United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar

Wednesday, October 19, 2016 **Hearing Room 1568**

10:00 AM
2:05-11844 Bruce Dwain Copeland **Chapter 7**

#1.00 Hearing
RE: [338] Motion and notice of motion to Reopen Chapter 7 Case for forgery committed by debtors attorney of record pursuant to bankruptcy rule of civil procedure 350(B) and 5010. Lydia R.)

Docket No: 338
***** VACATED *** REASON: PER ORDER ENTERED 10-13-16**

Tentative Ruling:

- NONE LISTED -

Party Information

Debtor(s):

Bruce Dwain Copeland	Represented By David B Golubchik David B Golubchik David B Golubchik David B Golubchik Jacqueline L James Jacqueline L James Jacqueline L James Jacqueline L James Craig G Marguilies Craig G Marguilies Craig G Marguilies Craig G Marguilies

Trustee(s):

Timothy Yoo (TR)	Represented By Matthew F Kennedy Robert A Hessling Timothy J Yoo Marta A Alcumbrac

United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar

Wednesday, October 19, 2016 **Hearing Room 1568**

10:00 AM
2:09-38611 Poima Masalosalo **Chapter 7**

#2.00 HearingRE: [18] Motion and Notice of Motion to Determine the Debt of Avalon Greens Condominium Association was Discharged on January 29, 2010; Memorandum of points and Authorities; Declaration of Poima Masalosalo;

Docket No: 18

Tentative Ruling:

10/18/2016: For the reasons set forth below, Motion DENIED.

Pleadings Filed and Reviewed:

1) Notice of Motion and Motion to Determine the Debt of Avalon Greens Condominium Association was Discharged on January 29, 2010 ("Motion") [Doc. No. 19]
2) Opposition to Motion to Determine the Debt of Avalon Greens Condominium Association was Discharged on January 29, 2010 ("Opposition") [Doc. No. 20]
3) Other relevant papers:
   a) Notice of Motion and Motion to Determine the Debt of Avalon Greens Condominium Association was Discharged on January 29, 2010 [Doc. No. 15]
   b) Order Denying Without Prejudice Debtor's Motion Seeking a Declaration that Indebtedness Was Discharged [Doc. No. 16]

I. Facts and Summary of Pleadings

Poima Masalosalo ("Debtor") commenced a voluntary Chapter 7 petition on October 19, 2009. Debtor received a discharge on March 4, 2010, and Debtor's case was closed on March 11, 2010. Doc. Nos. 12 and 14.

On January 14, 2015, Avalon Greens Condominium Association, II, Inc. ("Avalon Greens") obtained a default judgment ("State Court Judgment") against the Debtor. The State Court Judgment was in the amount of $9,952 and was obtained on account of the Debtor's post-petition unpaid homeowners' association fees. *See* Motion at Ex. D.

On August 9, 2016, the Debtor filed—but did not set for hearing—a motion seeking a determination that the indebtedness arising from the State Court Judgment

had been discharged by his bankruptcy petition. Debtor further sought an order setting aside the State Court Judgment and permitting him to file an answer in the State Court. The Court denied the motion without prejudice, explaining that the Debtor had failed to furnish any evidence showing that his indebtedness to Avalon Greens arose prepetition. *See* Order Denying Without Prejudice Debtor's Motion Seeking a Declaration that Indebtedness Was Discharged [Doc. No. 16]. Debtor subsequently refiled the motion, seeking the same relief.

Avalon Greens opposes the Motion. Avalon Greens represents that the State Court Judgment was based on homeowners' association fees that became due and payable subsequent to the Debtor's petition. Avalon Greens notes that §523(a)(16) excepts from discharge post-petition homeowners' association fees.

II. Findings and Conclusions

Section 523(a)(16) provides:

> A discharge under section 727 … of this title does not discharge an individual debtor from any debt for a fee or assessment that becomes due and payable after the order for relief to a membership association with respect to the debtor's interest in a unit that has condominium ownership, in a share of a cooperative corporation, or a lot in a homeowners association, for as long as the debtor or the trustee has a legal, equitable, or possessory ownership interest in such unit, such corporation, or such lot, but nothing in this paragraph shall except from discharge the debt of a debtor for a membership association fee or assessment for a period arising before entry of the order for relief in a pending or subsequent bankruptcy case.

The order for relief in Debtor's voluntary Chapter 7 petition took effect on October 19, 2009. The State Court Judgment obtained by Avalon Greens is on account of homeowners' association fees assessed between October 20, 2009 through June 29, 2012. *See* Delinquent Assessments Letter from Avalon Greens to Debtor (Motion at Ex. D). Because the fees arose subsequent to the order for relief, they were not discharged pursuant to §523(a)(16). Therefore, Avalon Greens did not violate the discharge injunction by obtaining the State Court Judgment. **[Note 1]**

Debtor's request for a determination that the State Court Judgment was obtained in violation of the discharge injunction is denied. Debtor's request for an order directing Avalon Greens to cease collecting upon the State Court Judgment by garnishing his wages is also denied.

