

**United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar**

Thursday, November 6, 2025

Hearing Room 201

1:00 PM

9: -

Chapter 0

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Docket 0

Tentative Ruling:

11/6/2025 10:27:39 AM

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- NONE LISTED -

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9:25-11446 Neal Feay Company

Chapter 11

#1.00 Hearing re: [13] Motion to approve first stipulation between debtor and secured creditor, 111 and 124 La Patera 2024 LP, regarding debtor's continued use of cash collateral

Docket 13

Tentative Ruling:

November 6, 2025

Appearances required.

Background

On October 29, 2025 (the "Petition Date"), Neal Feay Company (the "Debtor") filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code (the "Petition"). *See* Docket No. 1, *Voluntary Petition for Non-Individuals Filing for Bankruptcy*. The Petition discloses that there are no "bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor." *See id.* at p. 2. Yet, on November 4, 2025, the Debtor filed that *Notice of Debtor and Debtor-in-Possession's Ex Parte Motion for Joint Administration of Chapter 11 Cases Pursuant to 11 U.S.C. § 105(a), Federal Rule of Bankruptcy Procedure 1015, and Local Bankruptcy Rule 1015-1*, wherein the Debtor specifically informs the Court that its affiliate, "Rasmussen, Rasmussen, and Rasmussen, filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code, case nos. [sic] 9:25-bk-11445-RC." *See* Docket No. 12, p. 4, lines 8-10 and p. 5, lines 18-25.

On November 5, 2025, the Debtor filed that *Notice of Motion and Motion to Approve First Stipulation Between Debtor and Secured Creditor, 111 and 124 La Patera 2024 LP Regarding Debtor's Continued Use of Cash Collateral* (the "Motion"). *See* Docket No. 13. Through the Motion, the Debtor seeks this Court's approval of that *First Stipulation Between Debtor and Secured Creditor, 111 and 124 La Patera 2024 LP Regarding Debtor's Continued Use of Cash Collateral* (the "Stipulation") with 111 and 124 La Patera 2024 LP (the "La Patera") allowing the Debtor the use of cash collateral of La Patera through and including December 10, 2025. *See id.* at p. 4, lines

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Chapter 11

Notice

The Motion is being heard on an emergency basis pursuant to, *inter alia*, this Court's Local Rule 9075-1(a). After a call to chambers to obtain instructions regarding a hearing on the Motion on an emergency basis pursuant to this Court's Local Rule 9075-1(a)(2), the Debtor's counsel was instructed by chambers to provide telephonic notice of the hearing on the Motion to all secured creditors, the 20 largest unsecured creditors, and the Office of the United States Trustee (the "OUST") by November 5, 2025, at noon, and to serve the Motion on the same parties receiving telephonic notice via email by November 5, 2025, at noon. Additionally, the Debtor was to file a proof of service of the Motion conforming with the above instructions by November 5, 2025, at 5:00 pm.

On November 5, 2025, the Debtor filed that *Certificate of Service of the Notice of Motion and Motion to Approve First Stipulation Between Debtor and Secured Creditor, 111 and 124 LA Patera 2024 LP Regarding Debtor's Continued Use of Cash Collateral* (the "COS"). See Docket No. 15. The COS provides that email service of the Motion was made on November 5, 2025, on Mr. Beall (who represents La Patera, but served as counsel to Santa Barbara Commercial Mortgage), the OUST, Quill Corporation, Santa Barbara Tax Collector, and 1505 Corporation, at some unknown time. See *id.* at p. 2, lines 11-20. The Court cannot confirm that Intech Funding, the Internal Revenue Service, and Santa Barbara Commercial Mortgage, who are all listed on that *Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders*, were served with the Motion by way of email. And, as noted, the Court cannot confirm that any party was served by noon on November 5, 2025. As to Mr. Beall, he was emailed at 1:53 p.m., on November 5, 2025. See *id.* at p. 24. The OUST was emailed at 2:23 p.m., on November 5, 2025. See *id.* at p. 25.

Telephonic notice to certain parties was made on November 5, 2025, but the Court is unable to confirm that the telephonic notice occurred prior to noon on November 5, 2025.

The Court is inclined to deny the Motion as the Court is unable to confirm that the

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Debtor complied with the Court's instructions for informing parties regarding the emergency hearing on the Motion.

Analysis

Pursuant to 11 U.S.C. § 363(c)(2), "[t]he trustee may not use, sell, or lease cash collateral [] unless (A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section."

Here, the Debtor seeks the use of the cash collateral of La Patera through the approval of the Stipulation. The Court has more questions here than it has answers for.

First, this Court's Local Rule 4001-2(a) provides that "[e]ach motion [] to approve the use of cash collateral [] under 11 U.S.C. §§ 363 or 364, or related stipulation [] must be accompanied by mandatory court-approved form F 4001-2.STMT.FINANCE." The Court does not find the mandatory court-approved form on the Docket, which this Court's Local Rule 4001-2(a) provides "must" accompany the Motion.

Second, it is not clear where La Patera fits within the Debtor's case. Is La Patera also Santa Barbara Commercial Mortgage? Is the Debtor simply a corporate guarantor of a loan extended to another entity by La Pantera? La Pantera is nowhere to be found in the Petition.

Third, what was the collateral base of La Patera as of the Petition Date? Specifically, what of the Debtor's assets as of the Petition Date comprised the cash collateral of La Patera? The Petition provides that the Debtor had less than \$50,001 in assets as of the Petition Date. The Stipulation calls for an adequate protection payment of \$35,000 on December 1, 2025. *See* Docket No. 13, p. 12, lines 9-10. Did the Debtor have \$35,000 in cash as of the Petition Date? And if so, it is the Debtor's position that the total of the remainder of its assets were less than \$15,000 as of the Petition Date?

That *Monthly Budget Expenses* (the "Budget") contains operational and other expenses that the Stipulation allows to be paid with La Patera's purported cash collateral. *See id.* at p. 14.

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Neal Feay Company

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- The Budget has a mortgage payment of \$35,000 and property taxes of \$27,475, which the Court presumes relates to a parcel of property that secures La Patera's claim against the Debtor. Who, then, owns the property? The Debtor claims less than \$50,001 in assets.
- What is the Debtor's projected income for the month? The Court cannot determine whether La Patera is entitled to adequate protection, and in what amount, if the Court cannot understand the diminution in the value of La Patera's cash collateral base over the month's time.
- There is a line item for "Rent NY." What does this relate to?
- What are the line items "CC UBS," "Misc Shop Supplies on CC," and "Trash Collection CC?"
- There is a line item for "American Express." Does the Debtor have an open credit card post-petition? Is the Debtor borrowing money from an insider post-petition, and repaying that loan monthly, all without this Court's approval after notice and hearing?
- Why is there a category of "Critical Vendors?" Are these critical vendors in the sense that they have pre-petition claims being paid post-petition? If so, is this not counter to Ninth Circuit authority?

The Motion is unsupported by a declaration. Alan Owens is listed as the attester, but that *Declaration of Alan Owens* is executed by Alex Rasmussen. See Docket No. 13, pp. 5-6.

Party Information

Debtor(s):

Neal Feay Company

Represented By
Eric Bensamochan