy." This does not appear to be a request for declaratory relief, but a court summary of the First Five Causes of Action.

## **FINAL BANKRUPTCY COURT JUDGMENT**

Plaintiff Chapter 7 Trustee Gary Farrar, “Plaintiff-Trustee, alleges in the Complaint that jurisdiction for this Adversary Proceeding exists pursuant to 28 U.S.C. §§ 1334 and 157(b)(2), and that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Complaint ¶¶ 7, Dckt.1. In the Co-Defendants Answer filed by La Estrella Enterprises, LLC and Jenae-Desiree Mendoza, they admit the allegations of jurisdiction and that this is a core proceeding. Answer ¶ 7; Dckt. 7. In the Debtor-Answer, Defendant John Pierre Mendoza admits the allegations of jurisdiction and that this is a core proceeding. Answer ¶ 7; Dckt. 7.

**Motion for Counsel to Withdraw From  
Representation for Jenae-Desiree Mendoza and La Estrella Enterprises, LLC**

On January 10, 2025, counsel for Jenae-Desiree Mendoza and La Estrella Enterprises, LLC filed Motion to withdraw from representation of his two clients. Dckts. 85, 89. Counsel states that his clients have ceased communicating with him and notwithstanding repeated attempts by counsel, he has had no communication with them during the 45-day period prior to the filing of the Motions to Withdraw.

At the Pre-Trial Conference, **XXXXXXX**

The court shall issue an Trial Setting in this Adversary Proceeding setting the following dates and deadlines:

- A. Evidence shall be presented pursuant to Local Bankruptcy Rule 9017-1.
- B. **Plaintiff** shall lodge with the court and serve their Direct Testimony Statements and Exhibits on or before -----, **2025**.
- C. **Defendant** shall lodge with the court and serve their Direct Testimony Statements and Exhibits on or before -----, **2025**.
- D. The Parties shall lodge with the court, file, and serve Hearing Briefs and Evidentiary Objections on or before -----, **2025**.
- E. Oppositions to Evidentiary Objections, if any, shall be lodged with the court, filed, and served on or before -----, **2025**.
- F. The Trial shall be conducted at ----**x.m. on -----, 2025**.

The Parties in their respective Pretrial Conference Statements, Dckts. 83, 80, 79, 78, and as stated on the record at the Pretrial Conference, have agreed to and establish for all purposes in this Adversary Proceeding the following facts and issues of law:

Plaintiff(s)

Defendant John Pierre Mendoza

Jurisdiction and Venue:

Plaintiff WVJP 2021-4, LP alleges in the Complaint that jurisdiction for this Adversary Proceeding exists pursuant to 28 U.S.C. §§ 1334 and 157, and that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Complaint ¶ 5, Dckt. 1. In the Answer, Defendant-Debtor John Pierre

Mendoza admits the allegations of jurisdiction and that this is a core proceeding. Answer ¶¶ 2, 4; Dckt. 8. To the extent that any issues in the existing Complaint as of the Status Conference at which the Pre-Trial Conference Order was issued in this Adversary Proceeding are “related to” matters, the parties consented on the record to this bankruptcy court entering the final orders and judgement in this Adversary Proceeding as provided in 28 U.S.C. § 157(c)(2) for all issues and claims in this Adversary Proceeding referred to the bankruptcy court.

This is confirmed in the Plaintiffs Pre-Trial Statement (p. 1:12-18; Dckt. 83), Defendant Martin’s Pre-Trial Statement (p. 1:26-27, 2:1; Dckt. 80), Defendants Jenae-Desiree Mendoza and La Estrella Enterprises, LLC Pre-Trial Statement (p. 1:25-28, 2:1-2; Dckt. 79), and Defendant-Debtor John Mendoza’s Pre-Trial Statement (p. 1:27-28, 2:1-3; Dckt. 78).

Undisputed Facts:

Citing to the Defendant-Debtor’s Pre-Trial Statement in Adversary Proceeding 24-09004:

1. The Debtor filed a voluntary chapter 7 on November 10, 2022 (“Petition Date”).
2. The Debtor resided at 23955 Cedar Hill Lane, Twain Harte, CA 95383 (the “Cedar Hill Property”).
3. The Debtor did not qualify for the “Homestead” exemption because he did not continuously reside at the Property.
4. The Debtor scheduled: a vacant lot at 12539 Quail Dr, Placida, FL 33946, a rental house at 1035 18th St., Merced CA 95340, a rental house at 1027 W. 18th St., Merced, Ca 95430, a commercial building located at 115 East Green St., Michigan 49058, and the Cedar Hill Property.
5. [The dates of the meeting of creditors, stated as an undisputed factual issue in Defendant-Debtor’s pre-trial statement as undisputed fact 5, are not relevant]
6. [Whether the Defendant’s sister was the custodian for Jenae-Desiree Mendoza until she reached the age of 21, stated as an undisputed factual issue in Defendant-Debtor’s pre-trial

Undisputed Facts:

1. The Debtor filed a voluntary chapter 7 on November 10, 2022 (“Petition Date”).
2. The Debtor resided at 23955 Cedar Hill Lane, Twain Harte, CA 95383 (the “Property”).
3. The Debtor did not qualify for the “Homestead” exemption because he did not continuously reside at the Property.
4. The Debtor scheduled:
  - (a) a vacant lot at 12539 Quail Dr, Placida, FL 33946,
  - (b) a rental house at 1035 18th St., Merced CA 95340,
  - (c) a rental house at 1027 W. 18th St., Merced, Ca 95430,
  - (d) a commercial building located at 115 East Green St., Marshall, Michigan 49058, and
  - (e) the “Property.”

<p>statement as undisputed fact 5, is subject to conflicting testimony and therefore disputed].</p> <p>7. La Estrella Enterprises, LLC (“La Estrella”) was assigned to Jenae-Desiree Mendoza in 2019.</p> <p>8. [Whether La Estrella was capitalized with \$7,500.00, stated as an undisputed factual issue in Defendant-Debtor’s pre-trial statement as undisputed fact 5, is subject to conflicting testimony and therefore disputed].</p> <p>9. Since the formation of La Estrella, Defendant-Debtor has had “control” over Estrella;</p> <p>10. The Civic Plaza, LLC (“The Civic Plaza”) was registered October 17, 2014.</p> <p>11. The Civic Plaza was dissolved September 9, 2019, after failing at a Chapter 11 Reorganization.</p> <p><u>Citing to Defendant Lupe Martin’s Pretrial Statement Transmitted to Plaintiffs’ Counsel</u></p> <p>12. Defendant [John Pierre] Mendoza exercised full control over the properties transferred to Defendant La Estrella, collecting the rent, servicing debt, and maintaining the properties</p>	<p>5. The Meeting of Creditor was held on 12/22/22, and continued to 1/19/23.</p> <p>6. The Defendant’s sister was the custodian for Jenae-Desiree Mendoza until she reached the age of 21.</p> <p>7. La Estrella was assigned to Jenae-Desiree Mendoza in 2019.</p> <p>8. La Estrella was capitalized with \$7,500.00.</p> <p>9. Since the formation of La Estrella, Defendant has had “control” rather advisory role, and as a Father.</p> <p>10. The Civic Plaza was registered October 17, 2014.</p> <p>11. The Civic Plaza was dissolved September 9, 2019, after failing at a Chapter 11 Reorganization.</p>
<p>Disputed Facts:</p> <p>ADV 24-9004</p> <p>1. 1. Defendants transferred property with an actual intent to hinder and/or delay (and possibly defraud creditors of the Debtor, including one or more of the following properties (one or more collectively, the “Fraudulently Transferred Property”):</p> <p>a. 1727 N Street, Merced, CA.</p> <p>b. Two (2) Parcels consisting of 6 lots located in Merced County California (commonly known as 1022, 1032 and</p>	

1040 W. 18th Street, Merced, CA). The Debtor transferred this property to La Estrella via grant deed, recorded in Merced County on July 29, 2014, recordation number 2014-022996.

c. One (1) lot located in Tuolumne County, California, commonly known as 20272 Starr King Drive, Soulsbyville, CA), transferred to La Estrella via grant deed, recorded in Tuolumne County on December 15, 2014, recordation number 2014013159. The Debtor transferred this property to La Estrella pursuant to California Revenue and Taxation Code § 11925, which provides for transfers of realty that result solely in a change in the method of holding title and in which ownership interests remain the same, claiming zero transfer taxes.

d. 18361 Main Street, Jamestown, California. The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on December 19, 2014, recordation number 2014013398.

e. 18373 Main Street, Jamestown, California. The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on December 19, 2014, recordation number 2014013399.

f. Two (2) Parcels located in Jamestown California (commonly known as 18369 and 18371 Main Street, Jamestown, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on March 27, 2015, recordation number 2015003567. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor's sister, Lupe Martin, as the "CEO/Manager" of La Estrella.

g. One (1) lot located in Soulsbyville California (commonly known as 20400 Starr King Drive, Soulsbyville, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on March 27, 2015, recordation number 2015003568. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor as the "CEO/Manager" of La Estrella.

h. One (1) Parcel / portion of NE ¼, located in Twain Harte, California (commonly known as 22622 Twain

Harte Drive, Twain Harte, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on March 27, 2015, recordation number 2015003566. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor as the "CEO/Manager" of La Estrella.

i. Two (2) lots located in Merced California (commonly known as 1014 W 18th Street, Merced, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Merced County, California, on March 30, 2015, recordation number 2015010044. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor as the "CEO/Manager" of La Estrella.

j. Four (4) lots located in Merced California (commonly known as 2127 O Street, Merced, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Merced County, California, on March 30, 2015, recordation number 2015-010043. The grant deed, signed by the Debtor March 27, 2015, identifies the Debtor as the "CEO/Manager" of La Estrella.

k. One (1) Parcel located in Merced County, California (commonly known as 6845 Camellia Drive, Atwater, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Merced County, California, on April 15, 2015, recordation number 2015-012181. The grant deed, signed by the Debtor April 15, 2015, identifies the Debtor as the "Manager" of La Estrella.

l. One (1) lot located in Merced County, California (commonly known as 1226 Brookdale Drive, Merced, CA). The Debtor transferred this property to La Estrella via grant deed recorded in Merced County, California, on August 23, 2017, recordation number 2017027149. The grant deed, signed by the Debtor on August 23, 2017, identifies the Debtor's sister, Lupe Martin, as the "Custodian and Manager" of La Estrella.

m. 18375 Main Street, Jamestown, California. The Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County, California, on or about December 18, 2017, recordation number

2017014570, one week after the Abstract of Judgment of the California Sister-State Judgment was recorded on December 11, 2017, in Tuolumne County, California, and without receiving equivalent value in exchange. The grant deed, signed by the Debtor on December 15, 2017, identifies the Debtor's sister, Lupe Martin, as the "CEO, Manager" of La Estrella.