10:00 AM
CONT... **Poima Masalosalo** **Chapter 7**

Avalon Greens shall submit a conforming order, incorporating this tentative ruling by reference, within seven days of the hearing.

No appearance is required if submitting on the court's tentative ruling. If you intend to submit on the tentative ruling, please contact Nathaniel Reinhardt or Daniel Koontz at 213-894-1522. **If you intend to contest the tentative ruling and appear, please first contact opposing counsel to inform them of your intention to do so.** Should an opposing party file a late opposition or appear at the hearing, the court will determine whether further hearing is required. If you wish to make a telephonic appearance, contact Court Call at 888-882-6878, no later than one hour before the hearing.

Note 1

Avalon Greens also argues that it did not violate various provisions of California law in obtaining the State Court Judgment. Specifically, Avalon Greens argues that its collection activities did not violate California's anti-deficiency statute, Cal. Civil Code §580(b), or California's "one form of action" rule, Cal. Code Civ. Proc. §726(a). The only issue properly before the Bankruptcy Court is whether Avalon Greens violated the discharge injunction. Accordingly, the Court does not address Avalon Greens' assertions that its collection activities were in compliance with California law.

Party Information

Debtor(s):

Poima Masalosalo Pro Se

Trustee(s):

Timothy Yoo (TR) Pro Se

United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar

Wednesday, October 19, 2016 **Hearing Room 1568**

10:00 AM
2:10-64842 Pedro Gabriel Tauber **Chapter 7**
Adv#: 2:11-01899 Forward Progress Management Real Estate, Inc. v. Tauber

▪

#3.00 Hearing RE [128] Application and Order for Appearance and Examination of Pedro Gabriel Tauber

FR. 6-15-16; 6-8-16; 6-9-16

Docket No: 0

Tentative Ruling:

10/18/2016

Hearing required.

Party Information

Creditor(s):

Bradley J Pizer	Pro Se
Sperone Land and Real Estate, Inc.	Pro Se

Debtor(s):

Pedro Gabriel Tauber	Represented By Charles Shamash

Defendant(s):

Pedro Gabriel Tauber	Pro Se

Plaintiff(s):

Forward Progress Management Real Es	Represented By Bradley J Pizer

Trustee(s):

Alberta P Stahl (TR)	Pro Se
Alberta P Stahl (TR)	Pro Se

10:00 AM
CONT... **Pedro Gabriel Tauber** **Chapter 7**

U.S. Trustee(s):

United States Trustee (LA) Pro Se

10:00 AM
2:15-11567 Jonathan Henry Greene **Chapter 7**

#4.00 Hearing re [55] professionals fee applications

Docket No: 0

Tentative Ruling:

See Calendar Matter No. 4.20, incorporated by full reference herein.

Party Information

Debtor(s):

Jonathan Henry Greene — Represented By
Baruch C Cohen

Trustee(s):

Brad D Krasnoff (TR) — Represented By
Eric P Israel

10:00 AM
2:15-11567 Jonathan Henry Greene **Chapter 7**

#4.10 HearingRE: [58] Motion to Approve Compromise Under Rule 9019 Trustee's Notice of Motion and Motion to Approve Compromise with Debtor; Request for Judicial Notice and Declaration of Brad D. Krasnoff in Support Thereof with Proof of Service (Shechtman, Zev)

Docket No: 58

Tentative Ruling:

10/18/2016: For the reasons set forth below, the Settlement Agreement between the Trustee and the Debtor is APPROVED.

Pleadings Filed and Reviewed:

1) Trustee's Notice of Motion and Motion to Approve Compromise with Debtor ("Motion") [Doc. No. 58]
2) No opposition on file

I. Facts and Summary of Pleadings

Jonathan Henry Greene ("Debtor") filed a voluntary Chapter 7 petition on February 3, 2015. After filing amended schedules disclosing previously unscheduled assets, Debtor claimed exemptions in the following assets **[Note 1]**:

1) New York Life Insurance Company Policy #45200342 ("New York Life Policy"), with an approximate cash value of $72,953.66.
2) Northwestern Mutual Life Insurance Policy #15654049 ("Northwestern Life Policy #4049"). The Trustee maintains that the Northwestern Life Policy has a cash surrender value of $10,204.19; the Debtor disputes that assessment.
3) Two other Northwestern Mutual Life Insurance Policies, which the Debtor values at $250,000 and $300,000. The Trustee does not express an opinion as to the cash surrender value of these policies, but disputes the Debtor's valuations.
4) Shares of Microsoft stock ("Microsoft Shares") with an approximate value of $8,900.

10:00 AM
CONT... Jonathan Henry Greene **Chapter 7**

Debtor scheduled cash in the aggregate amount of $8,447.53, held in three bank accounts, but did not claim an exemption in the cash.

On December 15, 2015, the Trustee sent a demand letter to New York Life Insurance Company regarding the New York Life Policy. On January 15, 2016, the Trustee received from New York Life Insurance Company payment in the amount of $77,528.23 on account of the New York Life Policy.

