UNITED STATES BANKRUPTCY COURT Eastern District of California Honorable René Lastreto II Hearing Date: Thursday, May 17, 2018

Place: Department B - Courtroom #13
Fresno, 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. 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 no hearing on these matters. 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. If the parties stipulate to continue the hearing on the matter or agree to resolve the matter in a way inconsistent with the final ruling, then the court will consider vacating the final ruling only if the moving party notifies chambers before 4:00 p.m. (Pacific time) at least one business day before the hearing date: Department A-Kathy Torres (559)499-5860; Department B-Jennifer Dauer (559)499-5870. If a party has grounds to contest a final ruling under FRCP 60(a)(FRBP 9024) because of the court's error ["a clerical mistake (by the court) or a mistake arising from (the court's) oversight or omission"] the party shall notify chambers (contact information above) and any other party affected by the final ruling by 4:00 p.m. (Pacific time) one business day before the hearing.

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.

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 POSSIBLE UPDATES.

9:30 AM

1. 18-10390-B-11 IN RE: HELP KIDS, INC.

CONTINUED STATUS CONFERENCE RE: CHAPTER 11 VOLUNTARY PETITION 2-6-2018 [1]

LEONARD WELSH

NO RULING.

2. $\frac{17-11591}{LKW-14}$ -B-11 IN RE: 5 C HOLDINGS, INC.

MOTION FOR COMPENSATION FOR LEONARD K. WELSH, DEBTORS ATTORNEY(S) 4-13-2018 [329]

LEONARD WELSH

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

DISPOSITION: Granted.

ORDER: The Moving Party shall submit a proposed order in

conformance with the ruling below.

This objection was set for hearing on 28 days' notice as required by Local Rule of Practice ("LBR") 9014-1(f)(1). The failure of the creditors, the debtor, 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 abovementioned 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 amount of damages). Televideo Systems, 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.

The motion will be GRANTED. Debtor's counsel, The Law offices of Leonard Welsh request fees of \$12,057.50 and costs of \$57.46 for a total of \$12,114.96 for services rendered as debtor's counsel from February 1, 2018 through March 31, 2018.

11 U.S.C. § 330(a)(1)(A) & (B) permit approval of "reasonable compensation for actual necessary services rendered by . . .[a] professional person" and "reimbursement for actual, necessary expenses." Movant's services included, without limitation: (1) assisting debtor and its accountant in preparing and filing monthly operating reports and other legal memoranda, (2) responding to two motions for relief from the automatic stay, (3) Negotiating a Plan of Reorganization, (4) Preparation of a Disclosure Statement, (5) administrating claims filed by creditors, and (6) Continuing to negotiate regarding ongoing litigation issues involving the debtor. The court finds the services reasonable and necessary and the expenses requested actual and necessary.

Movant shall be awarded \$12,114.96 in fees and \$57.46 in costs.

3. $\frac{17-11591}{WW-6}$ -B-11 IN RE: 5 C HOLDINGS, INC.

LEONARD WELSH

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Granted.

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

findings and conclusions. The Moving Party will submit a proposed order after hearing.

This motion was filed and served pursuant to Local Rule of Practice ("LBR") 9014-1(f)(2) and will proceed as scheduled. Unless opposition is presented at the hearing, the court intends to enter the respondents' defaults and grant the motion. If opposition is presented at the hearing, the court will consider the opposition and whether further hearing is proper pursuant to LBR 9014-1(f)(2). The court will issue an order if a further hearing is necessary.

The Law Office of Walter Wilhelm Law Group for Riley C. Walter, attorney for the creditor's committee shall be awarded \$3,269.00 in fees and \$294.46 in costs.

4. $\frac{17-13797}{MRH-1}$ -B-9 IN RE: TULARE LOCAL HEALTHCARE DISTRICT

MOTION FOR ADMINISTRATIVE EXPENSES 4-10-2018 [475]

MEDLINE INDUSTRIES, INC./MV RILEY WALTER MICHAEL HOGUE/ATTY. FOR MV. RESPONSIVE PLEADING

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

DISPOSITION: Continued to July 19, 2018 at 1:30 p.m.

