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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

IN RE: PROFESSIONAL SATELLITE  
AND COMMUNICATION, LLC,  
  
Debtor.

Case Nos.: 3:17-cv-00033-BEN-BLM  
3:17-cv-00080-BEN-BLM

**ORDER AFFIRMING  
BANKRUPTCY COURT'S ORDER  
DISALLOWING CLAIM OF  
JONATHAN SHIFF**

CH. 11 ESTATE OF JONATHAN  
MITCHELL SHIFF  
  
Appellant,  
  
v.  
NANCY L. WOLF, Trustee  
  
Appellee.

NANCY L. WOLF, Trustee  
  
Cross-Appellant,  
  
v.  
JONATHAN SHIFF  
  
Cross-Appellee.

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1 In this cross-appeal from the U.S. Bankruptcy Court for the Southern District of  
2 California (the “Bankruptcy Court”), Appellant Ch. 11 Estate of Jonathan Mitchell Shiff  
3 (“Shiff Estate”) appeals from the Bankruptcy Court’s Order Disallowing Claim of  
4 Jonathan Shiff (Claim No. 41). Appellee and Cross-Appellant Nancy L. Wolf (“Wolf”),  
5 Trustee of the Professional Satellite and Communication, LLC (“Prosat”) Estate (the  
6 “Prosat Estate”) cross-appeals from the parts of the Bankruptcy Court’s Order  
7 Disallowing Claim of Jonathan Shiff (Claim. No. 41) that are adverse to her Objection to  
8 the Claim of Jonathan Shiff (Claim No. 41). The key dispute concerns the interpretation  
9 of a settlement release.

### 10 **BACKGROUND**

11 This case has a long and complex procedural history. It concerns two bankruptcy  
12 estates, the Prosat Estate and the Shiff Estate, each of which are almost ten years old, and  
13 a number of agreements and court orders relating to those two estates.

14 Prosat was a California limited liability company, wholly owned and controlled by  
15 four individuals. One of those individuals was Jonathan Mitchell Shiff. From 1997 to  
16 2007, Prosat was an authorized dealer for DirecTV subscriptions. Prosat contracted  
17 Imagitas, Inc. to advertise DirecTV’s services. In July 2006, Imagitas sued Prosat for  
18 breach of contract for failure to make payments as they became due. Imagitas amended  
19 its complaint to include claims for fraudulent transfer against the four Prosat members.  
20 On February 26, 2007, Imagitas obtained a Judgment by Stipulation in the case (the  
21 “Imagitas Judgment”). (Record on Appeal (“ROA”) Tab 1).<sup>1</sup> The judgment holds  
22 Prosat, Shiff, and the three other members jointly and severally liable in the principal  
23 amount of \$2,960,439.00. (*Id.* at p. 9). On October 10, 2007, Imagitas recorded an  
24 Abstract of Judgment in San Diego County. (ROA Tab 9 Ex. B).

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27 <sup>1</sup> The Court **GRANTS** the Request for Judicial Notice of the Record on Appeal. (ECF  
28 No. 12).

1 On November 19, 2007, Prosat filed a Chapter 7 bankruptcy petition in U.S.  
2 Bankruptcy Court for the Southern District of California, commencing the case now on  
3 appeal before this Court. *See In re Professional Satellite & Communication, LLC*, No.  
4 07-06613-LA7 (Bankr. S.D. Cal.). Nancy L. Wolf is the assigned Trustee, and the case is  
5 assigned to Judge Louise D. Adler. On April 28, 2008, Imagitas filed a Proof of Claim in  
6 the Prosat case in the amount of \$2,121,411.53 based on the remaining amount of the  
7 unsatisfied Imagitas Judgment. (ROA Tab 1). This claim is designated as Claim No. 41.

