

**United States Bankruptcy Court
Central District of California
Los Angeles
Robert Kwan, Presiding
Courtroom 1675 Calendar**

Tuesday, October 14, 2025

Hearing Room 1675

9:00 AM

2:00-000000

Chapter

#0.00

**PROCEDURES FOR APPEARING FOR, OR ACCESSING,
COURT HEARINGS IN JUDGE KWAN'S CASES**

INSTRUCTIONS FOR THE GENERAL PUBLIC AND THE MEDIA: See Special Instructions Below.

INSTRUCTIONS FOR PARTIES OFFICIALLY APPEARING ON THEIR MATTERS AT HEARINGS BEFORE JUDGE KWAN AND THEIR COUNSEL: Judge Kwan conducts non-evidentiary hearings in hybrid format, that is, in person in the courtroom and remotely by video using Zoom for Government (ZoomGov) videoconferencing technology, but only in person in the courtroom for evidentiary hearings, trials and other matters specially set by Judge Kwan. Parties officially appearing on their matters at hearings before Judge Kwan and their counsel may choose to appear in person in the courtroom or remotely on ZoomGov at a hearing on their matters unless otherwise ordered by the court. Judge Kwan's courtroom is located in Courtroom 1675, 16th Floor, Roybal Federal Building, 255 East Temple Street, Los Angeles, California 90012. Parties are directed to review Judge Kwan's self-calendar instructions for calendaring hearings, whether by in-person and/or ZoomGov.

For parties and their counsel officially appearing on their matters using ZoomGov to appear remotely at hearings, video and audio connection information for each hearing will be provided on Judge Kwan's publicly posted hearing calendar on the court's website, which may be viewed online at: <http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/default.aspx>, and then selecting "Judge Kwan" from the tab on the left-hand side of the page.

Parties and their counsel officially appearing on their matters may view and/or listen to hearings before Judge Kwan using ZoomGov free of charge. Individual participants may appear at a hearing by ZoomGov video and audio using a personal computer (equipped with camera, microphone and speaker), or a handheld mobile device (such as an iPhone or Android phone). Individual participants may also participate in a hearing by ZoomGov audio only using a telephone (standard telephone charges may apply). Neither a Zoom nor a ZoomGov account are necessary to

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participate in a hearing, and no pre-registration is required. The audio portion of each hearing will be recorded electronically by the court and constitute its official record.

To implement the mandate of the Judicial Conference of the United States that the general public and the media may not access the video feed of a court hearing, only the audio feed (see Special Instructions to the General Public and the Media below), Judge Kwan or court personnel may inquire as to the status of a person accessing ZoomGov as either an official hearing participant or a member of the general public or the media, and the court may place persons attempting access to video feed of a court hearing in a Zoom waiting room for a status inquiry and otherwise restrict a member of the general public or the media to audio access only if accessing the hearing remotely.

SPECIAL INSTRUCTIONS FOR THE GENERAL PUBLIC AND THE MEDIA: The Judicial Conference of the United States has now clarified its policy on Cameras in the Courtroom and mandated that the members of the general public (or the Public) and the Media may not observe **by video** any court hearing proceedings unless they are actual parties or counsel with matters before the court in which they have an official interest. However, as an accommodation to the Public and the Media, the Judicial Conference of the United States has also clarified that many court hearing proceedings will still be accessible **by audio**, but that this audio accommodation for the Public and the Media is limited to (1) non-trial hearings; and (2) non-live witness evidentiary hearings.

To be clear, during hearings where no live testimony is being received by the court, the court may permit hearing accessibility remotely by audio, but not video, to the Public and the Media. No trials may ever be accessible remotely by audio to the Public and the Media. The court has the final control regarding remote audio accessibility and may choose to terminate remote audio accessibility at any time, regardless of the type of hearing. These remote audio services are accessible through ZoomGov, and the Public and the Media may utilize the telephone number login, but not the video login, presented by the court on its publicly posted hearing calendar, which may be viewed online at: <http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/default.aspx>, and then selecting "Judge Kwan" from the tab on the left-hand side of the page.