ORDER: The court will issue an order.

Pursuant to the stipulation filed on May 15, 2018 (doc. #519), this matter is continued to July 19, 2018 at 1:30 p.m. Movant may file and serve a reply to debtor's response on or before July 12, 2018. No appearance is necessary.

5. $\frac{17-13797}{WW-35}$ -B-9 IN RE: TULARE LOCAL HEALTHCARE DISTRICT

MOTION TO APPROVE STIPULATION FOR RELIEF FROM THE AUTOMATIC STAY

5-3-2018 [511]

TULARE LOCAL HEALTHCARE DISTRICT/MV RILEY WALTER

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Granted.

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

findings and conclusions. The Moving Party will submit a proposed order after hearing.

This motion was filed and served pursuant to Local Rule of Practice ("LBR") 9014-1(f)(2) and will proceed as scheduled. Unless opposition is presented at the hearing, the court intends to enter the respondents' defaults and grant the motion. If opposition is presented at the hearing, the court will consider the opposition and whether further hearing is proper pursuant to LBR 9014-1(f)(2). The court will issue an order if a further hearing is necessary.

This motion is GRANTED. This court approves the stipulation between the parties.

6. $\frac{17-13797}{WW-37}$ -B-9 IN RE: TULARE LOCAL HEALTHCARE DISTRICT

MOTION TO EXTEND TIME 5-1-2018 [505]

TULARE LOCAL HEALTHCARE DISTRICT/MV RILEY WALTER

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Granted.

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

findings and conclusions. The Moving Party will submit a proposed order in conformance

with the ruling below after hearing.

This motion was filed and served pursuant to Local Rule of Practice ("LBR") 9014-1(f)(2) and will proceed as scheduled. Unless opposition is presented at the hearing, the court intends to enter the respondents' defaults and grant the motion. If opposition is presented at the hearing, the court will consider the opposition and whether further hearing is proper pursuant to LBR 9014-1(f)(2). The court will issue an order if a further hearing is necessary.

Under 11 U.S.C. § 365(d)(4)(A), an unexpired lease of nonresidential real property where the debtor is the lessee shall be deemed rejected if the trustee does not assume or reject the unexpired lease by the earlier of the date that is 120 days after the date of the order for relief or the date of the entry of an order confirming a plan. 11 U.S.C. § 365(d)(4)(B)(i) allows the court, for cause, to extend the period for 90 days.

Debtor has three unexpired leases for nonresidential real property; two between Heiskell Ranches, LP and one with the City of Tulare. Doc. #505. The Heiskell leases expire in 2019 and debtor is currently in discussions with Heiskell regarding payment of postpetition amounts. *Id*. The lease with the City of Tulare expires in 2036 and has been paid in full. *Id*. Debtor is working through feasibility issues relating to the operation of the clinic that occupies the property with the City of Tulare. *Id*.

The court finds that cause exists to extend the stay. Debtor has not yet determined the exact course this bankruptcy case will take, has prepaid one lease that will not expire for another 18 years, and has two other leases that expire in 2019. The deadline to assume or reject the aforementioned leases will be extended to August 27, 2018.

1:30 PM

1. $\underline{18-11505}$ -B-13 IN RE: MIGUEL GONZALEZ AND ADRIANA MELENDREZ-GONZALEZ PK-1

MOTION TO EXTEND AUTOMATIC STAY 4-25-2018 [11]

MIGUEL GONZALEZ/MV PATRICK KAVANAGH

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Granted.

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

findings and conclusions. The court will issue

the order.

This Motion to Extend the Automatic Stay was properly set for hearing on the notice required by LBR 9014-1(f)(2). Consequently, the creditors, the trustee, 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.

Under 11 U.S.C. § 362(c)(3)(A), the automatic stay under subsection (a) of this section with respect to any action taken with respect to a debt or property securing such debt or with respect to any lease shall terminate with respect to the debtor on the 30th day after the filing of the later case.