The Trustee and the Debtor dispute the cash surrender values of the Northwestern Mutual life insurance policies, and dispute the amount of the exemptions in the policies to which the Debtor is entitled. The Debtor maintains that the entire cash surrender value of the Northwestern Life Policy #4049 and New York Life Policy is exempt pursuant to California Code of Civil Procedure ("CCP") §704.100. The Trustee asserts that under CCP §704.100, the Debtor is entitled to no more than an exemption of $9,700 in the aggregate cash surrender value of the insurance policies. The Debtor subsequently asserted that both the Debtor and his non-debtor spouse are entitled to assert exemptions of $9,700 in the cash surrender values, a claim the Trustee disputes.

The Debtor contends that the Microsoft Shares are not property of the estate. The Debtor maintains that he holds the Microsoft Shares in trust for the benefit of his children. The Trustee asserts that the Debtor has not presented sufficient evidence to show that the Microsoft Shares belong to his children, and maintains that the Microsoft Shares are property of the estate.

The Trustee and the Debtor have entered into a Settlement Agreement, the material terms of which are as follows:

1) The Trustee will retain the entire cash surrender value of the New York Life Policy (a total of $77,528.23).
2) The Trustee is entitled to receive the entire cash surrender value of the Northwestern Life Policy #4049 (which the Trustee estimates to be $10,204.19).
3) The Debtor must pay the Trustee $8,587.63. This amount is equal to the value of the Microsoft shares ($9,840.10 as of June 2016) and the Debtor's scheduled cash ($8,447.53), less the $9,700 exemption under CCP §704.100 that would otherwise apply to the Northwestern Life Policy #4049.
4) Except to the extent applied to the cash owing to the Trustee, the Debtor waives any exemptions with respect to the cash surrender values of the Northwestern Life Policy #4049 or the New York Life Policy.

II. Findings of Fact and Conclusions of Law

Bankruptcy Rule 9019(a) permits the Court to approve a compromise or settlement. "In determining the fairness, reasonableness and adequacy of a proposed settlement agreement, the court must consider: (a) The probability of success in the litigation; (b) the difficulties, if any, to be encountered in the matter of collection; (c) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; (d) the paramount interest of the creditors and a proper deference to their reasonable views in the premises." *Martin v. Kane (In re A&C Properties)*, 784 F.2d 1377, 1381 (9th Cir. 1986). "[C]ompromises are favored in bankruptcy, and the decision of the bankruptcy judge to approve or disapprove the compromise of the parties rests in the sound discretion of the bankruptcy judge." *In re Sassalos*, 160 B.R. 646, 653 (D. Ore. 1993). In approving a settlement agreement, the Court must "canvass the issues and see whether the settlement 'falls below the lowest point in the range of reasonableness.'" *Cosoff v. Rodman (In re W.T. Grant Co.)*, 699 F.2d 599, 608 (2d Cir. 1983).

The Court finds that the Settlement Agreement is favorable to the estate. Under the Settlement Agreement, the estate receives the entire cash surrender value of the New York Life Policy and the Northwestern Life Policy #4049. The estate also receives cash equal to the value of the Microsoft Shares and the Debtor's scheduled cash, less the $9,700 exemption that would otherwise apply to the Northwestern Life Policy #4049. Although the Debtor is not required to turnover anything to the estate on account of two other Northwestern Life Policies, it appears from the record that the cash surrender value of those policies is minimal. The Debtor claimed in his schedules that these policies have an aggregate value of $550,000. However, this valuation is undercut by the fact that the Northwestern Life Policy #4049, which the Debtor valued at $500,000, has a cash surrender value of only $10,204.19, according to the Trustee.

Applying the *A&C Properties* factors, the Court approves the Settlement Agreement. The Trustee would likely prevail in litigation over the amount of the Debtor's exemption in the life insurance policies and over whether the Microsoft Shares belong to the estate. Nor would it be difficult for the Trustee to collect the Microsoft Shares or the non-exempt portions of the life insurance policies. Notwithstanding the likelihood that the Trustee would prevail, the Settlement Agreement is nonetheless appropriate because it is favorable to the estate, avoids the accrual of additional administrative expenses, and avoids the inconvenience and delay of litigation. The litigation expenses that would accrue if the Court disapproved the Settlement Agreement would substantially eat into creditors' recovery, making

10:00 AM
CONT... **Jonathan Henry Greene** **Chapter 7**

creditors worse off even if the litigation produced a higher nominal return to the estate. Approving the Settlement Agreement is therefore in creditors' interests. Further, no creditors have objected to approval.

Based upon the foregoing, the Settlement Agreement is APPROVED. The Trustee shall submit a conforming order, incorporating this tentative ruling by reference, within seven days of the hearing.

