

UNITED STATES BANKRUPTCY COURT

Eastern District of California

Honorable Ronald H. Sargis

Bankruptcy Judge
Sacramento, California

June 12, 2025 at 11:30 a.m.

1. [24-90615](#)-E-11 JEA2, LLC
[CAE-1](#)

**CONTINUED STATUS CONFERENCE RE:
VOLUNTARY PETITION
10-17-24 [1]**

Debtor's Atty: Anthony Asebedo

Notes:

Continued from 4/3/25 to be heard in conjunction with the confirmation hearing.

Operating Reports filed: 4/14/25; 5/14/25

[RLL-6] Order granting Motion for Allowance of Fees and Expenses filed by JEA2, LLC filed 5/2/25
[Dckt 106]

[RLL-7] Order granting Motion for Allowance of Fees and Expenses filed by the law firm Reynolds Law,
LLP filed 5/2/25 [Dckt 107]

The Status Conference is XXXXXXX
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JUNE 12, 2025 STATUS CONFERENCE

The hearing on confirmation of the Debtor in Possession's proposed Chapter 11 Plan was conducted on June 10, 2025. The court, XXXXXXX

At the Status Conference, XXXXXXX

June 12, 2025 at 11:30 a.m.

Page 1 of 22

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

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

Sufficient Notice Provided. The Proof of Service states that the Motion and supporting pleadings were served on all creditors and parties in interest on April 1, 2025. By the court’s calculation, 72 days’ notice was provided. 42 days’ notice is required.

The Confirmation of Plan of Reorganization has been set for hearing on the notice required by Local Bankruptcy Rule 9014-1(f)(1) and Federal Rule of Bankruptcy Procedure 2002(b). Failure of the respondent and other parties in interest to file written opposition at least fourteen days prior to the hearing as required by Local Bankruptcy Rule 9014-1(f)(1)(B) is considered to be the equivalent of a statement of nonopposition. *Cf. Ghazali v. Moran*, 46 F.3d 52, 53 (9th Cir. 1995) (upholding a court ruling based upon a local rule construing a party’s failure to file opposition as consent to grant a motion). Opposition having been filed, the court will address the merits of the motion at the hearing. If it appears at the hearing that disputed material factual issues remain to be resolved, a later evidentiary hearing will be set. LOCAL BANKR. R. 9014-1(g).

The Confirmation of Plan of Reorganization is XXXXXXX.

The Plan Proponent has complied with the Service and Filing Requirements for Confirmation:

May 1, 2025: Plan, Disclosure Statement, Disclosure Statement Order, and Ballot Mailed

May 29, 2025: Last Day for Submitting Written Acceptances or Rejections

May 29, 2025: Last Day to File Objections to Confirmation

June 5, 2025: Last Day to File Replies to Objections, Tabulation of Ballots, Proof of Service

Creditor/Class	Treatment	
	Claim Amount	Unknown
Class 1: Priority Non-Tax Claims	Impairment	Unimpaired, if any