Members of the Public and the Media may always personally attend hearings

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before the court in open court in-person in the courtroom. Judge Kwan's courtroom is located in Courtroom 1675, 16th Floor, Roybal Federal Building, 255 East Temple Street, Los Angeles, California 90012.

On hearing days, Judge Kwan's courtroom will remain open during hearings for in-person public and media attendance, so that the courtroom observers will have video and audio access to ZoomGov participants. The court will have video monitors on and viewable within the courtroom for viewing. The parties, including counsel, their clients, and self-represented individual parties, may virtually join the hearing and appear remotely or virtually on ZoomGov.

Members of the general public and the media, however, may only view the hearings in person from the courtroom, which will remain open, or by audio access, as noted above. To implement the mandate of the Judicial Conference of the United States that the general public and the media may not access the video feed of a court hearing, only the audio feed, Judge Kwan or court personnel may inquire as to the status of a person accessing ZoomGov as either an official hearing participant or a member of the general public or the media, and the court may place persons attempting access to video feed of a court hearing in a Zoom waiting room for a status inquiry and otherwise restrict a member of the general public or the media to audio access only if accessing the hearing remotely. Individual members of the public and the media may access a hearing by ZoomGov audio only using a telephone (standard telephone charges may apply). Neither a Zoom nor a ZoomGov account are necessary to access the live audio feed of a hearing, and no pre-registration is required.

RESTRICTIONS ON LIVE TESTIMONY AT HEARINGS: No live testimony, however, will be permitted at a hearing by ZoomGov unless specifically authorized by the court either prior to, or during, a hearing. If a party intends to call a witness to testify by remote transmission, the party calling the witness should state such intention in the joint pretrial stipulation filed before the final pretrial conference or file a written application for permission to call a witness by remote means at least 21 days before the evidentiary hearing or as soon as practicable if the evidentiary hearing is set on less than 21 days notice.

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ZoomGov logon information for all matters on today's hearing calendar:

Video/audio web address: <https://cacb.zoomgov.com/j/161550073>

ZoomGov meeting number: 1615503073

Password: 211623

Telephone conference lines: 1 (669) 254 5252 or 1 (646) 828 7666

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

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 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 or uses the wrong pronoun.

Docket 0

Tentative Ruling:

- NONE LISTED -

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2:23-16449 People Who Care Youth Center, Inc.

Chapter 11

#1.00 Motion to Dismiss Chapter 11 Proceeding
with 180 Day Bar to Re-filing

fr. 5/20/25, 9/3/25

Docket 106

Tentative Ruling:

Further tentative ruling as of 10/12/25. Regarding the stipulation with Debtor to dismiss the case and lift and annul the automatic stay based on their settlement, notice of the stipulation to approve a compromise between the debtor-in-possession and the creditor has not been given pursuant to the 21 day notice requirements of Federal Rules of Bankruptcy Procedure 2002 and 9019 and the 7 day notice requirement of Federal Rule of Bankruptcy Procedure 4001(d) since notice as required by these rules has not been given to all creditors, such as other creditors which have not signed off as having no objections and relief sought in the compromise affects their claims, i.e., creditors which filed proofs of claim and/or are scheduled as having undisputed, noncontingent and liquidated claims which were to be paid under the proposed reorganization plan. See also, *In re A & C Properties*, 784 F.2d 1377 (9th Cir. 1986). The court would entertain a request of Danco, the moving party, to continue the hearing on its motion to dismiss for the debtor-in-possession to give proper notice of its motion to approve the compromise in the stipulation under Rule 9019 rather than proceeding with the evidentiary hearing on the motion.

Supplemental tentative ruling as of 10/9/25. The court will consider the pending motions to dismiss of Danco and the United States Trustee in the context of plan confirmation proceedings. If Debtor's plan is not confirmed, this may be another factor for showing cause under 11 U.S.C. 1112(b) in addition to the lengthy pendency of this Chapter 11 case without plan confirmation and an apparent lack of reasonable prospects for plan confirmation, such as a regular source of income to meet plan obligations, especially a concrete and definite plan for treating Danco's secured claim. As discussed in the previous tentative rulings, forced dismissal for cause under

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11 U.S.C. 1112 is a two-part test, that is, first determining whether cause for dismissal exists, and then determining whether dismissal, conversion or appointment of a trustee would be in the best interests of creditors and the estate.