No appearance is required if submitting on the court's tentative ruling. If you intend to submit on the tentative ruling, please contact Nathaniel Reinhardt or Daniel Koontz at 213-894-1522. **If you intend to contest the tentative ruling and appear, please first contact opposing counsel to inform them of your intention to do so.** Should an opposing party file a late opposition or appear at the hearing, the court will determine whether further hearing is required. If you wish to make a telephonic appearance, contact Court Call at 888-882-6878, no later than one hour before the hearing.

Note 1

The Debtor claimed other exemptions, which are not implicated by this Motion.

Party Information

Debtor(s):

Jonathan Henry Greene — Represented By
Baruch C Cohen

Trustee(s):

Brad D Krasnoff (TR) — Represented By
Eric P Israel
Zev Shechtman

10:00 AM
2:15-11567 Jonathan Henry Greene **Chapter 7**

#4.20 HearingRE: [60] Application for Compensation First Interim Application For Award Of Compensation And Reimbursement Of Expenses Of Danning, Gill, Diamond & Kollitz, LLP, As General Counsel To Chapter 7 Trustee with proof of service for Danning, Gill, Diamond & Kollitz, LLP, Trustee's Attorney, Period: 10/16/2015 to 8/31/2016, Fee: $17,189.00, Expenses: $577.32. (Israel, Eric)

Docket No: 60

Tentative Ruling:

10/18/2016:
Having reviewed the first interim application for fees and expenses filed by this applicant, the court approves the application and awards the fees and expenses set forth below. Theis interim award is subject to a final review when final fee applications are filed.

Fees: $17,189.00

Expenses: $577.32

No appearance is required if submitting on the court's tentative ruling. To submit on the tentative ruling contact Daniel Koontz or Nathan Reinhardt, the Judge's law clerks, at 213-894-1522.

Party Information

Debtor(s):

Jonathan Henry Greene — Represented By
Baruch C Cohen

Trustee(s):

Brad D Krasnoff (TR) — Represented By
Eric P Israel
Zev Shechtman

United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar

Wednesday, October 19, 2016 **Hearing Room 1568**

10:00 AM
2:16-14513 Edgar Daniel Morales **Chapter 7**
Adv#: 2:16-01306 Scope, Inc. v. Morales

▪

#5.00 Show Cause Hearing
RE: [15] **Order Requiring Parties To Appear And Show Cause Why Removed Action Should Not Be Remanded To The State Court re** Adversary case 2:16-ap-01306. Complaint by Scope, Inc. against Edgar Daniel Morales. false pretenses, false representation, actual fraud)),(67 (Dischargeability - 523(a)(4), fraud as fiduciary, embezzlement, larceny)),(68 (Dischargeability - 523(a)(6), willful and malicious injury)) (Camhi, Howard)

Docket No: 1

Tentative Ruling:

10/18/2016: For the reasons set forth below, the Court will discharge the OSC and will not remand the Removed Action.

Pleadings Filed and Reviewed:

1) Order Requiring Parties to Appear and Show Cause Why Removed Action Should Not be Remanded to the State Court ("OSC") [Doc. No. 15, Adv. No. 2:16-ap-01306-ER]
2) Response to Order to Show Cause ("Response") [Doc. No. 21, Adv. No. 2:16-ap-01306-ER]
3) Other relevant papers:
- **a)** Request for Dismissal of Wiper Central USA and Acme Linens Co., Inc. Pursuant to FRBP 7041 and FRCP 41(a)(I)(A)(i) [Doc. No. 12, Adv. No. 2:16-ap-01346-ER]
- **b)** Response to Notice of Removal by Defendants Wiper Central USA and Acme Linens Co., Inc. [Doc. No. 7, Adv. No. 2:16-ap-01346-ER]
- **c)** Complaint to Determine Nondischargeability of Debt ("Orellana Complaint") [Doc. No. 1, Adv. No. 2:16-ap-01305-SK]
- **d)** Complaint to Determine Nondischargeability of Debt ("Morales Complaint") [Doc. No. 1, Adv. No. 2:16-ap-01306-ER]

I. Facts and Summary of Pleadings

On July 8, 2016, Scope, Inc. ("Scope") filed a non-dischargeability complaint

10:00 AM
CONT... Edgar Daniel Morales **Chapter 7**

against Edgar Daniel Morales ("Morales Complaint"), commencing the proceeding *Scope v. Morales* (Adv. No. 2:16-ap-01306-ER). On the same date, Scope filed a nearly identical non-dischargeability complaint against Ruben Antonio Orellano ("Orellano Complaint"), commencing the proceeding *Scope v. Orellano* (Adv. No. 2:16-ap-01305-SK). On August 10, 2016, Morales removed to the Bankruptcy Court an action commenced in the Los Angeles Superior Court, *Scope v. Daniel & Sons Linens, LLC; Edgar D. Morales; and Ruben A. Orellano* (the "Removed Action"). Subsequently, all three actions were consolidated, with the non-dischargeability proceeding *Scope v. Morales* designated as the lead case.

