

UNITED STATES BANKRUPTCY COURT
Eastern District of California
Honorable Jennifer E. Niemann
Hearing Date: Wednesday, October 26, 2022
Place: Department A – Courtroom #11
Fresno, California

Beginning the week of June 28, 2021, and in accordance with District Court General Order No. 631, the court resumed in-person courtroom proceedings in Fresno. Parties to a case may still appear by telephone, provided they comply with the court's telephonic appearance procedures, which can be found on the court's website.

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, and all parties will need to appear at the hearing unless otherwise ordered. 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.

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.

1. [20-10010](#)-A-11 **IN RE: EDUARDO/AMALIA GARCIA**
[CAE-1](#)

CONTINUED STATUS CONFERENCE RE: CHAPTER 11 VOLUNTARY PETITION
1-2-2020 [[1](#)]

LEONARD WELSH/ATTY. FOR DBT.

NO RULING.

2. [20-10010](#)-A-11 **IN RE: EDUARDO/AMALIA GARCIA**
[LKW-44](#)

AMENDED CHAPTER 11 DISCLOSURE STATEMENT FILED BY JOINT DEBTOR AMALIA
PEREZ GARCIA, DEBTOR EDUARDO ZAVALA GARCIA
10-7-2022 [[1207](#)]

LEONARD WELSH/ATTY. FOR DBT.

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Granted with modifications.

ORDER: The minutes of the hearing will be the court's findings
and conclusions. The Moving Party shall submit a proposed
order after the hearing.

Debtors and Debtors in Possession Eduardo and Amalia Garcia (together, "Debtors") request the court's approval of their Third Amended Disclosure Statement Dated October 7, 2022 ("Disclosure Statement"). Doc. #1207. The Disclosure Statement is filed in support of Debtors' Third Amended Plan of Reorganization Dated October 7, 2022 ("Plan"). Doc. #1208. Notice of the hearing was set pursuant to an order issued by the court on October 5, 2022 ("Order"). Doc. #1200. Pursuant to the Order, opposition may be presented at the hearing. Id. The motion will proceed as scheduled. Unless opposition is presented at the hearing, the court intends to enter the respondents' defaults and grant the motion consistent with this tentative ruling. If opposition is presented at the hearing, the court will consider the opposition and whether further hearing is proper pursuant to Local Rule of Practice 9014-1(f)(2). The court will issue an order if a further hearing is necessary.

Bankruptcy Code section 1125(b) requires a plan proponent to transmit a disclosure statement containing adequate information to creditors when soliciting acceptance of a plan, and the disclosure statement must be approved by the court before the disclosure statement and proposed plan may be sent to all creditors and parties in interest. "The determination of what is adequate information is subjective and made on a case by case basis. This determination is largely within the discretion of the bankruptcy court." Computer Task Grp., Inc. v. Brotby (In re Brotby), 303 B.R. 177, 193 (B.A.P. 9th Cir. 2003) (citation omitted). Under Bankruptcy Code section 1125(a)(1), the court considers "the complexity of the case, the benefit of additional information to creditors and other parties in interest, and the cost of providing additional

information" in determining whether there is "adequate information." 11 U.S.C. § 1125(a)(1).

Here, Debtors are married individuals who own several parcels of real property and operate a cattle business in California. Debtors own significant amounts of farmland and are shareholders in 4G Farming, Inc. Debtors filed this chapter 11 case on January 2, 2020, to prevent foreclosure sales on two of Debtors' properties as well as stop collection actions initiated against them by other creditors.

The proposed Plan is a plan of reorganization that provides for the payment in full with interest of nearly all undisputed secured and unsecured creditor claims on or before December 15, 2022. The Plan designates creditors into seventeen classes of claims.

Class 1 consists of priority unsecured claims. The classification of claims that consist of priority unsecured claims is inconsistent between the Disclosure Statement and the Plan. The Disclosure Statement indicates that Debtors do not believe there are any Class 1 claimants. However, the proposed Plan includes three claims as priority claims that appear to the court to be administrative expense claims and should be treated as unclassified claims pursuant to section 1.02 of the Plan and not be included in section 2.01 of the Plan. This discrepancy needs to be addressed before the court will approve the Disclosure Statement and Plan for solicitation. In addition, section 2.01 of the Plan does not state whether Class 1 claims are impaired or unimpaired.