Otherwise, the prior tentative rulings still stand.

Updated tentative ruling as of 10/1/25.

On Oct. 1, 2025, the following statement was posted on the United States Courts' website: "Despite a federal government shutdown that began on Oct. 1, the Judiciary remains open and will continue paid operations through Friday, Oct. 17, by using court fee balances and other funds not dependent on a new appropriation. Most proceedings and deadlines will occur as scheduled. In cases where an attorney from an executive branch agency is not working because of the shutdown, hearing and filing dates may be rescheduled."

Accordingly, the court determines that absent a change in the situation regarding funding of Judiciary activities, the court will proceed with conducting the scheduled hearings on Oct. 14 and 15 on plan confirmation and related motions, and the motions of creditor Danco and the United States Trustee to dismiss, because normal judiciary activities may proceed.

The court notes that the government shutdown may affect the motion of the United States Trustee (UST) to dismiss the case because the attorney representing him may not be working because of the government shutdown, so in such case, the court may reschedule the hearing on that motion. In the court's view, a rescheduling of the UST's motion will not necessitate a rescheduling of the other matters on calendar.

No updated tentative ruling on the merits as of this date.

Appearances are required on 10/14/25, but counsel and self-represented parties should appear in person, but may appear remotely on Zoom for Government in accordance with the court's remote appearance procedures.

Prior tentative ruling as of 5/19/25. The parties should discuss the applicable

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Chapter 11

legal standard for a motion to dismiss a Chapter 11 case under 11 U.S.C. 1112 as set forth in *In re Sullivan*, 522 B.R. 604 (9th Cir. BAP 2014). The case cited in debtor's opposition, *In re Blendheim*, 803 F.3d 477 (9th Cir. 2015), is not on point because it addresses a motion to dismiss a Chapter 13 case under 11 U.S.C. 1307. Debtor should also address Danco's evidentiary objections in its reply to debtor's opposition to the motion. Appearances are required on 5/20/25, but counsel and self-represented parties must appear either in person in the courtroom or remotely through Zoom for Government in accordance with the court's remote appearance instructions.

Party Information

Debtor(s):

People Who Care Youth Center, Inc.

Represented By
Giovanni Orantes

Movant(s):

Danco, Inc.

Represented By
Eric A Mitnick

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**#2.00 Motion to change the ballot of California Department of Parks and Recreation
(Filed by attorney for debtor)**

fr. 9/3/25

Docket 172

Tentative Ruling:

Supplemental tentative ruling as of 10/8/25. Deny debtor's motion to change the ballot of the California Department of Parks and Recreation for lack of standing as Federal Rule of Bankruptcy Procedure 3018 only recognizes that the creditor can move to change its ballot. Appearances are required on 10/14/25, but counsel and self-represented parties should appear in person, but may appear remotely on Zoom for Government in accordance with the court's remote appearance procedures.

Otherwise, the tentative ruling of 10/1/25 still stands.

Prior tentative ruling as of 10/1/25.

On Oct. 1, 2025, the following statement was posted on the United States Courts' website: "Despite a federal government shutdown that began on Oct. 1, the Judiciary remains open and will continue paid operations through Friday, Oct. 17, by using court fee balances and other funds not dependent on a new appropriation. Most proceedings and deadlines will occur as scheduled. In cases where an attorney from an executive branch agency is not working because of the shutdown, hearing and filing dates may be rescheduled."

Accordingly, the court determines that absent a change in the situation regarding funding of Judiciary activities, the court will proceed with conducting the scheduled hearings on Oct. 14 and 15 on plan confirmation and related motions, and the motions of creditor Danco and the United States Trustee to dismiss, because normal judiciary activities may proceed.

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Chapter 11

The court notes that the government shutdown may affect the motion of the United States Trustee (UST) to dismiss the case because the attorney representing him may not be working because of the government shutdown, so in such case, the court may reschedule the hearing on that motion. In the court's view, a rescheduling of the UST's motion will not necessitate a rescheduling of the other matters on calendar.

No tentative ruling on the merits as of this date.