Scope sells towels, linens, and janitorial supplies to health clubs, country clubs, hotels, and restaurants. Morales Complaint at ¶5. In May 2014, Scope hired Morales to assist it with sales and customer service. *Id.* at ¶8. In September 2014, Scope promoted Morales to sales director. *Id.* at ¶10. Scope required Morales to sign an agreement containing non-disclosure and non-compete clauses. *Id.*

Scope alleges that Morales and his father, Orellana, started a competing business, Daniel & Sons Linens, LLC ("D&S"). *Id.* at ¶14. Scope alleges that Morales and Orellano used Scope's confidential information to divert business from Scope to D&S. *Id.* Scope seeks a determination that the damages it suffered on account of lost business are non-dischargeable pursuant to §§523(a)(2)(A), (a)(4), and (a)(6). *Id.* at ¶¶ 35–43.

The Removed Action was filed in the State Court on June 5, 2015. The Removed Action contains sixteen causes of action arising under state law—including misappropriation of trade secrets, defamation, unlawful business practices, unfair business practices, fraudulent business practices, and theft of trade secrets. The Removed Action was extensively litigated in State Court prior to its removal to the Bankruptcy Court. In the State Court, Scope obtained a temporary restraining order, followed by a preliminary injunction, against Morales and Orellana. Morales and Orellana filed voluntary Chapter 7 petitions after the State Court conducted a hearing on Scope's motion to impose contempt sanctions against Morales and Orellana for violating the preliminary injunction.

On September 12, 2016, the Court issued an Order Requiring Parties to Appear and Show Cause Why Removed Action Should Not be Remanded to the State Court ("OSC"). The OSC provides in relevant part:

> Two of the non-debtor defendants in the Removed Action, Wiper Central USA and Acme Linen Co. (collectively, the "Non-debtor Defendants") filed a response ("Response") to the Notice of Removal, per Bankruptcy Rule 9027.

10:00 AM
CONT... **Edgar Daniel Morales** **Chapter 7**

> In the Response, the Non-debtor Defendants deny that the Removed Action is a core proceeding as to them, and do not consent to the supplemental jurisdiction of the Bankruptcy Court.
>
> Title 28 U.S.C. §1452 provides that the Bankruptcy Court may remand an action "on any equitable ground." Equitable grounds for remand "include inconvenient forum, deference to the expertise of the original forum, and preference for having an entire dispute resolved in one court." *In re Hotel Mt. Lassen, Inc.*, 207 B.R. 935, 942 (Bankr. E.D. Cal. 1997).
>
> The Court is inclined to remand the Removed Action to the State Court. The Removed Action contains sixteen causes of action arising in state law—including misappropriation of trade secrets, defamation, unlawful business practices, unfair business practices, fraudulent business practices, and theft of trade secrets. These causes of action are within the expertise of the State Court. Further, the removed action involves two Non-debtor Defendants who contest the Bankruptcy Court's jurisdiction.

OSC at 2.

On September 27, 2016, Scope dismissed the Non-debtor Defendants who had not consented to the Court's supplemental jurisdiction from the Removed Action, pursuant to Bankruptcy Rule 7041(a)(1)(A). Scope did not respond to the OSC, but has previously stipulated to consolidation of the Removed Action with the two non-dischargeability complaints.

Morales opposes remand of the Removed Action for the following reasons:

> It appears that the two non-debtor parties who filed a response to the Notice of Removal and who denied that the Removed Action was not a core proceeding as to them, have been or will be dismissed from the action. Because all actions arise out of the same transaction and occurrence as alleged in the adversary proceedings which have been consolidated, the Bankruptcy Court should hear this matter as the claims ultimately relate to whether the asserted claims are non-dischargeable pursuant to 11 U.S.C. §523(a)(6), as against Ruben Orellana and Edgar Morales. Hearing the matter in this Court would allow the parties to focus on those claims which potentially fall within the dischargeability provisions under the Bankruptcy Code and would promote judicial economy for all parties. Moreover, the remaining parties have stipulated that the cases should be consolidated for this reason.

Response at 2.

10:00 AM
CONT... Edgar Daniel Morales **Chapter 7**

II. Findings and Conclusions

Title 28 U.S.C. §1452 provides that the Bankruptcy Court may remand an action "on any equitable ground." Equitable grounds for remand "are understood to be what is 'reasonable, fair, and appropriate' without reference to the historical distinction between law and equity," and "have been interpreted to include inconvenient forum, deference to the expertise of the original forum, and preference for having an entire dispute resolved in one court." *In re Hotel Mt. Lassen, Inc.*, 207 B.R. 935, 942 (Bankr. E.D. Cal. 1997).