Class 2 through Class 13 consists of various secured claims. As currently set forth in the proposed Plan, Class 5 through Class 7 and Class 10 and Class 11 are impaired under the Plan. However, the proposed treatment of claims in Class 2, Class 3, Class 13 and Class 14 in the Plan alters the legal, equitable and contractual rights of those creditors, so these classes are impaired pursuant to 11 U.S.C. §1124(1). The Plan must be modified prior to solicitation to accurately state that those classes are impaired.

Class 14 and Class 15 consist of general unsecured creditors and are impaired under the Plan. Class 16 consists of Debtors' executory contracts and unexpired leases and is not impaired under the Plan. Class 17 consists of Debtors' interests and is not impaired under the Plan.

The Disclosure Statement sets forth significant events during the bankruptcy case, including a narrative about the Debtors' assets and claims, and a chart of the values of Debtors' property. However, the Disclosure Statement does not have a list showing the classes that are and are not impaired under the Plan. Such a list must be added to Section XII.3 of the Disclosure Statement so creditors can readily ascertain whether the class that includes their claim is impaired.

Having reviewed the Disclosure Statement, the court finds that, subject to adequate modifications that address the court's concerns indicated above, the Disclosure Statement contains "adequate information" as defined under 11 U.S.C. § 1125(a)(1) regarding Debtors' proposed chapter 11 plan.

The court approves the Disclosure Statement and solicitation of the proposed Plan subject to adequate modifications that address the court's concerns indicated above. At the October 26 hearing, the court will schedule a date and time for the confirmation hearing and set deadlines for (i) soliciting the Plan, (ii) filing ballots and objections to confirmation, and (iii) filing a confirmation brief and ballot tabulation.

3. [22-10416](#)-A-11 **IN RE: KR CITRUS, INC., A CALIFORNIA CORPORATION**
[CAE-1](#)

CONTINUED STATUS CONFERENCE RE: CHAPTER 11 SUBCHAPTER V VOLUNTARY PETITION
3-18-2022 [\[1\]](#)

RILEY WALTER/ATTY. FOR DBT.
RESPONSIVE PLEADING

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

DISPOSITION: Continued to December 14, 2022 at 9:30 a.m.

ORDER: The court will issue an order.

Based on the Chapter 11 Sub V Fifth Status Conference Statement (Doc. #277) filed on October 12, 2022, the chapter 11 status conference will be continued to December 14, 2022 at 9:30 a.m.

4. [22-10416](#)-A-11 **IN RE: KR CITRUS, INC., A CALIFORNIA CORPORATION**
[WJH-6](#)

CONTINUED MOTION TO ASSUME LEASE OR EXECUTORY CONTRACT
6-7-2022 [\[112\]](#)

KR CITRUS, INC., A CALIFORNIA CORPORATION/MV
RILEY WALTER/ATTY. FOR DBT.
RESPONSIVE PLEADING

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

DISPOSITION: Continued to December 14, 2022 at 9:30 a.m.

ORDER: The court will issue an order.

Based on the Supplemental Pleading re Motion to Assume Farmland Lease (Doc. #273) filed on October 12, 2022, the hearing on this motion will be continued to December 14, 2022 at 9:30 a.m. Not later than November 30, 2022, the debtor shall file and serve the supplemental pleadings required by this court's order filed on September 29, 2022 (Doc. #265). Any responses to the debtor's supplemental pleadings shall be filed and served not later than December 7, 2022.

5. [22-10416](#)-A-11 **IN RE: KR CITRUS, INC., A CALIFORNIA CORPORATION**
[WJH-9](#)

CONTINUED CONFIRMATION HEARING RE: AMENDED CHAPTER 11 SMALL
BUSINESS SUBCHAPTER V PLAN
8-17-2022 [\[221\]](#)

RILEY WALTER/ATTY. FOR DBT.

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

DISPOSITION: Continued to December 14, 2022 at 9:30 a.m.

ORDER: The court will issue an order.

