

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

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

May 22, 2025 at 2:00 p.m.

1. [23-90021-E-7](#) **MARTHA MENDOZA**
[24-9005](#)
MENDOZA V. FRANCHISE TAX BOARD

**CONTINUED PRE-TRIAL CONFERENCE
RE: COMPLAINT FOR THE
DETERMINATION OF
DISCHARGEABILITY OF DEBT; FOR
DISALLOWANCE OF PROOF OF CLAIM;
TO DETERMINE NATURE, EXTENT,
AND VALIDITY OF SECURED CLAIM;
AND FOR DECLARATORY RELIEF
4-30-24 [\[1\]](#)**

Plaintiff's Atty: Henry D. Nunez

Defendant's Atty: Donny P. Le

Adv. Filed: 4/30/24

Answer: 6/14/24

Nature of Action:

Declaratory judgment

Notes:

Continued from 3/27/25 by Order re Motion to Extend Deadline and Continue Pre-Trial Conference filed 1/1/25 [Dckt 27]

Close of discovery 5/18/25

Dispositive motions heard by 4/22/25

[DPL-1] California Franchise Tax Board's Motion for Partial Summary Judgment filed 3/4/25 [Dckt 28]; continued hearing set for 5/22/25 at 10:30 a.m.

[DPL-2] California Franchise Tax Board's Motion for Dismissal or Abstention of the Second and Fourth Claims for Relief filed 3/4/25 [Dckt 39]; continued hearing set for 5/22/25 at 10:30 a.m.

The Status Conference is xxxxxxx
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May 22, 2025 at 2:00 p.m.

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MAY 22, 2025 STATUS CONFERENCE

The court has entered an Order granting Defendant California Franchise Tax Board's ("FTB") Motion to grant summary judgment on the First and Third Claim for Relief, and the FTB's Motion to Dismiss the Second and Third Claims for Relief in the Complaint. That resolves all claims for relief requested by Plaintiff-Debtor Martha Mendoza.

At the Status Conference, **XXXXXXX**

2. [25-90029-E-11](#) **RANCHO FRESCO TURLOCK** **CONTINUED STATUS CONFERENCE RE:**
[CAE-1](#) **INC.** **VOLUNTARY PETITION**
1-21-25 [[1](#)]

Debtor's Atty: David C. Johnston

Notes:

Continued from 3/13/25, it being reported that the president of the Debtor/Debtor in Possession corporation did not attend the 341 meeting because he was out of the country and continues to be out of the country.

[UST-1] Motion to Convert or Dismiss Case filed 4/17/25 [Dckt 39]; set for hearing 5/22/25 at 10:30 a.m.

The Status Conference is XXXXXXX
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MAY 22, 2025 STATUS CONFERENCE

The court conducted the May 22, 2025 hearing on the U.S. Trustee's Motion to Dismiss or Convert this Case. The court **XXXXXXX**

At the Status Conference, **XXXXXXX**

MARCH 13, 2025 STATUS CONFERENCE

The Debtor commenced this voluntary Chapter 11 Subchapter V Case on January 21, 2025. The Debtor/Debtor in Possession filed a Status Report on February 27, 2025. Dckt. 30. In the Status Report the Debtor/Debtor in Possession recounts there having been a lease of property, a multi-year delay in having the necessary renovation done, and there now being no improvements done to the Property. The lessor asserts that the lease has terminated and was prosecuting an unlawful detainer action.

It is also reported that the president of the Debtor/Debtor in Possession corporation did not attend the 341 meeting because he was out of the country and continues to be out of the country.

On Schedule A/B, the Debtor's major asset is stated to be "leasehold improvements" with a value of \$145,000 on the property for which the lessor asserts that the lease has been terminated and \$150,000 in restaurant equipment. Dckt. 13.

The court has granted the Motion for Relief From the Stay. The Debtor in Possession is determining how the case will proceed.

The Status Conference is continued to 2:00 p.m. on May 22, 2025.

3. [25-90259-E-11](#) **DUAL ARCH INTERNATIONAL,** **STATUS CONFERENCE RE:**
[CAE-1](#) **A CALIFORNIA CORPORATION** **VOLUNTARY PETITION**
4-2-25 [1]

SUBCHAPTER V

Debtor's Atty: David C. Johnston

Notes:

U.S. Trustee Report at 341 Meeting filed: 5/8/25

Notice of Motion; and Motion for Relief from Automatic Stay [Creditor/Movant Jaswinder Kaur and Parkash Pabla] filed 4/28/25 [Dckt 18]; set for hearing 5/22/25 at 10:00 a.m.

[DCJ-1] Application of Debtor in Possession for Authority to Employ Attorney filed 5/2/25 [Dckt 27]

[CAE-1] Debtor's Chapter 11 Status Report filed 5/9/25 [Dckt 31]

The Status Conference is xxxxxxx
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MAY 22, 2025 STATUS CONFERENCE

On May 9, 2025, the Debtor/Debtor in Possession filed a Status Report. Dckt. 31. In it the Debtor/Debtor in Possession reviews the history of litigation that pre-dated this Bankruptcy case. It states that the funds of the Debtors were exhausted, they were unable continue the litigation, and that led to this Bankruptcy Case being filed.

The Debtor/Debtor in Possession projects filing a Subchapter V Plan on or before July 1, 2025. The Reports does not indicate the nature of such plan. Jaswinder Kaur and Parkash Pabla, other parties to

the long pre-petition litigation, filed a Motion for Relief from the Automatic Stay. At the May 22, 2025 hearing on the Motion for Relief, the court **XXXXXXX**

Reviewing Debtor's Schedule A/B, 99.35% of the Debtor's assets consist of two attorney's fees awards in the long ongoing State Court Litigation. Dckt. 14. On the Statement of Financial Affairs the Debtor lists having had \$0.00 in income in 2015, 2014, and 2013.

