

#### 6UNITED STATES BANKRUPTCY COURT Eastern District of California Honorable René Lastreto II Department B - Courtroom #13 Fresno, California

Hearing Date: Thursday, February 6, 2025

Unless otherwise ordered, all matters before the Honorable René Lastreto II, shall be simultaneously: (1) In Person at, Courtroom #13 (Fresno hearings only), (2) via ZoomGov Video, (3) via ZoomGov Telephone, and (4) via CourtCall. You may choose any of these options unless otherwise ordered or stated below.

All parties or their attorneys who wish to appear at a hearing remotely must sign up by 4:00 p.m. one business day prior to the hearing. Information regarding how to sign up can be found on the Remote Appearances page of our website at <a href="https://www.caeb.uscourts.gov/Calendar/CourtAppearances">https://www.caeb.uscourts.gov/Calendar/CourtAppearances</a>. Each party/attorney who has signed up will receive a Zoom link or phone number, meeting I.D., and password via e-mail.

If the deadline to sign up has passed, parties and their attorneys who wish to appear remotely must contact the Courtroom Deputy for the Department holding the hearing.

Please also note the following:

- Parties in interest and/or their attorneys may connect to the video or audio feed free of charge and should select which method they will use to appear when signing up.
- Members of the public and the press who wish to attend by ZoomGov may only listen in to the hearing using the Zoom telephone number. Video participation or observing are not permitted.
- Members of the public and the press may not listen in to trials or evidentiary hearings, though they may attend in person unless otherwise ordered.

To appear remotely for law and motion or status conference proceedings, you must comply with the following guidelines and procedures:

- 1. Review the <a href="Pre-Hearing Dispositions">Pre-Hearing Dispositions</a> prior to appearing at the hearing.
- 2. Parties appearing via CourtCall are encouraged to review the <a href="CourtCall Appearance Information">CourtCall Appearance Information</a>. If you are appearing by ZoomGov phone or video, please join at least 10 minutes prior to the start of the calendar and wait with your microphone muted until the matter is called.

Unauthorized Recording is Prohibited: Any recording of a court proceeding held by video or teleconference, including "screen shots" or other audio or visual copying of a hearing is prohibited. Violation may result in sanctions, including removal of court-issued media credentials, denial of entry to future hearings, or any other sanctions deemed necessary by the court. For more information on photographing, recording, or broadcasting Judicial Proceedings, please refer to Local Rule 173(a) of the United States District Court for the Eastern District of California.

#### INSTRUCTIONS FOR PRE-HEARING DISPOSITIONS

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

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

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

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

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

Post-Publication Changes: The court endeavors to publish its rulings as soon as possible. However, calendar preparation is ongoing, and these rulings may be revised or updated at any time prior to 4:00 p.m. the day before the scheduled hearings. Please check at that time for any possible updates.

#### 9:30 AM

1.  $\frac{24-11525}{NES-2}$ -B-13 IN RE: BARBARA CHRISMAN

MOTION TO CONFIRM PLAN 12-19-2024 [39]

BARBARA CHRISMAN/MV NEIL SCHWARTZ/ATTY. FOR DBT.

After posting the original pre-hearing dispositions, the court has supplemented its intended ruling on this matter.

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

DISPOSITION: Denied as moot.

No order is required.

On January 10, 2025, this case was dismissed. Doc. #52. Accordingly, this motion is DENIED AS MOOT.

2.  $\underbrace{24-11629}_{\text{JDW}-1}$ -B-13 IN RE: GUSTAVO/LINDA LEAL

RESCHEDULED HEARING RE: MOTION TO CONFIRM PLAN 12-11-2024 [33]

LINDA LEAL/MV JOEL WINTER/ATTY. FOR DBT. RESPONSIVE PLEADING

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

DISPOSITION: Continued to March 12, 2025, at 9:30 a.m.

ORDER: The court will issue an order.

Chapter 13 trustee Lilian G. Tsang ("Trustee") objects to confirmation of the *Chapter 13 Plan* filed by Gustavo and Linda Leal (collectively "Debtors") on June 13, 2024, on the following basis:

- 1. Debtors are delinquent in plan payments by \$4,862.00 as of December 2024. Debtor's Schedule J indicates a net disposable income of \$2,037.17, but the proposed plan payment is \$2,431.00.
- 2. Based on Debtors' disposable monthly income of \$2,432.14 as provided by Form 122-C, the distribution to unsecured creditors should increase from 70% to 75%.

- 3. No box was checked in Section 3.05 of the plan and no dividend for attorneys' fees was provided in Section 3.06 of the plan. Thus, Debtors' attorney must either file a Motion for Allowance of Fees or a Rule 60(b) motion to change the election.
- 4. The plan calls for payment of priority claims in the amount of \$12,612.51, but the priority claims that have been filed are in the amount of \$25,571.38. Debtors' Schedule D includes secured claims not provided for in the plan.
- 5. Debtors have not filed credit counseling certificates as required by 11 U.S.C. § 109(h).

