

Southwest Bankruptcy Conference

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Form B6F (Official Form 6F) - (Rev. 12/07)

2007 USBC, Central District of California

In re Gene Douglas Balas Carlos A. Morales	Case No.: 2:11-bk-17831-AA (If known)
Debtors.	

SCHEDULE F - CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS

(Continuation Sheet)

CREDITOR'S NAME, MAILING ADDRESS INCLUDING ZIP CODE, AND ACCOUNT NUMBER <i>(See instructions above.)</i>	CODEBTOR HUSBAND, WIFE, JOINT OR COMMUNITY	DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM. IF CLAIM IS SUBJECT TO SETOFF, SO STATE	CONTINGENT	UNLIQUIDATED	DISPUTED	AMOUNT OF CLAIM
Last four digits of ACCOUNT NO. XXXX-7151 Chase P.O. Box 15298 Wilmington, DE 19850 Chase c/o Weltman, Weinberg & Reis Co. 323 W. Lakeside Ave., Suite 200 Cleveland, OH 44113	C	Credit Card 01/1998 - 03/2010				5,430.32
Last four digits of ACCOUNT NO. XXXX-8521 Chevron Credit Bank P.O. Box 5010 Concord, CA 94524	C	Credit Card 03/2007 - 03/2010				607.00
Last four digits of ACCOUNT NO. XXXX-3595 Citibank P.O. Box 26892 San Francisco, CA 94126	C	Credit Card 10/2002 - 04/2010				9,599.00
Last four digits of ACCOUNT NO. XXXX-0583 Citibank P.O. Box 26892 San Francisco, CA 94126	C	Line of Credit				9,913.39

Sheet no. 3 of 5 continuation sheets attached to Schedule of Creditors
Holding Unsecured
Nonpriority Claims

Subtotal >	\$ 25,549.71
Total >	\$

*(Use only on last page of the completed Schedule F.)
(Report also on Summary of Schedules and, if applicable on the
Statistical Summary of Certain Liabilities and Related Data.)*

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Form B6F (Official Form 6F) - (Rev. 12/07)

2007 USBC, Central District of California

In re Gene Douglas Balas Carlos A. Morales	Debtors.	Case No.: 2:11-bk-17831-AA	(If known)
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SCHEDULE F - CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS

(Continuation Sheet)

CREDITOR'S NAME, MAILING ADDRESS INCLUDING ZIP CODE, AND ACCOUNT NUMBER <i>(See instructions above.)</i>	CODEBTOR	HUSBAND, WIFE, JOINT OR COMMUNITY	DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM. IF CLAIM IS SUBJECT TO SETOFF, SO STATE	CONTINGENT	UNLIQUIDATED	DISPUTED	AMOUNT OF CLAIM
Last four digits of ACCOUNT NO XXXX-4418 Citibank P.O. Box 26892 San Francisco, CA 94126	C		Credit Card				16,549.11
Last four digits of ACCOUNT NO XXXX-6534 Consultants for Pathology 4607 Lakeview Canyon Rd., Suite 598 Westlake Village, CA 91361	C		Medical Services				79.63
Last four digits of ACCOUNT NO XXXX-9904 HSBC Card Services P.O. Box 81622 Salinas, CA 93912	C		Credit Card 11/2002 - 02/2010				1,321.00
Last four digits of ACCOUNT NO XXXX-6350 HSBC Card Services P.O. Box 81622 Salinas, CA 93912 HSBC Card Services Hunt & Henriques 151 Bernal Road, Suite 8 San Jose, CA 95119	C		Credit Card / Lawsuit 06/2000 - 03/2010				3,522.59

Sheet no. 4 of 5 continuation sheets attached to Schedule of Creditors
Holding Unsecured
Nonpriority Claims

Subtotal >	\$ 21,472.33
Total >	\$

(Use only on last page of the completed Schedule F.)
(Report also on Summary of Schedules and, if applicable on the
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Form B6F (Official Form 6F) - (Rev. 12/07)

2007 USBC, Central District of California

In re Gene Douglas Balas Carlos A. Morales	Case No.: Debtors: 2:11-bk-17831-AA (If known)
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SCHEDULE F - CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS

(Continuation Sheet)

CREDITOR'S NAME, MAILING ADDRESS INCLUDING ZIP CODE, AND ACCOUNT NUMBER <i>(See instructions above.)</i>	CODEBTOR HUSBAND, WIFE, JOINT OR COMMUNITY	DATE CLAIM WAS INCURRED AND CONSIDERATION FOR CLAIM. IF CLAIM IS SUBJECT TO SETOFF, SO STATE	CONTINGENT	UNLIQUIDATED	DISPUTED	AMOUNT OF CLAIM
Last four digits of ACCOUNT NO. XXXX-6154 HSBC Card Services P.O. Box 81622 Salinas, CA 93912 HSBC Card Services c/o NCO Financial Systems P.O. Box 15372 Wilmington, DE 19850	C	Credit Card				890.10
Last four digits of ACCOUNT NO. XXXX-4990 HSBC Card Services P.O. Box 81622 Salinas, CA 93912 HSBC Card Services c/o Hunt & Henriques 151 Bernal Road, Suite 8 San Jose, CA 95119	C	Credit Card / Lawsuit 11/1998 - 04/2010				1,282.84
Last four digits of ACCOUNT NO. XXXX-0714 MD Periodontics A. Moshrefi, DDS MS & N. Daneshmand 9735 Wilshire Blvd., Suite 211 Beverly Hills, CA 90212	C	Dental Services				3,059.63
Last four digits of ACCOUNT NO. XXXX-9874 Sallie Mae P.O. Box 9533 Wilkes-Barre, PA 18773-9533	C	Student Loan				28,058.39

Sheet no. 5 of 5 continuation sheets attached to Schedule of Creditors
Holding Unsecured
Nonpriority Claims

Subtotal >	\$	33,290.96
Total >	\$	133,708.53

(Use only on last page of the completed Schedule F.)
(Report also on Summary of Schedules and, if applicable on the
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Form B6G - (12/07)

2007 USBC, Central District of California

In re Gene Douglas Balas Carlos A. Morales	Debtors.	Case No.: 2:11-bk-17831-AA	(If known)
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SCHEDULE G - EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Check this box if debtor has no executory contracts or unexpired leases.

NAME AND MAILING ADDRESS, INCLUDING ZIP CODE, OF OTHER PARTIES TO LEASE OR CONTRACT.	DESCRIPTION OF CONTRACT OR LEASE AND NATURE OF DEBTOR'S INTEREST, STATE WHETHER LEASE IS FOR NONRESIDENTIAL REAL PROPERTY. STATE CONTRACT NUMBER OF ANY GOVERNMENT CONTRACT.

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Form B6H - (12/07)

2007 USBC, Central District of California

In re	Gene Douglas Balas Carlos A. Morales	Debtors.	Case No.:	2:11-bk-17831-AA	(If known)
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SCHEDULE H - CODEBTORS

Check this box if debtor has no codebtors.

NAME AND ADDRESS OF CODEBTOR	NAME AND ADDRESS OF CREDITOR
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Form B6I - (Rev. 12/07) 2007 USBC, Central District of California

In re Gene Douglas Balas Carlos A. Morales	Case No.: 2:11-bk-17831-AA (If known)
Debtors.	

SCHEDULE I - CURRENT INCOME OF INDIVIDUAL DEBTOR(S)

The column labeled "Spouse" must be completed in all cases filed by joint debtors and by every married debtor, whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed. Do not state the name of any minor child. The average monthly income calculated on this form may differ from the current monthly income calculated on Form 22A, 22B, or 22C.

Debtor's Marital Status: Married	DEPENDENTS OF DEBTOR AND SPOUSE	
	RELATIONSHIP(S)	AGE(S)
Employment:	DEBTOR	SPOUSE
Occupation	Writer	Graphic Designer
Name of Employer	Self-Employed	Payden & Rygel
How long employed	8 months	3 years
Address of Employer	(Residence) 5702 Lindenhurst Ave. Los Angeles, CA 90036	333 South Grand Ave., Suite 3250 Los Angeles, CA 90071

INCOME: (Estimate of average or projected monthly income at time case filed)

	DEBTOR	SPOUSE
1. Monthly gross wages, salary, and commissions (Prorate if not paid monthly)	\$ <u>0.00</u>	\$ <u>5,166.66</u>
2. Estimate monthly overtime	\$ <u>0.00</u>	\$ <u>0.00</u>
3. SUBTOTAL	\$ <u>0.00</u>	\$ <u>5,166.66</u>
4. LESS PAYROLL DEDUCTIONS		
a. Payroll taxes and social security	\$ <u>0.00</u>	\$ <u>929.86</u>
b. Insurance	\$ <u>0.00</u>	\$ <u>0.00</u>
c. Union dues	\$ <u>0.00</u>	\$ <u>0.00</u>
d. Other (Specify)		
<u>401k Contribution</u>	\$ <u>0.00</u>	\$ <u>258.34</u>
<u>401k Loan</u>	\$ <u>0.00</u>	\$ <u>181.98</u>
<u>Disability Insurance</u>	\$ <u>0.00</u>	\$ <u>72.46</u>
<u>Group Insurance (health)</u>	\$ <u>0.00</u>	\$ <u>420.68</u>
<u>Health Insurance</u>	\$ <u>0.00</u>	\$ <u>26.86</u>
<u>Medical Care</u>	\$ <u>0.00</u>	\$ <u>400.00</u>
5. SUBTOTAL OF PAYROLL DEDUCTIONS	\$ <u>0.00</u>	\$ <u>2,290.18</u>
6. TOTAL NET MONTHLY TAKE HOME PAY	\$ <u>0.00</u>	\$ <u>2,876.48</u>
7. Regular income from operation of business or profession or farm (attach detailed statement)	\$ <u>4,500.00</u>	\$ <u>0.00</u>
8. Income from real property	\$ <u>0.00</u>	\$ <u>0.00</u>
9. Interest and dividends	\$ <u>0.00</u>	\$ <u>0.00</u>
10. Alimony, maintenance or support payments payable to the debtor for the debtor's use or that of dependents listed above.	\$ <u>0.00</u>	\$ <u>0.00</u>
11. Social security or other government assistance (Specify)	\$ <u>0.00</u>	\$ <u>0.00</u>
12. Pension or retirement income	\$ <u>0.00</u>	\$ <u>0.00</u>
13. Other monthly income		

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Form B61 - (Rev. 12/07) Main Document Page 21 of 42 2007 USBC, Central District of California

In re Gene Douglas Balas Carlos A. Morales	Case No.: Debtors. 2:11-bk-17831-AA (If known)
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SCHEDULE I - CURRENT INCOME OF INDIVIDUAL DEBTOR(S)

<i>(Specify)</i> <u>Medical Expense Reimbursement</u>	\$ <u>0.00</u>	\$ <u>320.16</u>
<u>Medical Reimbursement</u>	\$ <u>0.00</u>	\$ <u>157.59</u>
14. SUBTOTAL OF LINES 7 THROUGH 13	\$ <u>4,500.00</u>	\$ <u>477.75</u>
15. AVERAGE MONTHLY INCOME (Add amounts shown on lines 6 and 14)	\$ <u>4,500.00</u>	\$ <u>3,354.23</u>
16. COMBINED AVERAGE MONTHLY INCOME: (Combine column totals from line 15)	\$ 7,854.23	

(Report also on Summary of Schedules and, if applicable, on Statistical Summary of Certain Liabilities and Related Data)

17. Describe any increase or decrease in income reasonably anticipated to occur within the year following the filing of this document.:

None Anticipated _____

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Client: Gene Balas	
	Projection
Gross Earning	\$4,500.00
Expenses:	
Data Processing	\$80.00
Business License/City Tax	\$40.00
Tax Deposits	\$810.00
News Subscriptions	\$80.00
Telephone/Internet	\$120.00
Utilities	\$10.00
Total Expenses:	\$1,140.00
Net Income:	\$3,360.00

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Form B6J - (Rev. 12/07)

2007 USBC, Central District of California

In re Gene Douglas Balas Carlos A. Morales	Debtors.	Case No.: 2:11-bk-17831-AA (if known)
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SCHEDULE J - CURRENT EXPENDITURES OF INDIVIDUAL DEBTOR(S)

Complete this schedule by estimating the average or projected monthly expenses of the debtor and the debtor's family at time case filed. Prorate any payments made biweekly, quarterly, semi-annually, or annually to show monthly rate. The average monthly expenses calculated on this form may differ from the deductions from income allowed on Form 22A or 22C.

Check this box if a joint petition is filed and debtor's spouse maintains a separate household. Complete a separate schedule of expenditures labeled "Spouse."