Based on the status report (Doc. #275) filed on October 12, 2022, the hearing to confirm the debtor's plan of reorganization will be continued to December 14, 2022 at 9:30 a.m. On or before November 30, 2022, the debtor shall file and serve a status report letting the court and parties in interest know whether the confirmation hearing will proceed on the merits at the December 14 hearing.

6. [22-11226](#)-A-11 **IN RE: ALVARENGA TRANSPORT, LLC**
[CAE-1](#)

CONTINUED STATUS CONFERENCE RE: CHAPTER 11 SUBCHAPTER V VOLUNTARY PETITION
7-18-2022 [\[1\]](#)

PETER FEAR/ATTY. FOR DBT.

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

DISPOSITION: Continued to December 14, 2022 at 9:30 a.m.

ORDER: The court will issue an order.

Based on the status report (Doc. #52) filed on October 19, 2022, the chapter 11 status conference will be continued to December 14, 2022 at 9:30 a.m. to be held in connection with the hearing to confirm the debtor's chapter 11 plan.

7. [22-11541](#)-A-11 **IN RE: STRATEGIC INNOVATIONS LLC**
[CAE-1](#)

STATUS CONFERENCE RE: CHAPTER 11 SUBCHAPTER V VOLUNTARY PETITION
9-1-2022 [\[1\]](#)

DAVID JOHNSTON/ATTY. FOR DBT.

NO RULING.

1. [22-11322](#)-A-7 **IN RE: VERONICA ROJAS**

REAFFIRMATION AGREEMENT WITH SANTANDER CONSUMER USA INC.
10-5-2022 [\[17\]](#)

ERIC ESCAMILLA/ATTY. FOR DBT.

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

DISPOSITION: Denied.

ORDER: The court will issue an order.

The debtor's counsel will inform debtor that no appearance is necessary.

Both the reaffirmation agreement and the bankruptcy schedules show that reaffirmation of this debt creates a presumption of undue hardship that has not been rebutted in the reaffirmation agreement. Although the debtor's attorney executed the agreement, no evidence has been presented to the court to indicate how the debtor can afford to make the payment. The debtor claims an hourly wage increase and that she can afford the payment but has not provided the court with an amended Schedule I. Therefore, the reaffirmation agreement with Santander Consumer USA Inc. is DENIED.

2. [22-11445](#)-A-7 **IN RE: MONIKA WYSOCKA**

PRO SE REAFFIRMATION AGREEMENT WITH CARMAX AUTO FINANCE
10-4-2022 [\[16\]](#)

NO RULING.

1. [21-10035](#)-A-7 **IN RE: JASWINDER BHANGOO**
[JES-2](#)

MOTION FOR COMPENSATION FOR JAMES E. SALVEN, ACCOUNTANT(S)
9-21-2022 [[107](#)]

JAMES SALVEN/MV
D. GARDNER/ATTY. FOR DBT.

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 motion was set for hearing on at least 28 days' notice pursuant to Local Rule of Practice ("LBR") 9014-1(f)(1). The failure of 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 above-mentioned 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 Sys., Inc. v. Heidenthal, 826 F.2d 915, 917 (9th Cir. 1987). Constitutional due process requires a moving party make a *prima facie* showing that they are entitled to the relief sought, which the movant has done here.

James E. Salven ("Movant"), certified public accountant for chapter 7 trustee Jeffrey Vetter ("Trustee"), requests allowance of final compensation and reimbursement for expenses for services rendered from August 31, 2022 through September 21, 2022. Doc. #107; Ex. A & B, Doc. #110. Movant provided accounting services valued at \$1,848.00, and requests compensation for that amount. Doc. #107. Movant requests reimbursement for expenses in the amount of \$174.77. Doc. #107. This is Movant's first and final fee application.

Section 330(a)(1) of the Bankruptcy Code authorizes "reasonable compensation for actual, necessary services rendered" and "reimbursement for actual, necessary expenses" to a "professional person." 11 U.S.C. § 330(a)(1). In determining the amount of reasonable compensation to be awarded to a professional person, the court shall consider the nature, extent, and value of such services, taking into account all relevant factors. 11 U.S.C. § 330(a)(3).