2. The transfers at issue were from Debtor to one or more insider(s), including without limitation the Debtor's daughter and/or sister.
3. The Debtor maintained possession and/or control over the fraudulently transferred property.
4. Before the transfers were made, the Debtor had been sued or threatened with suit.
5. The fraudulent nature of the transfers was concealed and/or not disclosed by the Debtor.
6. The transfers, taken together, were of substantially all the Debtor's assets.
7. The Debtor either removed his assets, and/or concealed his assets by making it appear that they had been removed from his estate when they had not.
8. The Debtor did not receive consideration for the transfers that was reasonably equivalent to the value of the properties transferred by the Debtor.
9. The Debtor was insolvent or became insolvent shortly after some or all of the transfers were made.
10. The transferee of the fraudulently transferred property was not a good faith transferee, did not pay anything for the transfer(s) and may not even have been aware of the transfers at the time they were made (and/or may not have agreed to accept the transfer of the property).
11. In the Debtor's related bankruptcy case, there

	<p>exists one or more creditors holding unsecured claims that are allowable under section 502 of the Bankruptcy Code or that are not allowable only under section 502(e) of the Bankruptcy Code, who could have avoided, under California Civil Code § 3439.04, the Fraudulent Transfers.</p>	
12.	<p>At all material times: (a) the Debtor controlled La Estrella and The Civic Plaza; (b) the Debtor treated the assets of La Estrella and The Civic Plaza as his own; and (c) the Debtor used La Estrella and The Civic Plaza, in conspiracy with (and/or as aided and abetted by) the Defendants, to intentionally hinder, delay, and/or defraud creditors.</p>	
13.	<p>The Fraudulently Transferred Property was transferred to an insider of the Debtor, to the Debtor himself, or to an entity formed, controlled and operated by the Debtor.</p>	
14.	<p>The Fraudulently Transferred Property was transferred at the direction of or under the control of the Debtor.</p>	
15.	<p>The Debtor retained <i>de facto</i> possession, custody and/or control of the property transferred, after each of the transfer of the Fraudulently Transferred Property.</p>	
16.	<p>The Debtor had been sued or threatened with suit before each of the transfers described above were made.</p>	
17.	<p>Altogether, the transfers of the Fraudulently Transferred Property constituted the transfer of substantially all of the Debtor's assets, and/or left him with insufficient assets to satisfy obligations.</p>	
18.	<p>The Debtor, Defendants, and others played active roles in the acts and Fraudulent Transfers described above with the actual intent to assist in defrauding the Debtor's creditors; (b) the named Defendant(s) herein, and those acting in concert with them</p>	

	<p>(including without limitation the Debtor's sister and daughter), did the acts and things herein alleged pursuant to, and in furtherance of, the conspiracy to deceive and defraud the Debtor's creditors, and to hinder and delay them from collecting amounts owed to them by the Debtor; and (c) the Debtors actions in refinancing the property in May 2022, constituted the last (currently known) overt act in furtherance of the conspiracy to defraud the Debtor's creditors (such that any otherwise applicable statutes of limitation would have been tolled through this date).</p>	
19.	<p>As of approximately May 2022, according to loan documents apparently created by a lender, the Debtor sought to refinance a loan secured by a property held by La Estrella, in an effort to release a personal guaranty under said loan, thereby using La Estrella's assets for his own personal benefit. When confronted with this transaction in his 2004 examination, the Debtor claimed not to know what a personal guaranty even was – despite having testified to having purchased and sold over 100 properties.</p>	
20.	<p>The statute of limitations for fraudulent transfer is further extended to the extent that the Internal Revenue Service is a creditor of the Debtor's bankruptcy estate.</p>	
21.	<p>The Debtor's bankruptcy estate (and/or the Trustee acting on behalf of said estate) is the equitable owner of the trust <i>res</i>.</p>	
22.	<p>Defendants are constructive trustees of said property (and said title ownership) for the benefit of the true owner (the Debtor's bankruptcy estate).</p>	
23.	<p>The transfers of Fraudulently Transferred Property alleged herein were made under circumstances showing that the transferee(s) were not intended to take the beneficial interest of the transferred property, but rather that they would receive bare record title thereto, while</p>	

	<p>the Debtor continued to enjoy all the beneficial interests of the property despite passage of record title).</p>	
24.	<p>After transfer, the Debtor still <i>de facto</i> exercised ownership and control over said properties, through the transferee companies he created, and which he installed himself and/or his immediately family as said transferee(s)' owner(s) and/or controllers.</p>	
25.	<p>After transfer, the Debtor treated the Fraudulently Transferred Property as his own, as if there were no separation of ownership or interest between himself and the entities he created.</p>	
26.	<p>The Civic Plaza was the interim title holder of the commercial property located at 1727 N Street, Merced, CA, between the Debtor and La Estrella, and in October 2014, the Debtor executed a grant deed of the property to The Civic Plaza stating that the transfer resulted solely in a change in the method of holding title and in which ownership interests remain the same, such that the Debtor was to retain equitable and legal ownership of the property, despite the Deed otherwise (facially) purporting to transfer the property to another.</p>	
27.	<p>Debtor effectively treated The Civic Plaza as an extension of himself, operated it as if it were his dba, and acted as if there were no separate ownership or interest between himself and The Civic Plaza.</p>	
28.	<p>In November 2021, Transcounty Title Co. handled an escrow for La Estrella involving the disbursement of \$1,424,645.64 in loan proceeds. The Debtor's daughter, acting as La Estrella's manager, attested to signing the documents but later stated she did not recall doing so. The disbursement included hundreds of thousands of dollars in loan payoffs (the "Payoffs"), although she was unaware of the purpose of these Payoffs or whether the loans being paid off were connected to property her</p>	

	father owned personally	
29.	The Debtor directed these payoffs, and he was able to satisfy his personal debts/loans with these proceeds.	
30.	With regard to 20272 Starr King Drive, Soulsbyville, California, the Debtor transferred this property to La Estrella via grant deed recorded in Tuolumne County on or about December 15, 2014, recordation number 2014013159 (the “20273 Deed”) through which the Debtor publicly disclosed a tax exemption for the transfer under California Revenue and Taxation Code § 11925, which provides for transfers of realty that result solely in a change in the method of holding title and in which ownership interests remain the same.	
31.	The 20272 Deed evidences: (a) the Debtor’s intent that he retain equitable and legal ownership of the property, despite the Deed otherwise (facially) purporting to transfer the property to another; and (b) this shows that the Debtor effectively treated La Estrella as an extension of himself, operated it as if it were his dba, and acted as if there were no separation between himself and La Estrella.	
32.	These filings, essentially asserting that the Debtor’s transfers to La Estrella and The Civic Plaza resulted in the mere change in the method of holding title and in which ownership interests remain the same, constitute evidence of the parties’ (including the Debtor’s) intent, understanding and agreement (whether express, tacit or implied) that the beneficial interest in the properties transferred by the Debtor to La Estrella and The Civic Plaza (i.e., the two properties referenced above and, indeed, all other transfers of property by the Debtor to these entities) was intended to remain with the transferor (i.e., the Debtor), and that the transferred properties in equity and conscience belong to the Debtor’s bankruptcy estate and should be used for the benefit of the Debtor’s estate.	

<p>33. As late as November 8, 2021, the Debtor was still signing documents on behalf of La Estrella, even though he was no longer even a manger of La Estrella – including an Amendment to Authorization to Register Lender and Fee Agreement, which the Debtor signed on behalf of La Estrella and his daughter signed on behalf of herself individually.</p>	
<p>34. As late as approximately May 2022, the Debtor was filling out personal financial statements in his own handwriting, on behalf of his daughter, for her use in obtaining loans on behalf of La Estrella – claiming that La Estrella’s property had a net worth of nearly \$7 million. So too, as late as approximately May 2022, the Debtor was seeking a loan against property whose title was in the name of La Estrella, in order to pay off (or otherwise remove) one or more personal obligations of the Debtor – here again, essentially treating La Estrella (and its property) as if it were his own dba.</p>	
<p>35. La Estrella was operated by the Debtor as if it were his own dba, such that in equity and good conscience the Court should disregard the corporate or other legal form of La Estrella in order to hold it liable for the debts of the Debtor, as La Estrella was effectively organized and controlled, and its affairs conducted, so as to make it merely an instrumentality, agency, conduit, or adjunct of the Debtor.</p>	
<p>36. Notwithstanding the purported transfers of Fraudulently Transferred Property, said properties are (or should be deemed or determined in equity and good conscience to be) held in a resulting trust by Defendant(s) in order to enforce the intent of the parties (including the Debtor) to the transfer, and Defendants can and should be compelled to transfer all of their interests in said transferred property (including without limitation record title thereto) to the Debtor’s estate.</p>	

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| <p>37. Such a resulting trust has never been repudiated (nor formally acknowledged) by Defendants), no one material party has had actual knowledge or breach of any repudiation of said trust, no one has indicated that he, she or it is holding the property adversely to Plaintiff (or the Debtor's estate), and/or to the extent there was any repudiation of the trust, or indication that the transferred properties were being held adversely to the transferor (or Plaintiff), said repudiation or indication first arose less than four years from the date of filing of this action.</p> <p>38. As a result of the foregoing: (a) Defendants received a benefit; and (b) Defendants are unjustly retaining that benefit at the expense of another (in this case, since the Debtor has filed a petition for bankruptcy, at the expense of the Debtor's estate and, more particularly, the Debtor's creditors who, without recovery of said property or the monetary value of the equity lost through the transfers of said property, will not be paid in full on the debts owed to them by the Debtor).</p> <p>39. Consequently, in equity and good conscience, Defendants can and should be compelled to transfer said property (and record title thereto) to the Debtor's estate, and/or pay the estate an amount equal to the amount by which Defendants have been unjustly enriched as a result of said transfers.</p> <p>40. As a result of the foregoing: (a) La Estrella is a mere shell and/or instrumentality of the Debtor, that La Estrella is functionally (and functioning as) the Debtor's alter ego, and that all assets and profits of La Estrella belong in equity and good conscience to the Debtor's estate, the Debtor having filed a petition for bankruptcy; and/or (b) there is (or was) a relationship between the Debtor and La Estrella that reflects a degree of confidentiality or closeness.</p> |  |
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41.	Also as a result of the foregoing, there was (and is): (1) a relationship between the parties that requires an accounting; and (2) a balance due the Plaintiff and that can only be ascertained fully by an accounting.	
42.	Accordingly, under each of the causes of action alleged above, and under the allegations incorporated herein, Plaintiff (as Trustee of the Debtor's estate) is entitled to an accounting of all assets and profits of La Estrella.	
43.	As a result of the foregoing, there is an actual and justiciable controversy whether the transferred properties alleged herein were fraudulently transferred (such that a constructive trust should be imposed over the properties for the benefit of the Debtor's estate), or whether the properties were legitimately transferred with an actual or implied promise that only legal title would transfer and that beneficial ownership would remain with the Debtor (such that a resulting trust should be acknowledged over the properties for the benefit of the Debtor's estate), or whether the transfers and conduct herein alleged involved no wrongdoing capable of remediation for the benefit of the Debtor's estate.	
44.	Accordingly, the Court can and should determine what, if any, remedies the Debtor's estate is entitled to receive as a result of the conduct herein, whether that be imposition or recognition of a constructive or resulting trust, monetary damages, provisional relief or some other remedy.	
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45.	That Defendant, with the intent to hinder, delay, or defraud creditors and the Trustee, concealed property of the Estate post-Petition Date, including, without limitation to amended according to proof at trial, the following:	

<p>(a) 1727 N Street, Merced, California;</p> <p>(b) 18375 Main Street, Jamestown, California;</p> <p>(c) 1226 Brookdale Drive, Merced, California;</p> <p>(d) 20272 Starr King Drive, Soulsbyville, California;</p> <p>(e) 1014 W. 18th Street, Merced, California;</p> <p>(f) 1022 W. 18th Street, Merced, California;</p> <p>(g) 1032 W. 18th Street, Merced, California;</p> <p>(h) 1040 W. 18th Street, Merced, California;</p> <p>(i) 18361 Main Street, Jamestown, California;</p> <p>(j) 18369 Main Street, Jamestown, California;</p> <p>(k) 18371 Main Street, Jamestown, California;</p> <p>(l) 18373 Main Street, Jamestown, California;</p> <p>(m) 22622 Twain Harte Drive, Twain Harte, California;</p> <p>(n) 2127 O Street, Merced, California; and</p> <p>(o) 6845 Camellia Drive, Atwater, California.</p> <p>46. That Defendant, with the intent to hinder, delay, or defraud creditors and the Trustee, concealed and hid assets in which Defendant has an interest by failing to list in his Schedules all assets in which Defendant has an interest.</p>	
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47. That Defendant knowingly and fraudulently made a false oath or account, including, without limitation to amendment according to proof at trial, the following: (a) failing to disclose in his Schedules his beneficial interests in real property; (b) claiming on his schedules that his residence is the Property.

