

SMALL BUSINESS REORGANIZATION TASK FORCE FINAL REPORT

DECEMBER 2020



UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

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Table of Contents

Task Force Leadership and Members.....	2
Message From the Chief Judge	3
Executive Summary	4
Task Force Subcommittees.....	5
Subcommittee Reports.....	7
Report of the Scope and Definition Subcommittee.....	7
A. The District’s Small Business Demographic Composition	7
B. Definition of “Small Business”	8
Report of the Outreach and Education Subcommittee	10
A. Language and Culture	10
B. Education.....	10
C. Internal Revenue Service.....	12
D. California Labor Commissioner’s Office	12
Report of the Rules and Forms Subcommittee	13
A. Backdrop of SBRA-Related Rules Changes.....	13
B. Rules and Forms Proposals.....	14
Report of the Systemic Issues Subcommittee.....	17
A. Attorney Expertise in Small Business Bankruptcy Cases	17
B. Bench and Bar Coordination Fostering SBRA-Related Practicum.....	19
C. Venue Reform.....	19
D. Valuation.....	20
E. Making Service List Preparation Easier.....	21
F. Mediation Program.....	22
G. Small Business Turnaround Experts	22
Closing Statement.....	24
Appendices	25

Task Force Leadership and Members

Leadership:

Hon. Maureen A. Tighe, Chair
Hon. Scott C. Clarkson, Vice Chair
Hon. Neil W. Bason, Ex Officio

Members:

Peter C. Anderson
Office of the United States Trustee

Lynda T. Bui
Shulman Bastian, Friedman & Bui, LLP

Paul P. Cheng
Law Offices of Paul P. Cheng

Caroline R. Djang
Best Best & Krieger LLP

Mark T. Domeyer
Beauchamp Distributing Company

Steven R. Fox
The Fox Law Corporation

Everett L. Green
Office of the United States Trustee

James A. Hinds, Jr.
Hinds & Shankman, LLP

Gil Hopenstand
U.S. Small Business Administration

Michael Jones
M. Jones & Associates

Lewis R. Landau
Law Office of Lewis Landau

Elan S. Levey
United States Attorney's Office

Hilda Montes de Oca
Law Clerk to Hon. Maureen A. Tighe

Roksana D. Moradi-Brovia
Resnik Hayes Moradi, LLP

Dace S. Pavlovskis
U.S. Small Business Administration

Misty Perry Isaacson
Pagter and Perry Isaacson

Lovee Sarenas
Sklar Kirsh LLP

Daren M. Schlecter
Law Office of Daren M. Schlecter

Summer Shaw
Shaw & Hanover, PC

Tamar Terzian
Brutkus Gubner Rozansky Seror Weber, LLP

Gerrick M. Warrington
Frاندzel Robins Bloom & Csato, L.C.

Christopher K.S. Wong
Arent Fox LLP

Melvin Yee
California Division of Labor Standards
Enforcement, Department of Industrial
Relations

Message From the Chief Judge

As Chair of the Small Business Reorganization Task Force, I am pleased to present the Small Business Reorganization Task Force Final Report.

I started organizing the Task Force in late 2019 to explore obstacles small businesses face in seeking bankruptcy relief in the United States Bankruptcy Court for the Central District of California (“Central District”). Small business cases constitute most of our chapter 11 docket and are critical to the economic health of our seven-county district. Examining small business access is part of the Court’s 2020-2024 Strategic Plan which seeks to increase outreach and access for underserved communities and to ensure that businesses know how to appropriately access bankruptcy resources. The Plan also seeks to support alternative dispute resolution, promote educational opportunities for judges and staff, and increase dialogue between the bench and bar. This Task Force’s recommendations are important steps in carrying out these goals.

I sought professionals from a wide array of backgrounds. The members of the Task Force were nominated by bankruptcy-related bar associations in the Central District and recruited from various governmental agencies. I sought out members who would have insight into the many language and cultural backgrounds in this extraordinarily diverse district. The Final Report reflects the combined efforts of a cross-section of chapter 11 bankruptcy attorneys, a subchapter V trustee, and other insolvency professionals, as well as members from the Office of the United States Trustee, the U.S. Small Business Administration, the California Department of Industrial Relations, and the United States Attorney’s Office, who work within the small business and middle-market sectors, both inside and outside of bankruptcy court. The Report also reflects the valuable contributions and direction of several sitting bankruptcy judges within the Central District.

We started our work in February 2020, shortly before the Small Business Reorganization Act of 2019 (“SBRA”) went into effect. Little did we know that March 2020 would bring a shutdown of many businesses and all in-person meetings due to the COVID-19 pandemic. The pandemic not only caused significant and immediate economic impact on small businesses in the Central District—forcing many to shut their doors to the public almost overnight—but it also roiled economies around the World. These unprecedented developments galvanized the Task Force’s resolve to implement the SBRA’s streamlined reorganization procedures in the Central District and make this new law work for as many debtors and creditors as possible.

I encourage bankruptcy counsel, insolvency professionals, and small business owners within the Central District to review and consider the findings and recommendations in this Report as the Court adjusts to the changes implemented by the SBRA and addresses an increase in small business insolvencies. The Report provides outreach and education tools, rule and form proposals, and numerous ideas to reduce the costs in small business cases. While the Task Force’s Report has been completed, the ultimate goals of the Task Force remain ongoing. I look forward to seeing how we can work together to refine some of these ideas next year.

Maureen A. Tighe
Chief Bankruptcy Judge
Task Force Chair

Executive Summary

The Task Force analyzed different facets of the issues and barriers confronted by financially troubled small businesses in terms of court access, SBRA-related local rules and forms, and the general “streamlining” of small business reorganizations. The following is a summary of the Task Force’s report:

1. **Outreach and Education Model:** The Task Force recommends immediate and continuous outreach presentations to Chambers of Commerce and other business and community organizations concerning bankruptcy and, in particular, the SBRA. A PowerPoint presentation was prepared that may be instrumental in this process—explaining in plain and clear terms how bankruptcy works and what non-bankruptcy or “work-out” alternatives exists. See Appendices 1 and 2.
2. **Education Contacts:** An extensive list of local organizations to contact for educational presentations related to the SBRA is included. Individuals and bar associations may use this list to develop outreach programs, with the goal of increasing access to this resource and spreading general awareness of some of the legal options for businesses in financial distress. See Appendix 3.
3. **Local Forms:** The Task Force prepared new forms related to the SBRA or “Subchapter V,” including a new local status conference form—the Subchapter V Status Report, which is already posted on the Court’s website as an optional form. In addition, the Rules and Forms Subcommittee has proposed a Notice of Subchapter V Trustee’s fees as an optional form. See Appendix 4.
4. **Local Rules:** The Task Force drafted four brand-new local rules related to the SBRA along with amendments to seven different existing local rules to ensure that the Central District’s rules comport with the SBRA. See Appendices 5 and 6.
5. **Systemic Issues:** The Task Force identified numerous systemic issues, including attorney expertise in small business cases, fostering more bench-bar coordination to support educational practicums, venue reform, improving electronic CM/ECF noticing procedures and functionality (Appendix 7), improving access to mediation, as well as the employment of and market for valuation professionals and turnaround experts in small business cases.
6. **Court Data on Small Business and Subchapter V Bankruptcy Filings:** The Task Force provides historical data bearing on small business filings in the Central District as well as a current list of so-called “Subchapter V” cases. See Appendices 8 and 9.
7. **Subchapter V Trustees:** The Report also provides a list of all Subchapter V Trustees in the Central District. See Appendix 10.

Task Force Subcommittees

The Task Force was composed of four Subcommittees, each of which was formed to address a specific subject matter related to the Task Force’s central mission. Each Subcommittee prepared a report to the Task Force, setting forth the respective Subcommittee’s findings and recommendations. The respective reports were then analyzed and approved by the entire Task Force. The following is a summary of each Subcommittee’s respective purpose, leadership, and membership.

Subcommittee	Purpose
<p>Scope and Definition</p> <p>Chair: Misty Perry Isaacson</p> <p>Members: Dace S. Pavlovskis Lovee Sarenas</p>	<p>The Scope and Definition Subcommittee determined the scope of all the Task Force’s work by defining what constitutes a “small business” for Task Force and Subcommittee purposes. The Subcommittee’s work provided parameters to guide the work of each Subcommittee and the Task Force as a whole.</p>
<p>Outreach and Education</p> <p>Co-Chairs: Everett L. Green Tamar Terzian</p> <p>Members: Lynda T. Bui Gil Hopenstand Misty Perry Isaacson Elan S. Levey Dace S. Pavlovskis Christopher K.S. Wong Melvin Yee</p>	<p>The Outreach and Education Subcommittee was tasked with raising public awareness of, and providing educational resources regarding, different forms of bankruptcy and non-bankruptcy relief, with a focus on small business insolvency. The Subcommittee prepared an educational program tailored for small businesses in financial distress. The Subcommittee then developed contacts within diverse constituencies within the Central District and circulated its educational materials to those community contacts and representatives (via various chambers of commerce and other agencies), including communities in which English is not the predominant language.</p>

Subcommittee	Purpose
<p>Rules and Forms</p> <p>Chair: Gerrick M. Warrington</p> <p>Ex Officio: Hon. Scott C. Clarkson Hon. Neil W. Bason</p> <p>Members: Peter C. Anderson Caroline R. Djang Steven R. Fox James A. Hinds, Jr. Michael Jones Lewis R. Landau Roksana D. Moradi-Brovia Lovee Sarenas Daren M. Schlecter Summer Shaw</p>	<p>The Rules and Forms Subcommittee reviewed and analyzed the SBRA, Coronavirus Aid, Relief and Economic Security Act (CARES Act), the Interim Federal Rules of Bankruptcy Procedure, and the Preliminary Draft of Proposed Amendments to the Federal Rules of Appellate Procedure, Bankruptcy, Civil, and Criminal Procedure dated August 14, 2020. The Subcommittee drafted new and proposed amended local rules and forms designed to implement the SBRA and Interim Federal Rules, while considering the relative urgency created by COVID-19, the expanded SBRA eligibility under the CARES Act, and the Proposed Federal Rule Amendments. The Subcommittee also analyzed information from every federal judicial district within the United States and used the insight gleaned from these judicial districts in designing the Central District’s rules and forms proposals. The Subcommittee’s rules and forms proposals were submitted to the Task Force for review and approval before submission to the Rules Committee for the Central District.</p>
<p>Systemic Issues</p> <p>Chair: Steven R. Fox</p> <p>Members: Caroline R. Djang Mark T. Domeyer Michael Jones Lewis R. Landau Hilda Montes de Oca Roksana D. Moradi-Brovia Gerrick M. Warrington</p>	<p>The Systemic Issues Subcommittee analyzed matters that arise within the Central District on a systemic basis that affect “small businesses” (as defined by the Scope and Definition Subcommittee). In particular, the Subcommittee focused on modes of streamlining the administration of SBRA bankruptcy cases within the Central District and improving upon competent advocacy, education, cost efficiency, dispute resolution and consensus-building via mediation programs, and overall effectiveness of and market for valuation and turnaround professionals in small business cases in the Central District.</p>

Subcommittee Reports

Report of the Scope and Definition Subcommittee

The Task Force addressed solely small business chapter 11 cases. There are many ways to define “small business,” from the mom-and-pop grocery store around the corner to the multiple franchises a local company operates as part of a national chain. The initial challenge was to define this concept as it applied to the cases typically seen in the Central District. The task was initially more complicated because the debt limit for the new subchapter V provisions was \$2,725,625, and the Task Force believed businesses with a higher level of debt should still be considered. Defining the Task Force’s scope was made easier on March 27, 2020 when the debt limit was raised to \$7.5 million by the CARES Act, 134 Stat. 281.

A. The District’s Small Business Demographic Composition

The Central District is the largest bankruptcy court in the United States, typically handling hundreds of small business cases each year. See <https://www.cacb.uscourts.gov/court-locator>. With jurisdiction over seven counties, the Central District covers approximately 40,000 square miles serving a multicultural population in Los Angeles, Orange, Riverside, San Bernardino, San Luis Obispo, Santa Barbara, and Ventura Counties. *Id.* The District includes a wide range of diverse demographics and socio-economic backgrounds. See U.S. Census Bureau Statistics, available at <https://www.census.gov/quickfacts/CA>. This diversity creates a unique small business composition.

In California, small businesses are largely in the following five industries:

- construction,
- health care and social assistance,
- retail trade,
- accommodation and food services, and
- the professional, scientific and technical services industry.

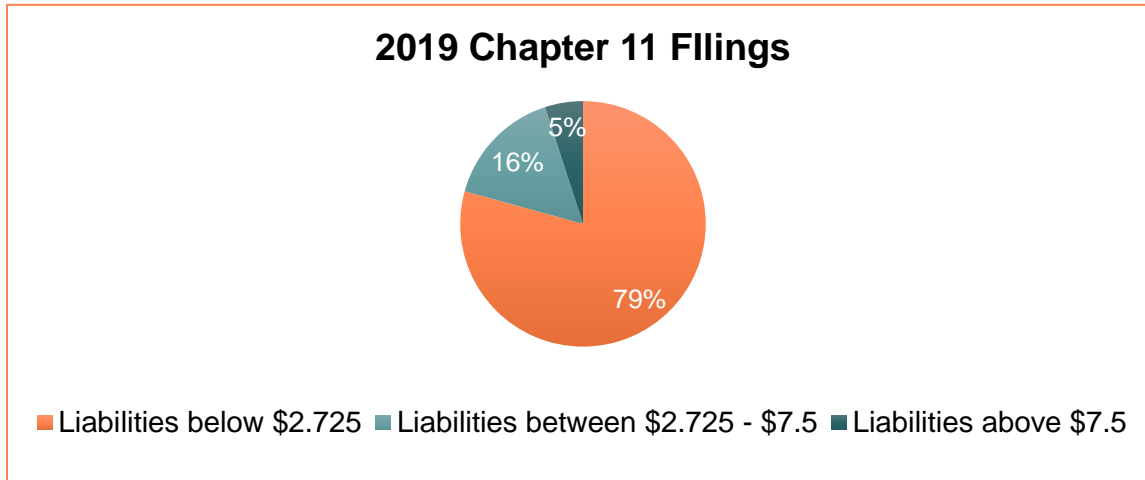
See 2020 Small Business Profile, California, available at <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144224/2020-Small-Business-Economic-Profile-US.pdf>. Each of these industries provides between 5,100 and 38,000 jobs. *Id.*

The Central District contains over 400,000 small businesses, differing in each division. Most of the district includes retail trade; professional, scientific and technical services; health care and social assistance; and accommodation and food services. The Los Angeles and San Fernando Valley divisions have numerous entertainment related businesses and “gig” industries. The Northern Division showcases small businesses in technology and agriculture. The Riverside Division small businesses are concentrated heavily in manufacturing and retail. Santa Ana services a wide variety of businesses, highlighting tourist attractions, retail and financial or banking firms. Indeed, the cases filed so far this year under the SBRA reflect the wide range of businesses in the district, ranging from tea shops to fitness centers to software developers. (See Appendix 9.)

According to the Small Business Administration (SBA), small businesses make up 99.7% of all U.S. companies with employees. SBA FAQ September 2019. In California, the SBA estimates

that small businesses employ 7.2 million people, or 48.5% of all California employees. These small businesses can operate under any business structure: a sole proprietorship, partnership, limited liability company (LLC), or corporation with sales between or below \$750,000 and \$35.5 million and employees between or below 100 and 1,500. *Id.*

Based on the chapter 11 cases filed in the Central District between 2009 and 2019, addressing cases with liabilities under \$7.5 million would include from 89% to 95% of all chapter 11 filings in the district. The debt levels of cases filed from 2009 through 2019 are included in Appendix 8. The most recent complete year of filings illustrates how the vast majority of cases filed in the district are small business cases that can benefit from the Task Force's recommendations:



B. Definition of “Small Business”

The Bankruptcy Code defines “small business debtor” as follows:

(51D) The term “small business debtor”-

(A) subject to subparagraph (B), means a person engaged in commercial or business activities (including any affiliate of such person that is also a debtor under this title and excluding a person whose primary activity is the business of owning single asset real estate) that has aggregate noncontingent liquidated secured and unsecured debts as of the date of the filing of the petition or the date of the order for relief in an amount not more than \$2,000,000 (excluding debts owed to 1 or more affiliates or insiders) not less than 50 percent of which arose from the commercial or business activities of the debtor; and

(B) does not include-

- (i) any member of a group of affiliated debtors that has aggregate noncontingent liquidated secured and unsecured debts in an amount greater than \$2,000,000¹ (excluding debt owed to 1 or more affiliates or insiders);
- (ii) any debtor that is a corporation subject to the reporting requirements under section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)); or

(iii) any debtor that is an affiliate of an issuer (as defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c)).

Using this definition as a framework, the Task Force decided the scope of its work needed to be somewhat different for purposes of our outreach and systemic issues analysis. In addition to the SBA's definition, the group considered the IRS and Affordable Care Act standards for small businesses and the definition used under the CARES Act. Having considered these various definitions and standards, the group modified § 101(51D)'s definition to define "small business." While the SBA, IRS, and the Affordable Care Act's definitions of "small business" were generally too broad for purposes of the task force's outreach efforts, they provided a good starting point for the formation of our definition.

A "Small Business" for the purposes of the Task Force means a person who is:

1. engaged in commercial or business activities (including any affiliate of such person) that is independently owned and operated in the United States, and whose owner(s) may have personally guaranteed the debt of the business;
2. has no more than 500 employees (full or part-time);
3. has gross annual revenue of no more than \$35.5 million; and
4. has outstanding liabilities of no more than \$7.5 million (excluding debts owed to one or more affiliates or insiders) not less than 50 percent of which arose from the person's commercial or business activities.

A "Person" is defined as any independently owned and operated partnership, limited liability company, corporation, or an individual who operates under a sole proprietorship, as an independent contractor, or is self-employed, and includes any affiliate of such person.

A Small Business does not include:

1. any member of a group of affiliates that has aggregate debts in an amount greater than \$7.5 million (excluding debt owed to one or more affiliates or insiders);
2. any publicly traded corporation or whose parent company or affiliate is a publicly traded corporation; or
3. a non-profit corporation.

The Subcommittee's definition reflects the goal of the Task Force to address common smaller business cases seen and to facilitate the operation of the newly enacted SBRA.

Report of the Outreach and Education Subcommittee

The Outreach and Education Subcommittee recommends its members and the Task Force's members continue their efforts in the education and translation of the attached PowerPoint presentation. The members are welcome to reach out to the list of organizations and use any other resources available to insolvency professionals in the community for outreach and education. The Task Force is hopeful this outreach and education will reach as many small businesses as possible so that they are aware of their options if they encounter financial distress.

A. Language and Culture

Education and providing access to reorganization options under the Bankruptcy Code are important in engaging diverse small businesses. The challenge is reaching businesses with such a variety of languages and cultures in this district. The Task Force did not identify any specific cultural barriers that would prevent access if accurate information could be disseminated in the community. The Subcommittee believes the unavailability of information in native languages appears to be one of the major considerations that contributes to the hesitation of individuals and small business owners from understanding their options and resources available to them, and from seeking bankruptcy relief. In California, the top non-English languages are: Spanish, Cantonese and Mandarin, Vietnamese, Tagalog (Filipino), Korean, and Armenian according to the 2020 California Census. Based on the statistics gathered by the U.S. Trustee in its meetings of creditors over the past few years, Spanish, Mandarin, Korean, and Armenian are the most requested language translation service by debtors in the district. Accordingly, the education materials should be translated to these major non-English languages to facilitate the dissemination of information to these groups. No one has come forward at this point to translate the PowerPoint presentation created by the Subcommittee, but the Task Force requests that community members with translation skills consider assisting.

The need for interpreting in some court hearings will also increase understanding among constituencies, including debtors, creditors, and others, whose predominant language is not English. The Task Force encourages continued development and funding of the court's pilot program using a language line to interpret hearings whenever necessary for non- or limited English speakers.

B. Education

The Subcommittee has created and tested a PowerPoint presentation that can be utilized to provide small businesses with knowledge and training. The presentation is intended to provide small business owners with a primer for various options, particularly bankruptcy, when in financial distress. It is also intended to provide some bankruptcy basics in an effort to make that process more transparent and accessible to small business owners and to educate them that they can keep their business operating while paying creditors over time.

The "Bankruptcy Primer for Small Businesses" presentation addresses the following topics:

- Types of financial distress for a business;
- Options for small businesses in financial distress;
- Bankruptcy basics;

- Non-bankruptcy options; and
- Practical tips.

