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Court News

is published by the United States Bankruptcy Court for the Central District of California as an informational service for the practitioners and public of our Court.

PETER H. CARROLL
Chief Judge

KATHLEEN J. CAMPBELL
Executive Officer/Clerk of Court

Suggestions and comments
are always welcome.

Please email us at editor@
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of the Court News are
available on the Court's
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Important Updates

Court Website:

- Court Manual
- Public Notices

JUDGE DONOVAN INTRODUCES RECORDING OF SUPREME COURT ARGUMENT

On Friday, January 24, 2014, Judge Thomas B. Donovan introduced an audio recording of the Supreme Court's oral argument in *Law v. Siegel*, a case originating in Judge Donovan's courtroom. The audience of about 50, made up of judges and staffers from chambers and the Clerk's Office, gathered in Room 1268 of the Roybal Federal Building and Courthouse. The event was also broadcast to all divisions district-wide, including an additional crowd of 25 remote participants. Staff Development Specialist Tina Sandoval welcomed the guests to the brown bag lunch and introduced Judge Donovan, who provided context for the argument by describing the facts of the case and the sections of the Bankruptcy Code at issue.



When Stephen Law filed chapter 7 in 2004, he claimed that there were two mortgages on his house totaling \$304,000. Mr. Law claimed a \$75,000 homestead exemption that was not opposed at the outset of the case, and he claimed his house was worth \$379,000. Thus, if all these claims were true, creditors of the bankruptcy estate would not be paid.

Ultimately, the chapter 7 trustee in the case, Alfred Siegel, spent several years proving that Law's second mortgage, allegedly in favor of Lili Lin of China, was false and had been fabricated by Law to defraud his creditors. During this period, Trustee Siegel's attorneys incurred \$465,000 in attorneys' charges. Though § 522(k) of the Code prohibits the use of exempt property to pay administrative expenses, the Court ordered Law to pay Siegel and his lawyers out of Law's \$75,000 homestead exemption proceeds. Both the Bankruptcy Appellate Panel and the Court of Appeals for the Ninth Circuit affirmed Judge Donovan's order. The Supreme Court granted certiorari to decide whether the Bankruptcy Court's decision to use Law's homestead exemption in this way will stand.

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JUDGE JURY REAPPOINTED TO BAP

On February 26, the Judicial Council of the Ninth Circuit announced that it had reappointed Judge Meredith A. Jury to the Bankruptcy Appellate Panel (BAP). The BAP resolves appeals arising out of bankruptcy court decisions in western states. Judge Jury was appointed to a seven-year term on the BAP in 2007. Her reappointment is for a term of three years, effective July 31, 2014. [Click here](#) for the Ninth Circuit's press release.



Accessing Court Information by Twitter

The Court has been posting to its Twitter account for over two years now, and has sent over 1,500 different tweets to more than 500 followers. The Court posts announcements, Notices of Sale, Public Notices, and other timely information.

You do not need a Twitter account to view the Court's tweets—just click on the Twitter logo on the home page of the Court's website (www.cacb.uscourts.gov). The postings are arranged in chronological order, making it easy to quickly catch up with what is going on at the Court. If you have a Twitter account, you can use this free service to follow us @cacbnews.

WEBSITE FEEDBACK

The U.S. Bankruptcy Court for the Central District of California continues to enhance its website based on feedback from users. Please let us know your thoughts about what is working well and what could be improved at www.cacb.uscourts.gov/contact.

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In the lively argument, the justices first questioned Law's advocate, Matthew S. Hellman, who argued that § 522(k) prohibits the Bankruptcy Court's use of the exemption: "where Congress speaks expressly, a court does not have the inherent power or otherwise to reach the contrary result," Hellman said. Trustee Siegel's advocate, Neal K. Katyal, then took up the respondent's case with support from amicus curiae Sarah E. Harrington, Assistant to the U.S. Solicitor General. Katyal argued that the Court's order was justified by the second sentence of § 105(a), which grants bankruptcy courts "broad authority to take any action that is necessary or appropriate to prevent an abuse of process." Harrington asserted the protections of the Bankruptcy Code were only intended for honest debtors who carry out their duties under § 521 "to honestly disclose assets and liabilities."

When the audio recording ended, Judge Donovan took questions from the audience. He declined to offer opinions because the case is ongoing, but noted the attorneys' and justices' thorough preparation and quick thinking.

