Neil Bason, Presiding Courtroom 1545 Calendar

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#1.00 Hearings in Judge Bason's courtroom (1545) are simultaneously:

- (1) <u>in person</u> in the courtroom, unless the Court has been closed (check the Court's website for public notices),
- (2) via ZoomGov video, and
- (3) via ZoomGov telephone.

You are free to choose any of these options, except that evidentiary hearings/trials must be in person in the courtroom (unless otherwise ordered). You do not need to call Chambers for advance approval or notice. ZoomGov appearances are free.

ZoomGov Instructions for all matters on today's calendar:

Meeting ID: 160 484 0706

Password: 958863

Meeting URL: https://cacb.zoomgov.com/j/1604840706

Telephone: +1 669-254-5252 or +1 646-828-7666 or 833-568-8864 (Toll

Free)

Please connect at least 5 minutes before the start of your hearing, and wait with your microphone muted until your matter is called.

Chapter 13: Persons needing to contact the Chapter 13 Trustee's attorney, either prior to the hearing or during a recess, can call Kaleen Murphy, Esq. at (213) 996-4433.

Members of the <u>public</u>, including the press, are always welcome in person (except in rare instances when the courtroom is sealed) and they may also listen via telephone to non-evidentiary hearings, but must not view any hearings via video (per mandate of the AO).

Any audio or video <u>recording is strictly prohibited</u>. Official recordings are available for a small fee through the Clerk's Office.

Zoomgov hearing etiquette: (a) wait until the judge calls on you, so everyone is not talking at once; (b) when you first speak, state your name and, if you are an attorney, whom you represent (do not make your argument until asked to do so); (c) when you make your argument, please pause from time to time so that, for

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example, the judge can ask a question or anyone else can make an objection; (d) if the judge does not see that you want to speak, or forgets to call on you, please say so when other parties have finished speaking (do not send a "chat" message, which the judge might not see); and (e) please let the judge know if he mispronounces your name, uses the wrong pronoun, etc.

Docket 0

Tentative Ruling:

- NONE LISTED -

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2:24-12114 Patriot Linen Services LLC

Chapter 11

#1.00 Ex parte hearing re: For Motion in Individual Ch 11 Case for Order Authorizing Payment of Prepetition Payroll and to Honor Prepetition Employment Procedures (LBR 2081-1(a)(6)

Docket 26

Tentative Ruling:

Please see the tentative ruling for the status conference (Calendar No. 5, 4/4/24 at 1:00 p.m.).

Party Information

Debtor(s):

Patriot Linen Services LLC Represented By

David T Tran Steven R Fox

Trustee(s):

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2:24-12114 Patriot Linen Services LLC

Chapter 11

#2.00 Ex parte hearing re: Motion in Individual Ch 11 Case for Order Authorizing Debtor to Provide Adequate Assurance of Payment to Utility Service Providers (11 U.S.C. Sec. 366) (LBR 2081-1(b)

Docket 25

Tentative Ruling:

Please see the tentative ruling for the status conference (Calendar No. 5, 4/4/24 at 1:00 p.m.).

Party Information

Debtor(s):

Patriot Linen Services LLC Represented By

David T Tran Steven R Fox

Trustee(s):

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2:24-12114 Patriot Linen Services LLC

Chapter 11

#3.00 Ex parte hearing re: Motion to Use Cash Collateral (1) Authorizing Debtor To Continue Using Prepetition Factoring; (2) Authorizing Debtor To Obtain Post-Petition DIP Financing, 11 U.S.C. §364; (3) Granting Liens To Factor, 11 U.S.C. §364; (4) Modifying Automatic Stay; (5) Approving Use Of Cash Collateral; (6) Providing Adequate Protection; and (7) Setting a Final Hearing

Docket 24

Tentative Ruling:

Grant in part and deny in part the motion (dkt. 24) on an interim basis, subject to the conditions set forth below, <u>not</u> on the terms of the proposed order (see dkt. 49, Ex. D) with a final hearing on 5/7/24 at 1:00 p.m., and a **deadline of 4/9/24** for Debtor to file and serve via U.S. mail a notice of the final hearing.

<u>Judge Bason's standard conditions for use of cash collateral and/or</u> postpetition financing (by creditors holding prepetition claims)

(1) Written order

(a) Form. Use local form

F2081-2.1.ORDER.CASH.COLLATERAL or the equivalent. Attach a copy of this tentative ruling as an exhibit, thereby adopting it as the written ruling of this Court, subject to any changes ordered at the hearing. Do not repeat the terms set forth in the motion or any stipulation. Incorporate those terms by reference (including the docket number of the document), subject to any modification by this Court.

(b) <u>Timing</u>. Lodge the proposed order within 7 days after the hearing. See LBR 9021-1(b)(1)(B).

