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**COURT PUBLISHES 2013 ANNUAL REPORT**

The Court marks each year's accomplishments and milestones with the publication of its Annual Report. On March 28, the Court published its [Annual Report for 2013](#). The report details the Court's ongoing efforts to cut costs, implement new technologies, improve public service, and extend access to justice while processing the largest caseload in the nation.

TRANSFER AND REASSIGNMENT OF CASES AND CHANGES IN ZIP CODE-DEFINED JURISDICTIONS EFFECTIVE MAY 10

In May, Chief Judge Peter H. Carroll will relocate to the Northern Division from the Los Angeles Division, Judge Deborah J. Saltzman will relocate to the Los Angeles Division from the Riverside Division, and Judge Robin L. Riblet will retire and assume recalled status. Effective May 10, some of the judges' pending cases will be transferred or reassigned, and the ZIP codes used to determine filing jurisdictions for debtors in some cities will be reassigned. For details, please see [Public Notice 14-003](#).

CHANGES TO FEDERAL COURT MISCELLANEOUS FEE SCHEDULE EFFECTIVE JUNE 1

The Judicial Conference of the United States has approved several changes to the federal court miscellaneous fee schedules. Effective June 1, the filing fees for bankruptcy petitions will be as follows: chapter 7, \$335; chapter 9, \$1,717; chapter 11, \$1,717; chapter 12, \$275; chapter 13, \$310; and chapter 15, \$1,717. The filing fee for a complaint will be \$350. For more information, please see [Public Notice 14-004](#).

CENTRAL DISTRICT LAUNCHES DEBTOR ELECTRONIC BANKRUPTCY NOTICING (DeBN)

As the result of a collaborative effort between the Administrative Office (AO) and the Bankruptcy Noticing Center (BNC), debtors can now request to receive **orders and court-generated notices by email** rather than by U.S. Mail.

The debtor's new capability to receive orders and court-generated notices by email has advantages for the debtor, the practitioner, and the Court:

- Enrollment in DeBN is easy and free.
- Debtors receive orders and court-generated notices the same day they are generated, and at the same time their attorney receives them.
- Debtors can view and store orders and court-generated notices on a mobile device for easy reference.

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

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@cacb.uscourts.gov.

This issue and back issues
of the Court News are
available on the Court's
website at <http://www.cacb.uscourts.gov/publications>.

Important Updates

Court Website:

- Court Manual
- Public Notices

COURT CLOSED

Monday, May 26—
Memorial Day

**BANKRUPTCY
JUDGESHIP
OPPORTUNITY**

The Court of Appeals for the Ninth Circuit is now accepting applications for a bankruptcy judgeship in the San Fernando Valley Division of the Central District, located in Woodland Hills. The position will become available on January 2, 2015. The deadline for applications is May 22, 2014. For more information about the position and the application process, see the news item on the Court’s website.



**Accessing Court
Information by Twitter**

The Court has been posting to its Twitter account for over two years now, and has sent over 1,600 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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- DeBN is reliable. No more lost or misrouted mail.
- DeBN is eco-friendly and is expected to significantly reduce judicial noticing costs.

With DeBN, debtors only receive the orders and court-generated notices by email that they otherwise would have received at a mailing address (e.g., 341(a) Meeting of Creditors notice, Notice of Deficiency, Order of Discharge, etc.). A debtor who requests DeBN consents only to service of orders and court-generated notices by email. Service requirements for litigants do not change with DeBN.

Three new forms and corresponding CM/ECF event codes were developed to accommodate DeBN. The fillable forms can now be downloaded from the Court’s website, and the event codes are available in live CM/ECF. The DeBN forms and the event codes share the following titles: “Debtor’s Request to Activate Electronic Noticing (DeBN),” “Debtor’s Request to Update Electronic Noticing (DeBN),” and “Debtor’s Request to Deactivate Electronic Noticing (DeBN).” DeBN forms can be filed electronically by the debtor’s attorney, or in person at the intake window (photo ID required). If both debtors in a joint case request DeBN, each debtor must file a separate form.

When a “Debtor’s Request to Activate Electronic Noticing” is filed, the Clerk’s Office reviews the form and adds the debtor’s email address into the Bankruptcy Noticing Center’s (BNC) database. The debtor then receives a confirmation email from the BNC. The debtor must click on a hyperlink in the email to activate the new DeBN account.

After a two-month DeBN pilot period that concluded at the end of April, all divisions of the U.S. Bankruptcy Court for the Central District of California are now accepting “Debtor’s Request to Activate Electronic Noticing (DeBN)” forms. Please contact DeBN Project Manager Meredith Klassen at meredith_klassen@cacb.uscourts.gov with questions about Debtor Electronic Bankruptcy Noticing.

