UNITED STATES BANKRUPTCY COURT

Eastern District of California

Honorable Robert S. Bardwil Bankruptcy Judge Sacramento, California

April 1, 2015 at 10:00 a.m.

INSTRUCTIONS FOR PRE-HEARING DISPOSITIONS

1. Matters resolved without oral argument:

Unless otherwise stated, the court will prepare a civil minute order on each matter listed. If the moving party wants a more specific order, it should submit a proposed amended order to the court. In the event a party wishes to submit such an Order it needs to be titled 'Amended Civil Minute Order.'

If the moving party has received a response or is aware of any reason, such as a settlement, that a response may not have been filed, the moving party must contact Nancy Williams, the Courtroom Deputy, at (916) 930-4580 at least one hour prior to the scheduled hearing.

- 2. The court will not continue any short cause evidentiary hearings scheduled below.
- 3. If a matter is denied or overruled without prejudice, the moving party may file a new motion or objection to claim with a new docket control number. The moving party may not simply re-notice the original motion.
- 4. If no disposition is set forth below, the matter will be heard as scheduled.

1.	14-29905-D-11	RAVINDER GILL	MOTION TO APPROVE STIPULATION
	PD-1		RE ADEQUATE PROTECTION PAYMENTS
			AND TREATMENT OF CLAIM UNDER
			DEBTOR'S PROPOSED CHAPTER 11
			PLAN OF REORGANIZATION
			2-26-15 [71]

Tentative ruling:

This is the motion of Wells Fargo Bank (the "Bank") for an order approving a stipulation with the debtor regarding adequate protection payments to the Bank and treatment of the Bank's claim under the debtor's proposed plan of reorganization. The motion will be denied because the moving party served only the debtor, the debtor's attorney, and the United States Trustee, and failed to serve the 20 largest creditors, as required by Fed. R. Bankr. P. 4001(d)(1)(C). In addition, there have been two requests for special notice filed in this case besides the Bank's; however, the Bank failed to serve either of the parties requesting special notice at its designated address.

For the parties' future reference, the court notes that paragraph 14 of the stipulation appears to run afoul of section A.6 of the court's Guidelines for Cash Collateral and Financing Stipulations regarding provisions that will not normally be approved (provisions relating to releases of liability). This is an issue the parties should address in any subsequent motion.

As a result of the above service defects, the motion will be denied by minute order. Alternatively, the court will continue the hearing to allow for the service defect to be corrected.

2. 13-35808-D-7 BERNARD WEISS PD-1

MOTION TO COMPEL ABANDONMENT 3-3-15 [34]

Final ruling:

The matter is resolved without oral argument. There is no timely opposition to the creditor, Wells Fargo Bank's, motion to compel the trustee to abandon property and the creditor has demonstrated the property to be abandoned is of inconsequential value to the estate. Accordingly, the motion will be granted and the property that is the subject of the motion will be deemed abandoned. Moving party is to submit an appropriate order. No appearance is necessary.

3. 14-25816-D-11 DEEPAL WANNAKUWATTE MOTION FOR RELIEF FROM DWE-1GREEN TREE SERVICING, LLC

AUTOMATIC STAY 3-3-15 [367]

Final ruling:

This matter is resolved without oral argument. This is Green Tree Servicing, LLC's motion for relief from automatic stay. The court records indicate that no timely opposition has been filed. The motion along with the supporting pleadings demonstrate that there is no equity in the subject property and the property is not necessary for an effective reorganization. Accordingly, the court finds there is cause for granting relief from stay. The court will grant relief from stay by minute order. There will be no further relief afforded. No appearance is necessary.

4. 15-21217-D-7 MINDY LAREZ

ORDER TO SHOW CAUSE - FAILURE TO PAY FEES 3-4-15 [11]

Final ruling:

The deficiency has been corrected. As a result the court will issue a minute order discharging the order to show cause and the case will remain open. No appearance is necessary.

5. 14-30531-D-7 MELISSA DUTERTE PPR-1 NATIONSTAR MORTGAGE, LLC VS.

