Northern District of California United States District Court

UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA SAN JOSE DIVISION

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LAURA A. GENS, Case No. 17-cv-03601-BLF

v.

DORIS KAELIN,

Appellee.

Appellant,

ORDER DENYING DEBTOR'S TION FOR STAY PENDING APPEAL

[Re: ECF 4]

Debtor Laura Gens has filed four separate bankruptcy cases in the past seven years in an effort to prevent foreclosure of her multi-million dollar home located in Palo Alto, California. Her fourth bankruptcy, from which the present appeal arises, was filed as a Chapter 11 case in November 2015 and converted to a Chapter 7 case over Debtor's objection in February 2017. The bankruptcy court's conversion order is the subject of a separate appeal pending before this Court in Case No. 17-cv-01001-BLF. In the present case, Debtor appeals two orders of the bankruptcy court: Order Granting Trustee's Motions to (1) Sell Real Property and Pay Fees, Costs, Taxes, and Commissions, Other than the Lien of Wells Fargo, and (2) Sell Free and Clear of Claims, Liens, and Interests ("Sale Order"); and Order Granting Trustee's Motion to Expunge, or, Alternatively, Sell Real Property Free and Clear of Lis Pendens ("Expungement Order"). See Notice of Appeal, ECF 1-1.

Debtor seeks a stay of those orders pending appeal. Although styled as an application for temporary restraining order ("TRO"), the motion asserts that Debtor will suffer "immediate and concrete irreparable harm . . . if a stay of the Sale Order pending appeal is not issued." Debtor's Ex Parte Emergency Application for a TRO Pending Appeal ("Stay Motion") at 2, ECF 4. Debtor's Stay Motion is DENIED for the reasons discussed below.

Case Nos. 10-br-55305, 12-br-56055, 13-br-30106, and 15-br-53562.

I. BACKGROUND

Debtor filed this pro se appeal of the bankruptcy court's Sale Order and Expungement Order on June 19, 2017. *See* Notice of Appeal, ECF 1-1. She also filed an application for TRO pending appeal. *See* Application for TRO, ECF 1-5. The appeal and TRO application initially were referred to the Bankruptcy Appellate Panel, but subsequently they were transferred to this Court pursuant to a Statement of Election filed by the Chapter 7 Trustee. *See* Notice of Referral to Bankruptcy Appellate Panel, ECF 1-4; Statement of Election, ECF 1-3. This Court denied the TRO application without prejudice on the basis that Debtor had not presented the TRO application to the bankruptcy court in the first instance as required by Federal Rule of Bankruptcy Procedure 8007. *See* Order Denying Application for TRO, ECF 3. Debtor subsequently filed a TRO application in the bankruptcy court, which the bankruptcy court construed as a stay motion and denied by written order on July 14, 2017. *See* Bankruptcy Court's Order Denying Debtor's Motion for Stay Pending Appeal, ECF 417 in Case No. 15-br-53563. On the same date, Debtor filed the present Stay Motion in this Court. *See* Stay Motion, ECF 4. The Stay Motion was docketed and received by the undersigned on July 17, 2017.

II. LEGAL STANDARD

A motion for a stay pending appeal ordinarily must be brought in the bankruptcy court in the first instance. Fed. R. Bankr. P. 8007(a). If a party moves for such relief in the district court, "[t]he motion must: (A) show that moving first in the bankruptcy court would be impracticable; or (B) if a motion was made in the bankruptcy court, either state that the court has not yet ruled on the motion, or state that the court has ruled and set out any reasons given for the ruling." Fed. R. Bankr. P. 8007(b)(2).

Where the bankruptcy court has denied a motion for a stay pending appeal, the district court may grant a stay only if it determines that the bankruptcy court's denial was an abuse of discretion. *See In re Wymer*, 5 B.R. 802, 808 (9th Cir. B.A.P. 1980) ("It is . . . important to the properly functioning bankruptcy court that the trial judge's rulings on stays pending appeal be disturbed only in the event of error or abuse of discretion."); *In re North Plaza*, *LLC*, 395 B.R. 113, 119 (S.D. Cal. 2008) ("Where the bankruptcy court has already denied a stay . . . the

appellate court's review is limited to a simple determination of whether the bankruptcy court abused its discretion."). "The abuse of discretion standard on review of the bankruptcy court's order denying a stay encompasses a *de novo* review of the law and a clearly erroneous review of the facts with respect to the underlying issues." *In re North Plaza*, 395 B.R. at 119.

III. DISCUSSION

A. Requirements of Rule 8007

Debtor has complied with Rule 8007 only in part. Although she states in her Stay Motion that she first sought relief in the bankruptcy court, and that the bankruptcy court denied her motion, she does not "set out any reasons given for the ruling" of the bankruptcy court. Fed. R. Bankr. P. 8007(b)(2). Because it can access the bankruptcy court's Order Denying Debtor's Motion for Stay Pending Appeal, this Court will not deny Debtor's Stay Motion based on her failure to comply fully with Rule 8007.

B. The Bankruptcy Court did not Abuse its Discretion in Denying a Stay

As set forth above, this Court's consideration of Debtor's motion for a stay is limited to determining whether the bankruptcy court's denial of a stay was an abuse of discretion. *See In re Wymer*, 5 B.R. at 808; *In re North Plaza*, 395 B.R. at 119. In making that determination, this Court reviews the bankruptcy court's conclusions of law *de novo* and its factual findings for clear error. *In re North Plaza*, 395 B.R. at 119.