8 On June 12, 2008, Shiff filed a Chapter 11 bankruptcy petition in U.S. Bankruptcy  
9 Court for the Southern District of California. *See In re Jonathan Mitchell Shiff*, No. 08-  
10 05226 (Bankr. S.D. Cal.). The case is assigned to Judge Laura S. Taylor. On October 1,  
11 2008, Imagitas filed a Proof of Claim in the Shiff case in the amount of \$2,298,094.00  
12 based on the remaining amount of the unsatisfied Imagitas Judgment. (ROA Tab 9 Ex.  
13 D; Tab 43). This claim is designated as Claim No. 50. The difference in the amount of  
14 Claims Nos. 41 and 50 is due to accrued interest.

15 Thereafter, Shiff, as debtor-in-possession of the Shiff Estate, and Wolf, as Trustee  
16 of the Prosat Estate, negotiated a settlement of various disputes (the “Settlement  
17 Agreement”). (ROA Tabs 10 Ex. E & 44). On July 2, 2009, Judge Adler approved the  
18 Settlement Agreement in the Prosat Estate, which the Bankruptcy Court entered on July  
19 6, 2009. (ROA Tab 10 Ex. E). On July 15, 2009, the Bankruptcy Court entered Judge  
20 Taylor’s order approving the Settlement Agreement in the Shiff Estate.<sup>2</sup>

21 The Settlement Agreement governs the treatment of Claim No. 41 and Claim No.  
22 50. The Settlement Agreement allowed the following claim:

23 To the extent that the Shiff Bankruptcy Estate makes any distribution in  
24 payment of the Imagitas/Shiff Bankruptcy Claim [Claim No. 50] which such  
25 payment will result in a credit against the allowed amount of the

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26  
27 <sup>2</sup> The parties do not provide an accurate record citation to this order, but appear to agree  
28 that the Bankruptcy Court entered the order on July 15, 2009. (*See Appellant’s Opening*  
*Br. at 5; Appellee’s Opening Br. at 6).*

1 Imagitas/Prosat Bankruptcy Claim [Claim No. 41], then the Shiff  
2 Bankruptcy Estate will subrogate to the part of the Imagitas/Prosat  
3 Bankruptcy Claim [Claim No. 41] so credited and a general, unsecured  
4 claim without priority by the Shiff Bankruptcy Estate shall be deemed  
5 allowed in the amount of such credit resulting from the reduction of the  
6 allowed amount of the Imagitas/Prosat Bankruptcy Claim.

7 (ROA Tab 10 Ex. B at p. 158). In other words, if the Shiff Estate made a payment on  
8 Claim No. 50 that reduced Claim No. 41 to the extent of the payment, the Shiff Estate  
9 would acquire a general, unsecured claim in the ProSat Estate in the amount of the  
10 reduction to Claim No. 41.

11 The Settlement Agreement also contained a Release (the “Release”), which stated:

12 Except for the rights and claims affirmed and/or created in this Agreement,  
13 and in consideration of the rights and claims created herein, the releases and  
14 other mutual promises set forth in this Agreement and other valuable  
15 consideration receipt of which is hereby acknowledged, *Shiff, on behalf [of]*  
16 *himself and as applicable on behalf of his administrators, executors, estates,*  
17 *heirs, attorneys, agents, predecessors, successors, and/or assigns, and on*  
18 *behalf of all persons acting by, through, under or in concert with Shiff and/or*  
19 *any of them, as the case may be, hereby releases, remises and forever*  
20 *discharges the Prosat Bankruptcy Estate, Wolf, and any and all of her*  
21 *employees, agents, attorneys, successors, and/or assigns from any and all*  
22 *claims, debts, liabilities, offsets, demands, obligations, damages, losses,*  
23 *costs, expenses, attorney’s fees, actions and/or causes of action of any*  
24 *character, nature and kind whatsoever, known or unknown, suspected or*  
25 *unsuspected, arising out of, resulting from, related to, or in connection with*  
26 *the Shiff Bankruptcy Case, the Prosat Chapter 7 case, the Wolf v. Shiff and*  
27 *Madison Adversary Proceeding and/or the Wolf/Shiff Bankruptcy Claim.*  
28 This release shall not release any of the Shiff claims in the Prosat Chapter 7  
case as deemed allowed and/or affirmed in this Agreement nor release any  
rights created in this Agreement and/or in connection with the Liquidating  
Trust.

