United States Bankruptcy Court
Central District of California
San Fernando Valley
Victoria Kaufman, Presiding
Courtroom 301 Calendar

9:30 AM

1: - **Chapter**

#0.00 **All hearings on this calendar will be conducted in Courtroom 301 at 21041 Burbank Boulevard, Woodland Hills, California, 91367. All parties in interest, members of the public and the press may attend the hearings on this calendar in person.**

Additionally, (except with respect to evidentiary hearings, or as otherwise ordered by the Court) parties in interest (and their counsel) may connect by ZoomGov audio and video free of charge, using the connection information provided below. Members of the public and the press may only connect to the zoom audio feed, and only by telephone. Access to the video feed by these individuals is prohibited.

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9:30 AM
CONT... **Chapter**

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Docket 0

Tentative Ruling:

- NONE LISTED -

9:30 AM

1:26-11373 Sheila Winters **Chapter 7**

#1.00 Motion for relief from stay [UD]

CIRCA 1200 LLC
VS
DEBTOR

Docket 10

Tentative Ruling:

Grant relief from stay pursuant to 11 U.S.C. § 362(d)(1).

Movant (and any successors or assigns) may proceed under applicable nonbankruptcy law to enforce its remedies to obtain possession of the property.

The 14-day stay prescribed by FRBP 4001(a)(3) is waived.

Movant must submit the order within seven (7) days.

Note: No response has been filed. Accordingly, no court appearance by movant is required. Should an opposing party file a late opposition or appear at the hearing, the Court will determine whether further hearing is required and movant will be so notified.

Party Information

Debtor(s):

Sheila Winters	Pro Se

Trustee(s):

Nancy J Zamora (TR)	Pro Se

9:30 AM

1:26-11140 Mariola Hyacinth Diaz and Brandon Joel Powell **Chapter 7**

#2.00 Motion for relief from stay [PP]

BMW BANK OF NORTH AMERICA
VS
DEBTOR

Docket 12

Tentative Ruling:

Grant relief from stay pursuant to 11 U.S.C. § 362(d)(1) and (d)(2).

Movant (and any successors or assigns) may proceed under applicable nonbankruptcy law to enforce its remedies to repossess and sell the property.

The 14-day stay prescribed by FRBP 4001(a)(4) is waived.

Movant must submit the order within seven (7) days.

Note: No response has been filed. Accordingly, no court appearance by movant is required. Should an opposing party file a late opposition or appear at the hearing, the Court will determine whether further hearing is required and movant will be so notified.

Party Information

Debtor(s):

Mariola Hyacinth Diaz — Represented By Anthony J Rothman Esq

Joint Debtor(s):

Brandon Joel Powell — Represented By Anthony J Rothman Esq

Trustee(s):

Amy L Goldman (TR) — Pro Se

United States Bankruptcy Court
Central District of California
San Fernando Valley
Victoria Kaufman, Presiding
Courtroom 301 Calendar

Thursday, July 30, 2026 **Hearing Room** **301**

9:30 AM

1:26-10204 **Michael Vahan Geozalian and Lucy Geozalian** **Chapter 7**

#3.00 Motion for relief from stay [PP]

FINANCIAL SERVICES VEHICLE TRUST
VS
DEBTOR

Docket 29

***** VACATED ***** **REASON: Motion withdrawn 7/22/26**

Tentative Ruling:

- NONE LISTED -

Party Information

Debtor(s):

Michael Vahan Geozalian — Represented By Vahe Khojayan

Joint Debtor(s):

Lucy Geozalian — Represented By Vahe Khojayan

Trustee(s):

Nancy J Zamora (TR) — Pro Se

Thursday, July 30, 2026 **Hearing Room 301**

9:30 AM

1:26-11198 Sergio Lopez Monja **Chapter 13**

#4.00 Motion for relief from stay [PP]

OLIVE VIEW FEDERAL CREDIT UNION
VS
DEBTOR

Stipulation filed 6/25/26

Docket 14

***** VACATED *** REASON: Order approving stipulation entered 7/2/26 [Dkt. 20]**

Tentative Ruling:

- NONE LISTED -

Party Information

Debtor(s):

Sergio Lopez Monja	Represented By Ramiro Flores Munoz

Movant(s):

Olive View Federal Credit Union	Represented By Bruce P. Needleman

Trustee(s):

Elizabeth (SV) F Rojas (TR)	Pro Se

9:30 AM

1:25-11938 Elza Armenak Balian **Chapter 13**

#5.00 Motion for relief from stay [RP]

THE BANK OF NEW YORK MELLON
VS
DEBTOR

Docket 36

***** VACATED *** REASON: No chambers copy of motion provided. Motion is not on calendar.**

Tentative Ruling:

- NONE LISTED -

Party Information

Debtor(s):

Elza Armenak Balian	Represented By Kevin T Simon

Movant(s):

The Bank of New York Mellon fka	Represented By Kirsten Martinez

Trustee(s):

Elizabeth (SV) F Rojas (TR)	Pro Se

9:30 AM

1:26-11039 V-Red, Inc. **Chapter 11**

#6.00 Motion for relief from stay [RP]

VENTURA COUNTY CREDIT UNION
VS
DEBTOR

Case dismissed on 7/9/26

Docket 24

***** VACATED *** REASON: Case dismissed on 7/9/26 [doc. 30].**

Tentative Ruling:

- NONE LISTED -

Party Information

Debtor(s):

V-Red, Inc. — Represented By
Michael D Kwasigroch

Movant(s):

Ventura County Credit Union — Represented By
Arnold L Graff

1:30 PM

1:25-10445 Patricia Lizette Molina **Chapter 7**

Adv#: 1:25-01035 Molina v. UNITED STATES DEPARTMENT OF EDUCATION

#7.00 Status conference re: complaint for determination that student loan debt is dischargeable pursuant to 11 U.S.C. § 523(a)(8)

fr. 8/28/25 (Stip); 12/11/25, 4/16/26 (Stip)

Stipulation to continue filed 7/16/26

Docket 1

***** VACATED *** REASON: The status conference is continued to October 29, 2026 at 1:30 p.m. per Order on Stipulation [doc. 17].**

Tentative Ruling:

- NONE LISTED -

Party Information

Debtor(s):

Patricia Lizette Molina	Represented By Lauren M Foley

Defendant(s):

UNITED STATES DEPARTMENT	Pro Se

Plaintiff(s):

Patricia Lizette Molina	Represented By Lauren M Foley

Trustee(s):

David Keith Gottlieb (TR)	Pro Se

1:30 PM

1:25-11678 Jordan Gene Pearlman **Chapter 7**

Adv#: 1:26-01009 Kleidman v. Pearlman

#8.00 Status conference re First Amended Complaint for Relief Under 11 USC § 523(a)(2)(A), (4); 11 USC § 727(a)(2), (3), (4)(A)(D), (5), (6)(A), (C); Declaratory relief per FRBP 7001(b), (i)

Docket 22

Tentative Ruling:

The Court will continue the status conference to **2:00 p.m. on August 6, 2026**.

Appearances on July 30, 2026 are excused.

Party Information

Debtor(s):

Jordan Gene Pearlman — Represented By Michael G Spector

Defendant(s):

Jordan Gene Pearlman — Represented By Michael G Spector

Plaintiff(s):

Peter Kleidman — Represented By Peter Brown Kleidman (Pro Se)

Trustee(s):

Sandra McBeth (TR) — Pro Se

1:30 PM

1:25-11943 Dev Pandey **Chapter 7**

Adv#: 1:26-01005 Immigrant Rights Defense Council, LLC v. Pandey

#9.00 Status conference re Complaint for determination that certain debts are excepted from discharge pursuant to 11 U.S.C. § 523

fr. 4/2/26; 4/16/26

Docket 1

Tentative Ruling:

On May 14, 2026, the plaintiff filed a first amended complaint (the "Complaint") [doc. 18]. On June 1, 2026, the defendant filed an answer to the Complaint [doc. 19].

On July 1, 2026, the parties filed a joint status report per Local Bankruptcy Rule 7016-1(a)(2) [doc. 21].

Based on the Court's review of the joint status report, the Court will set the following deadlines:

Deadline to complete discovery: **November 6, 2026.**

Deadline to file pretrial motions: **November 30, 2026.**

Deadline to complete and submit pretrial stipulation in accordance with Local Bankruptcy Rule 7016-1: **January 7, 2027.**

Pretrial: **January 21, 2027 at 1:30 p.m.**

In accordance with Local Bankruptcy Rule 7016-1(a)(3), within seven (7) days after this status conference, the plaintiff must submit a Scheduling Order.

If any of these deadlines are not satisfied, the Court will consider imposing sanctions against the party at fault pursuant to Local Bankruptcy Rule 7016-1(f) and (g).

Party Information

1:30 PM

CONT... Dev Pandey **Chapter 7**

Debtor(s):

Dev Pandey	Represented By Young K Chang

Defendant(s):

Dev Pandey	Pro Se

Plaintiff(s):

Immigrant Rights Defense Council,	Represented By Sebastian M Medvei

Trustee(s):

David Keith Gottlieb (TR)	Pro Se

1:30 PM

1:25-12048 Felix Rodolfo Wasser **Chapter 11**

Adv#: 1:25-01079 Katsumata v. Wasser

#10.00 Status conference re: complaint to determine debt to be non-dischargeable pursuant to 11 U.S.C. § 523(a)(4)

fr. 2/12/26; 5/21/26

Docket 1

***** VACATED *** REASON: Continued by Stipulation to 9/24/26 at 1:30 pm [Dkt. #11]**

Tentative Ruling:

- NONE LISTED -

Party Information

Debtor(s):

Felix Rodolfo Wasser — Represented By Stella A Havkin

Defendant(s):

Felix Rodolfo Wasser — Pro Se

Plaintiff(s):

Leslie Katsumata — Represented By David A Shapiro

1:30 PM

1:26-10790 Hassan Saad Shatila **Chapter 13**

Adv#: 1:26-01029 Corban et al v. Shatila

#11.00 Status conference re: complaint to determine dischargeability of debt

Docket 1

Tentative Ruling:

On May 22, 2026, the plaintiffs file a complaint alleging claims under 11 U.S.C. §§ 523(a)(2)(A), (a)(2)(B), and (a)(6) and 1328(a)(2) (the "Complaint"). On June 18, 2026, the defendant filed an answer to the Complaint.