Doc. #44.

This objection will be CONTINUED to March 12, 2025, at 9:30 a.m. Unless this case is voluntarily converted to chapter 7, dismissed, or the objection to confirmation is withdrawn, the Debtors shall file and serve a written response to the Objection not later than 14 days before the hearing. The response shall specifically address each issue raised in the objection to confirmation, state whether the issue is disputed or undisputed, and include admissible evidence to support the Debtors' position. Any reply shall be served no later than 7 days before the hearing.

If the Debtors elect to withdraw the plan and file a modified plan in lieu of filing a response, then a confirmable, modified plan shall be filed, served, and set for hearing not later than 7 days before the hearing. If the Debtors do not timely file a modified plan or a written response, this objection will be sustained on the grounds stated in the objection without further hearing.

3.  $\frac{24-11629}{LGT-2}$ -B-13 IN RE: GUSTAVO/LINDA LEAL

CONTINUED MOTION TO DISMISS CASE 11-14-2024 [29]

LILIAN TSANG/MV JOEL WINTER/ATTY. FOR DBT.

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

DISPOSITION: Continued to March 12, 2025, at 9:30 a.m.

ORDER: The court will issue an order.

The trustee's *Motion to Dismiss* is continued to **March 12, 2025, at 9:30 a.m.** to be heard in conjunction with the debtors' continued motion to confirm plan. See *Item #2, above*.

# 4. <u>24-13431</u>-B-13 **IN RE: OMAR AISPURO FELIX AND ERENDIDA**AISPURO LGT-1

OBJECTION TO CONFIRMATION OF PLAN BY TRUSTEE LILIAN G. TSANG 1-6-2025 [27]

FLOR DE MARIA TATAJE/ATTY. FOR DBT.

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

DISPOSITION: Continued to March 12, 2025, at 9:30 a.m.

ORDER: The court will issue an order.

Chapter 13 trustee Lilian G. Tsang ("Trustee") objects to confirmation of the *Chapter 13 Plan* filed by Omar Aispuro Felix and Erendida Aispuro (collectively "Debtors") on November 27, 2024, on the following basis:

- 1. The plan provides for payments to creditors for longer than 5 years. The monthly payment must be increased to at least \$2,172.64 to complete payments within 5 years, but this is not feasible according to Debtors' Schedule J.
- 2. The plan provides for attorneys' fees in excess of the fixed compensation allowed under LBR 2016-1(c). While Debtors' attorney argues that the compensation is permissible because this is a business case, the Trustee notes that the business in question closed September 2023.

Doc. #27.

This objection will be CONTINUED to March 12, 2025, at 9:30 a.m. Unless this case is voluntarily converted to chapter 7, dismissed, or the objection to confirmation is withdrawn, the Debtors shall file and serve a written response to the Objection not later than 14 days before the hearing. The response shall specifically address each issue raised in the objection to confirmation, state whether the issue is disputed or undisputed, and include admissible evidence to support the Debtors' position. Any reply shall be served no later than 7 days before the hearing.

If the Debtors elect to withdraw the plan and file a modified plan in lieu of filing a response, then a confirmable, modified plan shall be filed, served, and set for hearing not later than 7 days before the hearing. If the Debtors do not timely file a modified plan or a written response, this objection will be sustained on the grounds stated in the objection without further hearing.

5. <u>24-13431</u>-B-13 **IN RE: OMAR AISPURO FELIX AND ERENDIDA**AISPURO
SKI-1

OBJECTION TO CONFIRMATION OF PLAN BY CARMAX BUSINESS SERVICES, LLC 12-23-2024 [18]

CARMAX BUSINESS SERVICES, LLC/MV FLOR DE MARIA TATAJE/ATTY. FOR DBT. SHERYL ITH/ATTY. FOR MV.

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

DISPOSITION: Continued to March 12, 2025, at 9:30 a.m.

ORDER: The court will issue an order.

CARMAX Business Services, LLC ("CarMax") objects to confirmation of the *Chapter 13 Plan* filed by Omar Aispuro Felix and Erendida Aispuro (collectively "Debtors") on November 27, 2024, on the following basis:

1. The plan proposes a 6% interest rate o CarMax's secured claim, which CarMax argues is inadequate under 11 U.S.C. § 1325(a)(5)(B)(ii) and Till v. SCS Credit Corp., 124 S.Ct. 1951 (2004). CarMax argues that the proper Till rate is at least \$10.75%.

Doc. #18.