1. Rent or home mortgage payment (include lot rented for mobile home)	\$	<u>2,365.00</u>
a. Are real estate taxes included? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
b. Is property insurance included? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
2. Utilities: a. Electricity and heating fuel	\$	<u>40.00</u>
b. Water and sewer	\$	<u>20.00</u>
c. Telephone	\$	<u>55.00</u>
d. Other <u>Cable, Internet & Cell Phone</u>	\$	<u>155.00</u>
3. Home maintenance (repairs and upkeep)	\$	<u>0.00</u>
4. Food	\$	<u>670.00</u>
5. Clothing	\$	<u>50.00</u>
6. Laundry and dry cleaning	\$	<u>50.00</u>
7. Medical and dental expenses	\$	<u>1,397.75</u>
8. Transportation (not including car payments)	\$	<u>250.00</u>
9. Recreation, clubs and entertainment, newspapers, magazines, etc.	\$	<u>50.00</u>
10. Charitable contributions	\$	<u>0.00</u>
11. Insurance (not deducted from wages or included in home mortgage payments)		
a. Homeowner's or renter's	\$	<u>50.00</u>
b. Life	\$	<u>367.00</u>
c. Health	\$	<u>0.00</u>
d. Auto	\$	<u>175.00</u>
e. Other _____	\$	<u>0.00</u>
12. Taxes (not deducted from wages or included in home mortgage payments) (Specify) _____	\$	<u>0.00</u>
13. Installment payments: (In chapter 11, 12, and 13 cases, do not list payments to be included in the plan)		
a. Auto	\$	<u>380.00</u>
b. Other _____	\$	<u>0.00</u>
14. Alimony, maintenance, and support paid to others	\$	<u>0.00</u>
15. Payments for support of additional dependents not living at your home	\$	<u>0.00</u>
16. Regular expenses from operation of business, profession, or farm (attach detailed statement)	\$	<u>1,140.00</u>
17. Other <u>Personal Care</u>	\$	<u>75.00</u>
<u>Pet Expenses</u>	\$	<u>50.00</u>
18. AVERAGE MONTHLY EXPENSES (Total lines 1-17. Report also on Summary of Schedules and, if applicable, on the Statistical Summary of Certain Liabilities and Related Data.)	\$	<u>7,339.75</u>

19. Describe any increase or decrease in expenditures reasonably anticipated to occur within the year following the filing of this document:

Anticipate rent will decrease as of 06/01/2011 after end of residential lease in May 2011.

*** 401k loan ends 01/31/2015**

20. STATEMENT OF MONTHLY NET INCOME		
a. Average monthly income from Line 15 of Schedule I	\$	<u>7,854.23</u>
b. Average monthly expenses from Line 18 above	\$	<u>7,339.75</u>
c. Monthly net income (a. minus b.)	\$	<u>514.48</u>

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Form B6 - Declaration (Rev. 12/07)

2007 USBC, Central District of California

In re Gene Douglas Balas Carlos A. Morales	Case No.: 2:11-bk-17831-AA Debtors. (If known)
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DECLARATION CONCERNING DEBTOR'S SCHEDULES

DECLARATION UNDER PENALTY OF PERJURY BY INDIVIDUAL DEBTOR

I declare under penalty of perjury that I have read the foregoing summary and schedules, consisting of 22 sheets, and that they are true and correct to the best of my knowledge, information, and belief.

Date: 3/9/2011

Signature: /s/, Gene Douglas Balas
Gene Douglas Balas
Debtor

Date: 3/9/2011

Signature: /s/, Carlos A. Morales
Carlos A. Morales
(Joint Debtor, if any)

[If joint case, both spouses must sign]

DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF CORPORATION OR PARTNERSHIP

(NOT APPLICABLE)

Penalty for making a false statement or concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both. 18 U.S.C. §§ 152 and 3571.

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Statement of Financial Affairs (Form 7) - Page 1 - (Rev. 4/10)

2010 USBC, Central District of California

UNITED STATES BANKRUPTCY COURT Central District of California

In re Gene Douglas Balas Carlos A. Morales	Debtors.	Case No.: 2:11-bk-17831-AA 2:11-bk-17831-AA (If known)
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STATEMENT OF FINANCIAL AFFAIRS

1. Income from employment or operation of business

None State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business, including part-time activities either as an employee or in independent trade or business, from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the **two years** immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE	FISCAL YEAR PERIOD
11,667.00	Business (Debtor)	2009
50,026.00	Employment (Debtor)	2009
56,858.00	Employment (Joint Debtor)	2009
38,514.00	Employment (Joint Debtor)	2010
45,565.00	Business (Debtor)	2010
10,333.32	Employment (Debtor) (year-to-date)	2011
3,250.00	Business (Debtor) (year-to-date)	2011

2. Income other than from employment or operation of business

None State the amount of income received by the debtor other than from employment, trade, profession, operation of the debtor's business during the **two years** immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE	FISCAL YEAR PERIOD
12,194.29	State Disability Insurance	2009 - 2010
23,250.00	Unemployment Income Benefits (Debtor)	2009 - 2010

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Statement of Financial Affairs (Form 7) - Page 2 - (Rev. 4/10)

2010 USBC, Central District of California

3. Payments to creditors

Complete a. or b., as appropriate, and c.

None a. *Individual or joint debtor(s) with primarily consumer debts:* List all payments on loans, installment purchases of goods or services, and other debts to any creditor made within **90 days** immediately preceding the commencement of this case unless the aggregate value of all property that constitutes or is affected by such transfer is less than \$600. Indicate with an asterisk (*) any payments that were made to a creditor on account of a domestic support obligation or as part of an alternative repayment schedule under a plan by an approved nonprofit budgeting and credit counseling agency. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING
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None b. *Debtor whose debts are not primarily consumer debts:* List each payment or other transfer to any creditor made within **90 days** immediately preceding the commencement of the case unless the aggregate value of all property that constitutes or is affected by such transfer is less than \$5,850*. If the debtor is an individual, indicate with an asterisk (*) any payments that were made to a creditor on account of a domestic support obligation or as part of an alternative repayment schedule under a plan by an approved nonprofit budgeting and credit counseling agency. (Married debtors filing under chapter 12 or chapter 13 must include payments and other transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS/ TRANSFERS	AMOUNT PAID OR VALUE OF TRANSFERS	AMOUNT STILL OWING
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**Amount subject to adjustment on 4/01/13, and every three years thereafter with respect to cases commenced on or after the date of adjustment.*

None c. *All debtors:* List all payments made within **one year** immediately preceding the commencement of this case to or for the benefit of creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR AND RELATIONSHIP TO DEBTOR	DATE OF PAYMENT	AMOUNT PAID	AMOUNT STILL OWING
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4. Suits and administrative proceedings, executions, garnishments and attachments

None a. List all suits and administrative proceedings to which the debtor is or was a party within **one year** immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

CAPTION OF SUIT AND CASE NUMBER	NATURE OF PROCEEDING	COURT OR AGENCY AND LOCATIO	STATUS OR DISPOSITION
HSBC Bank Nevada, N.A. vs. Gene Balas 10K21272	Civil / Complaint	Superior Court of California Stanley Mosk Courthouse Los Angeles County	Pending
HSBC Bank Nevada, N.A. as Successor in Interest to Direct Merchants Credit Card Bank, N.A. vs. Gene D. Balas 10K21350	Civil / Complaint	Superior Court of California Stanley Mosk Courthouse Los Angeles County	Pending

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Statement of Financial Affairs (Form 7) - Page 3 - (Rev. 4/10)

2010 USBC, Central District of California

None b. Describe all property that has been attached, garnished or seized under any legal or equitable process within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON FOR WHOSE BENEFIT PROPERTY WAS SEIZED	DATE OF SEIZURE	DESCRIPTION AND VALUE OF PROPERTY
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5. Repossessions, foreclosures and returns

None List all property that has been repossessed by a creditor, sold at a foreclosure sale, transferred through a deed in lieu of foreclosure or returned to the seller, within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR OR SELLER	DATE OF REPOSESSION, FORECLOSURE SALE, TRANSFER OR RETURN	DESCRIPTION AND VALUE OF PROPERTY
Acura Financial Services P.O.Box 600001 City of Industry, CA 91716	05/21/2010	2006 Acura TL 3.2 Sedan 4D \$15,000
BMW Financial Services P.O. Box 3608 Dublin, OH 43016-0306	06/01/2009	2006 BMW 3 Series 330Ci Convertible 2D \$30,000

6. Assignments and receiverships

None a. Describe any assignment of property for the benefit of creditors made within **120 days** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include any assignment by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF ASSIGNEE	DATE OF ASSIGNMENT	TERMS OF ASSIGNMENT OR SETTLEMENT
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None b. List all property which has been in the hands of a custodian, receiver, or court-appointed official within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CUSTODIAN	NAME AND ADDRESS OF COURT CASE TITLE & NUMBER	DATE OF ORDER	DESCRIPTION AND VALUE OF PROPERTY
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7. Gifts

None List all gifts or charitable contributions made within **one year** immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than \$200 in value per individual family member and charitable contributions aggregating less than \$100 per recipient. (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON OR ORGANIZATION	RELATIONSHIP TO DEBTOR, IF ANY	DATE OF GIFT	DESCRIPTION AND VALUE OF GIFT
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8. Losses

None List all losses from fire, theft, other casualty or gambling within **one year** immediately preceding the commencement of this case **or since the commencement of this case.** (Married debtors filing under chapter 12 or chapter 13 must include losses by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

DESCRIPTION AND VALUE OF PROPERTY	DESCRIPTION OF CIRCUMSTANCES AND, IF LOSS WAS COVERED IN WHOLE OR IN PART BY INSURANCE, GIVE PARTICULARS	DATE OF LOSS
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9. Payments related to debt counseling or bankruptcy

None List all payments made or property transferred by or on behalf of the debtor to any persons, including attorneys, for consultation concerning debt consolidation, relief under the bankruptcy law or preparation of a petition in bankruptcy within **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS OF PAYEE	DATE OF PAYMENT, NAME OF PAYOR IF OTHER THAN DEBTOR	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
Law Office of Peter M. Lively 11268 Washington Blvd., Suite 203 Culver City, California 90230	04/02/2010 - 02/21/2011	\$4,644.00
Money Management International 9009 West Loop South, Suite 700 Houston, TX 77096-1719	02/23/2011	\$100.00

10. Other transfers

None a. List all other property, other than property transferred in the ordinary course of the business or financial affairs of the debtor, transferred either absolutely or as security within **two years** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF TRANSFEREE, RELATIONSHIP TO DEBTOR	DATE	DESCRIBE PROPERTY TRANSFERRED AND VALUE RECEIVED
--	------	--

None b. List all property transferred by the debtor within **ten years** immediately preceding the commencement of this case to a self-settled trust or similar device of which the debtor is a beneficiary.

NAME OF TRUST OR OTHER DEVICE	DATE(S) OF TRANSFER(S)	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY OR DEBTOR INTEREST IN PROPERTY
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11. Closed financial accounts

None List all financial accounts and instruments held in the name of the debtor or for the benefit of the debtor which were closed, sold, or otherwise transferred within **one year** immediately preceding the commencement of this case. Include checking, savings, or other financial accounts, certificates of deposit, or other instruments; shares and share accounts held in banks, credit unions, pension funds, cooperatives, associations, brokerage houses and other financial institutions. (Married debtors filing under chapter 12 or chapter 13 must include information concerning accounts or instruments held by or for either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF INSTITUTION	TYPE OF ACCOUNT, LAST FOUR DIGITS OF ACCOUNT NUMBER, AND AMOUNT OF FINAL BALANCE	AMOUNT AND DATE OF SALE OR CLOSING
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12. Safe deposit boxes

None List each safe deposit or other box or depository in which the debtor has or had securities, cash, or other valuables within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include boxes or depositories of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF BANK OR OTHER DEPOSITORY	NAMES AND ADDRESSES OF THOSE WITH ACCESS TO BOX OR DEPOSITOR	DESCRIPTION OF CONTENTS	DATE OF TRANSFER OR SURRENDER, IF ANY
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13. Setoffs

None List all setoffs made by any creditor, including a bank, against a debt or deposit of the debtor within **90 days** preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATE OF SETOFF	AMOUNT OF SETOFF
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14. Property held for another person

None List all property owned by another person that the debtor holds or controls.

NAME AND ADDRESS OF OWNER	DESCRIPTION AND VALUE OF PROPERTY	LOCATION OF PROPERTY
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15. Prior address of debtor

None If debtor has moved within **three years** immediately preceding the commencement of this case, list all premises which the debtor occupied during that period and vacated prior to the commencement of this case. If a joint petition is filed, report also any separate address of either spouse.

ADDRESS	NAME USED	DATES OF OCCUPANCY
400 S. Hauser Blvd., Apt 12 B Los Angeles, CA 90036	Gene D. Balas and Carlos A. Morales	07/2006 - 02/2009

16. Spouses and Former Spouses

None If the debtor resides or resided in a community property state, commonwealth, or territory (including Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington, or Wisconsin) within **eight years** immediately preceding the commencement of the case, identify the name of the debtor's spouse and of any former spouse who resides or resided with the debtor in the community property state.

NAME

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17. Environmental Information.

For the purpose of this question, the following definitions apply:

"Environmental Law" means any federal, state or local statute or regulation regulating pollution, contamination, releases of hazardous or toxic substances, wastes or material into the air, land, soil, surface water, groundwater, or other medium, including, but not limited to, statutes or regulations regulating the cleanup of these substances, wastes, or material.

"Site" means any location, facility, or property as defined under any Environmental Law, whether or not presently or formerly owned or operated by the debtor, including, but not limited to, disposal sites.

"Hazardous Material" means anything defined as a hazardous waste, hazardous substance, toxic substance, hazardous material, pollutant, or contaminant or similar term under an Environmental Law.

None



a. List the name and address of every site for which the debtor has received notice in writing by a governmental unit that it may be liable or potentially liable under or in violation of an Environmental Law. Indicate the governmental unit, the date of the notice, and, if known, the Environmental Law.

