

ISSUE

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UNITED STATES
BANKRUPTCY COURT
CENTRAL DISTRICT
OF CALIFORNIA

Court News

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

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Suggestions and comments are always welcome.

Please call (213) 894-1296 or email us at John_Kohler@cacb.uscourts.gov.

Important Updates

Court Website:

- Court Manual
- Public Notices



This Issue

Central District of California Rules the DOMA Unconstitutional, Electronic Filing P. 1

Raising the Bar on Bankruptcy, New and Modified LBR Forms P. 2

Bar Advisory Board Meeting, Reassignment of Chapter 13 Cases P. 3

Top 20 Cases of Interest P. 4

Central District of California Rules the Defense of Marriage Act Unconstitutional

On Monday, June 13, Judge Thomas B. Donovan ruled in a published decision that the federal Defense of Marriage Act is an unconstitutional denial of equal protection and cannot bar same-sex married couples from filing joint bankruptcy petitions. Nineteen of our judges endorsed the decision before it was filed.

The decision was prompted by a joint bankruptcy filing by a Los Angeles same-sex couple legally married in 2008. The U.S. Trustee assigned to the case had requested Judge Donovan to dismiss the petition based on the 1996 Defense of Marriage Act, which defines a "spouse" as "a person of the opposite sex who is a husband or a wife." In his decision, Judge Donovan ruled that the Defense of Marriage Act violates the Fifth Amendment to the United States Constitution by treating legally married same-sex couples differently from other married couples.

The 24-page decision is available for review on the Court's website, www.cacb.uscourts.gov, under *News/Notices/Publications > Cases of Interest > Gene Douglas Balas and Carlos A. Morales - Memorandum of Decision*.

Electronic Filing for Self-Represented Debtors on the Horizon

The Subcommittee of the Judicial Conference's Committee on Court Administration and Case Management has accepted a proposal by the Bankruptcy Court Administration Division for a pilot program allowing debtors representing themselves to file their cases electronically. Although the project is in search of a better name, for now it is called the "Pro Se Pathfinder." The Pro Se Pathfinder will be a web-based application accessible via any public terminal within the Court or by any external web-enabled computer. While representation by an attorney is still preferable, this program will allow debtors to file accurate and complete documents more easily, and provide the Court better access to information on those documents.

The Central District of California, where over 38,000 debtors choose to represent themselves each year, will join the Districts of New Jersey and New Mexico in implementing an electronic filing pilot program for self-represented debtors when it becomes available early next year.

In order to adequately test this pilot before any national rollout, the Court is dedicating significant resources to fully studying and addressing the needs of our self-represented litigants as we implement this new program. A committee is developing systems and rules to enable the program to be implemented smoothly, and teams will be setting up meetings with various bar associations around the district over the next four months to gather ideas and concerns related to our large self-represented population.

(Continued on page 2)

For more information,
visit our web site at www.cacb.uscourts.gov.

Save the Date

The 2011 Earle Hagen Memorial Golf Tournament benefitting the Debtor Assistance Project (DAP) of the Public Counsel Law Center will be held on Monday, September 19, 2011, at the Braemar Country Club in Tarzana, CA. To RSVP or for more information, please contact James T. King at (818) 242-1100 or via email at king@kingobk.com.

Central District Adopts McVCIS

The Central District is pleased to be adopting the Multi-court Voice Case Information System (McVCIS), a centralized system which connects 39 bankruptcy courts. With McVCIS, a user will be able to access multiple courts' case information by dialing a single toll-free number. McVCIS will replace the current Voice Case Information System (VCIS) that each division has operated locally, helping the Court reduce VCIS outages and cost.

VCIS and McVCIS are free to the user and provide a minimal amount of information regarding bankruptcy cases. McVCIS gives the user the choice of hearing prompts in English or Spanish, and in the future it will respond to spoken commands. It will also become the only supported voice case information system with CM/ECF 5.0.

The toll-free number for McVCIS is (866) 222-8029. The number for the Court's local VCIS, (213) 894-4111, is still active but will be phased out.

