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AUG 20 2026

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

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

In re: Mike Davidyan, Debtor(s).	Case No.: 2:26-bk-12003-BB CHAPTER 7 **ORDER DENYING DEBTOR'S (1) MOTION FOR RECONSIDERATION OF ORDER DENYING DEBTOR'S MOTION FOR ORDER STAYING ENFORCEMENT OF ORDER SUSTAINING OBJECTION TO DEBTOR'S HOMESTEAD EXEMPTION PENDING APPEAL [Dkt No. 128] AND (2) EX PARTE APPLICATION SEEKING THE SAME RELIEF [Dkt. No. 129]** (No hearing required)

The Court, having reviewed and considered the Motion for Reconsideration of Order Denying Debtor's Motion for Order Staying Enforcement of Order Sustaining Objection to Debtor's Homestead Exemption Pending Appeal filed by debtor Mike H. Davidyan ("Debtor" or "Davidyan") on August 19, 2026 [Dkt. No. 128] (the "Motion"), the Memorandum of Points and Authorities in support thereof, the Declaration of Mike H.

Davidyan filed concurrently therewith, the Court's August 19, 2026, Order Denying Debtor's Motion for Order Staying Enforcement of Order Sustaining Objection to Debtor's Homestead Exemption Pending Appeal [Dkt. No. 125] (the "Denial Order"), the Debtor's Ex Parte Application for a stay pending a hearing on the Motion (the "Ex Parte Application") [Dkt. No. 129] and the Court's records and files in the above-entitled bankruptcy case (the "Case"), hereby issues the following order:

I.

PROCEDURAL HISTORY

On May 27, 2026, this Court entered its Order Sustaining Objection to Debtor's Homestead Exemption, finding that the real property located at 162 East Claremont Street, Pasadena, California 91103 (the "Property") was not Debtor's residence as of the March 3, 2026, petition date and that Debtor was not entitled to claim a homestead exemption in the Property. Debtor filed a notice of appeal on June 8, 2026, and an amended notice of appeal on June 16, 2026.

On August 10, 2026, Debtor filed a motion for a stay pending appeal of the Court's May 27, 2026 Order (the "Stay Motion"). On August 18, 2026, judgment creditors Joyce Faye Atlas and Neighborhood Legal Services of Los Angeles County (jointly, "Judgment Creditors") filed an opposition to the Stay Motion. Before the Court ruled on the Stay Motion, Debtor filed a reply to the foregoing opposition.

This Court issued its Denial Order on August 19, 2026. The Denial Order made detailed findings on the four stay factors applicable to motions for stays pending appeal and concluded that Debtor failed to demonstrate a strong likelihood of success on the merits, failed to demonstrate probable irreparable harm, and that the balance of hardships and public interest weighed against granting a stay. Debtor filed the instant Motion for Reconsideration on August 19, 2026, within fourteen days of entry of the Denial Order.

II.

LEGAL STANDARD

Federal Rule of Civil Procedure 59(e) allows a party to file a motion to alter or amend a judgment within 28 days after entry of the judgment. In bankruptcy cases, Rule 59 applies through Federal Rule of Bankruptcy Procedure 9023, but the deadline is shortened to 14 days after the judgment is entered. Rule 59(e) gives a court the chance to rectify its own mistakes in the period immediately following its decision.

A Rule 59(e) motion is an extraordinary remedy, to be used sparingly in the interests of finality and conservation of judicial resources. There are four basic grounds upon which a Rule 59(e) motion may be granted: (1) if the motion is necessary to correct manifest errors of law or fact upon which the judgment rests; (2) if the motion is necessary to present newly discovered or previously unavailable evidence; (3) if the motion is necessary to prevent manifest injustice; or (4) if the amendment is justified by an intervening change in controlling law. A party may not use a Civil Rule 59(e) motion to present a new legal theory for the first time, to raise legal arguments which could have been made in connection with the original motion, or to rehash the same arguments already presented.

Rule 59(e) may not be used to relitigate old matters, or to raise arguments or present evidence that could have been raised prior to the entry of judgment. Motions under Rule 59(e) should not be granted, absent highly unusual circumstances, unless the court is presented with newly discovered evidence, committed clear error, or if there is an intervening change in the controlling law. A manifest error is an error that is plain and indisputable, and that amounts to a complete disregard of the controlling law or the credible evidence in the record. Manifest error is a wholesale disregard, misapplication, or failure to recognize controlling precedent. A manifest injustice is defined as an error in the trial court that is direct, obvious, and observable.