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48. Defendant-Debtor committed actual fraud by fraudulently conveying real property to shell entities controlled by Defendant-Debtor. La Estrella was formed by Defendant-Debtor, with the sole member being Defendant-Debtor's then-13 year old daughter. At the time of the transfers at issue, La Estrella's purported "sole member" had not reached the age of majority. Defendant-Debtor identified himself as the CEO or Manager and therefore beneficiary of the transfers.

49. Defendant-Debtor, as the beneficiary and recipient of these transfers, obtained the properties through the fraudulent conveyance. Defendant-Debtor did not obtain reasonably equivalent value for any of the conveyances and has not been paid on any of the notes or deeds of trusts on which he is the beneficiary.

50. Defendant-Debtor intentionally engaged in the fraudulent conveyances for the purpose of defrauding Plaintiff and frustrating Plaintiff's efforts to enforce its debt.

51. Defendant-Debtor's activities described above were conducted with knowledge that he was engaged in a fraudulent scheme.

52. Defendant-Debtor injured Plaintiff by

	knowingly engaging in the fraudulent schemes and committing actual fraud.	
53.	Defendant-Debtor, in causing, conveying, and benefitting from each of the above described fraudulent conveyances, and at all times relevant hereto, had the subjective motive to inflict injury to his creditors, including but not limited to Plaintiff.	
54.	Defendant-Debtor, in causing, conveying, and benefitting from each of the above described fraudulent conveyances, and at all times relevant hereto, believed injury to his creditors was substantially certain to result from the transfers.	
55.	Defendant-Debtor's willful and malicious conduct caused Plaintiff's injury.	
Disputed Facts:		
1.	The Debtor has not “systematically transferred, conveyed, or gifted his assets for the purpose of defrauding creditors.”	
2.	The Debtor did not form La Estrella Enterprises, LLC nor The Civic Plaza, LLC to facilitate fraudulent transfers.	
3.	The Debtor denies having control over either LLC’s.	
4.	The “vast majority” of these transfers were fraudulent conveyances.	
5.	There are distinct differences between La Estrella and The Civic Plaza.	
6.	The Debtor did not, at all times control La Estrella and The Civic Plaza.	
7.	The Debtor did not intentionally hinder, delay, or defraud creditors.	
8.	The Defendant did not transfer any properties for less than fair market value.	

<p>9. The Defendant did not retain either possession or control of any of the transferred properties.</p> <p>10. The Defendant lost his opposition to his claim of exemption in the Twain Harte Property.</p> <p>11. The Defendant opposes the allegation that he transferred any real property, with the intent to hinder, delay, or defraud creditors.</p> <p>12. The Defendant did not conceal and property of the Estate Post-Petition Date.</p> <p>13. The Defendant did not conceal, nor hid assets in which he had an interest by failing to list in his schedules all assets in which the Defendant had an interest.</p> <p>14. The Defendant did not fail to disclose in his schedules his beneficial interests in real property.</p> <p>15. The failure to qualify as a homestead exemption is not due to the Defendant failing to reside at the Property, on the day of filing, but from not continuously residing thereon.</p> <p>16. The Trustee should not recover money/property pursuant to 11 U.S.C. 542.</p>	
<p>Disputed Evidentiary Issues:</p> <p>1. None Identified.</p>	<p>Disputed Evidentiary Issues:</p> <p>1. None identified.</p>
<p>Relief Sought:</p> <p>1. The transfers or real property be set aside and declared void.</p> <p>2. A temporary restraining order/other provisional relief be granted restraining Defendants, and their representatives, agents, and attorneys from selling, transferring, conveying, or otherwise disposing of any of the real property.</p>	<p>Relief Sought:</p> <p>1. The Non-Discharge of Debtor.</p> <p>2. Attorney's Fees for Trustee's Counsel in Prosecuting Case.</p>

3.	Judgment in favor of Plaintiff herein be declared a lien on the real property described above, and that under Section 551 all liens avoided will be preserved for the benefit of the estate.	
4.	That an order be made declaring that Defendants hold all of the transferred real property described above in trust for Plaintiff, whether involuntarily or voluntarily.	
5.	That the real property be determined property of the Debtor's estate, that Defendants be ordered to transfer said real property to the Debtor's estate, and that any trust over such real property administered by Defendants be terminated upon transfer of each such real property to the Debtor's estate.	
6.	That Defendants be required to account to Plaintiff for: (a) all profits and proceeds earned from or taken in exchange for the real property described above; and (b) all profits and proceeds of La Estrella, including without limitation profits and proceeds earned in connection with the transfer(s) of said real property to La Estrella, and all payments made to, on behalf of or for the benefit for one or more of the Defendants.	
7.	That the court orders the avoidance of the transfers or at plaintiff's election a judgment for the value of the assets transferred against the initial transferee and to any entity benefitting from such transfers.	
8.	For general damages according to proof, including the value of property improperly transferred (and/or any income or appreciation in equity lost as a result) to the extent said property is returned to the Debtor's estate, as well as the value of any other money or property improperly used for the benefit of one or more Defendants.	
9.	For costs and attorneys' fees.	

<p>10. For punitive damages pursuant to statute and according to proof</p> <p>11. That the Debtor be denied a discharge pursuant to 11 U.S.C. §§ 523(a)(2)(A), 523(a)(6), 727(a)(2) and 727(a)(4).</p> <p>12.</p>	
<p>Points of Law:</p> <p>Adv. 24-9004.</p> <p>1. Cal Civ Code § 2223.</p> <p>2. Cal Civ Code § 2224.</p> <p>3. Imposition of a constructive trust, resulting trust. <i>In re Real Estate Associates Ltd. Partnership Litig.</i>, 223 F. Supp. 2d 1109, 1139 (C.D. Cal. 2002); <i>Murphy v. T. Rowe Price Prime Reserve Fund, Inc.</i>, 8 F.3d 1420, 1422 (9th Cir.); <i>Burlesci v. Petersen</i>, 68 Cal. App. 4th 1062, 1069 (1998); <i>Martin v. Kehl</i>, 145 Cal. App. 3d 228, 238 (1983); <i>Laing v. Laubach</i>, 233 Cal.App.2d 511, 515 (1965); <i>Berniker v. Berniker</i>, 30 Cal. 2d 439, 447-448 (1947); <i>Majewsky v. Empire Constr. Co.</i>, 2 Cal. 3d 478, 485 (1970) <i>Goodrich v. Briones (In re Schwarzkopf)</i>, 626 F.3d 1032, 1037 (9th Cir. 2010); <i>Cadles of W. Va., LLC v. Alvarez</i>, 2023 U.S. Dist. LEXIS 112881, *42, WL 4280786 (S.D. Cal. 2023); <i>Estrada v. Garcia</i>, 132 Cal. App. 2d 545, 552 (1955);</p> <p>4. Resulting trust statute of limitations. <i>Estate of Yool</i>, 151 Cal. App. 4th 867, 875 (2007); <i>Murphy v. Am. Gen. Life Ins. Co.</i>, 74 F. Supp. 3d 1267, 1281 (9th Cir 2015).</p> <p>5. Cal Civ § 3439.04(a) statute of limitations. <i>Monastra v. Konica Bus. Machines, U.S.A., Inc.</i>, 43 Cal. App. 4th 1628, 1645 (1996); <i>Wyatt v. Union Mortgage Co.</i>, 24 Cal. 3d 773, 786 (1979); <i>Munoz v. Ashcroft</i>, 339 F.3d 950, 956-957 (2003).</p>	<p>Points of Law:</p> <p>1. 11 U.S.C. § 542.</p>

6.	Constructive trust statute of limitations. <i>Higgins v. Higgins</i> , 11 Cal. App. 5th 648, 659 (2017).	
7.	Unjust enrichment statute of limitations. <i>First Nationwide Savings v. Perry</i> , 11 Cal. App. 4th 1657, 1670 (1992).	
8.	Accounting action statute of limitations. <i>Glue-Fold, Inc. v. Slautterback Corp.</i> , 82 Cal. App. 4th 1018, 1023 (2000); <i>Estate of Peebles</i> , 27 Cal. App. 3d 163, 166 (1972).	
9.	Declaratory relief statute of limitations. <i>Bank of New York Mellon v. Citibank, N.A.</i> , 8 Cal. App. 5th 935, 943; <i>North Star Reinsurance Corp. v. Superior Court</i> , 10 Cal. App. 4th 1815, 1822 (1992).	
10.	If IRS is a creditor, extension of the statute of limitations. 26 U.S.C. § 6502; , 11 U.S.C. § 544(b)(1); d <i>United States v. Summerlin</i> , 310 U.S. 414, 416 (1940).	
11.	Equitable tolling. <i>Milby v. Templeton (In re Milby)</i> , 875 F.3d 1229, 1232 (9th Cir. 2017).	
12.	Equitable estoppel. <i>Lantzy v. Centex Homes</i> , 31 Cal.4th 363, 383 (2003); <i>Sofranek v. County of Merced</i> , 146 Cal. App. 4th 1238, 1250 (2007).	
Additional for Adv. 23-9020 and 23-9011.		
13.	Burden of proof. <i>Searles v. Riley (In re Searles)</i> , 317 B.R. 368, 376 (B.A.P. 9th Cir. 2004); <i>Lansdowne v. Cox (In re Cox)</i> , 41 F.3d 1294, 1297 (9th Cir. 1994); <i>Caneva v. Sun Cmtys. Operating Ltd. P'Ship (In re Caneva)</i> , 550 F.3d 755, 761 (9th Cir. 2008).	
14.	11 U.S.C. §§ 727, 727(a)(2)(B); <i>In re Miller</i> , 2015 WL 3750830, at *3 (Bankr. C.D. Cal. June 12, 2015); <i>Beauchamp v. Hoose (In re Beauchamp)</i> , 236 B.R. 727, 732 (B.A.P. 9th Cir. 1999).	

