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8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA—LOS ANGELES DIVISION**
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11 In re:
12 **IMAGINE FULFILLMENT SERVICES,**
13 **LLC,**

14 Debtor.

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17 **IMAGINE FULFILLMENT SERVICES,**
18 **LLC,**

19 Plaintiff,

20 vs.

21 **DC MEDIA CAPITAL, LLC,**

22 Defendant.
23
24

Case No. 2:12-bk-20544-WB
Adversary Case No. 2:12-ap-01514-WB

CHAPTER 11

**MEMORANDUM OF DECISION RE:
(1) PLAINTIFF IMAGINE FULFILLMENT
SERVICES, LLC'S MOTION FOR PARTIAL
SUMMARY JUDGMENT OR, IN THE
ALTERNATIVE, SUMMARY
ADJUDICATION OF FACTS, AND
(2) DEFENDANT DC MEDIA CAPITAL,
LLC'S MOTION FOR PARTIAL SUMMARY
JUDGMENT AS TO SECOND AND FIFTH
AFFIRMATIVE DEFENSES**

Date: November 5, 2012
Time: 10:00 a.m.
Courtroom: 1375

25 Before the Court are (1) Plaintiff Imagine Fulfillment Services, LLC's ("Plaintiff" or
26 "IFS") Motion for Partial Summary Judgment, or in the Alternative, Summary Adjudication of
27 Facts ("IFS' Motion") and (2) Defendant DC Media Capital LLC's ("Defendant" or "DC
28 Media") Motion for Partial Summary Judgment as to Second and Fifth Affirmative Defenses

1 (“DC Media’s Motion”). IFS seeks summary judgment that three prepetition transfers to DC
2 Media are avoidable preferences under section 547(b).¹ DC Media seeks summary judgment that
3 the transfers are not avoidable because the defenses set forth in section 547(c)(2) and section
4 547(c)(9) apply.

5 A hearing was held on November 5, 2012, at 10:00 a.m., at which time the Court heard
6 oral argument and took this matter under submission. The Court, having considered the
7 pleadings, evidentiary record, and the oral arguments of counsel, finds and concludes as follows:

8 I. STATEMENT OF FACTS

9 A. Undisputed Facts

10 The Court finds the following facts to be undisputed.

11 IFS filed a voluntary chapter 11 petition on March 25, 2012 (the “Petition Date”).

12 Prior to the Petition Date, a dispute arose between IFS and DC Media. DC Media sued
13 IFS in Los Angeles Superior Court (Case No. BC408418) for, among other things, breach of
14 contract and damages (the “State Court Action”). On December 16, 2011, the Superior Court
15 entered judgment in the State Court Action in favor of DC Media and against IFS for, among
16 other things, breach of contract and damages, in the amount of \$2,356,546.00, plus prejudgment
17 interest, attorneys’ fees and costs (the “Judgment”). The Judgment includes pre-judgment
18 interest of \$967,776, attorneys’ fees of \$541,946.50 and costs of \$29,556.42 for a total of
19 \$3,997,223.

20 On December 27, 2011, DC Media filed a Notice of Judgment Lien with the California
21 Secretary of State.

22 On January 24, 2012, DC Media recorded an Abstract of Judgment with the Los Angeles
23 County Recorder.

24 On February 7, 2012, IFS filed a notice of appeal of the Judgment. This appeal was
25 pending as of the Petition Date and remains pending.

26 On March 5, 2012, DC Media caused the Los Angeles County Sheriff’s Office

27 _____
28 ¹ Unless otherwise indicated, all chapter and section references are to the Bankruptcy Code,
11 U.S.C. §§ 101-1532. “Rule” references are to the Federal Rules of Bankruptcy Procedure and
“Civil Rule” references are to the Federal Rules of Civil Procedure.

1 (“Sheriff”) to levy upon IFS’ Wells Fargo bank account. The Sheriff seized approximately
2 \$81,196.00, which the Sheriff continues to hold and has not turned over to DC Media.

3 As of the Petition Date, IFS had not satisfied the Judgment. DC Media was a creditor of
4 IFS during the period from December 16, 2011, through March 25, 2012.

5 During the period from December 16, 2011 through March 25, 2012 IFS did not own real
6 property.

7 **B. Facts related to IFS’ Solvency**

8 Both IFS and DC Media have provided evidence regarding IFS’ solvency during the 90
9 days before the Petition Date. IFS introduced evidence showing the value of its assets and
10 liabilities as stated on its balance sheet at the time of each of the transfers at issue.

Date	Value of Assets and Liabilities
December 27, 2011	Assets \$472,217 Liabilities \$780,315
December 31, 2011	Assets \$683,802 Liabilities \$871,900
January 24, 2012	Assets \$596,969 Liabilities \$941,968
March 5, 2012	Assets \$653,929 Liabilities \$951,770
March 31, 2012	Assets \$908,227 Liabilities \$1,176,256

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18 In addition, IFS contends that the Judgment is a liability that, when added to its balance
19 sheet liabilities, establishes its insolvency at each of the relevant times. DC Media introduced an
20 appraisal of certain of IFS’ assets. DC Media also introduced evidence in the form of IFS’
21 business records to show that IFS’ cash in its checking account as of December 27, 2011 was
22 \$231,965 instead of negative \$65,151, as stated on IFS’ balance sheet and that its accounts
23 receivable as of December 27, 2011 was \$413,650 instead of \$394,779 as provided in the
24 balance sheet. This results in an asset value of IFS’ assets as of December 27, 2011 of \$788,204,
25 according to DC Media. In addition, DC Media presented evidence that IFS overstated its
26 accounts payable by \$24,291 and its customer depositions by \$29,191 and asserts that IFS’
27 accrued state income tax liabilities by \$12,590 should not be included in the calculation of IFS’
28 liabilities. From this, DC Media asserts that IFS was solvent on December 27, 2011 and that a

1 triable issue of material fact exists with respect to IFS' solvency.

2 II. DISCUSSION

3 This Court has jurisdiction over this adversary proceeding under 28 U.S.C. §§ 157(b) and
4 1334(b). This matter is a core proceeding under 28 U.S.C. §§ 157(b)(2)(A), (E), (H), and (O).
5 Venue is proper in this Court. 28 U.S.C. § 1409(a).

6 A. Summary Judgment Standard

7 Rule 7056 states that Civil Rule 56 applies in adversary proceedings. Under Civil
8 Rule 56(c), summary judgment is warranted where “the pleadings, the discovery and disclosure
9 materials on file, and any affidavits show that there is no genuine issue as to any material fact
10 and that the [moving party] is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(c).
11 The court may grant summary judgment on all or part of the claim. Fed. R. Civ. P. 56(a)-(b).