This objection will be CONTINUED to March 12, 2025, at 9:30 a.m. Unless this case is voluntarily converted to chapter 7, dismissed, or the objection to confirmation is withdrawn, the Debtors shall file and serve a written response to the Objection not later than 14 days before the hearing. The response shall specifically address each issue raised in the objection to confirmation, state whether the issue is disputed or undisputed, and include admissible evidence to support the Debtors' position. Any reply shall be served no later than 7 days before the hearing.

If the Debtors elect to withdraw the plan and file a modified plan in lieu of filing a response, then a confirmable, modified plan shall be filed, served, and set for hearing not later than **7 days before the hearing**. If the Debtors do not timely file a modified plan or a written response, this objection will be sustained on the grounds stated in the objection without further hearing.

#### 6. 24-13334-B-13 IN RE: DAVID REED AND TONYA UNDERWOOD

ORDER TO SHOW CAUSE - FAILURE TO PAY FEES 1-16-2025 [26]

STEPHEN LABIAK/ATTY. FOR DBT.

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: The minutes of the hearing will be the court's

findings and conclusions.

ORDER: The court will issue an order.

This matter will proceed as scheduled. If the fees due at the time of the hearing have not been paid prior to the hearing, the case will be dismissed on the grounds stated in the OSC.

If the installment fees due at the time of hearing are paid before the hearing, the order permitting the payment of filing fees in installments will be modified to provide that if future installments are not received by the due date, the case will be dismissed without further notice or hearing.

### 7. $\frac{24-12651}{EPE-2}$ -B-13 IN RE: ROBERT NEUMAN

RESCHEDULED HEARING RE: MOTION FOR COMPENSATION FOR ERIC P. ESCAMILLA, DEBTORS ATTORNEY(S) 11-15-2024 [27]

ERIC ESCAMILLA/ATTY. FOR DBT. DISMISSED 10/11/2024

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSIITON: Granted in part and denied in part.

ORDER: The court will issue the order.

Attorney Eric. P. Escamilla ("Applicant") filed this Chapter 13 bankruptcy case to ostensibly protect a contracting business from creditor actions to collect outstanding accounts receivable. The case was dismissed before confirmation of the Chapter 13 plan because the Debtor failed to file all necessary documents. After Chief Judge Clement ordered Applicant to file a compensation motion with this court under General Order 23-02, this application was filed. According to the declaration filed in support of the application Doc. #29 Applicant collected \$3,125.00 as an "initial retainer" to represent the Debtor in a "business" Chapter 13 proceeding. Applicant elected to

be compensated by a "flat fee" authorized under LBR 2016-1(c). Applicant wishes to keep the initial retainer of \$3,125.00.

The court has reviewed the application, the docket of the case, and the evidence presented. The court GRANTS the application in part and DENIES it in part. Applicant will be awarded \$2,150.00 in fees (Applicant has not requested costs) and shall reimburse the Debtor \$975.00.

Applicant's services here included, without limitation: advising debtor about bankruptcy and non-bankruptcy alternatives; review with debtor the effects of exemptions, repossession, value of assets, and consequences of filing; gathering information and documents needed to prepare the petition; preparing the petition, schedules, statements, and Chapter 13 plan; reviewing Debtor's business and personal bank account statements due to various overlapping transactions; dragging and revising, after multiple phone and personal meetings with Debtor, the profit/loss statements for the six months preceding the petition date; legal research on the automatic stay and UCC-1 liens; negotiating release of UCC-1 liens concerning Debtor's account receivables; negotiating partial release of the UCC-1 lien of Fratello Capital LLC which was a contributing factor in Debtor's choice to file bankruptcy; and assisting debtor in resolving two additional UCC-1 liens filed against Debtor's accounts by other secured creditors. Doc. #29

Applicant was retained to file "an emergency" chapter 13 petition to prevent some of Debtor Robert Neuman's creditors from exercising their rights against accounts receivable. The Debtor operated "Neuman's Renovations" before the bankruptcy petition. As permitted under LBR 2016-1(c) counsel may elect to be compensated by a "flat fee" for chapter 13 business cases. The amount of the approved fee as relevant here is \$12,500.00. But attorneys who opt to be compensated by a "flat fee," cannot seek, nor accept a retainer greater than 25% of the "flat fee" as increased by conditions not relevant here, and costs of \$500.00. Id. Applicant's declaration states he was paid \$3,125.00 and that a written attorney-client fee agreement was signed by the Debtor. In addition, under Cal. R. Prof. Conduct, Rule 1.15(b) Debtor executed an informed written consent to deposit a flat attorneys' fee into a general operating account. Doc. #29. The court has been provided no contrary evidence.

Though the case was filed September 12, 2024, Doc. #1, it was dismissed approximately one month later for failure of the Debtor to file all necessary documents. Doc. #14. On October 15, 2024, Chief Judge Clement issued an order requiring Applicant to file a compensation motion before this court and set a status conference. Doc. #23. This is the appropriate procedure under this court's General Order 23-02. That is because under LBR 2016-1(c)(5) no further compensation is permitted if the chapter 13 case was either converted or dismissed.