III.

ANALYSIS

A. Debtor Has Not Demonstrated Manifest Error of Law or Fact

Debtor argues that the Denial Order reflects manifest error of law in applying California's homestead exemption statute and manifest error of fact in evaluating the petition-date evidence of his residence. Specifically, Debtor contends that the Court applied a habitability standard not found in California Code of Civil Procedure section 704.730, misapplied the statutory requirements for the automatic homestead exemption, and disregarded uncontradicted evidence of residence.

This Court's May 27, 2026 Order sustaining the objection to Debtor's homestead exemption was based on substantial evidence in the record. The Court found that the Los Angeles Superior Court had already determined in its June 5, 2025 Amended Order for Sale of Real Property that Debtor does not live at the Property and that the Property does not constitute a dwelling under California Code of Civil Procedure section 704.710. The Court also found that evidence of alleged occupancy and remodeling submitted by Debtor was either dated from 2022 or occurred after the petition date, that utility records showed absolutely no electrical use between November 2025 and the end of March 2026 and no water use from January through March 2026, and that the Property was boarded up and not habitable as of the petition date.

The Denial Order applied the correct legal standard for stays pending appeal and correctly evaluated Debtor's likelihood of success on the merits. The Court did not impose a separate legal habitability requirement divorced from the factual question of residence; rather, the Court found as a factual matter that the Property was not Debtor's residence as of the petition date based on evidence showing it was boarded up, had minimal utility usage, and was not occupied. Moreover, the Court found that the relevant issues had already been actually and necessarily decided by the State Court and that the Debtor’s bankruptcy filing was nothing more than a bad faith effort to

relitigate these issues in bankruptcy court for the benefit of no one other than the Debtor.

These findings are supported by substantial evidence and are not clearly erroneous. Debtor has not demonstrated that the Denial Order reflects a wholesale disregard, misapplication, or failure to recognize controlling precedent, or that it amounts to a complete disregard of the controlling law or the credible evidence in the record.

B. Debtor Has Not Presented Newly Discovered or Previously Unavailable Evidence

Rule 59(e) relief is available if the motion is necessary to present newly discovered or previously unavailable evidence. Debtor's Motion does not assert that he has newly discovered evidence that was unavailable at the time the Court considered the Stay Motion. The Motion instead argues that the Court failed to review or address Debtor's August 18, 2026, filing before issuing the Denial Order on August 19, 2026.

This argument does not fit within the newly discovered evidence ground for Rule 59(e) relief. The August 18, 2026, filing was submitted before the Court ruled on the Stay Motion and was therefore available to the Court at the time of its decision. The issue is not that evidence was newly discovered after judgment, but rather that the Court allegedly failed to consider a filing made before issuance of the Denial Order. However, the Motion makes no effort to specify what material facts, controlling authorities, or legal arguments were presented in the August 18, 2026, filing that would have changed the outcome of the Stay Motion. The Motion refers to the filing by a bracketed placeholder title and docket number but does not summarize its contents or explain how it bears on the stay factors.

If the August 18, 2026 filing merely reargued points already presented in the Stay Motion and supporting declaration, the Court's failure to separately address it would not constitute error, because Rule 59(e) may not be used to relitigate old matters or to raise

arguments that could have been raised prior to entry of the order. In the alternative, if the August 18 reply raised new arguments or evidence not previously presented in the Stay Motion, these new materials should be disregarded as they should have been raised in the Stay Motion itself. It is inappropriate for a movant to withhold the arguments upon which a motion has been based until after the responding party has filed its opposition. See, e.g., Am. Pub. Gas Ass'n v. United States DOE, 72 F.4th 1324 (D.C. Cir. 2023) ("We require petitioners and appellants to raise all of their arguments in their opening briefs to prevent 'sandbagging' of appellees and respondents"). Debtor has therefore failed to demonstrate the existence of newly discovered or previously unavailable evidence warranting reconsideration.

C. Reconsideration Is Not Necessary to Prevent Manifest Injustice

Debtor argues that reconsideration is necessary to prevent manifest injustice because the denial of a stay will moot his appeal before the district court can review the merits of the homestead determination. A manifest injustice is defined as an error in the trial court that is direct, obvious, and observable.