Movant's services included, without limitation: (1) conflict review and preparing employment application; (2) inputting various tax return data to tax system and processing returns; and (3) preparing, filing and serving fee application. Decl. of James E. Salven, Doc. #109; Ex. A, Doc. #110. The court finds the compensation and reimbursement sought are reasonable, actual, and necessary.

This motion is GRANTED on a final basis. The court allows final compensation in the amount of \$1,848.00 and reimbursement for expenses in the amount of \$174.44. Trustee is authorized to make a combined payment of \$2,022.44, representing compensation and reimbursement, to Movant. Trustee is authorized to pay the amount allowed by this order from available funds only if the estate is administratively solvent and such payment is consistent with the priorities of the Bankruptcy Code.

2. [21-11448](#)-A-7 **IN RE: ATLAS WORLD FOOD & AG, INC.**
[ADJ-3](#)

MOTION TO APPROVE STIPULATION WITH BANKRUPTCY ESTATE OF
BLAIN FARMING CO., INC.
9-22-2022 [\[69\]](#)

IRMA EDMONDS/MV
RILEY WALTER/ATTY. FOR DBT.
ANTHONY JOHNSTON/ATTY. FOR MV.
RESPONSIVE PLEADING

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 shall submit a proposed
order after the hearing.

This motion was set for hearing on 28 days' notice as required by Local Rule of Practice ("LBR") 9014-1(f)(1). On October 12, 2022, the managing principal for Pacific Gold Agriculture, LLC ("PGA") timely filed written opposition together with a declaration and supporting exhibits (collectively, "Response"). Doc. ##74-76. The failure of creditors, 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). Therefore, the defaults of the non-responding parties in interest are entered.

As an initial matter, the court is inclined to strike PGA's Response because PGA is a limited liability company and is not represented by counsel. Under applicable legal authority, a limited liability company cannot appear in this bankruptcy case without assistance of legal counsel. The Ninth Circuit has held that "[c]orporations and other unincorporated associations must appear in court through an attorney." Licht v. America W. Airlines (In re America W. Airlines), 40 F.3d 1058, 1059 (9th Cir. 1994); see also Orsini v. Interiors of Yesterday, LLC (In re Interiors of Yesterday, LLC), 284 B.R. 19, 23-26 (Bankr. D. Conn. 2002) (requiring limited liability company to file bankruptcy petition through counsel). Here, Ben King signed PGA's response as PGA's managing principal. There is no indication that Mr. King is authorized to practice law before this court. To the extent Mr. King is attempting to represent PGA in this bankruptcy case, "[a] person not an active member of the State Bar who practices law commits a misdemeanor." Gerhard v. Stephens, 68 Cal. 2d 864, 917-18 (1968); Cal. Bus. & Prof. Code § 6126(a). If PGA wishes to oppose a motion in this bankruptcy case, PGA must appear through an attorney.

Even if PGA is properly represented by counsel with respect to this motion, the court is inclined to overrule PGA's Response and grant the motion.

Chapter 7 trustee Irma C. Edmonds ("Trustee") requests an order approving a settlement agreement between the bankruptcy estate of Atlas World Food & Ag., Inc. ("Debtor") and the bankruptcy estate of Blain Farming Co., Inc. ("Blain Farming" and, collectively with Debtor, the "Estates"), also pending in this court as Bankr. Case. No. 21-12473 ("Blain Farming Bankr."), pursuant to Federal Rule of Bankruptcy Procedure 9019. Doc. #69.

Debtor filed chapter 7 bankruptcy on June 2, 2021. Doc. #1. Blain Farming filed chapter 7 bankruptcy on October 22, 2021. Blain Farming Bankr. Doc. #1. James E. Salven ("Trustee Salven") is the chapter 7 trustee of the Blain Farming bankruptcy case. Blain Farming Bankr. Doc. #2.

