

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

**Wednesday, June 14, 2023**

**Hearing Room 1568**

10:00 AM

**2:20-19012 Christel Channel Murray**

**Chapter 7**

**#1.00 APPLICANT: Rosendo Gonzalez, Trustee**

Hearing re [39] Applications for chapter 7 fees and administrative expenses

Docket 0

**Tentative Ruling:**

6/13/2023

**Note: Parties may appear at the hearing either in-person or by telephone. The use of face masks in the courtroom is optional. Parties electing to appear by telephone should contact CourtCall at 888-882-6878 no later than one hour before the hearing.**

No objection has been filed in response to the Trustee's Final Report. This Court approves the fees and expenses, and payment, as requested by the Trustee, as follows:

Total Trustee's Fees: \$5,750.00

Total Trustee's Expenses: \$75.00

Accountant for Trustee Fees – SLBiggs, a Division of SingerLewak: \$4,450.50

Accountant for Trustee Expenses – SLBiggs, a Division of SingerLewak: \$117.45

No appearance is required if submitting on the Court's tentative ruling. If you intend to submit on the tentative ruling, please contact Daniel Koontz or Evan Hacker 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.

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**Wednesday, June 14, 2023**

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**CONT... Christel Channel Murray Chapter 7**

The Chapter 7 Trustee shall submit a conforming order within seven days of the hearing.

<b>Party Information</b>
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**Debtor(s):**

Christel Channel Murray

Represented By  
Kevin Tang

**Trustee(s):**

Rosendo Gonzalez (TR)

Pro Se

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

**Wednesday, June 14, 2023**

**Hearing Room 1568**

10:00 AM

**2:20-19012 Christel Channel Murray**

**Chapter 7**

**#2.00** APPLICANT: Accountant for Trustee Fees: SLBIGGS, A Division of SingerLewak

Hearing re [39] Applications for chapter 7 fees and administrative expenses

Docket 0

**Tentative Ruling:**

6/13/2023

See Cal. No. 1, above, incorporated in full by reference.

**Party Information**

**Debtor(s):**

Christel Channel Murray

Represented By  
Kevin Tang

**Trustee(s):**

Rosendo Gonzalez (TR)

Pro Se

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

**Wednesday, June 14, 2023**

**Hearing Room 1568**

10:00 AM

**2:22-16030 Carlos Vasquez**

**Chapter 7**

**#3.00** Hearing RE: [15] Trustee's Motion to Approve Compromise Under Rule 9019 for an Order Approving Settlement and Release Between Trustee and Debtors re Debtors Property [2012 Toyota Highlander]

Docket 15

**Tentative Ruling:**

6/13/2023

**Note: Parties may appear at the hearing either in-person or by telephone. The use of face masks in the courtroom is optional. Parties electing to appear by telephone should contact CourtCall at 888-882-6878 no later than one hour before the hearing.**

For the reasons set forth below, the Settlement Agreement is **APPROVED** and the Motion is **GRANTED**.

**Pleadings Filed and Reviewed:**

- 1) Trustee's Motion for an Order Approving Settlement and Release Between Trustee and Debtor re Vehicle [2012 Toyota Highlander] (the "Motion") [Doc. No. 15]
  - a) Notice of the Motion [Doc. No. 16]
- 2) As of the preparation of this tentative ruling, no opposition to the Motion is on file

**I. Facts and Summary of Pleadings**

On November 3, 2022 (the "Petition Date"), Carlos Vasquez (the "Debtor") filed a voluntary Chapter 7 petition. Carolyn A. Dye was appointed as the Chapter 7 Trustee (the "Trustee").

The Debtor's schedules include a 2012 Toyota Highlander (the "Vehicle"). The Trustee found that the Vehicle had nonexempt value and wished to administer it for the benefit of the creditors. To retain the Vehicle, the Debtor offered to purchase it from the estate. The Trustee and the Debtor entered into the *Settlement Agreement and Mutual Release* (the "Settlement Agreement"), according to which the Debtor will pay \$6,000.00 in settlement of the estate's interest in the Vehicle. Per the Motion, the

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

Wednesday, June 14, 2023

Hearing Room 1568

10:00 AM

CONT... **Carlos Vasquez**

**Chapter 7**

Debtor has tendered a good faith deposit of \$2,000.00.

The Trustee maintains that the Settlement Agreement is: (i) fair and equitable; (ii) in the best interests of the estate and its creditors as they will receive a dividend in an otherwise no asset case; and (iii) avoids the fees and costs associated with taking possession of and selling the Vehicle.

The Trustee seeks the Court's approval of the Settlement Agreement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure. As of the preparation of this tentative ruling, no opposition to the Motion is on file.

## **II. Findings and Conclusions**

### **The Settlement Agreement is Approved**

Bankruptcy Rule 9019 provides that the Court may approve a compromise or settlement. "In determining the fairness, reasonableness and adequacy of a proposed 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 an 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 (2nd Cir. 1983). Applying the *A&C Properties* factors, the Court finds that the Settlement Agreement is adequate, fair and reasonable, and in the best interests of the estate and creditors.

