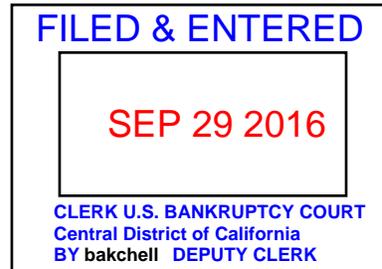


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9 Ed Arnold, Rodney Davis,
10 FedChex Merchant Services,
11 Yellow Pages Directory Services, LLC,
12 Niche Directories, LLC
13 dba Yellow Pages 2000, and DS Group LLC



CHANGES MADE BY COURT

14 **NOT FOR PUBLICATION**
15 **UNITED STATES BANKRUPTCY COURT**
16 **CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

17 In re
18 BRENNON TY BISHOP and MICHELLE
19 BISHOP,
20 Debtors.

Case No. 2:12-bk-16000-RK

Chapter 7

Adv. Case No. 2:12-ap-01302-RK

21 ELECTRONIC FUNDS SOLUTIONS, LLC,
22 as successor-in-interest to RICHARD A
23 MARSHACK, Chapter 7 Trustee, through
24 purchase and assignment,
25 Plaintiff,

JUDGMENT

v.

26 FEDCHEX, LLC, a California Limited
27 Liability Company, et al.

28 Defendants.

JUDGMENT

The operative complaint in this adversary action is the Fourth Amended Complaint of Plaintiff Electronic Funds Solutions, LLC (“Plaintiff”), which set forth seven claims for relief: (1) “FIRST CLAIM FOR RELIEF – Avoidance of Intentional Fraudulent Transfers under 11 U.S.C. §548”; (2) “SECOND CLAIM FOR RELIEF – Avoidance of Constructive Fraudulent Transfers, 11 U.S.C. § 548”; (3) THIRD CLAIM FOR RELIEF – Avoidance of Post-Petition Transfers, 11

1 U.S.C. § 549”; (4) “FOURTH CLAIM FOR RELIEF – Recovery of Avoided Transfers, 11 U.S.C.
2 § 550”; (5) FIFTH CLAIM FOR RELIEF – Disallowance of Claims 11 U.S.C. § 502(d)”;

3 SEVENTH CLAIM FOR RELIEF – Fraudulent Conveyance Under State Law”;¹ and (7) EIGHTH
4 CLAIM FOR RELIEF – Breach of Contract.”² Fourth Amended Complaint, ECF 112. Further,
5 although the Fourth Amended Complaint did not contain a specific claim for preferential transfer
6 under 11 U.S.C. § 547, the Court determined that the inclusion of issues in the Joint Pretrial Order
7 entitled Plaintiff to have such claim for relief considered. *See* Tentative Amended Memorandum
8 Decision on Plaintiff’s Fourth Amended Complaint to Avoid and Recover Intentional and
9 Constructive Fraudulent Transfer and Post-Petition Transfers, ECF 576 at 72.

10 The remaining defendants in this adversary proceeding are the following: FEDChex, LLC,
11 FEDChex, Recovery, LLC, Ed Arnold, Rodney Davis, Fedchex Merchant Services and
12 FEDChex/DS Group (collectively, “Defendants”). *See* Fourth Amended Complaint, ECF 112, and
13 Order Dismissing With Prejudice Defendants Yellow Pages 2000, Inc.; BSYB, Inc.; Niche
14 Directories, LLC dba Yellow Pages 2000; Convergentds, LLC aka CDS; DS Group, LLC; Direct
15 Vision; DS Marketing; YK 2000; Performance Asset Management and IExchange, Only, ECF
16 407. All of the Fourth Amended Complaint’s claims for relief were pleaded against all
17 Defendants.

18 On December 8, 2014, the Court entered its Tentative Amended Memorandum Decision
19 on Plaintiff’s Fourth Amended Complaint to Avoid and Recover Intentional and Constructive
20 Fraudulent Transfer and Post-Petition Transfers (the “Memorandum Decision”). ECF 576.

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23 ¹ There is no numbered SIXTH CLAIM FOR RELIEF in the Fourth Amended Complaint because “Sixth”
24 is skipped. Fourth Amended Complaint, ECF 112, at 21-24. The “sixth” claim for relief for fraudulent
25 transfer under state law is mislabeled as “SEVENTH CLAIM FOR RELIEF,” and will be referred to herein
26 as “Sixth” Claim for Relief. *Id.* The Joint Pre-Trial Order correctly refers to the claim as the Sixth Claim
27 for Relief. *See* Joint Pre-Trial Order, ECF 456, filed on May 13, 2010, at 34-35, 56.