The presentation provides general information and is not intended to constitute legal or financial advice, or substitute for the advice of competent legal counsel. A brief narrative explaining this should accompany the presentation for those intending to present it to small business owners or organizations. Refer to Appendix 1 for the introduction and Appendix 2 for the PowerPoint presentation. This may be used by anyone to conduct educational programs and may be translated into any language needed.

The Subcommittee has also identified and compiled a list of Chambers of Commerce and other organizations that can potentially take part in providing a venue for the presentations (Appendix 3). The Subcommittee encourages bar associations to use this list and other resources to expand educational efforts in the small business community.

As of the date of this report, individuals from the Subcommittee have presented or are scheduled to present the educational program to a wide array of local groups. Presentations were made to the SBA District Offices in Los Angeles and Santa Ana who hold Resource Partner meetings with the Small Business Development Centers, Women's Business Centers and SCORE. (SCORE was established in 1964 as a nationwide, non-profit §501(c)(3) organization to facilitate retired business owners and managers in mentoring and assisting small business owners.) There was a separate presentation to a group of SBA resource partners which included representatives from the Small Business Development Centers (SBDC) at Long Beach City College, University of La Verne, Pasadena City College, El Camino College, College of the Canyons, Bixel Exchange, Pacific Coast Regional Corporation, Veterans Business Outreach Center at MiraCosta Community College, Little Tokyo Service Center, Pacific Asian Consortium in Employment (PACE), Women's Economic Ventures, NEW Women's Business Center, Asian Pacific Islander Small Business Program, and SCORE.

Various chambers of commerce have hosted presentations by Subcommittee members including the Temecula Valley Chamber of Commerce, the Inland Empire Regional Chamber of Commerce, and the Vietnamese American Chamber of Commerce. In addition, there was a presentation to the Vietnamese American Bar Association of Southern California.

Additional presentations are planned for the Alhambra, Arcadia, Covina, Cypress, Encino, Lancaster, Santa Monica, Venice, and West Hollywood chambers of commerce. Arrangements have also been made to present the program to all county counsel throughout the Central District of California.

The PowerPoint has been provided for posting on the following sites seeking to assist small businesses:

- Los Angeles County Contracting Connections Resource for Small Businesses and Non-Profits webpage (a program of the Los Angeles Economic Development Agency)
- Weekly newsletter for the Central City Association of Los Angeles
- California Lawyers Association website to be used by any bar association
- SCORE -Ventura County
- SCORE – Los Angeles County

A request will also be made to the SBA Resource Partners and District Directors to post the PowerPoint to their websites.

The members of the Subcommittee will continue to make efforts to present the outreach educational materials to various organizations. Others are encouraged to add to this list and coordinate with members of the Subcommittee going forward, if needed. One issue to keep in mind when presenting is to allow any participants to attend anonymously to address any small business concern that attendance could signal financial trouble to others, causing further business problems. Fortunately, anonymous attendance is usually possible with the remote presentations that members have been conducting.

C. Internal Revenue Service

Subcommittee members contacted the Internal Revenue Service (IRS) regarding practice pointers relating to taxes that often affect small business cases. In response, the IRS provided the following pointers, given the tight timeframe that SBRA cases have. The tips include:

1. Movant should serve the United States on behalf of the IRS at all three addresses per Court Manual Appendix D, Rule 2.0 through 2.5, for adversary complaints and contested matters. This would include motions to sell free and clear of IRS liens and plans attempting to modify the tax lien/debt.
2. It is best to immediately file all outstanding pre-petition tax returns (including, where applicable, Form 1040, Form 1120, Form 941, and Form 940 returns). Debtor's counsel should send a *signed* copy of all returns for prepetition tax years that are filed post-petition to the insolvency specialist assigned to the case.
3. Debtors are reminded to also file all post-petition tax returns and pay all post-petition tax due timely (including, where applicable, estimated tax payments per 26 U.S.C. § 6654, and employment tax deposits per 26 C.F.R. § 601.401 and 26 C.F.R. § 31.6302-1).

D. California Labor Commissioner's Office

The California Labor Commissioner's office also provided the following practice pointers to highlight some common employment issues they see in reorganizations. Attention to these employment issues could be helpful to an expeditious, successful SBRA reorganization.

1. Debtor's continued compliance with all California employment laws, including prompt payment of employees' wages and documentation of all employee time worked and paid compensation. This mandatory documentation facilitates any review of employment law compliance should it occur. See California Labor Code § 1198.5.
2. California laws require licensure and bonding for businesses operating certain industries (i.e. agriculture, carwash, construction, garment, janitorial, etc.) in California. Failure to have the required licenses or bonds after reorganization could negatively impact reorganization from assessment of monetary penalties or even the interruption of business operations.
3. One common lien recorded by the Labor Commissioner to look out for arises from California Labor Code § 98.2, which is recorded after an administrative finding of unpaid wages and other Labor Code violations. Be sure to check for that if there were any employment issues.

Report of the Rules and Forms Subcommittee

A. Backdrop of SBRA-Related Rules Changes

The Subcommittee strived to draft proposals which are clear, concise, and easy to follow. By doing so, the Subcommittee's draft proposals are aligned with the goals of the SBRA itself—to “streamline the bankruptcy process by which small businesses debtors reorganize and rehabilitate their financial affairs.” H.R. Rep. No. 116-171, at 5 (2019) (discussing performance goals and objectives of the SBRA).

Effective SBRA procedures, at least to some extent, facilitate small business reorganizations themselves—another goal of the SBRA. Indeed, effective small business reorganizations not only help viable small businesses, but also preserve value for suppliers, trade creditors, customers, and others who do business with small business debtors. *See id.* at 4 (“[T]he [SBRA] allows these debtors ‘to file bankruptcy in a timely, cost-effective manner, and hopefully allows them to remain in business’ which ‘not only benefits the owners, but employees, suppliers, customers, and others who rely on that business.’”).

The CARES Act

From the outset, there was an immediate need to consider SBRA-related local rules and forms quickly. The Subcommittee's work was then immediately impacted by emergency legislation in the form of the CARES Act (increasing the debt limits for subchapter V debtors from \$2,725,625 to \$7,500,000 for cases filed within the twelve months following enactment of the CARES Act on March 27, 2020, unless extended by Congress). The macroeconomic impact of COVID-19 upon small businesses is unprecedented in modern history. The temporary increase in SBRA eligibility brought about by the CARES Act underscores the immediate need for clear and concise local rules to prepare for a possible influx of new subchapter V filings.

The Federal Rule Amendments

On June 23, 2020, the Judicial Conference Committee on Rules of Practice and Procedure (Standing Committee) approved publication of proposed amendments to, in pertinent part, the Federal Rules of Bankruptcy Procedure. On August 14, 2020, a Preliminary Draft of Proposed Amendments to the Federal Rules of Appellate Procedure, Bankruptcy, Civil, and Criminal Procedure dated August 14, 2020 (“Federal Rule Amendments”), was circulated for public comment. The Subcommittee has reviewed and considered the Federal Rule Amendments.

Notably, the Federal Rule Amendments include a complete restyling of Parts I and II of the Federal Rules of Bankruptcy Procedure (“Restyling Changes”). Per the Memorandum of Hon. Dennis R. Dow, the Restyling Changes are not intended to affect any substantive changes. The comment period for the Federal Rule Amendments is open from August 14, 2020, to February 16, 2021. And, although the Restyling Changes do not change the substance of any SBRA-related Interim Rule, “[f]uture rules changes unrelated to restyling will be incorporated before the restyled rules are finalized.” Federal Rule Amendments, Dow Memo, at 16, para. B.1. So, there is a possibility that further restyling changes may impact SBRA-related Interim Rules, although those changes would apparently not be substantive. Accordingly, the rules proposals being submitted with this Report were drafted with these potential changes in mind. Otherwise, the Federal Rule Amendments do not materially impact upon any of the rules or forms proposals being submitted for approval.

Need to Revisit the Local Rules in the Near Future

Although there is an immediate need to approve local rules and forms governing the SBRA, these rules and forms will likely need to be revisited and potentially revised within the coming year or so, as the CARES Act sunsets (or is extended by Congress), as SBRA case law develops, and as the Federal Rule Amendments comment period expires and the amended Federal Rules of Bankruptcy Procedure are implemented.

B. Rules and Forms Proposals

The Task Force has adopted the Subcommittee's findings and recommendations as follows:

- Based on information sourced from 94 different federal judicial districts throughout the United States, the vast majority of federal judicial districts have adopted the Interim Rules, but have not, as of April 2020, implemented local rules or forms implementing the Interim Rules or the SBRA;
- There are different philosophical views on whether local rules and forms are necessary or even desirable; the Central District has, historically, adopted the view that local rules are helpful and desirable;
- Certain provisions of the Interim Rules are very straight-forward and easily implemented, while others require a certain level of interpretation; approval of local rules and/or forms may streamline the process of implementing the Interim Rules by avoiding disagreement (and possibly litigation) over the import or intended meaning of certain Interim Rules;
- Efficiency and streamlining of chapter 11 subchapter V cases is not only one of the legislative purposes of the SBRA, but also a guiding principal of the Subcommittee; and
- Clearly-worded rules and easy-to-follow forms promote the streamlining of small business debtor and subchapter V cases and, in some ways, remove barriers to successful reorganizations by small businesses under the SBRA.

The Subcommittee recommends:

- Approval and adoption of the following new local forms for the Central District (collectively, Appendix 4):

Local Form	Local Form Title	Purpose of New Form
F 2015-3.SUBV.STATUS.RPT	SUBCHAPTER V STATUS REPORT	This new form should be adopted as a mandatory form to implement 11 U.S.C. § 1188(c).
F 2016-1.6.SUB-V.TRUSTEE.FEE.EST	SUBCHAPTER V TRUSTEE'S ESTIMATED FEES AND EXPENSES FOR PURPOSES OF PLAN CONFIRMATION	This new form is optional. It is designed to aid the debtor in formulating its plan of reorganization by providing an estimate of the fees and expenses of the subchapter V trustee.

- Approval and adoption of the following new local rules for the Central District (collectively, Appendix 5):

LBR	LBR Title	Purpose of New Rule
LBR 2015-3	PRECONFIRMATION REQUIREMENTS FOR SUBCHAPTER V DEBTORS, DEBTORS IN POSSESSION, AND TRUSTEES	This new rule should be adopted to implement Interim Rule 2015's post-petition, preconfirmation financial reporting duties of the subchapter V debtor.
LBR 3014-1	ELECTION UNDER § 1111(b) BY SECURED CREDITOR IN SUBCHAPTER V CASES	This new rule provides a deadline for secured creditors to make an "1111(b) election" in a subchapter V case.
LBR 3020-2	POSTCONFIRMATION REQUIREMENTS IN A SUBCHAPTER V CASE	This new rule should be adopted to implement the SBRA's post-confirmation reporting requirements under either a consensual or nonconsensual plan.
LBR 3022-2	FULL ADMINISTRATION IN A SUBCHAPTER V CASE	This new rule should be adopted to implement the post-confirmation administration and closing of the estate under either a consensual or nonconsensual plan confirmed under the SBRA.

- Approval and adoption of the following amendments to existing local rules for the Central District (collectively, Appendix 6):

LBR	LBR Title	Proposed Changes
LBR 2015-2	REQUIREMENTS FOR CHAPTER 11 DEBTORS IN POSSESSION, CHAPTER 11 TRUSTEES, AND SUBCHAPTER V TRUSTEES	This local rule should be amended to address its continued applicability to general chapter 11 cases, while noting that LBR 2015-3 provides more specific rules applicable to subchapter V cases only.
LBR 3003-1	BAR DATE IN CHAPTER 11 CASES	This local rule should be revised to reflect subchapter V bar dates for prepetition claims as well as governmental entities.

LBR	LBR Title	Proposed Changes
LBR 3017-2	CHAPTER 11 DISCLOSURE STATEMENT – APPROVAL IN SMALL BUSINESS CASES AND WHEN REQUIRED IN SUBCHAPTER V CASES	This local rule should be revised to reflect its applicability to subchapter V cases where the Court has ordered that § 1125 applies.
LBR 3020-1	CHAPTER 11 PLAN CONFIRMATION AND POSTCONFIRMATION REQUIREMENTS	This local rule should be amended to clarify post-confirmation reporting requirements and in traditional, non-subchapter V, chapter 11 cases.
LBR 3022-1	FINAL DECREE AND CLOSING A CHAPTER 11 CASE	This local rule should be amended to provide that it is also applicable to subchapter V cases.
LBR 4002-1	DUTIES OF DEBTOR AT MEETING OF CREDITORS	This local rule should be amended to include interlineation cross-referencing new LBR 2015-3 with respect to duties of a subchapter V debtor.
LBR 6004-1	SALE, USE, OR LEASE OF ESTATE PROPERTY	This rule is amended to account for the possibility that a subchapter V trustee in possession may seek to sell property of the estate outside of the ordinary course.

While the Subcommittee recommends immediate approval and adoption of these SBRA-related local rules and forms, the Central District should likely revisit these rules and forms in the coming year or so to consider whether revisions are needed or appropriate given the continued development of SBRA practices and potential changes to the statutes and federal rules governing the SBRA.

Report of the Systemic Issues Subcommittee

The Subcommittee identified the following general areas of systemic impact which affect small business bankruptcy cases in the Central District:

- attorney expertise in small business bankruptcy cases;
- the need for more educational practicums in the small business space, including mock trial, moot court, and out-of-court restructuring moot negotiation programs;
- bankruptcy venue reform;
- the need to keep costs down and still have necessary valuation and turnaround expertise;
- improving ease of service and electronic-noticing within bankruptcy cases; and
- facilitating mediation and consensus-building in SBRA cases.

A. Attorney Expertise in Small Business Bankruptcy Cases

The State Bar of California requires lawyers—including those practicing in the United States Bankruptcy Court for the Central District of California—to perform legal services “with competence.” Cal. Rule of Prof. Conduct 1.1(a). “Competence” applies to “the (i) learning and skill, and (ii) mental, emotional, and physical ability reasonably necessary for the performance of such service.” Cal. Rule of Prof. Conduct 1.1(b). If a lawyer lacks sufficient “learning and skill” in a particular practice area, the lawyer may, nonetheless, provide “competent” representation by “(i) associating with or, where appropriate, professionally consulting another lawyer whom the lawyer reasonably believes to be competent, (ii) acquiring sufficient learning and skill before performance is required, or (iii) referring the matter to another lawyer whom the lawyer reasonably believes to be competent.” Cal. Rule of Prof. Conduct 1.1(b).

With these baseline ethical rules in mind, the Subcommittee finds that attorney expertise is one of the most critical systemic issues affecting small business bankruptcy cases in the Central District. Put differently, lack of applicable attorney expertise in small business bankruptcy filings increases administrative costs, impedes effective and efficient reorganization of small business debtors, and causes an unnecessary drain of the court’s resources with delay and missteps—all of which may ultimately result in a dismissal or conversion as opposed to an effective reorganization of debt for small businesses. Conversion or dismissal often adversely affects—not only the debtor—but also lenders, trade creditors, suppliers, and others who relied on the debtor’s business as a going concern.

The Subcommittee further finds that there are no easy or obvious ways of rectifying this issue on a system-wide basis. In fact, there are reasons to believe that attorney expertise in small business bankruptcy cases may be more important now than ever.

Because the SBRA is a newly enacted statute, the bankruptcy bar—like most everyone else—has no practical experience in so-called subchapter V cases. And now, as many small businesses’ cash flow and liquidity dried up “overnight,” there is an apparent dire need for competent small business bankruptcy practitioners. Accordingly, attorney expertise cannot be

overemphasized as an integral factor in the success (or failure) of small business reorganizations under the SBRA.

Anecdotal evidence suggests that the Court may see an increase in small business cases being filed by attorneys who may have no bankruptcy or, specifically, chapter 11 reorganization experience. In fact, the experience of the Subcommittee suggests that so-called “free-fall” chapter 11 bankruptcy filings were common for small business bankruptcies in the Central District even before the SBRA and before COVID-19. A “free-fall” chapter 11 occurs where a chapter 11 petition is filed without the debtor first negotiating with its creditor constituencies and without formulating any exact exit strategy before the filing. Free-fall filings stand in contrast to pre-negotiated or pre-packaged chapter 11 cases—where the debtor, prior to filing bankruptcy, obtains some level of consensus between and among creditors to support a plan of reorganization and either solicits votes (i.e., a so-called “pre-pack”) or otherwise negotiates reorganization terms but without vote solicitation (i.e., a so-called pre-negotiated case). These types of filings are highly inefficient because, among other things, plan negotiation and acceptance occur post-bankruptcy while the administrative claims of counsel and insolvency professionals add up—increasing the risks that the case may become “administratively insolvent” (i.e., where the debtor is unable to pay for its own attorneys and professionals).

In addition, when pre-bankruptcy litigation is the precipitating insolvency event, the debtor’s state court counsel (who is familiar with the debtor’s situation but may not be versed in chapter 11 practice) may proceed as counsel of record to the debtor in its bankruptcy case. Bankruptcy is a complex area of law, and even the most competent non-bankruptcy practitioners may find themselves in unfamiliar territory and without a realistic means of competently counseling the debtor or serving the debtor’s best interests. This rather common scenario directly implicates an attorney’s ethical duties and may require the debtor’s attorney to associate with, or refer the case to, experienced bankruptcy counsel. See Cal. Rule of Prof. Conduct 1.1(b).

Small business bankruptcy cases are susceptible to these types of systemic issues, which impact upon the debtor’s plan confirmation prospects and case viability. At the same time, in many of these small business cases, principals of these companies want to work with lawyers with whom they have had a long business relationship, and who have an understanding of certain cultural practices and familiarity with their business, ethnic background or language. This is certainly an understandable basis for selecting counsel, but it does not alleviate the risk of no expertise in small business bankruptcy cases. The challenge is to find a way to address both concerns.

Because competent counsel is such an important element of a subchapter V case’s success, below are some recommendations to address this issue:

- Professional bankruptcy associations within the Central District should provide educational programs geared toward non-bankruptcy practitioners and law students who are interested in representing debtors in SBRA cases.
- The Court may consider including these professional educational SBRA programs in its Newsletter and publishing that Newsletter on its website.
- The Court may also consider creating a page on its website which sets forth links and/or contact information for each of the professional bankruptcy organizations which are within the Central District and which provide continuing legal education.

- Under certain circumstances and in cases where debtor’s counsel or certain professionals have not provided a sufficient benefit to the estate, the Court, as always, has the discretion under 11 U.S.C. §§ 327 and 330 to make adjustments to the compensation of those professionals (i.e., by conducting a lodestar analysis).
- The Court should use its authority where appropriate to deny employment outright or to condition employment upon association of experienced co-counsel to serve as debtor-in-possession counsel. Because this is such an important issue, flexibility is encouraged in the arrangements made to bring in experienced bankruptcy counsel.

B. Bench and Bar Coordination Fostering SBRA-Related Practicums

The Subcommittee supports the concept of increased focus between the bench and the bar to provide continuing legal education focused on SBRA-related practicums. The Los Angeles County Bar Association, the San Fernando Valley Bar Association, along with the Los Angeles, Inland Empire, and Orange County Bankruptcy Forums, the Orange County Bar Association, the Beverly Hills Bar Association’s Bankruptcy Section, and the Inns of Courts generally provide quality business bankruptcy programming for professionals in the Central District. Given the significant changes brought about by the SBRA, some of which are strikingly different than traditional chapter 11 practice, the Subcommittee recommends that additional SBRA-centered educational programs should be promoted and potentially co-sponsored by the Court and professional bar associations as well as local law schools.

The Court should also encourage educational programs centering on supplemental training programs for and by judges and law clerks that can “dive deep” into “first day” motions, using such tools as mock hearings before the judges and/or mock negotiations on issues such as cash collateral stipulations and debtor-in-possession financing. The Subcommittee supports the concept of professional bar associations reaching out to the Court and local law schools to coordinate and develop hands-on SBRA-related practicums as well as continuing legal education programs concerning small business bankruptcy cases. Bankruptcy judges, in particular, could help to foster a vibrant exchange of ideas. Members of professional associations should be encouraged to consider reducing entrance fees to these events for judges, students and law clerks (and to consider their schedules in programming preparations).

The Subcommittee would further support including local law schools to engender interest in chapter 11 and SBRA-related practice in law school students. Some examples might include more general bankruptcy-related competitive practicums including the Annual Duberstein Bankruptcy Moot Court Competition at St. Johns University and the Law Student Bankruptcy Negotiation Competition (Ninth Circuit) at USC Gould School of Law. The bankruptcy clinic at Loyola Law School is another good example that could be expanded to SBRA issues.