(Continued from page 1)

It is vital to the Court that this program encourage self-represented debtors to seek counsel wherever possible. The program will stress in many different ways how important the advice of counsel is, and links to attorney referral and *pro bono* services will be included. As the Court has emphasized the availability of such attorney resources for years and many debtors still choose to proceed without counsel, this program will provide an added tool that allows self-represented debtors who cannot afford attorney representation to file more accurately and without the assistance of a non-lawyer.

Stay tuned for more information on this exciting new program as the pilot is developed. If you have any comments or questions, you may email them to Pathfinder_Comments@cacb.uscourts.gov.

Raising the Bar on Bankruptcy

In May and June, the U.S. Bankruptcy Court for the Central District of California held its second and third seminars for the "Raising the Bar on Bankruptcy" program, a training series offered in partnership with the LA County Bar Association *Pro Bono* Bankruptcy Subcommittee and the Central District Consumer Bankruptcy Attorney Association. "Raising the Bar on Bankruptcy" is a year-long program facilitated each month by attorneys, judges, and other bankruptcy professionals that provides Court staff with training and education on all areas of bankruptcy. The program provides staff members with the opportunity to view bankruptcy from an alternative perspective, and to gain a more thorough understanding of the legal and practical aspects of bankruptcy.

On May 13, the Court held its second session, facilitated by Dennis McGoldrick, principal of the Law Firm of Dennis McGoldrick; Erik Clark, principal of the Law Firm of Borowitz & Clark; and paralegal Francisco Gudiel, also of the Law Firm of Borowitz & Clark. This session was the first of three that will cover Chapter 7 bankruptcy. The panelists discussed several aspects of bankruptcy from the debtor attorney's perspective, including establishing initial contact with clients, preparing the petition, and commencing the case, among others.

The third session was held on June 10 and was facilitated by bankruptcy attorney Howard Camhi. Mr. Camhi focused on Chapter 7 bankruptcy, and spoke specifically on the role of the trustee and the meeting of creditors. Mr. Camhi shared from his wealth of experience working with trustees and educated those in attendance on who trustees are, how their role is structured, and how they impact and administer a Chapter 7 bankruptcy case.

The next session, which is currently scheduled for July 15, will delve deeper into Chapter 7 bankruptcy, focusing primarily on asset cases, reaffirmations and redemptions, discharge, and dismissal. Forthcoming sessions will cover all other chapters of bankruptcy and adversary proceedings.

New and Modified Local Bankruptcy Rules Forms Approved

The Board of Judges for the Central District of California approved 27 new and revised LBR forms that became effective in the month of June. This includes new and modified forms to enable debtors and lenders to conduct loan modification discussions, new forms for individual Chapter 11 and Chapter 13 cases, forms for relief from stay, and forms revised to clarify language regarding three-day noticing.

The new and revised forms are available on the Court's website at www.cacb.uscourts.gov under Forms/Rules/General Orders and are highlighted either "New" or "Revised."

For a complete list of new or modified LBR forms, please see Public Notice 11-010.

Bar Advisory Board Meeting

On June 20, Chief Judge Peter Carroll conducted the Bar Advisory Board's first meeting with its newest slate of board members. The Board provided feedback on the Court's website redesign project and drafted a Mission Statement for the Bar Advisory Board. The establishment of an IT Committee and an update to the Court's Strategic Plan were also discussed.

The Bar Advisory Board was formed in 2009 by then Chief Judge Zurzolo. The Board is comprised of 12 volunteer attorneys who meet with the Chief Judge quarterly to discuss issues of mutual concern, and has been an invaluable avenue for soliciting ideas to improve services provided by the Court.

Reassignment of Judge Geraldine Mund's Chapter 13 Cases

As of July 15, 2011, Judge Geraldine Mund's pending Chapter 13 bankruptcy and related adversary proceedings will be reassigned to Judge Alan M. Ahart. The initials following the reassigned Chapter 13 bankruptcy and related adversary proceedings shall be changed from "GM" to "AA." Hearings for cases assigned to Judge Alan M. Ahart will be heard in the San Fernando Valley Division, Courtroom 303.

For the list of Chapter 13 bankruptcy cases and related adversary proceedings retained by Judge Geraldine Mund, please refer to Public Notice 11-011.