<p>15. Definition of transfer. 11 U.S.C. § 101(54); <i>Hughes v. Lawson (In re Lawson)</i>, 122 F.3d 1237, 1240 (9th Cir. 1997).</p> <p>16. Intent inferred from actions of debtor. <i>In re Devers</i>, 759 F.2d 751, 753-54 (9th Cir. 1985); <i>United States v. Swenson (In re Swenson)</i>, 381 B.R. 272, 292 (Bankr. E.D. Cal. 2008); <i>In re Adeeb</i>, 787 F.2d 1339, 1343 (9th Cir. 1986); <i>Freelife, Int'l, LLC v. Butler (In re Butler)</i>, 377 B.R. 895, 916 (Bankr. D. Utah 2006) .</p> <p>17. 11 U.S.C. § 727(a)(4)(A); <i>Song v. Acosta (In re Song)</i>, 2011 Bankr. LEXIS 4796 at *13 (B.A.P. 9th Cir. 2011); <i>In re Retz</i>, 606 F.3d at 1196; <i>Hansen v. Moore (In re Hansen)</i>, 368 B.R. 868, 877 (B.A.P. 9th Cir. 2007); <i>In re Caneva</i>, 550 F.3d at 761.</p> <p>18. Accuracy of schedules and statement of financial affairs. <i>In re Searles</i>, 317 B.R. at 377.</p> <p>19. 11 U.S.C. § 523(a) and preponderance of the evidence standard. <i>Grogan v. Garner</i>, 489 U.S. 279, 291 (1991).</p> <p>20. 11 U.S.C. § 523(a)(2); <i>In re Lewis</i>, 551 B.R. 41, 48 (Bankr. E.D. Cal. 2016); <i>In re Tran</i>, 301 B.R. 576, 582 (Bankr. N.D. Cal. 2003).</p> <p>21. 11 U.S.C. § 523(a)(6); <i>Carrillo v. Su (In re Su)</i>, 290 F.3d 1140, 1143-47 (9th Cir. 2002); <i>Petralia v. Jercich (In re Jercich)</i>, 238 F.3d 1202, 1209 (9th Cir. 2001).</p>	
<p>Abandoned Issues:</p> <p>1. None identified.</p>	<p>Abandoned Issues:</p> <p>1. None identified.</p>
<p>Witnesses:</p> <p>1. Gary Farrar, Chapter 7 Trustee.</p>	<p>Witnesses:</p> <p>1. John Pierre Mendoza.</p>

<p>2. Loris Bakken, Esq.</p> <p>3. John Pierre Mendoza.</p> <p>4. Jenae-Desiree Mendoza.</p> <p>5. John McCallum.</p> <p>6. Paul Quinn.</p>	<p>2. Gary Farrar, Chapter 7 Trustee</p> <p>3. Lupe Martin</p> <p>4. Jenae-Desiree Mendoza</p>
<p>Exhibits:</p> <p>1. See Attachment A, Dckt. 39 at pp. 32-38.</p>	<p>Exhibits:</p> <p>1. Debtor's Chapter 7 petition, schedules, and other items appearing on the docket of his bankruptcy case #22-90415.</p> <p>2. 2013 John-Pierre Mendoza 2013 Trust Agreement.</p> <p>3. Grant Deed, Dated 3/30/2015, to La Estrella Enterprises, 2127 "O" Street, Merced, CA 95340, for \$250,000.00.</p> <p>4. Grant Deed, Dated 3/30/2015, to La Estrella Enterprises, 1014 W. 18th St., Merced, CA 95340, for \$105,000.00.</p> <p>5. Grant Deed, Dated 4/15/2015, to La Estrella Enterprises, 6845 W. Camelia Dr., Atwater, CA 95340, for \$168,000.00.</p> <p>6. Grant Deed, Dated 8/23/2017, to La Estrella Enterprises, 1226 Brookdale Dr., Merced, CA 95340, for \$180,000.00.</p> <p>7. Debtor's Previous chapter 11 petition, schedules, and other items appearing on the docket of his bankruptcy case</p>

	<p>#11-93308.</p> <p>8. The Civic Plaza, LLC's Previous chapter 11 petition, schedules, and other items appearing on the docket of his bankruptcy case #14-91454.</p> <p>9. JANAE-DESIREE MENDOZA 2015 TAX RETURNS.</p> <p>10. JOHN-PIERRE MENDOZA 2019 TAX RETURNS.</p> <p>11. JOHN-PIERRE MENDOZA 2020 TAX RETURNS.</p> <p>12. JOHN-PIERRE MENDOZA 2021 TAX RETURNS.</p> <p>13. JOHN-PIERRE MENDOZA 2022 TAX RETURNS.</p> <p>14. LA ESTELLA ENTERPRISES, LLC 2022 TAX RETURNS.</p> <p>15. JOHN-PIERRE MENDOZA 2023 TAX RETURNS.</p> <p>16. PROPERTY MANAGEMENT AGREEMENT JULY 1, 2015.</p> <p>17. SELLER'S CLOSING STATEMENT APRIL 15, 2015.</p> <p>18. PROPERTY TAX STATEMENT TAX YEAR 2023-2024</p>
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	<p>1. 23955 Cedar Hill Ln</p> <p>19.</p> <p>PROPERTY TAX STATEMENTS TAX YEAR 2023-2024</p> <p>1. 1022 W. 18TH St. 2. 1027 W. 18th St. 3. 1032 W. 18TH St. 4. 1035 W 18th St 5. 1040 W. 18TH St. 6. 20272 Starr King Dr. 7. 20400 Starr King Dr. 8. 18373 Main St. 9. 18361 Main St. 10. 2127 O St. 11. 1014 W. 18th St. 12. 22622 Twain Hart Dr. 13. 18369 Main St. 14. 18371 Main St. 15. 18375 Main St. 16. 6845 W. Camellia Dr. 17. 1226 Brookdale Dr. 18. 1727 N St.</p> <p>20.</p> <p>DWELLING FIRE POLICY EFFECTIVE 7/23-24 (23955 Cedar Hill Lane)</p> <p>21.</p> <p>RENTS RECEIVED AND AMOUNTS PAID 11/22 - 8/31/24</p> <p>1. 1027 w. 18TH St. 2. 1035 W. 18th St. 3. 23955 Cedar Hill Ln.</p> <p>22.</p> <p>22. PROPERTY ANALYSIS CALENDAR YEAR 2012.</p> <p>23.</p> <p>PROPERTIES SOLD TO LA ESTRELLA 2014 - 2022.</p> <p>24.</p> <p>PROPERTY VALUES LA ESTRELLA</p>
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	<p>2015.</p> <p>25. PROPERTIES SOLD TO LEEC 1980 - 2006</p> <p>1. 1022 W. 18th St. 2. 1032 W. 18th St. 3. 1040 W. 18th St. 4. 20272 Starr King Dr. 5. 20400 Starr King Dr. 6. 18373 Main St. 7. 18361 Main St. 8. 2127 O St. 9. 1014 W. 18th St. 10. 22622 Twain Harte Rd. 11. 18369 Main St. 12. 18371 Main St. 13. 18375-18377 Main St. 14. 6845 Camellia St. 15. 1226 Brookdale Dr.</p> <p>26. APPRAISAL 1032 W. 18TH ST. 6/08/11</p> <p>27. APPRAISAL 1014 W. 18TH ST. 6/08/11</p> <p>28. APPRAISAL 1226 BROOKDALE RD. 6/10/11</p> <p>29. APPRAISAL 18375-18377 MAIN ST 9/13/11</p> <p>30. APPRAISAL 18371 MAIN ST. 9/13/11</p> <p>31. APPRAISAL 18369 MAIN ST. 9/13/11</p> <p>32. APPRAISAL 20400 STARR KING DR 9/13/11</p> <p>33.</p>
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	<p>APPRAISAL 20272 STARR KING DR 9/13/11</p> <p>34. LOAN MOD. EATON, MICHIGAN 4/01/12</p> <p>35. 2013 TRUST AGREEMENT 10/15/13</p> <p>36. OPERATING AG. LA ESTRELLA 4/07/14</p> <p>37. ART. OF OR. LA ESTRELLA 4/07/14</p> <p>38. ART. OF OR. CIVIC PLAZA 4/17/14</p> <p>39. 2ND AMEND. OP AG. LA ESTRELLA 4/07/14</p> <p>40. OP AGREE. LA ESTRELLA, LLC 4/07/14</p> <p>41. MORTGAGE MODIFICATION 6/24/14</p> <p>42. SALES MENDOZA TO LAW [sic] ESTRELLA 7/29/14</p> <p>43. CONTRACT FOR DEED 8/18/14</p> <p>44. OFFER 18361/18373 MAIN ST 9/30/14</p> <p>45. GRANT DEED PARCEL 031-044-018 9/18/14</p> <p>46. JUDGMENT EATON. MICHIGAN</p>
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	4/03/15
	47. ORDER GRANTING MOTION TO SELL 4/20/15
	48. PROMISSORY NOTE 6/01/15
	49. 2015 FORM 1099-S 6/12/15
	50. SELLER'S CLOSING STATEMENT 6/12/15
	51. PROPERTY MGMT AGREEMENT 7/01/15
	52. DEBTOR'S REPORT OF SALE 8/27/15
	53. ORDER GRANTING SJM 5/23/17
	54. CONTRACT FOR DEED 6/10/17
	55. GRANT DEED 12/18/17
	56. GRANT DEED 12/18/17
	57. GRANT DEED 7/06/16
	58. WARRANTY DEED 7/06/16
	59. SELLER PACKAGE 10/23/19
	60. JPM RESIDENTIAL LEASE 11/23/22

	61. SECOND AMENDED OP AGREEMENT 11/23/22
<p>Discovery Documents:</p> <ol style="list-style-type: none"> <li>1. Defendants' Response to First Request for Admissions, dated/verified by Defendant-Debtor October 20, 2024.</li> <li>2. Deposition of Defendant-Debtor John Mendoza, taken November 17, 2023.</li> <li>3. Deposition of Defendant John Mendoza, taken December 8, 2023.\</li> <li>4. Deposition of Defendant Janae-Desiree Mendoza, taken January 16, 2024.</li> <li>5. Deposition of Lupe Martin, taken September 24, 2024.</li> <li>6. Defendant-Debtor's admission in Response to Plaintiff's First Request for Admissions: Nos. 4, 6, 8, 9, 19, 20.</li> </ol>	<p>Discovery Documents:</p> <ol style="list-style-type: none"> <li>1. None identified.</li> </ol>
<p>Further Discovery or Motions:</p> <ol style="list-style-type: none"> <li>1. None identified.</li> </ol> <p>Further Discovery or Motions:</p> <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol>	<p>Further Discovery or Motions:</p> <ol style="list-style-type: none"> <li>1. None identified.</li> </ol>
<p>Stipulations:</p> <ol style="list-style-type: none"> <li>1. None identified.</li> </ol>	<p>Stipulations:</p> <ol style="list-style-type: none"> <li>1. None identified.</li> </ol>
<p>Amendments:</p> <ol style="list-style-type: none"> <li>1. None identified.</li> </ol>	<p>Amendments:</p> <ol style="list-style-type: none"> <li>1.</li> </ol>

	None identified.
Dismissals:  1. None identified.	Dismissals:  1. None identified.
Agreed Statement of Facts:  1. None identified.	Agreed Statement of Facts:  1. None identified.
Attorneys' Fees Basis:  1. Special damages arising from the tortious conduct of defendants. <i>Gray v. Don Miller &amp; Associates, Inc.</i> , 35 Cal.3d 498, 505 (1984), regarding tort of another. The underlying judgment that Defendants sought to avoid included an attorney's fees provision.	Attorneys' Fees Basis:  1. "Pursuant to 11 U.S.C. §"
Additional Items  1. None identified.	Additional Items  1. None identified.
Trial Time Estimation: 3-5 days.	Trial Time Estimation: 2 days.