This case was filed on April 17, 2018 and the automatic stay will expire on May 17, 2018, the day of this hearing. The hearing must be completed on May 17, 2018. 11 U.S.C. § 362(c)(3)(B). 11 U.S.C. § 362(c)(3)(B) allows the court to extend the stay to any or all creditors, subject to any limitations the court may impose, after a notice and hearing where the debtor or a party in interest demonstrates that the filing of the later case is in good faith as to the creditors to be stayed.

Cases are presumptively filed in bad faith if any of the conditions contained in 11 U.S.C. \S 362(c)(3)(C) exist. The presumption of bad faith may be rebutted by clear and convincing evidence. *Id*. This evidence standard has been defined, in Singh v. Holder, 649 F.3d

1161, 1165, n. 7 (9th Cir. 2011), as "between a preponderance of the evidence and proof beyond a reasonable doubt." It may further be defined as a level of proof that will produce in the mind of the fact finder a firm belief or conviction that the allegations sought to be established are true; it is "evidence so clear, direct and weighty and convincing as to enable the fact finder to come to a clear conviction, without hesitancy, of the truth of the precise facts of the case." In re Castaneda, 342 B.R. 90 (Bankr. S.D. Cal. 2006), citations omitted.

In this case the presumption of bad faith arises. The subsequently filed case is presumed to be filed in bad faith because the prior case was dismissed on the grounds that the debtor failed to perform the terms of a plan confirmed by the court. 11 U.S.C. § 362(c)(3)(C)(i)(II)(cc).

However, based on the moving papers and the record, and in the absence of opposition, the court is persuaded that the presumption has been rebutted, the debtors' petition was filed in good faith, and it intends to grant the motion to extend the automatic stay as to all creditors.

Debtor filed a previous case on July 20, 2016, which was dismissed on February 16, 2018 for failure to make plan payments. Doc. #13. Debtor's wife had changed jobs, debtor's father required surgery in Mexico which debtor paid for, and debtor's vehicle required repairs. Id. Since then, debtor's wife's employment has stabilized, and in the prior case the debtors only had one payment that was made one day late. Id.

The motion will be granted and the automatic stay extended for all purposes as to all parties who received notice, unless terminated by further order of this court. If opposition is presented at the hearing, the court will consider the opposition and whether further hearing is proper pursuant to LBR 9014-1(f)(2). The court will issue an order.

2. $\frac{16-10016}{HA-2}$ -B-13 IN RE: KEVIN DAVEY

MOTION FOR RELIEF FROM AUTOMATIC STAY 5-3-2018 [38]

DEUTSCHE BANK NATIONAL TRUST COMPANY/MV FRANCISCO ALDANA ROBERT NORMAN/ATTY. FOR MV. DISMISSED

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Granted.

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

findings and conclusions. The Moving Party will submit a proposed order after hearing.

This motion was filed and served pursuant to Local Rule of Practice ("LBR") 9014-1(f)(2) and will proceed as scheduled. Unless opposition is presented at the hearing, the court intends to enter the respondents' defaults and grant the motion. If opposition is presented at the hearing, the court will consider the opposition and whether further hearing is proper pursuant to LBR 9014-1(f)(2). The court will issue an order if a further hearing is necessary.

This motion was filed as part of the settlement of an adversary proceeding between the debtor and creditor (16-ap-01074). This is debtor's third bankruptcy, filed on the day of and approximately one hour before movant's trustee sale of real property. Doc. #42. The previous two bankruptcies filed by debtor or his wife were also filed the day prior to a trustee's sale of the same real property. *Id*.

This motion is GRANTED.

The Ninth Circuit Court of Appeals has warned that retroactive relief should only be "applied in extreme circumstances." In re Aheong, 276 B.R. 233, 250 (B.A.P. 9th Cir. 2002) (citations omitted). In <u>In re Fjeldste</u>d, 293 B.R. 12, 24-25 (B.A.P. 9th Cir. 2003), the court outlined factors for a court to consider when deciding a motion to annul the automatic stay: the number of bankruptcy filings by the debtor; whether, in a repeat filing case, the circumstances indicate an intent to delay and hinder creditors; the extent of any prejudice, including to a bona fide purchaser; the debtor's overall good faith; the debtor's compliance with the Code; the relative ease of restoring the parties to the status quo ante; how quickly the creditor moved for annulment; and how quickly the debtor moved to set aside the sale; whether creditors proceeded to take steps in continued violation of the stay, or whether they moved expeditiously to gain relief; whether annulment of the stay will cause irreparable injury to the debtor; and whether stay relief will promote judicial economy or other efficiencies. One factor alone may be dispositive. Id. at 25.