12 To prevail on a summary judgment motion, the moving party must show that there are no
13 triable issues of material fact as to matters on which it has the burden of proof at trial. See
14 Celotex Corp. v. Catrett, 477 U.S. 317, 325 (1986). On issues where the moving party does not
15 have the burden of proof at trial, the moving party is required to show only that there is an
16 absence of evidence to support the non-moving party's case. Id.

17 To defeat a summary judgment motion, the non-moving party must affirmatively present
18 specific admissible evidence sufficient to create a genuine issue of material fact for trial. See
19 Celotex Corp., 477 U.S. at 324. The non-moving party may not rely solely on its pleadings or
20 conclusory statements. Fed. R. Civ. P. 56(e). Nor may the non-moving party merely attack or
21 discredit the moving party's evidence. Nat'l Union Fire Ins. Co. v. Argonaut Ins. Co., 701 F.2d
22 95, 97 (9th Cir. 1983).

23 B. The Parties' Contentions

24 IFS seeks summary judgment that (i) the filing of the Notice of Judgment Lien with the
25 California Secretary of State (“Transfer One”), (ii) the recording of the Abstract of Judgment
26 with the Los Angeles County Recorder (“Transfer Two”), and (iii) the Sheriff's levy on IFS bank
27 account (“Transfer Three”) are avoidable preferences under section 547(b). DC Media argues
28 that the Court must deny IFS' Motion because genuine issues of material fact remain as to

1 (1) whether Transfer One was made during the 90-day window, (2) whether IFS was insolvent
2 on the transfer dates, and (3) whether DC Media will receive more from the transfers than it
3 would receive in a hypothetical chapter 7 liquidation.

4 DC Media seeks summary judgment that (1) Transfer One is not avoidable pursuant to
5 section 547(c)(2) because the filing of the Notice of Judgment Lien was made in the ordinary
6 course of business and according to ordinary business terms, and (2) Transfer Two is not
7 avoidable pursuant to section 547(c)(9) because IFS owns no real property, and therefore the
8 Abstract of Judgment is less than the \$5,850.00 minimum amount that IFS may recover as a
9 preferential transfer.

10 For the reasons set forth below, the Court will grant summary judgment as to each
11 element of Transfer One, other than the last element, that the transfer allows DC Media to
12 receive more than it would in a hypothetical chapter 7 liquidation. The Court will deny IFS'
13 Motion with respect to Transfer Two. The Court will grant summary judgment as to Transfer
14 Three. The Court will deny DC Media's Motion.

15 C. IFS is Entitled to Partial Summary Judgment on Transfers One and Three.

16 A trustee or debtor in possession may avoid certain transfers made within 90 days before
17 the bankruptcy filing that would otherwise prefer one or more creditors at the expense of other
18 creditors. 11 U.S.C. § 547(b); In re Ahaza Sys., Inc., 482 F.3d 1118, 1122 (9th Cir. 2007). To
19 avoid a transfer as preferential, IFS must show all of the following elements:

- 20 (1) a transfer;
- 21 (2) of the debtor's property or of an interest in the debtor's property;
- 22 (3) to or for a creditor's benefit;
- 23 (4) on account of an antecedent debt;
- 24 (5) made within 90 days prior to filing of the petition (or within one year if the
25 transferee was an insider);
- 26 (6) made while the debtor was insolvent;
- 27 (7) that allows the creditor to receive more than it would receive in a case under
28 chapter 7 if the transfer had not been made and the creditor received payment as

1 provided in the Code.

2 11 U.S.C § 547(b); see also, In re Flooring Concepts, Inc., 37 B.R. 957, 960 (9th Cir. B.A.P.
3 1984).

4 There is no dispute that Transfer One and Transfer Three are transfers of an interest of
5 IFS in property to or for the benefit of DC Media, a creditor of IFS, on account of the DC Media
6 Judgment, an antecedent debt. Thus, summary judgment as to these elements is appropriate and
7 the Court will not address those elements in its discussion.

8 1. IFS is Entitled to Summary Adjudication of Issues as to All Elements of Transfer
9 One Except Whether Transfer One Allowed DC Media to Recover More than It
10 Would in a Hypothetical Liquidation.

11 With respect to Transfer One, the Notice of Judgment Lien, the parties dispute (1) when
12 the transfer was made; (2) whether IFS was insolvent at the time of the transfer; and (3) whether
13 the transfer allows DC Media to receive more than it would receive in a chapter 7 liquidation had
14 the transfer not been made.

15 a. Transfer One Was Made Within the 90-Day Preference Period.

16 To be avoidable as a preference, a transfer must have occurred during the 90 day
17 preference period applicable to transfers to non-insiders. 11 U.S.C. § 547(b)(4). IFS has the
18 burden of proof on this element. 11 U.S.C. § 547(g). A transfer is “made” on the date it “takes
19 effect between the transferor and transferee, if such transfer is perfected at [the time of the
20 transfer] or within 30 days” thereafter. 11 U.S.C. § 547(e)(2). If a transfer is perfected after this
21 30-day period, the transfer is deemed “made” at the time of perfection. 11 U.S.C.
22 § 547(e)(2)(B); In re Loken, 175 B.R. 56, 63-64 (9th Cir. B.A.P. 1994). If a transfer is not
23 perfected as of the petition date, the transfer is deemed to have occurred immediately before the
24 petition date. 11 U.S.C. § 547(e)(2)(C). A transfer affecting personal property is perfected when
25 a creditor on a simple contract cannot acquire a judicial lien that is superior to the interest of the
26 transferee. 11 U.S.C. § 547(e)(1)(B).

27 State law controls when a transfer is effective between parties. McKenzie v. Irving Trust
28 Co., 323 U.S. 365, 370 (1945). Under California law, a judgment lien on personal property is

1 created by filing a Notice of Judgment Lien in the office of the Secretary of State. Cal. Civ.
2 Proc. Code § 697.510(a); Waltrip v. Kimberlin, 164 Cal. App. 4th 517, 529 (2008); Kaichen’s
3 Metal Mart, Inc. v. Ferro Cast Co., 33 Cal. App. 4th 8, 11 (1995). A judgment lien attaches to
4 business personal property interests owned by the judgment debtor when the judgment lien is
5 filed, as well as to any lienable property later acquired by the judgment debtor. Cal. Civ. Proc.
6 Code §§ 697.530(a)-(b). Thus, a judgment lien takes effect on the date a judgment creditor files
7 its Notice of Judgment Lien with the Secretary of State. Further, under California law, the first
8 judgment lien to attach prevails over later-filed judgment liens. Cal. Civ. Proc. Code
9 § 697.600(a).