Appearances are required on 10/14/25, but counsel and self-represented parties should appear in person, but may appear remotely on Zoom for Government in accordance with the court's remote appearance procedures.

Prior tentative ruling as of 8/28/25. Off calendar. Continued by stipulation and order to 10/14/25 at 9:00 a.m. No appearances are required on 9/3/25.

Party Information

Debtor(s):

People Who Care Youth Center, Inc.

Represented By
Giovanni Orantes

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Chapter 11

**#3.00 Motion to change its ballot of California Department of Parks and Recreation
(Filed by Creditor - Department of Parks and Recreation)**

fr. 9/3/25, 9/23/25

Docket 190

Tentative Ruling:

Updated tentative ruling as of 10/9/25. Movant filed a notice of withdrawal of the motion, although opposition was filed in response to the motion. The court does not see a reason not to allow the withdrawal as movant has now changed its position on debtor's reorganization plan. Since it appears that debtor is relying upon movant's vote to meet the requirement of one accepting impaired class under 11 U.S.C. 1129(a)(10), it would be best for the parties to appear to be heard on the motion at the hearing on 10/14/25. Appearances are required on 10/14/25, but counsel and self-represented parties should appear in person, but may appear remotely on Zoom for Government in accordance with the court's remote appearance procedures.

Prior tentative ruling as of 10/1/25.

On Oct. 1, 2025, the following statement was posted on the United States Courts' website: "Despite a federal government shutdown that began on Oct. 1, the Judiciary remains open and will continue paid operations through Friday, Oct. 17, by using court fee balances and other funds not dependent on a new appropriation. Most proceedings and deadlines will occur as scheduled. In cases where an attorney from an executive branch agency is not working because of the shutdown, hearing and filing dates may be rescheduled."

Accordingly, the court determines that absent a change in the situation regarding funding of Judiciary activities, the court will proceed with conducting the scheduled hearings on Oct. 14 and 15 on plan confirmation and related motions, and the motions of creditor Danco and the United States Trustee to dismiss, because normal judiciary activities may proceed.

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The court notes that the government shutdown may affect the motion of the United States Trustee (UST) to dismiss the case because the attorney representing him may not be working because of the government shutdown, so in such case, the court may reschedule the hearing on that motion. In the court's view, a rescheduling of the UST's motion will not necessitate a rescheduling of the other matters on calendar.

No updated tentative ruling on the merits as of this date.

Appearances are required on 10/14/25, but counsel and self-represented parties should appear in person, but may appear remotely on Zoom for Government in accordance with the court's remote appearance procedures.

Prior tentative ruling as of 9/18/25. The court has reviewed the moving, opposing, and most recently, the reply papers. The court notes that movant in its reply did not address the creditor's opposition argument that the motion should be denied because under the amended plan, movant is unimpaired and should not be allowed to vote. Arguably, under the second amended plan (docket no. 135, erroneously captioned as the first amended plan, which was docket no. 102) as corrected by the order approving the stipulation to correct typographical error in the plan to state the correct amount of the movant's claim (docket no. 166), movant's rights are left unaltered because the claim is given the same treatment as under debtor's prior reorganization plan which is still in effect. That is, the objecting creditor argues that the motion should be denied because movant no longer has a vote as an impaired creditor because the plan has been corrected so that it leaves movant's rights unaltered under 11 U.S.C. 1124. Movant needs to address the appropriate legal standard for impairment as set out by the Ninth Circuit in *L & J Anaheim Associates (L & J Anaheim Associates v. Kawasaki Leasing International, Inc.)*, 995 F.2d 940, 942-943 (9th Cir. 1993). It seems proper for movant to have voted against the first amended plan because it misstated the amount of its claim, which might have effectuated a reduction of its claim in its treatment under that version of the plan, and thus, its claim was impaired by the plan, and to change its vote because it is satisfied with the plan treatment of its properly stated claim through a corrected plan. Leaving its vote to reject when the plan is corrected does not accurately reflect its position on the plan on the merits, but in correcting the typographical error in the plan, it may mean that its rights