IEBF HOSTS PANEL DISCUSSION ON CHAPTER 7 ASSETS IN RIVERSIDE

On April 8, the Inland Empire Bankruptcy Forum hosted a panel discussion regarding disclosed and undisclosed assets in chapter 7 at the Hyatt Place Riverside. Judge Wayne Johnson moderated the discussion and participated on the panel. Other panelists included Chapter 7 Trustee Todd Frealy, Everett Green from the Office of the United States Trustee, and attorney and trustee Kavita Gupta.

After dinner, the panel discussed the recent Supreme Court ruling *Law v. Siegel* and its implications for a trustee’s powers to surcharge a debtor’s exemption when that debtor has committed fraud. Mr. Frealy began with comments about the steps a trustee takes to determine the value of properties and evaluate the potential equity the trustee can tap into for the benefit of the estate. The panel also pointed out some common red flags: understating the value of the home, transferring title of property to a trust, and asserting incorrect exemptions. Then, various hypotheticals involving a debtor and a trustee were posed based on the facts in *Law v. Siegel* and the panel examined possible outcomes. Members from the audience were engaged and participated by asking follow-up questions.

OCBF “PARTIES GONE WILD” PANEL

On March 25, Judge Neil W. Bason took part in a panel discussion hosted by the Orange County Bankruptcy Forum at the Westin Hotel in Costa Mesa. Approximately 30 people attended “Parties Gone Wild,” which addressed sanctions; alter ego claims, derivative suits, and *pari delicto*; claims trading; and the importance of good faith in defending avoidance actions. Judge Bason and attorneys Janet Gertz, Kavita Gupta, and Michael Reynolds engaged in a lively discussion, focusing on some of the alter ego topics. The panel also discussed whether actions against third parties could violate the portion of the automatic stay that protects property of the estate, not the debtor. In particular, the panel considered the question: if the bankruptcy estate and a creditor are both seeking recovery from the same assets, does the automatic stay apply, or should an injunction be issued?

OCBF HOSTS BROWN BAG PROGRAM

On Thursday, April 10, the Orange County Bankruptcy Forum held a brown bag program at the Ronald Reagan Federal Building in Santa Ana. Donald Sieveke served as moderator of a panel that included Judge Erithe A. Smith and trustees Charles Daff, Jeffrey Golden, Thomas Casey, and Jack Wolfe. Judges Theodor C. Albert and Scott C. Clarkson also attended. The discussion revolved around the broad question, "Where's my homestead?"

Mr. Sieveke opened the program by inquiring as to how the trustees have dealt with a sale of the residence in light of *Jacobson*. Although Mr. Golden admitted he had yet to try to recover homestead proceeds since *Jacobson*, he pointed out that as of now there is more of a spike in real estate sales compared to when the Ninth Circuit decided *Jacobson*. This might suggest that given the slightly more robust housing market, debtors would have at least one less reason to delay reinvesting homestead proceeds in a new home. Nevertheless, efforts to reach a settlement were the common theme among the trustees, as a way of avoiding the uncertainty of whether a debtor could timely reinvest the homestead money in six months.

"Why stipulate?" Judge Smith asked, before explaining the incentives for both sides to stipulate to such an agreement. The main reason is to pay for peace of mind. A debtor would benefit from the flexibility to use the settlement proceeds to reinvest (or not) and do so without a trustee looking over the debtor's shoulder. Emphasizing the distinction between a voluntary sale six months after the date of sale and an involuntary sale six months after the date of receipt of funds, Judge Smith pointed out that the trustees may want to settle because eventually there may not be any money left.

Mr. Daff echoed the risk of loss on both sides as the program shifted to the question: "Is surcharge dead after *Law v. Siegel*?" The Supreme Court's decision was a game changer for trustees who likely felt their ability to fight debtor misconduct had been undermined. Regarding the Court's holding that federal courts may apply state law to disallow state-created exemptions, Mr. Casey referred to California Civil Code Section 3439.07(a)(3)(C), which states that a creditor may obtain "[a]ny other relief the circumstance may require." Although this looked like a narrow basis for surcharge, Mr. Casey conceded that the overall tenor of the Supreme Court decision is to look towards the Code. Still, Mr. Golden cast the decision in a positive light. He noted that although there would be more litigation, these cases would result in more specific consequences, and thus a better sense of misconduct. Judge Smith shared an even more enthusiastic outlook on *Law v. Siegel*, praising the fact that the Supreme Court unequivocally decided the issue. The Court provided a clear rule that trustees cannot surcharge a debtor's homestead exemption.



Judge Erithe A. Smith

REVISIONS TO CHAPTER 13 GUIDELINES AND COURT MANUAL EFFECTIVE MARCH 4

The "Guidelines for Allowance of Attorneys' Fees in Chapter 13 Cases" have been revised, and are now included in Section 2 of the Court Manual. Appendix C to the Court Manual has also been updated with information about accessing the United States Trustee's local guidelines and forms. For details, see [Public Notice 14-002](#).