(*Id.* at pp. 163-64 (emphasis added)).

The Settlement Agreement further provided:

It is understood and agreed that this Settlement Agreement is intended to  
cover and does cover all claims or possible claims of every nature and kind

1 whatsoever, whether known or unknown, suspected, or unsuspected, or  
2 hereafter discovered or ascertained, and all right[s] under Section 1542 of  
3 the Civil Code of California . . . are hereby expressly waived.

4 (*Id.* at p. 165).

5 Judge Adler’s Order Approving the Settlement Agreement also specifically stated:

6 IT IS FURTHER ORDERED that in accordance with the terms of the  
7 Settlement Agreement, all claims of Jonathan Shiff other than those  
8 specifically created and deemed allowed under the Settlement Agreement be  
and are hereby disallowed in their entirety.

9 . . . .

10 IT IS FURTHER ORDERED that in accordance with the terms of the  
11 Settlement Agreement, the following claims in favor of the Shiff Bankruptcy  
Estate shall be and hereby are deemed allowed herein:

- 12 1. The potential claims for subrogation pursuant to Bankruptcy Code  
13 Section 509 as set forth in the Settlement Agreement to the extent the  
14 Shiff Bankruptcy Estate pays claims of Imagitas, Inc. . . . for which the  
15 Prosat Bankruptcy Estate is jointly liable with the Shiff Bankruptcy  
16 Estate and thereby resulting in a reduction of the amount of such joint  
liability claim against the Prosat Bankruptcy Estate.

17 (*Id.* at pp. 128-29).

18 Separately, in October 2009, Shiff, as debtor-in-possession, Union Bank, and  
19 Imagitas entered a Stipulation (the “Stipulation”) in the Shiff case. (ROA at p. 1065).  
20 Judge Taylor approved the Stipulation on October 26, 2009. (ROA at p. 941). The  
21 Stipulation gave Union Bank and Imagitas the exclusive right to direct and control the  
22 marketing, sale, or lease of Shiff’s real property at 8538 Ruelle Monte Carlo, La Jolla,  
23 California for 18 months following the effective date of his plan of reorganization. (*Id.* at  
24 p. 1067).

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1 The Stipulation provided how Claim No. 50 would be treated. Imagitas agreed to  
2 “(1) be treated as fully secured in the Ruelle Monte Carlo property, (2) to accept proceeds  
3 of any sale of the premises in full satisfaction of all claims against the Debtor’s Estate,  
4 (3) waive[] rights against collateral in any other property of the estate, and (4) waive[]  
5 any right to claim any deficiency as an unsecured creditor of the estate.” (*Id.* at p. 1068).

6 The Stipulation also acted “as an assignment of the Imagitas claim as against  
7 Prosat [Claim No. 41] to the Debtor’s Estate.” (*Id.*) That is, Imagitas assigned Claim  
8 No. 41 to the Shiff Estate. On December 8, 2009, the Shiff Estate filed a Transfer of  
9 Claim Other Than For Security in the Prosat Estate to transfer Claim No. 41 to the Shiff  
10 Estate. (*Id.* at p. 266). The Bankruptcy Court issued a Notice of Transfer of Claim,  
11 stating that if no objections were filed within 21 days, the transferee would be substituted  
12 as the original claimant without further order of the court. (*Id.* at p. 43). No objections  
13 were filed.

14 The Shiff Estate incorporated the terms of the Settlement Agreement and the  
15 Stipulation into Shiff’s Sixth Amended Plan of Reorganization Dated November 30,  
16 2009. Judge Taylor approved the Sixth Amended Plan on December 18, 2009, and the  
17 Bankruptcy Court entered its Order Confirming Debtor’s Sixth Amended Plan on  
18 December 21, 2009. (*Id.* Tab 54 at p. 961). The Sixth Amended Plan contained the  
19 following terms:

20 **ARTICLE I. DEFINITIONS**

21 **1.46 ProSat Settlement Agreement:** Shall mean the Professional Satellite  
22 and Communications and Jonathan Mitchell Shiff Settlement  
23 Agreement. This agreement is made as a full and final settlement of  
all outstanding claims and actions. . . .