#### *Probability of Success on the Merits*

As no litigation is involved, this factor is irrelevant in the Court's review of the Settlement Agreement.

#### *Difficulties To Be Encountered in the Manner of Collection*

As no litigation is involved, this factor is irrelevant in the Court's review of the Settlement Agreement.

**United States Bankruptcy Court  
Central District of California  
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Ernest Robles, Presiding  
Courtroom 1568 Calendar**

**Wednesday, June 14, 2023**

**Hearing Room 1568**

10:00 AM

**CONT... Carlos Vasquez**

**Chapter 7**

*Complexity of the Litigation*

As no litigation is involved, this factor is irrelevant in the Court's review of the Settlement Agreement.

*Paramount Interests of Creditors*

This factor weighs heavily in favor of approving the Settlement Agreement. The Settlement Agreement, which was reached in good faith and negotiated at arms' length, serves the paramount interest of the creditors. The Settlement Agreement is in the best interests of creditors because it avoids incurring the fees and costs associated with taking possession of and selling the Vehicle. Pursuant to the Settlement Agreement, the estate will receive \$6,000.00. The estate's creditors will benefit under the Settlement Agreement as they will receive a dividend in an otherwise no asset case. Therefore, the Settlement Agreement significantly benefits the estate and its creditors.

**III. Conclusion**

Based upon the foregoing, the Settlement Agreement is **APPROVED** and the Motion is **GRANTED**. The Trustee is authorized to enter into the Settlement Agreement and to execute any documents, or take any actions, reasonably necessary to effectuate and enforce the terms of the Settlement Agreement. Within seven days of the hearing, the Trustee shall submit an order incorporating this tentative ruling by reference.

No appearance is required if submitting on the Court's tentative ruling. If you intend to submit on the tentative ruling, please contact Evan Hacker 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.

<b>Party Information</b>
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**Debtor(s):**

Carlos Vasquez

Represented By  
Mark T Young

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

**Wednesday, June 14, 2023**

**Hearing Room 1568**

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10:00 AM

**CONT... Carlos Vasquez**

**Chapter 7**

**Movant(s):**

Carolyn A Dye (TR)

Pro Se

**Trustee(s):**

Carolyn A Dye (TR)

Pro Se

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

**Wednesday, June 14, 2023**

**Hearing Room 1568**

10:00 AM

**2:23-10604 Arts District Patients Collective, Inc.**

**Chapter 11**

**#4.00** Status Hearing to be convened under 11 U.S.C. § 1188(a)  
RE: [1] Chapter 11 Subchapter V Voluntary Petition Non-Individual.

fr. 3-22-23; 5-17-23

Docket 1

**Tentative Ruling:**

6/13/2023

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Appearances required.

The Court has reviewed the *Chapter 11 Plan of Liquidation* [Doc. No. 46] (the "Plan") filed by the Debtor on May 24, 2023. The Plan does not contain sufficient information regarding certain critical issues. The Debtor and the Subchapter V Trustee shall appear at the Status Conference to express their views as to the following:

- 1) The Debtor holds an interest in applications for licenses with the City of Los Angeles Department of Cannabis Regulation (the "License Applications"). "To initially fund the administration of the Plan, the Debtor will liquidate the License Applications. The Debtor estimates that this will generate approximately \$100,000 for the benefit of the bankruptcy estate." Plan at § II.B. What is the projected timeline for selling the License Applications? Is it feasible for the Plan to be confirmed before the License Applications are sold?
- 2) Significant disputes remain that affect the rights of various parties. For example, the Debtor disputes the validity of Claim No. 6, which is a secured claim in the amount of approximately \$4.4 million asserted by Swamp Capital, LLC ("Swamp"). Swamp also asserts that it holds a 50% interest in the Debtor. The Debtor disputes Swamp's claim of a 50% interest and contends that 100% of its shares are held by James Shaw ("Shaw"). With respect to both disputes,



**United States Bankruptcy Court  
Central District of California  
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Courtroom 1568 Calendar**

**Wednesday, June 14, 2023**

**Hearing Room 1568**

10:00 AM

**CONT...**

**Arts District Patients Collective, Inc.**

**Chapter 11**

the Debtor states that it is currently negotiating with Swamp "and intends to finalize a settlement agreement prior to confirmation of the Plan." Plan at § III.C. How probable is it that the Plan can be confirmed if the dispute with Swamp is not settled? Of particular concern to the Court is the remaining dispute with respect to Swamp's asserted 50% ownership interest in the Debtor. It appears to the Court that it would be very difficult to proceed to confirmation unless and until the extent of Swamp's ownership in the Debtor has been finally determined.

<b>Party Information</b>
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**Debtor(s):**

Arts District Patients Collective, Inc.