ONLINE CHAT PROGRAM NOW AVAILABLE

On Monday, February 3, 2014, the Clerk's Office made its new online chat program available to the general public. Visitors to the Court's website can now enter into real-time chat with a Call Center agent by



clicking on the "Chat Live!" button, located in the bottom right corner of the homepage. The chat feature permits users to request procedural information about bankruptcy directly from representatives of the Court. Call Center agents at the Los Angeles Division often use prepared responses to answer commonly asked questions. Through the chat program, they are able to assist users with direct links to the Court's Local Bankruptcy Rules and the most frequently requested forms. The program has been in use on a limited basis since August, 2013, when it was made exclusively available to registered CM/ECF account holders through an unannounced "soft launch."

COURT HOSTS TRAINING ON FINANCIAL ELDER ABUSE, DEMENTIA, AND MENTAL COMPETENCY ISSUES IN BANKRUPTCY

On January 31, 2014, the Court's Community Outreach Committee hosted a training program on financial elder abuse, dementia, and mental incompetency in bankruptcy. The event was organized by UCLA Rosenfield Fellow Julie Pollock, under the guidance of Judge Sandra R. Klein, Chairperson of the Community Outreach Committee; Judge Maureen Tighe; and Executive Officer/Clerk of Court Kathy Campbell. Over 100 attendees from across the district participated, including bankruptcy judges, panel trustees, representatives from the Office of the United States Trustee, and chambers and Clerk's Office staff.

UTILIZING THE SEARCH FEATURE IN CM/ECF

The “Search” feature located on the blue menu bar in CM/ECF is a helpful tool when searching for an event code. By clicking on “Search” and entering a keyword (such as “relief” for relief from stay), CM will list all of the areas where the word can be found. This is an excellent way to verify event codes prior to filing your documents.

Requests to Be Removed from Notice of Electronic Filing (NEF)

The Request to Be Removed from Notice of Electronic Filing (NEF) can be achieved in two different ways, depending on how you are associated within a case.

A.) If your party is Courtesy NEF only: you must file a “Request to be Added or Removed from Courtesy Notification of Electronic Filing (NEF).” To file this document, please use BK – Courtesy NEF > Request for Removal from Courtesy Notice of Electronic Filing (NEF).

B.) If your party is a Creditor /Client: you must draft a document in standard pleading format entitled “Request to Be Removed from Notice of Electronic Filing (NEF).” To file this pleading, please use BK – Notices > Notice. In the “Modify Text” box, type out the full caption: “Request to Be Removed from Notice of Electronic Filing.”

C.) If your party is Courtesy NEF and Creditor/Client: you must draft a document in standard pleading format entitled “Request to Be Removed from Notice of Electronic Filing (NEF)” and list all names the attorney is listed as representing. To file this pleading, please use BK – Notices > Notice. In the “Modify Text” box, type out the full caption: “Request to Be Removed from Notice of Electronic Filing.”

The program featured panelists Molly Davies (V.P. of Elder Abuse Prevention at WISE & Healthy Aging), Debbie Deem (Victim Specialist at the F.B.I.), and Dr. Stacey Wood (Associate Professor of Psychology at Scripps College). While seniors continue to file for bankruptcy in increasing numbers, this event was designed to provide the Court with an introduction to relevant issues faced by seniors, including financial scams targeting the elderly, financial elder abuse, and the cognitive changes related to financial decision-making that can occur across an individual’s lifespan.

Professor Stacey Wood opened the program with an overview of cognitive changes that occur in normal aging, versus those experienced by persons suffering from dementia. Dr. Wood underscored the reasons why some older adults may be susceptible to financial exploitation, based on these cognitive changes, and referenced sections of the California Probate Code that define financial capacity.

Molly Davies then provided an introduction to the subject of financial elder abuse in the United States, describing the reasons why elders are often targeted, as well as the scope of the problem across the country. Debbie Deem of the F.B.I. delved into further detail about common types of financial crimes targeting the elderly, including mass marketing, investment, and foreclosure fraud. Ms. Deem described the impact these crimes have on the victims, noting that many individuals she works with may be forced into bankruptcy.