On July 13, 2026, the parties filed a joint status report under Local Bankruptcy Rule ("LBR") 7016-1(a)(2). In their joint status report, the parties request that the Court stay the adversary proceeding pending the outcome of a state court appeal. In addition, the plaintiffs state that they contest the Court's entry of a final judgment in this adversary proceeding.

In the Complaint, the plaintiffs acknowledge that this adversary proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Complaint, ¶ 3. As stated in the advisory notes to Federal Rule of Bankruptcy Procedure 7008: "Proceedings before a bankruptcy judge are either core or non-core. 28 U.S.C. § 157. A bankruptcy judge may enter a final order or judgment in a core proceeding."

The plaintiffs' claims regarding the dischargeability of debt under section 523 of the Bankruptcy Code are core matters. Consequently, this Court may enter a final judgment in this adversary proceeding.

In the defendant's bankruptcy case, the Court has granted relief from the automatic stay to allow the pending state court appeal between the parties to proceed to final judgment, with the automatic stay to remain in effect as to enforcement of any resulting judgment against the debtor or property of the estate [Case 1:26-bk-10790, doc. 49].

The Court will continue the status conference to **1:30 p.m. on October 29, 2026**. No later than **October 15, 2026**, the parties must file a joint status report under Local

1:30 PM

CONT... Hassan Saad Shatila **Chapter 13**

Bankruptcy Rule 7016-1(a)(2).

In accordance with LBR 7016-1(a)(4), the plaintiffs must file a scheduling order within seven days.

Appearances on July 30, 2026 are excused.

Party Information

Debtor(s):

Hassan Saad Shatila	Represented By Nabil E Chelico

Defendant(s):

Hassan Saad Shatila	Pro Se

Plaintiff(s):

Ziad Corban	Represented By Paro Astourian
Corban Group, Inc.	Represented By Paro Astourian

Trustee(s):

Elizabeth (SV) F Rojas (TR)	Pro Se

2:00 PM

1:20-10026 Joseph Wanamaker **Chapter 7**

Adv#: 1:22-01038 The Affiliati Network, LLC et al v. Wanamaker et al

#12.00 Pre-Trial Conference re first amended complaint

fr. 9/25/25(stip); 11/25/25; 2/5/26; 3/5/26

Docket 1

***** VACATED *** REASON: Continued to 8/11/26 at 10:00 A.M. on Judge Mund's Calendar**

Tentative Ruling:

- NONE LISTED -

Party Information

Debtor(s):

Joseph Wanamaker	Represented By Peter M Lively David P Reiner II

Defendant(s):

Joseph Wanamaker	Represented By David P Reiner II
UR Media Group, Inc.	Represented By David P Reiner II

Plaintiff(s):

The Affiliati Network, LLC	Represented By Stella A Havkin Travis A Corder Daniel J McCarthy
Sanjay Palta	Represented By Stella A Havkin Travis A Corder Daniel J McCarthy

2:00 PM

CONT... Joseph Wanamaker **Chapter 7**

Trustee(s):

Amy L Goldman (TR) Represented By
Leonard Pena

2:00 PM
1:24-10035 Varunkumar Pankajbhai Suthar **Chapter 7**
Adv#: 1:24-01009 EQUATE MEDIA, INC., et al v. Suthar et al

#13.00 Motion and Motion In Limine To Exclude Issues Already Determined By The Court

Docket 175

Tentative Ruling:

Deny.

The respondents must submit the order within seven days.

This adversary proceeding will be transferred to the Hon. Geraldine Mund, United States Bankruptcy Judge. Following the transfer of this adversary proceeding, Judge Mund will, among other things, decide evidentiary objections filed by the parties before trial and preside over the trial scheduled to commence on August 4, 2026 in the San Fernando Valley Division, located at 21041 Burbank Blvd., Woodland Hills CA 91367. The trial will take place in Courtroom 302 of the San Fernando Valley Division.

Party Information

Debtor(s):

Varunkumar Pankajbhai Suthar	Represented By Eric Bensamochan

Defendant(s):

Varunkumar Pankajbhai Suthar	Represented By Eric Bensamochan Robert A Kashfian
Disha Virendrabhai Suthar	Represented By Eric Bensamochan Robert A Kashfian

Joint Debtor(s):

Disha Virendrabhai Suthar	Represented By

2:00 PM

CONT... **Varunkumar Pankajbhai Suthar** **Chapter 7**

Eric Bensamochan

Plaintiff(s):

BUDGET VAN LINES, INC.	Represented By Leslie A Cohen
QUOTE RUNNER, LLC.	Represented By Leslie A Cohen
HOME EXPERT, INC.	Represented By Leslie A Cohen
EQUATE MEDIA, INC.,	Represented By Leslie A Cohen

Trustee(s):

David Keith Gottlieb (TR)	Represented By Laila Rais Devan De los Reyes

2:00 PM
1:24-11300 Anush Arakelyan **Chapter 7**
Adv#: 1:25-01084 Gottlieb v. Arakelyan

#14.00 Plaintiff's Motion for Judgment on the Pleadings
under Fed. R. Civ. Proc. 12(C)
[Hearing re compensatory damages payable by defendant to the Trustee]

fr. 5/14/26; 5/12/26; 5/28/26

Docket 15

Tentative Ruling:

As further set forth below, on account of the defendant's knowing and willful violation of the automatic stay, the Court will award compensatory damages to the Trustee in the amount of $41,508.23.

I. BACKGROUND

On August 7, 2024, Anush Arakelyan ("Debtor") filed a chapter 11 petition, initiating bankruptcy case no. 24-bk-11300 (the "Bankruptcy Case"). Debtor is married to Vartan Arakelyan, *aka* Walter Arakelyan ("Defendant"). David K. Gottlieb was appointed the chapter 7 trustee in the Bankruptcy Case (the "Trustee").

A. The Adversary Proceeding

On December 19, 2025, the Trustee filed a verified complaint commencing this adversary proceeding ("Complaint"). The Trustee requested the following relief:

(1) Declaratory relief to quiet title and determine that real property located at 8008 Wilkinson Avenue (North Hollywood area), Los Angeles, California (the "Wilkinson Property") was property of the bankruptcy estate,
(2) Avoidance, recovery and preservation of the postpetition transfer of the Wilkinson Property,
(3) Turnover of the Wilkinson Property, and
(4) Damages for willful violation of the automatic stay.

2:00 PM
CONT... Anush Arakelyan **Chapter 7**

On March 2, 2026, Defendant filed a response to the Complaint (the "Answer") [doc. 12].

B. Motion for Judgment on the Pleadings

On March 12, 2026, the Trustee filed a *Motion for Judgment on the Pleadings* (the "MJP") [doc. 15]. On April 28, 2026, Defendant filed an opposition [doc. 24].

On May 28, 2026, the Court held a hearing and orally granted the MJP with respect to all claims asserted by the Trustee. On June 12, 2026, the Court entered an *Order Granting Plaintiff's Motion for Judgment on the Pleadings under Fed. R. Civ. Proc. 12(c)* (the "MJP Order") [doc. 32]. The Court granted the MJP and set deadlines for the parties to provide briefing on compensatory damages as a result of Defendant's violation of the automatic stay.

On June 12, 2026, the Court entered *Findings of Fact and Conclusions of Law regarding Plaintiff's Motion for Judgment on the Pleadings* (the "Findings Order") [doc. 33]. Relevant to the Trustee's claim for Defendant's violation of the automatic stay, the Court found the following facts:

> By his own admissions, Defendant was aware of the filing of the [Debtor's] bankruptcy petition.
>
> [. . .]
>
> On the Petition Date, the Debtor was the sole title owner of the real property commonly known as 8008 Wilkinson Ave., North Hollywood, CA 91605 ("Wilkinson Property"). The Wilkinson Property is legally described as follows:
>
> > THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:
> >
> > LOT 48 IN TRACT 16790, IN THE CITY OF LOS

2:00 PM
CONT... **Anush Arakelyan** **Chapter 7**

> ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 419, PAGES 41 AND 43 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, CALIFORNIA.

APN: 2308-022-002.

During the pendency of the Chapter 11 case, Debtor represented that she was the owner of the Wilkinson Property, including stating in her schedules that only Debtor had an interest in it. Debtor did not indicate in her schedules that the Wilkinson Property was community property.

The Wilkinson Property is community property. The characterization of the Wilkinson Property as community property is supported by the form of title that the Wilkinson Property was originally taken, as joint tenants during the marriage of Debtor and Defendant, and is confirmed by Defendant's judicial admissions that the property is community property.

[. . .]

On May 6, 2025, Defendant recorded a declaration of homestead against the Wilkinson Property, as document no. 2025-296458 ("Homestead Declaration"), which Homestead Declaration was appended to the Complaint as Exhibit "4."

The Court did not authorize any party to record the Homestead Declaration. The recordation of the Homestead Declaration was made by Defendant after he had actual knowledge of the bankruptcy case, and the recordation of the Homestead Declaration was made willfully.

On June 11, 2025, Defendant recorded a grant deed transferring title to the Wilkinson Property to himself and the Debtor, as joint tenants, as document no. 2025-393773 ("Joint Tenancy Deed"), which Joint Tenancy Deed was appended to the Complaint as Exhibit "5."

> The Court did not authorize any party to record the Joint Tenancy Deed. The recordation of the Joint Tenancy Deed was made by Defendant after he had actual knowledge of the bankruptcy case, and the recordation of the Joint Tenancy Deed was made willfully.
>
> Defendant admits that he met with Trustee's attorneys on July 23, 2025 to discuss the bankruptcy case.
>
> On July 24, 2025, Defendant recorded a quitclaim deed transferring sole title of the Wilkinson Property to himself, as his separate property, as document no. 2025-499180 ("Quitclaim Deed"), which Quitclaim Deed was appended to the Complaint as Exhibit "6."
>
> The Court did not authorize any party to record the Quitclaim Deed. The recordation of the Quitclaim Deed was made by Defendant after he had actual knowledge of the bankruptcy case, and the recordation of the Quitclaim Deed was made willfully.

Findings Order, pp. 2-6.

