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Kayla Properties, LLC, Ethan 26, LLC, Leader Group Enterprises,
LLC, Pacific Star Properties, LLC, Wall Street Enterprises, LLC,
and SSR, LLC

FILED & ENTERED

MAR 27 2012

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY francis DEPUTY CLERK

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

In re

LA SLAUSON SWAPMEET, INC.,

Debtor.

CASE NO. 2:12-bk-10801-NB

Chapter 11

ORDER DISMISSING BANKRUPTCY CASE

Hearing:

Date: March 20, 2012

Time: 3:30 p.m.

Place: Ctrm 1545

255 E. Temple Street
Los Angeles, CA 90012

After timely and proper notice thereof, a hearing was held on the 20th day of March, 2012, at 3:30 p.m., before the undersigned Bankruptcy Judge, to consider the Emergency Motion of Lessors for (1) Conversion of Case to Chapter 7; (2) Immediate Appointment of a Trustee; and (3) Referral for Investigation of Violation of Title 18 ("Emergency Motion") [Docket No. 99] filed by Lessors Kayla Properties, LLC, Ethan 26, LLC, Leader Group Enterprises, LLC, Pacific Star Properties, LLC, Wall Street Enterprises, LLC and SSR, LLC (collectively, the "Lessors"). Appearances are as noted on the record.

The Court having considered the record and pleadings in this chapter 11 case, including the Emergency Motion, the Debtor's Opposition to the Emergency Motion [Docket No. 106], and other

JMBM
Jeffer Mangels
Butler & Mitchell LLP

1 pleadings as noted on the record, and the arguments, stipulations and representations of counsel,
2 and good cause appearing therefor, it is hereby

3 **ORDERED**, that this bankruptcy case of Debtor is dismissed forthwith; and, it is further

4 **ORDERED**, that the Debtor is barred from commencing a case under title 11 of the United
5 State Code for a period of 180 days from the date of the entry of this Order; and, it is further

6 **ORDERED**, that the Debtor shall pay to the Office of the United States Trustee, and this
7 Order constitutes a judgment in favor of the Office of the United States Trustee for, unpaid
8 statutory fees due pursuant to 28 U.S.C. § 1930 in the estimated amount of \$4,875. This amounts
9 shall be paid from the General DIP Account prior to the turnover of the DIP Account Funds to
10 Lessors' counsel (described herein below); and, it is further

11 **ORDERED**, that, notwithstanding the entry of this Order, the Court reserves jurisdiction to
12 (a) hear and determine any motion(s) for the imposition of sanctions or disgorgement of fees, and
13 (b) ~~any disputes regarding Debtor's performance of the terms and conditions of this Order~~ enforce
14 the judgment set forth above in favor the Office of the United States Trustee; and, it is further

15 **IT IS FURTHER ORDERED**, that, **if Lessors seek a judicial determination that** any
16 modifications to the leases by and between Debtors and the Subtenants ~~void and invalid,~~ **are**
17 **void, voidable, invalid, or otherwise ineffective, then Lessors may seek appropriate**
18 **relief in either State Court or the Bankruptcy Court, as appropriate, and this Court**
19 **retains jurisdiction for such purposes.** ~~and the terms of any such unexpired leases by and~~
20 ~~between Debtors and Subtenants shall be based on the same terms of such leases as existed prior~~
21 ~~to the Petition Date;~~

22 **ORDERED**, that, within three (3) business days of entry of this Order, Debtor shall provide
23 an accounting to Lessors, in care of Lessors' counsel, which shall include but shall not be limited to
24 (1) printouts of the online bank records (or the equivalent, if such printouts are not available) and
25 (2) identify on a rent roll the amount, and from whom, all monies were collected during the
26 pendency of this bankruptcy case from Subtenants; and, it is further

27 **ORDERED**, that, within three (3) business days of entry of this Order, Debtor shall turn
28 over all monies held in the Debtor-in-Possession accounts (the "DIP Account Funds"), which are

1 identified in Debtor's monthly operating reports, to counsel of Lessors, who shall deposit such DIP
2 Account Funds into the Trust Account (defined below); and, it is further

3 **ORDERED**, that, **pending such orders as the State Court may decide to issue, and**
4 **Debtor having orally stipulated through counsel at the hearing noted in the caption**
5 **above for maintenance of the status quo pending any such orders:**