10 Here, it is undisputed that DC Media filed its Notice of Judgment Lien on December 27,
11 2011. Under California law, the filing of the Notice of Judgment Lien created a judgment lien
12 that took effect when the notice was filed. Cal. Civ. Proc. Code § 697.510(a). After that date, a
13 creditor on a simple contract could not obtain a greater lien. Cal. Civ. Proc. Code § 697.600(a).
14 Accordingly, under section 547(e)(2), Transfer One was made on December 27, 2011, the date
15 when the transfer took effect and was perfected. This transfer affected all of IFS’ personal
16 property on that date, along with any after-acquired personal property.

17 DC Media argues that Transfer One cannot be avoided under section 547(e)(3), which
18 provides that “a transfer is not made until the debtor has acquired rights in the property
19 transferred.” 11 U.S.C. § 547(e)(3). DC Media then identifies accounts receivable in which IFS
20 acquired rights after the petition date, arguing that Transfer One was not “made” as to these
21 postpetition transfers until IFS acquired rights in the accounts receivable. DC Media’s argument
22 misses the mark. The issue is when Transfer One—the attachment and perfection of DC Media’s
23 Judgment Lien—was made, not whether assets acquired after the petition date are transfers.
24 While DC Media’s Judgment Lien attaches to IFS after-acquired property, when such property is
25 acquired does not affect when the Judgment Lien itself was created under California law.

26 Therefore, because the Judgment Lien was created on December 27, 2011, IFS has
27 carried its burden of proof that Transfer One was made within the 90-day window of section
28 547(b)(4).

1 b. IFS Was Insolvent When Transfer One Was Made.

2 For a debtor-in-possession to avoid a preferential transfer, the debtor must have been
3 insolvent at the time the transfer was made. 11 U.S.C. § 547(b)(3). A debtor is presumed to be
4 insolvent 90 days before the filing of a petition. 11 U.S.C. § 547(f). To defeat the presumption,
5 the transferee must come forward with substantial evidence of the debtor's solvency at the time
6 the transfer was made. In that case, the presumption disappears and the debtor must present
7 evidence sufficient to prove insolvency. In re Sierra Steel, Inc., 96 B.R. 275, 277 (9th Cir.
8 B.A.P. 1989).

9 A debtor is insolvent where the debtor's debts exceed its assets (excluding exempt assets
10 or assets that have been transferred, concealed, or removed with intent to hinder, delay, or
11 defraud creditors). 11 U.S.C. § 101(32)(A); see also In re Koubourlis, 869 F.2d 1319, 1321 (9th
12 Cir. 1989) (recognizing this definition of insolvency as the "traditional bankruptcy balance sheet
13 test"). A court determines a debtor's insolvency based on "a fair valuation" of the debtor's
14 assets and liabilities, employing a two-step analysis. Id. First, the court determines whether the
15 debtor was a "going concern" or "on its deathbed." In re DAK Indus., Inc., 170 F.3d 1197, 1199
16 (9th Cir. 1999). Second, "the court must value the debtor's assets, depending on the status
17 determined in the first part of the inquiry, and apply a simple balance sheet test to determine
18 whether the debtor was solvent." Id. (citation omitted). The fair value of assets belonging to a
19 "going concern" debtor is "the fair market price of the debtor's assets as if they had been sold as
20 a unit, in a prudent manner, and within a reasonable time." Id. at n.3. In contrast, a fair
21 valuation of a debtor "on its deathbed" is the liquidation value of the debtor's assets. Id.
22 Because neither party contends that IFS is on its deathbed, the Court will view IFS as a going
23 concern. See In re DAK Indus., Inc., 195 B.R. 117, 124-25 (Bankr. C.D. Cal. 1996), aff'd, 170
24 F.3d 1197 (9th Cir. 1999).

25 Although courts in this Circuit commonly refer to the insolvency analysis under section
26 547(b)(3) as a "balance sheet test," the balance sheet book value of a debtor's assets may not
27 always equal the fair market value. Matter of Lamar Haddox Contractor, Inc., 40 F.3d 118, 121
28 (5th Cir. 1994) ("[A] fair valuation may not be equivalent to the values assigned on a balance

1 sheet. . . . The fair value of property is not determined by asking how fast or by how much it has
2 been depreciated on the corporate books, but by estimating what the debtor's assets would
3 realize if sold in a prudent manner in current market conditions." (internal quotations and citation
4 omitted)). Nevertheless, a court may still consider book value as competent evidence from
5 which it may draw inferences about a debtor's insolvency. In re Roblin Indus., Inc., 78 F.3d 30,
6 36 (2d Cir. 1996) (citation omitted).

7 Because IFS is presumed to be insolvent during the 90 day preference period, DC Media
8 must introduce at least "some evidence [of debtor's solvency] to rebut [this] presumption." In re
9 Koubourlis, 869 F.2d at 1322. Here, DC Media challenges IFS' balance sheets as evidence of
10 fair value by presenting some evidence that IFS has undervalued certain assets and overstated
11 certain liabilities on its balance sheet as of December 27, 2011.² This evidence includes:

12 (i) IFS' acknowledged that its schedules provide the acquisition price of, and IFS' own estimates
13 of, the fair market value of its assets; (ii) where IFS was unable to reasonably estimate an asset's
14 fair market value as of December 27, 2011 or where IFS believed the asset had no fair market
15 value as of December 27, 2011, the asset was listed as having a fair market value of \$0.01; and
16 (iii) IFS did not retain an appraiser or expert to generate such estimates. DC Media further
17 challenged IFS' valuation with respect to the amount of cash in IFS' checking account and its
18 accounts receivable balances on the December 27, 2011, introducing evidence to show different
19 balances as of that date. DC Media also introduced evidence of the appraised value of certain of
20 IFS' personal property assets.³ Based on this information, DC Media argues that a correct value
21 of IFS assets is \$788,204 as of December 27, 2011. DC Media also presented evidence that IFS'

22 _____
23 ² DC Media presented no evidence challenging the value of IFS' assets and liabilities as of the
24 dates of Transfer Two and Transfer Three.