CM/ECF TIPS

Tips on serving judge's copies:

- The judge's copy is required to be tabbed, if applicable.
- Place the judge's copy in the appropriate bin (for further information about where the judges' bins are located, see the [Court Manual, Section 7, Appendix F](#)).
- Judge's copies do not need to be blue-backed, nor hole-punched.
- If the document was filed electronically, the ECF receipt (commonly referred to as an NEF) should be attached to the document.

Refer to [Local Bankruptcy Rule 5005-2\(d\)](#), which requires that a copy of every document* filed must be served on the judge who presides over the bankruptcy case or adversary proceeding.

*Some exceptions to this requirement are chapter 7 petition documents, proofs of claim, and motions filed without a hearing per LBR 9013-1(o). For a complete list of exceptions, see the [Court Manual, Section 7, Appendix F](#).



Bankruptcy Judge Catherine E. Bauer and Superior Court Judge Jonathan Fish swear in 83 new admittees to the State Bar of California at Whittier Law School on December 5, 2013.



Bankruptcy Judge Sandra R. Klein, Superior Court Judge Nicole C. Bershon, and attorneys Jennifer Ishiguro and Jessica Kronstadt visit Loyola Law School on March 25, 2014 to discuss interviewing skills.

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. Motion for continued use of cash collateral hearing 4/24/14.

American Suzuki Motor Corp.

SA-12-22808-SC, Chapter 11, Filed 11/05/12, Assets \$100-\$500 million and Liabilities \$100-\$500 million. Order entered on record on 2/21/14 approving 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.

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 4/9/14 approving stipulation regarding budget and use of cash collateral through June 30, 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. Second stipulation to continue deadline to object to administrative claim was filed on 4/18/14.

Bethal Healthcare Inc.

SV-13-12220-GM, Chapter 11, Filed 04/01/13, Assets \$1-10 million and Liabilities \$1-10 million. Post confirmation status hearing to be held on 6/3/14 at 10 a.m.

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 5/8/14. Motion for rejection of collective bargaining agreements with Public Employees Assoc. and SB Police Officers Assoc. and SB Firefighters Assoc. continued to 5/8/14. Motion for relief from stay filed by SB Professional Firefighters Assoc. continued to 5/8/14. Hearing on motion to reject lease or executory contract filed by the City of San Bernardino set for 5/8/14. Order entered 4/8/14, approving stipulation extending the period within which the City must assume or reject unexpired lease through 12/31/14.

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. Status report #4 filed 4/3/14.

Gamma Medica-Ideas (USA), Inc.

SV-12-17469-VK, Chapter 11, Filed 08/20/2012. Assets \$1-10 million and Liabilities \$10-50 million. Notice of appt. of creditor's committee 4/11/2014.

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

SV-12-21028-VK, Chapter 11, Filed 12/26/12, Assets and Liabilities unknown. Post Trial Scheduling order on Lead Case signed 4/16/14

Halsey M. Minor

LA-13-23787-TD, Chapter 7, Filed 05/24/13, Assets \$50-100 million and Liabilities \$50-100 million. Greenberg Glusker Fields Claman & Machtinger LLP's interim application for compensation and reimbursement of expenses for the period from June 10, 2013 through March 31, 2014 was filed on 4/17/14.

Hamlet Group Inc.

SV-13-12398-MT, Chapter 11, Filed 04/05/2013, Assets \$500,001-\$1 million and Liabilities \$1-\$10 million. Deadline for filing administrative proofs of claim: May 16, 2014.

HDOS Enterprises

LA-14-12028-NB, Chapter 11, Filed 02/03/14, Assets \$10-\$50 million - \$1-\$10 million. Order entered on 4/14/14 granting debtor's motion for order establishing interim fee application and expense reimbursement procedures.

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 to be held on 5/6/2014.

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. Order entered 3/6/14 authorizing sale of estate property at public auction.

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. No updates.

Point Center Financial Inc.

SA-13--11495-TA, Chapter 11, Filed 1/19/13, Assets \$10- \$50 million and Liabilities \$50-100 million. Motion to assume lease or executory contract filed by Trustee Howard B. Grobstein, set for hearing on 5/3/14 at 10 a.m.

Senor Fish

LA-14-10076-RN, Chapter 11, Filed 01/02/14, Assets \$1-10 million and Liabilities \$1-10 million. Final stipulation re use of cash collateral, allowed claim of Bank of America, N.A. and application of MTA payment was filed on 4/18/14.

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.

The Village at Nipomo, LLC

SV-13-13593-AA, Chapter 11, Filed 05/28/13, Assets \$12 million and Liabilities \$10 million. Order authorizing debtor's motion for sale of property of the estate entered 3/10/14.

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 3/31/14 approving trustee's fourth motion for order extending the time within which to assume or reject executory contracts and unexpired leases.

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