Although the Removed Action contains multiple causes of action arising under California law, the liability of Morales and Orellana to Scope will ultimately depend upon whether Morales' and Orellana's alleged conduct falls within one of the exceptions to discharge. The Bankruptcy Court has exclusive jurisdiction over non-dischargeability claims arising under §§523(a)(2), (a)(4), and (a)(6). This enables the Bankruptcy Court to determine, in a single proceeding, the amount of damages (if any) that must be excepted from Morales' and Orellana's discharge. Remanding the Removed Action would require the parties to first litigate to establish damages before the State Court and then return to the Bankruptcy Court to determine whether those damages are non-dischargeable. The Court finds that a consolidated trial of the Removed Action and the non-dischargeability actions would be more efficient than remand. The Non-debtor Defendants who did not consent to the Court's jurisdiction have been dismissed from the Removed Action. All remaining parties to the litigation support a consolidated trial before the Bankruptcy Court. Accordingly, the Court will discharge the OSC and will not remand the Removed Action. **[Note 1]**

The stay of these proceedings imposed by the Court pending the determination of this OSC is lifted. As previously ordered, a status conference in these consolidated proceedings will be conducted on November 15, 2016, at 10:00 a.m. A Joint Status Report must be submitted by no later than fourteen days prior to the hearing.

The Court will enter an appropriate order.

No appearance is required if submitting on the court's tentative ruling. If you intend to submit on the tentative ruling, please contact Nathaniel Reinhardt or Daniel Koontz at 213-894-1522. **If you intend to contest the tentative ruling and appear, please first contact opposing counsel to inform them of your**

10:00 AM
CONT... **Edgar Daniel Morales** **Chapter 7**

intention to do so. Should an opposing party file a late opposition or appear at the hearing, the court will determine whether further hearing is required. If you wish to make a telephonic appearance, contact Court Call at 888-882-6878, no later than one hour before the hearing.

Note 1

The Court notes that prior to removal, Scope demanded a jury trial in the Removed Action. Civil Rule 81(c)(3)—made applicable by Bankruptcy Rule 9015—requires that a party served with a notice of removal must make a demand for a jury trial under Civil Rule 38 within fourteen days. By failing to timely make the demand, Scope has waived its right to a jury trial. *See* Civil Rule 38(d); Local Bankruptcy Rule 9015-2(d).

Party Information

Debtor(s):

Edgar Daniel Morales	Represented By Michael Y Lo Robert G Uriarte

Defendant(s):

Edgar Daniel Morales	Represented By Robert G Uriarte

Plaintiff(s):

Scope, Inc.	Represented By Howard Camhi

Trustee(s):

Jason M Rund (TR)	Pro Se

United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar

Wednesday, October 19, 2016 **Hearing Room 1568**

10:00 AM
2:15-27769 Crystal Waterfalls LLC **Chapter 11**

#6.00 Hearing
RE: [207] Debtor's Disclosure Statement Describing Chapter 11 Plan

Docket No: 207

Tentative Ruling:

10/18/2016

Hearing required. Debtor should address the bar date issue and whether that will prevent a plan from being confirmed by the date stipulated with the U.S. trsutee.

Party Information

Debtor(s):

Crystal Waterfalls LLC Represented By
Ian Landsberg
Ian Landsberg

10:00 AM
2:15-27769 Crystal Waterfalls LLC **Chapter 11**

#7.00 Hearing
RE: [122] Motion for Authority to Maintain Exisiting Cash Management System

FR. 6-8-16; 6-9-16; 6-22-16; 8-17-16

Docket No: 122

Tentative Ruling:

10/18/2016: Hearing required.

Party Information

Debtor(s):

Crystal Waterfalls LLC Represented By
Ian Landsberg

United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar

Wednesday, October 19, 2016 **Hearing Room 1568**

10:00 AM
2:15-27769 Crystal Waterfalls LLC **Chapter 11**

#8.00 Hearing
RE: [11] Motion to Use Cash Collateral Emergency "First Day" Motion of Debtor and Debtor in Possession for Interim and Final Orders Authorizing Use of Cash Collateral

fr. 11-25-15; 1-13-16; 1-27-16; 2-24-16; 4-12-16; 5-18-16; 6-8-16; 6-9-16; 6-22-16; 8-17-16

Docket No: 11

Tentative Ruling:

10/18/2016: Hearing required.

Party Information

Debtor(s):

Crystal Waterfalls LLC Represented By
Ian Landsberg

10:00 AM
2:16-16043 Alexandra Apeles **Chapter 7**

#9.00 HearingRE: [69] Application for Compensation First And Final Application For Award Of Compensation And Reimbursement Of Expenses Of Danning, Gill, Diamond & Kollitz, LLP, As General Counsel To Chapter 7 Trustee with proof of service for Danning, Gill, Diamond & Kollitz, LLP, Trustee's Attorney, Period: 7/1/2016 to 11/23/2016, Fee: $35,174.00, Expenses: $651.89. (Shechtman, Zev)

Docket No: 69

Tentative Ruling:

Having reviewed the first and final application for fees and expenses filed by this applicant, the court approves the application and awards the fees and expenses set forth below.

10/18/2016

Fees: $35,174.00 (pursuant to the Court-approved Dismissal Stipulation [Doc. Nos. 53 and 63], applicant will accept $28,500.00 as full payment of its fees and expenses)

Expenses: $651.89

No appearance is required if submitting on the court's tentative ruling. To submit on the tentative ruling contact Daniel Koontz or Nathan Reinhardt, the Judge's law clerks, at 213-894-1522, by no later than one hour prior to the hearing.