Applicant timely filed the fee application. The court improvidently removed the hearing from calendar. Upon discovery of the error, the court ordered the matter set for January 15, 2025. For some reason, that was not set on the court's hearing calendar. The court then reset the hearing to February 6, 2025.

First, the court must find that this case was appropriately filed as a business case. Under LBR 2016-1(c)(1)(B), there is a rebuttable presumption that any chapter 13 case is a non-business case. However, when a preponderance of the evidence in the original petition, schedules, and statements demonstrate that debtor has an ownership interest in the business and a significant amount of the scheduled debt arose out of business operations or a significant portion of the debtor's household's aggregate gross going forward income is attributable to the business the presumption is rebutted.

The court finds sufficient evidence to rebut the presumption here. The schedules revealed that the Debtor's assets include construction tools and supplies and other business-related assets of an approximate value of \$5,000.00. Vehicles valued at \$42,000.00 include pickup trucks and at least one other commercial vehicle. Doc. #19. The Debtor scheduled \$130,000.00 of business receivables. *Id.* Creditors holding Debtor's business debt is by far the largest group of creditors. Over 87% of income according to the Debtor's schedules is business related. *Id.* Further, in calendar year 2023 the Debtor scheduled that he received over \$1.47 million dollars of income from an operating business. All these factors overcome the presumption that this chapter 13 case is a non-business case. It is in fact a business case. Accordingly, the initial retainer was permissibly collected.

Next, the court will review the reasonable compensation awardable to the Applicant.

Applicant has been a lawyer for 20 years Doc. #29. For the past thirteen years, Applicant's law practice has been representing chapter 7 and chapter 13 debtors before the court. *Id.* Applicant states that his hourly rate for services in a chapter 13 matter is \$350.00. The hourly rate for applicant's paralegal in a bankruptcy matter is \$125.00 per hour. *Id.* Based upon this court's review of numerous fee applications in chapter 13 cases, the hourly rate charged in this case appears reasonable for both Applicant and Applicant's paralegal.

Applicant attempted to reconstruct his services to support this Application. Applicant admitted that his billing record is based upon his estimate since he was not representing Debtor on an hourly fee basis. *Id*.

It does appear that there was a certain emergency to this filing. According to the billing record, Debtor initially met with Applicant less than one week before Applicant filed the skeletal bankruptcy petition. Doc. #30. Applicant and his paralegal then set about preparing the petition. After it was filed on September 10, 2024,

Applicant immediately started drafting schedules and communicated with those creditors who were aggressively pursuing collection actions against business receivables.

Applicant also engaged in substantial research including having to research New York law which evidently was the governing law on at least one of the financing facilities entered into by the Debtor. There were several contacts between Applicant and his paralegal and the Debtor. The schedules were filed within the time allotted by the extension granted by the court. However, all necessary papers were not filed. The attorney's Rights and Responsibilities was not filed timely, and the case was dismissed October 11, 2024.

The court finds that the necessity for the emergency filing is adequately explained. Further, it appears, and the court finds, that Applicant diligently prepared documents as well as had numerous conversations with at least three separate lenders dealing with the protection of Debtor's receivables.

That said, the court notes that the following time entries by the Applicant's paralegal appear to be clerical as opposed to analytical work: September 10, 2024, 1.5 hours; September 25, 2024, .5 hours; October 8, 2024, 1.6 hours. That totals \$450.00 which will subtracted from the total fee request.

As to Applicant's services, the court notes that over 5.7 hours of Applicant's time was devoted to research for this case. True enough, issues surrounding Merchant Cash Advances are not conventional in a chapter 7 and chapter 13 practice. Nevertheless, the court finds that one hour of research time will be deducted as excessive. Further, a time entry on October 10, 2024, for one hour includes time for "scan, copy and collate remaining chapter 13 schedules for filing with court." Those services are clerical in nature and should not require the skill of an attorney with 20 years' experience. Accordingly, that time entry will be reduced by .5 hours. That is a total deduction of \$525.00 of attorney fees.

The court is mindful of Applicant's argument that in fact over twice the amount of fees were incurred by the Debtor than what Applicant is requesting here. Of course, Applicant's other option would have been to "opt out" of the flat fee arrangement and charge the Debtor on a per hour basis. However, that was not Applicant's choice in this case.

Under 11 U.S.C. § 330(a) (4) (B) reasonable compensation can be allowed to the debtor's attorney "representing the interest of the debtor in connection with a bankruptcy case based on a consideration of the benefit and necessity of such services to the debtor and the other factors set forth in this section." One of those factors is in § 330(a)(3)(D) "whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed." As noted above, most of the services of Applicant and Applicant's

paralegal appear reasonable and, but for the clerical nature of some of the services, necessary. However, for the reasons indicated, some of the services, notably the amount of legal research, did not prove beneficial. The court also notes that though a plan may have been prepared in the case, the case was dismissed before the plan was considered by the court or the trustee.