The Task Force encourages attorneys, accountants, other bankruptcy professionals, judges and/or court staff to create mock chapter 11 case scenarios and play out the scenarios live in a courtroom. Any mock hearings would be subject to the usual caveats that hypothetical arguments will not be held against professionals, and hypothetical rulings will not be construed as advisory opinions.

C. Venue Reform

Solutions to the systemic issue of venue choice would seem to entail legislative action. The Subcommittee examined various commentary and secondary sources which have discussed

this issue but decided it could not be adequately addressed by this Task Force. The Task Force recommends continued focus on how the bench and the bar can help local businesses file in their home district.

While a full discussion of bankruptcy venue reform is beyond the scope of this Report, a number of Task Force members believe that a discussion is warranted with respect to the present Bankruptcy Code's venue selection provisions, which are set forth in 28 U.S.C. § 1408. The Bankruptcy Code's venue provisions enable a debtor that is a business entity to choose the venue for its case. A non-individual debtor commencing a chapter 11 case may select a venue that is its state of incorporation, its principal place of business or location of its assets, or the venue where an affiliate's case is pending.

Since the debtor nearly always selects the forum for a chapter 11 case, in the majority of large cases, strategic use of venue options, based on both objective and subjective factors, is prevalent. Forum shopping in bankruptcy cases has become a well-established feature of business bankruptcy practice and has been criticized as a fundamental problem in the bankruptcy system. Of course, spirited arguments exist on both sides of the debate.

Unfortunately, there is little available information of how the current venue statute impacts small business bankruptcy filings, either in the country as a whole or in the Central District of California. The Task Force encourages local bar associations and their individual members to undertake studies of this matter in the future and provide their research to the Chief Bankruptcy Judge of the Central District.

D. Valuation

As most insolvency professionals know, valuation is critical in chapter 11 cases and can make the difference in creditor recoveries as well as defining the line between who will be paid and who cannot be. Valuation disputes also often turn into a costly "battle of the experts," where each constituency (i.e., debtor, creditor, distress debt buyer, etc.) presents valuation evidence to the Court who then weighs the evidence at an evidentiary hearing to determine the value of the underlying assets. These types of evidentiary hearings are often full-blown trials, which can rack up immense administrative fees and costs to the estate and others. In fact, a contested evidentiary hearing may make the difference between an administratively solvent estate and an administratively insolvent estate (i.e., when the debtor's estate lacks sufficient funds to pay debtor's bankruptcy counsel and other professionals who are supposed to be compensated by the estate). This issue becomes all the more impactful in a small business case—where resources are stretched thin and margins may be tight.

The Subcommittee investigated whether there could be a systemic response to address potential valuation fights in small business cases. To get insight into this systemic issue, the Subcommittee interviewed a number of chapter 11 accountants and forensic experts in Southern California (some of whom have acted as trustees in cases over the past 30 years).

The general consensus is to encourage parties to use Federal Rule of Evidence 706, which provides a mode of effectuating court-appointment of experts. That rule basically "codifies" the common law right for courts to appoint their own experts as opposed to being relegated to relying upon "partisan" experts. A major benefit to having one court-appointed expert is that costs are dramatically reduced. In fact, the costs of a court-appointed valuation expert could be borne by each constituency equally, thus defraying the relative administrative costs between and among the parties and avoiding the expensive and sometimes self-defeating "battle of the

experts.” The Subcommittee believes that employing Rule 706 in small business cases may prove useful to preserving value and defraying administrative costs—thus aiding and perhaps streamlining small business reorganizations.

The Subcommittee also believes that a market may exist for valuation experts in small business bankruptcy cases. If so, then those experts may be able to carve out a niche for such valuation work in SBRA cases. One way in which such professionals may advertise their skills would be to put on educational and continuing legal education programs through the various local bankruptcy bar associations. A list of such experts could be maintained by the bar association as well.

E. Making Service List Preparation Easier

The Subcommittee reviewed the functionality of the Court’s Case Management/Electronic Case Filing (CM/ECF) system for Debtor’s counsel, specifically accessing and downloading case and party information. Currently, parties can obtain the most up to date creditor service information from two places on CM/ECF: (1) the “List of Creditors” which has all mailing addresses; and (2) the “Mailing Info for a Case.”

The List of Creditors has all mailing addresses listed by the debtor as part of their required case commencement documents, while the list generated from “Mailing Info for a Case” contains the email addresses for all parties who have requested to receive electronic notice, or those parties who have e-filed something in the case and were automatically added to the list. The list that includes these parties is typically referred to as the Notice of Electronic Filing or “NEF” list.

List of Creditors & Claims Register:

The original source of information for the List of Creditors is the “creditor matrix” which is submitted via text file when a bankruptcy case is filed. The Claims Register is a catalog maintained by a bankruptcy court clerk that contains a list of all the proofs of claim that have been filed with the bankruptcy court. It does not include claims listed by the debtor on its schedules.

When the List of Creditors is downloaded with the default settings, the system will prepare a PDF of the mailing list in three columns. The resulting PDF is not easily converted into Word and parties often retype the entire list so that mailing labels/envelopes can be created for service. The Subcommittee found that the List of Creditors may be downloaded from CM/ECF in a raw text format. A step-by-step instruction guide for saving the List of Creditors to a text file for easier conversion to a Microsoft Excel file is attached to this Report as Appendix 7.

Unlike the List of Creditors, the Claims Register is not accessible in other formats at this time. The Court is slated to upgrade its electronic docketing system to “Next Gen CM/ECF” sometime after April 2021. At this time, it is unknown if the upgrade will address this issue. If the Claims Register could be in a format that allowed a quick and easy conversion to a proof of service list, it would provide a similar savings of labor and expense in the case. It is hoped this can be addressed once the conversion is complete.

NEF List:

The NEF list is used to complete Part 1 of the mandatory proof of service form. Local Bankruptcy Rule 9013-3(d)(2)(A) requires that the party filing the proof of service explicitly

indicates how each person or entity served by NEF is related to the case. The NEF List, however, currently only contains a person's name and email address, but not the party they represent or the party's relation to the case. It is nearly impossible to obtain this information as often names and email addresses will appear on the list, but that party may not have filed anything on the docket nor filed a proof of claim. Having the NEF list reflect this information would reduce the time, effort, and costs involved in service.

The Subcommittee was informed that changes to how the NEF List is presented may be addressed by the "Next Gen CM/ECF" upgrades, but there is no definitive answer at this time. The Subcommittee recommends that the Court consider how the NEF list could more easily be converted for the proof of service once NextGen is implemented.

F. Mediation Program

The Subcommittee made a request to the Attorney Admission Fund to provide professional mediation training for the subchapter V trustees who are appointed in cases filed under the SBRA. Unlike trustees appointed in chapter 7 bankruptcy cases, new subchapter V trustees are charged with the duty to work with the debtor and creditors of the bankruptcy estate to "facilitate the development of a consensual plan of reorganization." Given the speed in which a subchapter V case is to proceed, having a well-trained subchapter V trustee steward the small business debtors and their creditors towards confirmation of a consensual plan of reorganization is key to fulfilling Congress' goal of enabling small businesses to reorganize, preserve jobs, maximize the value of assets and ensure the proper allocation of resources.

Mediation training for subchapter V trustees should include the following:

- Managing statutory duties in conjunction with the debtor-in-possession;
- Handling the new expedited proceedings;
- Reducing administrative costs on small businesses in aid to reorganization;
- Keeping attorney's fees low by reducing cost-prohibitive litigation; and
- Supporting the small business communities of the Central District.

The Central District Consumer Bankruptcy Attorneys Association (CDCBAA) provided a letter in support of the Court's funding proposal. The proposal was approved and funding granted on August 27, 2020. The 4-day training program is now scheduled for all subchapter V trustees next January and will be taught by retired Bankruptcy Judge Meredith Jury and Kenneth Cloke of the Center for Dispute Resolution, two individuals with extensive accomplishments in mediating difficult cases. The combination of an experienced bankruptcy judge and a preeminent mediation trainer presents an opportunity for a novel and pioneering approach to these cases. A list of the Central District's Subchapter V Trustees is included in Appendix 10.

The Subcommittee is hopeful that having well trained mediators specifically focused on SBRA issues will keep fees low in these cases and streamline the reorganization process, hopefully allowing more funds to be paid to creditors and giving the debtor a better chance at reorganization.

G. Small Business Turnaround Experts

Access to so-called "turnaround experts" may be useful in small business cases. Although anecdotal evidence may suggest that that only middle-market or large-cap bankruptcy filings employ such professionals, the Subcommittee believes that there may be a market for small

business turnaround experts. This is particularly true, given the increased \$7.5 million eligibility standard under the CARES Act, which is scheduled to sunset in March 2021, but may be extended by Congress.

Turnaround experts are usually thought of as being “unaffordable,” as national and large local companies that offer turnaround services can charge tens of thousands of dollars (or more) per month for their services. Although small businesses may not be able to afford these types of fees, there is a cost-benefit analysis to consider. For example, it is not inconceivable that a turnaround professional (whose very job it is to “create value”) could aid in a small business debtor’s effective and speedy reorganization, thus defraying unnecessary administrative costs. The Court should feel free to inquire as to whether the debtor has looked into this option where appropriate.

While the Subcommittee strongly believes that the Court should not endorse or approve of any discrete list of small business turnaround professionals, effective and efficient “value adding” professionals would be apt for employment approval by the Court in particular cases (provided that appropriate applications for employment are filed and served and that the requisite elements for employment and, e.g., “disinterestedness” are met). It would be helpful to all counsel if private business associations, including local bar associations and turnaround groups, could step in to fill this potential gap. Indeed, if private (non-governmental or judicial) channels were so-inclined, and the market so dictated, the Central District could see the emergence of small business turnaround professionals who are willing to work for small business debtors on relatively reduced compensation and specific terms in designated divisions or geographical areas. As with the suggested panel of valuation experts, any vetting, listing, forms, and other procedures could be explored and proposed by local bar associations or possibly other third parties.

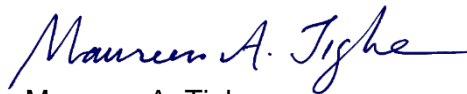
Closing Statement

As the year 2020 comes to a close, and as COVID-19 continues to roil the U.S. economy, the work done by the Task Force is timely for small businesses. In light of the significant challenges impacting small businesses within the Central District, as well as the changes brought about by the SBRA and the CARES Act, the Task Force's mission to educate, remove barriers to court access, and to streamline SBRA reorganizations is of critical importance. Because the SBRA is new and the law is just developing, the work of the Task Force is really only preliminary, and further work must continue with bar associations, court committees and individual professionals.

On behalf of the Task Force and the Court, I would like to thank each of the Task Force members for their invaluable efforts and insight, which have illuminated some possible solutions to some of the difficulties faced by small businesses in financial distress. I am hopeful we can implement these new laws, rules and ideas in a way that helps more businesses reorganize, gets creditors paid and keeps more jobs in our community,

As the beginning of the new year approaches, small businesses within the Central District will have the Court's attention, aided by the Task Force's report. We have already started the process of considering all rules and forms recommendations. It is my intention that the Task Force's report will be used as a point of reference for improving court access for small businesses in financial distress in the Central District.

Sincerely,



Maureen A. Tighe
Chief Bankruptcy Judge
Task Force Chair

Appendices

Appendix 1: Brief Narrative to the Bankruptcy Primer Presentation

Appendix 2: Bankruptcy Primer for Small Businesses PowerPoint Presentation

Appendix 3: Chambers of Commerce & Organizations List for Outreach

Appendix 4: New Proposed Local Forms for the Central District of California

Appendix 5: New Proposed Local Rules for the Central District of California

Appendix 6: Proposed Amendments to Existing Local Rules

Appendix 7: Guide for Saving the List of Creditors

Appendix 8: Court Statistics and Historical Data

Appendix 9: Subchapter V cases filed as of December 18, 2020

Appendix 10: Subchapter V Trustees in the Central District

Appendix 1

Brief Narrative to the Bankruptcy Primer Presentation

One central purpose of the Small Business Reorganization Task Force (“Task Force”) is to educate and provide small businesses who are financially distressed with access to bankruptcy and other options in the Central District of California.

This PowerPoint presentation discusses options available for small businesses with a focus on the bankruptcy, its process and procedures. As will be discussed in the presentation, a small business can file a chapter 11 small business case or may elect to proceed under subchapter V under the newly-enacted Small Business Reorganization Act (SBRA), 11 U.S.C. §§ 1181-1195. The SBRA is designed to assist small businesses by streamlining the path to an effective reorganization and emergence from bankruptcy as an operating “reorganized debtor”—with a de-levered and reorganized balance sheet.

The presentation is solely for information purposes and does not constitute legal advice.

Appendix 2

Bankruptcy Primer for Small Businesses PowerPoint Presentation

Bankruptcy Primer for Small Businesses

*Prepared by the Small Business Reorganization Task Force,
United States Bankruptcy Court, Central District of California*



DID YOU KNOW?

99%

Ninety-nine percent of U.S. businesses are “small businesses” as defined by the Small Business Administration.

47.1%

“Small businesses” employ 47.1% of workers in the U.S.

66%

Almost 2 out of 3 small businesses fail by year 10.

Bankruptcy Primer for Small Businesses

Recognizing the difficulties of small businesses (worse with COVID-19) and their contributions to our economy, this material is intended to provide small business owners with a primer for various options, particularly bankruptcy, when in financial distress.

It is also intended to provide some bankruptcy basics in an effort to make that process more accessible to business owners and remind them, if they so choose, that they can keep their business alive and pay creditors over time.

*Nothing contained herein is intended to be construed as legal, accounting or other advice, to address any specific legal inquiry, nor to act as a substitute for independent legal research or obtaining separate legal advice regarding a specific legal situation.

Topics for Discussion

- **Small Businesses in Financial Distress**
- **Options for Small Businesses in Financial Distress**
 - Court supervised (Bankruptcy and Receivership)
 - Out of Court (Dissolution, Work Outs, Assignment for the Benefit of Creditors)
- **Bankruptcy**
 - Basic Principles, Key Terms, Key Parties
 - SBRA – newly enacted streamlined Subchapter V of Chapter 11
 - Chapter 11 Bankruptcy and Benefits (whether Sub V or small business Chapter 11)
 - Automatic Stay
 - 363 Sales
 - Life of Chapter 11
 - Summary of Pros and Cons of Chapter 11
 - Other Chapters available for small businesses
- **Other Non-Bankruptcy Options**
 - Receivership
 - Out of Court options
- **Tips**

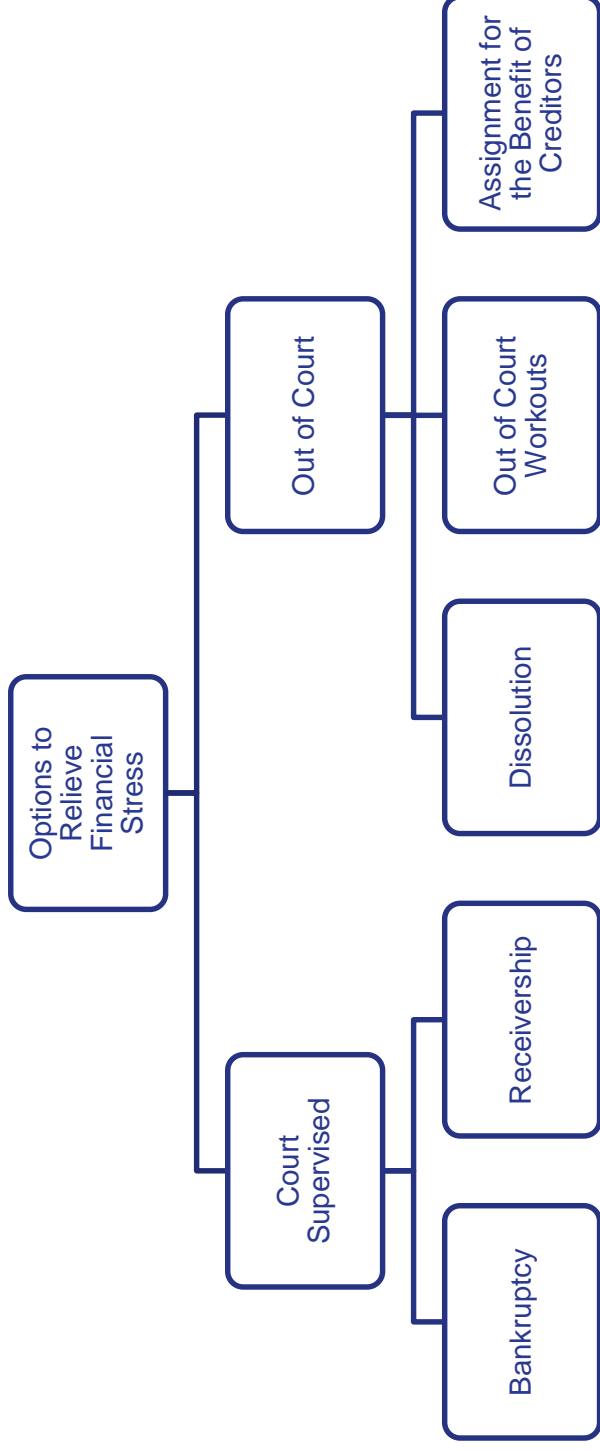
Small Business Distress

Financial distress for a business includes:

- Lacking sufficient cash flow to service debts;
- Creditors taking collection actions against the company;
- Carrying excessive liabilities;
- Confronting a large judgment without sufficient assets to repay;
- Having substantial tax liabilities;
- Facing a pending foreclosure; and
- Starting to default on loans



Options for Small Businesses in Financial Distress



Bankruptcy Basics, Key Terms, and Parties

Fundamental Bankruptcy Principles

Bankruptcy law is based on the following principles to address the competing interests of debtors and creditors:

- Providing a “fresh start” for an individual or business from debts such as credit card debt, commercial debt, and many other types of debts through a discharge (elimination).
- Effectuating the orderly and fair liquidation or rehabilitation of the individual or business in bankruptcy.
- Ensuring equal treatment of similarly situated creditors.



Chapter 11 - Key Parties

- **Debtor**: The business (or individual) that filed for bankruptcy.
- **Debtor-in-Possession**: The business (or individual) that is operating in a Chapter 11 bankruptcy.
- **Creditor**: An entity or person who is owed money or obligation from the business in bankruptcy.
- **Bankruptcy Judge**: Specialized set of judges that hear only bankruptcy matters.
- **Office of the United States Trustee (OUST)**: Agency of the U.S. Department of Justice that monitors the businesses' compliance and operational requirements, *i.e.*, ensuring debtor's payment of payroll, property taxes & insurance, enforcing debtor's transactional activity, monthly reporting, and conducting an examination at case outset.
- **Trustee (Chapter 11 or 7 if the case is converted)**: An individual may be appointed in situations to take over operations if management mismanages (usually egregious) or no longer wants to manage, or in situations where the court determines that such an appointment is in the best interest of all creditors and stakeholders.
- **Subchapter V Trustee**: An individual appointed by the OUST in each Subchapter V bankruptcy case, who will work with the small business debtor and its creditors to facilitate the development of a consensual plan.

Chapter 11 - Key Terms

- **Bankruptcy Estate**: An estate created at the time of bankruptcy filing and defined in the Bankruptcy Code as all legal or equitable interest of the Debtor, including claims and appellate rights.
- **Automatic Stay**: An injunction staying all actions by creditors to recover a claim against the Debtor.
- **Discharge**: Release of debt or debt cancellation.
- **Discharge Injunction**: An injunction against collection or recovery of debt against the Debtor.
- **Proof of Claim**: Form that creditors need file to be paid from the Bankruptcy Estate.
- **Secured Claims**: Claims for debts that are secured by an interest in property (the collateral).
- **Priority Unsecured Claims**: Claims not secured by collateral but have priority over other debts under bankruptcy law.
- **General Unsecured Claims**: Claims that have no priority and are not backed by collateral.
- **Adversary Proceedings**: A lawsuit filed within a bankruptcy case.

New Bankruptcy Law for Small Businesses

Small Business Reorganization Act (“SBRA”)*

- **Brand new type of Chapter 11 case (Subchapter V)** - Effective February 2020
- **Intended** to allow small business debtors to file in a timely and cost-effective manner so they can remain in business, which benefits the owners, employees, suppliers, customers and others who rely on that business.

Small Business Reorganization Act (“SBRA”)*

- **Revises and defines a “small business debtor” as:**
 1. A person or company engaged in commercial or business activities (except a person whose primary activity is in the business of owning single asset real estate);
 2. Whose total noncontingent liquidated secured and unsecured debts is no more than \$2,725,625* (excluding debts owed to one or more affiliates or insiders); and
 3. With 50% or more of the debt arising from the commercial or business activities of the person or company.