Party Information

Debtor(s):

Alexandra Apeles — Represented By
Michael Jay Berger

Trustee(s):

Richard K Diamond (TR) — Represented By
Zev Shechtman
Howard Kollitz

United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar

Wednesday, October 19, 2016 **Hearing Room 1568**

10:00 AM
2:16-16043 Alexandra Apeles **Chapter 7**

#10.00 HearingRE: [67] Application for Compensation Application for Payment of Final Fees And/Or Expenses (11 U.S.C. Section 330), with Proof of Service for Richard K Diamond (TR), Trustee Chapter 7, Period: 5/6/2016 to 9/27/2016, Fee: $4,497.70, Expenses: $125.20. (Diamond (TR), Richard)

Docket No: 67

Tentative Ruling:

10/18/2016

No objection has been filed in response to the Trustee's Application for Final Payment of Fees and Expenses (the Trustee did not file a Final Report because this case is being dismissed pursuant to a Court-approved stipulation between the Debtor and the Trustee). This court approves the fees and expenses, and payment, as requested by the Trustee, as follows (amounts previously paid on an interim basis, if any, are now deemed final):

Total Fees: $4,497.70

Total Expenses: $125.20

No appearance is required if submitting on the court's tentative ruling. To submit on the tentative ruling contact Daniel Koontz or Nathaniel Reinhardt, the Judge's law clerks, at 213-894-1522, by no later than one hour prior to the hearing.

Party Information

Debtor(s):

Alexandra Apeles — Represented By
Michael Jay Berger

Trustee(s):

Richard K Diamond (TR) — Represented By
Zev Shechtman
Howard Kollitz

United States Bankruptcy Court
Central District of California
Los Angeles
Judge Ernest Robles, Presiding
Courtroom 1568 Calendar

Wednesday, October 19, 2016 **Hearing Room 1568**

10:00 AM
2:14-31703 Ravinder Kumar Bhatia and Johanna Arias Bhatia **Chapter 11**

#11.00 HearingRE: [137] Application for Compensation Final for Giovanni Orantes, Debtor's Attorney, Period: 11/20/2014 to 7/28/2016, Fee: $54,187.00, Expenses: $6,126.98.

Docket No: 137

Tentative Ruling:

10/18/2016

Having reviewed the first and final application for fees and expenses filed by this applicant, the court approves the application and awards the fees and expenses set forth below.

Fees: $54,187.00

Expenses: $6,126.98

No appearance is required if submitting on the court's tentative ruling. To submit on the tentative ruling contact Daniel Koontz or Nathaniel Reinhardt, the Judge's law clerks, at 213-894-1522, by no later than one hour prior to the hearing.

Party Information

Debtor(s):

Ravinder Kumar Bhatia	Represented By Giovanni Orantes Giovanni Orantes Giovanni Orantes Giovanni Orantes Giovanni Orantes

Joint Debtor(s):

Johanna Arias Bhatia	Represented By Giovanni Orantes Giovanni Orantes Giovanni Orantes

10:00 AM
2:12-27692 Francisco Javier Soto **Chapter 7**

#12.00 HearingRE: [49] Motion For Sale of Property of the Estate under Section 363(b) - No Fee (606 N. Clivenden Avenue, Compton, CA 90220) (Pagay, Carmela)

Docket No: 49

Tentative Ruling:

10/18/2016: For the reasons set forth below, the proposed sale and overbidding procedures are approved, subject to overbids presented at the hearing.

Pleadings Filed and Reviewed:

1) Motion For Sale of Property of the Estate under Section 363(b) ("Motion") [Doc. No. 49]
2) Notice of Hearing Filed by Trustee Alberta P Stahl (TR) [Doc. No. 50]
3) Notice of Sale of Estate Property [Doc. No. 51]
4) No opposition on file

I. Facts and Summary of Pleadings

Francisco Javier Soto ("Debtor") filed a Voluntary Petition under Chapter 7 on May 20, 2012. Alberta P. Stahl, the Chapter 7 trustee (the "Trustee") moves for an order (1) authorizing the Trustee to sell the estate's right, title, and interest in that certain real property located at 606 N. Cliveden Avenue, Compton, California 90220 (the "Property"); (2) approving the overbid procedure set forth in the Motion; and (3) approving the payment of the real estate broker's commissions.

The Debtor and his wife, Leticia Romero, hold title to the Property as joint tenants. The Trustee filed a complaint against Romero to be able to sell the Property in its entirety pursuant to §363(h). Summary judgment was entered in favor of the Trustee on April 21, 2014.

The Trustee received an offer to purchase the Property from Manuel Alvarez (the "Purchaser") for $260,000 (the "Purchase Price"). The Trustee requests that broker's commissions of six percent of the gross sale will be allowed and paid directly from escrow to Coldwell Banker and Century 21 A Better Service, the Trustee's real estate

10:00 AM
CONT... **Francisco Javier Soto** **Chapter 7**

brokers, and to the successful purchaser's agent. The Trustee requests waiver of the 14-day stay prescribed by Bankruptcy Rule 6004(h). The Trustee does not seek a good-faith purchaser determination under §363(m).