25 ³ The Court granted DC Media's request for a continuance of the hearing on this Motion so that
26 DC Media's expert, Edward Morris, could appraise IFS' fixed assets as of December 27, 2011.
27 Mr. Morris stated that he did not have access to all of IFS' personal property because IFS was in
28 the process of moving its two warehouses. Mr. Morris also admitted that his report "does not
reflect the fair market value of all of the personal property that was owned by [IFS] as of
December 27, 2011." (Emphasis in original.) Mr. Morris further stated that due to IFS' vague
property descriptions, he was unsure whether his appraisal included certain personal property
items. Regarding the property that he did examine, however, Mr. Morris reports a fair market
value between \$99,575.00 and \$147,250.00.

1 balance sheet liabilities were overstated by approximately \$66,000. As a result, DC Media
2 contends that genuine issues of material fact exist regarding IFS' solvency on December 27,
3 2011. However, whether a genuine issue of material fact exists depends on whether the full
4 amount of the Judgment is included as a liability in the solvency calculation. The answer to this
5 question turns on whether the Judgment is a contingent liability.

6 A "debt" is a "liability on a claim." 11 U.S.C. § 101(12). A "claim" is defined as a "right
7 to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed,
8 contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured."
9 11 U.S.C. § 101(5)(A). The terms "debt" and "claim" are coextensive. In re Quintana, 107 B.R.
10 234, 237 (9th Cir. B.A.P. 1989), aff'd, 915 F.2d 513 (9th Cir. 1990). Thus, "contingent
11 liabilities must be included in the computation of total indebtedness." 2 Collier on Bankruptcy
12 ¶ 101.32[5] (16th ed. 2011). "For purposes of the insolvency test, if there is a contingent asset or
13 contingent liability, that asset or liability must be reduced to its present, or expected value." Id.
14 at n.94; see Matter of Xonics Photochemical, Inc., 841 F.2d 198, 200 (7th Cir. 1988). Accord In
15 re Trans World Airlines, Inc., 134 F.3d 188, 197 (3d Cir. 1998), cert. denied, 523 U.S. 1138
16 (1998); F.D.I.C. v. Bell, 106 F.3d 258, 264 (8th Cir. 1997); Covey v. Commercial Nat'l Bank of
17 Peoria, 960 F.2d 657, 660 (7th Cir. 1992); F.D.I.C. v. Municipality of Ponce, 904 F.2d 740, 744
18 (1st Cir. 1990); In re Chase & Sanborn Corp., 904 F.2d 588, 594-95 (11th Cir. 1990); In re Sierra
19 Steel, Inc., supra. Thus, to value a liability, a court should engage in a two-step analysis: first,
20 the court must determine whether the liability is contingent, and second, if so, the court should
21 discount the contingent liability to its expected value.

22 Here, DC Media contends that the Judgment is a contingent liability which should be
23 given little value based on IFS' estimation of its chance of success on appeal. DC Media
24 contends that the Judgment should be valued consistent with the approach of the Seventh Circuit
25 in Xonics, which stated that "[t]o value the contingent liability it is necessary to discount it by
26 the probability that the contingency will occur and the liability become real." 841 F.2d at 200.
27 The Xonics court stated that the value of the contingent liability should be determined as a
28 function of the value of the debtor's assets. Id. According to DC Media, using this approach

1 would yield a value for the Judgment of \$7,394.70 (the estimated chance of liability on the
2 Judgment (10%) multiplied by the net value of IFS' assets (\$73,947.00)). Adding this amount to
3 IFS' balance sheet liabilities on the date of Transfer One would make the Debtor solvent on that
4 date, according to DC Media.

5 Without conceding that the Judgment should be discounted, IFS asserts that if the Court
6 were to discount the Judgment as a contingent liability, the Court should apply the approach of
7 Covey, supra, a later Seventh Circuit case that addressed the issue of discounting contingent
8 liabilities in a fraudulent transfer case under section 548(a). In Covey, the Seventh Circuit
9 reiterated that contingent liabilities must be discounted according to the probability that they
10 might occur; however, it held that such valuation must be performed from the debtor's
11 perspective. Id. at 659-61. The Covey court held that the value of the contingent liability must
12 be determined as a function of the total amount of the debt and not the net value of the debtor's
13 assets, noting that if the debtor's assets are used as the multiplicand, the Debtor would never be
14 considered insolvent. Id. at 660. Applying this rationale and using DC Media's estimate of
15 recovery, IFS states that the value of the contingent Judgment would be \$399,722 (\$3,997,223
16 (judgment amount) multiplied by the estimated chance of recovery (10%)).

17 However, both DC Media and IFS skip the critical first step, a determination of whether
18 the Judgment is a contingent liability. The Court cannot reach the issue of the value of the
19 Judgment as a contingent liability without first determining that the Judgment is contingent. If
20 the Judgment is a contingent liability, the Court cannot make this determination on summary
21 judgment because it requires the Court to weigh evidence in determining the value of the
22 contingent liability. If the Judgment is not contingent, the full amount of the Judgment must be
23 included in the insolvency analysis.

24 As noted above, the Code's definition of "claim" includes a contingent right to payment.
25 11 U.S.C. § 101(5). However, the Code does not define the term "contingent." In re Nicholes,
26 184 B.R. 82, 88 (9th Cir. B.A.P. 1995). Case law has primarily focused on defining "contingent"
27 in the context of section 303 (threshold requirements for chapter 7 and 11 involuntary petitions),
28 section 109(e) (debtor eligibility for chapter 13 relief) and section 502(c) (estimation of claims).

1 In each of these contexts, courts have held that a claim is not contingent “if all events giving rise
2 to liability occurred prepetition.” In re Fostvedt, 823 F.2d 305, 306-07 (9th Cir. 1987) (§ 109(e)
3 case). Accord In re Loya, 123 B.R. 338, 340 (9th Cir. B.A.P. 1991) (§ 109(e) case); In re Dill,
4 30 B.R. 546, 549 (9th Cir. B.A.P. 1983), aff’d, 731 F.2d 629 (9th Cir. 1984) (§ 303(b)(1) case);
5 In re Mitchell, 255 B.R. 345, 359-60 (Bankr. D. Mass. 2000) (§ 109(e) case); In re Nugent, 254
6 B.R. 14, 38 (Bankr. D.N.J. 1998) (§ 502(c) case); In re Audre, 202 B.R. 490, 492 (Bankr. S.D.
7 Cal. 1996) (§ 502(c) case); In re Keenan, 201 B.R. 263, 264 (Bankr. S.D. Cal. 1996) (§ 502(c)
8 case).