As the baby boom population ages, bankruptcy courts are likely to see an increase in the number of debtors over the age of 55 who have fallen victim to financial exploitation, as well as an increase in issues related to the financial capacity of elder debtors. The CACB hopes to create an ongoing dialogue regarding these topics. Please email julie_pollock@cacb.uscourts.gov with any feedback from the event or follow-up questions for the speakers.

OCBA HOSTS “MEET THE JUDGES” EVENT

On January 29, 2014, the Orange County Bar Association’s Commercial Law & Bankruptcy Section hosted a “Meet the Judges” event at the Tustin Banquet Center. Judge Scott C. Clarkson moderated the event, interviewing Judges Erithe A. Smith and Mark Wallace. Judges Smith and Wallace provided some insight into their backgrounds and what led each of them to the bankruptcy bench. The judges also expounded on a few of their pet peeves concerning non-compliance with the Code and Local Rules and discussed certain cyclical trends in bankruptcy case filings. The event was attended by members of the bar and bench, including Judges Theodor Albert and Catherine Bauer. At the follow-up event, “Meet the Judges, Part 2,” held at the Tustin Banquet Center on February 27, Judge Clarkson moderated once again, interviewing Judges Theodor C. Albert and Catherine E. Bauer.

Top 20 Cases of Interest Filed in the Last 24 Months*

Allied Industrial Inc.

SV-13-11948-MT, Chapter 11, Filed 03/21/13, Assets \$13 million and Liabilities \$7 million. Amended order entered 2/19/14 authorizing continued interim use of case collateral.

American Suzuki Motor Corp.

SA-12-22808-SC, Chapter 11, Filed 11/05/12, Assets \$100-\$500 million and Liabilities \$100-\$500 million. Motion to Disallow Claims/Notice Of Motion For Entry Of An Order Authorizing (A) The Disallowance Of The Proof Of Claims Filed By The Department Of Treasury And California Franchise Tax Board As Against The Debtors Estate And The PE Creditor Trust, (B) Suzuki Motor Corporation To Act As Payment Administrator For The Unliquidated Product Liability Claims Asserted Against The Debtor, And (C) The Termination Of The PE Creditor Trust filed on 1/17/14. Hearing set for 2/19/14 at 9:30 a.m.

ARI-RC6, LLC (Lead), ARI-RC 12, LLC, ARI-RC 14, LLC, ARI-RC 21, LLC, ARI-RC 23, LLC

SV13-14678-AA, (LEAD); SV13-14697-AA, SV13-14692-AA. SV13-14604-AA, SV13-14695-AA, Chapter 11, Filed 07/15/13, Assets \$10-\$50 million and Liabilities \$10-\$50 million. Order entered on 1/29/14 approving Disclosure Statement. Order granting motion to extend debtors exclusive period to solicit acceptance of a chapter 11 plan extended through June 6, 2014.

AWTR Liquidation Inc. fka Rhythm and Hues, Inc.

LA-13-13775-NB, Chapter 11, Filed 02/13/13, Assets \$10- \$50 million and Liabilities \$50-100 million. Hearing set on 3/18/14 at 11:00 a.m. for the third and final application of Stutman, Treister & Glatt, P.C. for compensation and allowance of professional fees and costs (3/4/13 - 12/30/13).

Bethal Healthcare Inc.

SV-13-12220-GM, Chapter 11, Filed 04/01/13, Assets \$1-10 million and Liabilities \$1-10 million. Fourth report of the patient care Ombudsman for the period 1/17/13-2/14/14.

Beverly Hills Antiques, Inc. c/o D. K. Gottlieb

SV-12-21028-VK, Chapter 11, Filed 12/26/12, Assets and Liabilities unknown. Order granting application to employ Pachulski Stang Ziehl & Jones LLP entered 3/18/13.

City of San Bernardino

RS-12-28006-MJ, Chapter 9, Filed 08/01/12. Assets and Liabilities \$1,000 + and Liabilities \$1,000 +. Status conference on chapter 9 voluntary petition continued to 3/13/14. Motion for rejection of collective bargaining agreements with Public Employees Assoc. and SB Police Officers Assoc. and SB Firefighters Assoc. continued to 3/13/14. Motion for relief from stay filed by SB Professional Firefighters Assoc. continued to 3/13/14. Motion for relief from stay re: grievance and related procedures filed by SB Police Officers Assoc. continued to 3/13/14. Order entered 2/7/14 approving stipulation re: Deadline for CalPERS to file proof of claim against the City of San Bernardino shall be 3/21/14.