Debtor's manifest injustice argument depends on the premise that he is likely to succeed on the merits of his appeal and that the denial of a stay deprives him of meaningful appellate review of a meritorious claim. However, the Denial Order found that Debtor has not made a strong showing of likelihood of success on the merits or even demonstrated that the appeal presents serious legal questions. Where a court has denied a stay based on a determination that the movant has not demonstrated a likelihood of success on the merits, the potential mooting of an appeal with limited merit does not constitute manifest injustice requiring reconsideration under Rule 59(e). The Denial Order applied the correct legal standard for stays pending appeal and made detailed findings on each of the four stay factors. Disagreement with the Court's weighing of those factors does not rise to the level of manifest injustice.

D. The Denial Order Applied the Correct Legal Standard for Irreparable Harm

Debtor argues that the Denial Order's irreparable harm analysis improperly collapsed into the likelihood-of-success analysis by assuming the correctness of the underlying homestead determination. The Denial Order found that Debtor has not demonstrated that irreparable harm is probable absent a stay because the Property is not his residence and has not been habitable or occupied as of the petition date, and therefore Judgment Creditors will not be selling Debtor's residence.

Courts evaluating stays pending appeal must necessarily make some preliminary assessment of the merits in order to evaluate the other stay factors. If a court determines that the appeal has minimal likelihood of success because the underlying factual findings are well-supported, it is not clear error for the court to consider those same factual findings when assessing irreparable harm.

The Denial Order's finding that the loss of non-exempt equity in property subject to a creditor's lien does not constitute irreparable harm warranting a stay is consistent with bankruptcy principles that favor prompt enforcement of judgments. The Court's characterization of Debtor's harm as "primarily monetary" and of a kind that could be remedied if the Debtor prevails on appeal reflects a permissible weighing of the stay factors. Moreover, the Denial Order noted that Debtor's declaration stated, "I have no other residence equivalent to the Property," suggesting that Debtor does have another residence, but that residence is just not as valuable or desirable as the Property. This further undermines Debtor's claim of irreparable harm from loss of his principal dwelling.

E. The Constitutional Arguments Do Not Warrant Reconsideration

Debtor's Motion raises constitutional arguments concerning due process, access to meaningful appellate review, deprivation of property without adequate procedural safeguards, and wealth-based barriers to appeal. Debtor's due process argument depends on the premise that the sale of the Property before appellate review deprives

him of property without the process to which he is constitutionally entitled. However, the Debtor moved for a stay pending appeal and received a decision on the Stay Motion after full briefing and consideration of the four stay factors in ample time for him to appeal the denial of the Stay Motion to the District Court before whom his appeal is pending prior to the date of his impending sale. (The Court has made every effort to decide both the Stay Motion and the Debtor's Motion for reconsideration as expeditiously as possible, precisely so that the Debtor's ability to present his request for a stay pending appeal to a higher court prior to the date of the impending sale will not be lost due to the passage of time.) The bankruptcy court's denial of a discretionary stay pending appeal, based on findings that Debtor had not demonstrated a likelihood of success or probable irreparable harm, does not deprive him of due process. If the Debtor believes the Stay Motion was wrongly-decided, he is free to apply to the District Court for reversal of the Denial Order.

Moreover, the Debtor's argument that requiring a supersedeas bond exceeding $1,000,000 would constitute a wealth-based barrier to appellate access is not ripe. The Denial Order did not impose a bond requirement; it denied the stay entirely. Because no bond was required and no stay was granted, Debtor's constitutional challenge to a hypothetical excessive bond requirement does not provide a basis for Rule 59(e) reconsideration of the Denial Order.

F. The Sliding-Scale Test Does Not Change the Analysis

Even under the alternative sliding-scale test applied in the Ninth Circuit, Debtor cannot obtain reconsideration. The Denial Order specifically addressed the sliding-scale approach and found that Debtor has not demonstrated serious legal questions on the merits and that the balance of hardships does not tip sharply in Debtor's favor. This Court's factual findings are supported by substantial evidence and are not clearly erroneous. The state court had already found that Debtor does not live at the Property and that it is not a dwelling, and, as set forth in the Denial Order, the Debtor filed this

bankruptcy case solely to seek review and reversal of that determination and not to benefit any creditors, as the Debtor's schedules reflect that the Debtor has no creditors. The balance of hardships tips in favor of Judgment Creditors, who have been waiting almost three years to collect on a judgment for fraud and elder abuse against a 72-year-old victim with minimal income and significant disabilities that has been affirmed on appeal. It is a blatant abuse of process for the Debtor to file a bankruptcy case for the sole purpose of seeking to relitigate issues decided by the State Court.