The Court made the following additional findings:

> Defendant states in his Answer that he "tried to be helpful and assist over the course of the bankruptcy case" and he "did not have knowledge of the automatic stay and deny willful violation." Answer, ¶ 24. Even accepting Defendant's statement at face value as true, that he had no subjective knowledge of the existence of the automatic stay of 11 U.S.C. § 362, "a party with knowledge of bankruptcy proceedings is charged with knowledge of the automatic stay." *Dyer*, 322 F.3d at 1191. Indeed, "[a] 'willful violation' does not require a specific intent to violate the automatic stay." *Keith v. United States (In re Pinkstaff)*, 974 F.2d 113, 115 (9th Cir. 1992). Defendant's contention that "all actions were taken in good faith" Answer, ¶ 23, has long been expressly rejected as a defense to violating the automatic stay. *Id.* ("Whether the party believes in good faith that it had a right to the

property is not relevant to whether the act was 'willful' or whether compensation must be awarded.") (citing *Goichman v. Bloom (In re Bloom)*, 875 F.2d 224, 227 (9th Cir. 1989)).

Defendant admits in the Answer that he had knowledge of the bankruptcy filing prior to May 6, 2025, and that he deliberately prepared and recorded the three documents identified in the Complaint: the Homestead Declaration, the Joint Tenancy Deed, and the Quitclaim Deed. There has never been an order of this Court nor any request made to this Court to permit any party, including Defendant, to record any documents against the Wilkinson Property. Therefore, Plaintiff is entitled to judgment as a matter of law regarding the Fourth Claim for Relief for a willful violation of the automatic stay. The issue of Plaintiff's compensatory damages which may be awarded pursuant to 11 U.S.C. § 105(a) will be resolved by the separate presentation of evidence by Plaintiff.

Findings Order, p. 11.

C. Request for Award of Compensatory Damages

On June 25, 2026, the Trustee filed a *Brief Regarding Request for Compensatory Damages Regarding Violation of the Automatic Stay* ("Damages Request") [doc. 39]. In support of the Damages Request, the Trustee filed a Declaration of Bradford N. Barnhardt as his legal counsel ("Barnhardt Decl.") and his own declaration ("Gottlieb Decl."). *Id.*

The Trustee asserts that Debtor's bankruptcy estate is entitled to $55,765.31 in compensatory damages for the administrative expenses incurred by the Trustee and his counsel where were caused by Defendant's violation of the automatic stay. The total request is comprised of:

(1) $46,077.50 in attorney's fees and $687.1 in expenses for his counsel's services in connection with the stay violation, and
(2) $9,000 for time spent by the Trustee attending to matters related to Defendant's violation of the automatic stay.

2:00 PM
CONT... **Anush Arakelyan** **Chapter 7**

Exhibit 2 attached to Barnhardt Decl.; Exhibit 3 attached to Gottlieb Decl.

1. Legal Fees and Expenses

In support of the Trustee's request for attorneys' fees and costs, the Trustee provided an invoice from the law firm Marshack Hays Wood LLP ("MHW") detailing time entries and corresponding fees of counsel and paraprofessional staff who performed the following tasks:

(1) Approximately **18.5 hours** related to investigation into the transfers and drafting and filing the Complaint,
(2) Approximately **44.7 hours** related to prosecuting the adversary proceeding, including corresponding with, and reviewing pleadings filed by, Defendant, drafting the MJP and reply in support of MJP, and preparing for and attending status conferences,
(3) Approximately **12.5 hours** related to preparing for mediation with Defendant,
(4) Approximately **10.2 hours** related to drafting the proposed MJP Order and Findings Order and attending to matters related to turnover of the Wilkinson Property, and
(5) Approximately **3.6 hours** related to the request for compensatory damages.

In total, MHW recorded 89.5 hours in connection with this adversary proceeding; MHW voluntary reduced its time and does not seek compensation for 4.5 hours of that time. Exhibit 2 attached to Barnhardt Decl. Based on 85 hours of billable work, MHW asserts the Trustee has incurred $46,077.50 in legal fees in connection with Defendant's violation of the automatic stay.

Between the four attorneys who billed time in this matter, the average billing rate for the Trustee's legal services was $639.07. *See* "Fee Recap by Attorney" at Exhibit 2 attached to Barnhardt Decl.

In addition to the time billed by MHW professionals, MHW includes an itemized statement for its expense disbursements totaling $687.81, including paper copying, postage, document delivery and online research.

2. Trustee's Time Records

Although the Trustee does not bill the bankruptcy estate for his time by the hour, the Trustee reviewed his time records in connection with Debtor's bankruptcy case and has identified 12 hours of work that he asserts relate to Defendant's violation of the automatic stay. Gottlieb Decl., ¶ 4 and Exhibit 3 attached thereto.

The Trustee asserts that a rate of $750 is an appropriate rate attributable to his time in this matter. *Id.*, ¶ 6. Based on that rate and his time records, the Trustee requests that he be compensated $9,000 as a result of Defendant's violation of the automatic stay.

3. Defendant's Opposition

On July 15, 2026, Defendant filed an opposition to the Motion [doc. 43]. Defendant requests that the Court deny the Trustee's request for damages or reduce the amount awarded on the basis that the substance of the motions filed in the adversary proceeding were "repetitive, duplicative in nature" and that more than one attorney worked on the pleadings filed with the Court.

On July 20, 2026, the Trustee filed a reply [doc. 44].

II. LEGAL STANDARDS

A. 11 U.S.C. § 105

Pursuant to 11 U.S.C. § 105(a), the Court "may issue any order, process, or judgment that is necessary or appropriate to carry out provisions of this title," and take "any action or mak[e] any determination necessary or appropriate to enforce or implement court orders or rules, or to prevent an abuse of process." 11 U.S.C. § 105(a). Under section 105(a), a chapter 7 trustee may recover compensatory damages for a violation of the automatic stay. *Knupfer v. Lindblade (In re Dyer)*, 322 F.3d 1178, 1189-90 (9th Cir. 2003).

In *Dyer*, a chapter 7 trustee asked the bankruptcy court to award contempt sanction for violation of the automatic stay by a creditor who filed a lien on property of the estate after commencement of a debtor's bankruptcy case. *Id.* at 1183-84. After finding the creditor knowingly violated the automatic stay, the bankruptcy court awarded the chapter 7 trustee approximately $151,000 for the trustee's documented attorneys' fees and costs and an additional $50,000 in punitive damages. *Id.* at 1185. On appeal, the Court of Appeals affirmed the bankruptcy court's authority to award compensatory damages "in the form of costs and attorneys' fees" sustained by the trustee.

The Court of Appeals held that the award of punitive criminal contempt sanction is not available to a chapter 7 trustee under section 105(a). *Id.* at 1193. As explained by the Court of Appeals:

> Section 105(a) contains no explicit grant of authority to award punitive damages. Rather, the language of § 105(a) authorizes only those remedies 'necessary' to enforce the bankruptcy code. The sanctions associated with civil contempt—that is, compensatory damages, attorney fees, and the offending creditor's compliance—adequately meet that goal…rendering serious punitive sanctions unnecessary.

Id. (internal citations omitted).

B. 11 U.S.C. § 330

A court may award to a professional person employed under section 327 "reasonable compensation for actual, necessary services" rendered by the professional person.

> In determining the amount of reasonable compensation to be awarded to the professional person, the court shall consider the nature, the extent and the value of such services, taking into account all relevant factors, including - (A) the time spent on such services; (B) the rates charged for such services; (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title; [and] (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed . . . .

11 U.S.C. § 330(a)(3). "[T]he court shall not allow compensation for - (i) unnecessary duplication of services." 11 U.S.C. § 330(a)(4)(A).

2:00 PM
CONT... **Anush Arakelyan** **Chapter 7**

Secretarial/clerical work is noncompensable. *See In re Schneider*, 2008 WL 4447092, at *11 (Bankr. N.D. Cal. Sept. 26, 2008) (court disallowed billing for services including monitoring and reviewing docket; electronically distributing documents; preparing service packages, serving pleadings, updating service lists and preparing proof of service; and e-filing and uploading pleadings).

III. ANALYSIS

On June 12, 2026, the Court entered an order finding that Defendant knowingly and willfully violated the automatic stay. Findings Order, p. 6.

With respect to the legal fees incurred by the Trustee in connection with Defendant's violation of the automatic stay, the Court reviewed MHW's itemized billing records. The time entries submitted by MHW are evidence of work performed as a result of Defendant's postpetition recordation of the Homestead Declaration, the Joint Tenancy Deed and the Quitclaim Deed affecting the Wilkinson Property. In reviewing MHW's billing records, the Court considered factors identified in section 330(a)(3) of the Bankruptcy Code to determine whether the attorney's fees sought to be awarded as damages are reasonable. [**FN1**]

The following time entries reflect services which are noncompensable as secretarial work; the Court will not include these fees in its award of compensatory damages:

Date	Professional	Description	Hours	Rate	Amount
2/5/26	CB	E-mail to John Monte re: service copy of notice of pendency of action	0.1	$380	$38
2/5/26	CB	Emil to Anush Arakelyan re: service copy of notice of pendency of action	0.1	$380	$38

2:00 PM
CONT... Anush Arakelyan Chapter 7

2/9/26	CB	Telephone conversation with attorney service re: status of delivery of Judge's copy of complaint	0.1	$380	$38
3/12/26	CB	E-mail to Vartan Arakelyan re: motion for judgment of the pleadings	0.1	$380	$38
3/12/26	CB	E-mail to front desk re: personal service of judge's copy for motion for judgment on the pleadings	0.1	$380	$38
3/13/26	CB	Review and respond to e-mail from attorney service re: confirmation of Judge's copy of motion and unpublished authority; E-mail to Tinho Mang re: same	0.1	$380	$38
3/19/26	CB	Further e-mail to front desk re: notice of motion for judgment on the pleadings to be mailed to Walter Arakelyan (.10), E-mail to Walter re: same (.10)	0.2	$380	$76
3/19/26	CB	Emil to Anush Arakelyan re: notice of hearing on motion for judgment on the pleadings	0.1	$380	$38

5/5/26	CB	E-mail to Mike Gregoire re: service of reply in support of motion for judgment on the pleadings	0.1	$390	$39
5/5/26	CB	E-mail to Walter re: service copy of reply in support of motion for judgment on the pleadings	0.1	$390	$39
5/5/26	CB	E-mail to Len Shulman re: service copy of reply in support of motion for judgment on the pleadings	0.1	$390	$39
6/4/26	CB	E-mail to Walter Arakelyan re: service copies of order granting Plaintiff's motion for judgment on the pleadings and proposed findings of facts and conclusion	0.1	$390	$39

Regarding the time entry below, because MWH inappropriately billed for more than one attorney's involvement in the identified task, the Court will not include these fees in its award of compensatory damages:

Date	Professional	Description	Hours	Rate	Amount
5/28/26	TM	Observe hearing on motion for judgment on the pleadings and text messages with Bradford N. Barnhardt re: same	1.2	$650	$780

Because the following time entry does not reflect services provided as a consequence of Defendant's violation of the automatic stay, the Court will not include these fees in its award of compensatory damages:

Date	Professional	Description	Hours	Rate	Amount
6/2/26	TM	Telephone conference with Bill Friedman re: listing and pricing issues and discussing obtaining turnover of the property probably through Marshals	.3	$650	$195

Between May 29, 2026 and June 22, 2026, four attorneys spent approximately 12.5 hours preparing for mediation with Defendant; the fees attributable to this time total approximately $7,618.50. MHW's billing records reflect that a significant amount of the firm's time was spent on internal communication related to selecting a mediator.