MOTION FOR RELIEF FROM AUTOMATIC STAY AND/OR MOTION FOR ADEQUATE PROTECTION 2-19-15 [25]

Final ruling:

The matter is resolved without oral argument. The court's records indicate that no timely opposition has been filed and the relief requested in the motion is supported by the record. The debtor received her discharge on February 24, 2015 and, as a result, the stay is no longer in effect as to the debtor (see 11 U.S.C. § 362(c)(3)). Accordingly, the motion will be denied as to the debtor as moot. The court will grant relief from stay as to the trustee and the estate, and will waive FRBP 4001(a)(3). This relief will be granted by minute order. There will be no further relief afforded. No appearance is necessary.

6. THA-2

08-32236-D-7 HANNA/DENISE RAHAWI

MOTION TO EMPLOY AARON D. KAUFMANN AND/OR EVE H. CERVANTEZ AS SPECIAL COUNSEL 2-23-15 [43]

Final ruling:

The matter is resolved without oral argument. The court's records indicate that no timely opposition has been filed and the relief requested in the motion to employ Aaron D. Kaufmann and/or Eve H. Cervantez as special counsel is supported by the record. As such the court will grant the motion. Moving party is to submit an appropriate order. No appearance is necessary.

7. 15-20854-D-7 MICHAEL ALIZADEH JMO-1NATALIE DOLCE VS.

MOTION FOR RELIEF FROM AUTOMATIC STAY 2-26-15 [10]

Final ruling:

This matter is resolved without oral argument. This is Natalie Dolce's motion seeking relief from automatic stay to proceed in a State Court Family Law proceeding. The court's records indicate that no timely opposition has been filed. The motion along with the supporting pleadings demonstrate that there is cause for granting limited relief from stay to allow the moving party to proceed with the State Court litigation. Accordingly, the court will grant limited relief from stay to allow the moving party to proceed in a State Court Family Law proceeding. There will be no further relief afforded. Moving party is to submit an appropriate order. No appearance is necessary.

8. ICE-1

12-40761-D-7 MARIANNE MILLER

MOTION FOR COMPENSATION FOR IRMA EDMONDS, CHAPTER 7 TRUSTEE

2-27-15 [149]

Final ruling:

The matter is resolved without oral argument. The court's records indicate that no timely opposition has been filed. The record establishes, and the court finds, that the fees and costs requested are appropriate compensation pursuant to Bankruptcy Code § 326. As such, the court will grant the motion. Moving party is to submit an appropriate order. No appearance is necessary.

9. 09-29162-D-11 SK FOODS, L.P. SH-309

OMNIBUS OBJECTION TO CLAIMS 2-6-15 [5469]

Final ruling:

The matter is resolved without oral argument. The court's record indicates that no timely opposition/response to the objection has been filed and the Trustee's Thirteenth Omnibus Objection to Claims (Claims Held by Ally Financial That Are Satisfied, Released, or Duplicative) is supported by the record. Accordingly, the court will sustain the Trustee's objection to claim. Moving party is to submit an appropriate order. No appearance is necessary.

10. 09-29162-D-11 SK FOODS, L.P. OMNIBUS OBJECTION TO CLAIMS SH-310

2-9-15 [5473]

Final ruling:

The matter is resolved without oral argument. The court's record indicates that no timely opposition/response to the objection has been filed and the Trustee's Fourteenth Omnibus Objection to Claims (Late File Claims) is supported by the record. Accordingly, the court will sustain the Trustee's objection to claim. Moving party is to submit an appropriate order. No appearance is necessary.

11. 09-29162-D-11 SK FOODS, L.P. OBJECTION TO CLAIM OF ABLE SH-311

FREIGHT SERVICES, INC., CLAIM NUMBER 314 2-11-15 [5477]

Final ruling:

The matter is resolved without oral argument. The court's record indicates that no timely opposition/response to the objection has been filed and the Trustee's Objection to Claim No. 314 Filed by Able Freight Services, Inc. is supported by the record. Accordingly, the court will sustain the Trustee's objection to claim. Moving party is to submit an appropriate order. No appearance is necessary.

12. 09-29162-D-11 SK FOODS, L.P. SH-312

OBJECTION TO CLAIM OF KROLL ONTRACK, INC., CLAIM NUMBER 126 2-11-15 [5481]

Final ruling:

The matter is resolved without oral argument. The court's record indicates that no timely opposition/response to the objection has been filed and the Trustee's Objection to Claim No. 126 Filed by Kroll Ontrack, Inc. is supported by the record. Accordingly, the court will sustain the Trustee's objection to claim. Moving party is to submit an appropriate order. No appearance is necessary.