24 . . .

25 **ARTICLE VI. MEANS FOR IMPLEMENTATION**

26 . . .

27 **6.4.3 Prosat Settlement:** ProSat initially filed a proof of claim in Debtor’s  
28 estate for \$30,800,401.00. The Debtor also filed four claims in the ProSat  
bankruptcy for approximately \$27,265,000, representing Debtor’s  
proportionate share of ProSat’s litigation actions against DIRECTV and

1 Nayna, and indemnification on various claims asserted against the Debtor  
2 due to his membership in ProSat. The parties agreed to settle their disputes  
3 and offsetting claims pursuant to the ProSat Settlement Agreement. This  
4 agreement provides for the reduction in ProSat’s Claim and the  
establishment of a Liquidating Trust to litigate claims against DIRECTV.

5 . . .  
6 **6.4.11 Imagitas Litigation:** Imagitas, Inc. (“Imagitas”) filed a complaint  
7 against ProSat for damages based upon breach of contract and services  
8 rendered on ProSat’s behalf. . . . Imagitas later added all former members of  
9 ProSat, including the Debtor, as co-defendants. The Court entered a  
10 judgment for joint and several liability against all defendants. . . . Imagitas  
11 filed a proof of claim [in] the Debtor’s bankruptcy for \$2,298,094.00.  
12 (“Imagitas Claim”) [Claim No. 50]. . . . [A]s part of the Ruelle Monte Carlo  
13 Stipulation, Imagitas agreed to specific treatment that will resolve the  
14 allowance and amount of [Claim No. 50].

15 Imagitas also has a corresponding claim for the same amount as the  
16 Imagitas Claim in the ProSat bankruptcy [Claim No. 41]. Pursuant to the  
17 ProSat Settlement Agreement, to the extent that the Reorganized Debtor  
18 makes any payment on the Imagitas Claim [Claim No. 50], such payment  
19 will result in a credit against the allowed amount of the corresponding  
20 Imagitas claim in the ProSat bankruptcy [Claim No. 41]. The Reorganized  
21 Debtor will then subrogate to the part of the Imagitas claim in the ProSat  
22 bankruptcy [Claim No. 41] so credited and a general unsecured claim  
23 without priority by the Reorganized Debtor’s estate shall be deemed allowed  
24 in the amount of such credit resulting from the reduction of the allowed  
25 amount of the Imagitas claim in the ProSat bankruptcy [Claim No. 41].

26 . . .  
27 **6.10 Disposition of Ruelle Monte Carlo:** The Debtor has entered into the  
28 Ruelle Monte Carlo Stipulation with Union Bank and Imagitas. . . . The  
Stipulations contained the following terms:

29 . . .  
30 Union Bank/Imagitas shall have the exclusive right to direct and control the  
31 marketing, sale or leasing of the premises for a period of eighteen (18)  
32 months following the Effective Date. Such right of direction and control  
33 shall include, but not be limited to the right to select a broker, establishment  
34 of a listing price and any subsequent adjustments of same, receipt of offers,  
35 negotiation of sale price and acceptance or rejection of any offer which at a  
36 minimum will pay in full or otherwise satisfy the liens of Class 1(c) claimant  
37 CitiMortgage and Class 1(d) claimant Tatiana Takaeva Shiff (the “Minimum  
38 Sales Price”).

. . .

1 Imagitas will be treated as fully secured on the Ruelle Monte Carlo Property  
2 and the proceeds of any sale of the premises will fully satisfy all claims  
3 against the Debtor's estate. . . .