Represented By  
Reed H Olmstead

**Trustee(s):**

Moriah Douglas Flahaut (TR)

Pro Se

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

**Wednesday, June 14, 2023**

**Hearing Room 1568**

10:00 AM

**2:23-10918 9300 Wilshire LLC**

**Chapter 11**

**#5.00** Hearing  
RE: [53] Motion to Extend Time Notice Of Motion And Motion To Extend Time To Assume Or Reject Unexpired Leases Of Nonresidential Real Property Pursuant To 11 U.S.C. § 365(D)(4)

Docket 53

**Tentative Ruling:**

6/13/2023

**Note: Parties may appear at the hearing either in-person or by telephone. The use of face masks in the courtroom is optional. Parties electing to appear by telephone should contact CourtCall at 888-882-6878 no later than one hour before the hearing.**

For the reasons set forth below, the Assumption/Rejection Deadline is extended to and including **September 19, 2023**.

**Pleadings Filed and Reviewed:**

- 1) Notice of Motion and Motion to Extend Time to Assume or Reject Unexpired Leases of Nonresidential Real Property Pursuant to 11 U.S.C. § 365(d)(4) [Doc. No. 53] (the "Motion")
- 2) No opposition to the Motion is on file

**I. Facts and Summary of Pleadings**

On February 21, 2023 (the "Petition Date"), 9300 Wilshire LLC (the "Debtor") filed a voluntary Chapter 11 petition. The Debtor is a real estate investment and development company. Its primary asset is a partial interest in real property located in Redondo Beach which the Debtor purchased from AES Redondo Beach, LLC (the "AES Property"). The AES Property is currently occupied by a power plant that is scheduled to be retired. The Debtor is in the process of seeking approval to construct approximately 2,700 new residential units on the AES Property.

In addition to the AES Property, the Debtor holds a partial interest in an office building located at 9740–9744 Wilshire Boulevard, Beverly Hills, CA 90212 (the

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

**Wednesday, June 14, 2023**

**Hearing Room 1568**

10:00 AM

**CONT... 9300 Wilshire LLC**

**Chapter 11**

"Wilshire Office Building"). The Wilshire Office Building is located upon land subject to a 95-year, 6 month ground lease (the "Ground Lease") under which Sturgis Holdings, LLC ("Sturgis") is the master landlord and the Debtor is one of five master lessees. The Debtor intends to assume the Ground Lease, but is still negotiating with Sturgis on the terms for curing outstanding prepetition rent arrearages that accrued during the Covid-19 pandemic.

The Debtor moves for a 90-day extension of the deadline to assume or reject unexpired leases of nonresidential real property (the "Assumption/Rejection Deadline"). The Debtor states that it requires additional time to complete its negotiations with Sturgis regarding the assumption of the Ground Lease.

No opposition to the Motion is on file.

## **II. Findings of Fact and Conclusions of Law**

Section 365(d)(4) provides:

(A) Subject to subparagraph (B), an unexpired lease of nonresidential real property under which the debtor is the lessee shall be deemed rejected, and the trustee shall immediately surrender that nonresidential real property to the lessor, if the trustee does not assume or reject the unexpired lease by the earlier of—

- (i) the date that is 120 days after the date of the order for relief; or
- (ii) the date of the entry of an order confirming a plan.

(B)

(i) The court may extend the period determined under subparagraph (A), prior to the expiration of the 120-day period, for 90 days on the motion of the trustee or lessor for cause.

(ii) If the court grants an extension under clause (i), the court may grant a subsequent extension only upon prior written consent of the lessor in each instance.

"[T]he legislative purpose behind § 365(d)(4) was to protect lessors from extended periods where the premises remained vacant and no rental payments made."

*Willamette Water Front Ltd. v. Victoria Station, Inc. (In re Victoria Station Inc.)*, 88 B.R. 231, 237 (B.A.P. 9th Cir. 1988), *aff'd*, 875 F.2d 1380 (9th Cir. 1989). In determining whether a debtor has shown cause for an extension, the Court is free to take into consideration "numerous important factors," including "whether the leases

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

**Wednesday, June 14, 2023**

**Hearing Room 1568**

10:00 AM

**CONT... 9300 Wilshire LLC**

**Chapter 11**

are the primary assets of the debtor, whether the lessor continues to receive rental payments, and whether the case is exceptionally complex and involves a large number of leases." *Id.* at 236 n. 7.

Here, the Ground Lease is an important asset of the Debtor's estate, since without the Ground Lease, the Debtor will be unable to continue to monetize the Wilshire Office Building. The lessor, Sturgis, has not filed an opposition to the Motion. The Debtor represents that it has "made significant progress with Sturgis in attempting to negotiate the terms for curing the outstanding prepetition rent arrearages ...." Pustilnikov Decl. at ¶ 10. The Debtor has shown cause for a 90-day extension of the Assumption/Rejection deadline. The Assumption/Rejection deadline is extended to and including **September 19, 2023**.

Based upon the foregoing, the Motion is **GRANTED** in its entirety. Within seven days of the hearing, the Debtor shall submit a proposed order incorporating this tentative ruling by reference.

No appearance is required if submitting on the court's tentative ruling. If you intend to submit on the tentative ruling, please contact Evan Hacker or Daniel Koontz, the Judge's Law Clerks, 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.

<b>Party Information</b>
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**Debtor(s):**

9300 Wilshire LLC

Represented By  
Victor A Sahn  
Rilyn Anne Carnahan  
Steve Burnell