The Court finds that 6 hours is a reasonable amount of time for MHW to have spent on mediation related work attributable to Defendant's violation of the automatic stay. At the firm's average billing rate of $639.07, the Court finds $3,834.42 (6 x $639.07) constitutes reasonable compensatory damages for time spent preparing for mediation. The Court will reduce the requested damages by an additional $3,784.08.

After taking into account the reductions noted above, the Court will award $41,508.23 to the Trustee as compensatory damages for the attorneys' fees and costs incurred as a result of Defendant's violation of the automatic stay. *See Dyer*, at 1193.

Regarding the Trustee's request for compensation for his time spent on this matter, the Court will not award the Trustee the purported reasonable value of his time that is not billable to the bankruptcy estate.

IV. CONCLUSION

The Court will award compensatory damages totaling $41,508.23.

The Trustee must submit an order within seven (7) days.

2:00 PM
CONT... **Anush Arakelyan** **Chapter 7**

FOOTNOTE

FN1 At this time, the Court is not approving MHW's fees and expenses for payment by the estate; MHW must file a fee application for allowance of such fees and expenses. After MHW files its fee application, and the Court has an opportunity: (1) to review time and expense records concerning all services provided by MHW and (2) to assess the amount of funds available for the Trustee to distribute to creditors with allowed claims, the Court will determine the amount of MHW's fees payable by the estate.

Party Information

Debtor(s):

Anush Arakelyan — Pro Se

Defendant(s):

Vartan Arakelyan — Pro Se

Plaintiff(s):

David K. Gottlieb — Represented By
Tinho Mang
Bradford Barnhardt

Trustee(s):

David Keith Gottlieb (TR) — Represented By
Laila Rais
Bradford Barnhardt

2:00 PM

1:25-11049 Lusine Hakhverdyan **Chapter 7**

Adv#: 1:25-01077 Swift Financial LLC v. Hakhverdyan

#15.00 Defendant's Motion For Summary Judgment or, In the Alternative, Summary Adjudication

Docket 12

Tentative Ruling:

The Court will continue the hearing to **2:00 p.m. on August 13, 2026**.

Appearances on July 30, 2026 are excused.

Party Information

Debtor(s):

Lusine Hakhverdyan	Pro Se

Defendant(s):

Lusine Hakhverdyan	Pro Se

Movant(s):

Lusine Hakhverdyan	Pro Se

Plaintiff(s):

Swift Financial LLC	Represented By Daren M Schlecter

Trustee(s):

Jeremy W. Faith (TR)	Pro Se

2:00 PM

1:25-11678 Jordan Gene Pearlman **Chapter 7**

Adv#: 1:26-01009 Kleidman v. Pearlman

#16.00 Plaintiff's Motion For Summary Judgment

fr. 7/16/26

Docket 42

Tentative Ruling:

The Court will continue the hearing to **2:00 p.m. on August 6, 2026**.

Appearances on July 30, 2026 are excused.

Party Information

Debtor(s):

Jordan Gene Pearlman — Represented By
Michael G Spector

Defendant(s):

Jordan Gene Pearlman — Represented By
Michael G Spector

Plaintiff(s):

Peter Kleidman — Represented By
Peter Brown Kleidman (Pro Se)

Trustee(s):

Sandra McBeth (TR) — Pro Se

2:00 PM

1:25-11678 Jordan Gene Pearlman **Chapter 7**

Adv#: 1:26-01009 Kleidman v. Pearlman

#17.00 Defendant's Motion to 1. Dismiss First Amended Complaint for Failure to State a Claim Upon Which Relief Can be Granted; and 2. Dismiss Declaratory Relief Claim For Lack of Subject Matter Jurisdiction

fr. 7/9/26

Docket 34

Tentative Ruling:

The Court will continue the hearing to **2:00 p.m. on August 6, 2026**.

Appearances on July 30, 2026 are excused.

Party Information

Debtor(s):

Jordan Gene Pearlman	Represented By Michael G Spector

Defendant(s):

Jordan Gene Pearlman	Represented By Michael G Spector

Plaintiff(s):

Peter Kleidman	Represented By Peter Brown Kleidman (Pro Se)

Trustee(s):

Sandra McBeth (TR)	Pro Se

2:00 PM

1:24-11323 IN Holdings, Inc and IN Holdings Canada, Inc. Chapter 11

#18.00 STS Capital Partners M&A Advisers Inc. Amended Motion to Compel Payment of Professional Fees and Award of Attorney's Fees

fr. 3/25/26; 3/24/26(stip); 4/1/26; 4/22/26; 5/7/26

Docket 999

Tentative Ruling:

The Court will grant the amended motion to compel payment of professional fees and an award of attorneys' fees filed by STS Capital Partners M&A Advisors Inc.

I. BACKGROUND

A. Commencement of the Bankruptcy Cases and the Employment of STS

In August 2024, Irwin Naturals, a Nevada corporation, Irwin Naturals, Inc., a British Columbia Corporation and their related entities DAI US Holdco Inc. and 5310 Holdings, LLC (collectively, "Debtors"), filed chapter 11 petitions. Klee Irwin executed the petitions of Irwin Nevada, Irwin Canada and DAI US as their Chief Executive Officer. Under 11 U.S.C. § 1102(A)(1), the Office of the United States Trustee appointed an official committee of unsecured creditors (the "Committee").

1. Initial STS Employment Application

In February 2025, Debtors filed an application to employ STS Capital Partners M&A Advisers Inc. ("STS") pursuant to 11 U.S.C. §§ 327(a) and 328(a) (the "STS Employment Application") [doc. 336]. In support of the STS Employment Application, Debtors filed a declaration of Robert Charles Follows (the "Follows Decl.") [doc. 336].

In the STS Employment Application, Debtors requested that the Court enter an order:

> (i) authorizing and approving the retention and employment of STS by the Debtors to provide consultant and advisory services with respect to

2:00 PM

CONT... **IN Holdings, Inc and IN Holdings Canada, Inc.** **Chapter 11**

> a potential equity transaction and/or sale on the terms and conditions set forth in the Engagement Agreement as modified in this Application; (ii) authorizing and approving the Debtors to pay STS the Commitment Fee and Success Fee, if earned, plus out of pocket expenses up to $12,500.00 without further order of the Court **pursuant to section 328(a)** of the Bankruptcy Code; and (iii) granting such other and further relief as this Court deems just and proper.

STS Employment Application, p. 8 (emphasis added) [doc. 336]. The STS Employment Application was signed by Klee Irwin.

The STS Employment Application represents that Debtors selected STS to provide consultant and advisory services with respect to a "Transaction." "Transaction" is defined as:

> a potential sale of all or a part of the Debtors' shares or assets or any other like transaction, including a lease of assets, licensing of assets, merger, amalgamation, joint venture, strategic alliance, a workout or other business combination[.]

STS Employment Application, p. 3 [doc. 336]. In March 2025, Debtors filed a supplement to the STS Employment Application (the "March 2025 Supplement") [doc. 403].

In February 2025, STS and Debtors executed an engagement agreement, which is attached as Exhibit 3 to the STS Employment Application (the "Engagement Agreement"). The Engagement Agreement states that Debtors:

> offer[] to retain the services of [STS] to make introductions to [Debtors] and provide advisory services with respect to the proposed sale of all or part of [Debtors'] shares or assets or any other like transaction (including a lease of assets, licensing of assets, merger, amalgamation, joint venture, strategic alliance, a working or other business combination) (a "Transaction").

Engagement Agreement, p. 1.

2:00 PM
CONT... IN Holdings, Inc and IN Holdings Canada, Inc. Chapter 11

As set forth in the Engagement Agreement, with respect to a Transaction, STS will:

> a. seek out and locate third parties and introduce the opportunity to conclude a potential Transaction to such third party. [. . .]
>
> b. advise on the sale of the business of [Debtors] in respect to such Transaction ("Advisory Services").

Id., ¶ 1 [Exhibit 3 to STS Employment Application, doc. 336].

The Engagement Agreement further states:

> The parties acknowledge that the advisory services provided by STS in favor of [Debtors] consist exclusively of the introductions set out above, the Advisory Services and assistance in structuring the Transaction. STS does not provide customized recommendations regarding the merit of a given Transaction, the details of the Third Party, or the opportunity to carry it out or not. [Debtors] assess[] every aspect of the Transaction independently. In light of the foregoing, the services rendered by STS to [Debtors] do[es] not constitute investment services and activities, nor does it constitute legal, regulatory, accounting or tax advice.

Engagement Agreement, ¶ 11, p. 4.

Regarding STS's entitlement to attorneys' fees, the Engagement Agreement provides:

> [Debtors] shall indemnify and hold STS and each STS Party harmless against any losses, claims, damages or liabilities to which they or them may become subject in connection with the services rendered herein and shall reimburse them for any legal or other expenses [including the cost of any investigations] reasonably incurred by them arising out of or in connection with any action or claim in connection therewith, **including for the recovery of fees to which they are otherwise entitled under this Agreement**, whether or not resulting in any

> liability; provided, however, that the [Debtors] shall not be liable in any such case to the extent such loss, claim, damage or liability results from a breach of STS' obligations hereunder or from STS' judicially determined gross negligence or willful malfeasance in performing services hereunder.