SITE NAME AND ADDRESS	NAME AND ADDRESS OF GOVERNMENTAL UNIT	DATE OF NOTICE	ENVIRONMENTAL LAW
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None



b. List the name and address of every site for which the debtor provided notice to a governmental unit of a release of Hazardous Material. Indicate the governmental unit to which the notice was sent and the date of the notice.

SITE NAME AND ADDRESS	NAME AND ADDRESS OF GOVERNMENTAL UNIT	DATE OF NOTICE	ENVIRONMENTAL LAW
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None



c. List all judicial or administrative proceedings, including settlements or orders, under any Environmental Law with respect to which the debtor is or was a party. Indicate the name and address of the governmental unit that is or was a party to the proceeding, and the docket number.

NAME AND ADDRESS OF GOVERNMENTAL UNIT	DOCKET NUMBER	STATUS OR DISPOSITION
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18. Nature, location and name of business

None a. If the debtor is an individual, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was an officer, director, partner, or managing executive of a corporation, partner in a partnership, sole proprietor, or was self-employed in a trade, profession, or other activity either full- or part-time within the **six years** immediately preceding the commencement of this case, or in which the debtor owned 5 percent or more of the voting or equity securities within the **six years** immediately preceding the commencement of this case.

*If the debtor is a partnership, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities, within the **six years** immediately preceding the commencement of this case.*

*If the debtor is a corporation, list the names, addresses, taxpayer identification numbers, nature of the business, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities within the **six years** immediately preceding the commencement of this case.*

NAME	LAST FOUR DIGITS OF SOCIAL SECURITY OR OTHER INDIVIDUAL TAXPAYER-I.D. NO. (ITIN)/ COMPLETE EIN	ADDRESS	NATURE OF BUSINESS	BEGINNING AND ENDING DATES
Gene Douglas Balas	XXXX-0140	(Residence) 5702 Lindenhurst Ave. Los Angeles, CA 90036	Writer	05/01/2010

None b. Identify any business listed in response to subdivision a., above, that is "single asset real estate" as defined in 11 U.S.C. § 101.

NAME	ADDRESS
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19. Books, records and financial statements

None a. List all bookkeepers and accountants who within **two years** immediately preceding the filing of this bankruptcy case kept or supervised the keeping of books of account and records of the debtor.

NAME AND ADDRESS	DATES SERVICES RENDERED
Gene Douglas Balas (Residence) 5702 Lindenhurst Ave. Los Angeles, CA 90036	All

None b. List all firms or individuals who within **two years** immediately preceding the filing of this bankruptcy case have audited the books of account and records, or prepared a financial statement of the debtor.

NAME	ADDRESS	DATES SERVICES RENDERED
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None c. List all firms or individuals who at the time of the commencement of this case were in possession of the books of account and records of the debtor. If any of the books of account and records are not available, explain.

NAME	ADDRESS
Gene Douglas Balas	(Residence) 5702 Lindenhurst Ave. Los Angeles, CA 90036

None d. List all financial institutions, creditors and other parties, including mercantile and trade agencies, to whom a financial statement was issued by the debtor within **two years** immediately preceding the commencement of this case.

NAME AND ADDRESS	DATE ISSUED
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20. Inventories

None a. List the dates of the last two inventories taken of your property, the name of the person who supervised the taking of each inventory, and the dollar amount and basis of each inventory.

DATE OF INVENTORY	INVENTORY SUPERVISOR	DOLLAR AMOUNT OF INVENTORY (Specify cost, market or other basis)
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None b. List the name and address of the person having possession of the records of each of the inventories reported in a., above.

DATE OF INVENTORY	NAME AND ADDRESSES OF CUSTODIAN OF INVENTORY RECORDS
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21. Current Partners, Officers, Directors and Shareholders

None a. If the debtor is a partnership, list the nature and percentage of partnership interest of each member of the partnership.

NAME AND ADDRESS	NATURE OF INTEREST	PERCENTAGE OF INTEREST
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None b. If the debtor is a corporation, list all officers and directors of the corporation, and each stockholder who directly or indirectly owns, controls, or holds 5 percent or more of the voting or equity securities of the corporation.

NAME AND ADDRESS	TITLE	NATURE AND PERCENTAGE OF STOCK OWNERSHIP
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22. Former partners, officers, directors and shareholders

None a. If the debtor is a partnership, list each member who withdrew from the partnership within **one year** immediately preceding the commencement of this case.

NAME	ADDRESS	DATE OF WITHDRAWAL
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None b. If the debtor is a corporation, list all officers or directors whose relationship with the corporation terminated within **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS	TITLE	DATE OF TERMINATION
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23. Withdrawals from a partnership or distributions by a corporation

None If the debtor is a partnership or corporation, list all withdrawals or distributions credited or given to an insider, including compensation in any form, bonuses, loans, stock redemptions, options exercised and any other perquisite during **one year** immediately preceding the commencement of this case.

NAME & ADDRESS OF RECIPIENT, RELATIONSHIP TO DEBTOR	DATE AND PURPOSE OF WITHDRAWAL	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
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24. Tax Consolidation Group.

None If the debtor is a corporation, list the name and federal taxpayer identification number of the parent corporation of any consolidated group for tax purposes of which the debtor has been a member at any time within **six years** immediately preceding the commencement of the case.

NAME OF PARENT CORPORATION	TAXPAYER IDENTIFICATION NUMBER (EIN)
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25. Pension Funds.

None If the debtor is not an individual, list the name and federal taxpayer identification number of any pension fund to which the debtor, as an employer, has been responsible for contributing at any time within **six years** immediately preceding the commencement of the case.

NAME OF PENSION FUND TAXPAYER IDENTIFICATION NUMBER (EIN)

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[if completed by an individual or individual and spouse]

I declare under penalty of perjury that I have read the answers contained in the foregoing statement of financial affairs and any attachments thereto and that they are true and correct.

Date 3/9/2011

Signature of Debtor /s/ Gene Douglas Balas
Gene Douglas Balas

Date 3/9/2011

Signature of Joint Debtor /s/ Carlos A. Morales
(if any) Carlos A. Morales

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In re Gene Douglas Balas, Carlos A. Morales	Case No.: 2:11-bk-17831-AA
Debtor.	(if known)

According to the calculations required by this statement:

The applicable commitment period is 3 years.

The applicable commitment period is 5 years.

Disposable income is determined under § 1325(b)(3)

Disposable income is not determined under § 1325(b)(3)

(Check the boxes as directed in Lines 17 and 23 of this statement.)

STATEMENT OF CURRENT MONTHLY INCOME AND CALCULATION OF COMMITMENT PERIOD AND DISPOSABLE INCOME FOR USE IN CHAPTER 13

In addition to Schedules I and J, this statement must be completed by every individual chapter 13 debtor, whether or not filing jointly. Joint debtors may complete one statement only.

Part I. REPORT OF INCOME												
1	<p>Marital/filing status. Check the box that applies and complete the balance of this part of this statement as directed.</p> <p>a. <input type="checkbox"/> Unmarried. Complete only Column A ("Debtor's Income") for Lines 2-10.</p> <p>b. <input checked="" type="checkbox"/> Married. Complete both Column A ("Debtor's Income") and Column B (Spouse's Income) for Lines 2-10.</p> <p style="font-size: small;">All figures must reflect average monthly income received from all sources, derived during the six calendar months prior to filing the bankruptcy case, ending on the last day of the month before the filing. If the amount of monthly income varied during the six months, you must divide the six-month total by six, and enter the result on the appropriate line.</p>	Column A Debtor's Income	Column B Spouse's Income									
2	Gross wages, salary, tips, bonuses, overtime, commissions.	\$	\$6,698.30									
3	<p>Income from the operation of a business, profession or farm. Subtract Line b from Line a and enter the difference in the appropriate column(s) of Line 3. If you operate more than one business, profession or farm, enter aggregate numbers and provide details on an attachment. Do not enter a number less than zero. Do not include any part of the business expenses entered on Line b as a deduction in Part IV.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <tr> <td style="width: 5%; text-align: center;">a.</td> <td style="width: 60%;">Gross Receipts</td> <td style="width: 35%; text-align: right;">\$ 5,541.67</td> </tr> <tr> <td style="text-align: center;">b.</td> <td>Ordinary and necessary business expenses</td> <td style="text-align: right;">\$ 2,047.92</td> </tr> <tr> <td style="text-align: center;">c.</td> <td>Business income</td> <td style="text-align: right;">Subtract Line b from Line a</td> </tr> </table>	a.	Gross Receipts	\$ 5,541.67	b.	Ordinary and necessary business expenses	\$ 2,047.92	c.	Business income	Subtract Line b from Line a	\$3,493.75	\$0.00
a.	Gross Receipts	\$ 5,541.67										
b.	Ordinary and necessary business expenses	\$ 2,047.92										
c.	Business income	Subtract Line b from Line a										
4	<p>Rent and other real property income. Subtract Line b from Line a and enter the difference in the appropriate column(s) of Line 4. Do not enter a number less than zero. Do not include any part of the operating expenses entered on Line b as a deduction in Part IV.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <tr> <td style="width: 5%; text-align: center;">a.</td> <td style="width: 60%;">Gross Receipts</td> <td style="width: 35%; text-align: right;">\$ 0.00</td> </tr> <tr> <td style="text-align: center;">b.</td> <td>Ordinary and necessary operating expenses</td> <td style="text-align: right;">\$ 0.00</td> </tr> <tr> <td style="text-align: center;">c.</td> <td>Rent and other real property income</td> <td style="text-align: right;">Subtract Line b from Line a</td> </tr> </table>	a.	Gross Receipts	\$ 0.00	b.	Ordinary and necessary operating expenses	\$ 0.00	c.	Rent and other real property income	Subtract Line b from Line a	\$0.00	\$0.00
a.	Gross Receipts	\$ 0.00										
b.	Ordinary and necessary operating expenses	\$ 0.00										
c.	Rent and other real property income	Subtract Line b from Line a										
5	Interest, dividends, and royalties.	\$0.00	\$0.00									
6	Pension and retirement income.	\$0.00	\$0.00									
7	<p>Any amounts paid by another person or entity, on a regular basis, for the household expenses of the debtor or the debtor's dependents, including child support paid for that purpose. Do not include alimony or separate maintenance payments or amounts paid by the debtor's spouse. Each regular payment should be reported in only one column; if a payment is listed in Column A, do not report that payment in Column B.</p>	\$0.00	\$0.00									

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8	<p>Unemployment compensation. Enter the amount in the appropriate column(s) of Line 8. However, if you contend that unemployment compensation received by you or your spouse was a benefit under the Social Security Act, do not list the amount of such compensation in Column A or B, but instead state the amount in the space below:</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:45%;">Unemployment compensation claimed to be a benefit under the Social Security Act</td> <td style="width:15%;">Debtor \$ _____</td> <td style="width:15%;">Spouse \$ _____</td> <td style="width:15%;"></td> </tr> </table>	Unemployment compensation claimed to be a benefit under the Social Security Act	Debtor \$ _____	Spouse \$ _____		\$0.00	\$0.00
Unemployment compensation claimed to be a benefit under the Social Security Act	Debtor \$ _____	Spouse \$ _____					
9	<p>Income from all other sources. Specify source and amount. If necessary, list additional sources on a separate page. Total and enter on Line 9. Do not include alimony or separate maintenance payments paid by your spouse, but include all other payments of alimony or separate maintenance. Do not include any benefits received under the Social Security Act or payments received as a victim of a war crime, crime against humanity, or as a victim of international or domestic terrorism.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:5%;">a.</td> <td style="width:65%;"></td> <td style="width:10%; text-align:right;">\$</td> <td style="width:20%;"></td> </tr> </table>	a.		\$		\$0.00	\$0.00
a.		\$					
10	<p>Subtotal. Add Lines 2 thru 9 in Column A, and, if Column B is completed, add Lines 2 thru 9 in Column B. Enter the total(s).</p>	\$3,493.75	\$6,698.30				
11	<p>Total. If Column B has been completed, add Line 10, Column A to Line 10, Column B, and enter the total. If Column B has not been completed, enter the amount from Line 10, Column A.</p>	\$ 10,192.05					
Part II. CALCULATION OF § 1325(b)(4) COMMITMENT PERIOD							
12	<p>Enter the amount from Line 11.</p>	\$ 10,192.05					
13	<p>Marital adjustment. If you are married, but are not filing jointly with your spouse, AND if you contend that calculation of the commitment period under § 1325(b)(4) does not require inclusion of the income of your spouse, enter on Line 13 the amount of the income listed in Line 10, Column B that was NOT paid on a regular basis for the household expenses of you or your dependents and specify, in the lines below, the basis for excluding this income (such as payment of the spouse's tax liability or the spouse's support of persons other than the debtor or the debtor's dependents) and the amount of income devoted to each purpose. If necessary, list additional adjustments on a separate page. If the conditions for entering this adjustment do not apply, enter zero.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:5%;">a.</td> <td style="width:65%;"></td> <td style="width:10%; text-align:right;">\$</td> <td style="width:20%;"></td> </tr> </table> <p>Total and enter on Line 13.</p>	a.		\$		\$0.00	
a.		\$					