It is unclear as to "reorganizing" or "restructuring" that Debtor/Debtor in Possession will do in this Bankruptcy Case.

At the Status Conference, **XXXXXXX**

4. [25-90262-E-11](#) **AMERICAN TRADERS, INC.** **STATUS CONFERENCE RE:**
[CAE-1](#) **VOLUNTARY PETITION**
4-3-25 [\[1\]](#)

Debtor's Atty: Richard L. Jare

Notes:

U.S. Trustee Report at 341 Meeting filed: 5/13/25

[SAO-1] Motion for Order Dismissing Second Bankruptcy Case with 180 Day Bar to Refiling filed 4/23/25 [Dckt 18]; set for hearing 5/22/25 at 10:30 a.m.

[RJ-1] *Ex Parte* Application to Approve Employment of Attorney filed 4/29/25 [Dckt 36]; Order granting filed 5/1/25 [Dckt 39]

[CAE-1] Status Conference Report filed 5/9/25 [Dckt 47]

The Status Conference is XXXXXXX
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MARCH 22, 2025 STATUS CONFERENCE

On May 9, 2025, the Debtor in Possession filed a Status Conference Report. Dckt. 47. The Status Conference Report includes information that the Debtor in Possession is negotiating with a potential buyer for the lease that is asserted to be property of the Bankruptcy Estate. The Debtor in Possession is considering hiring a new realtor. The Debtor in Possession anticipates having a liquidation plan.

Central Valley Associate, LLC (“Lessor”), which is identified as the ground lessee of the 1720 Sisk Road property that subleased it to the Debtor, has filed a Motion to Dismiss this Bankruptcy Case. Lessor asserts that the sublease was terminated prior to the filing of the Debtor’s prior Chapter 11 Case (24-90602; filed on October 11, 2024, and dismissed on January 23, 2025). In dismissing the prior Chapter 11 Case, the court’s findings include the following:

As the court stated on the record, this bankruptcy case has been pending since October 11, 2024. As the Docket reflects, other than the initial motions to employ counsel and use cash collateral for the operation of its business (which the Debtor in Possession was operating notwithstanding the permits to operate the business having been revoked), there is little activity. From what the fiduciary Responsible Representative for the fiduciary Debtor in Possession stated, it appears that there have been “business as usual” operations without regard for the Bankruptcy Code.

The Responsible Representative stated that the Movant must meet with the possible purchaser, which predates the Bankruptcy Case being commenced, and address how it will work to make the sale possible. As the court noted, such activities to try and get creditors, the Debtor in Possession, and possible purchasers are not uncommon for the Debtor in Possession and experienced bankruptcy counsel (like the one in this case) for the Debtor in Possession to actively prosecute. Also, even if the creditor refuses, a motion to sell can be brought to the court to put a bright light on such activities.

The court also noted that while there is a pre-bankruptcy potential purchaser the Debtor would like to sell the property to, it is now the Fiduciary Responsible Representative who is working on the sale for the Fiduciary Debtor in Possession. This property has not been marketed and the Fiduciary Responsible Representative and Fiduciary Debtor in Possession have not engaged a sales professional for the marketing and sale of the property for the full commercially reasonable value.

The Debtor in Possession has not provided the court with any documentation of the sale actions being taken and how that fits with the diligent prosecution of this Chapter 11 Case. The Debtor in Possession has not, and appears unable to, diligently prosecute this Bankruptcy Case. Initially, the Debtor in Possession sought to operate the hotel business outside of the applicable law, the permits to do so having been revoke[d].

24-90602; Civ. Minutes; Dckt. 98 at 9.

At the Status Conference, **XXXXXXX**

FINAL RULINGS

5. [24-90617-E-7](#) JESSICA HERYFORD CONTINUED STATUS CONFERENCE RE:
[25-9001](#) CAE-1 COMPLAINT
HERYFORD V. UNITED STATES 1-29-25 [\[1\]](#)
DEPARTMENT OF EDUCATION

Final Ruling: No appearance at the May 22, 2025 Status Conference is required.

Plaintiff's Atty: Pro Se
Defendant's Atty: unknown

Adv. Filed: 1/29/25
Answer: none
Summons Reissued: 3/27/25

Nature of Action:
Dischargeability - student loan

Notes:
Continued from 4/3/25. The Reissued Summons having only been served on 5/28/25.

Stipulation for Dischargeability of Student Debt filed 4/24/25 [Dckt 14]; Order approving filed 4/28/25 [Dckt 16]

Judgment for Dischargeability of Student Loan Debt filed 4/28/25 [Dckt 16]

The Judgment for Dischargeability of Student Loan Debt having been entered on April 28, 2025, **the Status Conference is concluded and removed from the Calendar.**

The Clerk of the court may close the file for this Adversary Proceeding.

MAY 22, 2025 STATUS CONFERENCE

On April 24, 2025, the Plaintiff-Debtor Jessica Heryford and the Defendant U.S. Department of Education filed their Stipulation for Dischargeability of Student Loan Debt. Stip.; Dckt. 14. The Judgment discharging all of the student loan debt pursuant to the terms of the Stipulation was entered on April 28, 2025. Jdgt.; Dckt. 16.

Judgment having been entered in this Adversary Proceeding and all issues resolved, the Status Conference is concluded and removed from the Calendar.

The Clerk of the court may close the file for this Adversary Proceeding.