For the foregoing reasons, the court GRANTS the application IN PART and DENIES the application IN PART. The court awards \$2,150.00 in fees to Applicant. \$975.00 shall be returned to the Debtor.

#### 8. 24-13253-B-13 IN RE: KHALID CHAOUI

ORDER TO SHOW CAUSE - FAILURE TO PAY FEES 1-13-2025 [40]

DISMISSED 1/13/25

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

DISPOSITION: Dropped and taken off calendar.

NO ORDER REQUIRED.

An order dismissing the case was entered on January 13, 2025, (Doc. #43). Accordingly, this Order to Show Cause will be taken off calendar as moot. No appearance is necessary.

### 9. $\frac{24-10581}{RCW-4}$ -B-13 IN RE: JULIO CABALLEROS ROMAN

MOTION FOR COMPENSATION FOR RYAN C. WOOD, DEBTORS ATTORNEY(S) 12-17-2024 [84]

RYAN WOOD/ATTY. FOR DBT.

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

DISPOSITION: Granted.

ORDER: The Moving Party shall submit a proposed order in

conformance with the ruling below.

The Law Offices of Ryan C. Wood ("Applicant"), attorney for Julio Caballeros Roman ("Debtor"), requests interim compensation in the sum of \$5,632.00 under 11 U.S.C. § 330 and § 331. Doc. #84. This amount consists of \$5,557.50 in fees and \$74.55 in expenses from August 19, 2024, through November 12, 2024. Id.

Debtor executed a statement of consent dated December 16, 2024, indicating that Debtor has read the fee application and approves the same. Doc. #86.

No party in interest timely filed written opposition. This motion will be GRANTED.

This motion was set for hearing on 28 days' notice as required by Local Rule of Practice ("LBR") 9014-1(f)(1) and Fed. R. Bankr. P. ("Rule") 2002(a)(6). The failure of the creditors, the chapter 13 trustee, the U.S. Trustee, or any other party in interest to file written opposition at least 14 days prior to the hearing as required by LBR 9014-1(f)(1)(B) may be deemed a waiver of any opposition to the granting of the motion. Cf. Ghazali v. Moran, 46 F.3d 52, 53 (9th Cir. 1995). Further, because the court will not materially alter the relief requested by the moving party, an actual hearing is unnecessary. See Boone v. Burk (In re Eliapo), 468 F.3d 592 (9th Cir. 2006). Therefore, the defaults of the above-mentioned parties in interest are entered and the matter will be resolved without oral argument. Upon default, factual allegations will be taken as true (except those relating to amounts of damages). Televideo Sys. Inc. v. Heidenthal, 826 F.2d 915, 917 (9th Cir. 1987). Constitutional due process requires that a plaintiff make a prima facie showing that they are entitled to the relief sought, which the movant has done here.

Applicant was not the original attorney of record but rather took over this case pursuant to an order from this court granting Debtor's *Motion to Substitute Attorney*. Docs. #36, #45. Applicant declares that Debtor retained Applicant's services pursuant to a retention agreement which provided for an hourly rate for the attorney of \$475.00, plus reimbursement of postage at cost and copies at \$0.20 per page. Doc. #87. Compensation is to be paid from estate funds. *Id*.

Billable hours are not broken down by employee, so the court assumes that Ryan C. Wood was the only person to have performed work covered by this application. Doc. #87. Applicant declares that he billed a total of 11.70 hours at a rate of \$475.00 per hour, for a total of \$5,557.50. *Id.* Applicant also incurred **\$74.55** in expenses for postage, copies, and Pacer fees. *Id.* These combined fees and expenses total **\$5,632.00**.

11 U.S.C. § 330(a)(1)(A) & (B) permits approval of "reasonable compensation for actual necessary services rendered by . . . [a] professional person" and "reimbursement for actual, necessary expenses." In determining the amount of reasonable compensation to be awarded to a professional person, the court shall consider the nature, extent, and value of such services, considering all relevant factors, including those enumerated in subsections (a)(3)(A) through (E). § 330(a)(3).

11 U.S.C.  $\S$  331 authorizes the award after notice and hearing of an interim award subject to subsequent final approval by the court pursuant to  $\S$  330.

Applicant's services here included, without limitation: case administration; motions/opposition/amendments; and fee applications. Doc. #87. The court finds these services and expenses reasonable, actual, and necessary.