Class 2.1: Stanislaus County Tax Collector	Claim Amount	\$56,405.71
	Impairment	Impaired
	The Class 2.1 Allowed Secured Claim shall, no later than three years after the Effective Date, be paid in full from escrow for sale and/or refinancing of the Real Property, with any penalties, costs, fees, and interest, as applicable, to accrue at the statutory rate.	
Class 2.2: SBN V Ag I, LLC, its assigns or successors	Claim Amount	\$11,592,744.93 (disputed)
	Impairment	Impaired
	The Class 2.2 Allowed Secured Claim shall, no later than three (3) years after the Effective Date, be paid in full together with (i) interest on principal accruing at the non-default contract rate, from the Petition Date and (ii) attorneys' fees and costs incurred on or after the Petition Date as permitted in the loan documents between the Class 2.2 claimant and the Debtor in effect as of the Petition Date. The Class 2.2 Allowed Secured Claim shall be paid from escrow for sale and/or refinancing of the Real Property, and the Reorganized Debtor shall not be obligated otherwise to make ongoing payments. Confirmation of the Plan shall be deemed to rescind any Notice of Default and/or Notice of Trustee's Sale recorded against the Real Property or any portion thereof. Confirmation of the Plan, however, shall not otherwise impair the Class 2.2 claimant's security interest in property of the Debtor and shall not affect or diminish any of the Debtor's nonmonetary covenants and obligations under the applicable prepetition loan and security documents.	
Class 2.3: West Stanislaus Irrigation District	Claim Amount	\$341,556.00 (disputed)
	Impairment	Impaired
	The Class 2.3 Allowed Secured Claim shall, no later than three (3) years after the Effective Date, be paid in full together with interest accruing at the statutory rate on principal thereafter from the Petition Date. The Class 2.3 Allowed Secured Claim shall be shall be paid from escrow for sale and/or refinancing of the Real Property.	
Class 2.4: : G&F Ag Service, Inc.	Claim Amount	\$32,456.00 (disputed)
	Impairment	Impaired
	The Class 2.4 Allowed Secured Claim shall, no later than three (3) years after the Effective Date, be paid in full together with interest accruing at the statutory rate on principal thereafter from the Petition Date. The Class 2.4 Allowed Secured Claim shall be shall be paid from escrow for sale and/or refinancing of the Real Property.	

Class 2.5: County of Stanislaus (Rev. Recovery).	Claim Amount	\$4,050.00
	Impairment	Impaired
	The Class 2.5 Allowed Secured Claim shall, no later than three (3) years after the Effective Date, be paid in full together with interest accruing at the statutory rate on principal thereafter from the Petition Date. The Class 2.5 Allowed Secured Claim shall be paid from escrow for sale and/or refinancing of the Real Property.	
Class 3: General Unsecured Claims	Claim Amount	Approximately \$8,347
	Impairment	Impaired
	Class 3 allowed unsecured claims shall, no later than three (3) years after the Effective Date, be paid in full with simple interest at the rate of four percent (4%) per year from and after the Effective Date until payment. Class 3 claims are impaired.	
Class 4: Equity Interest Holders	Claim Amount	
	Impairment	Unimpaired
	The Class 4 equity security holder will retain his interest in the Debtor as same existed immediately before the Petition Date, as an interest in the Reorganized Debtor as of the Confirmation Date.	

Tabulation of Ballots:

Class	Voting	Ballot Percentage Calculation	Claim Percentage Calculation
Class 1 (Unimpaired)	none voted	n/a	n/a
Class 2.1 (Impaired)	none voted	n/a	n/a
Class 2.2 (Impaired)	For: 0 Against: 1	100%	100%
Class 2.3 (Impaired)	For: 1 Against: 0	100%	100%
Class 2.4 (Impaired)	none voted	n/a	n/a
Class 2.5 (Impaired)	none voted	n/a	n/a
Class 3 (Impaired) Gen Unsecured	For: 3 Against: 0	100%	100%
Class 4 (Unimpaired)	none voted	n/a	n/a

The Declarations of Jeffrey E. Arambel and William F. Bambas have been filed in support of confirmation to provide evidence of compliance with the necessary elements for confirmation in 11 U.S.C. § 1129:

SUMMIT'S OPPOSITION

Secured Creditor SBN V Ag I LLC ("Summit") filed an objection to confirmation on May 29, 2025, as amended on May 30, 2025. Docket 112. Summit states:

1. Summit is generally supportive of a reasonable and prompt effort by JEA2 to sell the Real Property. Summit's concern, however, is that the Plan proposes a three-year sale process for the Real Property without adequate justification for such an unusually extended marketing and sale process. Summit does not understand why the Real Property cannot be marketed and sold within the next 12 months. Opp'n 2:5-9.
2. Debtor in Possession is continuing to profit from its use of the Real Property, and the Plan does not provide adequate compensation to Summit for such use of the property -- let alone for the 3-year delay proposed in the Plan. *Id.* at 2:11-13.
3. Summit's claim is in the amount of \$11,592,744.93 and the value of the property to be sold in this plan was recently appraised at \$40,500,000, so Summit is highly oversecured.
4. The Plan fails to satisfy several important requirements of Bankruptcy Code Section 1129 (b)(2)(A) for a cramdown because the Plan does not provide for mandatory interest payments to be made to Summit during the pendency of this prolonged three-year plan period. Opp'n 3:4-5.
5. Debtor in Possession has not satisfied the factors as put forward in *Great Western Bank v. Sierra Woods Group* 953 F.2d 1174, 1177 (9th Cir. 1992), for negative amortization. Opp'n at 3:18-4:18.
6. Debtor in Possession has not adequately explained how the Plan is feasible. *Id.* at 6:4-11.