Both Trustee and Trustee Salven (collectively, "Trustees") analyzed issues relating to ownership of real properties located at 1240 E. Caldwell Avenue, Visalia, CA (the "Caldwell Property") and 1047 E. Arlen Ave., Visalia, CA (the "Arlen Property" and, collectively with the Caldwell Property, the "Properties"). Decl. of Irma C. Edmonds, Doc. #71. Trustee and Trustee Salven uncovered a history of transfers of the Properties between the Estates prior to their respective bankruptcy filings. With respect to the Caldwell Property, Trustee discovered a complicated series of transfers over the last 20 years:

- i. Blain Farming was the only entity on title in 2001 after the Caldwell Property was transferred to Blain Farming on or about December 8, 2001.
- ii. On or about March 29, 2002, Blain Farming transferred the Caldwell Property to Blain Farms, LLC.
- iii. Subsequently, the Caldwell Property was transferred to Blain Farms, Inc., and Blain Farms, LLC merged into Blain Farms, Inc.
- iv. On or about May 29, 2018, the Caldwell Property was transferred to Blain Farming with language stating, "Blain Farming Co., Inc., a California corporation who acquired title as Blain Farms, Inc., a California corporation grants to Blain Farming Co., Inc., a California Corporation[.]" Trustee indicates that the deed appears to have been signed by an individual who was an officer of, and could bind, both Blain Farming and Blain Farms, Inc. On this basis, Trustee believes this was an effective grant of title to Blain Farming prior to bankruptcy.
- v. Trustee believes that this final transfer could have been avoided for the benefit of Debtor as the successor to Blain Farms, Inc.
- vi. The Caldwell Property was sold with bankruptcy court approval, with the net proceeds after payment of closing costs and the first mortgage being held in trust pending further order of the court.

Edmonds Decl., Doc. #71. With respect to the Arlen Property, there is a complicated series of transfers between related entities since 2004:

- i. Blain Partners, LP acquired title in 2004.
- ii. Blain Partners, LP transferred title to Blain Farms, Inc. in 2010.
- iii. On or about December 28, 2018, the Arlen Property was transferred to Brody and Sheridyn Blain with language stating, "Blain Farms, a California Corporation who acquired title as Blain Farms, Inc., a California Corporation hereby grant(s) to Brody and Sheridyn Blain[.]" Trustee indicates that the deed appears to have been signed by an individual who was an officer of, and could bind, both Blain Farming and Blain Farms, Inc.

- iv. Trustee believes that there is cause to avoid the transfer of the Arlen Property to Brody and Sheridyn Blain as a fraudulent transfer by Blain Farming. Trustee further believes that any property recovered from this avoidance should be for the benefit of Debtor as successor to Blain Farms, Inc.

Edmonds Decl., Doc. #71. Since the cost of litigation would be significant and would directly reduce the amounts available to distribute to creditors of either of the Estates, Trustees stipulated to divide the proceeds of the Properties between the Estates. Id.

Under the terms of the stipulation,

- a. Trustees agree that the net proceeds of any sale of the Properties shall be equally divided between the Estates.
- b. Trustees agree that the net proceeds recovered for the benefit of either estate in a successful action or agreement to avoid fraudulent transfers of the Properties, as well as avoidance of any fraudulent lien(s) otherwise encumbering the properties, shall be equally divided between the Estates.
- c. The proceeds encumbered in this stipulation shall not include any carveouts negotiated by either trustee from secured debt that is unrelated to the avoidance of a fraudulent transfer. Any such carveout(s) shall remain in the Estate of the trustee that negotiated the carveout.
- d. The net proceeds of any sale or lien avoidance covered in this stipulation shall be calculated as the gross proceeds received by the estate minus the administrative expenses incurred in selling the property or to avoid the transfer.

Doc. #72, Ex. A. Trustee now seeks approval of this settlement. Edmonds Decl., Doc. #71.

As noted above, Ben King filed the Response on behalf of PGA. Doc. ##74-76. On September 23, 2021, PGA filed Proof of Claim No. 5-1 in the amount of \$1,527,590.00.

Mr. King declares that PGA has analyzed certain facts relating to the ownership of and title to the Properties based on several years of business dealings with Blain Farming and Debtor. Decl. of Ben King, Doc. #75. Prior to the merger of Atlas Walnuts, LLC, Blain Farms, Inc., and Pacific Pecan, Inc. into Debtor in October 2011, the Properties were the sole property of Blain Farms, Inc. Id. PGA submits analysis of the merger between the above entities, which PGA claims indicate that Debtor holds legal title to the Properties. Id.