No party in interest timely filed written opposition. Accordingly, this motion will be GRANTED. Applicant shall be awarded \$5,557.50 in fees as reasonable compensation for services rendered and \$74.55 in reimbursement of actual, necessary expenses on an interim basis under 11 U.S.C. § 330 and § 331. The chapter 13 trustee will be authorized to pay Applicant \$5,632.00 through the confirmed plan for services and expenses from August 19, 2024, through November 12, 2024

10.  $\underline{24-13491}_{-B-13}$  IN RE: SALATIEL/MARIA RUIZ

OBJECTION TO CONFIRMATION OF PLAN BY TRUSTEE LILIAN G. TSANG  $1-6-2025 \quad [13]$ 

JOEL WINTER/ATTY. FOR DBT.

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

DISPOSITION: Continued to March 12, 2025, at 9:30 a.m.

ORDER: The court will issue an order.

Chapter 13 trustee Lilian G. Tsang ("Trustee") objects to confirmation of the *Chapter 13 Plan* filed by Salatiel and Maria Ruiz (collectively "Debtors") on November 27, 2024, on the following basis:

- 1. The plan provides for payments to creditors for longer than 5 years. The monthly payment must be increased to at least \$2,172.64 to complete payments within 5 years, but this is not feasible according to Debtors' Schedule J.
- 2. The plan provides for attorneys' fees in excess of the fixed compensation allowed under LBR 2016-1(c). While Debtors' attorney argues that the compensation is permissible because this is a business case, the Trustee notes that the business in question closed September 2023.

Doc. #27.

This objection will be CONTINUED to March 12, 2025, at 9:30 a.m. Unless this case is voluntarily converted to chapter 7, dismissed, or the objection to confirmation is withdrawn, the Debtors shall file and serve a written response to the Objection not later than 14 days

before the hearing. The response shall specifically address each issue raised in the objection to confirmation, state whether the issue is disputed or undisputed, and include admissible evidence to support the Debtors' position. Any reply shall be served no later than 7 days before the hearing.

If the Debtors elect to withdraw the plan and file a modified plan in lieu of filing a response, then a confirmable, modified plan shall be filed, served, and set for hearing not later than 7 days before the hearing. If the Debtors do not timely file a modified plan or a written response, this objection will be sustained on the grounds stated in the objection without further hearing.

#### 11:00 AM

### 1. $\frac{24-11702}{24-1026}$ -B-7 IN RE: AL HAYTHAM DOSOUQI

ORDER TO SHOW CAUSE WHY THIS ADVERSARY PROCEEDING SHOULD NOT BE DISMISSED FOR FAILURE TO OBTAIN SERVICE 12-17-2024 [11]

DOSOUQI V. MOHELA RESPONSIVE PLEADING

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

DISPOSITION: Order to show cause vacated. Case dismissed without

prejudice.

ORDER: The court will prepare the order.

On December 17, 2024, the court entered this *Order to Show Cause* why this adversary proceeding should not be dismissed for failure to obtain service by the plaintiff, Al Haytham Dosouqi ("Plaintiff"). Doc. #11. On January 10, 2025, Plaintiff filed a response expressing a desire to dismiss this action without prejudice. Doc. #13. The court deems Plaintiff's response to constitute a request to dismiss under Fed. R. Civ. Pro. 41(a)(1) which the court will GRANT.

Accordingly, the Order to Show Cause is VACATED, and this adversary is DISMISSED WITHOUT PREJUDICE. If Plaintiff refiles and wishes to obtain proper service, he must get someone else to effect service on his behalf and use the proper form as required by the Rules.

#### 2. $\frac{24-10003}{24-1004}$ -B-7 IN RE: MARIA LUNA MANZO

RESCHEDULED STATUS CONFERENCE RE: COMPLAINT STATUS CONFERENCE 3-29-2024 [1]

LABOR COMMISSIONER, STATE OF CALIFORNIA V. LUNA MANZO MATTHEW SIROLLY/ATTY. FOR PL.

NO RULING.

### 3. $\frac{23-12831}{24-1005}$ -B-7 IN RE: EMANUEL SILVA

RESCHEDULED STATUS CONFERENCE RE: COMPLAINT 4-8-2024 [1]

EDMONDS V. SILVA, JR. ET AL ANTHONY JOHNSTON/ATTY. FOR PL. DISMISSED 12/12/2024; CLOSED 01/07/2025

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

DISPOSITION: Concluded and dropped from calendar.

No order is required.

On December 20, 2024, the court approved a stipulation of dismissal entered in this adversary by the parties and dismissed this case. Doc. #41. Accordingly, this Status Conference is CONCLUDED and will be DROPPED FROM THE CALENDAR.

### 4. $\frac{24-12754}{24-1051}$ -B-7 IN RE: LYNETTE HERRERA

RESCHEDULED STATUS CONFERENCE RE: COMPLAINT 11-21-2024 [1]

EDMONDS V. WILLIAMS
GABRIEL WADDELL/ATTY. FOR PL.

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

DISPOSITION: Concluded and dropped from calendar.

No order is required.