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14	Subtract Line 13 from Line 12 and enter the result.	\$ 10,192.05				
15	Annualized current monthly income for § 1325(b)(4). Multiply the amount from Line 14 by the number 12 and enter the result.	\$ 122,304.60				
16	Applicable median family income. Enter the median family income for applicable state and household size. (This information is available by family size at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court.) a. Enter debtor's state of residence: <u>CA</u> b. Enter debtor's household size: <u>2</u>	\$ 61,954.00				
17	Application of § 1325(b)(4). Check the applicable box and proceed as directed. <input type="checkbox"/> The amount on Line 15 is less than the amount on Line 16. Check the box for "The applicable commitment period is 3 years" at the top of page 1 of this statement and continue with this statement. <input checked="" type="checkbox"/> The amount on Line 15 is not less than the amount on Line 16. Check the box for "The applicable commitment period is 5 years" at the top of page 1 of this statement and continue with this statement.					
Part III. APPLICATION OF § 1325(b)(3) FOR DETERMINING DISPOSABLE INCOME						
18	Enter the amount from Line 11.	\$ 10,192.05				
19	Marital adjustment. If you are married, but are not filing jointly with your spouse, enter on Line 19 the total of any income listed in Line 10, Column B that was NOT paid on a regular basis for the household expenses of the debtor or the debtor's dependents. Specify in the lines below the basis for excluding the Column B income (such as payment of the spouse's tax liability or the spouse's support of persons other than the debtor or the debtor's dependents) and the amount of income devoted to each purpose. If necessary, list additional adjustments on a separate page. If the conditions for entering this adjustment do not apply, enter zero. <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center;">a.</td> <td style="width: 70%;"></td> <td style="width: 5%; text-align: center;">\$</td> <td style="width: 15%;"></td> </tr> </table> Total and enter on Line 19.	a.		\$		\$ 0.00
a.		\$				
20	Current monthly income for § 1325(b)(3). Subtract Line 19 from Line 18 and enter the result.	\$ 10,192.05				
21	Annualized current monthly income for § 1325(b)(3). Multiply the amount from Line 20 by the number 12 and enter the result.	\$ 122,304.60				
22	Applicable median family income. Enter the amount from Line 16	\$ 61,954.00				
23	Application of § 1325(b)(3). Check the applicable box and proceed as directed. <input checked="" type="checkbox"/> The amount on Line 21 is more than the amount on Line 22. Check the box for "Disposable income is determined under § 1325(b)(3)" at the top of page 1 of this statement and complete the remaining parts of this statement. <input type="checkbox"/> The amount on Line 21 is not more than the amount on Line 22. Check the box for "Disposable income is not determined under § 1325(b)(3)" at the top of page 1 of this statement and complete Part VII of this statement. Do not complete Parts IV, V, or VI.					
Part IV. CALCULATION OF DEDUCTIONS FROM INCOME						
Subpart A: Deductions under Standards of the Internal Revenue Service (IRS)						
24A	National Standards: food, apparel and services, housekeeping supplies, personal care, and miscellaneous. Enter in Line 24A the "Total" amount from IRS National Standards for Allowable Living Expenses for the applicable number of persons. (This information is available at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court.) The applicable number of persons is the number that would currently be allowed as exemptions on your federal income tax return, plus the number of any additional dependents whom you support.	\$ 985.00				

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24B	<p>National Standards: health care. Enter in Line a1 below the amount from IRS National Standards for Outof- Pocket Health Care for persons under 65 years of age, and in Line a2 the IRS National Standards for Outof- Pocket Health Care for persons 65 years of age or older. (This information is available at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court.) Enter in Line b1 the applicable number of persons who are under 65 years of age, and enter in Line b2 the applicable number of persons who are 65 years of age or older. (The applicable number of persons in each age category is the number in that category that would currently be allowed as exemptions on your federal income tax return, plus the number of any additional dependents whom you support.) Multiply Line a1 by Line b1 to obtain a total amount for persons under 65, and enter the result in Line c1. Multiply Line a2 by Line b2 to obtain a total amount for persons 65 and older, and enter the result in Line c2. Add Lines c1 and c2 to obtain a total health care amount, and enter the result in Line 24B.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">Persons under 65 years of age</th> <th colspan="2">Persons 65 years of age or older</th> </tr> </thead> <tbody> <tr> <td>a1.</td> <td>Allowance per person</td> <td align="right">60.00</td> <td>a2. Allowance per person</td> <td align="right">144.00</td> </tr> <tr> <td>b1.</td> <td>Number of persons</td> <td align="right">2.00</td> <td>b2. Number of persons</td> <td></td> </tr> <tr> <td>c1.</td> <td>Subtotal</td> <td align="right">120.00</td> <td>c2. Subtotal</td> <td></td> </tr> </tbody> </table>	Persons under 65 years of age		Persons 65 years of age or older		a1.	Allowance per person	60.00	a2. Allowance per person	144.00	b1.	Number of persons	2.00	b2. Number of persons		c1.	Subtotal	120.00	c2. Subtotal		\$ 120.00
Persons under 65 years of age		Persons 65 years of age or older																			
a1.	Allowance per person	60.00	a2. Allowance per person	144.00																	
b1.	Number of persons	2.00	b2. Number of persons																		
c1.	Subtotal	120.00	c2. Subtotal																		
25A	<p>Local Standards: housing and utilities; non-mortgage expenses. Enter the amount of the IRS Housing and Utilities Standards; non-mortgage expenses for the applicable county and family size. (This information is available at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court). The applicable family size consists of the number that would currently be allowed as exemptions on your federal income tax return, plus the number of any additional dependents whom you support.</p>	\$ 551.00																			
25B	<p>Local Standards: housing and utilities; mortgage/rent expense. Enter, in Line a below, the amount of the IRS Housing and Utilities Standards; mortgage/rent expense for your county and family size (this information is available at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court)(the applicable family size consists of the number that would currently be allowed as exemptions on your federal income tax return, plus the number of any additional dependents whom you support); enter on Line b the total of the Average Monthly Payments for any debts secured by your home, as stated in Line 47; subtract Line b from Line a and enter the result in Line 25B. Do not enter an amount less than zero.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tbody> <tr> <td>a.</td> <td>IRS Housing and Utilities Standards; mortgage/rent expense</td> <td align="right">\$ 1,537.00</td> </tr> <tr> <td>b.</td> <td>Average Monthly Payment for any debts secured by home, if any, as stated in Line 47.</td> <td align="right">\$</td> </tr> <tr> <td>c.</td> <td>Net mortgage/rental expense</td> <td align="right">Subtract Line b from Line a</td> </tr> </tbody> </table>	a.	IRS Housing and Utilities Standards; mortgage/rent expense	\$ 1,537.00	b.	Average Monthly Payment for any debts secured by home, if any, as stated in Line 47.	\$	c.	Net mortgage/rental expense	Subtract Line b from Line a	\$ 1,537.00										
a.	IRS Housing and Utilities Standards; mortgage/rent expense	\$ 1,537.00																			
b.	Average Monthly Payment for any debts secured by home, if any, as stated in Line 47.	\$																			
c.	Net mortgage/rental expense	Subtract Line b from Line a																			
26	<p>Local Standards: housing and utilities; adjustment. If you contend that the process set out in Lines 25A and 25B does not accurately compute the allowance to which you are entitled under the IRS Housing and Utilities Standards, enter any additional amount to which you contend you are entitled, and state the basis for your contention in the space below:</p>	\$																			
27A	<p>Local Standards: transportation; vehicle operation/public transportation expense. You are entitled to an expense allowance in this category regardless of whether you pay the expenses of operating a vehicle and regardless of whether you use public transportation.</p> <p>Check the number of vehicles for which you pay the operating expenses or for which the operating expenses are included as a contribution to your household expenses in Line 7. <input type="checkbox"/> 0 <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 or more.</p> <p>If you checked 0, enter on Line 27A the "Public Transportation" amount from IRS Local Standards: Transportation. If you checked 1 or 2 or more, enter on Line 27A the "Operating Costs" amount from IRS Local Standards: Transportation for the applicable number of vehicles in the applicable Metropolitan Statistical Area or Census Region. (These amounts are available at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court.)</p>	\$ 283.00																			
27B	<p>Local Standards: transportation; additional public transportation expense. If you pay the operating expenses for a vehicle and also use public transportation, and you contend that you are entitled to an additional deduction for your public transportation expenses, enter on Line 27B the "Public Transportation" amount from IRS Local Standards: Transportation. (This amount is available at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court.)</p>	\$ 182.00																			

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28	<p>Local Standards: transportation ownership/lease expense; Vehicle 1. Check the number of vehicles for which you claim an ownership/lease expense. (You may not claim an ownership/lease expense for more than two vehicles.) <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 or more.</p> <p>Enter, in Line a below, the "Ownership Costs" for "One Car" from the IRS Local Standards: Transportation (available at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court); enter in Line b the total of the Average Monthly Payments for any debts secured by Vehicle 1, as stated in Line 47; subtract Line b from Line a and enter the result in Line 28. Do not enter an amount less than zero.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">a.</td> <td style="width: 65%;">IRS Transportation Standards, Ownership Costs</td> <td style="width: 30%; text-align: right;">\$ 496.00</td> </tr> <tr> <td>b.</td> <td>Average Monthly Payment for any debts secured by Vehicle 1, as stated in Line 47.</td> <td style="text-align: right;">\$ 250.00</td> </tr> <tr> <td>c.</td> <td>Net ownership/lease expense for Vehicle 1</td> <td style="text-align: right;">Subtract Line b from Line a</td> </tr> </table>	a.	IRS Transportation Standards, Ownership Costs	\$ 496.00	b.	Average Monthly Payment for any debts secured by Vehicle 1, as stated in Line 47.	\$ 250.00	c.	Net ownership/lease expense for Vehicle 1	Subtract Line b from Line a	\$ 246.00
a.	IRS Transportation Standards, Ownership Costs	\$ 496.00									
b.	Average Monthly Payment for any debts secured by Vehicle 1, as stated in Line 47.	\$ 250.00									
c.	Net ownership/lease expense for Vehicle 1	Subtract Line b from Line a									
29	<p>Local Standards: transportation ownership/lease expense; Vehicle 2. Complete this Line only if you checked the "2 or more" Box in Line 28.</p> <p>Enter, in Line a below, the "Ownership Costs" for "One Car" from the IRS Local Standards: Transportation (available at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court); enter in Line b the total of the Average Monthly Payments for any debts secured by Vehicle 2, as stated in Line 47; subtract Line b from Line a and enter the result in Line 29. Do not enter an amount less than zero.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">a.</td> <td style="width: 65%;">IRS Transportation Standards, Ownership Costs</td> <td style="width: 30%; text-align: right;">\$ 0.00</td> </tr> <tr> <td>b.</td> <td>Average Monthly Payment for any debts secured by Vehicle 2, as stated in Line 47.</td> <td style="text-align: right;">\$</td> </tr> <tr> <td>c.</td> <td>Net ownership/lease expense for Vehicle 2</td> <td style="text-align: right;">Subtract Line b from Line a</td> </tr> </table>	a.	IRS Transportation Standards, Ownership Costs	\$ 0.00	b.	Average Monthly Payment for any debts secured by Vehicle 2, as stated in Line 47.	\$	c.	Net ownership/lease expense for Vehicle 2	Subtract Line b from Line a	\$ 0.00
a.	IRS Transportation Standards, Ownership Costs	\$ 0.00									
b.	Average Monthly Payment for any debts secured by Vehicle 2, as stated in Line 47.	\$									
c.	Net ownership/lease expense for Vehicle 2	Subtract Line b from Line a									
30	<p>Other Necessary Expenses: taxes. Enter the total average monthly expense that you actually incur for all federal, state and local taxes, other than real estate and sales taxes, such as income taxes, self employment taxes, social security taxes, and Medicare taxes. Do not include real estate or sales taxes.</p>	\$ 2,121.27									
31	<p>Other Necessary Expenses: involuntary deductions for employment. Enter the total average monthly payroll deductions that are required for your employment, such as retirement contributions, union dues, and uniform costs. Do not include discretionary amounts, such as voluntary 401(k) contributions.</p>	\$ 0.00									
32	<p>Other Necessary Expenses: life insurance. Enter total average monthly premiums that you actually pay for term life insurance for yourself. Do not include premiums for insurance on your dependents, for whole life or for any other form of insurance.</p>	\$ 367.00									
33	<p>Other Necessary Expenses: court-ordered payments. Enter the total monthly amount that you are required to pay pursuant to the order of a court or administrative agency, such as spousal or child support payments. Do not include payments on past due obligations included in Line 49.</p>	\$ 0.00									
34	<p>Other Necessary Expenses: education for employment or for a physically or mentally challenged child. Enter the total average monthly amount that you actually expend for education that is a condition of employment and for education that is required for a physically or mentally challenged dependent child for whom no public education providing similar services is available.</p>	\$ 0.00									
35	<p>Other Necessary Expenses: childcare. Enter the total average monthly amount that you actually expend on childcare—such as baby-sitting, day care, nursery and preschool. Do not include other educational payments.</p>	\$ 0.00									
36	<p>Other Necessary Expenses: health care. Enter the total average monthly amount that you actually expend on health care that is required for the health and welfare of yourself or your dependents, that is not reimbursed by insurance or paid by a health savings account, and that is in excess of the amount entered in Line 24B. Do not include payments for health insurance or health savings accounts listed in Line 39.</p>	\$ 800.00									
37	<p>Other Necessary Expenses: telecommunication services. Enter the total average monthly amount that you actually pay for telecommunication services other than your basic home telephone and cell phone service—such as pagers, call waiting, caller id, special long distance, or internet service—to the extent necessary for your health and welfare or that of your dependents. Do not include any amount previously deducted.</p>	\$ 30.00									
38	<p>Total Expenses Allowed under IRS Standards. Enter the total of Lines 24 through 37.</p>	\$ 7,222.27									
Subpart B: Additional Living Expense Deductions											