(2) Minimum adequate protection

In addition to the postpetition security interests that are automatically provided pursuant to 11 U.S.C. 552 (e.g., in traceable proceeds and profits), and subject to any more comprehensive protection that may be approved, Debtor shall provide at least the following protection to any creditor with a security interest in the subject property (pursuant to 11 U.S.C. 361-364, as applicable):

(a) <u>Insurance</u>. For all collateral of a type that typically is insured

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- (e.g., real property and improvements), Debtor is directed to maintain insurance in a dollar amount at least equal to Debtor's good faith estimate of the value of such creditor's interest in the collateral, and such insurance shall name such creditor as an additional insured. Debtor is directed to remain current on payments for such insurance.
- (b) <u>Taxes</u>. Debtor is directed to remain current on payments on account of postpetition real estate taxes (to the extent that real estate is part of the collateral).
- (c) <u>Disclosures/access</u>. Debtor is directed to provide, upon such creditor's reasonable request, periodic accountings of the foregoing insurance and tax obligations and payments, as well as postpetition proceeds, products, offspring, or profits from the collateral, including gross revenues and expenses and a calculation of net revenues. Debtor is directed to provide appropriate documentation of those accountings, and access for purposes of inspection or appraisal.

(3) Grant of, and limitation on, postpetition liens

The tentative ruling is to grant postpetition liens to any creditors holding secured claims by granting replacement liens, but such liens shall be limited to the same validity, priority, and amount as prepetition liens. As used herein, the "validity, priority, and amount" or any similar phrase that may be used by the parties or this Court is deemed to include the following:

- (a) Extent. Such liens shall be limited to the *type* of collateral in which the creditor held a security interest as of the petition date. For example, if prepetition liens extended to inventory and accounts receivable but not equipment then postpetition liens are likewise limited (unless otherwise expressly provided by order of this Court). In addition, postpetition liens shall not extend to any avoidance actions or the proceeds thereof, any claim or recoveries under 11 U.S.C. 506(c), any "carveout" under 11 U.S.C. 552, or any claim or recoveries under 11 U.S.C. 724(a).
- (b) <u>Priority</u>. Such liens shall be limited to the same *priority* as the security interest held by the creditor as of the petition date.
- (c) <u>Dollar amount</u>. Such liens shall be limited to the dollar amount needed to protect the creditor against diminution in the *value* of the secured claims as of the petition date.
- (d) Enforceability. Such liens shall be limited to the extent that the creditor's security interests were duly *perfected* and *valid* as of the petition

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date, and to the extent that they are unavoidable.

(e) <u>Automatic postpetition perfection</u>. Any *automatic* perfection of such liens shall be subject to any applicable limitations regarding the Court's authority, jurisdiction, or due process.

(4) Automatic disapproval of insufficiently disclosed provisions
Any provision of the type listed in FRBP 4001(c)(1)(B) or in local form
F4001-2 (e.g., cross-collateralization) or any waiver of the "equities of the
case" exception in 11 U.S.C. 552(b)(2) shall be deemed automatically
disapproved and excepted from any order granting the motion,
notwithstanding any other provision of such order, unless either: (a) such
provision is specifically and prominently disclosed in the motion papers in a
checklist (such as local form F4001-2), or alternatively (b) such provision is
specifically identified in any proposed order granting the motion, using
terminology of the type used in FRBP 4001(c)(1)(B) or local form F4001-2
(e.g., any "cross-collateralization" that is not specifically identified as such is
deemed to be disapproved).

(5) Disputes

In the event of any disputes regarding the rulings in this order, the parties are directed to meet and confer and, if they cannot resolve their disputes consensually, contact Judge Bason's chambers to arrange a mutually convenient time for either a telephonic or in-person hearing to address such disputes.

Party Information

Debtor(s):

Patriot Linen Services LLC Represented By

David T Tran Steven R Fox

Trustee(s):

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Chapter 11

#4.00 Hrg re: Motion in Individual Chapter 11 Case for Order Approving a Budget for the Use of the Debtor's Cash and PostPetition Income

Docket 28

Tentative Ruling:

Please see the tentative ruling for the status conference (Calendar No. 5, 4/4/24 at 1:00 p.m.).

Party Information

Debtor(s):

Patriot Linen Services LLC Represented By

David T Tran Steven R Fox

Trustee(s):

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Chapter 11

#5.00 Status conference re: Chapter 11 case

Docket 1

Tentative Ruling:

<u>Appearances required</u> by counsel for Debtor (Debtor's principal is directed to appear at the principal status conference on 4/9/24 at 1:00 p.m.) and by any party seeking to be heard on the matters described below.

If you are making an appearance, you may do so (1) in person in the courtroom, unless the Court has been closed (check the Court's website for public notices), (2) via ZoomGov video, or (3) via ZoomGov telephone. For ZoomGov instructions for <u>all</u> matters on calendar, please see page 1 of the posted tentative rulings.