Id., ¶ 17, p. 5 (emphasis added).

In the Follows Decl., among other things, Mr. Follows states: "neither I nor STS have entered into any agreements, express or implied, with any other party in interest, including the Debtors, any creditor, or any attorney for such party in interest in this case for the purpose of sharing or fixing fees or other compensation to be paid to any such party in interest or its attorneys for services rendered in connection therewith." Follows Decl., ¶ 13. Mr. Follows also represents that neither STS, nor any partner or associate thereof, represents an interest adverse to Debtors. Follows Decl., ¶¶ 15-20.

In March 2025, the Court entered an order granting the STS Employment Application (the "STS Employment Order") [doc. 450]. The STS Employment Order states:

> The [STS Employment] Application is approved pursuant to the terms and conditions set forth therein except as modified by the [March 2025] Supplement and this Order.
>
> The Debtors are authorized to employ STS Capital Partners M&A Advisers Inc ("STS") as investment bankers effective as of January 31, 2025, pursuant to **11 U.S.C. §§ 327(a) and 328(a)**.
>
> Upon entry of this Order, the Debtors are authorized to pay STS the Commitment Fee and Success Fee, if earned, plus out of pocket expenses up to $12,500 without further order of the Court pursuant to **11 U.S.C. § 328(a)**.

STS Employment Order, p. 2 (emphasis added).

2. ***Modifications to STS Compensation and Employment***

In June 2025, Debtors filed their *Motion to Approve Modified Terms of the Employment of STS Capital Partners M&A Advisers Inc. as Investment Banker* (the "Motion to Modify") [doc. 652]. In the Motion to Modify, Debtors represent that they have filed the proposed modification "in light of the changed landscape of Debtors' sale process." Motion to Modify, p. 2 [doc. 652]. Debtors describe the "changed landscape" as follows:

> After multiple competing plans and disclosure statements were filed, the Debtors determined that a 363 sale process made more sense than a competing plan process as a sale process would be less expensive. Thus, on June 2, 2025, the Debtors entered into a term sheet with FitLife Brands, Inc. ("FitLife"), pursuant to which FitLife was named the Stalking Horse Bidder under terms where FitLife will acquire substantially all of the Debtors' assets and its business as a going concern for, among other things, (a) $36 million in cash, (b) the assumption of certain liabilities including, among others, the Debtors' post-petition ordinary course accounts payable, and (c) certain excluded assets including the Debtors' cash estimated to be $5 million at the time of closing.

Id., p. 3.

Debtors describe the "need to modify STS' employment and specifically its compensation terms" as follows:

> As noted, STS is already employed by the Debtors pursuant to 11 U.S.C. §§ 327(a) and 328(a), with its employment effective as of January 31, 2025. Pursuant to the [STS] Employment Order, STS is presently entitled to compensation as follows, the language bolded and underlined that this Motion seeks to alter:
>
> 1. The [STS Employment] Application is approved pursuant to the terms and conditions set forth therein except as modified by the [March 2025] Supplement and this Order.
>
> 2. The Debtors are authorized to employ STS Capital Partners M&A

Advisers Inc[.] ("STS") as investment bankers effective as of January 31, 2025, pursuant to 11 U.S.C. §§ 327(a) and 328(a).

3. Upon entry of this Order, the Debtors are authorized to pay STS the Commitment Fee and Success Fee, if earned, plus out of pocket expenses up to $12,500 without further order of the Court pursuant to 11 U.S.C. § 328(a).

4. Notwithstanding anything set forth herein or in the Application, the STS Engagement Agreement or the Supplement to the contrary, **the minimum Success Fee shall be waived if all allowed claims in these cases are not paid in full and/or if FitLife is the prevailing bidder in the sale process to be run in these cases with a bid in the amount of $41 million or less. In either of those situations, the Success Fee will be 3% of the purchase price.**

Id., p. 4 (emphasis in original). Mr. Irwin and Debtors' independent director, Brad Sharp, signed the Motion to Modify [doc. 652].

On July 17, 2025, after Debtors had filed a motion to sell substantially all of their assets to FitLife, Debtors filed a supplement to the Motion to Modify to address requests made by the United States Trustee and the Committee (the "July 2025 Supplement") [doc. 708]. In the July 2025 Supplement, Debtors requested approval of the following modifications to the terms of the employment of STS:

1. Notwithstanding anything set forth in the Application, the STS Engagement Agreement, the [March 2025] Supplement, or the [STS] Employment Order, the minimum Success Fee shall be waived for **any** buyer with a purchase price of up to $41 million. In that instance, the Success Fee will be 3% of the purchase price. Notwithstanding anything else set forth in the Application, the STS Engagement Agreement, the [March 2025] Supplement, or the [STS] Employment Order, the minimum Success Fee shall be waived if all allowed claims in these cases are not paid in full and the Success Fee will be 3% of the Purchase Price.

2. For any buyer with a purchase price above $41 million, STS will charge the applicable percentages set forth in Schedule A to the Engagement Agreement, with a minimum Success Fee of $3 million.

3. If the Debtors exit bankruptcy without consummating a sale, STS will receive a $1 million exit fee (the "Exit Fee"). In addition, if STS' employment is terminated post-bankruptcy, STS will receive a $1 million termination fee ("Termination Fee" and collectively, with the Exit Fee, the "Additional Fees"). Under any circumstance, the Additional Fees will be subordinated to all secured, administrative, priority and general unsecured claims in these cases. If applicable, the Exit Fee shall be paid at the earlier of (a) when all claims are paid in full, or (b) when there is a sufficient reserve account in an amount sufficient to pay all claims. If STS is paid the Exit Fee and/or the Termination Fee, these fees will be applied to reduce the amount of the Success Fee accordingly. The obligations to pay the Additional Fees shall survive termination of the Engagement Agreement. With respect to the Additional Fees, if either or both of them are paid, STS shall carve out 2% of its fee for non-insider shareholders.

4. If the buyer is any party other than FitLife or Robinson Pharma, STS will share 5% of its Success Fee with Green Circle for any transaction below $50 million in cash consideration and 15% of its Success Fee for any transaction above $50 million in cash consideration. In no case will STS share any of its Success Fee with Green Circle if the Buyer is either FitLife, Robinson Pharma or WH Partners or any related or affiliated entity or entities.

July 2025 Supplement, pp. 2-3 (emphasis in original) [doc. 708].

No party in interest objected to, or requested a hearing, on the Motion to Modify, filed in July 2025, as supplemented by the July 2025 Supplement. On July 21, 2025, the Court entered an order granting the Motion to Modify, as supplemented by the July 2025 Supplement (the "Order Modifying Employment") [doc. 712].

B. Sale of Substantially All of Debtors' Assets

On June 30, 2025, Debtors filed a motion to sell substantially all of their assets to FitLife (the "Sale Motion") [doc. 666]. On July 31, 2025, the Court entered an order granting the Sale Motion [doc. 740].

On August 12, 2025, Debtors filed a *Notice of Sale Closing* stating that the asset sale closed on August 8, 2025 [doc. 755]. The sale resulted in Debtors receiving sale proceeds in the amount of $42,500,000. *Joint Disclosure Statement Describing Debtors' and Committee's Joint Chapter 11 Plan of Reorganization Dated October 1, 2025*, p. 39 [doc. 838].

C. The Chapter 11 Plan and Payment of Professional Administrative Expenses

In October 2025, Debtors and the Committee filed a joint chapter 11 plan of reorganization (the "Amended Joint Plan") [doc. 837] and a joint disclosure statement describing the Amended Joint Plan [doc. 838]. On October 2, 2025, the Court entered an order approving the adequacy of the disclosure statement for the Amended Joint Plan [doc. 840].

The Amended Joint Plan provides the following treatment of the administrative expense claim of STS:

> Amount Owed: 3% of any Sale transaction if FitLife is the successful buyer and the purchase price is less than $41 million, or a $3 million fee if an alternate party is the ultimate buyer under the Sale.
>
> Treatment: Unless and until General Unsecured Claims are paid in full, STS's fee is capped at 3%. STS will not be entitled to any additional payment by the Plan Distribution Trustee until after all Allowed General Unsecured Claims have been paid in full.

Id. at p. 21. In December 2025, the Court entered an order confirming the Amended Joint Plan [doc. 909].

2:00 PM
CONT... IN Holdings, Inc and IN Holdings Canada, Inc. Chapter 11

D. DISPUTE REGARDING PAYMENT FOR THE SERVICES PROVIDED BY STS

On February 3, 2026, STS filed an amended motion to compel payment of its professional fees and an award of attorneys' fees (the "Motion") [doc. 999]. In the Motion, pursuant to section 328(a), the STS Employment Order and the Order Modifying Employment, STS requests that the Court compel payment of $3,000,0000 for STS's professional services rendered in connection with the successful sale of substantially all of Debtors' assets to FitLife.

On March 19, 2026, Klee Irwin, in pro per, filed an objection to the Motion (the "Irwin Objection") [doc. 1143]. In support of the Irwin Objection, Mr. Irwin filed his declaration (the "Irwin Declaration") and the declarations of Stephanie Nadanarajah, Natasha Urakhchina (the "Urakhchina Decl.") and Wayne Platt (the "Platt Declaration"). Mr. Irwin also filed documentary exhibits, including an alleged excerpt from PitchBook (www.pitchbook.com) about prior engagements of STS [Exhibit G, referenced in Irwin Decl., ¶ 17] and unauthenticated marketing materials for "prospective buyers" regarding the sale of Debtors' assets or equity through Debtors' chapter 11 cases, subject to court approval, including contact information for the "Project Team" at STS [Exhibit I].

In the Irwin Objection, Mr. Irwin contends:

(1) The Court should conduct a review of STS's fees under 11 U.S.C. § 330 and find that STS's fees were unreasonable [Irwin Objection, pp. 25-32].

(2) The scope of STS's employment in this matter required it to register as a broker-dealer under section 15(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act") and analogous appliable state law; because STS is not a registered broker-dealer, and does not meet any exemptions to such registration, the Engagement Agreement is void under applicable nonbankruptcy law [Irwin Objection, pp. 6-18].