Tentative ruling:

This is the trustee's objection to the claim of William A. Cohan, P.C. (the "Claimant"). The Claimant has filed opposition, and the trustee has filed a reply. For the following reasons, the objection will be sustained.

The trustee objects to the claim on the ground that the invoices attached to the claim indicate the claim is for services rendered to Scott Salyer, not SK Foods or another debtor of the consolidated estate. The Claimant contends this is a conclusion not supported by evidence sufficient to overcome the prima facie validity of the claim. The court finds that the proof of claim does not meet the requirements for according it prima facie validity under Fed. R. Bankr. P. 3001(f). The invoices indicate the Claimant is a law firm; the basis of the claim is fees for legal services. The invoices are addressed to "Scott Salyer, c/o SK Foods" at an address in Monterey, California. The Claimant concludes from this that "the invoices were addressed to Mr. Salyer as an agent of SK Foods in his corporate capacity at the corporate offices of the debtor SK Foods." Claimant's Opposition, filed March 18, 2015, at 2:11-12. The court finds to the contrary - that if the Claimant meant to designate SK Foods as the actual addressee of the invoices, he would have used "SK Foods, c/o Scott Salyer" or "SK Foods, attn: Scott Salyer."1 Thus, the invoices are facially insufficient to demonstrate that the services were provided to SK Foods, not Scott Salyer, and the proof of claim is facially deficient.

The prima facie validity of a proof of claim has been described as follows. "In short, the allegations of the proof of claim are taken as true. If those allegations set forth all the necessary facts to establish a claim and are not self-contradictory, they prima facie establish the claim." In re Holm, 931 F.2d 620, 623 (9th Cir. 1991). In this case, because of the manner in which the invoices are addressed, it appears, at least facially, that the Claimant's client was Scott Salyer, not SK Foods. Thus, the claim is not entitled to a presumption of validity.

The Claimant has submitted the declaration of its representative, William A. Cohan, who testifies that "[t]he services rendered for Mr. Salyer, as an agent of SK Foods, and SK Foods related to a federal investigation of possible anti-trust, bribery and mislabeling violations concerning SK Foods." W. Cohan Declaration, filed March 18, 2015, at 2:4-6. He adds that "[w] hen William A. Cohan, P.C. entered into the fee agreement with Mr. Salyer and SK Foods it was understood that both Mr. Salyer and SK Foods would be liable to pay fees for all services performed." Id. at 2:7-9. Of significant and tellingly, Mr. Cohan did not file a copy of the fee agreement. He did file a copy of SK Foods' check to the Claimant dated December 8, 2008 as evidence that SK Foods paid "the initial payment from Mr. Salyer and SK Foods." Id. at 2:17. Finally, he cites the facts of Scott Salyer's guilty plea, sentencing, and present incarceration.

The court is not persuaded that all the services were provided for either SK Foods or Scott Salyer as an agent of SK Foods. Instead, it is clear that at least some of the services were provided for Scott Salyer personally; in fact, the invoices suggest services were provided to both SK Foods and Scott Salyer personally. For example, there are charges for reading "Cyndi's email re character

evid - charity, etc." and for a conference with "client Scott - begin life story and late breaking news - RR plea, etc." that clearly concern Scott Salyer, not SK Foods. The Claimant also did legal research concerning cases in which the issues were (1) the liability of a corporation and its CEO for federal securities law violations and (2) an individual's attempt to withdraw a plea of guilty to various RICO charges. There were services performed in connection with a case involving Morning Star Packing Company, which as the court recalls involved SK Foods, and also in connection with the quilty pleas of various individuals involved with SK Foods, with wiretap and search warrant applications, with antitrust issues, and with something described as an expert trade cert review for CA tomato export group. Many if not most of the charges are for telephone conferences with a wide variety of unidentified individuals; some are for communications with Malcolm Segal, who is described in the invoices as "legal counsel for SK Foods and Scott personally." In fact, Mr. Cohan billed for an e-mail to Mr. Segal "re 'conflict' between Scott and SK and my offer to assist," and regarding "separate SK and Scott" and "no separate corp plea." In short, it is clear at least some, if not most, of the services were performed for Scott Salyer personally, not for SK Foods, and it is impossible for the court to determine which were which. It is also clear Mr. Cohan was aware of the distinction between Scott Salyer and SK Foods and of a possible conflict between them. The court notes that a copy of the attorney-client fee agreement would have added significant clarity to this situation which the Claimant has failed to provide. As the claimant, Mr. Cohan has the burden of proving the validity of his claim by a preponderance of the evidence. Lundell v. Anchor Constr. Specialists, Inc., 223 F.3d 1035, 1039 (9th Cir. 2000). He has not met that burden.