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are unaffected, or unimpaired under 11 U.S.C. 1124. The objecting creditor's remaining arguments that the vote change is late and is tainted lack merit. There is no temporal restriction to a vote change motion, and as recognized by the advisory committee notes for the change in Rule 3018 in 1991, the rule was changed to eliminate the deadline which was set for balloting in general. Movant's evidence in the Franklin declaration as amended that it only voted against the plan because the claim amount in the plan was incorrect because it was understated and that it otherwise supported the plan if its claim amount was properly stated is un rebutted and states a proper motivation that it supported the plan, but for its claim was incorrectly understated in the plan, posing a risk to its treatment of its claim, and cause, for changing its vote if it has a vote as the plan was corrected to state the correct amount of its claim. See, e.g., In re Windmill Durango Office, LLC, 481 B.R. 51, 64-67 (9th Cir. BAP 2012).

Appearances are required on 9/23/25, but counsel and self-represented parties may appear remotely in accordance with the court's remote appearance procedures posted online on the court's website.

Party Information

Debtor(s):

People Who Care Youth Center, Inc.

Represented By
Giovanni Orantes

Movant(s):

California Department of Parks and

Represented By
Nicholas Paul Tsukamaki

California Department of Parks and

Represented By
Nicholas Paul Tsukamaki

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#4.00 Evidentiary Hearing re: Plan confirmation

fr. 9/3/25

Docket 0

Tentative Ruling:

Supplemental tentative ruling as of 10/9/25. At the contested evidentiary hearing on plan confirmation as a number of creditors have filed objections to confirmation, the court will hear the testimony of witnesses who are being called to testify by the parties and the arguments of the parties. Debtor bears the burden of proving by a preponderance of the evidence that it and the plan meets all the requirements of the Bankruptcy Code, including 11 U.S.C. 1129, to confirm the plan. In re Arnold and Baker Farms, 177 B.R. 648, 654 (9th Cir. BAP 1994). In meeting this burden, Debtor needs to respond to Danco's evidentiary objections to Debtor's trial declarations in support of plan confirmation.

Based on the initial evidentiary showing of the parties on plan confirmation, it appears that Debtor will have difficulty in proving confirmability in at least two areas. First, based on the vote tabulation submitted by Debtor, it appears that the plan does not meet the requirement of one accepting impaired class of creditors under 11 U.S.C. 1129(a)(10) as the only voting classes, Danco and the California Department of Parks and Recreation, cast ballots against confirmation. While Debtor and the state filed motions to change the state's ballot, the state has now filed a notice of withdrawal of its motion, stating it no longer wants to change its vote. If the state still wants to change its vote, then as Danco argues, there is the issue of whether the state's claim is impaired by the plan since the plan treats the claim the same as it is treated now under the prior confirmed plan. The court's tentative ruling on Debtor's motion to change the state's ballot is to deny the motion for lack of standing since it is not the creditor which cast the vote.

Second, it appears based on the evidence submitted so far, Debtor has not shown that it has the means to fund plan payments, specifically, the monthly

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debt service payment of \$25,000 to secured creditor Danco, as based on its monthly operating reports, it does not have the income to make these payments, and the evidence is insufficient to show that it can obtain new financing to take out Danco's loan, even if the increase of \$425,000 in the loan amount asserted by Danco based on Debtor's acceptance of that further loan by its principal, Michelle McArn, is not considered. .

Otherwise, the tentative ruling of 10/1/25 still stands.

Updated tentative ruling as of 10/1/25.

On Oct. 1, 2025, the following statement was posted on the United States Courts' website: "Despite a federal government shutdown that began on Oct. 1, the Judiciary remains open and will continue paid operations through Friday, Oct. 17, by using court fee balances and other funds not dependent on a new appropriation. Most proceedings and deadlines will occur as scheduled. In cases where an attorney from an executive branch agency is not working because of the shutdown, hearing and filing dates may be rescheduled."

Accordingly, the court determines that absent a change in the situation regarding funding of Judiciary activities, the court will proceed with conducting the scheduled hearings on Oct. 14 and 15 on plan confirmation and related motions, and the motions of creditor Danco and the United States Trustee to dismiss, because normal judiciary activities may proceed.