The court finds that the Fjeldsted factors weigh in favor of the creditor. This is the third bankruptcy case and in every single case, there was a clear intent to delay and hinder creditors. Doc. #40. There would be prejudice to a bona fide purchaser because the creditor actually sold the property to Dhintech, LLC. Doc. #38. As shown by the intent and delay to hinder creditors with skeleton filings, the debtor has not filed in good faith. Doc. #40. It would not be easy to restore the parties to the status quo ante because creditor has already sold the property to a third party. Id. Yet that party is before the court as a defendant in the adversary proceeding. This factor is neutral. The creditors did not take further steps to violate the stay, annulment will not cause irreparable injury to the debtor, and stay relief will promote judicial economy because it is required as part of settlement in the related adversary proceeding. Also, the debtor has consented to this relief. Doc. #42.

Therefore, the court finds that "cause" exists to retroactively annul the automatic stay under 11 U.S.C. § 362(d)(1). This motion is GRANTED.

3. $\frac{18-10522}{TOG-2}$ -B-13 IN RE: LUIS BRAVO

MOTION TO CONFIRM PLAN 4-4-2018 [24]

LUIS BRAVO/MV THOMAS GILLIS RESPONSIVE PLEADING

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

DISPOSITION: Continued to May 31, 2018 at 1:30 p.m.

ORDER: No appearance is necessary. The court will issue the

order.

The trustee has not yet concluded the meeting of creditors and by prior order of the court, the trustee has another 7 days after completion of the creditors' meeting to file his objection to the plan. At the continued hearing, if the § 341 meeting has concluded the court will call the matter and may set an evidentiary hearing or schedule further proceedings, if any are necessary.

4. $\frac{18-10325}{MHM-2}$ -B-13 IN RE: MA RAMOS

MOTION TO DISMISS CASE 3-28-2018 [22]

MICHAEL MEYER/MV THOMAS GILLIS

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

DISPOSITION: Dropped from calendar.

NO ORDER REQUIRED: Movant withdrew the motion.

5. $\frac{14-14129}{\text{FJG}-4}$ -B-13 IN RE: FLORENSIO/GENEVIEVE ESPINOSA

MOTION TO VALUE COLLATERAL OF BANK OF AMERICA, N.A. $4-3-2018 \quad [60]$

FLORENSIO ESPINOSA/MV F. GIST

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

DISPOSITION: Denied without prejudice.

ORDER: The court will issue an order.

This motion is DENIED WITHOUT PREJUDICE for failure to comply with the Local Rules of Practice ("LBR").

The notice did not contain the language required under LBR 9014-1(d)(3)(B)(iii). LBR 9014-1(d)(3)(B), which is about noticing requirements, requires movants to notify respondents that they can determine whether the matter has been resolved without oral argument or if the court has issued a tentative ruling by checking the Court's website at www.caeb.uscourts.gov after 4:00 p.m. the day before the hearing.

6. $\frac{13-10830}{\text{HDN}-8}$ -B-13 IN RE: ANTONIO/BLANCA HOLGUIN

OBJECTION TO CLAIM OF INTERNAL REVENUE SERVICE, CLAIM NUMBER 15

3-28-2018 [179]

ANTONIO HOLGUIN/MV HENRY NUNEZ

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

DISPOSITION: Dropped from calendar.

NO ORDER REQUIRED: Movant withdrew the objection.

7. <u>18-10631</u>-B-13 **IN RE: MATILDE MACIEL**

MHM-2

MOTION TO DISMISS CASE 4-18-2018 [16]

MICHAEL MEYER/MV THOMAS GILLIS RESPONSIVE PLEADING

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Unless the trustee's motion is withdrawn at

the hearing the court intends to grant the motion to dismiss on the grounds stated in the

motion.

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

findings and conclusions. The court will issue

an order.