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Note: Do not include any expenses that you have listed in Lines 24-37				
39	Health Insurance, Disability Insurance, and Health Savings Account Expenses. List the monthly expenses in the categories set out in lines a-c below that are reasonably necessary for yourself, your spouse, or your dependents.			
	a.	Health Insurance	\$331.49	
	b.	Disability Insurance	\$54.35	
	c.	Health Savings Account	\$400.00	
	Total and enter on Line 39			\$ 785.84
	If you do not actually expend this total amount, state your actual total average monthly expenditures in the space below: \$ _____			
40	Continued contributions to the care of household or family members. Enter the total average actual monthly expenses that you will continue to pay for the reasonable and necessary care and support of an elderly, chronically ill, or disabled member of your household or member of your immediate family who is unable to pay for such expenses. Do not include payments listed in Line 34.			\$ 0.00
41	Protection against family violence. Enter the total average reasonably necessary monthly expenses that you actually incurred to maintain the safety of your family under the Family Violence Prevention and Services Act or other applicable federal law. The nature of these expenses is required to be kept confidential by the court.			\$ 0.00
42	Home energy costs. Enter the total average monthly amount, in excess of the allowance specified by IRS Local Standards for Housing and Utilities, that you actually expend for home energy costs. You must provide your case trustee with documentation of your actual expenses, and you must demonstrate that the additional amount claimed is reasonable and necessary.			\$
43	Education expenses for dependent children under 18. Enter the total average monthly expenses that you actually incur, not to exceed \$147.92* per child, for attendance at a private or public elementary or secondary school by your dependent children less than 18 years of age. You must provide your case trustee with documentation of your actual expenses, and you must explain why the amount claimed is reasonable and necessary and not already accounted for in the IRS Standards.			\$ 0.00
44	Additional food and clothing expense. Enter the total average monthly amount by which your food and clothing expenses exceed the combined allowances for food and clothing (apparel and services) in the IRS National Standards, not to exceed 5% of those combined allowances. (This information is available at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court.) You must demonstrate that the additional amount claimed is reasonable and necessary.			\$ 35.00
45	Charitable contributions. Enter the amount reasonably necessary for you to expend each month on charitable contributions in the form of cash or financial instruments to a charitable organization as defined in 26 U.S.C. § 170(c)(1)-(2). Do not include any amount in excess of 15% of your gross monthly income.			\$ 0.00
46	Total Additional Expense Deductions under § 707(b). Enter the total of Lines 39 through 45.			\$ 820.84
Subpart C: Deductions for Debt Payment				
47	Future payments on secured claims. For each of your debts that is secured by an interest in property that you own, list the name of the creditor, identify the property securing the debt, state the Average Monthly Payment, and check whether the payment includes taxes or insurance. The Average Monthly Payment is the total of all amounts scheduled as contractually due to each Secured Creditor in the 60 months following the filing of the bankruptcy case, divided by 60. If necessary, list additional entries on a separate page. Enter the total of the Average Monthly Payments on Line 47.			
	Name of Creditor	Property Securing the Debt	Average Monthly Payment	Does payment include taxes or insurance?
	a. Ford Motor Credit	2010 Ford Fusion	\$ 250.00	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
	Total: Add Lines a, b and c			\$ 250.00

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48	<p>Other payments on secured claims. If any of debts listed in Line 47 are secured by your primary residence, a motor vehicle, or other property necessary for your support or the support of your dependents, you may include in your deduction 1/60th of any amount (the "cure amount") that you must pay the creditor in addition to the payments listed in Line 47, in order to maintain possession of the property. The cure amount would include any sums in default that must be paid in order to avoid repossession or foreclosure. List and total any such amounts in the following chart. If necessary, list additional entries on a separate page.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:5%;"></th> <th style="width:35%;">Name of Creditor</th> <th style="width:35%;">Property Securing the Debt</th> <th style="width:25%;">1/60th of the Cure Amount</th> </tr> </thead> <tbody> <tr> <td>a.</td> <td></td> <td></td> <td style="text-align:right;">\$</td> </tr> </tbody> </table> <p align="right">Total: Add Lines a, b and c</p>		Name of Creditor	Property Securing the Debt	1/60th of the Cure Amount	a.			\$	\$ 0.00				
	Name of Creditor	Property Securing the Debt	1/60th of the Cure Amount											
a.			\$											
49	<p>Payments on prepetition priority claims. Enter the total amount, divided by 60, of all priority claims, such as priority tax, child support and alimony claims, for which you were liable at the time of your bankruptcy filing. Do not include current obligations, such as those set out in Line 33.</p>	\$ 783.95												
50	<p>Chapter 13 administrative expenses. Multiply the amount in line a by the amount in line b, and enter the resulting administrative expense.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tbody> <tr> <td style="width:5%;">a.</td> <td style="width:55%;">Projected average monthly Chapter 13 plan payment.</td> <td style="width:40%; text-align:right;">\$ 1,888.19</td> </tr> <tr> <td>b.</td> <td>Current multiplier for your district as determined under schedules issued by the Executive Office for United States Trustees. (This information is available at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court.)</td> <td style="text-align:right;">x 10.00</td> </tr> <tr> <td>c.</td> <td>Average monthly administrative expense of Chapter 13 case</td> <td></td> </tr> <tr> <td colspan="2"></td> <td style="text-align:right;">Total: Multiply Lines a and b</td> </tr> </tbody> </table>	a.	Projected average monthly Chapter 13 plan payment.	\$ 1,888.19	b.	Current multiplier for your district as determined under schedules issued by the Executive Office for United States Trustees. (This information is available at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court.)	x 10.00	c.	Average monthly administrative expense of Chapter 13 case				Total: Multiply Lines a and b	\$ 188.82
a.	Projected average monthly Chapter 13 plan payment.	\$ 1,888.19												
b.	Current multiplier for your district as determined under schedules issued by the Executive Office for United States Trustees. (This information is available at www.usdoj.gov/ust/ or from the clerk of the bankruptcy court.)	x 10.00												
c.	Average monthly administrative expense of Chapter 13 case													
		Total: Multiply Lines a and b												
51	<p>Total Deductions for Debt Payment. Enter the total of Lines 47 through 50.</p>	\$ 1,222.77												
Subpart D: Total Deductions from Income														
52	<p>Total of all deductions from income. Enter the total of Lines 38, 46, and 51.</p>	\$ 9,265.88												
Part V. DETERMINATION OF DISPOSABLE INCOME UNDER § 1325(b)(2)														
53	<p>Total current monthly income. Enter the amount from Line 20.</p>	\$ 10,192.05												
54	<p>Support income. Enter the monthly average of any child support payments, foster care payments, or disability payments for a dependent child, reported in Part I, that you received in accordance with applicable nonbankruptcy law, to the extent reasonably necessary to be expended for such child.</p>	\$												
55	<p>Qualified retirement deductions. Enter the monthly total of (a) all amounts withheld by your employer from wages as contributions for qualified retirement plans, as specified in § 541(b)(7) and (b) all required repayments of loans from retirement plans, as specified in § 362(b)(19).</p>	\$ 278.61												
56	<p>Total of all deductions allowed under § 707(b)(2). Enter the amount from Line 52.</p>	\$ 9,265.88												
57	<p>Deduction for special circumstances. If there are special circumstances that justify additional expenses for which there is no reasonable alternative, describe the special circumstances and the resulting expenses in lines a-c below. If necessary, list additional entries on a separate page. Total the expenses and enter the total in Line 57. You must provide your case trustee with documentation of these expenses and you must provide a detailed explanation of the special circumstances that make such expenses necessary and reasonable.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:5%;"></th> <th style="width:55%;">Nature of special circumstances</th> <th style="width:40%;">Amount of expense</th> </tr> </thead> <tbody> <tr> <td>a.</td> <td></td> <td style="text-align:right;">\$</td> </tr> </tbody> </table> <p align="right">Total: Add Lines a, b, and c</p>		Nature of special circumstances	Amount of expense	a.		\$	\$ 0.00						
	Nature of special circumstances	Amount of expense												
a.		\$												

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58	Total adjustments to determine disposable income. Add the amounts on Lines 54, 55, 56, and 57 and enter the result.	\$ 9,544.49
59	Monthly Disposable Income Under § 1325(b)(2). Subtract Line 58 from Line 53 and enter the result.	\$ 647.56

Part VI: ADDITIONAL EXPENSE CLAIMS

60	<p>Other Expenses. List and describe any monthly expenses, not otherwise stated in this form, that are required for the health and welfare of you and your family and that you contend should be an additional deduction from your current monthly income under § 707(b)(2)(A)(ii)(I). If necessary, list additional sources on a separate page. All figures should reflect your average monthly expense for each item. Total the expenses.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 70%;">Expense Description</th> <th style="width: 25%;">Monthly Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">a.</td> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td colspan="2" style="text-align: right;">Total: Add Lines a, b, and c</td> <td style="text-align: center;">\$0.00</td> </tr> </tbody> </table>			Expense Description	Monthly Amount	a.		\$	Total: Add Lines a, b, and c		\$0.00
	Expense Description	Monthly Amount									
a.		\$									
Total: Add Lines a, b, and c		\$0.00									

Part VII: VERIFICATION

61	<p>I declare under penalty of perjury that the information provided in this statement is true and correct. <i>(If this a joint case, both debtors must sign.)</i></p> <p>Date: <u>3/9/2011</u> Signature: <u>/s/, Gene Douglas Balas</u> Gene Douglas Balas, (Debtor)</p> <p>Date: <u>3/9/2011</u> Signature: <u>/s/, Carlos A. Morales</u> Carlos A. Morales, (Joint Debtor, if any)</p>	
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EXHIBIT 3

EXHIBIT 3

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1 DAVID M. STERN (State Bar No. 67697)
ROBERT J. PFISTER (State Bar No. 241370)
2 KLEE, TUCHIN, BOGDANOFF & STERN LLP
1999 Avenue of the Stars, 39th Floor
3 Los Angeles, California 90067-6049
Telephone: (310) 407-4000
4 Facsimile: (310) 407-9090
Email: dstern@ktbslaw.com
5 rpfister@ktbslaw.com

6 Proposed Special Counsel for the Debtors

7 PETER M. LIVELY (State Bar No. 162686)
LAW OFFICE OF PETER M. LIVELY
8 11268 Washington Boulevard, Suite 203
Culver City, California 90230-4647
9 Telephone: (310) 391-2400
Facsimile: (310) 391-2462
10 Email: PeterMLively@aol.com

11 Counsel for the Debtors

KLEE, TUCHIN, BOGDANOFF & STERN LLP
1999 AVENUE OF THE STARS, 39TH FLOOR
LOS ANGELES, CALIFORNIA 90067-6049
(310) 407-4000

12
13 UNITED STATES BANKRUPTCY COURT
14 CENTRAL DISTRICT OF CALIFORNIA
15 LOS ANGELES DIVISION
16

17 In re:

18 Gene Douglas Balas and Carlos A. Morales,
19 Debtors.

Case No.: 2:11-bk-17831-AA
Chapter 13

**DEBTORS' APPLICATION TO
EMPLOY KLEE, TUCHIN,
BOGDANOFF & STERN LLP AS
SPECIAL COUNSEL ON A PRO
BONO BASIS IN CONNECTION
WITH CERTAIN SPECIFIED
MATTERS; DECLARATION OF
ROBERT J. PFISTER IN SUPPORT
THEREOF**

Hearing To Be Set If Requested
(LR 9013-1(o))

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1 TO THE HONORABLE ALAN M. AHART, UNITED STATES BANKRUPTCY
2 JUDGE; PETER C. ANDERSON, UNITED STATES TRUSTEE; KATHY A.
3 DOCKERY, CHAPTER 13 TRUSTEE; AND ALL CREDITORS AND PARTIES IN
4 INTEREST:

5 Gene Douglas Balas and Carlos A. Morales, the debtors (collectively, the “Debtors”)
6 in the above-captioned chapter 13 bankruptcy case (the “Bankruptcy Case”), respectfully
7 submit this application (the “Application”) for an order authorizing the employment, on a pro
8 bono basis, of Klee, Tuchin, Bogdanoff & Stern LLP (“KTBS”) as their special counsel for
9 the limited purposes set forth herein, to serve as co-counsel with the Law Office of Peter M.
10 Lively (the “Lively Firm”). Specifically, KTBS, in conjunction with the Lively Firm, will
11 represent the Debtors exclusively in connection with any motion(s) to dismiss the
12 Bankruptcy Case on the ground that the Debtors’ joint bankruptcy filing is prohibited by
13 section 3 of the federal Defense of Marriage Act, Pub. L. No. 104-199, 110 Stat. 2419 (Sep.
14 21, 1996), *codified at* 1 U.S.C. § 7 (“DOMA”), and any appeals from a decision on such
15 motion(s) (collectively, the “DOMA Matters”). For all matters arising in or related to the
16 Bankruptcy Case other than the DOMA Matters, including but not limited to all proceedings
17 relating to claims, objections, plans, discharges and the like, the Debtors will continue to be
18 represented solely by the Lively Firm in accordance with the Debtors’ separate engagement
19 arrangements with the Lively Firm.