**Defendants Jenae-Desiree Mendoza and  
La Estrella Enterprises, LLC**

**Defendant Lupe Martin**

<p>Undisputed Facts:</p> <ol style="list-style-type: none"> <li>The Debtor filed a voluntary chapter 7 on November 10, 2022 ("Petition Date").</li> <li>The Defendant Jenae-Desiree Mendoza is the Debtor's daughter, who resides at 6845 Camellia Drive, Atwater, California, and is no longer a minor.</li> <li>The Defendant's sister was the</li> </ol>	<p>Undisputed Facts:</p> <ol style="list-style-type: none"> <li>Defendant John Pierre Mendoza ("Defendant Mendoza") transferred real property to Defendant La Estrella Enterprises, LLC ("Defendant La Estrella") for the benefit of his daughter, Jenae-Desiree Mendoza ("Defendant Jenae-Desiree"), who was then a minor.</li> <li>Defendant Martin was named as a custodian for her minor niece, Defendant</li> </ol>
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<p>custodian for Jenae-Desiree Mendoza until she reached the age of 21.</p> <p>4. La Estrella was assigned to Jenae-Desiree Mendoza in 2019.</p> <p>5. La Estrella was capitalized with \$7,500.00, by the Debtor.</p>	<p>Jenae-Desiree.</p> <p>3. Defendant Mendoza exercised full control over the properties transferred to Defendant La Estrella, collecting the rent, servicing debt, and maintaining the properties.</p> <p>4. Defendant Martin did not exercise any control over the properties transferred to Defendant La Estrella, did not receive the rent, did not service the debt, and did not maintain the properties.</p> <p>5. Defendant Martin has disclaimed any interest in the properties transferred to Defendant La Estrella.</p>
<p>Disputed Facts:</p> <p>1. The Debtor has not “systematically transferred, conveyed, or gifted his assets for the purpose of defrauding creditors.”</p> <p>2. The Debtor did not form La Estrella Enterprises, LLC nor The Civic Plaza, LLC to facilitate fraudulent transfers.</p> <p>3. The Debtor did have sole control over La Estrella.</p> <p>4. The transfers were fraudulent conveyances.</p> <p>5. The Defendant, Jenae-Desiree Mendoza did not control La Estrella.</p> <p>6. The Defendants did not intentionally hinder, delay, or defraud creditors.</p> <p>7. The Defendants did not transfer any properties.</p> <p>8. The Trustee should not recover money/property pursuant to 11 U.S.C.</p>	<p>Disputed Facts:</p> <p>1. Defendant Martin disputes that she was involved in a conspiracy with the other Defendants.</p> <p>2. Defendant Martin disputes that she has any information which would be responsive to claim for an accounting asserted by Gary Farrar, Chapter 7 Trustee (the “Plaintiff”).</p> <p>3. Defendant Martin disputes that she holds any property of the estate.</p> <p>4. Defendant Martin denies that has been unjustly enriched.</p>

542.	
9. Since the formation of La Estella, Debtor not Defendant Jenae-Desiree Mendoza has had control of all transactions.	
Disputed Evidentiary Issues:	Disputed Evidentiary Issues:
1. None identified.	1. None identified.
Relief Sought:	Relief Sought:
1. The Non-Discharge of Debtor.  2. Attorney's Fees for Trustee's Counsel in Prosecuting Case.	1. The adversary complaint seeks to set aside fraudulent transfers made by Defendant Mendoza, seeks to impose a constructive trust and/or resulting trust, seeks damages for unjust enrichment, seeks an accounting, and requests declaratory relief.
Points of Law:	Points of Law:
1. 11 U.S.C. §523(a)(2) & (a)(6).	1. 11 U.S.C. § 544, which essentially incorporates California Civil Code § 3409.  2. 11 U.S.C. § 548 is not applicable because the transfers occurred more than two years before the petition date.  3. Defendant Martin has asserted the defense of the statute of limitations, California Civil Code § 3439.09
Abandoned Issues:	Abandoned Issues:
1. None identified.	1. None identified.
Witnesses:	Witnesses:
1. John Pierre Mendoza.	1. Gary Farrar, Trustee.

2. Gary Farrar, Chapter 7 Trustee.	2. John Pierre Mendoza.
3. Jenae-Desiree Mendoza.	3. Jenae-Desiree Mendoza.
Exhibits:	Exhibits:
1. None.	1. None identified.
Discovery Documents:	Discovery Documents:
1. None.	1. Deposition or Rule 2004 Examination Transcripts (no specific ones identified).
Further Discovery or Motions:	Further Discovery or Motions:
1. None identified.	1. None identified.
Stipulations:	Stipulations:
1. None identified.	1. None identified.
Amendments:	Amendments:
1. None identified.	1. None identified.
Dismissals:	Dismissals:
1. None identified.	1. None identified.
Agreed Statement of Facts:	Agreed Statement of Facts:
1. None identified.	1. Believes that an agreed statement of facts is feasible.
Attorneys' Fees Basis:	Attorneys' Fees Basis:
1. "Pursuant to 11 U.S. C. §."	1. California Civil Code § 3439.07 does not provide for attorney's fees.
Additional Items	Additional Items

1. None identified.	1. None identified.
Trial Time Estimation: Two Days.	Trial Time Estimation: Three Days.

6. [24-90418-E-11](#) **ART BUILDINGS LLC** **CONTINUED APPROVAL OF**  
[MJB-3](#) **Michael Berger** **DISCLOSURE STATEMENT**  
**10-17-24 [60]**

**Tentative Ruling:** Oral argument may be presented by the parties at the scheduled hearing, where the parties shall address the issues identified in this tentative ruling and such other issues as are necessary and appropriate to the court’s resolution of the matter.

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Local Rule 9014-1(f)(1) Motion—Hearing Required.

Sufficient Notice Provided. The Proof of Service states that the Motion and supporting pleadings were served on attorneys of record, all creditors, and Office of the United States Trustee on October 17, 2024. By the court’s calculation, 56 days’ notice was provided. 42 days’ notice is required. FED. R. BANKR. P. 2002(b) (requiring twenty-eight days’ notice); LOCAL BANKR. R. 9014-1(f)(1)(B) (requiring fourteen days’ notice for written opposition).

The Motion to Approve Disclosure Statement has been set for hearing on the notice required by Local Bankruptcy Rule 9014-1(f)(1). Failure of the respondent and other parties in interest to file written opposition at least fourteen days prior to the hearing as required by Local Bankruptcy Rule 9014-1(f)(1)(B) is considered to be the equivalent of a statement of nonopposition. *Cf. Ghazali v. Moran*, 46 F.3d 52, 53 (9th Cir. 1995) (upholding a court ruling based upon a local rule construing a party’s failure to file opposition as consent to grant a motion). The defaults of the non-responding parties and other parties in interest are entered.

**The Approval of the Disclosure Statement is XXXXXXX.**

#### **January 16, 2025 Hearing**

The court continued the hearing for approval of the Disclosure Statement as the Parties stated they were close to achieving a stipulation as to how to provide for payment of the Romspen claim. A review of the Docket on January 14, 2025 reveals nothing new has been filed with the court.

At the hearing, XXXXXXX

## REVIEW OF THE DISCLOSURE STATEMENT

Case filed: July 19, 2024

Background: This case involves the Debtor in Possession Art Buildings LLC, and is a single asset real estate case. The parcel of real property is commonly known as 3200 Atherstone Road, Turlock, CA 91582 (the “Property”). Debtor in Possession was formed in May 2021 and has been in the business of real estate investment.

Debtor in Possession’s sole equity security holder is Expert Equity Advisors, LLC. Satpreet Thiara is the Managing Member of Expert Equity and a 100% equity holder of Expert Equity Advisors, LLC.

The events that led to the filing of the Chapter 11 case by the Debtor in Possession was the pending foreclosure sale of the Property initiated by creditor Romspen California Mortgage LP (“Romspen”).

Creditor/Class	Treatment	
Class 1A: Romspen	<b>Claim Amount</b>	Debtor provides \$3,100,000.00, but Romspen filed a Proof of Claim for \$3,840,860.06.
	<b>Impairment</b>	Currently disputed Claim
	Provided that the parties reach a plan treatment stipulation for an allowed secured claim for \$3,100,000.00 (“Allowed Secured Claim”), Debtor proposes to pay \$2,800,000.00 to Romspen through post-petition financing from Perfect Logistic Inc., (subject to this Court’s approval), and treat the remaining \$300,000.00 loan balance as a subordinated secured obligation and satisfy the \$300,000.00 over 24 months following the effective date of the Plan. Specifically, the \$300,000.00 will be paid in equal monthly consecutive installment payments of \$12,500.00 each, with the first payment due on the 1st day of the month following the effective date, followed by 23 payments thereafter, each in the amount of \$12,500.00 to pay the \$300,000.00 in full.  Absent an agreement for allowance of Romspen’s claim for \$3,100,000.00, Debtor will object to Romspen’s claim. Once an agreement is reached, Debtor will file a motion for a secured post-petition financing.	
Class 2A: Internal Revenue Service, Franchise Tax Board	<b>Claim Amount</b>	\$1,285.95
	<b>Impairment</b>	Unimpaired
	Pay in full in one lump-sum payment on the effective date.	
Class 2B: Perfect Logistic Inc.	<b>Claim Amount</b>	\$4,800,000.00
	<b>Impairment</b>	Unimpaired

	Pay in full in one lump-sum payment after the Property's horizontal structure is finalized and the Property is sold later. Perfect Logistic Inc. is friendly creditor and the source of the post-petition financing for \$2,800,000, and consents to this proposed treatment by the Debtor.	
Class 2B: T&N Plumbing and Electrical	<b>Claim Amount</b>	\$469,000.00
	<b>Impairment</b>	Unimpaired
	Pay in full in one lump-sum payment after the Property's horizontal structure is finalized and the Property is sold later. Debtor continues to use the services of T&N Plumbing and Electrical as its contractor for the Property, and T&N also agrees to the treatment proposed by the Debtor.	
Class 3: Interest Holders	<b>Claim Amount</b>	\$0
	<b>Impairment</b>	Unimpaired
	Debtor's 100% equity security interest holder is Expert Equity Advisors, LLC. Expert Equity Advisors, LLC does not hold a pre-petition or post-petition claim against the Debtor.	

#### A. C. WILLIAMS FACTORS PRESENT

☐ Y ☐ Incidents that led to filing Chapter 11

☐ Y ☐ Description of available assets and their value

☐ Y ☐ Anticipated future of Debtor

☐ Y ☐ Source of information for D/S

☐ Y ☐ Disclaimer

☐ Y ☐ Present condition of Debtor in Chapter 11

☐ Y ☐ Listing of the scheduled claims

☐ Y ☐ Liquidation analysis

☐ N ☐ Identity of the accountant and process used

☐ Y ☐ Future management of Debtor

☐ Y ☐ The Plan is attached

*In re A. C. Williams Co.*, 25 B.R. 173 (Bankr. N.D. Ohio 1982); *see also In re Metrocraft Pub. Servs., Inc.*, 39 B.R. 567 (Bankr. N.D. Ga. 1984).