The court notes that the government shutdown may affect the motion of the United States Trustee (UST) to dismiss the case because the attorney representing him may not be working because of the government shutdown, so in such case, the court may reschedule the hearing on that motion. In the court's view, a rescheduling of the UST's motion will not necessitate a rescheduling of the other matters on calendar.

No tentative ruling on the merits on plan confirmation as of this date because the hearing on plan confirmation is evidentiary, the court will need to hear argument on the evidentiary objections being made, and the parties are continuing to file papers..

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At the evidentiary hearing, the court will hear the testimony of witnesses who are being called to testify by the parties and the arguments of the parties. Appearances are required on 10/14/25, and witnesses who are testifying must appear in person to testify in open court. Counsel and self-represented parties should appear in person, but may appear remotely on Zoom for Government in accordance with the court's remote appearance procedures.

Party Information

Debtor(s):

People Who Care Youth Center, Inc.

Represented By
Giovanni Orantes

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#5.00 Evidentiary hearing re: Motion of UST for the appointment of a Chapter 11 trustee or in the alternative to dismiss the case

fr. 7/29/25, 9/3/25

Docket 149

Tentative Ruling:

Supplemental tentative ruling as of 10/9/25. Due to the lapse of appropriations to authorize the federal government to continue operations, the court is uncertain whether the movant, the United States Trustee, will be appearing at the hearing on 10/14/25. If no appearance is made by the movant, the United States Trustee, the court will likely continue the hearing on his motion for a short period of time to when appropriations to fund government operations may be restored.

On the merits, the court notes that Debtor has not supplemented its documentation to completely substantiate the disbursement of Debtor-in-possession (DIP) funds totaling \$18,737 on checks written on its DIP bank account by its principal, Michelle McArn, to herself was made for goods and services provided to Debtor.

Otherwise, the tentative ruling of 10/1/25 still stands.

Updated tentative ruling as of 10/1/25.

On Oct. 1, 2025, the following statement was posted on the United States Courts' website: "Despite a federal government shutdown that began on Oct. 1, the Judiciary remains open and will continue paid operations through Friday, Oct. 17, by using court fee balances and other funds not dependent on a new appropriation. Most proceedings and deadlines will occur as scheduled. In cases where an attorney from an executive branch agency is not working because of the shutdown, hearing and filing dates may be rescheduled."

Accordingly, the court determines that absent a change in the situation

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regarding funding of Judiciary activities, the court will proceed with conducting the scheduled hearings on Oct. 14 and 15 on plan confirmation and related motions, and the motions of creditor Danco and the United States Trustee to dismiss, because normal judiciary activities may proceed.

The court notes that the government shutdown may affect the motion of the United States Trustee (UST) to dismiss the case because the attorney representing him may not be working because of the government shutdown, so in such case, the court may reschedule the hearing on that motion. In the court's view, a rescheduling of the UST's motion will not necessitate a rescheduling of the other matters on calendar.

No tentative ruling on the merits as of this date because the hearing on the motion is evidentiary.

At the evidentiary hearing, the court will hear the testimony of witnesses who are being called to testify by the parties and the arguments of the parties. Appearances are required on 10/14/25, and witnesses who are testifying must appear in person to testify in open court. Counsel and self-represented parties should appear in person, but may appear remotely on Zoom for Government in accordance with the court's remote appearance procedures.

Prior tentative ruling as of 8/28/25. Off calendar. Continued by stipulation and order to 10/14/25 at 9:00 a.m. No appearances are required on 9/3/25.

Prior tentative ruling. Having reviewed the moving, opposing and reply papers as well as Danco's joinder, the court is inclined to treat the motion to appoint a Chapter 11 trustee or to dismiss as a contested matter presenting contested issues of material fact and set it for an evidentiary hearing along with Danco's motion to dismiss and debtor's plan confirmation on 9/3/25 and 9/4/25 at 9:00 a.m. The court believes that given the current state of the case with the pendency of plan confirmation proceedings and Danco's motion to dismiss, relief under either 11 U.S.C. 1104 and/or 1112(b) should be based on the totality of the circumstances of the case upon a fully developed evidentiary record relating to substantive issues which include the feasibility of debtor's reorganization plan, debtor's reasons for its further \$425,000 loan indebtedness to Danco which apparently benefited its insiders to help them