4 . . .  
5 The Ruelle Monte Carlo Stipulation shall also act as an assignment of the  
6 Imagitas claim as against the estate of ProSat to the Debtor. . . .

7 (*Id.* Tab 54).

8 Subsequent to the Plan's Confirmation, Imagitas and Union Bank marketed the  
9 Ruelle Monte Carlo property. The parties were not able to sell the property for an  
10 amount that satisfied all the secured claims on the property. Instead, on October 21,  
11 2011, Shiff, as the Reorganized Debtor, filed an Amended Motion of Reorganized Debtor  
12 to Sell Real Property Free and Clear of Liens, seeking authorization to sell the Ruelle  
13 Monte Carlo property at a short sale for \$6,600,000.00. (*Id.* at p. 285 & p. 424). Judge  
14 Taylor approved the Motion on December 2, 2011. (*Id.* at p. 309). The property sold on  
15 December 22, 2011. (*Id.* at p. 72). Imagitas did not receive any payment on Claim No.  
16 50. (*Id.* at pp. 72, 476).

17 Years later, on October 20, 2016, Wolf, as Trustee of the Prosat Estate, objected to  
18 Claim No. 41 in the Prosat case. (*Id.* Tab 7). On January 9, 2017, Judge Adler entered  
19 her Order Disallowing Claim of Jonathan Shiff (Claim No. 41). She held that the Release  
20 precluded the Shiff Estate from recovering on Claim No. 41. Judge Adler found that the  
21 "spirit" of the Settlement Agreement and "its intended purpose was to resolve all claims  
22 of these parties against each other related to the Imagitas [J]udgment unless actual  
23 payment was made by Shiff to Imagitas." To Judge Adler, "the Shiff [E]state's attempt  
24 to back door a claim against ProSat by subsequently acquiring from Imagitas its proof of  
25 claim #41 against ProSat . . . is, in the Court's view, a violation of the spirit of the"  
26 Settlement Agreement. Her Order disallowed Claim No. 41 in its entirety and reduced  
27 the value of Claim No. 41 to \$0. This appeal and cross-appeal followed.

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1 **LEGAL STANDARD**

2 The district court has jurisdiction to hear this bankruptcy appeal pursuant to 28  
3 U.S.C. § 158(a)(1). The Bankruptcy Court’s findings of fact are reviewed for clear error,  
4 and its conclusions of law are reviewed de novo. *In re JTS Corp.*, 617 F.3d 1102, 1109  
5 (9th Cir. 2010); *In re Tamen*, 22 F.3d 199, 203 (9th Cir. 1994) (“Where the interpretation  
6 of a contract involves review of extrinsic evidence, this court reviews findings of fact for  
7 clear error while reviewing *de novo* the principles of law applied to those facts.”).

8 **DISCUSSION**

9 The Shiff Estate presents two issues for review. It argues that the Bankruptcy  
10 Court erred when it held that Claim No. 41 was barred by the Release in the Settlement  
11 Agreement. It also contends that the Bankruptcy Court erred in reducing the value of  
12 Claim No. 41 to zero. Wolf, as Cross-Appellant, presents an additional two issues for  
13 review. Because the Court affirms the Bankruptcy Court’s disallowal of Claim No. 41, it  
14 does not address Wolf’s cross-appeal.

15 **I. The Release Precludes the Shiff Estate from Asserting Claim No. 41 as an**  
16 **Assignee**

17 The Shiff Estate argues that the Release in the Settlement Agreement does not  
18 prevent it from seeking payment on a third party claim that it was assigned subsequent to  
19 the negotiation of the Release. It contends that because it stands in Imagitas’s shoes with  
20 respect to Claim No. 41, the Release does not apply. Wolf counters that the Shiff  
21 Estate’s broad Release of the Prosat Estate encompassed the later-acquired Claim No. 41.