DEBTOR IN POSSESSION'S REPLY

Debtor in Possession filed a Reply on June 4, 2025. Docket 120. Debtor in Possession states:

1. Interest payments to a fully secured creditor are not mandatory under a Plan. While so-called "negative amortization" is disfavored, the Ninth Circuit has expressly permitted such plans, overruling a bankruptcy court's blanket prohibition on same. *Id.* at 2:10-12.
2. The Plan fulfills the *Sierra Woods* factors. *Id.* at 3:15-4:21.

3. The Plan is manifestly feasible, the full entitlements already obtained by the Debtor have increased the value of the Property far beyond the debt owed by the Debtor to Summit. These entitlements put the marketability of the Property beyond reasonable question, meaning that the Debtor requires only a reasonable time period to sell or refinance in order to satisfy the debt to Summit with contract rate interest, during essentially the same period Summit has needed to close its sale of the Arambel Business Park acreage. *Id.* at 4:25-5:2.

Debtor in Possession filed the Declaration of John Fondale in support of the Reply. Docket 121. Mr. Fondale has been hired by the Estate to market and sell Debtor in Possession's property. Mr. Fondale testifies three years is a reasonable time line to sell property of this nature. *Id.* at ¶ 6.

11 U.S.C. § 1129(a)

1. The plan complies with the applicable provisions of the Bankruptcy Code, 11 U.S.C. §§ 101 et seq.

Evidence: Dckt. 116 pg. 9

2. The proponent of the plan complies with the applicable provisions of the Bankruptcy Code.

Evidence: *Id.*

3. The plan has been proposed in good faith and not by any means forbidden by law.

Evidence: Dckt. 116, pg. 10

4. Any payment made or to be made by the proponent, by the debtor, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the court as reasonable.

Evidence: *Id.*

5. (A)(i) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan; and

(ii) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and

(B) the proponent of the plan has disclosed the identity of any insider that will be employed or retained by the reorganized debtor, and the nature of any compensation for such insider.

Evidence: Dckt. 116, pg. 2

6. Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.

N/a

7. With respect to each impaired class of claims or interests—

(A) each holder of a claim or interest of such class—

(i) has accepted the plan; or

(ii) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective dates of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code, 11 U.S.C. §§ 701 et seq., on such date; or

(B) if section 1111(b)(2) of this title [11 U.S.C. § 1111(b)(2)] applies to the claims of such class, each holder of a claim of such class will receive or retain under the plan an account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

Evidence: Dckt. 116, pg. 12

8. With respect to each class of claims or interests—

(A) such class has accepted the plan; or

(B) such class is not impaired under the plan.

N/a (cramdown Plan)

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that—

(A) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

Evidence: Dckt. 116, pg. 7

(B) with respect to a class of claims of a kind specified in section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive—

(i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim;

Evidence: Dckt. 116, pg. 8

(C) with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the holder of such claim will receive on account of such claim regular installment payments in cash—

(i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;

(ii) over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303; and

(iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b)); and

(D) with respect to a secured claim that would otherwise meet the description of an unsecured claim of a governmental unit under section 507(a)(8), but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in subparagraph (C).

Evidence: *Id.*

10. If a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any insider.

Evidence: Dckt. 116, pg. 11

11. Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

Evidence: Dckt. 116, pg. 13

12. All fees payable under section 1930 of title 28, as determined by the court at the hearing on confirmation of the plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan.