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purchase property held by nondebtor parties (\$275,000 for the Silverlakes note and \$150,000 for the purchase of 2916 W. Manchester) as indicated in Danco's opposition to debtor's objection to its claim, and debtor's reasons for its failure to comply with the requirements of federal law in hiring and paying a security guard who had no legal immigration status. The court will hear argument of the parties regarding whether a ruling should be made immediately, and if the court sticks to its tentative ruling to set the matter for an evidentiary hearing, the court will hear from the parties as to their discovery needs. The court intends to set a deadline of 8/20/25 for debtor to file and serve trial declarations with all the supporting documentation that it says it will submit in support of its opposition to the motion. The other parties to the motion can file and serve responsive declarations by 8/27/25. Appearances are required on 7/29/25, but counsel and self-represented parties may appear remotely in accordance with the court's remote appearance procedures posted online on the court's website.

Party Information

Debtor(s):

People Who Care Youth Center, Inc.

Represented By
Giovanni Orantes

Movant(s):

United States Trustee (LA)

Represented By
Hatty K Yip

**United States Bankruptcy Court
Central District of California
Los Angeles
Robert Kwan, Presiding
Courtroom 1675 Calendar**

Tuesday, October 14, 2025

Hearing Room 1675

9:00 AM

2:23-16449 People Who Care Youth Center, Inc.

Chapter 11

#6.00 Trial re: Motion to Disallow Claims of Danco, Inc.
[Proof of Claim No. 3]

fr. 6/10/25, 6/24/25, 9/3/25

Docket 119

Tentative Ruling:

Supplemental tentative ruling as of 10/9/25. The court will hear testimony of debtor's witnesses in support of its motion and Danco's witnesses in opposition to the motion. Debtor argues that the claim should be disallowed for breaches of contract and the covenant of good faith and fair dealing, wrongful foreclosure, fraud and unfair competition based on an incorrect default amount. However, Danco in its opposition argues that the claim amount is correct based on the agreement of Debtor's principal, Michelle McArn, for Debtor to take out a further loan of \$425,000 from Danco secured by Debtor's existing note and deed of trust on its property as evidenced by her acceptance of Danco's loan advance terms in its letter to her on behalf of Debtor dated 10/14/21 (copy attached to Danco's proof of claim which is an exhibit to the opposition). Debtor's reply papers and declaration of Eric Radley apparently admit Danco's factual assertions that McArn took out the loan from Danco to invest in real estate assets, but there is no explanation why the Debtor took out this loan to purchase these real estate assets as it appears that the assets were not purchased for its benefit. Debtor's reply papers do not explain why there were any breaches of contract or the covenant of good faith and fair dealing, any wrongful foreclosure, any fraud, or any unfair competition if McArn's accepted the \$425,000 loan by Danco on behalf of Debtor as indicated by the 10/14/21 letter. It appears that McArn took out the loan as an extension of Debtor's existing \$1 million loan and secured it with Debtor's real property to purchase real property assets which are not apparently owned by Debtor and that the real estate investments made by McArn with these funds did not turn out well and she and Radley blame Danco as alleged in their state court lawsuit against Danco. Debtor will need to explain, and the court believes that Mc Arn should explain this for Debtor at trial. The court does not see that Eric Radley is a witness

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competent to testify for Debtor as to why it entered into this transaction because it was McArn, not him, who acted on behalf of Debtor and signed the loan letter for Debtor.

Otherwise, the tentative ruling of 10/1/25 still stands.

Prior tentative ruling as of 10/1/25.

On Oct. 1, 2025, the following statement was posted on the United States Courts' website: "Despite a federal government shutdown that began on Oct. 1, the Judiciary remains open and will continue paid operations through Friday, Oct. 17, by using court fee balances and other funds not dependent on a new appropriation. Most proceedings and deadlines will occur as scheduled. In cases where an attorney from an executive branch agency is not working because of the shutdown, hearing and filing dates may be rescheduled."

Accordingly, the court determines that absent a change in the situation regarding funding of Judiciary activities, the court will proceed with conducting the scheduled hearings on Oct. 14 and 15 on plan confirmation and related motions, and the motions of creditor Danco and the United States Trustee to dismiss, because normal judiciary activities may proceed.