22 The Shiff Estate is correct that an assignee generally stands in the shoes of the  
23 assignor. Under California law, a “judgment creditor may assign the right represented by  
24 the judgment to a third person. In doing so, the judgment creditor assigns the debt upon  
25 which the judgment is based. Through such an assignment, the assignee ordinarily  
26 acquires all rights and remedies possessed by the assignor for the enforcement of the  
27 debt, subject, however, to the defenses that the judgment debtor had against the

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1 assignor.” *Cal-Western Bus. Servs., Inc. v. Corning Capital Grp.*, 221 Cal. App. 4th 304  
2 (2d Dist. 2013).

3         These general principles of contract law are subject, though, to bankruptcy law.  
4 When a claim is made against a debtor, a party in interest may object to the claim. 11  
5 U.S.C. § 502(a). The Bankruptcy Code provides that “if such objection to a claim is  
6 made, the court . . . shall allow such claim in such amount, *except to the extent that such*  
7 *claim is unenforceable against the debtor and property of the debtor, under any*  
8 *agreement* or applicable law for reason other than because such claim is contingent or  
9 unmatured.” *Id.* § 502(b)(1) (emphasis added). The plain statutory text places no limit  
10 on who is asserting the claim, who negotiated the agreement, or the contents of the  
11 agreement. Rather, the text provides that “any agreement” can render the claim  
12 “unenforceable against the debtor and property of the debtor.” *Id.*

13         The question is whether the Release in the Settlement Agreement renders Claim  
14 No. 41 asserted by the Shiff Estate<sup>3</sup> unenforceable. It does. The Release is broad. Shiff  
15 and his Estate “release[d] . . . and forever discharge[d] the ProSat Bankruptcy Estate . . .  
16 from any and all claims . . . of any character, nature and kind whatsoever, known or  
17 unknown, suspected or unsuspected, arising out of, resulting from, related to, or in  
18 connection with the Shiff Bankruptcy Case [and] the ProSat Chapter 7 case.” (ROA at  
19 pp. 163-64). The Release “cover[ed] all claims or possible claims of every nature and  
20 kind whatsoever, whether known or unknown, suspected, or unsuspected, or hereafter  
21 discovered or ascertained.” (*Id.* at p. 165).

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25 <sup>3</sup> The parties dispute whether Shiff, individually, or the Shiff Estate owns Claim No. 41.  
26 The Court need not decide this question because the scope of the Release includes both  
27 Shiff as an individual and his Estate. The Court refers to the Shiff Estate as the party  
28 asserting Claim No. 41 for purposes of consistency only. The Court is not making a  
finding that the Shiff Estate owns Claim No. 41.

1 The California Supreme Court has explained that “a release of ‘all claims’ covers  
2 claims that are not expressly enumerated in the release.” *Jefferson v. Cal. Dep’t of Youth*  
3 *Auth.*, 28 Cal. 4th 299, 305 (2002) (internal citations omitted). “Extrinsic evidence might  
4 establish that a release refers only to all claims of a particular type,” *id.*, but there is no  
5 evidence that was the parties’ intent at the time they negotiated the Release. Absent such  
6 evidence, “[t]he law imputes to a person an intention corresponding to the reasonable  
7 meaning of his words and acts.” *Id.* (internal citations and quotation marks omitted).

8 In this case, the reasonable, plain meaning of the Release includes Claim No. 41.  
9 The Shiff Estate agreed to release “any and all claims” without limitation, including  
10 unknown, future claims of any “character, nature and kind.” The Shiff Estate expressly  
11 waived the protections of California Civil Code Section 1542, which provides that a  
12 “general release does not extend to claims which the creditor does not know or suspect to  
13 exist in his favor at the time of executing the release, which if known by him must have  
14 materially affected his settlement with the debtor.” Cal. Civ. Code § 1542. The  
15 California Supreme Court has held that an express waiver of all rights under section 1542  
16 “unambiguously” “establishes . . . the parties’ intent that the release cover possible . . .  
17 claims.” *Jefferson*, 28 Cal. 4th at 307.