9 In the seminal case In re All Media, the bankruptcy court enunciated the “triggering event
10 test” for determining whether the claims of petitioning creditors were non-contingent, thus
11 making such creditors eligible to file an involuntary bankruptcy petition. In re All Media Props.,
12 Inc., 5 B.R. 126, 131 (Bankr. S.D. Tex. 1980), aff’d, 646 F.2d 193 (5th Cir. 1981), overruled on
13 other grounds by In re Trusted Net Media Holdings, LLC, 550 F.3d 1035 (11th Cir. 2008). The
14 All Media court examined the authority under the Bankruptcy Act of 1898 on whether a liability
15 was contingent:

16 Under [§] 59b of the Act, a claim was not necessarily rendered contingent
17 as to liability merely because it was unmaturing. For example, in Matter of
18 Myers, 31 F. Supp. 636 (E.D.N.Y. 1940)[,] the court held that a holder of
19 notes could properly be a petitioning creditor even though some of the
20 notes were not due until after the involuntary petition was filed, because
21 the obligation was “absolutely owing” at the time of the filing. Similarly,
22 in Kay v. Federal Rubber Co., 46 F.2d 64 (3rd Cir. 1930)[,] a holder of
23 trade acceptances which were not payable until after the involuntary
24 petition was filed was considered to be a qualified creditor. Instead, a
25 contingent claim was defined to be “one as to which it remains uncertain,
26 at the time of the filing of the petition in bankruptcy, whether or not the
27 bankrupt will ever become liable to pay it.” In re Mullings Clothing Co.,
28 238 F. 58, 67 (2nd Cir. 1916). It was not necessary that a claim be
reduced to judgment before it was not contingent as to liability. Rather,
the petitioning creditors who were disqualified were those where claims
were “open” and “unliquidated” in that they were tort-type claims or
quantum meruit claims which required proof as to liability, reasonable
value, or damages. Denham v. Shellman Grain Elevator, Inc., 444 F.2d
1376, 1380 (5th Cir. 1971)[,]; In re Walton Plywood, 227 F. Supp. 319,
324 (W.D. Wash.1964). Where no additional act or event need have
occurred before liability attached, then liability was considered to be non-
contingent. In re Trimble Company, 339 F.2d 838, 844 (3rd Cir. 1964).

1 In re All Media, 5 B.R. at 132 (footnote omitted); see also Bankr. Act of 1898, § 59(b), 11
2 U.S.C. (1976 Ed.) § 95(b). The All Media court held that under section 303, a claim is
3 contingent as to liability if a triggering event is required for the claim to come into existence:

4 A claim is contingent as to liability if the debtor’s legal duty to pay does
5 not come into existence until triggered by the occurrence of a future event
6 and such future occurrence was within the actual or presumed
7 contemplation of the parties at the time the original relationship of the
8 parties was created. . . . On the other hand, if a legal obligation to pay
9 arose at the time of the original relationship, but that obligation is subject
to being avoided by some future event or occurrence, the claim is not
contingent as to liability, although it may be disputed as to liability for
various reasons.

10 Id. at 133 (emphasis added).

11 Numerous cases have applied All Media’s “triggering event” definition of contingent
12 liabilities for purposes of section 303 eligibility. See, e.g., In re Seko Inv., Inc., 156 F.3d 1005,
13 1008 (9th Cir. 1998); In re Smith, 243 B.R. 169, 179 (Bankr. N.D. Ga. 1999); In re Turner, 32
14 B.R. 244, 247 (Bankr. D. Mass. 1983).

15 In addition, courts have applied the “triggering event” test to determine whether a debt is
16 contingent for purposes of chapter 13 eligibility under section 109(e). Under section 109(e),

17 Only an individual with regular income that owes, on the date of the
18 filing of the petition, noncontingent, liquidated, unsecured debts of less
19 than \$360,475 and non-contingent, liquidated secured debts of less than
20 \$1,081,000 or an individual with regular income and such individual’s
21 spouse . . . that owe, on the date of the filing of the petition,
noncontingent, liquidated secured debts of less than \$1,081,400 may be a
debtor under chapter 13 of this title.

22 11 U.S.C. § 109(e).

23 “[A] creditor’s claim is not contingent when the ‘triggering event’ occurred before the
24 filing of the chapter 13 petition.” 2 Collier on Bankruptcy ¶ 109.06[2][b] (16th ed. 2011); see
25 also Brockenbrough v. C.I.R., 61 B.R. 685, 686-87 (W.D. Va. 1986) (quoting In re All Media, 5
26 B.R. at 133) (because debtor’s tax liability was triggered by his prepetition failure to pay taxes,
27 that liability was no longer contingent as of the petition date).

28 Furthermore, judgments are generally considered to be non-contingent liabilities for

1 purposes of determining eligibility to file an involuntary petition or a chapter 13 petition. See,
2 e.g., In re Pan Am Corp., 166 B.R. 538, 545 (S.D.N.Y. 1993); In re Drexler Assocs., Inc., 57
3 B.R. 312, 314 (Bankr. S.D.N.Y. 1986); In re Drexler, 56 B.R. 960, 967 (Bankr. S.D.N.Y. 1986);
4 In re Arker, 6 B.R. 632, 635 (Bankr. E.D.N.Y. 1980). A judgment establishing liability against a
5 debtor, entered prepetition, is not a contingent debt for purposes of determining eligibility under
6 section 109(e). See In re Mitchell, 255 B.R. at 359; In re Albano, 55 B.R. 363, 369 (N.D. Ill.
7 1985) (rejecting argument that judgment was contingent under section 109(e) while appeal was
8 pending; operation of district court judgment not suspended pending appeal); In re McMonagle,
9 30 B.R. 899, 903 (Bankr. D.S.D. 1983) (debtor's dispute of state court judgments did not make
10 the judgments contingent liabilities under section 109(e)); In re Correa, 15 B.R. 195, 197 (Bankr.
11 D. Md. 1981) ("Because the Circuit Court entered judgment before the Debtor filed her [chapter
12 13] petition, even if the debt were contingent originally, it is contingent no longer.").