20 This Application is brought pursuant to section 329(a) of the Bankruptcy Code to
21 disclose the pro bono character of KTBS’s representation of the Debtors, and pursuant to
22 LBR 1001-1(d) and LBR 3015-1(u)(1) to secure Court approval of the limited scope of
23 KTBS’s engagement in this chapter 13 case. Pursuant to LBR 3015-1(x) and LBR 9013-
24 1(o), this Application is being served upon the United States trustee, the Chapter 13 trustee,
25 and all creditors and parties in interest, and may be determined upon notice of opportunity to
26 request a hearing. In support of this Application, the Debtors submit the annexed
27 *Declaration of Robert J. Pfister* (the “Pfister Declaration”) and respectfully represent as
28 follows:

KLEE, TUCHIN, BOGDANOFF & STERN LLP
1999 AVENUE OF THE STARS, 39TH FLOOR
LOS ANGELES, CALIFORNIA 90067-6049
(310) 407-4000

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I.

BACKGROUND

On February 24, 2011, the Debtors jointly commenced the Bankruptcy Case pursuant to section 302 of the Bankruptcy Code, which authorizes the filing of “a single petition . . . by an individual . . . and such individual’s spouse.” 11 U.S.C. § 302(a). The Debtors (both of whom are male) were lawfully married on August 30, 2008, in Santa Monica, California, *see* Pfister Decl. Ex. A (License and Certificate of Marriage), and remain lawfully married under the laws of the State of California. *See Strauss v. Horton*, 207 P.3d 48 (Cal. 2009) (clarifying that the approximately 18,000 same-gender couples who legally wed in California during the time period between (i) the announcement of *In re Marriage Cases*, 183 P.3d 384 (Cal. 2008) (invalidating the state’s restriction of marriage to opposite-gender couples), and (ii) the November 2008 passage of Proposition 8 (amending the state constitution to once again restrict marriage to opposite-gender couples), remain validly married).

On March 28, 2011, the United States trustee convened and presided at a meeting of creditors pursuant to section 341 of the Bankruptcy Code. Pursuant to LBR 3015-1(g)(2)(B), the United States trustee orally objected to confirmation of the Debtors’ plan and notified the Debtors that a motion challenging their joint petition would be forthcoming, and would likely be set for a hearing to coincide with the confirmation hearing. It is the Debtors’ understanding that the United States trustee will seek dismissal of the Bankruptcy Case under section 3 of DOMA, which provides:

In determining the meaning of any Act of Congress, or of any ruling, regulation, or interpretation of the various administrative bureaus and agencies of the United States, the word “marriage” means only a legal union between one man and one woman as husband and wife, and the word “spouse” refers only to a person of the opposite sex who is a husband or a wife.

1 U.S.C. § 7.

Section 3 of DOMA raises serious constitutional issues. Indeed, one day before the Debtors filed their joint petition, the Attorney General of the United States informed the Speaker of the U.S. House of Representatives that “the President of the United States has

KLEE, TUCHIN, BOGDANOFF & STERN LLP
1999 AVENUE OF THE STARS, 39TH FLOOR
LOS ANGELES, CALIFORNIA 90067-6049
(310) 407-4000

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1 made the determination that Section 3 of [DOMA], as applied to same-sex couples who are
2 legally married under state law, violates the equal protection component of the Fifth
3 Amendment.” Pfister Decl. Ex. B (Letter from Hon. Eric H. Holder, Jr. to Hon. John A.
4 Boehner, dated Feb. 23, 2011) at 1.¹ See also *Commonwealth of Mass. v. U.S. Dep’t of*
5 *Health & Human Servs.*, 698 F. Supp. 2d 234 (D. Mass. 2010) (holding that section 3 of
6 DOMA violates the Tenth Amendment of the U.S. Constitution by intruding on an area of
7 exclusive state authority). Moreover, dismissal of a joint bankruptcy petition on the sole
8 basis that one of the debtors is not “a person of the opposite sex who is a husband or a wife,”
9 1 U.S.C. § 7, is essentially dismissal on the ground that one of the debtors is the “wrong”
10 gender—a conclusion long deemed impermissible under governing Supreme Court
11 precedent. *E.g., Orr v. Orr*, 440 U.S. 268 (1979); *Reed v. Reed*, 404 U.S. 71 (1971).

12 In light of the seriousness of the issues raised and their importance to the orderly,
13 predictable functioning of the bankruptcy system,² KTB&S has volunteered to serve as
14 special counsel to the Debtors, on a pro bono basis, to oppose any motion to dismiss the
15 Bankruptcy Case under section 3 of DOMA, and to prosecute or defend any appellate
16 proceedings arising therefrom. KTB&S will work closely with the Lively Firm in this
17 regard, and the Lively Firm will maintain responsibility for all other matters in the
18

19 ¹ As the President and the Attorney General recognize, “classifications based on sexual orientation
20 warrant heightened scrutiny,” *id.* at 2, which means that “the United States cannot defend
21 Section 3 [of DOMA] by advancing hypothetical rationales, independent of the legislative
22 record,” *id.* at 4. The President and the Attorney General further acknowledge that “the
23 legislative record underlying DOMA’s passage . . . undermines any defense under heightened
24 scrutiny,” as DOMA reflects “precisely the kind of stereotype-based thinking and animus the
25 Equal Protection Clause is designed to guard against.” *Id.* (citing, *inter alia*, *City of Cleburne v.*
Cleburne Living Ctr., 473 U.S. 432, 448 (1985) (“mere negative attitudes, or fear” are not
permissible bases for discriminatory treatment); *Palmore v. Sidotti*, 466 U.S. 429, 433 (1984)
 (“Private biases may be outside the reach of the law, but the law cannot, directly or indirectly,
give them effect.”)).

26 ² In February 2011 (the month the Debtors commenced their joint Bankruptcy Case), 2,713 other
chapter 13 bankruptcy cases were filed in the Central District of California. See Statistics
available at www.cacb.uscourts.gov. Insofar as approximately 40% of all chapter 13 cases are
joint petitions, see Sullivan, Theme & Warren, *Young, Old, and In Between: Who Files For*
Bankruptcy?, 9A Norton Bankr. L. Advisor (2001), over 1,000 couples likely filed chapter 13
27 petitions in this District in February 2011. If the Debtors are the only same-gender couple in that
28 group, the same will likely not be true of similar cohorts in the future.

KLEE, TUCHIN, BOGDANOFF & STERN LLP
1999 AVENUE OF THE STARS, 39TH FLOOR
LOS ANGELES, CALIFORNIA 90067-6049
(310) 407-4000

1 Bankruptcy Case, including but not limited to all proceedings relating to claims, objections,
2 plans, discharges and the like.

3 **II.**

4 **JURISDICTION AND VENUE**

5 This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
6 This is a core proceeding pursuant to 28 U.S.C. §157(b). Venue is proper before this Court
7 pursuant to 28 U.S.C. §§ 1408 and 1409.

8 **III.**

9 **RELIEF REQUESTED**

10 In addition to serving as KTB&S’s disclosure that no “compensation [was] paid or
11 agreed to be paid . . . for services rendered or to be rendered [by KTB&S] in contemplation
12 of or in connection with the [Bankruptcy Case],” 11 U.S.C. § 329(a), this Application
13 requests entry of an order approving the retention of KTB&S on the terms and conditions set
14 out herein, notwithstanding the Local Bankruptcy Rule under which “[a]ny attorney who is
15 retained to represent a debtor in a chapter 13 case is responsible for representing the debtor
16 on all matters arising in the case, other than adversary proceedings . . .” LBR 3015-1(u)(1).
17 See LBR 1001-1(d) (“The court may waive the application of any Local Bankruptcy Rule in
18 any case or proceeding, or make additional orders as it deems appropriate, in the interest of
19 justice.”). In view of the Lively Firm’s continued representation and involvement in the
20 Bankruptcy Case for all other purposes, the Debtors respectfully submit that the limited
21 scope of KTB&S’s engagement is appropriate and should be approved.

22 **IV.**

23 **KTB&S’S QUALIFICATIONS**

24 KTB&S is one of the premier business reorganization and corporate insolvency
25 boutique law firms in the country, providing exceptional business reorganization, corporate
26 insolvency, commercial and bankruptcy-related litigation and appellate advocacy, expert
27 witness and transactional services to the highest quality clients in the country. During 2010,
28 KTB&S served as counsel for debtors in three of the most significant chapter 11 cases in

KLEE, TUCHIN, BOGDANOFF & STERN LLP
1999 AVENUE OF THE STARS, 39TH FLOOR
LOS ANGELES, CALIFORNIA 90067-6049
(310) 407-4000

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1 which reorganization plans were confirmed and effectuated: Thorpe Insulation Company
2 (appeals springing from *In re Thorpe Insulation Co.*, Case No. 07-19271 (Bankr. C.D. Cal.));
3 The Lake at Las Vegas, Case No. 08-17814 (Bankr. D. Nev.); and Metro Goldwin Mayer,
4 Inc., Case No. 10-15774 (Bankr. S.D.N.Y.). In addition, starting in the late spring of 2010,
5 the firm served as counsel to partner Kenneth N. Klee, court-appointed independent
6 examiner in the chapter 11 cases of Tribune Company and its affiliates, Case No. 08-13141
7 (Bankr. D. Del.). The investigation, and the resulting 1,400-page report (completed in less
8 than 3 months), uncovered the facts surrounding, and analyzed potential estate causes of
9 action against parties involved in, complex financing transactions and other matters. During
10 2010 KTB&S also acted on behalf of official and unofficial creditors' committees and
11 significant creditors, including in the chapter 11 cases of Fremont General Corporation, Case
12 No. 08-13421 (Bankr. C.D. Cal.), as well as cases in the oil and gas, hospital and retail
13 sectors. A summary of the experience and qualifications of those members of KTB&S
14 expected to take primary responsibility in rendering services to the Debtors is attached as
15 Exhibit C to the Pfister Declaration.

16 In addition to regularly representing debtors, creditors, equity holders, committees,
17 trustees, landlords, potential acquirers of assets and other parties with interests in financially
18 distressed businesses, KTB&S undertakes a select number of pro bono engagements where
19 the issues presented are critical to the orderly, predictable functioning of the bankruptcy
20 system. For example, KTB&S successfully represented a consumer debtor in *AmeriCredit*
21 *Financial Services v. Penrod* (*In re Penrod*), 611 F.3d 1158 (9th Cir. 2010), which resulted
22 in binding Ninth Circuit authority clarifying the applicability of the "hanging paragraph" of
23 section 1325(a) of the Bankruptcy Code to consumer vehicle financing transactions. This
24 Bankruptcy Case similarly presents issues of broad import to the bankruptcy system—
25 especially given the United States trustee's stated intent to move to dismiss the Debtors'
26 Bankruptcy Case on the basis of a law (section 3 of DOMA) that the President and the
27 Attorney General have concluded cannot constitutionally be applied to couples like the
28 Debtors, who are validly married under state law.

KLEE, TUCHIN, BOGDANOFF & STERN LLP
1999 AVENUE OF THE STARS, 39TH FLOOR
LOS ANGELES, CALIFORNIA 90067-6049
(310) 407-4000

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V.

NO ADVERSE INTEREST/DISINTERESTEDNESS

Inssofar as KTB&S does not seek employment pursuant to Bankruptcy Code sections 327 or 328, and will not seek compensation pursuant to sections 330 or 331, the general "disinterested person" standard of section 101(14) of the Bankruptcy Code is not directly applicable. Nonetheless, neither KTB&S nor any of the attorneys comprising or employed by it hold or represent an interest adverse to the Debtors or have any connection with the Debtors. Although KTB&S has "connections" with certain of the creditors in this case (which include major financial institutions such as Bank of America, Citibank and Chase, among others), such connections arise as a result of KTB&S's involvement in entirely unrelated matters and will not be germane to the limited scope of KTB&S's engagement in this case.

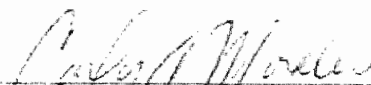
VI.

CONCLUSION

For all the reasons set out above, the Debtors respectfully request that the Court enter an order authorizing the employment of KTB&S as their special counsel on a pro bono basis for the limited purposes set forth herein, and that the Court grant such other and further relief as is appropriate or warranted.

Dated: April 1, 2011


GENE DOUGLAS BALAS


CARLOS A. MORALES

Prepared and Submitted by:

KLEE, TUCHIN, BOGDANOFF & STERN LLP

By: /s/ Robert J. Pfister
ROBERT J. PFISTER

KLEE, TUCHIN, BOGDANOFF & STERN LLP
1991 AVENUE OF THE STARS, SUITE 1000
LOS ANGELES, CALIFORNIA 90067-5941
(310) 407-3000

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DECLARATION OF ROBERT J. PFISTER

I, Robert J. Pfister, hereby declare under penalty of perjury that:

1. I am partner of Klee, Tuchin, Bogdanoff & Stern LLP (“KTBS”). I am over eighteen years of age and have personal knowledge of the facts set forth herein, and if called as a witness, would testify competently with respect thereto from my own personal knowledge except as otherwise stated.