Before turning to that review, the Court observes that Debtor does not acknowledge or discuss the abuse of discretion standard. All of her arguments focus on asserted errors in the bankruptcy court's rationale for granting the Sale Order and Expungement Order. However, the issue presented by Debtor's motion for a stay is not whether the bankruptcy court erred in issuing those orders, but whether the bankruptcy court abused its discretion in denying Debtor's motion for a stay pending appeal of the orders. For the reasons discussed below, this Court concludes that the bankruptcy court did not abuse its discretion in denying a stay.

1. The Bankruptcy Court Applied the Correct Legal Standards

In order to conduct a *de novo* review of the bankruptcy court's conclusions of law, this Court must determine the correct legal standards and then decide whether the bankruptcy court Northern District of California

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applied those legal standards in denying Debtor's motion for a stay.

The Court first addresses the standard applicable to a motion for a stay pending appeal. When considering such a motion, a court must consider four factors: "(1) whether the stay applicant has made a strong showing that he is likely to succeed on the merits; (2) whether the applicant will be irreparably injured absent a stay; (3) whether issuance of the stay will substantially injure the other parties interested in the proceeding; and (4) where the public interest lies." Nken v. Holder, 556 U.S. 418, 434 (2009) (internal quotation marks and citation omitted). The first two factors are the most critical. *Id.* However, "[t]he party moving for a stay has the burden of proof on each of these elements, and the movant's failure to satisfy one prong of the standard dooms the motion." In re Silva, No. 9:10-bk-14135-PC, 2015 WL 1259774, at *4 (C.D. Cal. Mar. 17, 2015); see also In re Rivera, No. 5:15-cv-04402-EJD, 2015 WL 6847973, at *2 (N.D. Cal. Nov. 9, 2015) ("a failure on any one factor dooms the motion") (internal quotation marks and citation omitted).

"A stay is not a matter of right, even if irreparable injury might otherwise result." Nken, 556 U.S. at 433 (internal quotation marks and citation omitted). "It is instead an exercise of judicial discretion, and the propriety of its issue is dependent upon the circumstances of the particular case." Id. (internal quotation marks, citation, and brackets omitted). The party seeking a stay bears the burden of showing that the circumstances justify a stay. *Id.* at 433-34.

The bankruptcy court applied this standard in evaluating Debtor's motion for stay, citing Nken in its written order and reciting the four-factor test set forth therein. See Bankruptcy Court's Order Denying Debtor's Motion for Stay Pending Appeal at 2-3, ECF 417 in Case No. 15-br-53563. Moreover, with respect to the first *Nken* factor, the bankruptcy court stated correctly that the movant must show, at a minimum, that she has a "substantial case for relief on the merits." Id. at 3 (quoting *Leiva-Perez v. Holder*, 640 F.3d 962, 968 (9th Cir. 2011)).

2. The Bankruptcy Court's Factual Findings are not Clearly Erroneous

Having determined that the bankruptcy court applied the correct legal standards, the Court next must determine whether the bankruptcy court's factual findings are clearly erroneous. The bankruptcy court determined that Debtor had not shown a substantial case for relief on the merits

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of her appeal because her stay motion was "almost entirely composed of copied-and-pasted text" from previous filings. Bankruptcy Court's Order Denying Debtor's Motion for Stay Pending Appeal at 3, ECF 417 in Case No. 15-br-53563. The bankruptcy court found that Debtor's stay motion was "a simple rehash of arguments that were considered and rejected in the Bankruptcy Court's Sale Orders," and that "Debtor neither advance[d] any new arguments nor suggest[ed] any previously unasserted error in the Bankruptcy Court's reasoning." *Id.* at 3-4.

The bankruptcy court's characterization of Debtor's stay motion is supported by the record and, in particular, two of Debtor's prior filings cited by the bankruptcy court: Debtor's Opposition to Trustee's (1) Motion for Order Authorizing Sale of Real Property Free and Clear of Claims, Liens and Interests; and (2) Motion for Authority to Enter into Purchase and Sale Agreement and to Pay Fees, Costs, Taxes, and Homestead, ECF 327 in Case No. 15-br-53563; and Debtor's Opposition to Trustee's Motion to Expunge, or, Alternatively, Sell Real Property Free and Clear of Lis Pendens, ECF 363 in Case No. 15-br-53563. Repetition of arguments previously made and rejected is insufficient to satisfy the first Nken factor. See Griffen v. Harrington, No. CV 10-08753-VBF-SP, 2013 WL 3873958, at *3 (C.D. Cal. Jan. 18, 2013) (first Nken factor not satisfied where "respondent's brief in support of a stay pending appeal merely reasserts arguments . . . which this Court discussed and rejected" in a prior order).

Based on the record before it, the Court concludes that there is ample support for the bankruptcy court's factual finding that Debtor's stay motion was merely a rehash of arguments previously made and rejected. That factual finding supports the bankruptcy court's determination that Debtor failed to show a likelihood of success on the merits. Failure to satisfy even one factor of the four-factor test dooms a motion for a stay. See In re Silva, 2015 WL 1259774, at *4; In re Rivera, 2015 WL 6847973, at *2. Accordingly, the Court need not reach the other factors to conclude that the bankruptcy court did not abuse its discretion in denying Debtor's motion for a stay pending appeal.

Debtor clearly is desperate to prevent the sale of her home, and her arguments reflect a strong belief that the bankruptcy court erred in issuing the Sale Order and Expungement Order that are the subjects of her appeal. However, those arguments are misplaced here. This Court's task in

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evalua	ing Debtor's current motion is limited to determining whether the bankruptcy court abused
its disc	retion in denying a stay pending appeal. Debtor has not demonstrated – or even argued –
that the	e bankruptcy court did abuse its discretion and therefore she cannot prevail on her motion.
IV.	ORDER
	Debtor's motion for a stay pending appeal is DENIED.
Dated:	July 18, 2017 BETH LABSON FREEMAN United States District Judge