13 In In re Mitchell, supra, the bankruptcy court for the District of Massachusetts considered
14 whether a California state court judgment that was on appeal was a contingent debt for
15 determining the debtors' eligibility for chapter 13 relief under section 109(e). 255 B.R. at 358-
16 61. While recognizing that under California law, a judgment on appeal was not final for res
17 judicata purposes until the appeal was concluded, the bankruptcy court nevertheless held that the
18 California judgment against the chapter 13 debtors was not a contingent debt. Id. at 359-60. The
19 court held that the liability was not contingent because all events giving rise to debtors' liability
20 to the judgment creditor occurred prior to the filing of debtors' petition, even though the
21 judgment was on appeal as of the filing date. Id. Accord Matter of Redburn, 193 B.R. 249
22 (Bankr. W.D. Mich. 1996); In re Johnson, 191 B.R. 184 (Bankr. D. Ariz. 1996). In reaching its
23 decision the Mitchell court relied on In re Keenan, 201 B.R. 263 (Bankr. S.D. Cal. 1996), a
24 bankruptcy court decision from the Southern District of California that addressed the same issue
25 in the context of claim estimation under section 502(c). Section 502(c) provides that a court
26 shall estimate "any contingent or unliquidated claim, the fixing or liquidation of which, as the
27 case may be, would unduly delay the administration of the case." 11 U.S.C. § 502(c)(1).

28 In Keenan, a chapter 11 debtor asked the court to estimate a judgment creditor's claim

1 that arose from a prepetition state court judgment. 201 B.R. at 264. The debtor argued that
2 because California judgments on appeal have no preclusive effect, the judgment creditor's claim
3 was contingent and therefore the court was obligated to estimate the claim pursuant to
4 section 502(c). Id. Rejecting the debtor's argument, the court held that the judgment was not a
5 contingent claim because all events giving rise to liability occurred prior to the filing of the
6 bankruptcy petition. Id. The court further held that even though the judgment on appeal had no
7 preclusive effect, "the inapplicability of issue preclusion does not make a claim based upon a
8 trial court verdict either contingent or unliquidated." Id.

9 Further, a dispute over a claim does not render the claim contingent. E.g., In re McNeil,
10 13 B.R. 434, 436 (E.D. Tenn. 1981); In re Pennypacker, 115 B.R. 504, 507 (Bankr. E.D. Pa.
11 1990) (rejecting argument that all disputed debts are contingent); In re Elsub Corp., 70 B.R. 797,
12 811 (Bankr. D.N.J. 1987); In re Albano, 55 B.R. at 368 ("Merely because a [chapter 13] debtor
13 disputes a debt, or has defenses or counterclaims, that does not render that debt contingent or
14 unliquidated."); In re Lambert, 43 B.R. 913, 923 (Bankr. D. Utah 1984) (same); In re N. Cnty.
15 Chrysler-Plymouth, Inc., 13 B.R. 393, 399 (Bankr. W.D. Mo. 1981); Matter of Skye Mktg.
16 Corp., 11 B.R. 891, 898 (Bankr. E.D.N.Y. 1981).⁴

17 Few preference cases have addressed the issue of whether a claim is contingent for
18 purposes of determining the debtor's solvency. Indeed, in Xonics and Sierra Steel, cases cited by
19 DC Media, the issue was not whether the debt at issue was contingent but how to account for the
20 contingent liability in determining solvency. See Xonics Photochemical, Inc., 841 F.2d at 200;
21 In re Sierra Steel, Inc., 96 B.R. at 279. In In re Attaway, the bankruptcy court for the District of
22 Oregon addressed the definition of a contingent liability in the section 547(b) context. 180 B.R.
23 274 (Bankr. D. Or. 1995). In that case, the court noted that "[T]he rule is clear that a contingent
24 debt is 'one which the debtor will be called upon to pay only upon the occurrence or happening
25 of an extrinsic event which will trigger the liability of the debtor to the alleged creditor.'" Id. at
26

27 ⁴ On February 27, 2013, the Ninth Circuit issued its opinion in Georges Marciano v. Steven
28 Chapnick, et al., holding that a judgment that was not stayed pending appeal is not disputed for
purposes of determining petitioning creditors' eligibility to file an involuntary petition under
section 303. ___ F.3d ___, 2013 WL 703157 (9th Cir. Feb. 27, 2013).

1 278 (quoting In re Fostvedt, 823 F.2d at 306). Another case holds that “contingent liabilities
2 must be limited to costs arising from foreseeable events that might occur while the debtor
3 remains a going concern,” impliedly espousing the “triggering event” definition of contingent
4 liabilities from All Media. In re Trans World Airlines, Inc., 134 F.3d 188, 198 (3d Cir. 1998); see
5 also In re Lids Corp., 281 B.R. 535, 546 (Bankr. D. Del. 2002).

6 These cases demonstrate that the “triggering event” test has been widely applied to
7 determine whether a debt is contingent. Further, the Ninth Circuit Court of Appeal adopted this
8 test in In re Fostvedt, with respect to contingent liability for eligibility under section 109(e). The
9 rules of statutory construction provide that a term should be construed consistently throughout a
10 statute. See Yamaguchi v. State Farm Mut. Auto. Ins. Co., 706 F.2d 940, 947 (9th Cir. 1983).
11 For these reasons, the Court will adopt this test to determine whether the Judgment is a
12 contingent liability for purposes of section 547. Thus, because the events giving rise to the
13 Judgment occurred pre-petition and prior to each of the transfers at issue, the Judgment is not a
14 contingent debt and was not contingent as of any of the relevant transfers. As a result, the full
15 amount of the Judgment must be included as a liability of IFS. Including the Judgment in the
16 solvency calculation, the Court concludes that IFS was insolvent at the time each of the transfers
17 was made, even if the adjustments to IFS’ asset and liability values suggested by DC Media are
18 accepted. Therefore, the issues of fact raised by DC Media with respect to IFS’ assets and
19 liabilities are not material and DC Media has failed to rebut the presumption of insolvency. IFS
20 is entitled to summary judgment on this element.

21 c. Transfer One Would Allow DC Media to Receive More Than It Would in
22 a Hypothetical Liquidation But For the ORAP Lien.

23 Finally, a transfer is not preferential unless it enables the transferee creditor to receive
24 more than it would have received in a hypothetical chapter 7 case had the transfer not occurred.
25 11 U.S.C. § 547(b)(5); In re Smith’s Home Furnishings, Inc., 265 F.3d 959, 963 (9th Cir. 2001);
26 In re Powerine Oil Co., 59 F.3d 969, 972 (9th Cir. 1995). When placing a liquidation value on a
27 debtor’s assets, courts assume the hypothetical distribution will occur on the petition date.
28 Palmer Clay Prods. Co. v. Brown, 297 U.S. 227, 229 (1936).