The chapter 13 trustee's motion to dismiss was fully noticed in compliance with the Local Rules of Practice. The debtor filed a timely response and indicated that all required documentation has been provided to the trustee. The debtor's response is not supported by evidence and no reason was given for failing to comply with the trustee's request. The court notes that an Amended Statement of Financial Affairs was filed on 4/27/18. If the trustee's motion is not withdrawn at the hearing, the court intends to grant the motion and dismiss the case on the grounds stated in the motion.

8. $\frac{17-14648}{\text{MHM}-4}$ -B-13 IN RE: FLIMON/LOURDES RAMIREZ

MOTION TO DISMISS CASE 4-19-2018 [58]

MICHAEL MEYER/MV ERIC ESCAMILLA

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

DISPOSITION: Dropped from calendar.

NO ORDER REQUIRED: Movant withdrew the motion.

9. $\frac{17-14856}{\text{SL}-2}$ -B-13 IN RE: BRIAN/KARI COLEMAN

CONTINUED MOTION TO CONFIRM PLAN 2-21-2018 [28]

BRIAN COLEMAN/MV SCOTT LYONS

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Granted.

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

findings and conclusions. The court will issue

the order.

This motion was continued to allow debtors to respond to creditor's objection. Debtors filed a timely objection (doc. #54) with evidence to show that they are able to pay the increased plan payment of \$1,212.41 per month in order to pay the arrearages owed to creditor.

This matter will be called to allow the creditor and trustee to object to debtors' response. If no objections are made, the increased plan payment shall be added to the order confirming plan and this motion shall be GRANTED.

10. 17-14680-B-13 IN RE: NELDA MCNEALY

NOTICE OF DEFAULT AND MOTION TO DISMISS CASE FOR FAILURE TO MAKE PLAN PAYMENTS $4-4-2018 \ [33]$

NICHOLAS WAJDA RESPONSIVE PLEADING

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

DISPOSITION: Unless the trustee's motion is withdrawn prior to

the hearing the court intends to grant the motion to

dismiss on the grounds stated in the motion.

ORDER: The Moving Party shall submit a proposed order in

conformance with the ruling below.

The chapter 13 trustee's motion to dismiss was fully noticed in compliance with the Local Rules of Practice. The debtor filed a timely response and indicated that all delinquent Plan payments have been paid to the trustee. The debtor withdrew their opposition on May 15, 2018 (doc. #38). If the trustee's motion is not withdrawn prior to the hearing, the court intends to grant the motion and dismiss the case on the grounds stated in the motion.

11. $\frac{18-10386}{MHM-2}$ -B-13 IN RE: ANGEL RODRIGUEZ

MOTION TO DISMISS CASE 3-23-2018 [28]

MICHAEL MEYER/MV SCOTT LYONS

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

DISPOSITION: Granted.

ORDER: The court will issue an order.

Unless the trustee's motion is withdrawn before the hearing, the motion will be granted without oral argument for cause shown.

This matter was fully noticed in compliance with the Local Rules of Practice and there is no opposition. Accordingly, the respondent's default will be entered. Federal Rule of Civil Procedure 55, made applicable by Federal Rule of Bankruptcy Procedure 7055, governs default matters and is applicable to contested matters under Federal Rule of Bankruptcy Procedure 9014(c). Upon default, factual allegations will be taken as true (except those relating to amount of damages). Televideo Systems, 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.

The record shows that there has been unreasonable delay by the debtor that is prejudicial to creditors. The debtor failed to provide the trustee with all of the documentation required by 11 U.S.C. § 521(a)(3) and (4). Accordingly, the case will be dismissed.

12. $\frac{17-14609}{TCS-2}$ -B-13 IN RE: MARK NOACK

FURTHER SCHEDULING CONFERENCE RE: MOTION TO VALUE COLLATERAL OF WELLS FARGO BANK, N.A. AND/OR MOTION TO VALUE COLLATERAL OF IRWIN HOME EQUITY CORPORATION , MOTION TO VALUE COLLATERAL OF DITECH FINANCIAL LLC 2-16-2018 [41]

MARK NOACK/MV TIMOTHY SPRINGER

NO RULING.