Filing Statistics

Central District of California - Percent Increase in Filings January - June 2011* to January - June 2010

-2.2% ↓	9.5% ↑	25.1% ↑	3.6% ↑
2011: 53,121 2010: 54,322 Chapter 7	2011: 633 2010: 578 Chapter 11	2011: 18,261 2010: 14,599 Chapter 13	2011: 72,015 2010: 69,499 Total

National - Percent Increase in Filings

12 Mo. Period Ending March 31, 2011 to Same Period Ending March 31, 2010

1.7% ↑	-14.4% ↓	5.5% ↑	2.6% ↑
2011: 1,118,481 2010: 1,100,032 Chapter 7	2011: 13,051 2010: 15,251 Chapter 11	2011: 438,788 2010: 415,966 Chapter 13	2011: 1,571,183 2010: 1,531,997 Total

*Based on estimated filing data for June 2011.

CM/ECF Tips

Filing Amended Schedules

When filing Amended Schedules D, E and F, select the event code **Bankruptcy -> BK- Other - Amendment - Amending Schedules D,E,F for Ch 7, 11 & 13 (fee)**. Please do not include any other schedules; you may attach a creditor list with only the new or amended creditor information. By using this code you will be prompted to pay the \$26.00 filing fee.

When amending schedules A thru J, please select the **Bankruptcy -> BK- Other - Amendment - Amending Schedules D,E,F for Ch 7, 11 & 13 (fee)** event code. Next, press and hold the control key and select each of the other schedules to be filed. The system will ask if the schedule is being amended and you must answer "Yes" to the question each time it appears. The question will appear once for each additional schedule being amended.

Using the correct event code will expedite case management and save money and court resources. Failure to file amended schedules properly will result in an assessment of a non-refundable \$26.00 fee.

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

Westrim Inc. dba Westrim Crafts

SV-11-15313-GM, Chapter 11, Filed 04/29/2011, Assets \$1-10 million and Liabilities \$10-50 million. 341(a) Mtg. scheduled for 6/2/11 @ 2:30 PM.; Order Establishing Bidding Procedure for Sale signed on 5/3/11.

Encino Corporate Plaza, L.P.

SV-11-14917-GM, Chapter 11, Filed 04/20/11, Assets \$10-50 million and Liabilities \$1-50 million. 341(a) Mtg. scheduled for 6/1/11/ @ 2:00 PM; Order extending time to file schedules signed on 5/6/11. Schedules, Statement of Financial Affairs filed on 5/13/11.

Verdugo Mental Health

LA-11-22739-PC, Chapter 11, Filed 03/25/11, Assets \$1-10 million and Liabilities \$1-10 million. Notice of Publication of Section 351 Publication Notice Filed by Debtor Verdugo Mental Health.

Rio Rancho Super Mall LLC

RS-11-16835-CB, Chapter 11, Filed 03/02/11, Assets \$10-50 million and Liabilities \$10-50 million. Order setting Scheduling Hearing and Case Management Conference and requiring status report set for 6/21/11. Status conference re Notice of Removal set for 6/21/11.

Great East Land Hotel Group, Inc. dba La Quinta Inn Suites Eastland, TX

SV-11-12415-VK, Chapter 11, Filed 02/25/11, Assets \$1-10 million and Liabilities \$1-10 million. Case transferred to Northern District of Texas, Lubbock/Amarillo Division. New case number is 11-1015rj11. SV case terminated on 4/28/11.

HomeSuites, LLC

ND-11-10163-RR, Chapter 11, Filed 01/12/11, Assets \$1-10 million and Liabilities \$1-10 million. Motion to use cash collateral hearing cont'd to 7/26/11; Motion for order authorizing debtor to enter into lease agreement with C&M Victoria Lane, Inc., and to apply for modification of its conditional use permit with the County of Santa Barbara filed 6/8/11.

Sexy Hair Concepts, LLC

SV-10-25922-GM, Chapter 11, Filed 12/21/10, Assets \$50-100 million and Liabilities \$50-100 million. Amendment to Schedule F filed on 4/2/11 & 4/19/11. Transcript filed on 4/22/11 re: Hearing Held on 4/4/11. Transcript is restricted until 7/21/11. Confirmation hearing continued to 7/6/11 @ 10:00 AM.