1 Section 547(b)(5) is sometimes called the “greater amount” test, which requires a court
2 “to construct a hypothetical chapter 7 case and determine what the creditor would have received
3 if the case had proceeded under chapter 7.” In re LCO Enters., 12 F.3d 938, 941 (9th Cir. 1993).
4 “In making its determination, the court must decide the transferee’s creditor class and determine
5 what distribution that class would have received had the transfer not been made.” 2 Collier on
6 Bankruptcy ¶ 547.03[7] (16th ed. 2011). For example, any payment to a general unsecured
7 creditor during the 90-day preference window would be preferential, because in a hypothetical
8 chapter 7, the unsecured creditor would have only received its chapter 7 distribution. See id. In
9 contrast, because a fully-secured creditor will always receive payment in full on its claim in a
10 chapter 7 case, a payment to a fully-secured creditor would not be preferential. In re World Fin.
11 Servs. Ctr., Inc., 78 B.R. 239, 241-42 (9th Cir. B.A.P. 1987). However, a prepetition payment to
12 a fully-secured creditor may be preferential if the creditor’s lien is avoidable in a chapter 7 case.
13 In re Jones, 226 F.3d 917, 921-22 (7th Cir. 2000). In addition, “the mere act of perfecting a
14 security interest within the preference period has a preferential effect as it allows that creditor to
15 realize more than it otherwise would have in a liquidation under Chapter 7.” In re Fox, 229 B.R.
16 160, 167 (Bankr. N.D. Ohio 1998).

17 Here, the filing of the Notice of Judgment Lien created and perfected DC Media’s lien in
18 IFS’ personal property, allowing DC Media to receive more than it would in a chapter 7
19 liquidation had DC Media’s claim remained unsecured. DC Media argues that IFS has failed to
20 meet its burden under section 547(b)(5) of producing sufficient evidence that DC Media would
21 be paid less than 100% of its allowable claims as a general unsecured creditor in a hypothetical
22 chapter 7 case. However, the act of creating and perfecting the Judgment Lien, in and of itself,
23 means that DC Media will receive more than it would in a chapter 7 liquidation because the
24 Judgment Lien has elevated DC Media’s payment status over all other unsecured creditors. With
25 the Judgment Lien, DC Media will be paid before any payments are made to any other unsecured
26 creditors. If DC Media had not received the Judgment Lien, it would share in any distributions
27 pro rata with other unsecured creditors.

28 DC Media also argues that the Judgment Lien does not allow DC Media to receive more

1 than it would in a chapter 7 liquidation because DC Media also has a lien in IFS' personal
2 property assets as a result of service of an Order for Appearance of Judgment Debtor ("ORAP
3 Lien"). Under California Code of Civil Procedure section 708.110(d), service of an Order for
4 Appearance of Judgment Debtor creates a lien in favor of the judgment creditor on the judgment
5 debtor's non-exempt assets. Cal. Civ. Proc. Code § 708.110(d). IFS filed a motion to amend the
6 Complaint in this adversary proceeding to avoid the ORAP Lien. At a hearing on this motion,
7 the Court granted the Motion to Amend. However, no order has as yet been entered. Until the
8 status of the ORAP Lien as a preferential transfer is determined, summary judgment may not be
9 granted as to this element.

10 2. Transfer Three Is an Avoidable Transfer.

11 Transfer Three is the Sheriff's seizure on March 5, 2012, of \$81,196.00 from IFS' Wells
12 Fargo bank account. These funds are still being held by the Sheriff and have not been turned
13 over to DC Media. DC Media does not contest IFS' challenge to Transfer Three. This transfer
14 also must be avoided as IFS has established each element of a preferential transfer under
15 section 547(b). Transfer Three was a transfer of an interest in IFS' property (the bank account
16 funds). Second, the Sheriff made its levy for the benefit of DC Media. Third, this transfer was
17 on account of an antecedent debt (the Judgment). Fourth, this transfer was made on March 5,
18 2012, within the 90-day preference window. IFS was insolvent at the time that Transfer Three
19 was made. Finally, DC Media's receipt of the funds held by the Sheriff would result in DC
20 Media receiving more than it would receive in a hypothetical chapter 7 liquidation as in a
21 chapter 7 case, such proceeds would be available for the benefit of all unsecured creditors.

22 3. Transfer Two Is Not an Avoidable Preference.

23 DC Media asserts that Transfer Two, the Abstract of Judgment recorded with the Los
24 Angeles County Recorder on January 24, 2012, may not be avoided since the Debtor owns no
25 real property and therefore the transfer is less than the threshold minimum amount of \$5,850 that
26 may be recovered as a preferential transfer under section 547(c)(9). DC Media recorded an
27 Abstract of Judgment with the Los Angeles County Recorder, pursuant to California law. Cal.
28 Civ. Proc. Code § 697.310(a). Recordation of an abstract of judgment creates a lien that attaches

1 to all of the debtor’s real property interests in the county, and to any after-acquired property, for
2 the “amount required to satisfy the money judgment.” Cal. Civ. Proc. Code §§ 697.340(a)-(b),
3 697.350(a); SBAM Partners v. Cheng Miin Wang, 164 Cal. App. 4th 903, 907 (2008).

4 Under California law, a recorded abstract of judgment creates a lien only on real
5 property. See Bagley v. Ward, 37 Cal. 121, 131 (1869) (“Our remarks are confined to real
6 property, as the judgment does not constitute a lien upon personal property.”); Arnett v. Peterson,
7 15 Cal. App. 3d 170, 172-73 (1971) (affirming lower court holding that personal property was
8 not subject to lien created by a recorded abstract of judgment). the parties do not dispute that IFS
9 owned no real property in Los Angeles County on the date of recordation. IFS still owns no real
10 property. Moreover, under California law a lien cannot exist absent attachable property. See E.
11 Bay Mun. Util. Dist. v. Garrison, 191 Cal. 680, 692 (1923); Gostin v. State Farm Ins. Co., 224
12 Cal. App. 2d 319, 325 (1964). In In re Thomas, the bankruptcy court for the Eastern District of
13 California found that even when a judgment creditor properly recorded an abstract of judgment,
14 no judgment lien was created as a matter of law where a debtor had no attachable property as of
15 the petition date. 102 B.R. 199, 201 (Bankr. E.D. Cal. 1989).