G. No Intervening Change in Controlling Law

Debtor has not identified any intervening change in controlling law that has occurred within the last two days that warrants reconsideration under Rule 59(e). The Motion does not cite any newly decided cases or statutory amendments that affect the analysis in the Denial Order.

IV.

ALTERNATE REMEDIES AVAILABLE TO DEBTOR

Federal Rule of Bankruptcy Procedure 8007 provides that a party ordinarily must move first in the bankruptcy court for a stay of a judgment, order, or decree pending appeal. Rule 8007(b) permits a motion for stay relief to be filed in the court where the appeal is pending. Rule 8007(b)(1) provides: "A motion for the relief specified in (a)(1)—or to vacate or modify a bankruptcy court's order granting such relief—may be filed in the court where the appeal is pending. Rule 8007(b)(2) requires that the motion either show that moving first in the bankruptcy court would be impracticable or, if a motion has already been made in the bankruptcy court, state whether the court has ruled on it and, if so, state any reasons given for the ruling.

Because this Court has now ruled on Debtor's motion for a stay pending appeal and denied that motion, Debtor may move in the United States District Court for the Central District of California, before which his appeal is pending, for a stay pending

appeal pursuant to Federal Rule of Bankruptcy Procedure 8007(b). Such a motion must disclose that this Court has ruled on the Stay Motion and must state the reasons given for this Court's ruling. The denial of Debtor's Motion for Reconsideration is therefore without prejudice to Debtor's right to seek a stay from the District Court pursuant to Rule 8007(b) of the Federal Rules of Bankruptcy Procedure.

V.

CONCLUSION

Debtor's Motion for Reconsideration fails to demonstrate manifest errors of law or fact, newly discovered evidence, manifest injustice, or an intervening change in controlling law sufficient to warrant the extraordinary remedy of reconsideration under Rule 59(e). This Court applied the correct legal standard for stays pending appeal, made detailed findings on each of the four stay factors supported by substantial evidence in the record, and reached conclusions that represent a permissible weighing of those factors.

The Motion's arguments largely seek to relitigate issues already addressed in the Stay Motion and the Denial Order. Rule 59(e) does not provide a vehicle to relitigate old matters or to raise arguments that could have been raised prior to entry of judgment. On balance, the Motion for Reconsideration does not meet the demanding standard for Rule 59(e) relief. The Denial Order reflects a permissible application of the stay-pending-appeal factors to the facts of this case, and Debtor has not demonstrated the manifest error, newly discovered evidence, or manifest injustice necessary to warrant reconsideration.

VI.

ORDER

In light of the foregoing, **IT IS HEREBY ORDERED** as follows:

1. Debtor's Motion for Reconsideration of Order Denying Debtor's Motion for Order Staying Enforcement of Order Sustaining Objection to Debtor's Homestead Exemption Pending Appeal [Dkt. No. 128] is **DENIED** in its entirety.
2. Debtor's Ex Parte Application for Reconsideration of Order Denying Debtor's Motion for Order Staying Enforcement of Order Sustaining Objection To Debtor's Homestead Exemption Pending Appeal [Dkt. No. 129] is **DENIED** in its entirety as moot, in that the Court has already resolved the Motion for Reconsideration in advance of the date scheduled for a sale of the Property.
3. This Court's August 19, 2026 Order Denying Debtor's Motion for Order Staying Enforcement of Order Sustaining Objection to Debtor's Homestead Exemption Pending Appeal [Dkt. No. 125] remains in full force and effect.
4. This Court's May 27, 2026 Order Sustaining Objection to Debtor's Homestead Exemption remains in full force and effect.
5. The denial of this Motion for Reconsideration is **without prejudice** to Debtor's right to seek a stay from the United States District Court for the Central District of California pursuant to Federal Rule of Bankruptcy Procedure 8007(b).
6. The Debtor shall present any additional requests for a stay pending appeal (or for reconsideration of any order of this Court denying such request) to the District Court pursuant to Federal Rule of Bankruptcy Procedure 8007(b), to ensure that the District Court will have an

opportunity to consider such request prior to the date scheduled for a sale of the Property.

7. The hearing noticed for September 2, 2026 on the Motion for Reconsideration and the hearing noticed for August 24, 2026 on the Ex Parte Application are taken **OFF CALENDAR**.

IT IS SO ORDERED.

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Date: August 20, 2026

Sheri Bluebond
United States Bankruptcy Judge