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IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

MARIA C. FREEMAN,  
Appellant,

v.

CALIFORNIA FRANCHISE TAX  
BOARD,  
Appellee.

Case No. 3:17-cv-02444 (CRB)

**ORDER DISMISSING APPEAL**

This case arises out of an attempt by the California Franchise Tax Board (“CFTB”) to collect a tax debt from Maria Freeman (“Freeman”). CFTB’s attempted collection prompted Freeman to file a petition for bankruptcy (since dismissed) so that she could take advantage of the automatic bankruptcy stay in order to prevent CFTB from collecting her funds. The bankruptcy court denied Freeman’s motion for a temporary restraining order (“TRO”) in an adversary proceeding against CFTB, and Freeman appealed. Because this Court does not have jurisdiction over this interlocutory appeal, the Court declines to hear it.

**I. BACKGROUND**

On Jan. 3, 2017, CFTB ordered BAC Community Bank to withhold funds in a bank account owned by Freeman and her spouse, Timothy Freeman, to enforce payment of the Freemans’ 2011 income tax liability in the amount of \$245,230.26, pursuant to California Revenue and Taxation Code § 18670. Stipulation (dkt. 3-9) at 2.

On Jan. 6—one day after the Bank received the order to withhold but before the Bank had transmitted the funds to CFTB—Freeman filed a voluntary Chapter 13 petition

United States District Court  
Northern District of California

1 in the United States Bankruptcy Court for the Northern District of California (“Bankruptcy  
2 Court”). See Stipulation at 2–3; 11 U.S.C. § 362. Freeman admittedly filed the  
3 bankruptcy proceeding “to seek a means of obtaining [her and her spouse’s] funds, and  
4 orderly repayment of obligations.” Freeman Decl. (dkt. 3-3) ¶ 11. Freeman asserts that  
5 she and her family have suffered severe hardship from the withholding of the funds,  
6 including complete loss of business income because of the inability to pay sub-contractors  
7 hired to perform work related to their construction business. Id. ¶¶ 8–15.

8 On Jan. 13, Freeman filed a “Complaint for Damages for Violation of Automatic  
9 Stay” and a motion for a TRO against CFTB, initiating an adversary proceeding in the  
10 Bankruptcy Court. See Compl. (dkt. 3-1); Motion (dkt. 3-2). Freeman argued that  
11 CFTB’s failure to release the withheld funds violated the automatic stay. See Compl. ¶ 18;  
12 Motion at 2, 7–8. CFTB countered that Freeman’s ownership of the funds was  
13 extinguished upon the Bank’s receipt of the order to withhold, and therefore, the funds  
14 were not part of the bankruptcy estate subject to the automatic stay. See, CFTB’s Opp’n to  
15 Motion pt.1 (dkt. 3-12), at 1.

16 On Feb. 1, the Bankruptcy Court denied Freeman’s TRO motion in an oral hearing.  
17 See Motion Hearing Transcript (3-28) at 24. It later entered a written order. Notice of  
18 Appeal (dkt. 1-6) Ex. A (Order Denying TRO). On Feb. 6, the Bankruptcy Court  
19 dismissed Freeman’s bankruptcy case for failure to prosecute. Appellee’s Index (dkt. 9) at  
20 12–15 (Order of Dismissal). Freeman did not object. Id. at 15. On Feb. 17, Freeman filed  
21 a notice of appeal from the denial of the TRO to the United States Bankruptcy Appellate  
22 Panel of the Ninth Circuit (BAP). Notice of Appeal (dkt. 1-6). That appeal was  
23 subsequently transferred to this Court. See BAP Order Transferring Appeal (dkt. 1-1).

24 **II. JURISDICTION OVER THE APPEAL**

25 **A. Finality**

26 District courts have jurisdiction to hear appeals from the final judgments, orders,  
27 and decrees of bankruptcy courts. 28 U.S.C. § 158(a)(1). However, appellate courts do  
28 not have jurisdiction to review a bankruptcy court’s denial of a TRO unless the trial court’s

1 decision implied that all requested relief was denied. Carroll v. Tri-Growth Centre City  
2 Ltd. (In re Carroll), 903 F.2d 1266, 1269 (9th Cir. 1990). This aligns with the general rule  
3 that the “‘label attached to an order by a trial court is not decisive with regard to whether’  
4 the court’s order is reviewable.” See id. (quoting Wright & Miller, Federal Practice and  
5 Procedure § 2962 at 619 (1973)).

6 Freeman argues that the Bankruptcy Court’s order, although not labeled as such,  
7 was effectively a final order because it decided the ultimate legal issue in the case: that  
8 CFTB’s failure to release the funds did not violate the automatic stay. Freeman points to  
9 the Bankruptcy Court’s statement, “I’m going to find there is no violation of the stay  
10 here,” to support her position. Motion Hearing Transcript at 18. However, the Bankruptcy  
11 Court made clear that it was only evaluating the merits of the case in the context of the  
12 TRO motion:

13 [A]t the moment, all I’m telling you is I don’t think there is a stay violation here,  
14 okay? So that’s where we are . . . I just am going to deny a TRO on the theory that  
15 if we’re talking about a violation of the stay, a TRO is not the right remedy.

16 (Motion Hearing Transcript at 21).

17 The record indicates that the Bankruptcy Court did not intend to conclusively  
18 determine that CFTB did not violate the automatic stay and thereby deny all relief to  
19 Freeman. On the contrary, the Bankruptcy Court left the door open for the possibility of  
20 relief after the denial of the TRO, even if such relief may be unlikely. The TRO denial  
21 therefore was not a final order.

22 **B. Appealable Interlocutory Order**

23 In the alternative, Freeman requests discretionary leave to appeal. See 28 U.S.C.  
24 § 158(a)(3); Belice v. Belice, 461 B.R. 564, 572 (B.A.P. 9th Cir. 2011). When deciding  
25 whether to grant leave to appeal an interlocutory bankruptcy court order, courts generally  
26 ask whether (1) the order involves a controlling question of law, (2) there is substantial  
27 ground for difference of opinion, and (3) the appeal is in the best interests of judicial  
28 economy. Id. at 572. Here, the TRO order did not decide a controlling question of law,

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for the reasons given above. Accordingly, granting leave to file an interlocutory appeal would not be appropriate.

**III. CONCLUSION**

For the foregoing reasons, the appeal is DISMISSED.

**IT IS SO ORDERED.**

Dated: Dec. 6, 2017



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CHARLES R. BREYER  
United States District Judge