## **Romspen's Objection**

Romspen, Creditor with secured claim classified as Class 1A, is objecting to Debtor's proposed combined plan of reorganization for the following reasons:

1. Debtor in Possession has failed to provide "adequate information" as required by 11 U.S.C. § 1125(b), including:
  - a. Failing to provide information that led to filing the petition, and failing to substantiate any future objection to Romspen's claim. Opp'n 2:17-3:20, Docket 76.
  - b. Failing to identify insiders. *Id.* at 3:21-4:28.
  - c. Failing to provide factual support for Debtor in Possession's financial projections. *Id.* at 5:1-6:6.
  - d. The Plan is unconfirmable on its face because Debtor has not reorganized and has no certain funding source. *Id.* at 6:7-22.

## **Debtor in Possession's Reply**

Debtor in Possession filed a Reply on December 9, 2024. Docket 78. Debtor in Possession states:

1. Debtor in Possession will be able to fund the Plan with its post-petition financing. *Id.* at 12-20. On this point, the principal of creditor Perfect Logistics, Inc., Davinder Sandhu, has submitted a Declaration in support of the Reply stating that Perfect Logistics has agreed to advance up to \$3,000,000 in post-petition financing. Decl. ¶ 3, Docket 80.
2. Debtor in Possession's insiders were disclosed. Reply 3:4-9.
3. Debtor in Possession's history and reason for filing have been disclosed. *Id.* at 3:11-26.
4. Debtor in Possession's valuation of the Property at \$9.5 million is supported by the evidence. *Id.* at 4:1-9.
5. Debtor in Possession hopes to continue negotiations with Romspen on the value of its claim. *Id.* at 4:11-21.

## **APPLICABLE LAW**

Before a disclosure statement may be approved after notice and a hearing, the court must find that the proposed disclosure statement contains "adequate information" to solicit acceptance or rejection of a proposed plan of reorganization. 11 U.S.C. § 1125(b).

“Adequate information” means information of a kind, and in sufficient detail, so far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records, that would enable a hypothetical reasonable investor typical of the holders of claims against the estate to make a decision on the proposed plan of reorganization. 11 U.S.C. § 1125(a).

Courts have developed lists of relevant factors for the determination of adequate disclosure. *E.g., In re A. C. Williams, supra.*

There is no set list of required elements to provide adequate information per se. A case may arise where previously enumerated factors are not sufficient to provide adequate information. Conversely, a case may arise where previously enumerated factors are not required to provide adequate information. *In re Metrocraft Pub. Servs., Inc.*, 39 B.R. 567 (Bank. N.D. Ga. 1984). “Adequate information” is a flexible concept that permits the degree of disclosure to be tailored to the particular situation, but there is an irreducible minimum, particularly as to how the plan will be implemented. *Official Comm. of Unsecured Creditors v. Michelson*, 141 B.R. 715, 718–19 (Bankr. E.D. Cal. 1992).

The court should determine what factors are relevant and required in light of the facts and circumstances surrounding each particular case. *In re East Redley Corp.*, 16 B.R. 429 (Bankr. E.D. Pa. 1982).

The court begins its analysis with the statutory requirements of 11 U.S.C. § 1125 for a disclosure statement. Solicitation of an acceptance or rejection of a plan may be made with a written disclosure statement which was approved by the court. The disclosure statement must provide “adequate information.” The term “adequate information” is defined in 11 U.S.C. § 1125(a)(1) to be,

(1) “adequate information” means information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records, including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical investor typical of the holders of claims or interests in the case, that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan, but adequate information need not include such information about any other possible or proposed plan and in determining whether a disclosure statement provides adequate information, the court shall consider the complexity of the case, the benefit of additional information to creditors and other parties in interest, and the cost of providing additional information;...

Determination of whether there is “adequate information” is a subjective determination made by the bankruptcy court on a case by case basis. *In re Texas Extrusion Corp.*, 844 F.2d 1142 (5th Cir. 1988), *cert. denied* 488 U.S. 926 (1988). Non-bankruptcy rules and regulations concerning disclosures do not govern the determination of whether a disclosure statement provides adequate information. 11 U.S.C. § 1125(d); *Yell Forestry Products, Inc. v. First State Bank*, 853 F.2d 582 (8th Cir. 1988).

## **DISCUSSION**

### **Adequate Information as to Case History**

Debtor in Possession has stated the reason for filing the petition, namely that the investment was not generating income, and there was a foreclosure on the horizon. Disclosure statement 9:25-26; 8:19, Docket 60. The court finds the Disclosure Statement provides adequate information here.

#### Adequate Information as to Insiders

Debtor in Possession has clearly identified the insiders, Expert Equity Advisors, LLC, and Satpreet Thiara who is the Managing Member of Expert Equity and a 100% equity holder of Expert Equity Advisors, LLC. The Statement also states there are no claims from the insider. Disclosure statement 13:24-26, Docket 60. The court finds the Disclosure Statement provides adequate information here.

#### Adequate Information as to Financial Projections

Debtor in Possession has clearly identified its source of funding, namely the post-petition financing for \$2,800,000 from the Creditor Perfect Logistic Inc., which that creditor has agreed to. *Id.* at 13:17-22. Satpreet Thiara, the Managing Member of Debtor in Possession's 100% equity holder, has testified that Perfect Logistic Inc. has agreed in advance to that post-petition financing. Decl. ¶ 7, Docket 61. The court finds the Disclosure Statement provides adequate information here.

The court notes that the property securing the Romspen secured claim is stated on Schedule A/B to have a value of \$9,500,000. Dckt. 26 at p. 5. The only creditor having a claim secured by that property is Romspen (who is effectively the Debtor's only substantial creditor). It appears curious to the court that the Debtor in Possession is arranging for only \$2,800,000 of financing for payment of the Romspen secured claim, and then is seeking to subordinate the balance (whether it be the \$300,000 the Debtor in Possession computes or the \$1,000,000 that Romspen computes) to the post-petition funding.

#### The Disclosure Statement Fails Because the Plan is Unconfirmable

It appears that the Disclosure Statement clearly discloses to Creditor what the Plan proposes and how Debtor proposes to perform it. Creditor disagrees that such Plan will be confirmed. Such dispute is for a confirmation hearing.

Moreover, the court does not agree the Plan is unconfirmable on its face. The Plan provides for Romspen's claim in full, if determined to be in the amount of \$3,100,000. The source of the funds to pay Romspen's claim have been clearly presented. That claim amount may require an Objection to Claim or an evidentiary hearing, but either outcome does not render the Plan unconfirmable on its face.

#### Business Operations Post-Confirmation

It is not clear in the Disclosure Statement what the Debtors post-confirmation business operations for this single asset real estate case will be. While the Disclosure Statement states that the Debtor will be obtaining post-confirmation financing (since the Estate's assets do not generate any income) to partially fund the Plan (for which Creditor Romspen is to subordinate its lien), it does not state whether there will be a sale of the property in the next three, or six, or twelve months, or whether the Debtor plans of fully constructing a high-rise apartment complex.

At the hearing, counsel for the Debtor in Possession and counsel for Romspen stated that they were close to achieving a stipulation as to how to provide for payment of the Romspen claim. They

appeared to be down to a final issue of the payment in full date, with there being approximately a 15 day difference. Counsel for Romspen stated that it was necessary for Romspen to have these details nailed down in light of the delays to date.

The hearing for the Approval of the Disclosure Statement is continued to 2:00 p.m. on January 16, 2025.

The court shall issue an order substantially in the following form holding that:

Findings of Fact and Conclusions of Law are stated in the Civil Minutes for the hearing.

The hearing for the Approval of the Disclosure Statement having been presented to the court, the Debtor in Possession and the main creditor stating that they are close to reaching a stipulation for a Plan in this Case, and upon review of the pleadings, evidence, arguments of counsel, and good cause appearing,

**IT IS ORDERED** that the Approval of the Disclosure Statement is  
**XXXXXXX.**

7. <a href="#">20-90349</a> -E-11 <a href="#">CAE-1</a>	<b>R. MILLENNIUM TRANSPORT, INC.</b>	<b>CONTINUED STATUS CONFERENCE RE: VOLUNTARY PETITION 5-15-20 [1]</b>
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## SUBCHAPTER V

Debtor's Atty: David C. Johnston

Notes:

Continued from 11/21/24 by order filed 11/18/24 [Dckt 267]

<b>The Status Conference is XXXXXXXX</b>
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## JANUARY 16, 2025 STATUS CONFERENCE

As of the court's 5:31 p.m., January 15, 2025 review of the Docket, nothing has been filed by the Debtor/Debtor in Possession or its Responsible Representatives.

At the Status Conference, **XXXXXXX**

## **AUGUST 8, 2024 STATUS CONFERENCE**

The court continued the Status Conference to August 8, 2024, and ordered the Responsible Representatives of the Debtor/Debtor in Possession, who is the Plan Administrator, to appear at the August 8, 2024 Status Conference. The court's order, Dckt. 246, states as follows:

Findings of Fact and Conclusions of Law are stated in the Civil Minutes for the hearing.

The Post-Confirmation Status Conference having been presented to the court, the Responsible Representatives of the Debtor/Debtor in Possession Plan Administrator not having provided any evidence in support of the Modified Subchapter V Plan they filed and set for hearing, confirmation of the Modified Subchapter V Plan having been denied, creditors appearing at the June 27, 2024 Confirmation Hearing and the Post-Confirmation Status Conference raising issues concerning the accuracy of information provided by the Debtor/Debtor in Possession Plan Administrator and its Responsible Representative, the creditor indicating that they will be contacting the U.S. Trustee concerning the information they have, and good cause appearing,

**IT IS ORDERED** that the Status Conference is continued to **2:00 p.m. on August 8, 2024.**

The Civil Minutes for the March 28, 2024 Status Conference include the following relating to the Responsible Representatives and the Debtor/Debtor in Possession Plan Administrator in performing their duties and obligations as fiduciaries under the Confirmed Subchapter V Plan:

At the Status Conference, counsel for the Debtor/Debtor in Possession reported that nothing further has been developed. Counsel states that the principal of the Debtor has not participated in efforts to modify the Plan.

The Subchapter V Trustee reports the principal of the Debtor/Debtor in Possession has not communicated with the Trustee. The two responsible representative of the Debtor in this Bankruptcy Case are Surjit Singh Malhi and Rajwant Kaur Malhi. From the information provided at the Status Conference, it appears that Surjit Singh Malhi and Rajwant Kaur Malhi are not fulfilling their fiduciary duties as the Debtor/Debtor in Possession and Plan Administrator to pay the last two remaining creditors in this case.

The two remaining claims are those of former employees of Debtor. The court overruled the objections of Debtor to each of these two claims. Civ. Minutes, Dckts. 165, 166; and Orders, Dckts. 170, 172.

What was presented at the Status Conference created a picture that Surjit Singh Malhi and Rajwant Kaur Malhi are intentionally not performing the Plan, which was approved by an order of this court, and are diverting plan payment monies from the Subchapter V Trustee.