On January 13, 2025, an entry of default and an order re: default judgment procedures were entered in this case. Doc. #14. Accordingly, this Status Conference is CONCLUDED and will be DROPPED FROM THE CALENDAR.

### 5. $\frac{23-12573}{24-1019}$ -B-7 IN RE: JULIE BLACK

RESCHEDULED STATUS CONFERENCE RE: COMPLAINT 7-11-2024 [1]

BLACK V. DEPARTMENT OF EDUCATION/AIDVANTAGE NEIL SCHWARTZ/ATTY. FOR PL. WITHDRAWN

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

DISPOSITION: Concluded and dropped from calendar.

ORDER: The court will prepare the order.

On January 24, 2025, Debtor filed a *Notice of Withdrawal* as to the Complaint in this adversary proceeding. Doc. #23. Accordingly, this Status Conference is CONCLUDED and will be DROPPED from the calendar.

#### 6. $\frac{23-11175}{23-1047}$ -B-7 IN RE: JASWINDER SINGH

CONTINUED STATUS CONFERENCE RE: AMENDED COMPLAINT 5-3-2024 [24]

VETTER V. SINGH ET AL D. GARDNER/ATTY. FOR PL.

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

DISPOSITION: Concluded and dropped from calendar.

ORDER: The court will prepare the order.

On DATE, the court approved a joint stipulation resolving this adversary proceeding. Under the terms of the settlement, the Defendants in the adversary proceedings shall have approximately seven months in which to complete payments to the estate, at the conclusion of which, the Trustee will dismiss this adversary proceeding. Accordingly, this Status Conference is hereby CONCLUDED and DROPPED from the calendar. During the period in which payments are to be made under the settlement, any party in interest may move to restore this matter to the calendar without fee on 14 days' notice to the other parties.

## 7. $\frac{23-11175}{DMG-1}$ -B-7 IN RE: JASWINDER SINGH

CONTINUED OBJECTION TO DEBTOR'S CLAIM OF EXEMPTIONS 9-5-2023 [38]

JEFFREY VETTER/MV
VINCENT GORSKI/ATTY. FOR DBT.
D. GARDNER/ATTY. FOR MV.
RESPONSIVE PLEADING

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

DISPOSITION: Concluded and dropped from calendar.

ORDER: The court will prepare the order.

On DATE, the court approved a joint stipulation resolving this adversary proceeding. Under the terms of the settlement, the Defendants in the adversary proceedings shall have approximately seven months in which to complete payments to the estate, at the conclusion of which, the Trustee will withdraw the Objection to Debtor's Claim of Exemptions. Accordingly, this matter is hereby CONCLUDED and DROPPED from the calendar. During the period in which payments are to be made under the settlement, any party in interest may move to restore this matter to the calendar without fee on 14 days' notice to the other parties.

### 8. $\frac{24-10003}{24-1004}$ -B-7 IN RE: MARIA LUNA MANZO

MOTION BY JUSTIN D. HARRIS TO WITHDRAW AS ATTORNEY 1-27-2025 [28]

LABOR COMMISSIONER, STATE OF CALIFORNIA V. LUNA MANZO OST 1/27/25

#### NO RULING.

Justin D. Harris ("Harris") of the Harris Law Firm ("the Firm") (collectively "Movant"), counsel of record for Maria Luna Manzo ("Manzo" or "Defendant"), moves for authorization to withdraw as counsel for Debtor pursuant to LBR 2017-1(e) and Rules 1.16(b)(4) and (5) of the California Rules of Professional Conduct. Doc. #12.

Written opposition was not required, and opposition may be presented at the hearing. In the absence of opposition at the hearing, this motion may be GRANTED provided that Movant has complied with the order shortening time ("OST"), which appears it has.

This motion was set for hearing on shortened notice with an OST under the procedure specified in Local Rule of Practice ("LBR") 9014-1(f)(3). Consequently, the creditors, the U.S. Trustee, and any other parties in interest were not required to file a written response or opposition to the motion. If any of these potential respondents appear at the hearing and offer opposition to the motion, the court will set a briefing schedule and a final hearing unless there is no need to develop the record further. If no opposition is offered at the hearing, the court will take up the merits of the motion. 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.

According to the moving papers, the Movant seeks to withdraw as counsel for Defendant because of "a fundamental breakdown in the attorney-client relationship such that it is unreasonably difficult for Plaintiffs Counsel [sic] to carry out the employment effectively." Doc. #28. The motion further avers that "Manzo breached an agreement with Plaintiff's Counsel [sic] as to attorney's fees and costs." Id. Movant is, in fact, counsel for the Defendant and correctly selfidentifies as such elsewhere in the motion and the accompanying Declaration. Docs. #28, #30. The nature of the "fundamental breakdown," however, is not described in the moving papers, and a copy of the agreement to represent which Manzo allegedly breached is not included as an exhibit, nor is there any evidence of the nature of Manzo's breach.