(3) STS omitted from the STS Employment Application the following information:

a. STS is not a registered broker-dealer,
b. fee-sharing between various individuals at STS,
c. an accurate number of transactions which STS previously "closed,"
d. that STS is a "foreign entity,"
e. Mr. Follows may not have properly signed his declaration in support of the STS Employment Application or his declaration may misrepresent that Mr. Follows signed his declaration while he was in Barbados, West Indies [Irwin Objection, pp. 18-20].

(4) Upon receipt of payment, STS will engage in improper fee sharing under 11 U.S.C. § 504(b)(1) [Irwin Objection, pp. 21-24].

Debtors, as reorganized, subsequently filed joinders to the Irwin Objection [docs. 1173 and 1180].

On March 25, 2026, STS filed a reply [doc. 1159]. In support of its reply, STS filed declarations of Vincent Willis ("Willis Decl."), Robert Follows ("Follows Reply Decl."), and Caroline Djang [docs. 1160-1163].

In his declaration, Mr. Willis states:

> I am a Managing Director and partner of STS Capital Partners ("STS") and served as the lead on STS's engagement for the Debtors . . . .
>
> As a Managing Director and partner, I am a regular associate of STS and participate in the firm's internal profit-sharing based on engagement I originate and lead. My compensation reflects standard internal partner economics and does not involve any external fee-sharing arrangement. My compensation in this matter was not tied to any financing or securities-related activity.
>
> In this matter, I led STS's engagement to run a sell-side process and evaluate strategic alternatives for the Debtors in connection with a potential transaction. STS's role was limited to advising on a potential sale or business combination and did not include capital raising or acting as a broker-dealer.

> I did not perform any securities-related services in this matter. STS was not engaged to act, and I did not act, as a broker-dealer or in any capital-raising capacity. I did not solicit investors, recommend any investment, negotiate or structure any securities transaction, or receive compensation tied to any financing activity.
>
> To the extent financing alternatives were discussed, my role was limited to supporting the Debtors in evaluating strategic alternatives and participating in discussions in a non-intermediary capacity.

Willis Decl., ¶¶ 1, 3, 4-6 [doc. 1160].

In his declaration filed in support of the reply, Mr. Follows states:

> I am the founder and Chairman of STS Capital Partners M&A Advisers Inc. ("STS"). . . .
>
> STS is a global sell-side advisory firm operating in over 40 cities with more than 6,000 advisors world-wide. STS's mission is to sell privately owned companies to strategic buyers who very often value the business materially higher than financial buyers . . . .
>
> During our initial calls, Mr. Irwin represented that: (i) his business generated approximately $20 million in annual EBITDA; (ii) multiple investment banks, including Canaccord Genuity, had valued the business at over $200 million; and (iii) he needed to act urgently to either sell to a strategic buyer or to arrange exit financing, so he could sell outside of the bankruptcy process later in 2025. As Mr. Irwin had already hired an investment bank to pursue exit financing, he was interested in urgently hiring STS to advise on the sale of the business, including finding strategic buyers.
>
> . . . Irwin traveled to Miami, where he met in person with me, Mr. Willis, and for a large part of the day, STS Director Isabella Cattalan, via teleconference, at the Marriott Marquis hotel. Irwin was

accompanied by Natasha Urakhchina.

During this meeting, Ms. Cattalan and Mr. Willis expressed concern that the financial statements did not support Mr. Irwin's claim of $20 million EBITDA, and the information presented reflected closer to $7 million.

After execution of the engagement, STS assigned a full team and commenced work immediately.

After this [sale] process began, Irwin informed us he needed capital and asked STS to raise debt or equity for him.

I clearly informed Mr. Irwin that STS does not raise capital and is not engaged in debt or equity placement. At Mr. Irwin's insistence, we made introductions in support of the capital raise being led by the investment bank hired by the Debtors and approved by this Court, Essex Capital. At Mr. Irwin's insistence, STS also, without compensation of any kind, introduced Mr. Irwin to other investment bankers to provide additional support for his desired capital raise. STS further advised Mr. Irwin, repeatedly and with conviction, that his simultaneous pursuit of exit financing and a sale to strategic buyers was both risky to the estate and would need to cease as quickly as possible.

STS has been advised for years by Greenberg Traurig regarding compliance with U.S. securities laws. STS has been consistently advised that its M&A advisory work, including the Irwin Naturals engagement, is fully compliant with applicable law.

Irwin's allegation that STS was engaged to sell shares of a Canadian public company is false. STS was engaged to sell the assets of a Nevada subsidiary through a § 363 sale**.**

Irwin's statements that STS concealed its domicile, operated illegally, or lacked qualified personnel are false.

> Vince Willis is a Managing Director and partner of STS and served as the lead on STS's engagement for the Debtors. As a Managing Director and partner, Mr. Willis is a regular associate of STS and participates in the firm's internal profit-sharing based on engagement he originates and leads. Mr. Willis' compensation reflects standard internal partner economics and does not involve any external fee-sharing arrangement.

Follows Reply Decl., ¶¶ 1, 2, 5, 8, 10, 11, 13, 17-18, 22, 25, 26 and 32 [doc. 1161].

On May 7, 2026, the Court held its second hearing regarding the Motion. Following the second hearing, the Court entered a scheduling order setting a briefing schedule on the following issue:

> [W]hether or not the modified contract between the Debtors and STS [see docs. 336, 403, 450, 652 and 712] is enforceable by STS under applicable federal securities law and/or other applicable state law, including but not limited to the merger and acquisition broker exemption under 15 U.S.C. § 78o(13) and the merger and acquisition exemption under 10 Cal. Code Regs. § 260.204.5 (to the extent, if any, that these statutes and/or rules are applicable to the Motion)[.]

Scheduling Order Re STS Capital Partners M&A Advisor Inc.'s Amended Motion to Compel Payment of Professional Fees and Award of Attorneys' Fees ("May 2026 Scheduling Order") [doc. 1265].

Pursuant to the May 2026 Scheduling Order, Mr. Irwin and STS submitted additional legal briefing [docs. 1285, 1302 and 1316].

II. LEGAL STANDARDS

A. 11 U.S.C. § 327 and Federal Rule of Bankruptcy Procedure 2014

Section 327 of the Bankruptcy Code governs a trustee's or debtor in possession's employment of attorneys, accountants, appraisers, auctioneers, and other professional persons to represent or assist in carrying out duties under the Bankruptcy Code.

2:00 PM
CONT... IN Holdings, Inc and IN Holdings Canada, Inc. Chapter 11

Federal Rule of Bankruptcy Procedure ("Rule") 2014 sets forth requirements for an application to employ a professional person under section 327. Pursuant to Rule 2014(a), an order approving the employment of attorneys and other professional persons must be made on application and be accompanied by a "verified statement" of the person to be employed, which includes the following mandatory disclosures:

(A) the need for the employment;

(B) the name of the person to be employed;

(C) the reasons for the selection;

(D) the professional services to be rendered;

(E) any proposed arrangement for compensation; and

(F) to the best of the applicant's knowledge, all the person's connections with:
- the debtor;
- creditors;
- any other party in interest;
- their respective attorneys and accountants;
- the United States trustee; and
- any person employed in the United States trustee's office.

Rule 2014(a)(1)-(3).

Rule 2014(b) provides that any person or entity that is a partner, member, or associate of a partnership or corporation hired as attorneys or accountants can perform services or be employed by the debtor without the necessity of a separate application and order.

An estate professional's failure to comply with the required disclosure rules applicable to their retention is a sanctionable violation, even if "proper disclosure would have shown that the [professional] had not actually violated any Bankruptcy Code provision or any Bankruptcy Rule." *In re Park-Helena Corp.*, 63 F.3d 877, 880 (9th

Cir. 1995).

B. 11 U.S.C. § 328

Under 11 U.S.C. § 328(a):

> The trustee, or a committee appointed under section 1102 of this title, with the court's approval, may employ or authorize the employment of a professional person under section 327 or 1103 of this title, as the case may be, on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis. Notwithstanding such terms and conditions, the court may allow compensation different from the compensation provided under such terms and conditions after the conclusion of such employment, if such terms and conditions prove to have been improvident in light of developments not capable of being anticipated at the time of the fixing of such terms and conditions.

"Under section 328, where the bankruptcy court has previously approved the terms for compensation of a professional, when the professional ultimately applies for payment, the court cannot alter those terms unless it finds the original terms to have been improvident in light of developments not capable of being anticipated at the time of the fixing of such terms and conditions." *In re Reimers*, 972 F.2d 1127, 1128 (9th Cir. 1992) (internal quotations and citation omitted). *See also In re B.U.M. Intern., Inc.*, 229 F.3d 824, 829 (9th Cir. 2000) ("There is no question that a bankruptcy court may not conduct a § 330 inquiry into the reasonableness of the fees and their benefit to the estate if the court already has approved the professional's employment under 11 U.S.C. § 328.").

C. 11 U.S.C § 504

Section 504(a) and (b)(1) provides:

> (a) Except as provided in subsection (b) of this section, a person receiving compensation or reimbursement under section 503(b)(2) or 503(b)(4) of this title may not share or agree to share--

> (1) any such compensation or reimbursement with another person; or
> (2) any compensation or reimbursement received by another person under such sections.
>
> (b)(1) A member, partner, or regular associate in a professional association, corporation, or partnership may share compensation or reimbursement received under section 503(b)(2) or 503(b)(4) of this title with another member, partner, or regular associate in such association, corporation, or partnership, and may share in any compensation or reimbursement received under such sections by another member, partner, or regular associate in such association, corporation, or partnership.

11 U.S.C. § 504(a)-(b)(1). [**FN1**]

Courts have held that an individual who provides services to a professional person employed by a trustee or debtor in possession, and is disclosed as doing so, may share in compensation or reimbursement received by the retained association, corporation, or partnership. *See, e.g., In re Sheehan Memorial Hosp.*, 380 B.R. 299, 3003 (Bankr. W.D.N.Y 2007) (bankruptcy court found that lawyer acting in limited "of counsel" role with law firm is member of firm for purposes of section 504(b), whether membership is "regular or sporadic."); *In re Worldwide Direct, Inc.*, 316 B.R. 637, 648 (Bankr. D. Del. 2004) (individuals who performed work at law firm were "regular associates" of firm with meaning of section 504(b) although they were employed by third-party employment agency; they performed work under similar conditions as associates who were direct employees of firm).