Evidence: Dckt. xx, pg. x

13. The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of this title [11 U.S.C. § 1114], at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of this title [11 U.S.C. § 1114], at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide such benefits.

Evidence: Dckt. 116, pgs. 9-10

14. If the debtor is required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the debtor has paid all amounts payable under such order or such statute for such obligation that first becomes payable after the date of the filing of the petition.

Evidence: Dckt. 116, pg. 13

15. In a case in which the debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the plan—

(A) the value, as of the effective date of the plan, of the property to be distributed under the plan on account of such claim is not less than the amount of such claim; or

(B) the value of the property to be distributed under the plan is not less than the projected disposable income of the debtor (as defined in section 1325(b)(2)) to be received during the 5-year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer.

Evidence: Dckt. 116, pg. 12

16. All transfers of property under the plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

N/a

11 U.S.C. § 1129(b)

1. Notwithstanding section 510(a) of this title, if all of the applicable requirements of subsection (a) of this section other than paragraph (8) are met with respect to a plan, the court, on request of the proponent of the plan, shall confirm the plan notwithstanding the requirements of such paragraph if the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

Evidence: Dckt. 116, pg. 12

2. For the purpose of this subsection, the condition that a plan be fair and equitable with respect to a class includes the following requirements:

(A) With respect to a class of secured claims, the plan provides—

- (i) (I) that the holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims; and
 - (II) that each holder of a claim of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in such property;
- (ii) for the sale, subject to section 363(k) of this title, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (i) or (iii) of this subparagraph; or
- (iii) for the realization by such holders of the indubitable equivalent of such claims.

Evidence: Dckt. 116, pg. 12

(B) With respect to a class of unsecured claims—

- (i) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or
- (ii) the holder of any claim or interest that is junior to the claims of such class, will not receive or retain under the plan on account of such junior claim or interest any property, except that in a case in which the debtor is an individual, the debtor may retain property included in the estate under section 1115, subject to the requirements of subsection (a)(14) of this section.

Evidence: Dckt. 116, pg. 12

(C) With respect to a class of interests—

- (i) the plan provides that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or
- (ii) the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

Evidence: Dckt. 116, pgs. 11-12

DISCUSSION

Federal Rule of Bankruptcy Procedure 3020(b)(2) states:

The court shall rule on confirmation of the plan after notice and hearing as provided in Rule 2002. If no objection is timely filed, the court may determine that the plan has been proposed in good faith and not by any means forbidden by law without receiving evidence on such issues.

Summit has objected to the negative amortization provision of this Plan. As described in *Sierra Woods*:

Negative amortization refers to a provision wherein part or all of the interest on a secured claim is not paid currently but instead is deferred and allowed to accrue, with the accrued interest added to the principal and paid when income is higher. . .

[W]e see no reason to conclude that negative amortization is per se impermissible under 11 U.S.C. § 1129(b). We hold that the fairness of a reorganization plan that includes negative amortization should be determined on a case-by-case basis. *In re Apple Tree Partners* contains a list of some of the factors that are relevant to this determination:

1. Does the plan offer a market rate of interest and present value of the deferred payments;
2. Is the amount and length of the proposed deferral reasonable;
3. Is the ratio of debt to value satisfactory throughout the plan;
4. Are the debtor's financial projections reasonable and sufficiently proven, or is the plan feasible;
5. What is the nature of the collateral, and is the value of the collateral appreciating, depreciating, or stable;
6. Are the risks unduly shifted to the creditor;
7. Are the risks borne by one secured creditor or class of secured creditors;
8. Does the plan preclude the secured creditor's foreclosure;
9. Did the original loan terms provide for negative amortization; and
10. Are there adequate safeguards to protect the secured creditor against plan failure.

We agree with that listing, without intending to limit consideration to those factors alone, and without intending to require courts to expressly refer to each one of them when considering proposed plans.