See 11 U.S.C. § 101(51D). Eligible small business debtors have to elect a Subchapter V upon filing for bankruptcy.

*The CARES Act temporarily increased the \$2,725,625 debt ceiling to \$7.5 million; however, the increase expires on or about March 27, 2021.

* There are 2 sets of provision in Chapter 11 for small business debtors: Subchapter V and small business debtors in Chapter 11 cases. SBRA does not repeal existing provisions of a small business Chapter 11.

Highlights of SBRA

Procedural Benefits (expedited process)

Streamlined requirements

- No creditor committee unless court orders
- No disclosure statement
- Administrative expenses (including trustee fees) may be paid over time through the plan
- Debtors do not pay quarterly fees to the OUST.

Tighter timeline

- Subchapter V Trustee appointed and 341a meeting of creditors set within 24-48 hours
- OUST conducts initial debtor interview within 10 days of case filing
- 341a meeting held approximately 21 days after filing
- Court holds status conference not later than 60 days after case is filed
- 14 days before status conference, Debtor has to file status report re efforts towards consensual plan
- Debtor shall file plan not later than 90 days after petition date

Highlights of SBRA

Substantive Benefits (lower administrative costs and other beneficial rights)

- Save costs because of the streamline requirements.
- Only Debtor may propose a plan (i.e. Debtor can still propose plan if debtor has been removed as DIP).
- Debtor does not need to obtain acceptance of plan of even one impaired class of creditors.
- Plan can modify mortgage on his/her primary residence if loan proceeds obtained were used primarily for business purpose (as opposed to acquiring the residence)(this right is not available in other chapter 11, chapter 12 or chapter 13).
- Debtor has flexibility to pay administrative claims over life of the plan.
- Owners (equity holders) can retain their interests in the business even if plan does not pay unsecured claims in full so long as the Debtor uses “projected disposable income” to make payments under the plan for a minimum of 3 and maximum of 5 years.
- Debtor gets immediate discharge upon confirmation if plan is consensual. If plan is not consensual, then discharge is entered “as soon as practicable” after the Debtor completes all payments.

Chapter 11 Bankruptcy

Benefits of Chapter 11

For small businesses in financial distress, bankruptcy (whether under the SBRA or generally) can be a temporary lifeline:

- Filing bankruptcy automatically prevents, or "stays," debt collection actions against the debtor and the debtor's property. As long as the stay ("Automatic Stay") remains in effect, creditors cannot bring or continue lawsuits, make wage garnishments, or even make telephone calls demanding payment.
- Small businesses can continue to operate.
- Management can remain in control of the business, unless the court orders otherwise.
- Management can work closely with a bankruptcy attorney and other professionals to attempt to reduce liabilities and give a company a new beginning or a "fresh start" without closing its doors.

Benefits of Chapter 11

Additional benefits:

- **Deferral**: A bankruptcy filing defers the time to make certain payments on certain debts.
- **Financing**: Debtors can borrow money while in bankruptcy in order to finance their reorganization.
- **Cure Defaults**: Debtors use the chapter 11 process to cure defaults on obligations such as mortgages, taxes and other obligations.
- **Reevaluate Contracts**: The Bankruptcy Code allows a debtor to reject unfavorable contracts or unexpired leases.

Benefits of Chapter 11

Additional benefits:

- **Reduce Interest Rate**: Debtors can adjust certain interest rates of loans secured by commercial equipment, vehicle or certain real estate.
- **Sale**: A court may approve the sale of assets “free and clear” of claims, liens and interests. The secured creditors’ claims, liens and interests would attach solely to the sale proceeds. Generally, there is no successor liability for a purchaser.
- **“Cram Down”** - A plan can be confirmed even if a class of creditors votes against the plan of reorganization and they disagree with how they are treated in the plan.
- **“Discharge”**- After confirmation and payment under the terms of the plan, most but not all debts incurred prior to the bankruptcy filing are cancelled.

Benefits of Chapter 11

While operating, a Debtor has various options to restructure financial obligations and reorganize debts in Chapter 11:

- The Bankruptcy Code provides the Debtor a host of powers to remedy operational problems (*i.e.* reject executory contracts and unexpired leases)
- The Bankruptcy Code allows a small business time and ability to propose a plan that restructures the debtor's debts and reorganizes the debtor's business allowing it to continue to operate (through a confirmed or approved plan). Some plans can be a liquidating plan.
- Other "bankruptcy powers" include imposing a plan on dissenters, holding creditors at bay (through the automatic stay) while negotiating with creditors, and getting a clean deal in one wrapped up confirmation order enforceable by a federal bankruptcy judge that is binding on all state and federal courts once it is final and non-appealable.

Benefits of Chapter 11: The Automatic Stay

- The filing of bankruptcy creates an injunction staying all actions by creditors to recover on a claim against the debtor.
- The purpose of the Automatic Stay: “Provide breathing space to the debtor, prevent harassment of the debtor, assure that all claims against the debtor will be brought in the sole forum of the bankruptcy court, and protect creditors as a class from the possibility that one or more creditors will obtain payment to the detriment of others.” *Daff v. Good (In re Swintek)*, 906 F.3d 1100, 1103 (9th Cir. 2018).
- Great tool to use to keep creditors at bay while negotiating and “restructuring” the terms with creditors.

Benefits of Chapter 11: Asset Sales

- **Asset Sale:** Companies that lack the financial means or desire to undergo a reorganization have the option to quickly sell all or substantially all of their assets "free and clear" of liens, claims, and interests.
- **For Sellers:** Chapter 11 gives a company the ability to conduct an orderly sale and maximize returns by selling the company as an operating business.
- **For Buyers:** Buyers are able to acquire assets free and clear of liens, claims and interests, and take advantage of procedures that enable sales to close quickly and obtain certain protections for finality of the sale.

Marketing

The company first markets its assets to attract potential buyers.

The Initial Bid

The company then selects an offer to set the opening bid for the auction - called the "stalking horse bid".

Bid Procedures

After deciding on a "stalking horse bid," the company asks the bankruptcy court to establish the bidding process, the auction, and selection of the successful bidder.

Auction and Sale Hearing

A public auction is held, where the winning bidder is chosen and announced, and the bankruptcy court then holds a hearing to approve the sale of the assets.

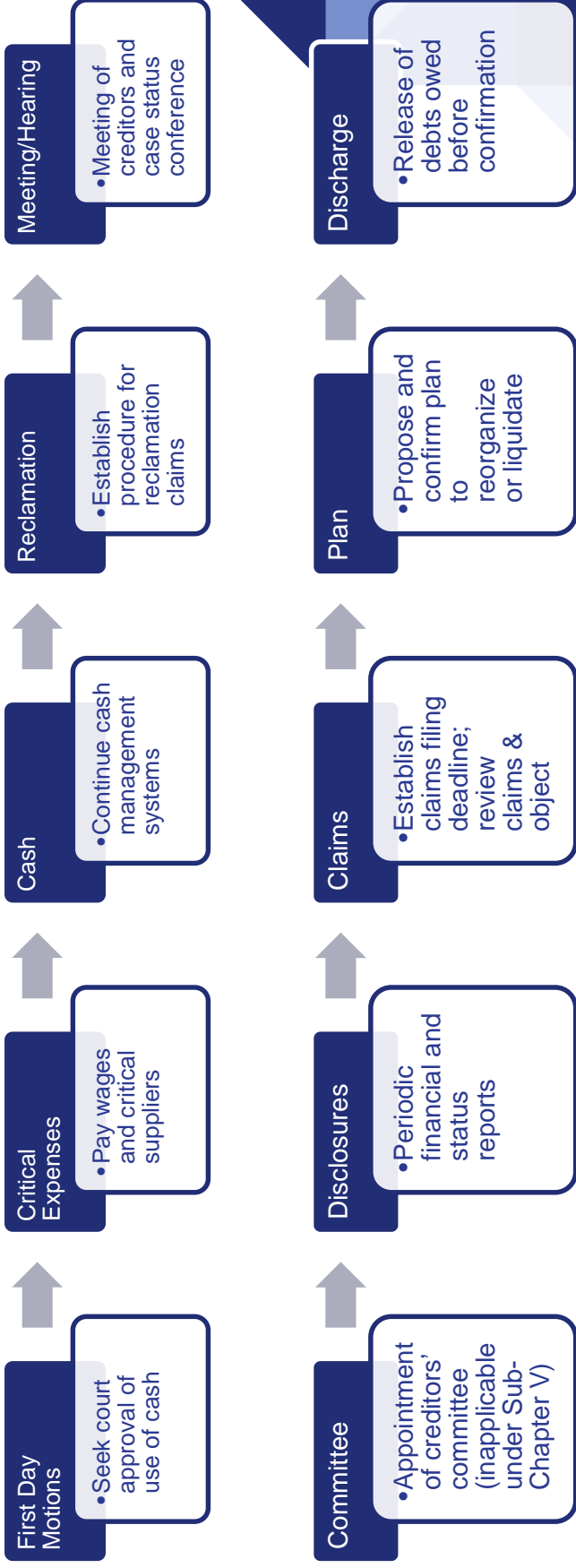
1st Step

2nd Step

3rd Step

4th Step

Typical Life of Chapter 11 Reorganization



Summary: Pros and Cons of Filing Chapter 11

Pros:	Cons:
<ul style="list-style-type: none">• Debtor-in-possession remains in control of assets.• Reduce and discharge debts/obligations during the reorganization process.• Preserve the business name, goodwill and customer base.• Continue to operate while paying off debts.• Trigger the Automatic Stay which prevents creditors from taking any collection action against assets.• Section 363 Asset Sales.• Restructure debts allowing for lower payments to be made over a longer period of time.	<ul style="list-style-type: none">• Financial record keeping and extensive oversight and scrutiny of reporting requirements, which may ultimately benefit the company.• Restrictions on the compensation of debtor's insiders/owners/officers.• Court may reject a proposed reorganization plan if it determines it is not viable, compliant or realistic.• Expensive.

Ch. 11 Small Business vs. SBRA*

Small Business Chapter 11		SBRA
Deadline to File and Confirm Plan	300 days to file Plan; 45 days after filing to confirm Plan	90 days to file Plan; No deadline to confirm Plan
U.S. Trustee Fees	Yes, paid quarterly	No
Disclosure Statement, describing the Chapter 11 plan of reorganization	Yes	No, unless Court orders otherwise “for cause”; Plan must include a brief history of the business operations of the debtor
Creditors Committee	Possible, but unlikely	No, but a Subchapter V Trustee is appointed
Absolute Priority Rule (strict hierarchy of payment among claims of differing priorities)	Yes. To retain ownership of their business without paying creditors in full, (1) creditors must vote to accept the plan or (2) equity holder must pay “new value” to the business in a substantial amount.	No, management retains equity
Administrative Expenses (actual and necessary expenses incurred during the bankruptcy to preserve the estate)	Must be paid on Plan’s effective date	Can be extended over life of the Plan

* There are 2 sets of provisions in Chapter 11 for small businesses: Subchapter V and small business Chapter 11 case. SBRA does not repeal existing provisions of a small business Chapter 11. 25

Other Bankruptcy Options

In addition to Chapter 11, there are other chapters that a business can utilize (reorganization or liquidation) if qualified:

- If the debtor is operating a sole proprietorship, a **Chapter 13** reorganization is an option. It has to have regular income whose unsecured debts are less than \$419,275 and secured debts are less than \$1,257,850.
- If the debtor is a family farmer or fisherman with regular annual income, a **Chapter 12** reorganization is an option.
- If the debtor simply wants to stop business operations and walk away without dissolving the business, a **Chapter 7 liquidation** is an option. There are no monetary or type of business restrictions.

Receiverships

Other Court Supervised Options

Receivership [Cal Civ. Code § 564 et seq.]

- A receivership is a process or solution that is put in place to protect the company.
- A receivership is a remedy available to preserve and protect assets for the benefit of creditors in the event a company defaults.
- A receiver is an agent of the court, not of any party to a litigation, acts as a neutral party, and holds assets for the Court.

Pros and Cons of Receivership

Pros

- Provide many of the protections afforded in bankruptcy
- Less administrative expenses (but can be expensive if the parties are litigious)
- No Creditors' Committee expense
- No plan and disclosure statement

Cons

- Company loses control over operation of business to an independent third-party receiver
- Ability to sell free and clear is not as defined as it is in the Bankruptcy Court
- Receiver compensation not subject to a cap like a Trustee, but is an agreed hourly rate

Out of Court Options

Out of Court Options

- **Dissolution**
 - Terminate (dissolve) the company.
- **Out of Court Workouts**
 - Financial rescue of a company outside of formal bankruptcy and insolvency laws. Most chapter 11 practitioners can advise on out of Bankruptcy Court workouts.
- **Assignment for the Benefit of Creditors [Cal Civ. Code §§ 493.010 to 493.060]**
 - A California State law alternative to liquidation under Chapter 7 bankruptcy law. In an assignment, the business transfers all of its assets and liabilities to another individual or business (the assignee).

Pros and Cons of Dissolution

Pros

- Creates finality for business closure.
- Attorney takes all collection calls for business.
- Stops running of business taxes and requirement of filing taxes returns.
- Prevent minority owners/principals from suing majority.
- Puts creditors on notice that the business can no longer incur business debts.
- Dissolved entity can distribute funds as part of its wind down (if not dissolved, and company gets money, company has to be reinstated to deposit cash).

Cons

- Costs money (compared with just disappearing)(but probably least expensive of the all out-of-court alternatives).
- Have to be in good standing to dissolve.
- Not as protected as bankruptcy, ABC, receivership.
- Principals can still be sued by creditors (although unlikely).

Pros and Cons of Out-of-Court Alternatives

Pros

- Less administrative expense
- Informal; flexible
- Private and unsupervised
- Avoid “stigma” of a bankruptcy filing
- Fast
- Liquidation of assets

Out of Court Workouts

- No automatic stay
- Refusal by creditors to consent to workout arrangement
- Rules to determine validity of creditor claims and set priorities of payments

Cons

- Simple transfer in trust
- Less cumbersome
- Less administrative expense
- Faster and flexible liquidation process
- Publicity minimized

Assignment for the Benefit of Creditors (“ABC”)

- No automatic stay
- No Court approval of sale transaction
- Certain types of contracts & leases cannot be assigned without the consent of the contracting or leasing party
- Creditors may enforce contractual provisions that make an ABC prohibitive
- No sale free and clear of liens

Tips

Gather Your Documents!

If the business is going through financial distress, it is best to start gathering documents to streamline the process:

- **Corporate documents**
 - Proof of good standing, by-laws, minutes, corporate resolutions, stock ledgers
 - Operating agreements, member unit ledgers, partnership agreements
- **Financial documents**
 - Federal and state tax returns (last 3 years)
 - Balance sheet, profit and loss statements, and cash flow statements (last 3 years)
 - Bank statements (last 3 years)
- **Licenses**
 - Including any city permits and professional licenses
- **Insurance policies**
 - Including coverage of real property, personal property, business (D&O), and workers' compensation
- **Ownership documents**
 - Certificates of title
 - Grant deeds
- **Documents relating to lawsuits, liens, judgments, loans or notices from taxing authorities**

Word of Caution: Follow the Bankruptcy Code and Rules

- **To ensure success of the bankruptcy case, the Debtor must do the following:**
 - Maintain full disclosure to the Office of United States Trustee;
 - Continue to comply with court orders;
 - Continue to maintain accurate financial records;
 - Continue to update insurance and licensing; and
 - Assure that the parties are working towards a Plan of Reorganization.
- **If the Debtor does not comply with the Bankruptcy Code and Rules:**
 - A Trustee may be appointed to take over management;
 - The case may be converted to Chapter 7;
 - The case may be dismissed; and
 - Managers and owners may be subject to lawsuits for breach of fiduciary duties.

This presentation provides general information about the bankruptcy process. This information is not intended to constitute legal or financial advice, and should not substitute for the advice of competent legal counsel. It is always best to consult an attorney about your legal rights and responsibilities in your particular case.



Appendix 3

Chambers of Commerce & Organizations List for Outreach

LIST OF CHAMBERS OF COMMERCE AND ORGANIZATIONS PROVIDED BY SBRTF OUTREACH SUBCOMMITTEE

<u>Chambers Of Commerce</u>	<u>Phone</u>	<u>Website</u>
Acton Agua Dulce	(661) 269-5785	www.aadcoc.com
Alhambra	(626) 282-8481	www.alhamborchamber.org
Aliso Viejo Chamber of Commerce	(949) 243-7042	www.alisoviejochamber.com
Altadena	(626) 794-3988	www.altadenachamber.org
American Indian Chamber	(213) 440-3232	www.aicccal.org
Anaheim Chamber of Commerce	(714) 758-0222	www.anaheimchamber.org
Antelope Valley Hispanic Chamber	(661) 538-0607	www.avhispanicchamber.org
Arcadia	(626) 447-2159	www.arcadiacachamber.org
Armenian American Chamber	(818) 247-0196	www.armenianchamber.com
Atwater Village	(323) 379-2413	www.atwatervillagechamber.com
Azusa	(626) 334-1507	www.azusachamber.org
Bell Flower	(562) 867-1744	www.bellflowerchamber.com
Bell Gardens	(562) 291-0492	www.bellgardenschamberofcommerce.com
Beverly Hills	(310) 248-1000	www.beverlyhillschamber.com
Boyle Heights	(323) 264-9020	www.boyleheightschamber.com
Brazil	(310) 598-7502	www.brazilcalifornia.com
Brea Chamber of Commerce	(714) 529-3660	www.breachamber.com
Brentwood Village	(310) 396-4297	www.brentwoodvillage.org
British American Business Council	(310) 312-1962	www.babcla.org
Bulgarian-American Chamber	(323) 962-2414	www.Bulgarianamericanchamber.org
Burbank	(818) 846-3111	www.burbankchamber.org
Calabasas	(818) 222-5680	www.calabasaschamber.com
California	(916) 444-6670	www.calchamber.com
Camarillo	(805) 484-4383	www.camarillochamber.org
Canoga Park-West Hills	(818) 884-4222	www.cpwhchamber.org
Carpinteria Valley	(805) 684-5479	www.carpinteriachamber.org
Carson	(310) 217-4590	www.carsonchamber.com
Castaic	(661) 295-8303	www.castaicchamber.com
Catalina Island	(310) 510-1520	www.catalinachamber.com
Century City	(310) 553-2222	www.centurycitycc.com
Cerritos Region	(562) 467-0800	www.cerritos.org
Chatsworth/Porter Ranch	(818) 341-2428	www.chatsworthchamber.com
Chinese Chamber of Commerce	(213) 617-0396	www.lachinesechamber.org
City of Commerce	(323) 728-7222	www.industrialcouncil.org
City of Industry Manufacturers Council	(626) 968-3737	www.industrychamber.org
Claremont	(909) 624-1681	www.claremontchamber.org
Compton	(310) 631-8611	www.comptonchamberofcommerce.com
Corona Del Mar Chamber of Commerce	(949) 673-4050	www.cdmchamber.com
Costa Mesa Chamber of Commerce	(714) 885-9090	www.costamesachamber.com
Covina	(626) 967-4191	www.covina.org
Crenshaw	(323) 293-2900	www.crenshawchamber.com
Crescenta Valley	(818) 248-4957	www.crescentavalleychamber.org
Culver City	(310) 287-3850	www.culvercitychamber.com
Cypress Chamber of Commerce	(714) 484-6015	www.cypresschamber.org
Dana Point Chamber of Commerce	(949) 496-1555	www.danapointchamber.com
Downey	(562) 923-2191	www.downeychamber.com
Duarte	(626) 357-3333	www.duartechamber.com
Eagle Rock	(323) 257-2197	www.eaglerockchamberofcommerce.com
East Los Angeles	(323) 263-2005	www.eastlachamber.com
El Monte/South El Monte	(626) 443-0180	www.emsem.biz
El Segundo	(310) 322-1220	www.elsegundochamber.com
Encino	(818) 789-4711	www.encinochamber.org
Fillmore	(805) 524-0351	www.fillmorechamber.org
Florence Firestone/Walnut	(323) 589-4222	www.fwfpchamber.org
Fountain Valley Chamber of Commerce	(714) 962-3822	www.fvchamber.com
French American Chamber	(323) 651-4741	www.facclosangeles.org
Garden Grove Chamber of Commerce	(714) 638-7950	www.gardengrovechamber.com
Gardena Valley	(310) 532-9905	www.gardenachamber.org
Glendale	(818) 240-7870	www.glendalechamber.com