On October 19, 2022, Trustee Salven responded to the Response. Doc. ##78-79. Trustee Salven says that PGA's Response demonstrates the complexity of the pre-filing history related to the claims between Blain Farming and Debtor. Decl. of James E. Salven, Doc. #79. As result of this complexity, the Estates have decided to forego litigation between the Estates and agreed to settle the disputed ownership interests by dividing any proceeds equally between the Estates. Trustee Salven asserts that untangling this complex history would require significant administrative expenses that would eat into funds that could otherwise be distributed to allowed unsecured claims. Id. The court is inclined to agree.

On a motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement. Fed. R. Bankr. P. 9019. Approval of a

compromise must be based upon considerations of fairness and equity. Martin v. Kane (In re A & C Props.), 784 F.2d 1377, 1381 (9th Cir. 1986). The court must consider and balance four factors: (1) the probability of success in the litigation; (2) the difficulties, if any, to be encountered in the matter of collection; (3) the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending it; and (4) the paramount interest of the creditors with a proper deference to their reasonable views. Woodson v. Fireman's Fund Ins. Co. (In re Woodson), 839 F.2d 610, 620 (9th Cir. 1988).

The court concludes that the Woodson factors balance in favor of approving the compromise. That is,

1. Probability of success in litigation: If the issues were litigated, Trustee believes she would likely succeed in demonstrating that the Properties, and any proceeds therefrom, are and were property of Debtor's bankruptcy estate because Debtor, by merger, is the successor to Blain Farms, Inc. Edmonds Decl., Doc. #71. However, Trustee acknowledges that the chain of title leaves the potential for significant doubt as to which of the Estates the Properties should be included and litigating the issues would reduce the amounts available to pay creditors of either estate. Id. Neither parties' success in litigation is assured and the outcome of litigation is unclear. Further litigation will diminish the Estates with increased administrative expenses. This factor weighs in favor of approving the settlement.

2. Difficulties in collection: Collection will not be difficult by the prevailing party if litigation is continued because the stipulation relates to collection of net proceeds, which would be available to the prevailing party in litigation, or both parties under the settlement. Edmonds Decl., Doc. #71. This factor does not weigh for or against approving the settlement.

3. Complexity of litigation: As supported by PGA's Response, litigation between the Estates would be factually and legally complex and would require a significant amount of administrative expenses for both Estates. The settlement will remove the necessity of those expenses, which heavily supports approving the settlement.

4. Interest of the creditors: Trustee believes that creditors for both Estates should support the settlement because it maximizes recovery for unsecured creditors of both Estates. If litigation proceeds, both Estates will be greatly diminished. By settling, both Estates will receive liquidity to distribute to unsecured claims, including PGA, which is a creditor for both Estates. PGA has filed proofs of claim in both bankruptcy cases and stands to be paid by both Estates. Pursuing further litigation will reduce the proceeds of both Estates with administrative expenses that can be avoided if the settlement is approved. This factor weighs in favor of approval.

The settlement appears to be fair, equitable, and a reasonable exercise of Trustee's business judgment. The court may give weight to the opinions of Trustee, the parties, and their attorneys. In re Blair, 538 F.2d 849, 851 (9th Cir. 1976). Furthermore, the law favors compromise and not litigation for its own sake. Id. Accordingly, the motion is GRANTED, and the settlement between Trustees is approved.

3. [22-11186](#)-A-7 **IN RE: NEXT STAGE ENGINEERING LLP**

OPPOSITION/OBJECTION TO CHAPTER 7 TRUSTEE'S REPORT OF NO DISTRIBUTION
9-20-2022 [\[14\]](#)

RICHARD BAUM/ATTY. FOR DBT.
JAY ROTHMAN/ATTY. FOR MV.

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

DISPOSITION: Overruled as moot.

ORDER: The court will issue an order.

This objection is OVERRULED AS MOOT. On September 20, 2022, a Notice to File Proof of Claim Due to Possible Recovery of Assets was filed (Doc. #18), which rendered MOOT the chapter 7 trustee's notice of report of no distribution filed on August 20, 2022 (Doc. #11).