D. Securities Exchange Act of 1934

1. Registration as a Securities Broker-Dealer

The Exchange Act provides:

> It shall be unlawful for any broker or dealer which is either a person

> other than a natural person or a natural person not associated with a broker or dealer which is a person other than a natural person (other than such a broker or dealer whose business is exclusively intrastate and who does not make use of any facility of a national securities exchange) to make use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills) unless such broker or dealer is registered in accordance with subsection (b) of this section.

15 U.S.C. § 78o(a)(1).

A broker is any person, other than a bank, "engaged in the business of effecting transactions in securities for the account of others." 15 U.S.C. § 78c(a)(4). To determine whether a party acted as a broker, courts consider whether the party:

> (1) is an employee of the issuer of the security; (2) received transaction-based income such as commissions rather than a salary; (3) sells or sold securities from other issuers; (4) was involved in negotiations between issuers and investors; (5) advertised for clients; (6) gave advice or made valuations regarding the investment; (7) was an active finder of investors; and (8) regularly participates in securities transactions.

SEC v. Hui Feng, 935 F.3d 721, 731–32 (9th Cir. 2019) (citing *SEC v. Hansen*, 1984 WL 2413, at *10 (S.D.N.Y. Apr. 6, 1984)). There is no rigid formula for how these factors are weighed. Rather, courts consider the "totality of the circumstances." *Id.*

"While an important factor, 'commission-based payment, standing alone[,] is not dispositive of whether a party acts as a broker-dealer under the Exchange Act.'" *Zarick v. DocVerify, Inc.*, 2025 WL 2271427, at *9 (W.D. Ky. Mar. 7, 2025), *reconsideration denied*, 2025 WL 2271426 (W.D. Ky. July 3, 2025) (quoting *Toa Trading LLC v. Mullen Auto., Inc.*, 2024 WL 2132885, at *3 (S.D. Fla. Apr. 24, 2024)).

2. Qualifying M&A Broker Exemption

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In March 2023, the Exchange Act was amended to exempt certain qualifying small business brokers from registering as a broker-dealer with the Securities and Exchange Commission. The Exchange Act provides that, subject to certain exceptions, a "M&A broker shall be exempt from registration under this section."

> The term "M&A broker" means a broker, and any person associated with a broker, engaged in the business of effecting securities transactions solely in connection with the transfer of ownership of an *eligible privately held company*, regardless of whether the broker acts on behalf of a seller or buyer, through the purchase, sale, exchange, issuance, repurchase, or redemption of, or a business combination involving, securities or assets of the eligible privately held company, *if the broker reasonably believes that*—
>
> (I) upon consummation of the transaction, any person acquiring securities or assets of the eligible privately held company, acting alone or in concert—
>
> (aa) will control the eligible privately held company or the business conducted with the assets of the eligible privately held company; and
>
> (bb) directly or indirectly, will be active in the management of the eligible privately held company or the business conducted with the assets of the eligible privately held company, including without limitation, for example, by—
>
> (AA) electing executive officers;
> (BB) approving the annual budget;
> (CC) serving as an executive or other executive manager; or
> (DD) carrying out such other activities as the Commission may, by rule, determine to be in the public interest[.]

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15 U.S.C. § 78o(b)(13)(E)(iv)(I) (emphasis added).

The Exchange Act defines "control" as "the power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract, or otherwise." 15 U.S.C. § 78o(b)(13)(E)(ii). The statute creates a presumption of control where, upon completion of the transaction, the buyer or group of buyers: (i) has the right to vote 25% or more of a class of voting securities; (ii) has the power to sell or direct the disposition of 25% or more of the securities; or (iii) has contributed 25% or more of the capital. *Id.*

The term "eligible privately held company" is defined as a company that satisfies the following conditions:

> (I) The company does not have any class of securities registered, or required to be registered, with the Commission under section 78l of this title or with respect to which the company files, or is required to file, periodic information, documents, and reports under subsection (d) [of 15 U.S.C. § 78o.]
>
> (II) In the fiscal year ending immediately before the fiscal year in which the services of the M&A broker are initially engaged with respect to the securities transaction, the company meets either or both of the following conditions (determined in accordance with the historical financial accounting records of the company):
>
>> (aa) The earnings of the company before interest, taxes, depreciation, and amortization are less than $25,000,000.
>>
>> (bb) The gross revenues of the company are less than $250,000,000.

15 U.S.C. § 78o(b)(13)(E)(iii)(I-II).

The burden of proving an entitlement to an exemption under the Exchange Act rests with the party claiming the entitlement. *See SEC v. Ralston Purina Co*., 346 U.S. 119, 126 (1953).

3. Exclusions from the M&A Broker Exemption

The M&A broker exemption does not apply if a broker does any of the following:

> (i) Directly or indirectly, in connection with the transfer of ownership of an eligible privately held company, receives, holds, transmits, or has custody of the funds or securities to be exchanged by the parties to the transaction.
>
> (ii) Engages on behalf of an issuer in a public offering of any class of securities that is registered, or is required to be registered, with the Commission under section 78l of this title or with respect to which the issuer files, or is required to file, periodic information, documents, and reports under subsection (d).
>
> (iii) Engages on behalf of any party in a transaction involving a shell company, other than a business combination related shell company.
>
> (iv) Directly, or indirectly through any of its affiliates, provides financing related to the transfer of ownership of an eligible privately held company.
>
> (v) Assists any party to obtain financing from an unaffiliated third party without—
>
> (I) complying with all other applicable laws in connection with such assistance, including, if applicable, Regulation T (12 C.F.R. 220 *et seq.*); and
> (II) disclosing any compensation in writing to the party.
>
> (vi) Represents both the buyer and the seller in the same transaction without providing clear written disclosure as to the parties the broker represents and obtaining written consent from both parties to the joint representation.

(vii) Facilitates a transaction with a group of buyers formed with the assistance of the M&A broker to acquire the eligible privately held company.

(viii) Engages in a transaction involving the transfer of ownership of an eligible privately held company to a passive buyer or group of passive buyers.

(ix) Binds a party to a transfer of ownership of an eligible privately held company.

15 U.S.C. § 78o(b)(13)(B)(i-ix).

4. Enforceability of a Contract Under the Exchange Act

Section 29(b) of the Exchange Act provides:

> Every contract made in violation of any provision of this chapter or of any rule or regulation thereunder, ... [or] the performance of which involves the violation of, or the continuance of any relationship or practice in violation of, any provision of this chapter or any rule or regulation thereunder, shall be void.

15 U.S.C. § 78cc(b).

"In order to void [an] [a]greement under Section 29(b) [of the Exchange Act], [an individual] must establish that: (1) the contract involved a prohibited transaction; (2) he is in contractual privity with [the entity]; and (3) [the individual] is in the class of persons that the securities acts were designed to protect." *In re Asyst Techs., Inc. Derivative Litig.*, 2008 WL 4891220, at *9 (N.D. Cal. Nov. 12, 2008) (citing *Berckeley Inv. Group Ltd v. Colkitt,* 455 F.3d 195, 205 (3d Cir. 2006)); *see also Reg'l Props., Inc. v. Fin. & Real Est. Consulting Co.,* 678 F.2d 552, 564 (5th Cir. 1982).

E. California State Law

1. Registration as a Securities Broker-Dealer

Under Cal. Corp. Code § 25210(a-b):

> (a) Unless exempted under the provisions of Chapter 1 (commencing with Section 25200) of this part, no broker-dealer shall effect any transaction in, or induce or attempt to induce the purchase or sale of, any security in this state unless the broker-dealer has first applied for and secured from the commissioner a certificate, then in effect, authorizing that person to act in that capacity.
>
> (b) No person shall, on behalf of a broker-dealer licensed pursuant to Section 25211, or on behalf of an issuer, effect any transaction in, or induce or attempt to induce the purchase or sale of, any security in this state unless that broker-dealer and agent have complied with any rules as the commissioner may adopt for the qualification and employment of those agents.

In California, with certain exceptions, "broker-dealer" means any person engaged in the business of effecting transactions in securities in California for the account of others or for that person's own account. Cal. Corp. Code § 25004.

2. Merger and Acquisition Exemption

10 Cal. Code Regs. ("Rule") § 260.204.5 provides for the following "mergers and acquisition exemption" to the obligation to register as a broker-dealer:

> An exemption from the provisions of Section 25210 of the Code is hereby granted, as being necessary and appropriate in the public interest and for the protection of investors, to any person who effects transactions in securities in this state only in connection with mergers, consolidations or purchases of corporate assets, and who does not receive, transmit, or hold for customers any funds or securities in connection with such transactions.

Rule 260.204.5.

3. Enforceability of a Contract Under California Law

Generally, professionals who render services in contravention of California state licensing requirements may not bring an action to recover compensation for these services. *See Owen v. Off*, 36 Cal.2d 751, 757 (1951) (holding that contract which purported to compensate unregistered broker for his services as agent in sale of stock was unenforceable); *Carbon Crest, LLC v. Tencue Prods., LLC*, No. 22-15707, 2023 WL 8271969, at *2 (9th Cir. Nov. 30, 2023) (holding that, under California law, contract with unlicensed broker was unenforceable).

III. ANALYSIS

A. Review of Fee Amount

Mr. Irwin and the reorganized debtors contend that the Court must conduct a reasonableness analysis of the fees payable to STS under section 330. This contention is contrary to controlling Ninth Circuit precedent, which provides that a bankruptcy court may not conduct a "reasonableness" review of a fee arrangement the court previously approved under section 328(a), absent a finding that the original terms were "improvident in light of developments not capable of being anticipated" when the terms and conditions were fixed. *See Reimers*, 972 F.2d at 1128. Mr. Irwin and the reorganized debtors have not met this standard.

B. Exchange Act

Mr. Irwin has not established that the Engagement Agreement is void under the Exchange Act; the Engagement Agreement did not involve a "prohibited transaction." *See Reg'l Props.,* 678 F.2d at 564; *In re Asyst Techs., Inc. Derivative Litig.*, 2008 WL 4891220, at *9 (N.D. Cal. Nov. 12, 2008). The transaction consummated by Debtors, with the assistance of STS, was a sale of substantially all of Debtors' assets to FitLife [docs. 666, 740, 755 and 837-838].