16 Here, IFS did not own any real property in Los Angeles County on the date of
17 recordation or at any time from that date through the petition date. IFS still owns no real
18 property. Thus, DC Media’s recordation of the abstract of judgment did not create or perfect a
19 lien, or otherwise affect IFS’ property or an interest in IFS’ real property—because IFS owned
20 no real property. Thus, DC Media’s act of recordation is not a transfer under the Code. See 11
21 U.S.C. § 101(54). Because DC Media’s act is not a transfer, IFS cannot avoid this act under
22 section 547(b).

23 Therefore, IFS is not entitled to summary judgment as to Transfer Two. Furthermore,
24 because Transfer Two is not a transfer under the Code, the court denies as moot summary
25 judgment on DC Media’s section 547(c)(9) defense.

26 D. DC Media Is Not Entitled to Summary Judgment on Its Second Affirmative Defense.

27 DC Media argues that it is entitled to partial summary judgment on its second affirmative
28 defense as to Transfer One, because the filing of the Notice of Judgment Lien occurred in the

1 ordinary course of business and according to ordinary business terms. The court disagrees.

2 A creditor may defeat a preference action by establishing that the alleged preference falls
3 within one of the exceptions listed in section 547(c). The creditor bears the burden of proof of
4 these defenses. 11 U.S.C. § 547(g). Section 547(c)(2) provides creditors with an “ordinary
5 course of business” defense to a preference action. 11 U.S.C. § 547(c)(2); see In re
6 Healthcentral.com, 504 F.3d 775, 789 (9th Cir. 2007). To prevail on this defense, the transferee
7 must show that (1) the transfer was made “in payment of a debt incurred by the debtor in the
8 ordinary course of business” and (2) that the payment was either “made in the ordinary course of
9 business” or “made according to ordinary terms.” 11 U.S.C. § 547(c)(2).

10 Here, DC Media argues that the recording of the Notice of Judgment Lien was “payment
11 of a debt incurred” in the “ordinary course of business.” This argument fails. A transfer in the
12 form of a security interest is not the type of “payment” contemplated by section 547(c)(2). See,
13 e.g., In re Grand Chevrolet, Inc., 25 F.3d 728, 732 (9th Cir. 1994) (“A payment on a loan
14 (whether secured or unsecured) is very different from a transfer of a security interest.”); In re
15 Four Winds Enters., Inc., 100 B.R. 24, 25 (Bankr. S.D. Cal. 1989) (“the [section 547(c)(2)]
16 exception only applies to ‘payment of ordinary trade credit.’ . . . Indeed, the natural reading of
17 the phrase in section 547(c)(2)(A) speaks of the ‘payment of a debt incurred by the debtor in the
18 ordinary course of business[.]’” (emphasis in original)).

19 Moreover, DC Media’s unilateral act of recording its Notice of Judgment Lien “cannot be
20 characterized as being within the ordinary course of business of both the debtor and the creditor
21 as required by section 547(c)(2).” In re Four Winds, 100 B.R. at 25 (rejecting the application of
22 the section 547(c)(2) defense to a transferee’s belated recordation of its UCC-1 statement).
23 Thus, Transfer One is not a payment of a debt and the § 547(c)(2) defense does not apply.

24 Therefore, the Court denies summary judgment as to DC Media’s second affirmative
25 defense.

1 III. CONCLUSION

2 In summary, the Court holds as follows:

3 With respect to Transfer One, DC Media is entitled to Summary Adjudication of the
4 following issues: (1) Transfer One was a transfer of an interest in IFS in property; (2) on account
5 of the antecedent Judgment; (3) for the benefit of DC Media, creditor of IFS; (4) while IFS was
6 insolvent. IFS is not entitled to summary judgment on the issue of whether the transfer allowed
7 DC Media to receive more than it would in a hypothetical liquidation under chapter 7 had the
8 transfer not occurred, because of the existence of the ORAP Lien.

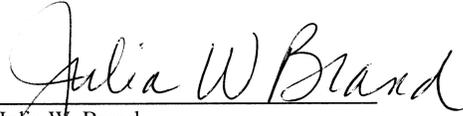
9 With respect to Transfer Two summary judgment is denied.

10 With respect to Transfer Three, the Court holds that the transfer is avoidable as a matter
11 of law and IFS is entitled to summary judgment in its favor on Transfer Three.

12 Finally, DC Media is not entitled to summary judgment on its second and fifth
13 affirmative defenses.

14 A separate order consistent with this memorandum of decision will be entered.
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26 Date: March 6, 2013

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Julia W. Brand
United States Bankruptcy Judge

NOTE TO USERS OF THIS FORM:

- 1) Attach this form to the last page of a proposed Order or Judgment. Do not file as a separate document.
- 2) The title of the judgment or order and all service information must be filled in by the party lodging the order.
- 3) **Category I.** below: The United States trustee and case trustee (if any) will always be in this category.
- 4) **Category II.** below: List **ONLY** addresses for debtor (and attorney), movant (or attorney) and person/entity (or attorney) who filed an opposition to the requested relief. **DO NOT** list an address if person/entity is listed in category I.

NOTICE OF ENTERED ORDER AND SERVICE LIST

Notice is given by the court that a judgment or order entitled (*specify*) **MEMORANDUM OF DECISION** was entered on the date indicated as “Entered” on the first page of this judgment or order and will be served in the manner indicated below:

I. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”) Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s), the foregoing document was served on the following person(s) by the court via NEF and hyperlink to the judgment or order. As of **03/06/13**, the following person(s) are currently on the Electronic Mail Notice List for this bankruptcy case or adversary proceeding to receive NEF transmission at the email address(es) indicated below.

M Douglas Flahaut flahaut.douglas@arentfox.com
Andy Kong Kong.Andy@ArentFox.com
Aram Ordubegian ordubegian.aram@arentfox.com
United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
Jeffrey J Williams lojak@kodanilaw.com, lojak@kodanilaw.com

Service information continued on attached page

II. SERVED BY THE COURT VIA U.S. MAIL: A copy of this notice and a true copy of this judgment or order was sent by United States Mail, first class, postage prepaid, to the following person(s) and/or entity(ies) at the address(es) indicated below:

Debtor

Imagine Fulfillment Services, LLC
14245 Artesia Blvd
La Mirada, CA 90638

Service information continued on attached page

III. TO BE SERVED BY THE LODGING PARTY: Within 72 hours after receipt of a copy of this judgment or order which bears an “Entered” stamp, the party lodging the judgment or order will serve a complete copy bearing an “Entered” stamp by U.S. Mail, overnight mail, facsimile transmission or email and file a proof of service of the entered order on the following person(s) and/or entity(ies) at the address(es), facsimile transmission number(s), and/or email address(es) indicated below:

Service information continued on attached page