<u>Chambers Of Commerce</u>	<u>Phone</u>	<u>Website</u>
Glendora	(626) 963-4128	www.glendora-chamber.org
Goleta Valley	(805) 967-2500 x8	www.goletavalley.com
Granada	(818) 368-3235	www.granadachamber.com
Greater Conejo Valley	(805) 370-0035	www.conejochamber.org
Greater Huntington Park Area	(323) 585-1156	www.hpchamber.org
Greater Los Angeles African Chamber	(323) 292-1297	www.glaaacc.org
Greater San Fernando Valley	(818) 989-0300	www.sanfernandovalleychamber.com
Hawthorne	(310) 676-1163	www.hawthorne-chamber.com
Hermosa Beach	(310) 376-0951	www.hbchamber.net
Hollywood	(323) 469-8311	www.hollywoodchamber.net
Huntington Beach Chamber of Commerce	(714) 536-8888	www.hbchamber.com
Inglewood/Airport	(310) 677-1121	www.inglewoodchamber.org
Irvine Chamber of Commerce	(949) 660-9112	www.greaterirvinechamber.com
Italy American Chamber West	(310) 557-3017	www.iaccw.net
Japanese Chamber	(213) 626-3067	www.jcssc.com
Korean American Chamber	(213) 480-1115	www.lakacc.com
L.A. South	(323) 282-1886	www.lasouthchamber.com
La Cañada Flintridge	(818) 790-4289	www.lacanadaflintridge.com
La Habra Area Chamber of Commerce	(562) 697-1704	www.lahabrachamber.com
Ladera Ranch Chamber of Commerce	(949) 354-2055	www.laderaranchchamber.org
Laguna Beach Chamber of Commerce	(949) 494-1018	www.lagunabeachchamber.org
Laguna Hills Chamber of Commerce	(949) 542-6016	www.lagunahillschamber.com
Laguna Niguel Chamber of Commerce	(949) 363-0136	www.lnchamber.com
Lake Forest Chamber of Commerce	(949) 583-9639	www.lakeforestcachamber.com
Lakewood	(562) 531-9733	www.lakewoodchamber.com
Lancaster	(661) 948-4518	www.lancasterchamber.org
Lincoln Heights	(323) 221-6571	www.lincolnheightschamberofcommerce.org
Lomita	(310) 326-6378	www.lomita.com
Lompoc Valley	(805) 736-4567	www.lompoc.com
Long Beach	(562) 436-1251	www.lbchamber.com
Los Alamitos Area Chamber of Commerce	(562) 598-6659	www.losalchamber.org
Los Angeles Area	(213) 580-7500	www.lachamber.org
Malibu	(310) 456-9025	www.malibu.org
Manhattan Beach	(310) 545-5313	www.manhattanbeachchamber.com
Maywood	(323) 562-3373	www.cityofmaywood.com
Mission Viejo Chamber of Commerce	(949) 441-0602	www.missionviejochamber.com
Monrovia	(626) 358-1159	www.monroviacc.com
Montebello	(323) 721-1153	www.montebellochamber.org
Monterey Park	(626) 570-9429	www.gmpkchamber.wordpress.com
Montrose Verdugo City	(818) 249-7171	www.montrosechamber.org
Moorpark	(805) 529-0322	www.moorparkchamber.com
Newport Beach Chamber of Commerce	(949) 729-4400	www.newportbeach.com
North Orange County Chamber (Fullerton)	(714) 871-3100	www.nocchamber.com
North Ridge	(818) 349-5676	www.northridgechamber.org
Norwalk	(562) 864-7785	www.norwalkchamber.com
OC Hispanic Chamber	(657) 278-1801	https://ochcc.org
Ojai Valley	(805) 646-8126	www.ojaichamber.org
Orange Chamber of Commerce & Visitors Bureau	(714) 538-3581	www.orangechamber.com
Orange County Business Council	(949) 476-2242	www.ocbc.org
Oxnard	(805) 983-6118	www.oxnardchamber.org
Pacific Palisades	(310) 459-7963	www.palisadeschamber.com
Pacoima	(818) 896-8140	www.pacoimachamber.com
Palmdale	(661) 273-3232	www.palmdalechamber.org
Palos Verdes Peninsula	(310) 377-8111	www.palosverdeschamber.com
Paramount	(562) 634-3980	www.paramountchamber.com
Pasadena	(626) 795-3355	www.pasadena-chamber.org
Pico Rivera	(562) 949-2477	www.picoriverachamber.org
Placentia Chamber of Commerce	(714) 528-1873	www.placentiachamber.com
Pomona	(909) 622-8484	www.pomonachamber.org
Port Hueneme	(805) 228-1366	www.huenemechamber.com
Quartz Hill	(661) 722-4811	www.quartzhillchamber.com

<u>Chambers Of Commerce</u>	<u>Phone</u>	<u>Website</u>
Rancho Santa Margarita Chamber of Commerce	(949) 667-3776	www.rsmchamber.org
Redondo Beach	(310) 376-6911	www.redondochamber.org
Regional Black Chamber	(818) 464-3484	www.regionalblackchambersfv.com
Regional Hispanic Chamber	(562) 212-2889	www.regionalhispaniccc.org
Rosemead	(626) 288-0811	www.rosemeadchamber.org
San Clemente Chamber of Commerce	(949) 492-1131	www.scchamber.com
San Dimas	(909) 592-3818	www.sandimaschamber.com
San Fernando Valley	(818) 989-0300	www.sanfernandovalleychamber.com
San Gabriel	(626) 576-2525	www.regionalchambersgv.com
San Gabriel Valley	(909) 860-1904	www.regionalchambersgv.com
San Juan Capistrano Chamber of Commerce	(949) 493-4700	www.sanjuanchamber.com
San Pedro	(310) 832-7272	www.sanpedrochamber.com
Santa Ana Chamber of Commerce	(714) 541-5353	www.santaanachamber.com
Santa Barbara Region	(805) 965-3023	www.sbscchamber.org
Santa Clarita Valley	(661) 702-6977	www.scvchamber.com
Santa Fe Springs	(562) 944-1616	www.sfschamber.com
Santa Maria Valley	(805) 925-2403	www.santamaria.com
Santa Monica	(310) 393-9825	www.smchamber.com
Santa Paula	(805) 525-5561	www.santapaulachamber.com
Seal Beach Chamber of Commerce	(562) 799-0179	www.sealbeachchamber.org
Sherman Oaks	(818) 906-1951	www.shermanoakschamber.org
Sierra Madre	(626) 355-5111	www.sierramadrechamber.com
Signal Hill	(562) 713-4630	www.signalhillchamber.org
Silverlake	(323) 203-7459	www.silverlakechamber.com
Simi Valley	(805) 526-3900	www.simivalleychamber.org
Solvang	(805) 688-0701	www.solvangcc.com
South Bay Latino Chamber	(310) 676-3970	www.sblcc.net
South Gate	(323) 567-1203	www.southgatecc.org
South Orange County Regional Chamber of Commerce	(949) 600-5470	www.socchamber.com
South Pasadena	(626) 441-2339	www.southpasadena.net
Studio City	(818) 655-5916	www.studiocitychamber.com
Sun Valley	(818) 768-2014	www.northvalleyla.com/sun-valley.html
Sunland Tujunga	(818) 352-4433	www.stchamber.com
Sylmar	N/A	www.sylmarchamber.com
Taiwanese American Chamber	(626) 288-9632	www.taccla.org
Temple City	(626) 286-3101	www.templecitychamber.org
Toluca Lake	(818) 761-6594	www.tolucalakechamber.com
Torrance Area	(310) 540-5858	www.torrancechamber.com
Tustin Chamber of Commerce	(714) 544-5341	www.tustinchamber.org
Universal City/North Hollywood	(818) 508-5155	www.noho.org
Venice	(310) 822-5425	www.venicechamber.net
Ventura	(805) 643-7222	www.venturachamber.com
Vernon	(323) 583-3313	www.vernonchamber.org
West Hollywood	(323) 650-2688	www.wehochamber.com
West Los Angeles	(310) 441-2900	www.westlachamber.org
Westchester Lax Coastal Area	(310) 645-5151	www.laxcoastal.com
Westminster Chamber of Commerce	(714) 898-9648	www.westminsterchamber.org
Whittier Area	(562) 698-9554	www.whittierchamber.com
Wilmington	(310) 834-8586	www.wilmington-chamber.com
Winnetka	(818) 772-4838	www.winnetkachamberofcommerce.com
Woodland Hills - Tarzana	(818) 347-4737	www.woodlandhillsc.net
Yorba Linda Chamber of Commerce	(714) 993-9537	www.yorbalindachamber.us

California Lawyers Association Bar List	Phone	Website
Alameda County Bar Association	510-302-2201	https://www.acbanet.org/
Asian Pacific American Bar Association Silicon Valley	N/A	https://www.apabasv.com/
Bay Area Lawyers for Individual Freedom	415-874-3045	http://www.balif.org/
Beverly Hills Bar Association (BHBA)	310-601-2422	https://www.bhba.org/
Black Women Lawyers Association of Los Angeles Foundation	N/A	https://www.bwlfoundation.org
Butte County Bar Association	530-332-8156	https://www.buttebar.org/
California Applicants' Attorney Association	916-444-5155	https://www.caaa.org/
California Applicants' Attorneys Association ("CAAA")	916-444-5155	https://www.caaa.org/
California Association of Black Lawyers	N/A	https://calblacklawyers.org/
Century City Bar Association	323-642-8908	https://www.centurycitybar.com/
Charles Houston Bar Association	N/A	https://charleshoustonbar.org/
Consumer Attorneys of Los Angeles (CAALA)	213-487-1212	https://www.caala.org
Consumer Attorneys of San Diego	N/A	https://www.casd.org/
Contra Costa County Bar Association	925-686-6900	http://www.cccbba.org/
Eastern Alameda County Bar Association (EACBA)	925-271-0399	https://eacba.com/
El Dorado County Bar Association	530-303-8051	http://www.eldoradocountyattorneys.org/
Federal Bar Association of Orange County (FBAOC)	949-608-9905	http://www.fbaoc.com/
Fresno County Bar Association	559-264-2619	http://fresnocountybar.org/
Glendale Bar Association	747-231-7417	http://glendalebar.com/
Interlaw - An International Association of Independent Law Firms	N/A	http://interlaw.org/
Italian American Lawyers Association	213-891-4845	http://www.iala.info/
Japanese American Bar Association	N/A	http://www.jabaonline.org/
John M. Langston Bar Association	N/A	http://www.langstonbar.org/
Kern County Bar Association	661-334-4700	https://kernbar.org/
Korean American Bar Association of Northern California	N/A	http://www.kabanc.com/
Korean American Bar Association of Southern California	N/A	http://www.kabasocal.org/
La Jolla Bar Association	N/A	http://lajollabarassociation.com/
LGBT Law Section of the Sonoma County Bar Association	N/A	https://sonomacountybar.org/lgbtqi-law
LGBTQ+ Lawyers Association of Los Angeles	N/A	http://www.lgbtbarla.org/
Los Angeles County Bar Association (LACBA)	213-627-2727	http://www.lacba.org/
Marin County Bar Association	415-499-1314	https://marinbar.org/
Monterey County Bar Association	831-582-5400	https://www.montereycountybar.org/
North County Bar Association	760-758-5833	http://www.northcountybar.org/
Orange County Asian American Bar Association	N/A	https://www.oacaaba.org/
Orange County Bar Association	949-440-6700	http://www.ocbar.org/
Pasadena Bar Association	626-793-1422	http://www.pasadenabar.org/
Placer County Bar Association	916-557-9181	http://www.placerbar.org/
Queen's Bench Bar Association	650-762-5504	http://www.queensbench.org/
Richard T. Fields Bar Association	N/A	https://www.rtfbarassociation.org/
Riverside County Bar Association	951-682-1015	http://riversidecountybar.com/
Sacramento County Bar Association	916-564-3780	https://sacbar.org
Sacramento Lawyers for the Equality of Gays and Lesbians	N/A	http://www.saclegal.org/
San Bernardino County Bar Association	909-885-1986	http://www.sbcba.org/
San Diego County Bar Association	619-231-0781	https://www.sdcba.org/
San Fernando Valley Bar Association	818-227-0490	https://www.sfvba.org/
San Francisco La Raza Lawyers Association	415-742-1154	https://www.larazalawyers.org/home
San Joaquin County Bar Association	209-948-4620	http://www.sjcbbar.org/
San Luis Obispo County Bar Association	805-541-5930	http://slobar.org/
San Mateo County Bar Association	650-298-4030	https://www.smcba.org/
Santa Barbara County Bar Association	805-569-5511	http://www.sblaw.org/
Santa Clara County Bar Association	669-252-6014	https://www.sccbba.com/
Santa Cruz County Bar Association	831-423-5031	http://www.santacruzbar.org/
Santa Monica Bar Association	310-450-9289	https://www.smba.net/
Silicon Valley Bar Association	408-909-7822	https://www.svba.org/
Solano County Bar Association	707-422-5087	http://www.solanobar.org/
Sonoma County Bar Association	707-542-1190	https://sonomacountybar.org/
South Asian Bar Association of Northern California	571-572-2262	http://www.southasianbar.org/
South Asian Bar Association of Southern California	N/A	http://www.sabasc.org/
South Bay Bar Association (SBBA) (Torrance, CA)	310-325-4200	https://southbaybar.org/
Stanislaus County Bar Association	209-571-5729	https://scbaweb.com/
Sunnyvale-Cupertino Bar Association	408-245-3000	http://www.suncupbar.com/
Tahoe Truckee Bar Association	N/A	http://www.tahoetruckeebar.org/
The Bar Association of San Francisco	415-982-1600	http://www.sfbar.org/
The Hispanic Bar Association of Orange County	949-478-1024	http://www.ochba.org/

<u>California Lawyers Association Bar List</u>	<u>Phone</u>	<u>Website</u>
The Palo Alto Area Bar Association	650-326-8322	https://www.paaba.org/
The SouthEast District Bar Association (Norwalk, CA)	N/A	http://www.sedba.org/
The Western San Bernardino County Bar Association	909-483-0548	http://wsbcba.org/
Tom Homann LGBT Law Association	N/A	http://www.thla.org/
Ventura County Bar Association	805-650-7599	http://www.vcba.org/
Wilshire Bar Association	213-384-4088	http://www.wilshirebar.org/
Yolo County Bar Association	N/A	www.yolobar.com

Nonprofit & Educational Insitutions with SBA Funding and Provide Small Business Training/Counseling		
	Phone	Website
Asian Pacific Islander Small Business Program	213-473-1608	http://www.apisbp.org/
Bixel Exchange Technology SBDC	213-580-7587	http://www.bixelexchange.info/
Coachella Valley SBDC	760-848-4096	https://coachellavalleysbdc.org/
Coachella Valley Women's Business Center	760-345-9200	https://www.cvvbc.org/
College of the Canyons SBDC	661-362-5900	https://cocsbdc.org/
Economic Development SBDC	805-204-6022	https://edcsbdc.org/
El Camino College SBDC	310-973-3177	https://southbaysbdc.org/
Inland Empire SBDC	951-781-2345	https://inlandempiresbdc.org/
Inland Empire Women's Business Center	909-890-1242	https://www.iewbc.org/
International Trade SBDC	805-384-1800	https://edcsbdc.org/
LaunchPad SBDC	949-330-6569	https://sbdctech.com/
Long Beach City College SBDC	562-938-5010	https://smallbizla.org/
Long Beach City College SBDC Lead Center	N/A	https://smallbizla.org/
Orange County SBDC	714-564-5200	https://smallbusinessoc.org/
Orange County SBDC Rancho Santiago Community College	714-480-7300	https://orangecountysbdc.org/
Orange County/Inland Empire SBDC Lead Center	657-278-3672	https://ociessmallbusiness.org/
Pacific Asian Consortium in Employment	213-353-3982	https://pacela.org/
Iranian American Bar Association	N/A	https://iaba.us
Italian American Lawyers of Orange County	N/A	www.ialoc.org
J. Reuben Clark Law Society - Orange County Chapter	N/A	www.jrcls-oc.com
Orange County Coalition for Diversity in the Law	N/A	https://occdl.org
Orange County Criminal Defense Bar Association	N/A	www.ocbar.org
Orange County Korean American Bar Association	N/A	https://ockaba.org
Orange County Jewish Bar Association	949-440-6700 (ext. 257)	www.ocjba.org
Orange County Lavender Bar Association	949-263-8400	https://oclba.org
Orange County Trial Lawyers Association	949-916-9577	https://www.octla.org
SOCAL Veterans Business Outreach Center	760-795-8739	https://socialvboc.org/
UCI Applied Innovation SBDC	949-824-6835	http://innovation.uci.edu/sbdc/
UCR EPIC SBDC	951-468-5026	https://sbdctech.com/about-epic/
University of La Verne SBDC	909-448-1567	https://lavernesbdc.org/
Women's Economic Ventures	805-965-6073	https://www.wevonline.org/

Other Organizations	Phone	Website
Armenian Bar Association	N/A	https://armenianbar.org
Asian Pacific American Lawyers of the Inland Empire	N/A	https://apalie.org
Asian Pacific Bar Association (APABA Los Angeles)	N/A	http://apaba.org/
Asian Pacific Womens Lawyers Alliance	N/A	http://www.apawla.com/
Association of Business Trial Lawyers	N/A	https://abtl.org
CLA Insolvency Law Committee/Business Law Section		
County Counsel - Los Angeles	213-974-1811	https://counsel.lacounty.gov/
County Counsel - Riverside	951-955-6300	https://www.rivco.org/services/county-counsel
Filipino American Lawyers of San Diego	N/A	https://falsd.org
Filipino-American Lawyers of Orange County	N/A	https://www.floclawyers.org
Hong Kong Association of Southern California	213-622-9446	https://hkasc.org/
International Women's Insolvency & Restructuring Confederation	434-939-6002	https://www.iwirc.com/
Iranian American Bar Association	N/A	https://iaba.us
Italian American Lawyers of Orange County	N/A	www.ialoc.org
J. Reuben Clark Law Society - Orange County Chapter	N/A	www.jrcls-oc.com
Kenosha Area Business Alliance	262-605-1100	https://kaba.org/
Los Angeles Bankruptcy Forum	320-356-0508	https://labankruptcyforum.wildapricot.org/
Orange County Coalition for Diversity in the Law	N/A	https://occdl.org
Orange County Criminal Defense Bar Association	N/A	https://www.ocbar.org/
Orange County Jewish Bar Association	949-440-6700 (ext. 257)	www.ociba.org
Orange County Korean American Bar Association	N/A	https://ockaba.org
Orange County Lavender Bar Association	949-263-8400	https://oclba.org
Orange County Trial Lawyers Association	949-916-9577	https://www.octla.org
Orange County Women Lawyers Association	949-478-1103	https://www.ocwla.org/
Pan Asian Lawyers of San Diego	N/A	https://www.palsd.org/
Philippine American Bar Association	N/A	http://philippineamericanbar.org/
Southern California Chinese Lawyers Association	N/A	https://www.sccla.org/
Thai American Bar Association	N/A	https://www.tabalawyers.org/
The Celtic Bar Association of Orange County	N/A	https://celticbarassociation.org
Thurgood Marshall Bar Association	657-229-2658	https://www.thurgoodmarshallbarassociation.org/
Vietnamese American Bar Association of Southern California	N/A	https://www.vabasc.org/
Womans Lawyers Association of Los Angeles	213-892-8982	https://www.wlala.org/

Appendix 4

New Proposed Local Forms for the Central District of California

Attorney or Party Name, Address, Telephone & Fax Nos., State Bar No. & Email Address <input type="checkbox"/> <i>Individual appearing without attorney</i> <input type="checkbox"/> <i>Attorney for:</i>	FOR COURT USE ONLY			
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - _____ DIVISION				
In re: Debtor.	<table border="1" style="width: 100%;"> <tr> <td data-bbox="847 737 1503 919"> CASE NO. CHAPTER 11 (Subchapter V) </td> </tr> <tr> <td data-bbox="847 919 1503 1045" style="text-align: center;"> SUBCHAPTER V STATUS REPORT </td> </tr> <tr> <td data-bbox="847 1045 1503 1247"> <u>Status Conference:</u> DATE: TIME: COURTROOM: </td> </tr> </table>	CASE NO. CHAPTER 11 (Subchapter V)	SUBCHAPTER V STATUS REPORT	<u>Status Conference:</u> DATE: TIME: COURTROOM:
CASE NO. CHAPTER 11 (Subchapter V)				
SUBCHAPTER V STATUS REPORT				
<u>Status Conference:</u> DATE: TIME: COURTROOM:				

Status Conference Location:

- 255 East Temple Street, Los Angeles, CA 90012
- 411 West Fourth Street, Santa Ana, CA 92701
- 21041 Burbank Boulevard, Woodland Hills, CA 91367
- 1415 State Street, Santa Barbara, CA 93101
- 3420 Twelfth Street, Riverside, CA 92501

TO THE UNITED STATES BANKRUPTCY COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, THE SUBCHAPTER V TRUSTEE, ALL PARTIES IN INTEREST, AND THEIR COUNSEL:

PLEASE TAKE NOTICE that the debtor and debtor-in-possession in this case (“Debtor”) is proceeding under subchapter V of chapter 11 of Title 11 of the United States Code (“Bankruptcy Code” or “U.S.C.”),¹ and the Bankruptcy Court will hold a status conference at the date, time, and place set forth above. The Debtor is filing this Status Report pursuant to 11 U.S.C. § 1188(c) and LBR 2015-3(b).² Check your presiding judge’s procedures to see if, in addition to this Status Report, you must also file Local Form F 2081-1.1.C11.STATUS.RPT, or any other form of Status Report.