Civil Minutes, p. 1-2; Dckt. 226.

**IT IS FURTHER ORDERED** that a representative of the U.S. Trustee and Subchapter V Trustee David Souza, and each of them, appear at the August 8, 2024 Continued Status Conference and inform the court whether they are investigating the prosecution of this case and the conduct of the fiduciary Debtor/Debtor in Possession Plan Administrator and its Responsible Representative. (The court recognizes that the Subchapter V Trustee does not have a source of funding independent of the Plan Estate, but the U.S. Trustee's Office is independently funded by the U.S. Taxpayers and has such resources.)

**IT IS FURTHER ORDERED** that Surjit Singh Malhi and Rajwant Kaur Malhi, and each of them, who are the responsible representatives for the Debtor/Debtor in Possession and have fiduciary duties arising in this case and under the Confirmed Subchapter V Plan that was confirmed by Order of this court shall appear in person at Continued Post-Confirmation Status Conference at 2:00 p.m. on August 8, 2024, and **ALL OTHER HEARINGS, STATUS CONFERENCES, OR OTHER PROCEEDINGS IN THIS BANKRUPTCY CASE – NO TELEPHONIC APPEARANCES** permitted for the forgoing persons ordered to appear.

If Surjit Singh Malhi or Rajwant Kaur Malhi, or both of them fail to appear at the August 7, 2024 Continue Post-Confirmation Status Conference or any other Hearing, Status Conference, or Other Proceeding in this Bankruptcy Case, in addition to issuing any orders to show cause for failure to comply with this order, the court shall issue a Writ for the United States Marshal to take into custody the person or persons failing to comply with this order to appear at the Continued Post-Confirmation Status Conference and present them at the further continued date. The Writ shall further provide that the U.S. Marshal shall take such person or persons into custody sufficiently in advance of the further continued Post-Confirmation Status Conference to insure that they will be present (which may include having to provide jail holding facilities for such persons in advance of the further continued Post-Confirmation Status Conference).

In addition to service on all parties in interest, the Clerk of the Court shall serve by U.S. Mail a copy of this Order on each of the following persons:

Surjit Singh Malhi  
1670 Fulkerth Road  
Turlock, CA 95380

and

Rajwant Kaur Malhi  
1670 Fulkerth Road  
Turlock, CA 95380

The mail sent to Surjit Malha and Rajwant Malhi were returned to the court as undeliverable, with the statement “not at this address” written on them. Dckts. 249, 250.

The 1670 Fulkerth Road, Turlock, California address is the one listed as the address for the Debtor/Debtor in Possession. No amended address has been filed for the Debtor/Debtor in Possession. It is unclear how mail sent to the business address for the Debtor/Debtor in Possession is an address at which the Responsible Representative being served in their fiduciary duty positions are “not at this address.”

A check on the California Secretary of State’s website reports that R. Millennium Transport, Inc., is a corporation in good standing and its principal address and mailing address is 1670 Fulkerth Road, Turlock, California 95380. <sup>FN.1.</sup>

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FN. 1. <https://bizfileonline.sos.ca.gov/search/business>.  
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On the Petition Surjit Singh Malhi states under penalty of perjury, as President of the Debtor, that the Debtor’s address is 1670 Fulkerth Road, Modesto, California 95380. Dckt. 1. With respect to Surjit Singh Malhi, service of the court’s order requiring his appearance was properly made to the address which he provides under penalty of perjury. That Surjit Singh Malhi chose to ignore the service and apparently not read the order does not render the service on him deficient.

Rajwant Kaur Malhi executed as a Director of the Debtor that the filing of the Bankruptcy Case was authorized. On the Statement of Financial Affairs Rajwant Kaur Malhi is stated under penalty of perjury to be the “Treasurer, director, shareholder” of the Debtor. Dckt. 36 at 27

The Debtor/Debtor in Possession, as Plan Administrator, has failed to pay the Subchapter V Trustee funds to pay claims as required under the Subchapter V Plan. The Responsible Representatives for the Debtor/Debtor in Possession have appeared to have abandoned their positions and are no longer at the Debtor/Debtor in Possession’s business location.

In light of these defaults, failure to perform the Subchapter V Plan, the Responsible Representatives having abandoned the Debtor, and the Responsible Representatives not participating in this Bankruptcy Case, conversion of this case to one under Chapter 7 is necessary and appropriate. See, 11 U.S.C. § 1112, which includes nonexclusive “for cause grounds,” including:

(4) For purposes of this subsection, the term “cause” includes—

(A) substantial or continuing loss to or diminution of the estate and the absence of a reasonable likelihood of rehabilitation;

(B) gross mismanagement of the estate;

...  
...

- (E) failure to comply with an order of the court;  
...
- (M) inability to effectuate substantial consummation of a confirmed plan;
- (N) material default by the debtor with respect to a confirmed plan; . . . .

At the Status Conference, the Debtor/Debtor in Possession reported that the business moved two year ago, in 2022, and that no updated address has been filed with the court.

The Subchapter V Trustee reported that the Debtor/Debtor in Possession is now two years in default in Plan payments (that to be paid into the unsecured claim fund) and has been diverting plan payment by making them directly to creditors with secured claims rather than paying them to the Subchapter V Trustee as the Plan disbursing agent.

Neither the Subchapter V Trustee nor the U.S. Trustee has taken any action to address the two years of default in payments and the two years of violation of the Plan by Debtor/Debtor in Possession's diversion of Plan monies.

The court continues the Status Conference to 2:00 p.m. on November 21, 2024.

The court will enter a separate order requiring that Surjit Singh Malhi and Rajwant Kaur Malhi, and each of them, who are respectively identified as the President and the Treasure of the Debtor/Debtor in Possession, to appear in person at all status conferences, hearings, and other proceedings in this Bankruptcy Case – No Telephonic Appearances Permitted for the forgoing persons who will be ordered to appear.

## **JUNE 27, 2024 STATUS CONFERENCE**

A review of the court's Docket on June 25, 2024, discloses that nothing further has been filed by the Debtor/Debtor in Possession.

At the Status Conference, counsel for the Debtor/Debtor in Possession Plan Administrator reported that they would not be proceeding with confirmation of this Plan. Counsel for the Debtor/Debtor in Possession Plan Administrator that the responsible representative of the Debtor/Debtor in Possession Plan Administrator had obtained a Small Business Administration Loan in 2021 without court authorization.

Two creditors appeared at the hearing, reporting that they believe information being provided by the Debtor/Debtor in Possession Plan Administrator is inaccurate. The court noted for all parties that such information may be presented to the Subchapter V Trustee and the U.S. Trustee.

The Debtor/Debtor in Possession Plan Administrator confirmed that it was not proceeding with confirmation and that confirmation of the Plan may be denied.

The Debtor/Debtor in Possession Plan Administrator and its Responsible Representatives failed to provide any evidence in support of confirmation.

The Responsible Representatives of the Debtor/Debtor in Possession Plan Administrator failed to appear at the Confirmation Hearing or the Status Conference.

The Status Conference is continued to 2:00 p.m. on August 8, 2024.

### **MARCH 28, 2024 STATUS CONFERENCE**

At the Status Conference, counsel for the Debtor/Debtor in Possession reported that nothing further has been developed. Counsel states that the principal of the Debtor has not participated in efforts to modify the Plan.

The Subchapter V Trustee reports the principal of the Debtor/Debtor in Possession has not communicated with the Trustee. The two responsible representative of the Debtor in this Bankruptcy Case are Surjit Singh Malhi and Rajwant Kaur Malhi. From the information provided at the Status Conference, it appears that Surjit Singh Malhi and Rajwant Kaur Malhi are not fulfilling their fiduciary duties as the Debtor/Debtor in Possession and Plan Administrator to pay the last two remaining creditors in this case.

The two remaining claims are those of former employees of Debtor. The court overruled the objections of Debtor to each of these two claims. Civ. Minutes, Dckts. 165, 166; and Orders, Dckts. 170, 172.

What was presented at the Status Conference created a picture that Surjit Singh Malhi and Rajwant Kaur Malhi are intentionally not performing the Plan, which was approved by an order of this court, and are diverting plan payment monies from the Subchapter V Trustee.

It appears to the court that the in person participation of Surjit Singh Malhi and Rajwant Kaur Malhi, as the responsible representative of the Debtor/Debtor in Possession and who have fiduciary duties arising under the Bankruptcy Code and the confirmed Subchapter V plan is required before the court considers entering further Orders to Show Cause in this Case.

The court ordered Surjit Singh Malhi and Rajwant Kaur Malhi, and each of them, who are the responsible representatives for the Debtor/Debtor in Possession and have fiduciary duties arising in this case and under the Confirmed Subchapter V Plan that was confirmed by Order of this court, and David Johnston, Esq. shall appear in person at Continued Post-Confirmation Status Conference at 2:00 p.m. on April 11, 2024. The court further ordered that no telephonic appearances were permitted for the forgoing persons ordered to appear. Order; Dckt. 227.

The court further ordered that:

If Surjit Singh Malhi or Rajwant Kaur Malhi, or both of them fail to appear at the April 11, 2024 Continue Post-Confirmation Status Conference, and thereby forcing the court to further continue the Post-Confirmation Status Conference, in addition to issuing any orders to show cause for failure to comply with this order, the court shall issue a Writ for the United States Marshal to take into custody the person or persons failing to comply with this order to appear at the Continued Post-Confirmation Status Conference and present them at the further continued date. The Writ shall further provide that the U.S. Marshal shall take such person or persons into custody sufficiently in advance of the further continued Post-Confirmation Status Conference to insure that they will be present (which may include having

to provide jail holding facilities for such persons in advance of the further continued Post-Confirmation Status Conference).

*Id.*

As shown in the Civil Minutes for the Post-Confirmation Status Conferences, the responsible representatives have been “missing in action” and not appearing in court. They have also failed in providing the court with updated Status Reports.

One of the issues arising is that the Debtor/Debtor in Possession is not making the monthly plan payments to the Subchapter V Trustee for disbursement to creditors and payment of administrative expenses. 11 U.S.C. § 1194(b) provides that in a non-consensual confirmation of a Subchapter V Plan, the disbursements to creditors/administrative expenses will be made through the Subchapter V Trustee and not directly by the Debtor/Debtor in Possession.

§ 1194. Payments

...

(b) Other plans. If a plan is confirmed under section 1191(b) of this title, except as otherwise provided in the plan or in the order confirming the plan, **the trustee shall make payments to creditors under the plan.**

11 U.S.C. § 1194(b) [emphasis added].

In 11 U.S.C. § 1191, the section addressing confirmation of Subchapter V Plans, Congress provides for confirmation of Subchapter V Plans

(b) Exception. Notwithstanding section 510(a) of this title, if all of the applicable requirements of section 1129(a) of this title, other than paragraphs (8) [each class has accepted the plan or is unimpaired], (10) [at least one impaired class have accepted the plan], and (15) [individual debtor plan required term] of that section, are met with respect to a plan, the court, on request of the debtor, shall confirm the plan notwithstanding the requirements of such paragraphs if the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

As set forth in the Civil Minutes for the hearing on confirmation of the Amended Plan, impaired Classes 2, 4, 5, 7, 9, 10, and 12 did not accept the Plan. Dckt. 130 at 2-3. Neither the Order Confirming the Amended Plan or the Amended Plan attached thereto override the provisions of 11 U.S.C. § 1191(b) providing for the Subchapter V Trustee to make the disbursement to the creditors/administrative expenses.