Insofar as liability for services performed for Scott Salyer personally is concerned, the trustee cites statutory authority for the proposition that a corporation must indemnify an employee for costs incurred as a result of the discharge of his duties or obedience to his employer where at the time of his conduct, the employee believed it to be lawful. In light of Scott Salyer's guilty plea, the court would be unable to find he believed his conduct to be lawful, and thus, unable to conclude the debtor's estate should indemnify him for fees for services performed for Salyer.

Finally, the Claimant requests that if he has not sufficiently overcome the objection, an evidentiary hearing be held; he states he would solicit testimony from Scott Salyer that the services were performed for the debtor's benefit and the debt should be paid by the trustee. The motion was brought pursuant to LBR 9014-1(f)(1). The Claimant did not file a separate statement of disputed material factual issues, as required by LBR 9014-1(f)(1)(B), and the evidentiary record has closed. Id. at subd. (f)(1)(C). Thus, the request will be denied.

The court will hear the matter.

http://www.businessdictionary.com/definition/c-o.html (last visited March 26, 2015).

¹ It is commonly understood that "c/o" means "in care of," such that the actual addressee is the individual whose name appears on the first line (in this case, Scott Salyer) and the "c/o" plus the following name and address are used simply to direct correspondence to a particular place. "It is typically used for an addressee who is not at the usual place where he or she would receive correspondence." BusinessDictionary.com, definition of "c/o",

14. 14-32278-D-7 DAVETTE ISOM APN-1SANTANDER CONSUMER USA, INC. VS.

MOTION FOR RELIEF FROM AUTOMATIC STAY 2-23-15 [24]

Final ruling:

This matter is resolved without oral argument. This is Santander Consumer USA, Inc.'s motion for relief from automatic stay. The court's records indicate that no timely opposition has been filed. The motion along with the supporting pleadings demonstrate that there is no equity in the subject property and debtor is not making post petition payments. The court finds there is cause for relief from stay, including lack of adequate protection of the moving party's interest. Accordingly, the court will grant relief from stay by minute order. As the debtor is not making post-petition payments and the creditor's collateral is a depreciating asset, the court will also waive FRBP 4001(a)(3). There will be no further relief afforded. No appearance is necessary.

15. 14-28581-D-7 ROBERT/MARGARET WEBER MOTION FOR RELIEF FROM PD-1WELLS FARGO BANK, N.A. VS.

AUTOMATIC STAY 2-26-15 [75]

Final ruling:

The matter is resolved without oral argument. The court's records indicate that no timely opposition has been filed and the relief requested in the motion is supported by the record. The debtors received their discharge on December 8, 2014 and, as a result, the stay is no longer in effect as to the debtors (see 11 U.S.C. § 362(c)(3)). Accordingly, the motion will be denied as to the debtors as moot. The court will grant relief from stay as to the trustee and the estate, and will waive FRBP 4001(a)(3). This relief will be granted by minute order. There will be no further relief afforded. No appearance is necessary.

16. 15-21185-D-7 SONNY TANNER

ORDER TO SHOW CAUSE - FAILURE TO PAY FEES 3-3-15 [14]

Final ruling:

This case was dismissed on March 9, 2015. As a result the order to show cause will be removed from calendar as moot. No appearance is necessary.

17. 13-28288-D-7 MICHAEL MATRACIA NLG-1 SETERUS, INC. VS.

MOTION FOR RELIEF FROM AUTOMATIC STAY 2-23-15 [132]

Final ruling:

The matter is resolved without oral argument. The court's records indicate that no timely opposition has been filed and the relief requested in the motion is supported by the record. The debtor received his discharge on March 26, 2015 and, as a result, the stay is no longer in effect as to the debtor (see 11 U.S.C. § 362(c)(3)). Accordingly, the motion will be denied as to the debtor as moot. The court will grant relief from stay as to the trustee and the estate, and will waive FRBP 4001(a)(3). This relief will be granted by minute order. There will be no further relief afforded. No appearance is necessary.