Summit expresses concern that Debtor in Possession does not discuss any of these factors, but Summit does not analyze these factors itself in support of its Opposition. Debtor in Possession proceeds to analyze these factors in its Reply at Docket 120. The court goes through some of these factors now to address the inquiry into negative amortization:

1. Does the plan offer a market rate of interest and present value of the deferred payments?
 - a. Yes. A review of the Claim shows that the nondefault rate is 17%, per year, and the default rate is 22% per year. These rates are likely well above market rate, but the Debtor has not proposed any change.
2. Is the amount and length of the proposed deferral reasonable?
 - a. The proposed plan provides for a three year period for the marketing and sale of the real property that secures Summit's claim. During this time, no adequate protection payments are made, with the Debtor in Possession using the equity in the Property and the high contract interest rate to "protect" Summit over the three years to sell the property.

The Debtor in Possession argues that it worked to get the entitlements to the property converted from agricultural to industrial/warehouse, with those efforts being completed in 2024. However, because a foreclosure sale by Summit was scheduled, the filing of this Bankruptcy Case was necessary.

This is Debtor JEA2, LLC's second recent bankruptcy case, the first being a Chapter 12 case filed on April 19, 2022. Case No. 22-90128. That Chapter 12 Case was dismissed on April 6, 2023. Confirmation of the proposed Chapter 12 Plan was denied on January 30, 2023. *Id.*; Dckt. 86. That Chapter 12 Plan was premised on the Debtor, as plan administrator, continue with the farming of the property. In denying confirmation, the court analysis, beyond the economic information provided, includes the following:

The financial information provided by Mr. Arambel under penalty of perjury in the Schedules and Statement of Financial Affairs documents that the Debtor has no stable and regular annual income to fund a Chapter 12 Plan. The Debtor has no regular income, and in 2020 and 2021 absolutely no income. The only meager dollars here and there are from cutting wood from dead and dying trees.

At the hearing, counsel for the Debtor in Possession reported that there are ongoing discussions with Summit and are getting close to a settlement.

In light of the Debtor in Possession's evidence submitted, the lack of farming operation, no ability shown to fund a plan, and with the

concurrence of counsel for the Debtor in Possession, the Plan is not confirmed.

Id.; Civ. Minutes, p. 6.

In replying to Summit's Opposition, the Debtor in Possession notes that Jeffery Aramble, the principal and sole owner of the Debtor, has been seeking and obtaining bankruptcy relief since 2018 to prevent foreclosures occurring on his real properties and real properties of entities that he owns and controls. Reply, p. 5:21-24; Dckt. 120.

On this points, at the hearing, **XXXXXXX**

3. Is the ratio of debt to value satisfactory throughout the plan?
 - a. Yes, Summit is highly oversecured.
4. Are the debtor's financial projections reasonable and sufficiently proven, or is the plan feasible?
 - a. Debtor in Possession states that "the Debtor" has employed a real estate broker and that such broker hired by "the Debtor" is a highly capable and qualified real estate broker to handle the liquidation. Further, Debtor in Possession argues that the claims come in much less than the value of the property of the Estate.

The court has authorized JEA2, LLC, as the DEBTOR IN POSSESSION to employ Jones Lang LaSalle Brokerage, Inc. ("JLL") as a broker. That Order was entered on January 13, 2025. Order; Dckt. 39. The Declaration of John Fondale, a broker with JLL, has filed as part of the Debtor in Possession's response to Summit's Opposition. Dec.; Dckt. 121.

The Declaration provides an extensive discussion of the vast scope of experience of JLL and Mr. Fondale. In Paragraph 4 of the Declaration, Mr. Fondale provides a hearsay statement that he is "merely" "informed" that the court has entered an order approving the employment of JLL by the Debtor in Possession. *Id.* Apparently Mr. Fondale, and possibly JLL itself has never been provided with a copy of the court's order authorizing such employment.

In Paragraph 5 of the Declaration, Mr. Fondale provides testimony as to a summary of the marketing efforts to date. He does not discuss whether these efforts have generated any inquiries as to the property, nor does he testify that, based on his experience, that the property is listed at a price to generate a sale in a commercially reasonable time-period. Mr. Fondale concludes his testimony with the following statement:

6. Given the current market and the nature of the sale process for industrial properties, it is not uncommon to require several years to locate a serious and capable buyer, to reach terms for sale, and to close escrow for sale of a site like the Property. Conversely, it is possible that a sale can be obtained in a shorter period of time if a capable buyer is found promptly. But in either event, JLL is fully able to perform, and

the JLL Listing Team is committed to bringing the sale process for the Property to a successful conclusion.