### **Modified Plan Filed**

On April 9, 2024, the Debtor/Debtor in Possession filed a proposed Modified Plan. Dckt. 231. In the Modified Plan Debtor/Debtor in Possession states that the Debtor/Debtor in Possession has paid all but two of the secured claims and is current in payments to those remaining two secured claims, but

However, the [Debtor/Debtor in Possession] failed to make all required payments to the Subchapter V Trustee to pay priority and general unsecured claims, which have turned out to be much higher than expected.

Modified Plan, p. 2:22-26; Dckt. 231.

The provisions of 11 U.S.C. § 1194(b) does not provide for the Subchapter V Trustee to merely make disbursements to creditors having unsecured claims and administrative expenses, but states that it is the Subchapter V Trustee who will make the payments to creditor. (In the Amended Plan, administrative expenses are stated as “administrative expense claims.”

8 Collier on Bankruptcy ¶ 1194.02 discusses when the Subchapter V Trustee is the person making the plan payment disbursements, which discussion includes:

When the court confirms a plan under the cramdown provisions of section 1191(b), however, section 1194(b) requires the trustee to make payments to creditors under the plan unless the plan or the confirmation order provides otherwise. Chapters 122 and 133 have identical provisions.

Because only the debtor may propose a plan, the debtor in the first instance controls whether the debtor or the trustee makes payments to creditors in the cramdown situation. Nevertheless, the court controls confirmation, and who makes the plan payments may be a crucial factor in whether the court will confirm the plan. Alternatively, a court might condition confirmation on modification of the plan to require that the trustee make payments.

The court cannot identify any provisions in the confirmed Amended Plan or the proposed Modified Plan that change the provisions of 11 U.S.C. § 1194(b) that requires the Subchapter V Trustee to make the plan disbursements to creditors.

8. [25-90003-E-11](#) LA PLAZA MEXICO, LLC  
[RHS-1](#)

STATUS CONFERENCE RE:  
VOLUNTARY PETITION  
1-2-25 [[1](#)]

## SUBCHAPTER V

Debtor's Atty: David C. Johnston

Notes:

[RHS-1] Order Setting *Special* Status Conferences filed 1/6/25 [Dckt 6]; No Telephonic Appearances for those requested to appear.

**The Status Conference is XXXXXXX**

### **JANUARY 16, 2025 STATUS CONFERENCE**

On December 16, 2024, Debtor La Plaza Mexico, LLC commenced its voluntary Chapter 7 Bankruptcy Case, 24-90782. Counsel for the Debtor in the Chapter 7 Case is Bruce R. Babcock, Esq. Peter Fear is the Chapter 7 Trustee in the Chapter 7 Case.

On January 2, 2025, Debtor filed a Motion to Extend Time for Filing Schedules, Statement of Financial Affairs, and Related Documents. 24-90782; Motion, Dckt. 12. The Motion is supported by two Declarations from Attorney Babcock stating grounds for such an extension. *Id.*; Dckts. 13, 14. The court granted the Motion and extended the deadline for filing such documents to January 13, 2025. *Id.*; Order, Dckt. 16.

The Chapter 7 Petition is signed by Jose Lopez Martinez as the “manager” of the Debtor. *Id.*; Dckt. 1 at 4.

#### Subchapter V Filing

Though being a debtor in a voluntary Chapter 7 Case, on January 2, 2025, at 5:33 p.m. the Debtor filed a Subchapter V Bankruptcy Case, 25-90003, with David Johnston, Esq., representing the Debtor/Debtor in Possession. The Debtor filed the Bankruptcy Petition (25-90003, Dckt. 1), but did not file the Schedules, Statement of Financial Affairs, or the related documents.

The Subchapter V Petition is signed by Jose Lopez Martinez as the Debtor/Debtor in Possession’s Managing Member. 25-90003; Petition, p. 5, Dckt. 1. The Subchapter V Petition, ¶ 9, discloses the Chapter 7 Bankruptcy Case.

### **SETTING JOINT SPECIAL STATUS CONFERENCE**

It is not clear from the pleadings filed in the two Bankruptcy Cases as to whether the Chapter 7 Trustee, creditors, Debtor, and other parties in interest have concluded that the Debtor should be conducting a Subchapter V reorganization rather than the Chapter 7 Trustee administering all of the assets of the Debtor in the Chapter 7 Bankruptcy Estate. It is also not clear whether or not the Debtor is attempting to obtain a *de facto* “conversion” of the Chapter 7 Case to one under Subchapter V by willfully failing to file the Schedules, Statement of Financial Affairs, and related documents in the Chapter 7 Case.

There being two pending bankruptcy cases having been filed by this one Debtor, the Debtor not having yet filed Schedules and Statement of Financial Affairs in the Chapter 7 case, it not appearing that the Chapter 7 Trustee, U.S. Trustee, creditors, or other parties in interest being properly informed as to the assets and rights of the Debtor in the Chapter 7 Bankruptcy Estate, the court concluding that proactively addressing the tension between the two case filings and having the parties actively addressing these issues to reduce what may be otherwise unnecessary expenditures of time and money; the court issued an Order (Dckt. 6)

setting a Special Status Conference for January 16, 2025, for both the Chapter 11 and the Chapter 7 Case, which included:

A. Ordering Jose Lopez Martinez, the Managing Member and Responsible Representative of the Debtor and the Debtor/Debtor in Possession; and David Johnston, Esq., counsel of record for the Debtor/Debtor in Possession, and each of them, shall appear in person at the January 16, 2025 Special Status Conferences – NO TELEPHONIC APPEARANCES PERMITTED for the forgoing persons ordered to appear.

B. At the Special Status Conferences David Johnston, Esq. counsel for the Subchapter V Debtor/Debtor in Possession, Bruce R. Babcock counsel for the Chapter 7 Debtor, and Peter Fear the Chapter 7 Trustee, shall address how and whether these two bankruptcy cases will continue to be prosecuted, whether a determination has been made that “conversion” of the Chapter 7 Case to a Subchapter V case is proper, whether there is anticipated litigation concerning the filing of the two bankruptcy cases, and whether a motion to dismiss or convert one of the bankruptcy cases will be filed.

C. No written responses were required, but if a party in interest was to file a written response, it had to be filed on or before January 13, 2025.

No written responses have been filed.

The court’s files disclose that on January 14, 2025, the Clerk of the Court dismissed the Chapter 7 Case notwithstanding the court having entered the Order setting the Special Status Conferences.

At the Status Conference, **XXXXXXX**

9.	<a href="#"><u>24-90782-E-7</u></a> <a href="#"><u>RHS-1</u></a>	<b>LA PLAZA MEXICO, LLC</b>	<b>STATUS CONFERENCE RE: VOLUNTARY PETITION 12-16-24 <a href="#">[1]</a></b>
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Debtor’s Atty: Bruce R. Babcock

Notes:

[RHS-1] Order Setting Special Status Conferences filed 1/6/25 [Dckt 19]; No Telephonic Appearances for those requested to appear.

<b>The Status Conference is <b>XXXXXXX</b></b>
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On December 16, 2024, Debtor La Plaza Mexico, LLC commenced its voluntary Chapter 7 Bankruptcy Case, 24-90782. Counsel for the Debtor in the Chapter 7 Case is Bruce R. Babcock, Esq. Peter Fear is the Chapter 7 Trustee in the Chapter 7 Case.

On January 2, 2025, Debtor filed a Motion to Extend Time for Filing Schedules, Statement of Financial Affairs, and Related Documents. 24-90782; Motion, Dckt. 12. The Motion is supported by two Declarations from Attorney Babcock stating grounds for such an extension. *Id.*; Dckts. 13, 14. The court granted the Motion and extended the deadline for filing such documents to January 13, 2025. *Id.*; Order, Dckt. 16.

The Chapter 7 Petition is signed by Jose Lopez Martinez as the “manager” of the Debtor. *Id.*; Dckt. 1 at 4.

### Subchapter V Filing

Though being a debtor in a voluntary Chapter 7 Case, on January 2, 2025, at 5:33 p.m. the Debtor filed a Subchapter V Bankruptcy Case, 25-90003, with David Johnston, Esq., representing the Debtor/Debtor in Possession. The Debtor filed the Bankruptcy Petition (25-90003, Dckt. 1), but did not file the Schedules, Statement of Financial Affairs, or the related documents.

The Subchapter V Petition is signed by Jose Lopez Martinez as the Debtor/Debtor in Possession’s Managing Member. 25-90003; Petition, p. 5, Dckt. 1. The Subchapter V Petition, ¶ 9, discloses the Chapter 7 Bankruptcy Case.

### SETTING JOINT SPECIAL STATUS CONFERENCE

It is not clear from the pleadings filed in the two Bankruptcy Cases as to whether the Chapter 7 Trustee, creditors, Debtor, and other parties in interest have concluded that the Debtor should be conducting a Subchapter V reorganization rather than the Chapter 7 Trustee administering all of the assets of the Debtor in the Chapter 7 Bankruptcy Estate. It is also not clear whether or not the Debtor is attempting to obtain a *de facto* “conversion” of the Chapter 7 Case to one under Subchapter V by willfully failing to file the Schedules, Statement of Financial Affairs, and related documents in the Chapter 7 Case.

There being two pending bankruptcy cases having been filed by this one Debtor, the Debtor not having yet filed Schedules and Statement of Financial Affairs in the Chapter 7 case, it not appearing that the Chapter 7 Trustee, U.S. Trustee, creditors, or other parties in interest being properly informed as to the assets and rights of the Debtor in the Chapter 7 Bankruptcy Estate, the court concluding that proactively addressing the tension between the two case filings and having the parties actively addressing these issues to reduce what may be otherwise unnecessary expenditures of time and money; the court issued an Order (Dckt. 6) setting a Special Status Conference for January 16, 2025, for both the Chapter 11 and the Chapter 7 Case, which included:

A. Ordering Jose Lopez Martinez, the Managing Member and Responsible Representative of the Debtor and the Debtor/Debtor in Possession; and David Johnston, Esq., counsel of record for the Debtor/Debtor in Possession, and each of them, shall appear in person at the January 16, 2025 Special Status Conferences – NO TELEPHONIC APPEARANCES PERMITTED for the forgoing persons ordered to appear.

B. At the Special Status Conferences David Johnston, Esq. counsel for the Subchapter V Debtor/Debtor in Possession, Bruce R. Babcock counsel for the Chapter 7 Debtor, and Peter Fear the Chapter 7 Trustee, shall address how and whether these two bankruptcy cases will continue to be prosecuted, whether a determination has been made that “conversion” of the Chapter 7 Case to a Subchapter V case is proper, whether there is anticipated litigation concerning the filing of the two bankruptcy cases, and whether a motion to dismiss or convert one of the bankruptcy cases will be filed.

C. No written responses were required, but if a party in interest was to file a written response, it had to be filed on or before January 13, 2025.

No written responses have been filed.

The court’s files disclose that on January 14, 2025, the Clerk of the Court dismissed the Chapter 7 Case notwithstanding the court having entered the Order setting the Special Status Conferences.

At the Status Conference, **XXXXXXX**