*1. **The Application of 15 U.S.C. § 78c(a)(4) to STS***

Only "brokers" and "dealers" must register with the SEC under the Exchange Act. The issue in this matter is whether STS is a "broker." The Court finds that STS was not

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required to be registered as a broker with respect to its engagement with Debtors.

STS does not meet the definition of a "broker" under 15 U.S.C. § 78c(a)(4). In Debtors' cases, STS was *not* an employee of the issuer of a security, and STS did not sell securities from any issuer of securities as part of its employment. *See SEC v. Hui Feng*, 935 F.3d at 731–32. These factors weigh in favor STS's position that it is not a broker of securities. Although STS received transaction-based income, this factor is not dispositive of the issue. *See Zarick v. DocVerify, Inc.*, 2025 WL 2271427, at *9.

There is insufficient credible evidence that STS participated in negotiations about Debtors' issuance of securities, advertised the sale of securities to clients, was an active finder of potential investors, regularly participates in other securities transactions or gave advice or made valuations regarding potential investments. Mr. Willis has testified that he led the STS engagement, he did not perform any securities-related services in this matter and STS did not act as a broker-dealer or in any capital-raising capacity, solicit investors, recommend any investment, negotiate or structure any securities transaction or receive compensation tied to any financing activity. Willis Decl., ¶¶ 4-5. To the extent financing alternatives were discussed, Mr. Willis did no more than support Debtors in evaluating strategic alternatives and participate in discussions in a non-intermediary capacity. Willis Decl., ¶ 6.

2. *M&A Broker Exemption*

Because STS is not a broker under the applicable statute, STS is not required to establish that the M&A Broker exemption under 15 U.S.C. § 78o(b)(13)(E)(iv)(I) applies to the sale of Debtors' assets. Assuming STS constituted a broker, STS has established that the M&A Broker exemption would be applicable.

First, the exemption applies to transactions where the final structure is an asset sale, as was Debtors' sale of substantially all of their assets to FitLife. Second, STS has established that Debtors were an "eligible privately held company." Debtors' EBITDA and gross revenues for the relevant fiscal year were below the statutory thresholds required for the exemption to apply. *See* Exhibit I to the Irwin Objection.

Regarding a potential equity sale contemplated by the Engagement Agreement, STS has satisfied the statutory requirement that it reasonably believed that any purchaser would control Debtors and would directly or indirectly be involved in Debtors' management. If Debtors had pursued an equity sale as part of their reorganization, STS maintains it only would be involved to the extent the engagement constituted M&A advisory work. Follows Reply Decl., ¶¶ 5, 17-18 and 22.

C. California State law

California law defines a broker-dealer similar to the Exchange Act. *See* Cal. Corp. Code § 25004 (providing in part that a broker-dealer is "any person engaged in the business of effecting transactions in securities in this state for the account of others or for that person's own account."). The record in this matter does not establish that STS is a broker-dealer under California law and required to register as one.

Assuming STS was deemed a broker under California law, STS's engagement complies with Rule 260.204.5; the consummated transaction for Debtors was an asset sale, which falls within the exemption, and STS did not hold any funds in connection with the Court-approved asset sale process. *See* Rule 260.204.5.

D. 11 U.S.C § 504

Mr. Irwin and the debtors have not demonstrated any impropriety regarding the employment of STS. As concerns the provisions of section 504, STS is not engaged in improper undisclosed fee sharing.

Included in Exhibit 2 to the STS Employment Application and the Follows Decl. are biographies which set forth the professional experience and education of Vince Willis and Isabella Cattelan, who are identified as a Managing Director and a Director, respectively, of STS [doc. 336]. In his declaration, Mr. Follows states that these individuals, as a part of the STS team, "are expected to provide services to the Debtors." Follows Decl., ¶ 3 [doc. 336].

With respect to Mr. Willis, he has testified that he is a Managing Director and partner of STS. Willis Decl., ¶ 1. Mr. Willis's involvement with STS has been as a regular associate or member of STS. Willis Decl., ¶ 3. Mr. Willis's compensation reflects standard internal partner economics. *Id.*; Follows Reply Decl., ¶ 32. As a result, Mr. Willis appropriately may share in compensation paid to STS.

E. The Sufficiency of STS's Disclosures

Mr. Irwin asserts that STS was required to disclose the following in connection with its retention and did not do so:

a. STS was not a registered broker under the Exchange Act and analogous state law,
b. fee-sharing arrangements between various individuals at STS,
c. number of transactions STS previously "closed," and
d. that STS is a "foreign entity."

Irwin Objection, pp. 18-19. Regarding each of these issues, STS's disclosures in connection with the STS Employment Application are sufficient. [**FN3**]

In Mr. Follows' declaration filed in support of the STS Employment Application, he states that the principal office of STS is in Ontario, Canada and that STS is a "global merger and acquisition firm." Follows Decl.., ¶ 1. The biographies of Mr. Willis and Ms. Cattelan, attached to the STS Employment Application, state that Mr. Willis lives in Aspen, Colorado and Ms. Cattelan lives in Toronto, Canada [doc. 336]. To the extent relevant to Debtors' decision to retain STS (and it does not appear to be so), Mr. Irwin and others could have inquired further about the incorporation of STS.

F. Award of Attorneys' Fees to STS

The Engagement Agreement requires that the reorganized debtors indemnify STS for all losses reasonably incurred by STS arising out of its engagement, including attorneys' fees. As a result, the Court will award to STS the attorneys' fees which STS reasonably incurred to compel the payment of its fees by Debtors' estates.

The Court will not award post-confirmation interest to STS. The Joint Amended Plan does not provide for the payment of interest on allowed administrative expenses of professionals. Joint Amended Plan, pp. 15 and 21-22.

IV. CONCLUSION

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The Court will grant the Motion and award reasonable attorneys' fees to STS. The Court will deny STS's request for an award of interest.

STS must submit the order within seven days.

FOOTNOTES

FN1 Sections 504(a) and (b) reference compensation or reimbursement received under section 503(b)(2). Section 503(b)(2) refers to compensation and reimbursement allowed under section 330(a), rather than section 328(a). With respect to the Motion, although STS was employed under section 328(a), the Court will assume that section 504(a) and (b) are applicable.

FN2 In his supplemental opposition, Mr. Irwin raises the following additional statutory frameworks, for the first time: (1) the Investment and Advisors Act of 1940, (2) British Columbia Securities Act, and (3) a multi-state registration theory related to a potential purchaser's headquarters. Given that Mr. Irwin has not timely raised these additional statutes as a reason to deny the Motion, the Court will not consider them.

FN3 For his argument that all alleged nondisclosures by STS are sanctionable, Mr. Irwin cites *Park-Helena*, *In re Woodcraft Studios, Inc.*, 464 B.R. 1 (N.D. Cal. 2011), *In re Kings River Resorts, Inc.*, 342 B.R. 76 (Bankr. E.D. Cal. 2006) and *In re Hathaway Ranch Partnership*, 116 B.R. 208 (Bankr. C.D. Cal. 1990). Each of these cases involve professionals who fail to disclose, or disclose inaccurate, information *required* under Rule 2014. They do not sanction professionals for their nondisclosure of other facts which may have been relevant to a decision to retain that professional, and the terms of that retention, such as additional, detailed information about a firm's or an individual's prior experience in their field of expertise.

EVIDENTIARY OBJECTIONS TO PLATT DECL. [doc. 1164]

It appears that only the following two paragraphs to this declaration concern the Motion and the compensation to be paid to STS, which is based on 11 U.S.C. §§ 327(a) and 328(a), the STS Employment Order and the Order Modifying

Employment.

Platt Decl., ¶ 23: Sustained
Platt Decl., ¶ 24(f): Sustained

EVIDENTIARY OBJECTIONS TO IRWIN OBJECTION DECL. [doc. 1165]

Irwin Objection Decl., ¶ 3: Sustained
Irwin Objection Decl., ¶ 4: Sustained
Irwin Objection Decl., ¶ 5: Overruled
Irwin Objection Decl., ¶ 6: Overruled
Irwin Objection Decl., ¶ 7: Sustained
Irwin Objection Decl., ¶ 8: Sustained
Irwin Objection Decl., ¶ 9: Sustained.
Irwin Objection Decl., ¶ 10: Sustained
Irwin Objection Decl., ¶ 11: Sustained
Irwin Objection Decl., ¶ 12: Sustained
Irwin Objection Decl., ¶ 13: Sustained
Irwin Objection Decl., ¶ 14: Sustained
Irwin Objection Decl., ¶ 15: Overruled, except sustained as to the statement "STS added nothing."
Irwin Objection Decl., ¶ 16: Sustained
Irwin Objection Decl., ¶ 17: Sustained
Irwin Objection Decl., ¶ 18: Sustained
Irwin Objection Decl., ¶ 19: Overruled
Irwin Objection Decl., ¶ 20: Sustained.
Irwin Objection Decl., ¶ 21: Overruled

EVIDENTIARY OBJECTIONS TO URAKHCHINA DECL. [doc. 1166]

Urakhchina Decl, ¶ 4: Sustained
Urakhchina Decl, ¶ 4 [repeated]: Sustained
Urakhchina Decl, ¶ 5: Sustained
Urakhchina Decl, ¶ 6: Sustained
Urakhchina Decl, ¶ 7: Sustained
Urakhchina Decl, ¶ 8: Sustained

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Urakhchina Decl, ¶ 9: Sustained

Authentication of Notes attached to Urakhchina Decl.: Sustained

Party Information

Debtor(s):

IN Holdings, Inc	Represented By Joseph Axelrod Susan K Seflin Jessica Wellington Ashley M Teesdale Jonathan Seligmann Shenson Jessica L Bagdanov David M Poitras Cynthia M Cohen Ori S Blumenfeld Casey Z Donoyan

Joint Debtor(s):

IN Holdings Canada, Inc.	Represented By Susan K Seflin Jessica Wellington
DAI US HOLDCO INC	Represented By Susan K Seflin Jessica Wellington
5310 Holdings, LLC	Represented By Susan K Seflin Jessica Wellington