(1) Current issues

- (a) Payroll motion (dkt. 26), Golshani declarations (dkt. 27 & 32), Application for hearing on shortened time (dkt. 31), & Order provisionally shortening time (dkt. 37, "OST"), service declaration (dkt. 45), oppositions and replies may be made orally at the hearing Grant.
- (b) <u>Utility motion (dkt. 25)</u>, <u>Golshani declarations (dkt. 27 & 32)</u>, <u>Application for hearing on shortened time (dkt. 30)</u>, <u>& Order provisionally shortening time (dkt. 36, "OST")</u>, <u>service declaration (dkt. 45)</u>, <u>oppositions and replies may be made orally at the hearing</u>

Grant on an interim basis and set a continued hearing for 5/7/24 at 1:00 p.m.

(c) <u>Budget motion (dkt. 28)</u>, <u>Golshani declarations (dkt. 27 & 42)</u>, <u>Application for hearing on shortened time (dkt. 41)</u>, <u>& Order provisionally shortening time (dkt. 43, "OST")</u>, <u>service declaration (dkt. 45)</u>, <u>oppositions and replies may be made orally at the hearing</u>

Grant on an interim basis and set a continued hearing for 5/7/24 at 1:00 p.m.

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(d) <u>Cash collateral/postpetition financing motion (dkt. 24), Golshani declarations (dkt. 27 & 32), Application for hearing on shortened time (dkt. 29), & Order provisionally shortening time (dkt. 35, "OST"), service declaration (dkt. 45), oppositions and replies may be made orally at the hearing</u>

Grant the motion in part and deny it in part, on an interim basis, on the conditions set forth in the tentative ruling for that matter on today's calendar (Calendar No. 3, 4/4/24 at 1:00 p.m.).

(e) Service of order setting principal status conference

This Court's order setting principal status conference (dkt. 3, "Procedures Order") required Debtor to serve that order on all parties in interest and file a proof of service at least 14 days before the principal status conference - *i.e.*, by 3/26/24. As of the drafting of this tentative ruling, the docket does not reflect such service. Was the order served?

(f) Status report

The Procedures Order (dkt. 3, p. 2:7-10) also provided that at least 14 days before this principal status conference (3/26/24) Debtor must (x) file a case status report on Local Form F 2015-3.1.SUBV.STATUS.RPT, (y) serve it on all parties in interest, and (c) file a proof of service. As of the drafting of this tentative ruling, Debtor has not filed a status report. Why not?

(g) Belated "first-Day" motions

Debtor has only belatedly filed a number of typical so-called "first day" motions, which are usually heard in the first few days after a case is filed, and Debtor admits that it has been operating since the petition date without authority to use cash collateral or pay prepetition wages, both of which are very concerning.

Additionally, as of the drafting of this tentative ruling Debtor has not filed an application to employ bankruptcy counsel but the caption of Debtor's papers appear to indicate that Debtor intends to employ Steven Fox, Esq. of The FoxLaw Corporation Inc. and David Tran, Esq., of Prosperous Law Group, PC. See, e.g., dkt. 42, p. 1. Proposed counsel are directed to appear to address whether they are double billing and whether Debtor intends to seek employment of one or both of them.

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(h) Outstanding case commencement documents

Debtor has not filed complete Bankruptcy Schedules and other mandatory case commencement documents by the 4/2/24 deadline. True, Debtor filed a motion to extend that deadline to 4/8/24 (dkt. 33), but Debtor has not lodged a proposed order so, as of the drafting of this tentative ruling, Debtor has not been granted any extension.

Subject to any case dispositive rulings this Court might make at the hearing, the tentative ruling is to grant the requested extension and direct Debtor to lodge a proposed order.

(i) Order to show cause to address why this Court should not remove Debtor as a debtor in possession and expand the Subchapter V Trustee's duties, or order this case dismissed, converted, or order other remedies?

This case is off to a very bad start. Proposed counsel is directed to appear to address why this Court should not remove Debtor as a debtor in possession and expland the Suchapter V Trustee's powers, or order this case dismissed, converted, or other relief, pursuant to 11 U.S.C. 105(a), 1112, and the Procedures Order (dkt. 3, 13), for the reasons set forth above.

<u>Proposed order(s)</u>: Unless otherwise ordered, Debtor is directed to lodge proposed order(s) on each of the foregoing matter(s) via LOU within 7 days after the hearing date (per LBR 9021-1(b)(1)(B)) and attach a copy of this tentative ruling, thereby incorporating it as this Court's actual ruling.

- (2) <u>Dates/procedures</u>. This Subchapter V case was filed on 3/19/24.
 - (a) <u>Bar date</u>: 5/28/24 per General Order 20-01 (70 days after petition date in Subchapter V cases) (DO NOT SERVE any notice: one has already been sent, *see* dkt. 14).
 - (b) Procedures Order: dkt. 3 (no proof of service on file)
 - (c) <u>Plan/Disclosure Statement</u>: file by 90 days after the petition date (per 11 U.S.C. 1189(b)) (DO NOT SERVE except on the U.S. Trustee). See Procedures Order.
 - (d) <u>Continued status conference</u>: 4/9/24 at 1:00 p.m., extend deadline to file case status report on Local Form F 2015-3.1.SUBV.STATUS.RPT to 4/5/24. See dkt. 3.

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Debtor(s):

Patriot Linen Services LLC Represented By

David T Tran

Trustee(s):