The court notes that the government shutdown may affect the motion of the United States Trustee (UST) to dismiss the case because the attorney representing him may not be working because of the government shutdown, so in such case, the court may reschedule the hearing on that motion. In the court's view, a rescheduling of the UST's motion will not necessitate a rescheduling of the other matters on calendar.

No tentative ruling on the merits as of this date because the hearing on the objection is evidentiary.

At the evidentiary hearing, the court will hear the testimony of witnesses who are being called to testify by the parties and the arguments of the parties. Appearances are required on 10/14/25, and witnesses who are testifying must appear in person to testify in open court. Counsel and self-represented parties should appear in person, but may appear remotely on Zoom for

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Government in accordance with the court's remote appearance procedures.

Updated tentative ruling as of 8/28/25. Off calendar. Continued by stipulation and order to 10/14/25 at 9:00 a.m. No appearances are required on 9/3/25.

Prior tentative ruling as of 6/17/25. The court has reviewed the joint status report. Otherwise, no tentative ruling on the merits. Appearances are required on 6/24/25, but counsel and self-represented parties must appear either in person in the courtroom or remotely through Zoom for Government in accordance with the court's remote appearance instructions.

Prior tentative ruling. The court on its own motion continues the hearing on the motion to disallow the claim of Danco, Inc., to 6/24/25 at 10:30 a.m. because the consequences from the civil unrest from the currently ongoing immigration protests may make it difficult or unsafe for staff and the public to access the Roybal Federal Building where the courtroom is located. The court has been advised to limit the number of personnel present at the Roybal Federal Building during the week of June 9, 2025 in light of these conditions, which may make hearing coverage difficult. In an abundance of caution, for the safety of court staff and attendees from the public, including counsel and self-represented parties, the court believes that it would be prudent not to go forward with the hearing on 6/10/25.

In addition, substantively, having reviewed the moving and opposing papers, the court agrees with the debtor that the motion should be treated as a contested matter within the meaning of Federal Rule of Bankruptcy Procedure 9014, and the court should set a schedule of pretrial and trial proceedings. Danco in its opposition contends that the higher claim amount and loan payments are based on a further loan advance to debtor after confirmation of its prior reorganization plan and its claim accurately reflects that post-confirmation loan advance as well as the original loan made to debtor pursuant to the prior plan. However, the documentation attached to Danco's opposition is inadequate to support such contention as there are no formal loan documentation for the further loan advance and the October 14, 2021 letter attached to the proof of claim is unauthenticated. The testimony from both sides in the Perlstein and McArn declarations do not adequately address the further loan advance. The documentation attached to the opposition

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suggests that the further loan advance was made to Michelle McArn and Eric Radley personally to buy property in their names as opposed to the debtor's name as indicated in the copy of their state court complaint. However, the court notes in that complaint, McArn and Radley allege that the original loan was made to them as opposed to the debtor. There are no formal loan documents, such as amended or supplemental note and deed of trust showing the additional loan amounts to the debtor. In fairness to both sides, the court affords the opportunity to them to explain the additional loan by Danco whether it was to debtor or to McArn and Radley personally. The state court complaint alleges that the further loan was made to McArn and Radley personally, which may presents its own issues with respect to the good faith of this bankruptcy case if the October 14, 2021 letter is authentic that McArn on behalf of debtor consented to amend the debtor's note and trust deed in favor of Danco to incur additional debt to make her own real property purchase and further encumber the debtor's real property. The court also believes that Danco needs to provide in admissible testimony or declarations computations of how it arrived at its claim amount, reflecting all amounts lent, all payments and interest accruals.

The court orders that the parties to this contested matter meet and confer and file a joint status report pursuant to Local Bankruptcy Rule 7016-1 in advance of the continued hearing on 6/24/25 at 10:30 a.m. in Courtroom 1675, Roybal Federal Building, 255 East Temple Street, Los Angeles, CA 90012. No appearances are required on 6/10/25.

Party Information

Debtor(s):

People Who Care Youth Center, Inc.

Represented By
Giovanni Orantes