28 ² There is no numbered SIXTH CLAIM FOR RELIEF in the Fourth Amended Complaint because “Sixth”
is skipped. Fourth Amended Complaint, ECF 112, at 21-24. The “seventh” claim for relief for breach of
contract is mislabeled as “EIGHTH CLAIM FOR RELIEF,” and will be referred to herein as “Seventh”
Claim for Relief. *Id.* at 24-26.

1 By separate order, the Court adopted the Memorandum Decision as its final decision.
2 Having issued its findings of fact and conclusions of law in its Memorandum Decision after trial,
3 and, as set forth in more detail below, Judgment is hereby entered as follows:

4 1. Judgment is entered in favor of Defendants and against Plaintiff on the First, Second and
5 Sixth Claims for Relief, and Plaintiff's claim for relief for preferential transfers pursuant to
6 11 U.S.C. § 547.

7 a. Although Plaintiff's Fourth Amended Complaint to Avoid and Recover Intentional
8 and Constructive Fraudulent Transfer and Post-Petition Transfers does not contain
9 a specific claim for preferential transfer pursuant to 11 U.S.C. § 547, the Court
10 determined that the inclusion of issues in the Joint Pretrial Order entitled Plaintiff
11 to have such claim for relief considered. The Court determines that Plaintiff shall
12 recover nothing as to any claim for preferential transfer pursuant to 11 U.S.C. §
13 547, and judgment is rendered in favor of each and every Defendant on Plaintiff's
14 claim for relief for preferential transfers pursuant to 11 U.S.C. § 547.

15 2. Judgment is entered in favor of Plaintiff and against Defendants on the Third, Fourth and
16 Fifth Claims for Relief.

17 a. On Plaintiff's Third Claim for Relief, for avoidance of Post-Petition Transfers,
18 under 11 U.S.C. § 549, the Court ruled in favor of the Plaintiff, and against all
19 Defendants. The Plaintiff shall recover for the benefit of the Bishop Estate a 9.12%
20 ownership interest in FEDChex, LLC and a 2.64% ownership interest in FEDChex,
21 Recovery, LLC, which interests were avoided under 11 U.S.C. § 549 and preserved
22 for the benefit of the estate under 11 U.S.C. § 550.

23 b. On Plaintiff's Fourth Claim for Relief, for Recovery of Transfers Pursuant to 11
24 U.S.C. § 550 and the California Uniform Fraudulent Transfer Act ("CUFTA"), the
25 Court determined that Plaintiff should recover the property transferred, rather than
26 its value. Accordingly, Plaintiff shall recover for the benefit of the Bishop Estate
27 Bishop's 9.12% interest in FEDChex, LLC and Bishop's 2.64% interest in
28 FEDChex, Recovery, LLC.

1 c. On Plaintiff's Fifth Claim for Relief for Disallowance of Claim Pursuant to 11
2 U.S.C. § 502(d), the Court determined that to the extent FEDChex, LLC,
3 FEDChex, Recovery, LLC, or any member of either of them asserted a claim in the
4 debtors' bankruptcy case, such claim is disallowed unless that party has turned over
5 the property or amount for which it is liable.

6 ~~Insofar as any Claim for Relief was against All Defendants, and specifically including the~~
7 ~~individual defendants, Ed Arnold and Rodney Davis, a Plaintiff shall recover nothing as to either~~
8 ~~Mr. Arnold or Mr. Davis. Judgment is hereby rendered in favor of each of the individual~~
9 ~~Defendants, Arnold and Davis, and against the Plaintiff, on all Claims.~~

10 ~~Insofar as Plaintiff named ten (10) Doe Defendants, Doe defendants 1-10 are dismissed~~
11 ~~with prejudice.~~

12 ~~Defendants Arnold and Davis shall recover from Plaintiff their costs.~~

13 ~~All Defendants other than FEDChex, LLC and FEDChex Recovery, LLC are prevailing~~
14 ~~parties in this case, and they are entitled to recover from Plaintiff their costs.~~

15 3. The Court makes no determination as to whether, as between Plaintiff and FEDChex, LLC
16 and FEDChex Recovery, LLC, which party may have prevailed, in part since the Court has
17 not assigned a value to the property that Plaintiff shall recover from FEDChex, LLC and
18 FEDChex Recovery, LLC.

19 IT IS SO ORDERED.

20 ###

21
22
23
24 Date: September 29, 2016



25 _____
26 Robert Kwan
27 United States Bankruptcy Judge
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