CLK Human Resources, LLC

RS-13-19002-MW, Chapter 11, Filed 05/21/13. Assets \$0.01- 0.05 million and Liabilities \$1 - \$10 million. Chapter 11 Status Conference continued to 4/17/14.

Gamma Medica-Ideas (USA), Inc.

SV-12-17469-VK, Chapter 11, Filed 08/20/2012. Assets \$1-10 million and Liabilities \$10-50 million. Order entered 1/2/14 denying motion to convert.

Halsey M. Minor

LA-13-23787-TD, Chapter 7, Filed 05/24/13, Assets \$50-100 million and Liabilities \$50-100 million. Notice of continued meeting of creditors and appearance of debtor (11 USC 341(a)) to 3/7/14 at 11 a.m. was filed on 2/14/14.

Hamlet Group Inc.

SV-13-12398-MT, Chapter 11, Filed 04/05/2013, Assets \$500,001-\$1 million and Liabilities \$1-\$10 million. Order entered on 2/7/14 authorizing sale of estate property and compromise of claims.

HDOS Enterprises

LA-14-12028-NB, Chapter 11, Filed 02/03/14, Assets \$10-\$50 million - \$1-\$10 million. Order entered on 2/13/14 granting debtor's emergency motion for order determining adequate assurance of payment for utility services.

Internet Specialties West, Inc. a CA Corp.

SV-12-20897-GM, Chapter 11, Filed 12/18/12, Assets \$13 million and Liabilities \$5 million. Continued status conference hrg on 3/11/14.

KSL Media Inc. (Lead Case) Jointly Administered with TV 10's LLC - SV13-15930-AA and Fulcrum 5, Inc. - SV 13-15931-AA

SV-13-15929-AA, Chapter 11, Filed 9/11/13, Assets \$10- \$50 million and Liabilities \$50-100 million. Case converted to chapter 7 on 12/30/13; proofs of claim deadline 4/8/14.

Nesbitt Portland Property, LLC; Nesbitt Bellevue Property, LLC; Nesbitt El Paso Property, LP; Nesbitt Denver Property, LLC; Nesbitt Lynnwood Property, LLC; Nesbitt Colorado Springs Property, LLC; Nesbitt Livonia Property, LLC; Nesbitt Blue Ash Property, LLC

ND-12-12883-RR; ND-12-12884-RR; ND-12-12888-RR; ND-12-12889-RR; ND-12-12890-RR; ND-12-12891-RR; ND-12-12894-RR; ND-12-12895-RR, Chapter 11, Filed 07/31/12, Assets \$10-50 million and Liabilities \$100-500 million. Post-Confirmation Status Conference scheduled for 3/28/14 at 9 a.m.

Point Center Financial Inc.

SA-13--11495-TA, Chapter 11, Filed 1/19/13, Assets \$10- \$50 million and Liabilities \$50-100 million. Order Extending Deadline to Assume or Reject Certain Executory Contracts Under 11 U.S.C. Section 365(d)(1) to and including February 28, 2014 entered on record on 1/30/14.

Taicom Securities Co., Ltd

SA-12-20383-CB, Chapter 15, Filed 08/31/12, Assets \$1-10 million and Liabilities \$10-50 million. Status report of foreign representative Akihiro Sakaguchi re: settlement was filed on 1/14/14.

Senor Fish

LA-14-10076-RN, Chapter 11, Filed 01/02/14, Assets \$1-10 million and Liabilities \$1-10 million. Order entered on 2/14/14 approving employment by debtor of Marc Weitz as bankruptcy counsel.

The Village at Nipomo, LLC

SV-13-13593-AA, Chapter 11, Filed 05/28/13, Assets \$12 million and Liabilities \$10 million. Motion for sale of property of estate hrg 3/5/14.

West Covina Motors, Inc.

LA-12-52197-ER, Chapter 11, Filed 12/28/12, Assets \$10- \$50 million and Liabilities \$10-50 million. Order entered on 1/21/14 approving stipulation between trustee and the county of Los Angeles re: County's payment for debtor's modification of two vehicles.

*Based on a combination of asset and liability levels, number of creditors, high activity, and/or name recognition.