Based on current estimates, the Trustee estimates that the sale proceeds will be distributed as follows:

Sales Price:	$260,000
Closing costs (including Broker's commission):	<$20,800>
Net Proceeds	$239,200 (to be divided between estate and Property's co-owner 50/50)
Estate's 50%	$119,600
Debtor's Exemption	<$11,925>
Net for Estate:	$107,675

The proposed overbid procedures are as follows:

1) Any person interested in submitting an overbid on the Property must attend the hearing on the Motion or be represented by an individual with authority to participate in the overbid process;
2) An overbid will be defined as an initial overbid of $5,000 above the Purchase Price, with each additional bid in $1,000 increments;
3) Overbidders (except for the Purchaser) must deliver a deposit to the Trustee's counsel by way of cashier's check made payable to "Alberta P. Stahl, Chapter 7 Trustee," in the amount of $26,500 (the "Deposit") and proof of ability to close escrow unconditionally in a form acceptable to the Trustee at least 7 calendar days prior to the hearing on the Motion;
4) Overbidders must purchase the Property within 15 days of entry of an order confirming the sale;
5) The deposit of the successful overbidder shall be forfeited if such party is thereafter unable to complete the purchase of the Property within 15 days of

entry of an order confirming the sale; and

6) In the event the successful overbidder cannot timely complete the purchase of the Property, the Trustee shall be authorized to proceed with the sale to the next highest overbidder.

The Trustee proposes to pay valid liens against the Property directly from escrow. The following lienholders have recorded liens against the Property:

1) County Assessor's Office, property taxes for 2016–17 (not yet payable).
2) County Assessor's Office, property taxes for 2015–16 (paid).
3) County Assessor's Office, assessments (if any) for community facility districts.
4) Country Assessor's Office, supplemental real property taxes (if any).
5) Aaron Belfanti & Green Associates, Inc. Abstract of judgment recorded against co-owner Romero only (the Debtor was not a defendant in the underlying action). This lien will be paid from Romero's 50% share of the proceeds.

II. Findings and Conclusions

Under §704(a), the trustee is to "collect and reduce to money the property of the estate for which such trustee serves, and close such estate as expeditiously as is compatible with the best interests of parties in interest." Section 363(b) permits the debtor or trustee to sell estate property out of the ordinary course of business, subject to court approval. Such sales are generally approved if the business judgment rule is met. *See In re Walter*, 83 B.R. 14, 19–20 (9th Cir. BAP 1988). The debtor or trustee must articulate a business justification for the sale of the property. Whether the articulated business justification is sufficient "depends on the case," in view of "all salient factors pertaining to the proceeding." *Id.* at 19–20 (citing *In re Continental Air Lines*, 780 F.2d 1223 (5th Cir. 1986)).

Section 363(f)(3) provides that the Trustee may sell property of the estate "free and clear of any interest in such property of an entity other than the estate, only if such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property."

The Court approves the sale pursuant to §363(f)(3). The sales price exceeds the aggregate value of all liens against the Property. The Court finds that the sale is supported by the Trustee's sound business judgment and is in the best interests of the estate. The Property has been actively marketed by the Trustee's real estate brokers

10:00 AM
CONT... **Francisco Javier Soto** **Chapter 7**

and the sale is subject to overbids. Notice of the sale has been provided on the Bankruptcy Court's website. As a result, the estate will obtain optimal value from the sale of the Property. *See Simantob v. Claims Prosecutor, LLC (In re Lahijani)*, 325 B.R. 282, 288–89 (B.A.P. 9th Cir. 2005) ("The court's obligation in § 363(b) sales is to assure that optimal value is realized by the estate under the circumstances.").

The Trustee is authorized to pay the valid liens against the Property directly from escrow (with the lien on account of non-debtor Romero to be paid from Romero's 50% share of the proceeds). The Trustee is authorized to pay the broker's commissions and other closing costs from escrow, as proposed in the Motion. The Trustee is further authorized, pursuant to Bankruptcy Rule 6004(f)(2), to execute and deliver on behalf of the estate any and all documents that are reasonably necessary to implement the terms of the sale.

The proposed overbid procedures are approved, except that all overbids will be in increments of $5,000 (under the Trustee's proposal, only the initial overbid was to be in an increment of $5,000, with subsequent overbids to be in increments of $1,000). The 14-day stay prescribed by Bankruptcy Rule 6004(h) is waived.

The Trustee shall submit a conforming order, incorporating this tentative ruling by reference, within seven days of the hearing.

Party Information

Debtor(s):

Francisco Javier Soto	Represented By Javier H Castillo

Trustee(s):

Alberta P Stahl (TR)	Represented By Carmela Pagay Timothy J Yoo Brian Heckmann