1. The Plan:

1.1 What type of plan will the Debtor propose?

- Consensual (i.e., with agreement or consent of creditors and other interested parties)
- Nonconsensual³
- Undetermined

1.2 Explain why the Debtor expects the plan to be consensual or nonconsensual, or the reason why it is undetermined at this time:

<fill in>

1.3 Will the Debtor file the plan within the deadline of 90 days from the petition date imposed by § 1189(b)?

- Yes
- No

If “No,” explain why, and state when the Debtor will file its⁴ plan:

<fill in>

¹ Subchapter V of chapter 11 (11 U.S.C. §§ 1181-1195) was adopted by the Small Business Reorganization Act of 2019, Pub. L. No. 116-54, and became effective on February 19, 2020. All references to “Section” or “§” are to the Bankruptcy Code or Title 11 of the United States Code.

² “Not later than 14 days before the date of the status conference under subsection (a), the debtor shall file with the court and serve on the trustee and all parties in interest a report that details the efforts the debtor has undertaken and will undertake to attain a consensual plan of reorganization.” 11 U.S.C. § 1188(c).

³ The term “nonconsensual plan” for purposes of this Status Report means a plan confirmed under § 1191(b).

⁴ In this Status Report, “it” in referring to the Debtor also refers to “him” or “her.”

1.4 Please summarize the basic nature of the plan:

<fill in>

2. Efforts Toward Consensual Plan:⁵

2.1 Describe the efforts the Debtor has taken so far to obtain the consent of creditors for a consensual plan:

<fill in>

2.2 Describe the efforts the Debtor will take in the future to obtain the consent of creditors for a consensual plan:

<fill in>

2.3 Describe the efforts that Debtor has taken so far to reach out to creditors and other parties in interest about a plan, and if none, explain the Debtor's reasons for not reaching out to creditors and parties in interest about a plan:

<fill in>

2.4 Identify the parties with whom the Debtor has discussed a plan. Select all that apply:

- Secured creditors
- Priority creditors
- Unsecured creditors
- Equity interest holders
- The subchapter V trustee
- Others (describe: <fill in>)

3. Appointment of Committees and Disclosure Statement:

3.1 In the Debtor's view, is there any "cause" for the Court to order the appointment of a committee of creditors pursuant to § 1181(b) and § 1102(b)?

- Yes
- No

⁵ This Status Report does not ask the Debtor to disclose any confidential, secret, and/or privileged information. See generally 11 U.S.C. § 1188(c). Please govern your responses accordingly.

Explain your answer:

<fill in>

3.2 In the Debtor's view, is there any "cause" for the Court to order the filing of a separate disclosure statement pursuant to § 1181(b) and § 1125?

- Yes
 No

Explain your answer:

<fill in>

4. Reporting Compliance:

4.1 Has the Debtor filed all the documents required under § 1187(a)?⁶

- Yes
 No

If "No," identify the documents that were required to be filed⁷ but were not:

- (a) the Debtor's most recent balance sheet
 (b) the most recent statement of the Debtor's operations
 (c) the Debtor's most recent cash-flow statement
 (d) the Debtor's most recent Federal income tax return

Has the Debtor filed a statement under penalty of perjury that the Debtor has not prepared a balance sheet, statement of operations, and/or cash-flow statement and/or that Debtor has not filed its Federal income tax return as required by § 1116(1)(B)?

- Yes
 No
 Not applicable

⁶ The filing of this Status Report does not relieve the Debtor of the requirements of 11 U.S.C. § 1187(a) and § 1116(1)(A) to append the required documents to the bankruptcy petition.

⁷ Section 1116(1) requires these documents to be "append[ed] to the voluntary petition."

If “Yes,” identify each unprepared or unfiled document, and explain why the document was not prepared or filed and how the Debtor intends to prepare or file the document:

<fill in>

4.2 Has the Debtor filed all Small Business Monthly Operating Reports (Official Form B 425C) (“MORs”) as required under § 308?

- Yes
- No

If “No,” or if portions of the MORs are deficient, identify which portions are deficient or not reported fully:

- (a) Reports regarding Debtor’s profitability
- (b) Reports regarding reasonable approximations of projected cash receipts and disbursements over a reasonable period
- (c) Reports regarding comparisons of actual cash receipts and disbursements with projections in prior reports
- (d) Reports regarding whether the Debtor is (i) in compliance in all material respects with postpetition requirements imposed by the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, and (ii) timely filing tax returns and other required government filings and paying taxes and other administrative expenses when due
- (e) Reports regarding Debtor’s failure to make either of the reports in the immediately preceding paragraph (d) (as required by § 308(b)(5))
- (f) Reports regarding such other matters as are in the best interests of the Debtor and creditors, and in the public interest in fair and efficient procedures under chapter 11

For any deficiencies in the MORs, identify each specific portion that is deficient, and explain why it is deficient and how Debtor intends to correct the deficiency:

<fill in>

5. Other Code Compliance:

5.1 Did the Debtor attend the initial debtor interview, the § 341(a) meeting of creditors, and otherwise comply with § 1116(2)?

- Yes
 No

If "No," explain why and when the Debtor intends to comply with these requirements:

<fill in>

5.2 Has the Debtor filed all schedules and statements of financial affairs, or otherwise complied with exceptions or extensions in § 1116(3)?

- Yes
 No

If "No," explain why and when the Debtor intends to comply with these requirements:

<fill in>

5.3 Has the Debtor maintained insurance customary and appropriate to the industry, subject to § 363(c)(2), in compliance with § 1116(5)?

- Yes
 No

If "No," explain why and when the Debtor intends to comply with this requirement:

<fill in>

5.4 Has the Debtor timely filed tax returns and other governmental filings with the appropriate governmental entities, and paid all taxes entitled to administrative expense priority required to be paid under § 1116(6)?

- Yes
- No

If “No,” explain why the Debtor has not timely filed tax returns and other governmental filings or paid all required administrative expense priority taxes and when the Debtor intends to comply with these requirements:

<fill in>

5.5 Has the Debtor allowed the United States Trustee to inspect the Debtor’s premises, books, and records, and otherwise complied with § 1116(7)?

- Yes
- No

If “No,” explain why and when the Debtor intends to comply with this requirement:

<fill in>

6. Cash Collateral:

6.1 Does any entity assert that any property of the bankruptcy estate constitutes its cash collateral?

- Yes
- No

If “Yes,” identify each such entity and what is the property that the entity asserts is its cash collateral.

<fill in>

6.2 Is the Debtor currently using, selling, and/or leasing any property of the bankruptcy estate that any entity contends is its cash collateral?

- Yes
- No

If "Yes," identify each such entity and what is the property that the entity asserts is its cash collateral.

<fill in>

6.3 Since the filing of this bankruptcy case, has the Debtor used, sold, and/or leased any property of the bankruptcy estate that an entity contends is its cash collateral?

- Yes
- No

If "Yes," identify each such entity and what is the property that the entity asserts is its cash collateral.

<fill in>

6.4 Has the Court approved any orders authorizing the use of cash collateral?

- Yes
- No

6.5 Has every entity having any interest in cash collateral that is property of the bankruptcy estate consented to its use?

- Yes
- No
- Not applicable

7. "First Day" Motions:

7.1 Has the Debtor filed any of the following "first day" motions, if applicable:

- Cash collateral
- DIP financing
- Prepetition non-insider wage payments
- Cash management authority
- Utilities
- Limit notice
- Joint administration
- Critical vendor
- Others (describe: <fill in>)

7.2 Do prepetition plan support agreements exist?

- Yes
- No

If "Yes," attach copies to this Status Report.

8. Additional Information:

8.1 What additional information would the Debtor like to disclose to the Court concerning this chapter 11 case or the plan (e.g., executory contracts or unexpired leases, extending bar date for proofs of claims or interests, sale or surrender of real and/or personal property, the Debtor's exit strategy)?

<fill in>

[Signature(s) on Following Page]

Dated: _____

Respectfully submitted,

Name of Debtor's Counsel

Signature of Debtor's Counsel

Name of Law Firm:
Address:

Telephone number:
Email Address:

I/we declare, under penalty of perjury, that I/we have read and reviewed all of the information provided in this Status Report and that it is true, correct, and accurate.

Dated: _____

Name of Debtor/Debtor Representative

Relation to Debtor

Signature of Debtor/Debtor Representative

Dated: _____

Name of Co-Debtor (if any)

Signature of Co-Debtor

Attorney or Party Name, Address, Telephone & Fax Nos., State Bar No. & Email Address <input type="checkbox"/> <i>Individual appearing without attorney</i> <input type="checkbox"/> <i>Attorney for:</i>	FOR COURT USE ONLY
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - _____ DIVISION	
In re:	CASE NO. CHAPTER 11 (Subchapter V)
	SUBCHAPTER V TRUSTEE'S ESTIMATED FEES AND EXPENSES FOR PURPOSES OF PLAN CONFIRMATION
	<u>Plan Confirmation Hearing Date:</u> DATE: TIME: COURTROOM:

TO THE UNITED STATES BANKRUPTCY COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, THE DEBTOR AND DEBTOR-IN-POSSESSION, ALL PARTIES IN INTEREST, AND THEIR COUNSEL:

PLEASE TAKE NOTICE that the subchapter V trustee (“Trustee”) appointed in this case under subchapter V of chapter 11 of Title 11 of the United States Code (“Bankruptcy Code” or “U.S.C.”),¹ hereby submits the following estimate of his or her fees and expenses incurred to date, solely for the purpose of plan confirmation, and without prejudice to the Trustee’s seeking further or additional fees and expenses

¹ Subchapter V of chapter 11 (11 U.S.C. §§ 1181-1195) was adopted by the Small Business Reorganization Act of 2019, Pub. L. No. 116-54, and became effective on February 19, 2020. All references to “Section” or “§” are to the Bankruptcy Code or 11 U.S.C.

This form is optional. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

pursuant to an application for approval of fess and reimbursement of expenses under § 330 of the Bankruptcy Code:

Estimated Fees: \$ _____

Estimated Expenses: \$ _____

Total: \$ _____

Dated: _____

Respectfully submitted,

Name of Subchapter V Trustee

Signature of Subchapter V Trustee

Address:

Telephone number:

Email Address:

This form is optional. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

* * * * *

Subcommittee Note

This form is new. It is an optional form designed for use by subchapter V trustees. It is intended to aid the debtor in formulating its plan of reorganization by providing a simple form for the trustee to give notice of its estimated fees and expenses.

Appendix 5

New Proposed Local Rules for the Central District of California

LBR 2015-3. PRECONFIRMATION REQUIREMENTS FOR SUBCHAPTER V DEBTORS, DEBTORS IN POSSESSION, AND TRUSTEES

(a) Applicability.

This LBR only applies to cases proceeding under subchapter V of chapter 11 of the Bankruptcy Code.

(b) Subchapter V Status Report.

Unless otherwise ordered by the Court, not later than 14 days before the date of the first-scheduled status conference, the debtor must:

- (1) file a completed Subchapter V Status Report, local form F 2015-3.SUBV.STATUS.RPT, executed by both the debtor and the debtor's counsel, if any; and
- (2) serve a copy of the Subchapter V Status Report on the trustee, the United States trustee, and all parties in interest.

(c) Monthly Operating Reports. The debtor must file with the Court timely subchapter V monthly operating reports ("MORs") on the appropriate Official Form (Official Form B 425C) required by section 308 of the Bankruptcy Code and in accordance with the timing requirements of LBR 2015-2(b)(2). If the debtor is removed as debtor in possession, the obligation to file MORs shall be the obligation of the subchapter V trustee in possession, unless the Court orders otherwise.

(d) Complete Inventory. Upon written motion pursuant to LBR 9013-1, filed by a party in interest, including the subchapter V trustee, the Court may direct the debtor to file a complete physical inventory of the debtor's property as of the date (1) the petition was filed, or (2) the case was converted to chapter 11, subchapter V.

* * * * *

Subcommittee Note

This rule is new. It implements Rule 2015(b) of the Federal Rules of Bankruptcy Procedure (Interim 2019). The new rule clarifies that once a debtor is removed as debtor in possession in a subchapter V case, the subchapter V trustee in possession is required to file MORs. The new rule requires MORs to be filed on the 15th day following the reporting month, which is within Rule 2016(a)(6) of the Federal Rules of Bankruptcy Procedure, which rule requires "no later than 21 days." The requirement of filing on the 15th day instead of the 21st day of the month following the reporting month comports with the strict language of the federal rule and also comports with historical practice in the Central District. The new rule also makes the use of the Subchapter V Status Report (Local Form F 2015-3.SUBV.STATUS.RPT) mandatory for subchapter V cases and addresses the means for requesting a complete physical inventory of the debtor's property.

LBR 3014-1. ELECTION UNDER 11 U.S.C. § 1111(b) BY SECURED CREDITOR IN SUBCHAPTER V CASES

(a) Election Deadline.

- (1) **Section 1125 Does Not Apply.** In a case under subchapter V of chapter 11 in which 11 U.S.C. § 1125 does not apply, the election under 11 U.S.C. § 1111(b) must be made not later than the date set for filing objections to the plan or another date that the Court may fix.
- (2) **Section 1125 Applies.** In a subchapter V case in which the Court has ordered that a combined disclosure statement and plan be filed or that 11 U.S.C. § 1125(f)(3) applies, the election under 11 U.S.C. § 1111(b) must be made not later than the date fixed for objections pursuant to FRBP 3017.1(a)(2) or another date that the Court may fix.

* * * * *

Subcommittee Note

This is a new rule. By setting the deadline to elect under 11 U.S.C. § 1111(b) to the same date as the date for filing objections to the plan or the deadline for objections set under FRBP 3017.1(a)(2), the proposed local rule maintains clarity and simplicity, while using the familiar deadlines set forth in Rule 3014 of the Federal Rules of Bankruptcy Procedure.

The proposed local rule also expressly acknowledges that, as per FRBP 3014, the Court may set a different deadline as it sees fit.

LBR 3020-2. POSTCONFIRMATION REQUIREMENTS IN A SUBCHAPTER V CASE

(a) **Applicability.**

This LBR only applies to cases proceeding under subchapter V of chapter 11 of the Bankruptcy Code.

(b) **Consensual Plan.** Upon confirmation of a consensual plan, unless the confirmation order provides otherwise, the following rules and procedures apply:

- (1) **Postconfirmation Reporting.** Upon confirmation of a consensual plan, the debtor must file and serve postconfirmation quarterly reports in accordance with LBR 3020-1(b) and (c). If the debtor is removed as debtor in possession, the subchapter V trustee in possession must file and serve postconfirmation quarterly reports, unless the Court orders otherwise.
- (2) **Substantial Consummation Report.** Not later than 14 days after the date of the entry of the order confirming the plan, the debtor must file a report stating whether the plan has been substantially consummated and, if not, providing a projected date when substantial consummation is expected to occur and the steps necessary for substantial consummation to occur.
- (3) **Extensions of Projected Date of Substantial Consummation.** If the projected date for substantial consummation must be extended, the debtor must file a supplemental report specifying the new projected date, the progress made toward consummation of the plan, the steps necessary for substantial consummation to occur, and the reasons for the delay. The supplemental report must be filed and served as soon as possible, but at least not later than 14 days after the previously projected date of substantial consummation.
- (4) **Notice of Substantial Consummation.** Not later than 14 days after the debtor's consensual plan has been substantially consummated, the debtor must file a notice of substantial consummation and serve this notice on the subchapter V trustee, the United States trustee, the 20 largest unsecured creditors.
- (5) **Termination of the Subchapter V Trustee's Services.** Upon substantial consummation of a consensual plan, the subchapter V trustee's services will terminate automatically, unless otherwise provided in the plan or ordered by the Court.

(c) **Nonconsensual Plan.** Upon confirmation of a nonconsensual plan, unless the confirmation order provides otherwise, the following rules and procedures apply:

- (1) **Distributions.** The subchapter V trustee must collect plan payments and make distributions to creditors, unless otherwise provided for in the plan or confirmation order.

- (2) Postconfirmation Reporting. Upon confirmation of a nonconsensual plan, the subchapter V trustee must file and serve postconfirmation quarterly reports in accordance with LBR 3020-1(b) and (c).

* * * * *

Subcommittee Note

This rule is new. It governs post confirmation reporting in subchapter V cases. Upon “substantial consummation” (defined under 11 U.S.C. § 1101(2)) of a consensual plan, the services of the subchapter V trustee terminate (11 U.S.C. § 1183(c)(1)), and the plan may no longer be modified (11 U.S.C. § 1193(b)). This new LBR requires a postconfirmation reporting and notice of the projected occurrence of substantial consummation so that parties in interest, and the subchapter V trustee, are kept informed.

This rule provides that upon confirmation of a consensual plan, the debtor must perform postconfirmation reporting, whereas upon confirmation of a nonconsensual plan, the subchapter V trustee must do so. This new rule clarifies the overlapping duties of the subchapter V trustee and the debtor in possession with respect to postconfirmation reporting. *Compare* 11 U.S.C. § 1183(b)(2) (requiring the subchapter V trustee to, among other things, file postconfirmation reports) *with* § 1184 (requiring the debtor in possession to “perform all functions and duties. . . of a trustee serving in a case under this chapter . . .”) *and* § 1106(a)(7) (requiring a trustee in a chapter 11 case to file postconfirmation reports).

LBR 3022-2. FULL ADMINISTRATION IN A SUBCHAPTER V CASE

(a) Applicability.

This LBR only applies to cases proceeding under subchapter V of chapter 11 of the Bankruptcy Code.

(b) Consensual Plan.

- (1) Subchapter V Final Report and Account. Within 60 days after the final distribution to creditors under a consensual plan, the debtor must file with the Court, and serve upon all parties upon whom the plan was served, a subchapter V final report and account of administration of the estate (UST Form 101-11(V)-FR) (“Subchapter V Final Report and Account”), whereupon the debtor must seek entry of a final decree closing the case.
- (2) Final Decree. After the debtor has filed its Subchapter V Final Report and Account, the debtor must file a motion for final decree pursuant to LBR 3022-1(a) supported by a declaration under penalty of perjury showing that: (A) the services of the subchapter V trustee have terminated, (B) the estate has been fully administered, (C) all adversary proceedings, contested matters and other disputes, including appeals, have been resolved by a final, non-appealable order or dismissed, and (D) there are no remaining matters for which the Court must continue to exercise jurisdiction. The debtor must also lodge a proposed final decree. Nothing herein is intended to prevent the debtor from seeking interim or early closure of the case.

(c) Nonconsensual Plan.

- (1) Subchapter V Final Report and Account. Within 60 days after the final distribution to creditors under a nonconsensual plan, the subchapter V trustee must file with the Court, and serve upon all parties upon whom the plan was served, a Subchapter V Final Report and Account of administration of the estate, whereupon the subchapter V trustee must seek entry of a final decree closing the case.
- (2) Final Decree. Upon the subchapter V trustee’s filing of a Subchapter V Final Report and Account in a case in which the plan is a confirmed nonconsensual plan, the subchapter V trustee must file a motion for final decree pursuant to LBR 3022-1(a) supported by a declaration under penalty of perjury showing that: (A) the estate has been fully administered, (B) all adversary proceedings, contested matters, and other disputes, including appeals, have been resolved by a final, non-appealable order or dismissed, and (C) there are no remaining matters for which the Court must continue to exercise jurisdiction. The subchapter V trustee must also lodge a proposed final decree.
- (3) Termination of the Subchapter V Trustee’s Services. Upon entry of the final decree, the subchapter V trustee’s services will terminate.

* * * * *

Subcommittee Note

This rule is new. It provides procedures for final administration of both consensual and nonconsensual plans under subchapter V.

Appendix 6

Proposed Amendments to Existing Local Rules

LBR 2015-2. REQUIREMENTS FOR CHAPTER 11 DEBTORS IN POSSESSION, ~~OR~~ CHAPTER 11 TRUSTEES, AND SUBCHAPTER V TRUSTEES.

