

UNITED STATES BANKRUPTCY COURT

Eastern District of California

Honorable Ronald H. Sargis

Bankruptcy Judge
Sacramento, California

August 26, 2025 at 1:30 p.m.

FINAL RULINGS

1. [25-90259-E-7](#) **DUAL ARCH INTERNATIONAL,** **CONTINUED MOTION FOR RELIEF**
[HBG-1](#) **A CALIFORNIA CORPORATION** **FROM AUTOMATIC STAY**
David Johnston **6-5-25 [49]**

JASWINDER KAUR, PARKASH
PABLA, VS.

Final Ruling: No appearance at the August 26, 2025 Hearing is required.

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

Notice Provided. The Proof of Service states that the Motion and supporting pleadings were served on Debtor and all creditors and parties in interest on May 27, 2025. By the court's calculation, 30 days' notice was provided. 28 days' notice is required.

However, Movant filed the Motion on June 5, 2025. Docket 49. That would provide only 21 days' notice, which is seven days short of the 28 day requirement. At the June 26, 2025 hearing, the court continued the hearing to allow time for filing responsive pleadings.

The Motion for Relief from the Automatic Stay has been set for hearing on the notice required by Local Bankruptcy Rule 9014-1(f)(1). 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). The defaults of the non-responding parties and other parties in interest are entered.

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| The Motion for Relief from the Automatic Stay is granted. |
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August 26, 2025 Hearing

The court continued the hearing on this Motion in light of the newly appointed Chapter 7 Trustee not having had an opportunity to weigh in on this Motion. A review of the Docket on August 22, 2025 reveals that the 341 Meeting was conducted and has been continued, but nothing else has been filed in the case.

On August 25, 2025, Geoffrey Richard, the Chapter 7 Trustee, made a Docket Entry Statement of No Opposition to the Motion for Relief From the Stay. 8/25/2025 Docket Entry Report.

Therefore, the Motion is granted.

REVIEW OF MOTION

Parkash Pabla and Jaswinder Kaur (“Movant”) seek relief from the automatic stay to allow a pending action in Merced County Superior Court, Case No. 20CV03476 (the “State Court Litigation”) to be concluded. Movant has provided the Declarations of Harry Gill, Movant’s attorney, and Jaswinder Kaur to introduce evidence to authenticate the documents upon which it bases the claim and the obligation owed by Dual Arch International, a California corporation (“Debtor in Possession”). Decls., Dockets 41, 43.

Movant argues that there is cause to grant relief because the State Court Litigation deals with issues of wrongful foreclosure, which are state law issues. Declaration ¶ 4, Dckt. 43. Ms. Kaur further testifies that the State Court Litigation has been ongoing since December 8, 2020, with the Parties investing substantial time and energy in the state court proceedings. Ms. Kaur recently prevailed on appeal with further proceedings remanded to the state court, but Movant is not able to continue the litigation because of this bankruptcy case, which is resulting in prejudice and undue harm. *Id.* at ¶ 9.

Walter Dahl, the Chapter 11 Subchapter V Trustee (“Trustee”), does not oppose granting the Motion so the Parties may reach a final judgment in state court. Docket 51. Trustee would oppose enforcement of a final judgment without the bankruptcy court’s approval.

DISCUSSION

The court may grant relief from stay for cause when it is necessary to allow litigation in a nonbankruptcy court. 3 COLLIER ON BANKRUPTCY ¶ 362.07[3][a] (Alan N. Resnick & Henry J. Sommer eds. 16th ed.). The moving party bears the burden of establishing a prima facie case that relief from the automatic stay is warranted, however. *LaPierre v. Advanced Med. Spa Inc. (In re Advanced Med. Spa Inc.)*, No. EC-16-1087, 2016 Bankr. LEXIS 2205, at *8–9 (B.A.P. 9th Cir. May 23, 2016). To determine “whether cause exists to allow litigation to proceed in another forum, ‘the bankruptcy court must balance the potential hardship that will be incurred by the party seeking relief if the stay is not lifted against the potential prejudice to the debtor and the bankruptcy estate.’” *Id.* at *9 (quoting *Green v. Brotman Med. Ctr., Inc. (In re Brotman Med. Ctr., Inc.)*, No. CC-08-1056-DKMo, 2008 Bankr. LEXIS 4692, at *6 (B.A.P. 9th Cir. Aug. 15, 2008)) (citing *In re Aleris Int’l, Inc.*, 456 B.R. 35, 47 (Bankr. D. Del. 2011)). The basis for such relief under 11 U.S.C. § 362(d)(1) when there is pending litigation in another forum is predicated on factors of judicial economy, including whether the suit involves multiple parties or is ready for trial. *See Christensen v. Tucson Estates, Inc. (In re Tucson Estates, Inc.)*, 912 F.2d 1162 (9th Cir. 1990); *Packerland Packing Co. v. Griffith Brokerage Co. (In re Kemble)*, 776 F.2d 802 (9th Cir. 1985); *Santa Clara Cty. Fair Ass’n v. Sanders (In re Santa Clara Cty. Fair Ass’n)*, 180 B.R. 564 (B.A.P. 9th Cir. 1995); *Truebro, Inc. v. Plumberex Specialty Prods., Inc. (In re Plumberex Specialty Prods., Inc.)*, 311 B.R. 551 (Bankr. C.D. Cal. 2004).