6 (a) Trust Account: Lessors shall establish a trust account, held by counsel for
7 Lessors (the "JMBM Kayla Properties Client Trust," hereinafter, the "Trust Account"), to collect and
8 hold rents collected from the Subtenants and the DIP Account Funds;

9 (b) Lessors' Communications With Subtenants: Lessors may provide a copy and/or
10 summary of this Order to any and all Subtenants of the premises at issue (including any and all
11 premises that Lessors assert are included within any rental agreements between them and Debtor,
12 whether or not Debtor disputes such inclusion) (collectively, the "Premises"), and may otherwise
13 communicate with such Subtenants consistent with the provisions of this Order and with
14 maintaining the status quo pending resolution of the disputes between Lessors and Debtor in the
15 State Court action;

16 (c) Payment by Subtenants: Landlords may direct any and all Subtenants of the
17 Premises to make all future payments of Rents directly to the Trust Account, in accordance with
18 any applicable nonbankruptcy law.

19 (d) Termination of Directions to Subtenants: The direction to Subtenants in the
20 immediately preceding paragraph shall continue until such direction is terminated by an order of
21 the State Court of competent jurisdiction and authority.

22 (e) Stipulation in State Court Regarding State Court Jurisdiction Over Order:
23 Lessors and Debtor shall submit a stipulation in the State Court action that **sets forth the**
24 **requirements in this Court's order denying Debtor's application for a hearing on**
25 **shortened notice and setting a hearing on Debtor's motion for reconsideration (dkt.**
26 **65-1).** ~~provides that the parties to that action shall perform under this Order and shall be subject~~
27 ~~to that State Court's authority regarding disputes pertaining to this Order.~~

28 (f) No Prejudice to Subtenants: Lessors' direction to such Subtenants shall be

1 structured so as not to impose any burden on such Subtenants - for example, if Lessors wish funds
2 to be wired or debited via an ACH transaction, then any costs beyond what such Subtenants
3 customarily pay shall be absorbed by Lessors;

4 (g) Non-Interference by Debtor: Debtor shall not interfere with Lessors'
5 communications with Subtenants or collection of Rents as authorized in this Order;

6 (h) Security Deposits: Debtor shall remain responsible for return of any security
7 deposits claimed by any Subtenants of the Premises, provided that no distribution shall be made to
8 any subtenant who is an affiliate or insider of Debtor (as those terms are defined in 11 U.S.C.
9 § 101(2) & (31)) unless authorized by further order of this Court.

10 (i) Authorized Expenditures: Lessors are hereby authorized to release funds from
11 the Trust Account to pay any expenses that Lessors and Debtor agree are necessary to maintain
12 the Premises or otherwise maintain the status quo, and in the event that they are unable to agree,
13 they are directed to follow the dispute resolution procedures set forth below;

14 (j) Preservation of Remaining Funds: Lessors shall not make any other distributions
15 from the Trust Account unless and until directed to do so by an order of the State Court.

16 (k) Dispute Resolution, or Modification: Any parties in interest who are unable to
17 consensually resolve disputes regarding this Order, or who wish to modify the terms of this Order,
18 are directed to ~~confer with~~ **seek redress in** the State Court, as set forth in the stipulation in
19 section (e) hereinabove.

20 # # #
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25 DATED: March 27, 2012

United States Bankruptcy Judge

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
1900 Avenue of the Stars, Seventh Floor, Los Angeles, California 90067-4308

A true and correct copy of the foregoing document described as **ORDER DISMISSING BANKRUPTCY CASE** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On _____, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

☐ Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):

On **March 23, 2012**, I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Sent By Overnight Mail:

Hon. Neil Bason
United States Bankruptcy Court
255 E. Temple Street, Suite 1552
Los Angeles, CA 90012

☐ Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **March 23, 2012**, I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

Michael Jay Berger michael.berger@bankruptcypower.com, maritza.arizaga@bankruptcypower.com
Russell Clementson russell.clementson@usdoj.gov

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

March 23, 2012

Date

Claudean Brandon

Type Name

/s/ Claudean Brandon

Signature

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*) **ORDER DISMISSING BANKRUPTCY CASE** 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 **March 23, 2012**, 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.

- Michael Jay Berger michael.berger@bankruptcypower.com, maritza.arizaga@bankruptcypower.com
- Russell Clementson russell.clementson@usdoj.gov
- Joseph A Eisenberg jae@jmbm.com
- Alexis M McGinness amm@jmbm.com, vr@jmbm.com;fc3@jmbm.com
- United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov

☐ 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:

☐ 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