Id.; ¶ 6.

At the hearing, **XXXXXXX**

5. Are there adequate safeguards to protect the secured creditor against plan failure?
 - a. Summit retains its liens and right to foreclose in the event Debtor in Possession cannot complete the Plan.

In consideration of the evidence presented and application of applicable law, **XXXXXXX**

~~—————Therefore, the court finds the Plan to comply with 11 U.S.C. §§ 1129(a) and (b). The Plan is confirmed. Counsel for Debtor in Possession shall draft an order consistent with this ruling and lodge it with the court.~~

3.	24-24542 -E-11	MONALISA SILAPAN Mark Wolff	CONFIRMATION OF PLAN 4-16-25 [144]
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A corrected Plan having been filed on April 24, 2025 as amended to correct a scrivener's error, and having been filed with a related Motion to Confirm, this duplicative calendar entry was made in mistake. The court only considers the Plan filed with the Motion to Confirm on April 24, 2025 under Docket Control Number WW-4.

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

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

Sufficient Notice Provided. The Proof of Service states that the Motion and supporting pleadings were served on Debtor in Possession and all creditors and parties in interest on April 24, 2025. By the court's calculation, 49 days' notice was provided. 42 days' notice is required.

The Confirmation of Plan of Reorganization has been set for hearing on the notice required by Local Bankruptcy Rule 9014-1(f)(1) and Federal Rule of Bankruptcy Procedure 2002(b). Failure of the respondent and other parties in interest to file written opposition at least fourteen days prior to the hearing as required by Local Bankruptcy Rule 9014-1(f)(1)(B) is considered to be the equivalent of a statement of nonopposition. *Cf. Ghazali v. Moran*, 46 F.3d 52, 53 (9th Cir. 1995) (upholding a court ruling based upon a local rule construing a party's failure to file opposition as consent to grant a motion). Opposition having been filed, the court will address the merits of the motion at the hearing. If it appears at the hearing that disputed material factual issues remain to be resolved, a later evidentiary hearing will be set. LOCAL BANKR. R. 9014-1(g).

The Confirmation of Plan of Reorganization is granted.

The Plan Proponent, Debtor in Possession Monalisa Silapan, has complied with the Service and Filing Requirements for Confirmation:

April 16, 2025: Plan filed as amended on April 24, 2025

May 22, 2025: Last Day to File Objections to Confirmation

June 5, 2025 Last Day to File Replies to Objections, Tabulation of Ballots, Proof of Service

This being a consensual Plan, no objections having been filed.

Table of Classes

Creditor/Class	Treatment	
	Claim Amount	No Ballots
Class 1: Priority Claims	Impairment	Unimpaired

	Monthly installment payments for the Subchapter V Trustee's fees and fees for the counsel for the Debtor/Debtor in Possession.	
Class 2A: Mercedes-Benz Financial	Claim Amount	(\$41,906.71), POC 2-1
	Impairment	Unimpaired
	Debtor surrenders her interest in the collateral securing the claim of Mercedes-Benz Financial Services USA. Any deficiency claim shall be treated as a Class 3 non-priority unsecured creditor.	
Class 2B: Bank of America	Claim Amount	(\$33,341.58), POC 3-1
	Impairment	Unimpaired
	Debtor surrenders her interest in the collateral securing the claim of Bank of America. Any deficiency claim shall be treated as a Class 3 non-priority unsecured creditor.	
Class 2C: Audi Financial	Claim Amount	(\$4,601.85), POC 24-1
	Impairment	Impaired
	Audi Financial, the holder of claim 24, shall be paid the full amount of its secured claim amortized over 60 months, paid with interest at the rate of 5%, which interest shall commence upon plan confirmation. Payments made by the Chapter 13 Trustee, totaling \$21.85 shall be credited to the loan balance and reduce the loan balance by the amount paid. Amount to be paid is therefore \$4,580.00 with 5.00% interest and monthly payment of \$86.43 for 60 months.	
Class 2D: Ally Financial	Claim Amount	No Proof of Claim Filed
	Impairment	Unimpaired
	Debtor surrenders her interest in the collateral securing the claim of Chrysler Financial. Any deficiency claim shall be treated as a Class 3 non-priority unsecured creditor.	
Class 3: Non-Priority Unsecured Creditors	Claim Amount	(\$1,510,414.12)
	Impairment	Impaired
	Non-Priority unsecured creditors shall be paid 2.22% of their filed and allowed claims after payments of secured claims and rejected executory contracts at Article 6.01(b) (Class 5 creditors).	
Class 4: Equity Security Holders of Debtor	Claim Amount	N/A
	Impairment	Unimpaired
	Debtor shall retain her interest.	