Krystal Air

SV-10-23983-MT, Chapter 11, Filed 11/2/10, Assets \$1-10 million and Liabilities \$10-50 million. Order Dismissing Ch. 11 Case filed 5/20/11.

Loan Exchange Group, a CA General Partnership

SV-10-23699-MT, Chapter 11, Filed 10/28/10, Assets \$10-50 million and Liabilities \$1-10 million. Case Terminated on 4/15/11.

AVP Pro Beach Volleyball Tour, Inc.

LA-10-56761-BB, Chapter 11, Filed 10/29/10. Assets between \$100,001-\$500,000 and Liabilities between \$1-\$10 million. Scheduling order entered on 6/3/11 to set proposed disclosure statement hearing to 9/7/11 at 2:00 p.m.

WestCliff Medical Laboratories, Inc./BioLabs, Inc.

SA-10-16743-TA, SA-10-16746-TA, Chapter 11, Filed 5/19/10. Assets and Liabilities between \$50-\$100 million. Deadline set for Sept. 15, 2011 for filing disclosure statement and plan. Status conference is cont'd to 9/29/2011 at 11:00am in CTRM 5B.

Ocean Parks Hotels - TOY LLC/Ocean Park Hotels - TOP LLC

SV-10-15358-GM, SV-10-15359-GM, Chapter 11, Filed 5/6/10. Assets and Liabilities between \$10-\$50 million. Notice of Order Confirming Ch. 11 Plan filed 5/11/11. Order confirming Ch. 11 Plan entered 3/21/11.

Bander Law Firm, LLP

LA-10-15066-AA, Chapter 7, Filed 2/12/10. Assets between \$1-100 million and Liabilities between \$500,001-\$1 million. Order entered on 10/19/10 approving Chapter 7 trustee's application for authority to employ LC Financial as collection representative.

Downey Regional Medical Center-Hospital Inc.

LA-09-34714-BB, Chapter 11, Filed 9/14/09. Assets over \$100 million and Liabilities between \$1-100 million. Hearing for motion to approve compromise set for 7/13/11 at 10:00 a.m.

IM Stopping Power GmbH

SV-09-21491-MT, Chapter 15, Filed 9/1/09. Assets between \$50,000-100,000 and Liabilities between \$1-100 million. Status Hrg. Re: Foreign Bankruptcy Continued to 12/08/11 at 9:30 AM.

Crystal Cathedral Ministries, a California non-profit corporation

SA-10-24771-RK, Chapter 11, Filed 10/18/10. Assets and Liabilities \$50-\$100 million. Assignment Notice of USDC case/judge to Appeal - USDC Case No. SACV11-00371-CJC RE: So. Calif. Edison Co. 3/10/2011. Hearing Held on 6/2/2011, granting Motion to Extend/Limit Exclusivity period for Debtor. Status Conference continued to 7/13/2011 at 11:00am, CTRM 5D.

Toni Braxton

LA-10-51909-BR, Chapter 7, Filed 9/30/10. Assets between \$1-10 million and Liabilities between \$10-50 million. Trustee's motion to employ and pay appraisers filed on 6/1/11.

Liberty Entertainment, Inc.

LA-10-51881-ER, Chapter 7, Filed 8/30/10. Assets between \$500,000 to \$1 million and Liabilities between \$1-10 million. Order entered on 1/26/11 granting motion to jointly administer with case 2:10-bk-51909-BR.

Garden Grove Dermatology Center Inc.

SA-10-19195-ES (Lead of 6 Cases), Chapter 11, Filed 7/06/10. Assets between \$500,00 to \$1 million and Liabilities between \$1- \$10 million. Hearing set to determine secured status of debtor's clinics - Diamond Bar, Covina and Garden Grove, hearing set for 7/5/2011 at 10:30 am in CTRM 5A. Status Conference continued to July 14, 2011 at 10:30am in CTRM 5A. UST Declaration filed on 6/2/2011 in support of conversion of cases to Chapter 7.

The Pasadena Playhouse State Theatre of California, Inc.

LA10-28586-TD, Chapter 11, Filed 5/10/10. Assets between \$100,001 to \$500,000 and Liabilities between \$1-10 million. Order entered on 6/2/11 granting motion for final decree.

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