Permissive withdrawal as attorney of record is governed by Rule 3-700(C)(1)(d) of the Rules of Professional Conduct of the State Bar of California and Local Rule 182. An attorney who has appeared in court on behalf of a client may not withdraw leaving the client in propria persona without leave of court. L.R. 182(d). The attorney must provide an affidavit stating the current or last known address of the client and the efforts made to notify the client of the motion to withdraw. Id. Leave to withdraw may be granted subject to appropriate conditions. Id. In the Ninth Circuit, the California Rules of Professional Conduct are interpreted according to California state law. Image Technical Services, Inc. v. Eastman Kodak Co., 820 F. Supp. 1212, 1215 (N.D. Cal. 1993).

Requests for permissive withdrawal must be based on whether the client's conduct "renders it unreasonably difficult for the [attorney] to carry out the employment effectively[.]" Rule 3-700(C)(1)(d). The decision to grant or deny a motion to withdraw as counsel is committed to the sound discretion of the trial court. See LaGrand v. Stewart, 133 F.3d 1253, 1269 (9th Cir. 1998); Rus, Millband & Smith v. Conkle & Olesten, 113 Cal.App.4th at 673 (2003); Estate of Falco,

188 Cal.App.3d at 1014 (1987) ("[A] trial court should have broad discretion in allowing attorneys to withdraw").

Some courts have found that a client's inability to get along and cooperate with counsel may justify an attorney's withdrawal. See; U.A. Local 342 Joint Labor-Management Committee v. South City Refrigeration, Inc., 2010 U.S. Dist. LEXIS 42700, 2010 WL 1293522, \*3 (N.D. Cal. Mar. 31, 2010) (Failure to cooperate or communicate effectively); Lewis v. Nevada County, 2009 U.S. Dist. LEXIS 17422, 2009 WL 463510, \*1 (E.D. Cal. Feb. 23, 2009) (Failure to cooperate and heed counsel's advice). However, withdrawal is only proper if the client's interest will not be unduly prejudiced or delayed. Ramirez v. Sturdevant, 21 Cal.App.4th 904, 915-16, 26 Cal. Rptr. 2d 554 (1994)). In addition, courts may consider the following factors: (1) the reasons why the withdrawal is sought; (2) the prejudice withdrawal may cause to other litigants; (3) the harm withdrawal might cause to the administration of justice; and (4) the degree to which withdrawal will delay the resolution of the case. Leatt Corp. v. Innovative Safety Tech., LLC, 2010 U.S. Dist. LEXIS 8492, 2010 WL 444708, \*1 (S.D. Cal. Feb. 2, 2010); Beard v. Shuttermart of California, Inc., 2008 U.S. Dist. LEXIS 10575, 2008 WL 410694, \*2 (S.D. Cal. Feb. 13, 2008)). The Court has discretion to deny an attorney's motion to withdraw made on the eve of trial. Ramirez v. Sturdevant, 21 Cal.App.4th 904, 915, 26 Cal. Rptr. 2d 554 (1994) (It is unethical for an attorney to abandon a client at a "critical point" in the litigation which prejudices a client). See Caesars World, Inc. v. Milanian, 247 F. Supp. 2d 1171, 1189 (D. Nev. 2003); See also Vachula v. General Elec. Capital Corp., 199 F.R.D. 454, 458 (D. Conn. 2000) ("Where an attorney moves to withdraw on the eve of trial, courts generally deny such a motion").

Williams v. Troehler, No. 1:08cv01523 OWW GSA, 2010 U.S. Dist. LEXIS 69757, at  $^{\star}4-6$  (E.D. Cal. June 23, 2010).

Neither the motion nor Harris's Declaration address the standards which must be met before a motion to withdraw as counsel may be granted. Movant merely states that there is some unspecified "fundamental breakdown in the attorney-client relationship" and some unspecified breach of Manzo's obligation to pay attorney's fees and costs. Doc. #30. Harris does declare that he contacted Manzo through both email and an in-person meeting to advise her of his intent to withdraw, but he does not indicate that she consented. *Id.* The fact that he advised her to be present at the hearing on this matter suggests she has not so consented.

The docket reflects that a Scheduling Order was entered on June 27, 2024. Doc. #17. All deadlines from the Scheduling Order have run

except for the factual discovery cut-off, which is set for February 28, 2025. *Id.* Harris declares that he has participated in numerous depositions, responded to written discovery, and propounded written discovery for Defendant's benefit. Doc. #30.

Written opposition was not required and may be presented at the hearing. In the absence of any opposition and provided that Movant provides additional evidence outline the nature of the breakdown in his relationship with Defendant and the nature of her breach of the employment agreement, the court is inclined to GRANT this motion and permit Movant to withdraw from its representation of Manzo.