(a) Reports Before Confirmation of Plan.

- (1) The debtor, the debtor in possession, ~~or~~ chapter 11 trustee, or subchapter V trustee in possession, must timely provide the United States trustee with financial, management and operational reports, and such other information requested by the United States trustee pursuant to the Guidelines and Requirements for Chapter 11 Debtors in Possession as necessary to properly supervise the administration of a chapter 11 case.
- (2) The United States trustee may, at any time during the pendency of a case, add or delete requirements where such modifications are necessary or appropriate.

(b) Interim Statements and Monthly Operating Reports.

- (1) The debtor in possession, ~~or~~ chapter 11 trustee, or subchapter V trustee in possession, must file with the Court a copy of each monthly interim statement and operating report submitted to the United States trustee from the date the chapter 11 case is commenced until the date a plan is confirmed or the case is dismissed or converted to another chapter under title 11.
- (2) Each interim statement and monthly operating report must be filed on the date that such documents are submitted to the United States trustee, but not later than the 15th day of the month following expiration of the month which is the subject of the ~~statement or~~ report.

(c) Duties Upon Conversion to Chapter 7. Upon entry of an order converting a case to one under chapter 7, the debtor in possession, ~~or~~ chapter 11 trustee, or subchapter V trustee in possession, if any, must, in addition to complying with those duties set forth in FRBP 1019:

- (1) Secure, preserve and refrain from disposing of property of the estate;
- (2) Contact the chapter 7 trustee and arrange to deliver property of the estate and all books and records to the trustee or the trustee's designated agent; and
- (3) Within 7 days after entry of the conversion order, file and serve upon the United States trustee and the chapter 7 trustee, a verified schedule of all property of the estate as of the conversion date.

* * * * *

Subcommittee Note

The rule is modified to include subchapter V cases among those that need to comply with the reporting requirements of LBR 2015-2 as set forth under 11 U.S.C. § 1187 and Rule 2015(b) of the Federal Rules of Bankruptcy Procedure (Interim 2019). Additional reporting requirements that are solely applicable to subchapter V cases are set forth under LBR 2015-3.

LBR 3003-1. ~~NOTICE OF CLAIMS~~ BAR DATE IN CHAPTER 11 CASES

(a) Claims Bar Date.

(1) General. In chapter 11 cases, except for subchapter V cases, the claims bar date will be set by the Court either on its own motion or upon a motion filed pursuant to LBR 9013-1(q).

(2) Subchapter V Cases. In subchapter V cases, unless otherwise ordered, the claims bar date will be 70 days after, and for claims by governmental units 180 days after, the later of: (1) the date of entry of the order for relief, (2) the date of conversion of the case to chapter 11, subchapter V, or (3) the date of the amendment of the petition to designate the case as a subchapter V case. In the case of conversion or re-designation of a case to subchapter V, any previously-set bar date will govern, unless otherwise ordered.

(b) Use of Mandatory Form for Notices of Claims Bar Date. Timing of Bar Date Notice.

(1) General. Unless otherwise ordered, in chapter 11 cases, except for subchapter V cases, the debtor in possession or chapter 11 trustee, as applicable, must file and serve the bar date notice on all parties entitled to notice within 7 days of the entry of the order setting the bar date.

(2) Subchapter V Cases. Unless otherwise ordered, in subchapter V cases, the debtor in possession or subchapter V trustee in possession, as applicable, must file and serve the bar date notice within 7 days of (1) the date of entry of the order for relief, (2) the date of conversion of the case to chapter 11, subchapter V, or (3) the date of the amendment of the petition to designate the case as a subchapter V case.

(c) Mandatory Form Notice of Bar Date. Any entity providing notice of the claims bar date must use the mandatory Court-approved form F 3003-1.NOTICE.BARDATE.

~~(e) No later than 7 days after the court orders a bar date for the filing of proofs of claim in a chapter 11 case, whether on its own initiative or on a motion filed pursuant to LBR 9013-1(q), the debtor in possession or the chapter 11 trustee must file and serve on all creditors, and all other parties entitled to notice, a notice of the claims bar date using mandatory court approved form F 3003-1.NOTICE.BARDATE. (e)~~

* * * * *

Subcommittee Note

The rule is amended to require the use of the mandatory notice of bar date form F 3003-1. NOTICE.BARDATE in all chapter 11 cases and to provide default rules for the timing of giving notice. The amended rule also accounts for instances where a small business case is re-designated as a subchapter V case. As always, these are “default rules,” which are subject to the Court “ordering otherwise.”

LBR 3017-2. CHAPTER 11 DISCLOSURE STATEMENT – APPROVAL IN SMALL BUSINESS CASES AND WHEN REQUIRED IN SUBCHAPTER V CASES

- (a) **Applicability.** This ~~rule~~ LBR applies in a small business case or in a case under subchapter V of chapter 11 in which the Court has ordered that 11 U.S.C. § 1125 applies.
- (b) **Conditional Approval of Disclosure Statement.** The court may, on application of the plan proponent or without an application, conditionally grant a motion for approval of a disclosure statement filed in accordance with 11 U.S.C. § 1125(f) and FRBP 3016.
- (c) **Procedure for Requesting Conditional Approval of Disclosure Statement.** The plan proponent may file a motion, without complying with LBR 9013-1(d) or LBR 9013-1(o), for conditional approval of the disclosure statement, asking that the hearing on the adequacy of the disclosure statement be combined with the hearing on plan confirmation. The motion must be supported by a declaration establishing grounds for conditional approval and accompanied by a proposed order consistent with FRBP 2002(b) that conditionally approves the disclosure statement and establishes:
- (1) A date by which the holders of claims and interests may accept or reject the plan;
 - (2) A date for filing objections to the disclosure statement;
 - (3) A date for the hearing on final approval of the disclosure statement to be held if a timely objection is filed; and
 - (4) A date for the hearing on confirmation of the plan.
- (d) **Objections and Hearing on Final Approval.**
- (1) The debtor must file and serve a notice of the dates set forth above, together with a copy of the disclosure statement and plan, on all creditors and the United States trustee.
 - (2) Final approval of the disclosure statement is required only when a timely objection is filed and served on the debtor, the trustee (if any), any committee appointed under the Bankruptcy Code, counsel for any of the foregoing, and any other entity as ordered by the court.

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Subcommittee Notes

This rule is amended to account for instances where 11 U.S.C. § 1125 is ordered to apply to a subchapter V case.

LBR 3020-1. CHAPTER 11 PLAN CONFIRMATION AND POSTCONFIRMATION REQUIREMENTS

(a) **Payment of Special Charges.** The proposed plan confirmation order must be accompanied by proof of payment of any and all special charges due to the clerk's office. The amount of the charges to be paid may be obtained from the courtroom deputy of the judge hearing the case.

(b) **Postconfirmation Requirements.** ~~Unless otherwise provided in the plan, every order confirming a chapter 11 plan must contain the following language:~~

~~“If the above referenced case is converted to one under chapter 7, the property of the reorganized debtor, or of any liquidation or litigation trust, or of any other successor to the estate under the plan, that has not been distributed under the plan shall be vested in the chapter 7 estate, except for property that would have been excluded from the estate if this case had always been one under chapter 7. Within 120 days of the entry of this order, _____ shall file a status report explaining what progress has been made toward consummation of the confirmed plan of reorganization. The initial report shall be served on the United States trustee, the 20 largest unsecured creditors, and those parties who have requested special notice. Further reports shall be filed every ____ days thereafter and served on the same entities, unless otherwise ordered by the court. [Optional depending on practices of particular judge: A postconfirmation status conference will be held on _____, 20__ at __.m. in Courtroom _____.]”~~

~~The status report must include at least the following information:~~

~~After confirmation of a chapter 11 plan, the reorganized debtor must file and serve postconfirmation status reports (on the United States trustee, the 20 largest unsecured creditors) setting forth the following information:~~

~~(1) Progress that has been made toward substantial consummation of the confirmed plan;~~

~~(2) A schedule listing for each debt and each class of claims: the total amount required to be paid under the plan; the amount required to be paid as of the date of the report; the amount actually paid as of the date of the report; and the deficiency, if any, in required payments;~~

~~(23) A schedule of any and all postconfirmation tax liabilities that have accrued or come due and a detailed explanation of payments thereon;~~

~~(34) Projections as to the reorganized debtor's, postconfirmation trustee's, or other responsible party's continuing ability to comply with the terms of the plan;~~

~~(5) An estimate of the date for plan consummation and application for final decree; and~~

(56) Any other pertinent information needed to explain the progress toward completion of the confirmed plan. Reporting entities whose equity securities are registered under Section 12(b) of the Securities Exchange Act of 1934 may provide information from their latest 10Q or 10K filing with the S.E.C., if it is responsive to the requirements of this subsection.

~~(f)~~(c) **Timing of Postconfirmation Reporting.** Unless otherwise ordered, the first postconfirmation status report must be filed within 120 days of entry of the order confirming the plan. Subsequent reports will be due on the 15th day of the month following each successive 120-day reporting period until a final decree is entered.

~~(e)~~(d) **Effect of Failure to File Postconfirmation Reports.** The failure to file timely ~~the~~ required postconfirmation status reports is cause for dismissal or conversion to a case under chapter 7 pursuant to 11 U.S.C. § 1112(b).

~~(g)~~(e) **Effect of Conversion to Chapter 7.** ~~Regardless of whether the order confirming the plan complies with paragraph “(b)” above, and unless otherwise provided in the plan, if the case is converted to one under chapter 7, the property of the reorganized debtor, or of any liquidation or litigation trust, or of any other successor to the estate under the plan, that has not been distributed under the plan shall be vested in the chapter 7 estate, except for property that would have been excluded from the estate if this case had always been one under chapter 7. Upon confirmation of a chapter 11 plan, the debtor, or plan proponent whose plan was confirmed, must lodge a form of confirmation order that includes a provision, consistent with 11 U.S.C. § 1141(b), that, unless otherwise provided for in the plan, if the case is converted to one under chapter 7, the property of the reorganized debtor, or of any liquidation or litigation trust, or of any other successor to the estate under the plan, that has not been distributed under the plan will be vested in the chapter 7 estate, except for property that would have been excluded from the estate if the case had always been one under chapter 7.~~

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Subcommittee Note

This rule is amended to clarify postconfirmation reporting requirements in traditional, non-subchapter V, chapter 11 cases.

LBR 3022-1. FINAL DECREE AND CLOSING A CHAPTER 11 CASE

- (a) **Motion for Final Decree.** After an estate is fully administered in a chapter 11 reorganization case, a reorganized debtor, ~~or~~ chapter 11 trustee, or subchapter V trustee in possession may file a motion for a final decree using the procedure of LBR 9013-1(d) or (o). Notice of the motion must be served upon all parties upon whom the plan was served.
- (b) **Motion for Order Closing Case on Interim Basis.** If a chapter 11 estate is substantially consummated, but not fully administered, the reorganized debtor, ~~or~~ chapter 11 trustee, or subchapter V trustee in possession, may file a motion for an order closing case on an interim basis using the procedure of LBR 9013-1(d) or (o).

* * * * *

Subcommittee Note

This rule is modified to provide for its applicability in subchapter V cases.

LBR 4002-1. DUTIES OF DEBTOR AT MEETING OF CREDITORS

- (a) **General.** In addition to the requirements of 11 U.S.C. § 521(h) and FRBP 4002, debtors must comply with the following duties at the meeting of creditors held pursuant to 11 U.S.C. § 341(a) and FRBP 2003.
- (b) **Chapter 11 Debtors.** A chapter 11 debtor must comply with LBR 2015-2 and/or 2015-3, as applicable.
- (c) **Chapter 13 Debtors.** Individuals who file a chapter 13 case must comply with the requirements set forth in LBR 3015-1(c), (e)(3)(C), (k)(1), and (m)(6)(C).
- (d) **Joint Debtors.** Individuals who file a case jointly pursuant to 11 U.S.C. § 302 must, upon request, present evidence to support their joint filing status, such as a copy of the marriage license.

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Subcommittee Note

The rule is revised to provide for new LBR 2015-3, which is applicable to subchapter V cases only.

LBR 6004-1. SALE, USE, OR LEASE OF ESTATE PROPERTY

- (a) **General.** The requirements of LBR 9013-1 through LBR 9013-4 apply to a motion for an order establishing procedures for the sale of estate assets and a motion seeking authorization to sell, use or lease estate property, except as provided by this rule.
- (b) **Motion for Order Establishing Procedures for the Sale of Estate Property.**
- (1) **Timing of Hearing.** A hearing on a Motion to Establish Procedures for the Sale of the Estate's Assets ("Sale Procedure Motion") may be scheduled on not less than 7 days' notice to applicable parties, unless an order setting hearing on shortened notice is obtained under LBR 9075-1(b).
 - (2) **Contents of Notice.** The notice must describe the proposed bidding procedures and include a copy of the proposed purchase agreement. If the purchase agreement is not available, the moving party must describe the terms of the sale proposed, when a copy of the actual agreement will be filed with the court, and from whom it may be obtained. The notice must describe the marketing efforts undertaken and the anticipated marketing plan, or explain why no marketing is required. The notice must provide that opposition is due on or before 1 day prior to the hearing, unless otherwise ordered by the court.
 - (3) **Service of the Notice and Motion.** The moving party must serve the motion and notice of the motion and hearing by personal delivery, messenger, telephone, fax, or email to the parties to whom notice of the motion is required to be given by the FRBP or by these rules, any other party that is likely to be adversely affected by the granting of the motion, and the United States trustee. The notice of hearing must state that any response in opposition to the motion must be filed and served at least 1 day prior to the hearing, unless otherwise ordered by the court.
 - (4) **Opposition.** Any opposition and accompanying memorandum of points and authorities and declarations must be filed and served at least 1 day prior to the hearing, unless otherwise ordered by the court. Documents filed in opposition to the motion must be served by personal delivery, messenger, fax, or email. A judge's copy of the opposition must be served on the judge in chambers in accordance with LBR 5005-2(d).
 - (5) **Scheduling Hearing on the Sale.** A date and time for a hearing on the motion to approve the sale itself may be obtained at or prior to the hearing on the Sale Procedure Motion. The hearing must be scheduled, if practicable, no more than 30 days following the hearing on the Sale Procedure Motion.
 - (6) **Break-up Fees.** If a break-up fee or other form of overbid protection is requested in the Sale Procedure Motion, the request must be supported by evidence establishing:
 - (A) That such a fee is likely to enhance the ultimate sale price; and
 - (B) The reasonableness of the fee.

(c) **Motion for Order Authorizing the Sale of Estate Property.**

- (1) General. Unless otherwise ordered by the court and subject to FRBP 6003(b), an order authorizing the sale of estate property other than in the ordinary course of business may be obtained upon motion of the trustee ~~or~~ debtor in possession, or subchapter V trustee in possession in a chapter 7, 11, or 12 case after notice and a hearing pursuant to LBR 9013-1(d) or after notice of opportunity for hearing under LBR 9013-1(o), *except* the following which must be set for hearing pursuant to LBR 9013-1(d):
 - (A) A sale of all or substantially all of the debtor's assets in a case under chapter 11 or 12; or
 - (B) A sale of property that is either subject to overbid or concerning which the trustee, ~~or~~ debtor in possession, or subchapter V trustee in possession has been contacted by potential over-bidders.
- (2) Motion.
 - (A) A motion for an order authorizing the sale of estate property, other than in the ordinary course of business, must be supported by a declaration of the movant establishing the value of the property and that the terms and conditions of the proposed sale, including the price and all contingencies, are in the best interest of the estate.
 - (B) If the proposed sale is not subject to overbid, the declaration must include a certification that the movant has not been contacted by any potential over-bidder and that, in the movant's business judgment, there are no viable alternative purchasers.
 - (C) A memorandum of points and authorities is not required but may be filed in support of the motion.
- (3) Notice of Hearing. If the motion is set for hearing pursuant to LBR 9013-1(d), the notice must state:
 - (A) The date, time, and place of the hearing on the proposed sale;
 - (B) The name and address of the proposed buyer;
 - (C) A description of the property to be sold;
 - (D) The terms and conditions of the proposed sale, including the price and all contingencies;
 - (E) Whether the proposed sale is free and clear of liens, claims or interests, or subject to them, and a description of all such liens, claims, or interests;
 - (F) Whether the proposed sale is subject to higher and better bids;

- (G) The consideration to be received by the estate, including estimated commissions, fees, and other costs of sale;
 - (H) If authorization is sought to pay a commission, the identity of the auctioneer, broker, or sales agent and the amount or percentage of the proposed commission to be paid;
 - (I) A description of the estimated or possible tax consequences to the estate, if known, and how any tax liability generated by the sale of the property will be paid; and
 - (J) The date by which an objection must be filed and served.
- (4) Notice of Opportunity for Hearing. If authorization is sought pursuant to LBR 9013-1(o), the provisions of LBR 9013-1(o) must be complied with, and the notice also must include the information required by subsection (c)(3)(B) through (I) of this rule and state:
- (A) That a written objection to the proposed sale, together with a request for hearing, must be filed and served pursuant to LBR 9013-1(o) not later than 14 days from the date of service of the notice, unless the notice period is shortened by order of the court; and
 - (B) That in the absence of an objection, an order may be entered authorizing the sale of the property without further notice or hearing.

(d) **Notice of Intent to Sell, Use, or Lease Estate Property (Optional Procedure).**

- (1) Scope of Rule. A trustee~~-or-~~ debtor in possession, or subchapter V trustee in possession may sell, use or lease property of the estate in a chapter 7, 11, or 12 case, other than in the ordinary course of business, under 11 U.S.C. § 363(b)(1) upon notice, *except* the following which must be brought by motion and set for hearing pursuant to LBR 9013-1(d):
- (A) A sale of all or substantially all of the debtor's assets in a case under chapter 11 or 12; or
 - (B) A sale of property that is either subject to overbid or concerning which the trustee~~-or-~~ debtor in possession, or subchapter V trustee in possession has been contacted by potential over-bidders.
- (2) Notice.
- (A) The trustee~~-or-~~ debtor in possession, or subchapter V trustee in possession must give not less than 14 days written notice by mail to creditors and interested parties who are entitled to notice, unless the court for cause shown sets a hearing on shortened notice or otherwise modifies or limits notice pursuant to a motion under LBR 9075-1.

- (B) The notice must comply with subsection (c)(3)(B) through (I) of this rule and include a certification that the trustee~~-or~~ debtor in possession, or subchapter V trustee in possession has not been contacted by any potential over-bidder and that, in the trustee's~~-or~~ debtor in possession's, or subchapter V trustee in possession's business judgment, there are no viable alternative purchasers.
 - (C) The notice must state that any objection and request for hearing must be filed and served not more than 14 days after service of the notice, unless the notice specifies a longer period or unless otherwise ordered by the court, and that in the absence of an objection the property may be sold without further notice.
 - (D) If an objection and request for hearing is not filed and served timely, the trustee~~-or~~ debtor in possession, or subchapter V trustee in possession may take the proposed action on the date specified in the notice of intent. An order is not required nor will an order be entered under this subsection.
- (3) **Objection and Request for Hearing.** If a timely objection and request for hearing is filed and served, the trustee~~-or~~ debtor in possession, or subchapter V trustee in possession must comply with LBR 9013-1(o)(4).
- (e) **Sale of Publicly Traded Assets.** If the property consists of assets sold in public markets whose prices are published on national or regional exchanges (e.g., securities, bonds, commodities, or precious metals), the trustee~~-or~~ debtor in possession, or subchapter V trustee in possession may sell such assets in a market transaction after providing not less than 14 days written notice by mail to such creditors and interested parties who are entitled to notice, unless the court for cause sets a hearing on shortened notice or otherwise modifies or limits notice pursuant to a motion under LBR 9075-1.
- (1) The notice must identify the asset, the market through which the asset is to be sold, and the published price on the date of the notice.
 - (2) If a commission is to be paid to a sales agent, the notice must disclose the name and address of the sales agent and the amount of the commission to be paid on account of the sale.
 - (3) The notice must also state that any objection and request for hearing must be filed and served not more than 14 days after service of the notice, unless the notice specifies a longer period or unless otherwise ordered by the court, and that in the absence of an objection the property may be sold without further notice.
 - (4) If an objection and request for hearing is not filed and served timely, the trustee~~-or~~ debtor in possession, or subchapter V trustee in possession may proceed with the sale in accordance with the notice. An order is not required nor will an order be entered under this subsection.