2. This declaration is submitted in support of *Debtors’ Application to Employ Klee, Tuchin, Bogdanoff & Stern LLP as Special Counsel on a Pro Bono Basis in Connection with Certain Specified Matters* (the “Application”).

3. By the Application, Gene Douglas Balas and Carlos A. Morales (collectively, the “Debtors”) seek to employ KTBS on a pro bono basis as their special counsel for the limited purpose of representing them in connection with any motion(s) to dismiss their bankruptcy case on the ground that the Debtors’ joint bankruptcy filing is prohibited by section 3 of the federal Defense of Marriage Act, Pub. L. No. 104-199, 110 Stat. 2419 (Sep. 21, 1996), *codified at* 1 U.S.C. § 7 (“DOMA”), and any appeals from a decision on such motion(s) (collectively, the “DOMA Matters”). For all matters arising in or related to the Debtors’ bankruptcy case other than the DOMA Matters, including but not limited to all proceedings relating to claims, objections, plans, discharges and the like, the Debtors will continue to be represented solely by the Law Office of Peter M. Lively.

4. Attached hereto as Exhibit A is a true and correct copy of the Debtors’ License and Certificate of Marriage.

5. Attached hereto as Exhibit B is a true and correct copy of the letter from the Honorable Eric H. Holder, Jr., Attorney General of the United States, to the Honorable John A. Boehner, Speaker of the U.S. House of Representatives, dated February 23, 2011.

6. Attached hereto as Exhibit C is a summary of the experience and qualifications of those members of KTBS expected to take primary responsibility in rendering services to the Debtors. All attorneys comprising or associated with KTBS who will render services in this Bankruptcy Case are duly admitted to practice law in the State of California and in the

KLEE, TUCHIN, BOGDANOFF & STERN LLP
1999 AVENUE OF THE STARS, 39TH FLOOR
LOS ANGELES, CALIFORNIA 90067-6049
(310) 407-4000

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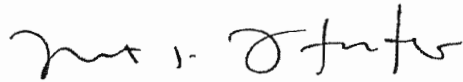
1 United States District Court for the Central District of California.

2 7. Neither KTB&S nor any of the attorneys comprising or employed by it hold or
3 represent an interest adverse to the Debtors or have any connection with the Debtors.
4 Although KTB&S has "connections" with certain of the creditors in this case (which include
5 major financial institutions such as Bank of America, Citibank and Chase, among others),
6 such connections arise as a result of KTB&S's involvement in entirely unrelated matters and
7 will not be germane to the limited scope of KTB&S's engagement in this case.

8

9 I declare under penalty of perjury that the foregoing is true and correct to the best of my
10 knowledge and belief. Executed on April 1, 2011 at Los Angeles, California.

11



12
13 ROBERT J. PFISTER

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KLEE, TUCHIN, BOGDANOFF & STERN LLP
1999 AVENUE OF THE STARS, 37TH FLOOR
LOS ANGELES, CALIFORNIA 90067-4049
(310) 407-4000

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Office of the Attorney General
Washington, D. C. 20530

February 23, 2011

The Honorable John A. Boehner
Speaker
U.S. House of Representatives
Washington, DC 20515

Re: Defense of Marriage Act

Dear Mr. Speaker:

After careful consideration, including review of a recommendation from me, the President of the United States has made the determination that Section 3 of the Defense of Marriage Act ("DOMA"), 1 U.S.C. § 7,¹ as applied to same-sex couples who are legally married under state law, violates the equal protection component of the Fifth Amendment. Pursuant to 28 U.S.C. § 530D, I am writing to advise you of the Executive Branch's determination and to inform you of the steps the Department will take in two pending DOMA cases to implement that determination.

While the Department has previously defended DOMA against legal challenges involving legally married same-sex couples, recent lawsuits that challenge the constitutionality of DOMA Section 3 have caused the President and the Department to conduct a new examination of the defense of this provision. In particular, in November 2011, plaintiffs filed two new lawsuits challenging the constitutionality of Section 3 of DOMA in jurisdictions without precedent on whether sexual-orientation classifications are subject to rational basis review or whether they must satisfy some form of heightened scrutiny. *Windsor v. United States*, No. 1:10-cv-8435 (S.D.N.Y.); *Pedersen v. OPM*, No. 3:10-cv-1750 (D. Conn.). Previously, the Administration has defended Section 3 in jurisdictions where circuit courts have already held that classifications

¹ DOMA Section 3 states: "In determining the meaning of any Act of Congress, or of any ruling, regulation, or interpretation of the various administrative bureaus and agencies of the United States, the word 'marriage' means only a legal union between one man and one woman as husband and wife, and the word 'spouse' refers only to a person of the opposite sex who is a husband or a wife."

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based on sexual orientation are subject to rational basis review, and it has advanced arguments to defend DOMA Section 3 under the binding standard that has applied in those cases.²

These new lawsuits, by contrast, will require the Department to take an affirmative position on the level of scrutiny that should be applied to DOMA Section 3 in a circuit without binding precedent on the issue. As described more fully below, the President and I have concluded that classifications based on sexual orientation warrant heightened scrutiny and that, as applied to same-sex couples legally married under state law, Section 3 of DOMA is unconstitutional.

Standard of Review

The Supreme Court has yet to rule on the appropriate level of scrutiny for classifications based on sexual orientation. It has, however, rendered a number of decisions that set forth the criteria that should inform this and any other judgment as to whether heightened scrutiny applies: (1) whether the group in question has suffered a history of discrimination; (2) whether individuals “exhibit obvious, immutable, or distinguishing characteristics that define them as a discrete group”; (3) whether the group is a minority or is politically powerless; and (4) whether the characteristics distinguishing the group have little relation to legitimate policy objectives or to an individual’s “ability to perform or contribute to society.” See *Bowen v. Gilliard*, 483 U.S. 587, 602-03 (1987); *City of Cleburne v. Cleburne Living Ctr.*, 473 U.S. 432, 441-42 (1985).

Each of these factors counsels in favor of being suspicious of classifications based on sexual orientation. First and most importantly, there is, regrettably, a significant history of purposeful discrimination against gay and lesbian people, by governmental as well as private entities, based on prejudice and stereotypes that continue to have ramifications today. Indeed, until very recently, states have “demean[ed] the[] existence” of gays and lesbians “by making their private sexual conduct a crime.” *Lawrence v. Texas*, 539 U.S. 558, 578 (2003).³

² See, e.g., *Dragovich v. U.S. Department of the Treasury*, 2011 WL 175502 (N.D. Cal. Jan. 18, 2011); *Gill v. Office of Personnel Management*, 699 F. Supp. 2d 374 (D. Mass. 2010); *Smelt v. County of Orange*, 374 F. Supp. 2d 861, 880 (C.D. Cal., 2005); *Wilson v. Ake*, 354 F.Supp.2d 1298, 1308 (M.D. Fla. 2005); *In re Kandou*, 315 B.R. 123, 145 (Bkrcty. W.D. Wash. 2004); *In re Levenson*, 587 F.3d 925, 931 (9th Cir. E.D.R. Plan Administrative Ruling 2009).

³ While significant, that history of discrimination is different in some respects from the discrimination that burdened African-Americans and women. See *Adarand Constructors, Inc. v. Peña*, 515 U.S. 200, 216 (1995) (classifications based on race “must be viewed in light of the historical fact that the central purpose of the Fourteenth Amendment was to eliminate racial discrimination emanating from official sources in the States,” and “[t]his strong policy renders racial classifications ‘constitutionally suspect.’”); *United States v. Virginia*, 518 U.S. 515, 531 (1996) (observing that “our Nation has had a long and unfortunate history of sex discrimination” and pointing out the denial of the right to vote to women until 1920). In the case of sexual orientation, some of the discrimination has been based on the incorrect belief that sexual orientation is a behavioral characteristic that can be changed or subject to moral approbation. Cf. *Cleburne*, 473 U.S. at 441 (heightened scrutiny may be warranted for characteristics “beyond the individual’s control” and that “very likely reflect outmoded notions of the relative capabilities of” the group at issue); *Boy Scouts of America v. Dale*, 530 U.S. 640 (2000) (Stevens, J., dissenting) (“Unfavorable opinions about homosexuals ‘have ancient roots.’” (quoting *Bowers*, 478 U.S. at 192)).

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Second, while sexual orientation carries no visible badge, a growing scientific consensus accepts that sexual orientation is a characteristic that is immutable, *see* Richard A. Posner, *Sex and Reason* 101 (1992); it is undoubtedly unfair to require sexual orientation to be hidden from view to avoid discrimination, *see* Don't Ask, Don't Tell Repeal Act of 2010, Pub. L. No. 111-321, 124 Stat. 3515 (2010).

Third, the adoption of laws like those at issue in *Romer v. Evans*, 517 U.S. 620 (1996), and *Lawrence*, the longstanding ban on gays and lesbians in the military, and the absence of federal protection for employment discrimination on the basis of sexual orientation show the group to have limited political power and “ability to attract the [favorable] attention of the lawmakers.” *Cleburne*, 473 U.S. at 445. And while the enactment of the Matthew Shepard Act and pending repeal of Don't Ask, Don't Tell indicate that the political process is not closed *entirely* to gay and lesbian people, that is not the standard by which the Court has judged “political powerlessness.” Indeed, when the Court ruled that gender-based classifications were subject to heightened scrutiny, women already had won major political victories such as the Nineteenth Amendment (right to vote) and protection under Title VII (employment discrimination).

Finally, there is a growing acknowledgment that sexual orientation “bears no relation to ability to perform or contribute to society.” *Frontiero v. Richardson*, 411 U.S. 677, 686 (1973) (plurality). Recent evolutions in legislation (including the pending repeal of Don't Ask, Don't Tell), in community practices and attitudes, in case law (including the Supreme Court's holdings in *Lawrence* and *Romer*), and in social science regarding sexual orientation all make clear that sexual orientation is not a characteristic that generally bears on legitimate policy objectives. *See, e.g.*, Statement by the President on the Don't Ask, Don't Tell Repeal Act of 2010 (“It is time to recognize that sacrifice, valor and integrity are no more defined by sexual orientation than they are by race or gender, religion or creed.”)

To be sure, there is substantial circuit court authority applying rational basis review to sexual-orientation classifications. We have carefully examined each of those decisions. Many of them reason only that if consensual same-sex sodomy may be criminalized under *Bowers v. Hardwick*, then it follows that no heightened review is appropriate – a line of reasoning that does not survive the overruling of *Bowers* in *Lawrence v. Texas*, 538 U.S. 558 (2003).⁴ Others rely on claims regarding “procreational responsibility” that the Department has disavowed already in litigation as unreasonable, or claims regarding the immutability of sexual orientation that we do not believe can be reconciled with more recent social science understandings.⁵ And none

⁴ *See* *Equality Foundation v. City of Cincinnati*, 54 F.3d 261, 266–67 & n. 2. (6th Cir. 1995); *Steffan v. Perry*, 41 F.3d 677, 685 (D.C. Cir. 1994); *Woodward v. United States*, 871 F.2d 1068, 1076 (Fed. Cir. 1989); *Ben-Shalom v. Marsh*, 881 F.2d 454, 464 (7th Cir. 1989); *Padula v. Webster*, 822 F.2d 97, 103 (D.C. Cir. 1987).

⁵ *See, e.g.*, *Lofton v. Secretary of the Dep't of Children & Family Servs.*, 358 F.3d 804, 818 (11th Cir. 2004) (discussing child-rearing rationale); *High Tech Gays v. Defense Indust. Sec. Clearance Office*, 895 F.2d 563, 571 (9th Cir. 1990) (discussing immutability). As noted, this Administration has already disavowed in litigation the

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engages in an examination of all the factors that the Supreme Court has identified as relevant to a decision about the appropriate level of scrutiny. Finally, many of the more recent decisions have relied on the fact that the Supreme Court has not recognized that gays and lesbians constitute a suspect class or the fact that the Court has applied rational basis review in its most recent decisions addressing classifications based on sexual orientation, *Lawrence* and *Romer*.⁶ But neither of those decisions reached, let alone resolved, the level of scrutiny issue because in both the Court concluded that the laws could not even survive the more deferential rational basis standard.

Application to Section 3 of DOMA

In reviewing a legislative classification under heightened scrutiny, the government must establish that the classification is “substantially related to an important government objective.” *Clark v. Jeter*, 486 U.S. 456, 461 (1988). Under heightened scrutiny, “a tenable justification must describe actual state purposes, not rationalizations for actions in fact differently grounded.” *United States v. Virginia*, 518 U.S. 515, 535-36 (1996). “The justification must be genuine, not hypothesized or invented post hoc in response to litigation.” *Id.* at 533.

In other words, under heightened scrutiny, the United States cannot defend Section 3 by advancing hypothetical rationales, independent of the legislative record, as it has done in circuits where precedent mandates application of rational basis review. Instead, the United States can defend Section 3 only by invoking Congress’ actual justifications for the law.