Class 5A: Assumed Executory Contracts	Claim Amount	
	Impairment	Unimpaired
	The Parker Family Trust and David Ho, assumed.	
Class 5B: Rejected Executory Contracts	Claim Amount	(\$319,146.75)
	Impairment	Impaired
	Rose Debellis; Anne Lourene; Vibrant Senior Living; and Michael Harrington, rejected, to be paid in monthly plan installments.	

Tabulation of Ballots:

Class	Voting	Ballot Percentage Calculation	Claim Percentage Calculation
Class 1 (Unimpaired)	none voted	n/a	n/a
Class 2A (Unimpaired)	For: 1 Against: 0	100%	100%
Class 2B (Unimpaired)	none voted	n/a	n/a
Class 2C (Impaired)	none voted	0%	0%
Class 2D (Unimpaired)	none voted	n/a	n/a
Class 3 (Impaired)	For: 1 Against: 0	100%	100%
Class 4 (Unimpaired)	none voted	n/a	n/a
Class 5A (Unimpaired)	none voted	n/a	n/a
Class 5B (Impaired)	For: 4 Against: 0	100%	100%

The Declaration of Monalisa Silapan has been filed in support of confirmation and provides evidence of compliance with the necessary elements for confirmation in 11 U.S.C. § 1129:

11 U.S.C. § 1129(a)

1. The plan complies with the applicable provisions of the Bankruptcy Code Chapter 11, Subchapter V.

Evidence: Dckt. 149, pg. 4

2. The proponent of the plan complies with the applicable provisions of the Bankruptcy Code.

Evidence: *Id.*

3. The plan has been proposed in good faith and not by any means forbidden by law.

Evidence: *Id.*

4. Any payment made or to be made by the proponent, by the debtor, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the court as reasonable.

Evidence: Dckt. 149, pgs. 4-6

5. (A)(i) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan; and

(ii) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and

(B) the proponent of the plan has disclosed the identity of any insider that will be employed or retained by the reorganized debtor, and the nature of any compensation for such insider.

This section is not applicable.

6. Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.

N/a

7. With respect to each impaired class of claims or interests—

(A) each holder of a claim or interest of such class—

(i) has accepted the plan; or

(ii) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective dates of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code, 11 U.S.C. §§ 701 et seq., on such date; or

(B) if section 1111(b)(2) of this title [11 U.S.C. § 1111(b)(2)] applies to the claims of such class, each holder of a claim of such class will receive or retain under the plan an account of such claim property of a value, as of the effective date of the plan, that is not

less than the value of such holder's interest in the estate's interest in the property that secures such claims.

Evidence: Dckt. 149, pgs. 5-6

8. With respect to each class of claims or interests—

(A) such class has accepted the plan; or

(B) such class is not impaired under the plan.

This section is inapplicable pursuant to 1191(b). However, the Plan is a consensual Plan.

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that—

(A) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

N/a

(B) with respect to a class of claims of a kind specified in section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive—

(i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim;

N/a

(C) with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the holder of such claim will receive on account of such claim regular installment payments in cash—

(i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;

(ii) over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303; and

(iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b)); and

(D) with respect to a secured claim that would otherwise meet the description of an unsecured claim of a governmental unit under section 507(a)(8), but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in subparagraph (C).