- (5) If a timely objection and request for hearing is filed and served, the trustee~~-or,~~ debtor in possession, or subchapter V trustee in possession must comply with LBR 9013-1(o)(4).
- (6) The trustee~~-or,~~ debtor in possession, or subchapter V trustee in possession need not file an employment application on behalf of a sales agent registered with the Security Investors Protection Corporation, but the sales agent must execute a declaration of disinterestedness which must be filed by the trustee~~-or,~~ debtor in possession, or subchapter V trustee in possession with the notice.
- (f) **Publication of Notice of Sale of Estate Property.** Whenever the trustee~~-or,~~ debtor in possession, or subchapter V trustee in possession is required to give notice of a sale or of a motion to sell property of the estate pursuant to FRBP 6004 and 2002(c), an additional copy of the notice and court-approved form [F 6004-2.NOTICE.SALE](#), Notice of Sale of Estate Property must be submitted to the clerk at the time of filing for purposes of publication by the clerk on the court’s website.
- (g) **Report of Sale.** Unless otherwise ordered by the court, the report of sale required by FRBP 6004(f)(1) must be filed and served not later than 21 days after the date of the sale of any property not in the ordinary course of business.
- (h) **Disbursement of Sale Proceeds.** Unless otherwise ordered by the court, all proceeds of a sale must be paid directly to any appointed trustee~~-or,~~ the debtor in possession, or subchapter V trustee in possession. A disbursement of proceeds must not be made without a specific order of the court authorizing the disbursement, except for payment to secured creditors, payment to a debtor of exempt proceeds, and payment for expenses of sale. Proceeds may be disbursed to pay auctioneer’s fees and brokers’ commissions without additional order of the court if payment is consistent with the terms of the order approving the sale or authorizing the employment of the auctioneer or broker.
- (i) **Chapter 13 Cases.** A motion to sell or refinance property in a chapter 13 case must be filed pursuant to LBR 3015-1(p).

* * * * *

Subcommittee Notes

This rule is amended to account for the possibility that a subchapter V trustee in possession may seek to sell property of the estate outside of the ordinary course. Section 103 makes chapter 3 applicable to subchapter V cases, and section 1183(a) does render section 363 “inapplicable” to subchapter V cases.

Appendix 7

Guide for Saving the List of Creditors

To save the List of Creditors to a text file for easier conversion to a Microsoft Excel file:

In CM/ECF: Utilities → Mailings → List of Creditors → All + “raw data format”
This creates a “.txt” file – save this text file.

Next, open a new Excel File. Click “File” then “Options” then “Data.” Under “Show legacy data import wizards” select “From Text (Legacy).”

Once enabled, go to the “Data” tab in the Excel spreadsheet. In the “Get & Transform Data” section of the toolbar, select “Get Data” → “Legacy Wizards” → “From Text (Legacy)”

Then, in the “Import Text File” dialog box, double click the file that you want to import (the .txt file) and the Text Import Wizard will open.

Text Import Wizard, step 1 of 3:

Choose “Delimited” file & click the “My data has headers” box, then “Next.”

Text Import Wizard, step 2 of 3:

The “Tab” button should already be checked. Check the “Other” button as well. In the field next to it, type a “pipe” (the solid, vertical line that is the SHIFT + BACKSLASH button), then “Next.”

Text Import Wizard, step 3 of 3:

Just click “Finish.”

The Import Data dialog box will come up & ask where you want to put the data – choose Existing Workbook & then “OK.”

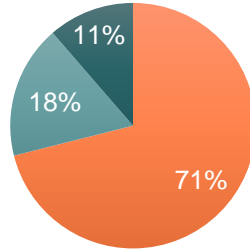
You should now have the mailing information organized in the Excel spreadsheet & ready to be manipulated for mailing or other uses.

Appendix 8

Central District of California Historical Filing Data

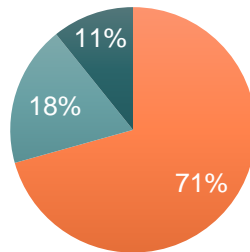
Debt Levels of Cases Filed from 2009 – 2019 (by year)

2009 Chapter 11 Filings



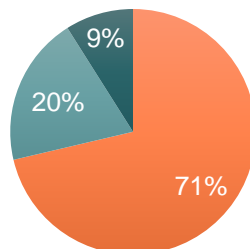
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2010 Chapter 11 Filings



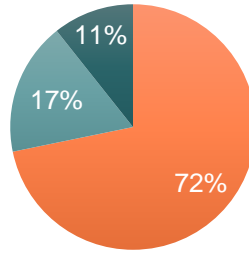
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2011 Chapter 11 Filings



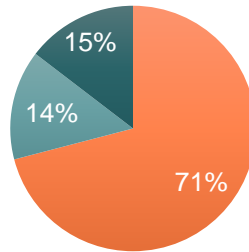
■ Liabilities below \$2.725 ■ Liabilities between \$2.725 - \$7.5 ■ Liabilities above \$7.5

2012 Chapter 11 Filings



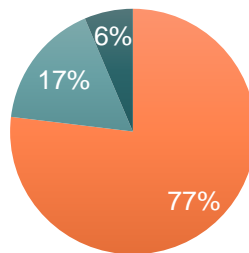
■ Liabilities below \$2.725 ■ Liabilities between \$2.725 - \$7.5 ■ Liabilities above \$7.5

2013 Chapter 11 Filings



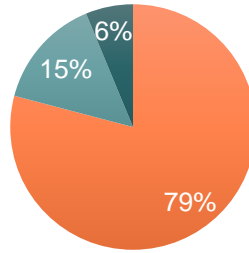
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2014 Chapter 11 Filings



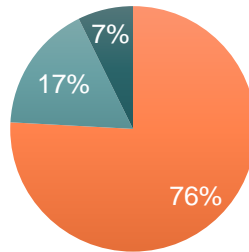
■ Liabilities below \$2.725 ■ Liabilities between \$2.725 - \$7.5 ■ Liabilities above \$7.5

2015 Chapter 11 Filings



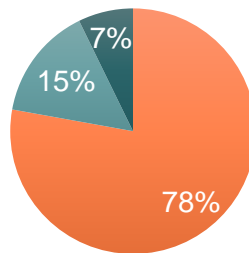
■ Liabilities below \$2.725 ■ Liabilities between \$2.725 - \$7.5 ■ Liabilities above \$7.5

2016 Chapter 11 Filings



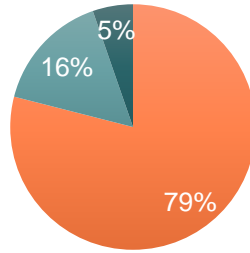
■ Liabilities below \$2.725 ■ Liabilities between \$2.725 - \$7.5 ■ Liabilities above \$7.5

2017 Chapter 11 Filings



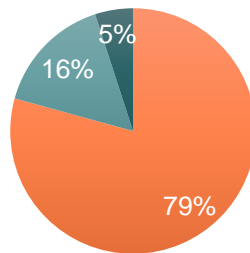
■ Liabilities below \$2.725 ■ Liabilities between \$2.725 - \$7.5 ■ Liabilities above \$7.5

2018 Chapter 11 Filings



■ Liabilities below \$2.725 ■ Liabilities between \$2.725 - \$7.5 ■ Liabilities above \$7.5

2019 Chapter 11 Filings



■ Liabilities below \$2.725 ■ Liabilities between \$2.725 - \$7.5 ■ Liabilities above \$7.5

2009 Chapter 11 Cases - \$2.725 million in liabilities

Type	Filings	Percentage
Cases under 2.725 million	801	71.07%
Cases over 2.725 million	326	28.93%

2009 Chapter 11 Cases filed with up to \$2.725 million in liabilities by Division

Division	Business	Individual	Total Filings	Percentage
San Fernando Valley	142	36	178	22.22%
Los Angeles	179	47	226	28.21%
Riverside	159	19	178	22.22%
Santa Ana	158	34	192	23.97%
Northern Division	21	6	27	3.37%
Total	659	142	801	100.0%

2009 Chapter 11 Cases filed - \$7.5 million in liabilities

Type	Filings	Percentage
Cases under 7.5 million	999	88.64%
Cases over 7.5 million	128	11.36%

2009 Chapter 11 Cases filed with up to \$7.5 million in liabilities by Division

Division	Business	Individual	Total Filings	Percentage
San Fernando Valley	164	50	214	21.42%
Los Angeles	240	69	309	30.93%
Riverside	187	24	211	21.12%
Santa Ana	182	41	223	22.32%
Northern Division	29	13	42	4.20%
Total	802	197	999	100.00%

2019 Chapter 11 Cases filed - \$2.725 million in liabilities

Type	Filings	Percentage
Cases under 2.725 million	333	79.29%
Cases over 2.725 million	87	20.71%

2019 Chapter 11 Cases filed with up to \$2.725 million in liabilities by Division

Division	Business	Individual	Total Filings	Percentage
San Fernando Valley	30	38	68	20.42%
Los Angeles	85	57	142	42.64%
Riverside	27	7	34	10.21%
Santa Ana	51	24	75	22.52%
Northern Division	6	8	14	4.20%
Total	199	134	333	100.00%

2019 Chapter 11 cases filed - \$7.5 million in liabilities

Type	Filings	Percentage
Cases under 7.5 million	399	95.00%
Cases over 7.5 million	21	5.00%

2019 Chapter 11 Cases filed with up to \$7.5 million in liabilities by Division

Division	Business	Individual	Total Filings	Percentage
San Fernando Valley	36	43	79	19.80%
Los Angeles	102	67	169	42.36%
Riverside	31	7	38	9.52%
Santa Ana	60	29	89	22.31%
Northern Division	13	11	24	6.02%
Total	242	157	399	100.00%

Appendix 9

SBRA Cases Filed in the Central District as of December 18, 2020

Note: The cases listed may have been dismissed or converted from subchapter V at the time the report is issued; this list is simply those that were filed under or converted to subchapter V at some point.

#	Case Number	Case Name	Type of Business	Filed Date/ Conversion Date
1	1:19-bk-11657-MB	Pierrick Brillouet and Yong Chu Kim-Brillouet	Individuals	07/03/2019
2	1:20-bk-10502-MB	Ross Friedman	Individual owning real estate LLCs	03/01/2020
3	1:20-bk-10677-DS	Malibu California Model Drug Treatment Center, Inc	Addiction recovery center	03/23/2020
4	1:20-bk-10905-MB	Jay B. Reznick	Individual owning dental surgery business	05/14/2020
5	1:20-bk-11006-VK	Lev Investments, LLC	Hard money lender	06/01/2020
6	1:20-bk-11233-MB	Super Calidad Auto Sales, Inc.	Auto sales	07/14/2020
7	1:20-bk-11277-VK	Monte Verde Ranch, LLC	Horse boarding/ stables	07/21/2020
8	1:20-bk-11428-MB	George A. Youssef and Nevien W. Saidaross	Individuals	08/12/2020 *Converted to Ch. 7 10/30/20
9	1:20-bk-12146-MB	Brian Anthony Veskosky	Individual owning a restaurant	12/03/2020
10	1:20-bk-11528-VK	BurbankHills, LLC	Real Property	08/25/2020
11	2:19-bk-20273-NB	Alex Christopher Padilla	Individual	08/30/2019
12	2:19-bk-20836-ER	Michael Bonert and Vivien Bonert	Individuals owning a bakery business	09/12/2019
13	2:19-bk-21655-BR	Mahvash Mazgani	Individual	10/02/2019/ 7/15/2020
14	2:19-bk-23386-WB	Main Street Development & Construction Services, Inc.	Construction/ development	11/13/2019
15	2:19-bk-23664-NB	Liat Talasazan	Individual in garment manufacturing	11/20/2019/ 01/02/2020 *Converted to Ch. 7 12/3/20

#	Case Number	Case Name	Type of Business	Filed Date/ Conversion Date
16	2:20-bk-11362-BR	GI Toys Holdings, Inc.,	Airsoft gun retailer	02/07/2020
17	2:20-bk-11588-SK	Heloise Justine Mitchell	Individual	02/12/2020 *SubV status denied 11/4/20
18	2:20-bk-12531-NB	Custom Fabrications International, LLC	Design & production	03/06/2020
19	2:20-bk-13448-VZ	Nancy Jannete Mendez- Vasquez	Individual	04/01/2020
20	2:20-bk-13849-BR	Hologenix, LLC	Process development & manufacturing	04/22/2020
21	2:20-bk-13906-VZ	Mirabux, Inc	Operator of Jamba Juice and Starbucks stores	04/24/2020
22	2:20-bk-14175-NB	Tea Station Investment Inc.	Tea Shop Operator	05/04/2020/ 07/01/2020
23	2:20-bk-14485-ER	Michael Stuart Brown	Individual	05/15/2020
24	2:20-bk-14672-NB	Truemetrics	Data analytics consulting	05/21/2020
25	2:20-bk-15422-BB	Upgrade Labs Inc., a Delaware corporation	Owner of health and fitness businesses	06/16/2020 *Closed 12/3/20
26	2:20-bk-16040-WB	G-Star Raw Retail Inc. and G-Star Inc.	Retail	07/03/2020
27	2:20-bk-16041-WB	G-Star Inc.	Retail	07/03/2020
28	2:20-bk-16147-BR	Third Day Nipomo LLC	Real Estate	07/07/2020
29	2:20-bk-17761-VZ	Nuance Energy Group, Inc.	Solar panel installation	08/25/2020
30	2:20-bk-18039-NB	Tea Station, Inc.	Tea Shop Operator	09/01/2020
31	2:20-bk-18041-NB	Tea Creations, Inc.	Tea Shop Operator	09/01/2020
32	2:20-bk-18042-NB	Tea City, Inc.	Tea Shop Operator	09/01/2020
33	2:20-bk-18043-NB	Tea Hut, Inc.	Tea Shop Operator	09/01/2020
34	2:20-bk-18044-NB	Tea Station Operation, Inc.	Tea Shop Operator	09/01/2020
35	2:20-bk-18046-NB	Tea Island, Inc.	Tea Shop Operator	09/01/2020
36	2:20-bk-18047-NB	Tea Professor, Inc.	Tea Shop Operator	09/01/2020
37	2:20-bk-18203-DS	Los Angeles School of Gymnastics, Inc.	Gymnastics school	09/08/2020

#	Case Number	Case Name	Type of Business	Filed Date/ Conversion Date
38	2:20-bk-18243-BR	TWNS 2007, Inc	Real Property	09/09/2020 Dism. 10/21/20
39	2:20-bk-18801-RK	Hollywood for Children, Inc., a New York non-profit	Nonprofit organization	09/28/2020
40	2:20-bk-19134-VZ	Real Estate Recovery Mission	Nonprofit housing	10/07/2020
41	2:20-bk-19443-NB	Joshuaville, LLC	Contract Interest	10/19/2020
42	2:20-bk-19575-WB	Lawrence Shermon Joe and Aileen Kit Ying Lo	Individuals owning medical partnership	10/22/2020
43	2:20-bk-19647-WB	James Christopher Jones	Individual with tax preparation business	10/24/2020
44	2:20-bk-20257-SK	REDRHINO: The Epoxy Flooring Company, Inc.	Flooring company	11/16/2020
45	2:20-bk-20260-NB	33 Quincy Avenue LLC	Real estate	11/16/2020
46	2:20-bk-20261-NB	Residence Group, Inc.	Real estate	11/16/2020
47	2:20-bk-20582-VZ	Miracle Restaurants, LLC	Restaurant group	11/30/2020
48	2:20-bk-20772-ER	FDZ Homes, Inc.	Real estate	12/07/2020
49	2:20-bk-20907-ER	SZ Covina Capital Partners	Investment company	12/12/2020
50	2:20-bk-20909-NB	VEEJ Corp	Logistics company	12/13/2020
51	6:20-bk-11234-WJ	Dani Transport Service, Inc.	Logistics company	02/19/2020
52	6:20-bk-14155-MW	Power Bail Bonds, Inc.	Bail bonds company	06/15/2020
53	6:20-bk-14160-WJ	Gilbert C Ramirez, Jr. and Patricia M Ramirez	Individuals owning a convenience store	06/15/2020
54	6:20-bk-14295-MW	LCF LABS INC.	Vaping/Nicotine Products	06/22/2020
55	6:20-bk-14304-SY	Epifania Viola Nicolas	Individual owning dental practice and senior centers	06/22/2020
56	6:20-bk-14458-SC	Camp Croteau, Inc.	Fitness/gym	06/29/2020
57	6:20-bk-15288-SY	Harry Allen Hart	Individual owning dental corporation	08/03/2020
58	6:20-bk-15400-MH	Fasttrak Foods, LLC	Snack food manufacturer	08/07/2020
59	6:20-bk-15446-MH	Brookville 79405 Inc	Real Estate	08/11/2020
60	6:20-bk-16924-WJ	CGC-Mroz Accountants & Advisors	Accounting firm	10/16/2020

#	Case Number	Case Name	Type of Business	Filed Date/ Conversion Date
61	6:20-bk-17502-WJ	Pro Installs Appliance Installations, Inc.	Appliance installation company	11/16/2020
62	6:20-bk-17506-WZ	Gary Outzen	Individual with interests in restaurants/bars	11/17/2020
63	6:20-bk-17537-SY	IBH Management PS, LLC <i>dba</i> Infusion Beach Club	Hospitality/hotel	11/18/2020
64	6:20-bk-17551-WJ	CNC Puma Corporation	Food and beverage company	11/19/2020
65	8:18-bk-14277-SC	Progressive Solutions, Inc.	Software developer	11/21/2018
66	8:19-bk-12411-ES	Orange County Bail Bonds, Inc.	Bail bonding company	06/21/2019
67	8:20-bk-10898-SC	Robert George Campoy	Individual	03/12/2020 Dism. 9/10/20
68	8:20-bk-10936-ES	Vantage Point Apparel Software, Inc.	Software company	03/16/2020
69	8:20-bk-11923-SC	Linda Flora, LLC	Single asset real estate	07/06/2020
70	8:20-bk-11939-SC	Vasken K Kiladjian	Individual (SP)	07/07/2020 *Converted to Ch. 7 12/4/20
71	8:20-bk-12329-SC	Christopher Alexander Todero	Individuals	08/19/2020
72	8:20-bk-12864-ES	Beck & Chase Enterprises, Inc.	Advertising/marketing	10/13/2020
73	8:20-bk-12963-TA	World of Dance Tour Inc.	Entertainment corp.	10/23/2020
74	8:20-bk-13201-ES	American Sterling Corporation	Securities	11/17/2020
75	8:20-bk-13223-SC	Innovation Pet, Inc., a California corporation	Pet products	11/19/2020
76	9:20-bk-10738-MB	Centerpointe Insurance Services, Ltd.	Retail Insurance Agency	06/12/2020 Dism.10/21/20
77	9:20-bk-11039-MB	Citco Enterprises, Inc.	Retailer (costumes)	08/25/2020
78	9:20-bk-11208-MB	Figuroa Mountain Brewing, LLC	Brewing company	10/05/2020 *SubV election stricken 11/16/20
79	9:20-bk-11262-MB	Jaime Gray Dietenhofer	Individual	10/20/2020

Appendix 10

Subchapter V Trustees

Listed below are the subchapter V trustees that have been appointed for the Central District of California. See https://www.justice.gov/ust/eo/private_trustee/locator//11Vcbc.htm.

Arturo M. Cisneros
3403 10th Street, Suite 714
Riverside, CA 92501
E-mail: Arturo@mclaw.org
Phone: (951)-682-9705
Fax: (951)-682-9707

Caroline R. Djang
18101 Von Karman Ave., Suite 1000
Irvine, CA 92612
E-mail: Caroline.Djang@bbklaw.com
Phone: (949) 263-6586

M. Douglas Flahaut
555 West Fifth Street
48th Floor
Los Angeles, CA 90013
E-mail: douglas.flahuat@arentfox.com
Phone: (213) 443-7559

John-Patrick Fritz
10250 Constellation Blvd., Suite 1700
Los Angeles, CA 90067
E-mail: JPF@LNBYB.COM
Phone: (310) 229-3395
Fax: (310) 229-1244

Robert Goe
18101 Von Karman Ave., Suite 1200
Irvine, CA 92612
E-mail: rgoe@goeforlaw.com
Phone: (949) 798-2460
Fax: (949) 955-9437

Gregory Jones
10100 Santa Monica Boulevard, Suite 1400
Los Angeles, CA 90067
E-mail: GJones@sycr.com
Phone: (213) 457-1841
Fax: (855) 2623741

Andrew Levin
3946 Stone Canyon Ave
Sherman Oaks, CA 91403
E-mail: awlevin@me.com
Phone: (818) 817-6310

Susan Sefflin
21650 Oxnard Street
Suite 500
Woodland Hills, CA 91637
E-mail: sks@bg.law
Phone: (818) 827-9202

Mark Sharf
6080 Center Drive, Suite 600
Los Angeles, CA 90045
E-mail: mark@sharflaw.com
Phone: (323) 612-0202