18 Moreover, when Shiff agreed to the Release, he was aware of Imagitas’s Claim  
19 No. 41. He later acquired that claim through an assignment, knowing that he had signed  
20 a comprehensive release barring him from asserting any and all claims against the ProSat  
21 Estate except for a possible claim if the Shiff Estate made a payment on Claim No. 50.  
22 Neither the Shiff Estate nor Shiff individually ever made a payment on Claim No. 50.  
23 The fact that the sale of Ruelle Monte Carlo “satisfied” Claim No. 50 is not the  
24 equivalent of payment on the claim by the Shiff Estate. (ROA at p. 1068 (in the  
25 Stipulation, Imagitas agreed to accept the proceeds of any sale as full satisfaction of its  
26 claim); ROA Tab 54 (incorporating the provisions of the Stipulation into the Confirmed  
27 Plan)).

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1 In a similar situation, last year, the Ninth Circuit considered whether a third-party  
2 assignee who acquires a claim from an insider becomes an insider through the assignment  
3 and thus is foreclosed from voting the claim. *In re Village at Lakeridge, LLC*, 814 F.3d  
4 993, 999-1000 (9th Cir. 2016). The court held that a third-party assignee does *not*  
5 become an insider as a matter of law by acquiring the claim. Instead, “a person’s insider  
6 status is a question of fact that must be determined after the claim transfer occurs.” *Id.* at  
7 1000. The court explained that because “insider status is not a property of a claim,  
8 general assignment law—in which an assignee takes a claim subject to any benefits and  
9 defects of the claim—does not apply.” *Id.*

10 Although *In re Village* concerns another aspect of bankruptcy law, similar  
11 principles apply here. While a claim may be allowable in the hands of the original  
12 claimant, defenses to the status of the current claimant may prohibit that claimant from  
13 asserting the claim. The Shiff Estate agreed to a comprehensive release in the Settlement  
14 Agreement. That the Shiff Estate now owns Claim No. 41 as an assignee does not mean  
15 it can escape the Release. The Release applies to the Shiff Estate, the current claimant,  
16 which renders Claim No. 41 unenforceable against the ProSat Estate.

17 The Bankruptcy Court did not err in holding that Claim No. 41 was barred by the  
18 Release in the Settlement Agreement.

19 **II. The Bankruptcy Court Did Not Err in Reducing the Value of Claim No. 41 to**  
20 **Zero**

21 At the end of its Order Disallowing Claim of Jonathan Shiff, the Bankruptcy Court  
22 stated that “the Claim of Jonathan Shiff (Claims Docket No. 41) is hereby reduced to  
23 \$0.00 and disallowed in its entirety.” The Shiff Estate contends that even if Claim No. 41  
24 is disallowed, the Bankruptcy Court should have found that the disallowed claim retains  
25 its original value of \$2,121,411.53 and may be enforced by anyone other than the parties  
26 to the Settlement Agreement. It argues that by valuing the claim at zero, the Shiff Estate  
27 cannot sell, assign, or transfer the claim for value. The Shiff Estate acknowledges that

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1 “there is no case law directly addressing the effect of a determination of disallowance on  
2 the value of an assigned third-party claim.” (Appellant’s Opening Br. at 24).

3 The Bankruptcy Court concluded that Claim No. 41, as asserted by the Shiff  
4 Estate, is disallowed because it is barred by the Release. Claim No. 41 is thus  
5 unenforceable against the ProSat Estate and has no value in the hands of its current  
6 holder. The Bankruptcy Court’s Order does not state otherwise. It specifically said that  
7 “the Claim of Jonathan Shiff . . . is hereby reduced to \$0.00.” The Bankruptcy Court did  
8 not state what the value of the claim may be in another claimant’s hands. The  
9 Bankruptcy Court correctly valued the Shiff Estate’s Claim No. 41 to be \$0.00.

10 **CONCLUSION**

11 The order of the Bankruptcy Court is **AFFIRMED**.

12 **IT IS SO ORDERED.**

13  
14 Dated: September 27, 2017

15   
16 Hon. Roger T. Benitez  
17 United States District Judge  
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