N/a

10. If a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any insider.

Not required pursuant to 1191(b). However, the Plan is a consensual Plan.

11. Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

Evidence: Dckt. 149, pg. 4

12. All fees payable under section 1930 of title 28, as determined by the court at the hearing on confirmation of the plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan.

Evidence: Dckt. 149, pgs. 4-5

13. The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of this title [11 U.S.C. § 1114], at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of this title [11 U.S.C. § 1114], at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide such benefits.

Evidence: Dckt. 149, pg. 6

14. If the debtor is required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the debtor has paid all amounts payable under such order or such statute for such obligation that first becomes payable after the date of the filing of the petition.

Evidence: Dckt. 149, pg. 5

15. In a case in which the debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the plan—

(A) the value, as of the effective date of the plan, of the property to be distributed under the plan on account of such claim is not less than the amount of such claim; or

(B) the value of the property to be distributed under the plan is not less than the projected disposable income of the debtor (as defined in section 1325(b)(2)) to be

received during the 5-year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer.

Not required pursuant to 1191(b).

16. All transfers of property under the plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

N/a

DISCUSSION

Federal Rule of Bankruptcy Procedure 3020(b)(2) states:

The court shall rule on confirmation of the plan after notice and hearing as provided in Rule 2002. If no objection is timely filed, the court may determine that the plan has been proposed in good faith and not by any means forbidden by law without receiving evidence on such issues.

The Plan complies with 11 U.S.C. §§ 1191(a), 1129(a) and is confirmed ~~as a consensual Plan, no objections being filed in support.~~ To confirm a Subchapter V plan, the Debtor/Debtor in Possession must either do so pursuant to 11 U.S.C. § 1129(a), which requires all classes of claims to be impaired or for impaired classes of claims to accept the plan, 11 U.S.C. § 1191(a), or may “cram down” confirmation on non-accepting impaired classes of claim as provided in 11 U.S.C. § 1191(b).

The Plan has been proposed in good faith and not by any means forbidden by law, the court having examined the moving papers and evidence in support.

At the hearing, **XXXXXXX**

Counsel for the Debtor shall prepare and lodge with the court an order confirming the Plan.

FINAL RULINGS

5. [23-23959-E-13](#) LASHUNDA PHILLIPS
[24-2176](#)
PHILLIPS ET AL V. BANKERS
HEALTHCARE GROUP, LLC

PRE-TRIAL CONFERENCE RE:
COMPLAINT FOR DAMAGES FOR
VIOLATION OF THE AUTOMATIC STAY
BY BANKERS HEALTHCARE GROUP,
LLC
8-14-24 [1]

Final Ruling: No appearance at the June 12, 2025 Pre-Trial Conference is required.

Plaintiff's Atty: Carl R. Gustafson
Defendant's Atty: Stephen M. Reynolds

Adv. Filed: 8/14/24
Answer: 9/15/24

Nature of Action:
Injunctive relief - other
Recovery of money/property -other
Injunctive relief - imposition of stay

Notes:
Scheduling order-
Initial disclosures by 11/6/24
Non-expert witness close of discovery 3/3/25
Disclose expert witnesses by 3/10/25
Disclose rebuttal expert witnesses by 3/31/25
Expert witness close of discovery 4/1/25
Exchange expert witness reports by 4/14/25
Exchange rebuttal expert witness reports by 4/28/25
Dispositive motions heard by 5/30/25

[CRG-1] Plaintiffs' Motion to Compel Discovery Responses and Request for Sanctions filed 2/25/25 [Dckt 25]; Order dismissing without prejudice filed 5/12/25 [Dckt 60]

[CRG-1] Joint Pretrial Conference Statement filed 4/15/25 [Dckt 54]

The Pre-Trial Conference is continued to 2:00 p.m. on July 9, 2025, for court administrative tracking purposes, the court having announced it ruling at the June 10, 2025 hearing granting the Motion to Approve the Settlement that resolves all issues in this Adversary Proceeding.