At the hearing the court addressed with counsel for the Debtor in Possession what Subchapter V Plan will be prosecuted in this Case. The only significant asset in the Bankruptcy Estate is an attorney's fee award against Movant, which will be subject to reconsideration following the remand of the State Court Action to the Trial Court with respect to the claims on which the attorney's fees are based, and a judgment against the family members alleged to have committed the acts.

Movant is asserting to have claims against the Debtor, which at the very least would be an offset to the claims asserted by Debtor against Movant. If the Parties cannot resolve their dispute, then the Movant's claims will have to be adjudicated. That litigation has been long ongoing in the State Court, and clearly the State Court had the expertise to continue with this litigation. In the State Court litigation orders granting Movant judgements have been entered, but no bifurcated judgments have been entered.

At the court notes above, there are no significant assets in this Case exempt for the \$143,350 judgement against the family members of Movant. Schedule A/B, ¶ 71; Dckt. 14. On Schedule D, the Debtor states having no creditors with secured claims. *Id.*; p. 8.

On Schedule E/F Debtor lists no priority claims, and lists an unsecured claim of (\$153,500) owed to Absher Global Investments, Inc. for a loan to Debtor for attorneys fees in the State Court litigation, and to David S. Absher, Trustee, in the amount of (\$220,000) for unpaid rent. *Id.* at 9-14. Movant is also listed as a creditor with a disputed claim.

David S. Absher is identified on the Petition as the President of the Debtor and has signed the Petition as the authorized representative of the Debtor. Petition, ¶ 17; Dckt. 1 at 5. On the Statement of Financial Affairs David S. Absher is identified as the "President, Secretary, Director, and shareholder," who owns 100% of the interests in the Debtor. Stmt Fin Affairs, ¶ 28; Dckt. 15.

The Statement of Financial Affairs identifies Absher Global Investments, Inc., the only other creditor of the Debtor, as being a related entity, with the relationship being stated as "Same controlling shareholder." *Id.*; ¶ 30.1.

The court continues the hearing to address the shorten notice given, allow Opposition and Reply Pleadings to be filed, and most importantly, to allow the respective counsel to meet and confer to determine what is the economic reality of this litigation, the Bankruptcy Case, and the interests of the parties.

The hearing on the Motion for Relief from the Automatic Stay is continued to 10:00 a.m. on August 7, 2025. Opposition Pleadings shall be filed and served on or before July 18, 2025, and Reply Pleadings, if any, filed and served on or before July 25, 2025.

August 7, 2025 Hearing

The court continued the hearing as the Responsible Representative of the Debtor had appeared at the prior hearing and offered opposition. The court set a briefing schedule and Opposition Pleadings were to be filed and served on or before July 18, 2025, and Reply Pleadings, if any, were to be filed and served on or before July 25, 2025. Order, Docket 54.

On July 17, 2025, Debtor filed a Notice of Conversion, converting this case to one under Chapter 7. The newly appointed Chapter 7 Trustee, Geoffrey Richards, who now controls the claims that are the subject of the litigation, has not weighed in on the issue.

At the hearing, counsel for Movant agreed to the continuance of the hearing to allow counsel to communicate with the Chapter 7 Trustee and determine if there was any opposition to the Motion.

The hearing on the Motion for Relief from the Automatic Stay is continued to 1:30 p.m. on August 26, 2025 (Specially Set Day and Time).

The court shall issue an order substantially in the following form holding that:

Findings of Fact and Conclusions of Law are stated in the Civil Minutes for the hearing.

The Motion for Relief from the Automatic Stay filed by Parkash Pabla and Jaswinder Kaur (“Movant”) having been presented to the court, and upon review of the pleadings, evidence, arguments of counsel, and good cause appearing,

IT IS ORDERED that the automatic stay provisions of 11 U.S.C. § 362(a) are modified as applicable to Dual Arch International, a California corporation (“Debtor”) to allow Movant, its agents, representatives and successors, and trustee under the trust deed, and any other beneficiary or trustee, and their respective agents and successors to proceed with litigation in Merced County Superior Court, Case No. 20CV03476.

IT IS FURTHER ORDERED that the automatic stay is not modified with respect to enforcement of any judgment against Debtor, Geoffrey Richards (“the Chapter 7 Trustee”), or property of the bankruptcy estate. Any judgment obtained by Movant shall be submitted to this court for the proper treatment of any claims arising under the Bankruptcy Code.

No other or additional relief is granted.