Moreover, the legislative record underlying DOMA’s passage contains discussion and debate that undermines any defense under heightened scrutiny. The record contains numerous expressions reflecting moral disapproval of gays and lesbians and their intimate and family relationships – precisely the kind of stereotype-based thinking and animus the Equal Protection Clause is designed to guard against.⁷ See *Cleburne*, 473 U.S. at 448 (“mere negative attitudes, or

argument that DOMA serves a governmental interest in “responsible procreation and child-rearing.” H.R. Rep. No. 104-664, at 13. As the Department has explained in numerous filings, since the enactment of DOMA, many leading medical, psychological, and social welfare organizations have concluded, based on numerous studies, that children raised by gay and lesbian parents are as likely to be well-adjusted as children raised by heterosexual parents.
⁶ See *Cook v. Gates*, 528 F.3d 42, 61 (1st Cir. 2008); *Citizens for Equal Prot. v. Bruning*, 455 F.3d 859, 866 (8th Cir. 2006); *Johnson v. Johnson*, 385 F.3d 503, 532 (5th Cir. 2004); *Veney v. Wyche*, 293 F.3d 726, 732 (4th Cir. 2002); *Equality Foundation of Greater Cincinnati, Inc. v. City of Cincinnati*, 128 F.3d 289, 292-94 (6th Cir. 1997).

⁷ See, e.g., H.R. Rep. at 15–16 (judgment [opposing same-sex marriage] entails both moral disapproval of homosexuality and a moral conviction that heterosexuality better comports with traditional (especially Judeo-Christian) morality”); *id.* at 16 (same-sex marriage “legitimizes a public union, a legal status that most people . . . feel ought to be illegitimate” and “put[s] a stamp of approval . . . on a union that many people . . . think is immoral”); *id.* at 15 (“Civil laws that permit only heterosexual marriage reflect and honor a collective moral judgment about human sexuality”); *id.* (reasons behind heterosexual marriage—procreation and child-rearing—are “in accord with nature and hence have a moral component”); *id.* at 31 (favorably citing the holding in *Bowers* that an “anti-sodomy law served the rational purpose of expressing the presumed belief . . . that homosexual sodomy is immoral and unacceptable”); *id.* at 17 n.56 (favorably citing statement in dissenting opinion in *Romer* that “[t]his Court has no business . . . pronouncing that ‘animosity’ toward homosexuality is evil”).

American Bankruptcy Institute

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fear” are not permissible bases for discriminatory treatment); *see also Romer*, 517 U.S. at 635 (rejecting rationale that law was supported by “the liberties of landlords or employers who have personal or religious objections to homosexuality”); *Palmore v. Sidotti*, 466 U.S. 429, 433 (1984) (“Private biases may be outside the reach of the law, but the law cannot, directly or indirectly, give them effect.”).

Application to Second Circuit Cases

After careful consideration, including a review of my recommendation, the President has concluded that given a number of factors, including a documented history of discrimination, classifications based on sexual orientation should be subject to a heightened standard of scrutiny. The President has also concluded that Section 3 of DOMA, as applied to legally married same-sex couples, fails to meet that standard and is therefore unconstitutional. Given that conclusion, the President has instructed the Department not to defend the statute in *Windsor* and *Pedersen*, now pending in the Southern District of New York and the District of Connecticut. I concur in this determination.

Notwithstanding this determination, the President has informed me that Section 3 will continue to be enforced by the Executive Branch. To that end, the President has instructed Executive agencies to continue to comply with Section 3 of DOMA, consistent with the Executive’s obligation to take care that the laws be faithfully executed, unless and until Congress repeals Section 3 or the judicial branch renders a definitive verdict against the law’s constitutionality. This course of action respects the actions of the prior Congress that enacted DOMA, and it recognizes the judiciary as the final arbiter of the constitutional claims raised.

As you know, the Department has a longstanding practice of defending the constitutionality of duly-enacted statutes if reasonable arguments can be made in their defense, a practice that accords the respect appropriately due to a coequal branch of government. However, the Department in the past has declined to defend statutes despite the availability of professionally responsible arguments, in part because the Department does not consider every plausible argument to be a “reasonable” one. “[D]ifferent cases can raise very different issues with respect to statutes of doubtful constitutional validity,” and thus there are “a variety of factors that bear on whether the Department will defend the constitutionality of a statute.” Letter to Hon. Orrin G. Hatch from Assistant Attorney General Andrew Fois at 7 (Mar. 22, 1996). This is the rare case where the proper course is to forgo the defense of this statute. Moreover, the Department has declined to defend a statute “in cases in which it is manifest that the President has concluded that the statute is unconstitutional,” as is the case here. Seth P. Waxman, *Defending Congress*, 79 N.C. L.Rev. 1073, 1083 (2001).

In light of the foregoing, I will instruct the Department’s lawyers to immediately inform the district courts in *Windsor* and *Pedersen* of the Executive Branch’s view that heightened scrutiny is the appropriate standard of review and that, consistent with that standard, Section 3 of

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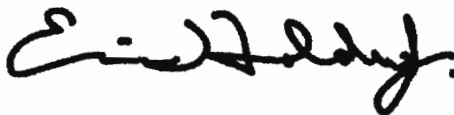
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DOMA may not be constitutionally applied to same-sex couples whose marriages are legally recognized under state law. If asked by the district courts in the Second Circuit for the position of the United States in the event those courts determine that the applicable standard is rational basis, the Department will state that, consistent with the position it has taken in prior cases, a reasonable argument for Section 3's constitutionality may be proffered under that permissive standard. Our attorneys will also notify the courts of our interest in providing Congress a full and fair opportunity to participate in the litigation in those cases. We will remain parties to the case and continue to represent the interests of the United States throughout the litigation.

Furthermore, pursuant to the President's instructions, and upon further notification to Congress, I will instruct Department attorneys to advise courts in other pending DOMA litigation of the President's and my conclusions that a heightened standard should apply, that Section 3 is unconstitutional under that standard and that the Department will cease defense of Section 3.

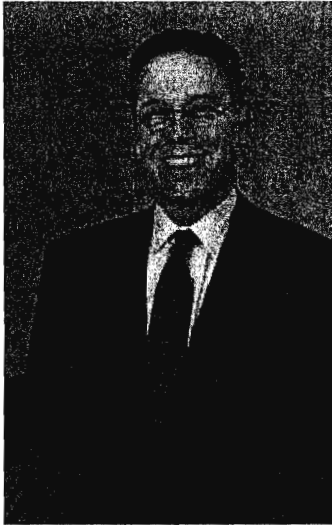
A motion to dismiss in the *Windsor* and *Pedersen* cases would be due on March 11, 2011. Please do not hesitate to contact us if you have any questions.

Sincerely yours,



Eric H. Holder, Jr.
Attorney General

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David M. Stern

Partner
(310) 407-4025
dstern@ktbslaw.com

David M. Stern is a founding member of KTB&S.

Mr. Stern is a litigation attorney, specializing in business litigation, bankruptcy, reorganization and creditor's remedies. He has been listed in The Best Lawyers in America since 1995. Mr. Stern has widely written and lectured on issues of federal civil practice and discovery and co-authored the two-volume treatise, California Civil Discovery Practice (1988 and 1998 editions), published by the Continuing Education of the Bar through the University of California. Among his other writings are "Recent Developments in Truth in Lending Class Actions and Proposed Alternatives," 27 Stanford Law Review 101, and "Mediation: An Old Dog With Some New Tricks," 24 Litigation 31.

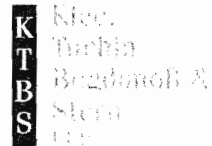
Bar Admissions
California

Court Admissions
U.S. District Court, Northern District of CA
U.S. District Court, Central District of CA
U.S. District Court, Southern District of CA
U.S. District Court, Eastern District of CA
9th Circuit Court of Appeals

Mr. Stern was appointed by Chief Judge Wallace as one of two attorneys in the Ninth Circuit (plus several judges) to the Ninth Circuit Bankruptcy Local Rules Review Committee (1992-96). He also served as the 1998-99 President of the Association of Business Trial Lawyers (ABTL). He was first elected to the ABTL Board of Governors in 1989 and re-elected in 1991, 1993 and 1995. Mr. Stern was also elected an alternate delegate to the Ninth Circuit Judicial Conference in 1987; a full delegate in 1988; and, in 1989, Co-Chair for the term beginning in 1990-91. He is also a member of the American Bar Association, the Los Angeles County Bar Association and the Financial Lawyers Conference of Los Angeles.

Mr. Stern served as law clerk to the Honorable Ben C. Duniway of the United States Court of Appeals for the Ninth Circuit. After earning a Bachelor of Arts in Economics cum laude from Columbia University in 1972, he graduated from Stanford University Law School in 1975, where he was elected to the Order of the Coif and was a member of the Stanford Law Review.

Mr. Stern has served as special litigation counsel to the Creditors' Committee in the Chapter 11 cases of National Century Financial Enterprises, Inc., National Energy Gas & Transmission, Inc., Iridium Operating LLC, Pliant Corp. and Adelphia Communications, Corp., as general counsel to the



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Creditors' Committee in the Chapter 11 cases of First Alliance Mortgage Company, Prandium and Orange Medical Instruments, as appellate counsel to the Debtor in the Chapter 11 case of Computer Communications, Inc., as trial and appellate counsel in connection with the Chapter 11 cases of Barry's Jewelers, Inc., Crescent Jewelers, Inc., Enron Corp. and Washington Group, Inc., as trial counsel in In re San Juan Dupont Plaza Hotel Fire Litigation, MDL No. 721, as creditor's counsel in the Chapter 11 cases of developers Donald Albrecht and H. Frank Dominguez, and as counsel for acquirers in the Chapter 11 cases of GenSci Orthobiologics, Inc., SFS Industries, San Diego Television, Inc. and Santa Monica Beach Hotel, Ltd. Reported cases include KWP Financial I v. Albrecht, 1998 U.S. App. LEXIS 2793 (9th Cir. 1998); In re Dominguez, 51 F.3d 1502 (9th Cir. 1995); In re Dominguez, 995 F.2d 883 (9th Cir. 1993); In re Recticel Foam Corp., 859 F.2d 1000 (1st Cir. 1988); Computer Communications, Inc. v. Codex Corp., 824 F.2d 725 (9th Cir. 1987); In re Shaw, 16 B.R. 875 (Bankr. 9th Cir. 1982); Enron Corp. v. Citigroup, Inc., (In re Enron Creditors Recovery Corp.), 410 B.R. 374 (S.D.N. Y. 2008); In re Enron Corp., 379 B.R. 425 (S.D.N.Y. 2007); Canada Life Assur. Co. v. Bank of America, 2006 WL 45427 (N.D. Ill. 2006); In re Adelpia Comm. Corp., 330 B.R. 364 (Bankr. S.D.N.Y. 2005). Mr. Stern has also served as trial or appellate counsel in numerous unreported cases and decisions.



Robert J. Pfister

Partner
(310) 407-4065
rpfister@ktbslaw.com

Robert J. Pfister is a member of KTB&S.

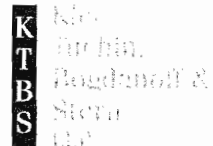
Mr. Pfister received his Juris Doctor from NYU School of Law (where he was named a Robert McKay Scholar) and his Bachelor of Arts from Indiana University. Following law school, Mr. Pfister served for two years as a law clerk to the Honorable Janet Bond Arterton, United States District Judge for the District of Connecticut.

In addition to first-chairing bench and jury trials, Mr. Pfister has successfully argued dispositive motions and drafted appellate briefs in federal and state courts around the country. In particular, he was a principal author of the successful *certiorari* petition and merits briefing in *Travelers Indemnity Co. v. Bailey*, 129 S. Ct. 2195 (June 18, 2009). Mr. Pfister has represented individuals and organizations in grand jury investigations and regulatory inquiries, undertaken litigation-related due diligence, negotiated settlement agreements, and provided compliance advice to national and international clients.

Mr. Pfister is admitted to practice before the United States Supreme Court and every state and federal court in California, New York, Connecticut and Indiana. He was recently recognized as a “Rising Star” by Southern California Super Lawyers (2009 and 2010).

Bar Admissions

California
Connecticut
Indiana
New York



Southwest Bankruptcy Conference

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:

725 South Figueroa Street, Suite 2600, Los Angeles, California 90017-1574

A true and correct copy of the foregoing document described as: REQUEST FOR JUDICIAL NOTICE IN SUPPORT OF UNITED STATES TRUSTEE'S NOTICE OF MOTION AND MOTION TO DISMISS PURSUANT TO 11 U.S.C. §1307(c) OR FOR RELATED RELIEF

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 4/15/11 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:

- Kathy A Dockery (TR) efiling@CH13LA.com
M Jonathan Hayes jhayes@polarisnet.net
Peter M Lively PeterMLively2000@yahoo.com, PeterMLively2000@yahoo.com
Robert J Pfister rpfister@ktbslaw.com
United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov

Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL(indicate method for each person or entity served): On 4/15/11 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.

SEE ATTACHED SERVICE LIST (IF APPLICABLE)

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 4/15/11 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. Upon filing I will be giving a filed document to a Court delivery service consistent with our normal business practice, with instructions to deliver the copy to the bin outside the suite (Court Manual Appendix F), as follows:

The Honorable Alan M. Ahart, Judge Ahart's Courtesy Bin outside Suite 1382, 255 E. Temple St, Los Angeles, CA 90012
The Honorable Thomas Donovan, Courtesy Bin outside Suite 1352, 255 E. Temple St., Los Angeles, CA 90012

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.

4/15/11
Date

HELEN CRUZ
Type Name

Signature

Handwritten signature of Helen Cruz

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.