EAT-1

18. 13-32489-D-7 DENNIS GALLAGHER AND JANE MOTION FOR RELIEF FROM DUTRA GALLAGHER

AUTOMATIC STAY 2-19-15 [69]

NATIONSTAR MORTGAGE, LLC VS.

Final ruling:

The matter is resolved without oral argument. The court's records indicate that no timely opposition has been filed and the relief requested in the motion is supported by the record. The debtors received their discharge on March 26, 2015 and, as a result, the stay is no longer in effect as to the debtors (see 11 U.S.C. § 362(c)(3)). Accordingly, the motion will be denied as to the debtors as moot. The court will grant relief from stay as to the trustee and the estate, and will waive FRBP 4001(a)(3). This relief will be granted by minute order. There will be no further relief afforded. No appearance is necessary.

19. 15-20790-D-7 PABLO ALCAZAR

MOTION FOR WAIVER OF THE CHAPTER 7 FILING FEE OR OTHER FEE 2-2-15 [5]

SLC-1

20. 12-32294-D-7 JOWARA/YOLANDA MORGANDE

OBJECTION TO DEBTORS' CLAIM OF EXEMPTIONS 2-25-15 [40]

Tentative ruling:

This is the trustee's objection to the debtors' claim of exemption of \$120,000 in value in a personal injury claim that is the subject of an arbitration proceeding entitled Yolanda Knope v. Cache Creek Casino Resort, JAMS Arbitration No. 1130005171. The debtors have filed opposition. For the following reasons, the court intends to continue the hearing to permit the trustee to address the amended schedules the debtors have recently filed.

The trustee objects to the claim of exemption on two grounds. First, she contends the debtors in bad faith failed to disclose the personal injury claim on their schedules filed at the outset of this case or at any time before the case was closed. The court finds this issue to be foreclosed by Law v. Siegel, 134 S. Ct. 1188 (2014), as subsequently applied by the Ninth Circuit Bankruptcy Appellate Panel in Elliott v. Weil (In re Elliott), 523 B.R. 188 (9th Cir. BAP 2014), and Gray v. Warfield (In re Gray), 523 B.R. 170 (9th Cir. BAP 2014). As the Elliott panel phrased it, Law v. Siegel "abrogated our authority to deny exemptions or amendments to exemptions based on a debtor's bad faith." 523 B.R. at 193.

The trustee seeks to distinguish Law v. Siegel on that basis that she is not seeking to surcharge an exemption of an asset of which the debtor merely misrepresented the value, like the debtor in Law v. Siegel, but instead to disallow an exemption of an asset the debtors failed to disclose. She argues further that the present case was closed and had to be reopened for the debtors to disclose the personal injury claim and claim it as exempt. However, both of those factors were in play in Elliott - the debtor failed to disclose any interest in the property until after he had received a discharge and the case had been closed, and the question was not whether to allow the trustee to surcharge the exemption but whether to allow the exemption. Neither factor dissuaded the panel from holding that Law v. Siegel applied. See 523 B.R. at 194. "Although the bankruptcy court's denial of Elliott's claimed homestead exemption did not involve precisely the same context of surcharging an exemption to pay administrative expenses as in Law v. Siegel, the same rationale that prohibited the equitable surcharge of exemptions in that case must also apply to the denial of amended exemptions based on Elliott's misconduct here." Id. Similarly, in Gray, the panel held that, although dicta as applied to amended claims of exemption, the rationale of Law v. Siegel governs an amended claim. "The Supreme Court's definitive position that the Bankruptcy Code does not grant bankruptcy courts 'a general, equitable power . . . to deny exemptions based on a debtor's bad-faith conduct' is clearly irreconcilable with the use of judicially created remedies either to bar amendments or to disallow amended exemptions.'" Gray, 523 B.R. at 174, citing Law v. Siegel, 134 S. Ct. at 1196.

This leaves the trustee's second argument - that the debtors have failed to demonstrate the proceeds of the claim will be necessary for their support and that of their dependents, as required by Cal. Code Civ. Proc. § 704.140(b).1 In response, the debtors filed amended Schedules I and J; however, they have filed no declaration addressing the issue and have not addressed the state of their assets and liabilities at this time, over three and one-half years after their case was filed. If the trustee wishes to investigate those issues, the court will allow her additional time.

The court will hear the matter.

As noted in <u>Elliott</u>, "[a]lthough Law v. Siegel no longer allows the bankruptcy court to deny a debtor's claimed exemption based on bad faith conduct or prejudice to creditors, the Supreme Court has affirmed the principle that a 'valid statutory basis' is sufficient grounds to deny a debtor's homestead exemption." <u>Elliott</u>, 523 B.R. at 194, citing Law v. Siegel, 134 S.Ct. at 1196.

^{21. 12-32294-}D-7 JOWARA/YOLANDA MORGANDE CONTINUED MOTION TO COMPEL ABANDONMENT 1-28-15 [22]

22. 13-21595-D-7 PATRICIA CUNNINGHAM JB-1

MOTION FOR COMPENSATION FOR JOHN BELL, CHAPTER 7 TRUSTEE 3-4-15 [205]

Final ruling:

The matter is resolved without oral argument. The court's records indicate that no timely opposition has been filed. The record establishes, and the court finds, that the fees and costs requested are appropriate compensation pursuant to Bankruptcy Code § 326. As such, the court will grant the motion for compensation of John Bell, Chapter 7 Trustee. Moving party is to submit an appropriate order. No appearance is necessary.

23. 15-21296-D-11 M.K. AUTO, INC.

ORDER TO SHOW CAUSE - FAILURE TO PAY FEES 3-6-15 [31]

Final ruling:

This case was dismissed on March 10, 2015. As a result the order to show cause will be removed from calendar as moot. No appearance is necessary.

24. 14-25820-D-11 INTERNATIONAL FWP-22

MOTION TO REAFFIRM EMPLOYMENT MANUFACTURING GROUP, INC. OF THOMAS A. WILLOUGHBY AS ATTORNEY 3-18-15 [566]

25. 12-27753-D-7 TAMARON FALLS DSS-1

MOTION TO AVOID LIEN OF CAPITAL ONE BANK (USA), N.A. 3-18-15 [43]

26. 14-24578-D-7 VICTOR CAMACHO PA-5

MOTION TO COMPROMISE
CONTROVERSY/APPROVE SETTLEMENT
AGREEMENT WITH VICTOR MANUEL
CAMACHO AND/OR MOTION TO
DISMISS ADVERSARY PROCEEDING
3-11-15 [64]

Tentative ruling:

This is the trustee's motion for approval of a compromise with the debtor and for authority to dismiss with prejudice his pending action to bar the debtor's discharge. The motion was brought pursuant to LBR 9014-1(f)(2); thus, ordinarily, the court would entertain opposition, if any, at the hearing. However, the court is concerned that the notice of hearing, although the caption correctly states the department and courtroom where the hearing is to take place, gives incorrect information in the text (Department B, Courtroom 32, the Honorable Christopher D. Jaime). As this is an "(f)(2) motion," it is particularly important that potential respondents be able accurately to determine where to appear. The court intends to continue the hearing to permit the moving party to correct this notice issue.

The court will hear the matter.

27. 14-21786-D-7 CARENDA MARTIN CWS-2

MOTION TO COMPROMISE
CONTROVERSY/APPROVE SETTLEMENT
AGREEMENT WITH THE ESTATE AND
CARENDA LORENE MARTIN
3-11-15 [37]

28. 14-25820-D-11 INTERNATIONAL MOTION TO STAY O.S.T.
15-2048 MANUFACTURING GROUP, INC. HNC-2 3-23-15 [19]
MCFARLAND V. BRIDGE BANK, N.A.

29. 14-31725-D-11 TAHOE STATION, INC. MOTION REQUIRING DEBTOR TO SURRENDER PROPERTY OF THE

MOTION REQUIRING DEBTOR TO SURRENDER PROPERTY OF THE ESTATE AND ANY RECORDED INFORMATION AND/OR MOTION REQUIRING STARS MANAGEMENT CO. TO TURN OVER DEBTOR'S BOOKS AND RECORDS, MOTION DIRECTING EXAMINATION OF DEBTOR O.S.T. 3-26-15 [101]

This matter will not be called before 10:30 a.m.