

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

In re: Windsor Terrace Healthcare LLC, Debtor v. Hazel Alers and
Alejandro Alers, Plaintiff-Appellants

No. 2:25-CV-01388-JLS; 2:25-CV-01547-JLS; 2:25-CV-02133-JLS, United States District Court for the Central
District of California (December 23, 2025)

SUMMARY

The United States District Court for the Central District of California affirmed the Bankruptcy Court’s dismissal with prejudice of Hazel and Alejandro Alers’ adversary complaint against Windsor Terrace Healthcare, LLC. The court held that the exceptions to discharge under 11 U.S.C. § 523(a)(2) and (a) (6) apply only to individual debtors, not entity debtors such as a limited liability company, and that the asserted admissions and waivers did not support an independent claim. The court also affirmed denial as moot of the motion to substitute a proper party and rejected the appellants’ remaining arguments concerning amendment, discharge, and the underlying state-court litigation.

CASE DETAILS

COURT	United States District Court for the Central District of California
JURISDICTION	United States District Court for the Central District of California
DECIDED	December 23, 2025
DOCKET	2:25-CV-01388-JLS; 2:25-CV-01547-JLS; 2:25-CV-02133-JLS
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiffs appealed three Bankruptcy Court orders and a judgment dismissing their adversary complaint against Windsor Terrace Healthcare, LLC, an entity debtor. The district court consolidated and adjudicated the appeals, reviewing the Bankruptcy Court’s legal conclusions and Rule 12(b)(6) dismissal de novo.
STANDARD OF REVIEW	The district court reviews bankruptcy court legal conclusions de novo and applies the same standard of review that a circuit court applies to a district court decision. Review of an order granting a Rule 12(b)(6) motion is de novo as to the legal sufficiency of the complaint.
PRECEDENTIAL VALUE	Unknown
PARTIES	Hazel Alers, Alejandro Alers v. Windsor Terrace Healthcare, LLC

TOPICS

nondischargeable debts

chapter 11

adversary proceedings

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether 11 U.S.C. § 523(a)(2) and § 523(a)(6) apply to debts owed by an entity debtor, including a limited liability company.
2. Whether Plaintiffs' purported admissions-and-waivers claim could proceed when the underlying nondischargeability claims were legally unavailable.
3. Whether denial of Plaintiffs' motion to substitute Alejandro Alers, Jr. as a party was proper.
4. Whether Plaintiffs' arguments concerning § 727(a)(1), amendment of the complaint, state-law claims, and the state-court judgment warranted reversal.
5. Whether the Bankruptcy Court properly dismissed the adversary complaint with prejudice without leave to amend.

HOLDINGS

1. The exceptions to discharge in 11 U.S.C. § 523(a)(2) and § 523(a)(6) apply only to individual debtors and do not apply to debts owed by Windsor Terrace, a limited liability company.
2. The third cause of action based on purported admissions and waivers was properly dismissed because it supplied no independent substantive claim and depended on the legally unavailable nondischargeability claims.
3. The Bankruptcy Court properly denied Plaintiffs' motion to substitute Alejandro Alers, Jr. as a party because substitution would not cure the defects requiring dismissal of the adversary complaint.
4. The Bankruptcy Court properly dismissed the adversary complaint with prejudice and without leave to amend because the proposed amendments could not cure the dispositive legal defects.
5. Plaintiffs' challenges to the state-court adjudication could not support reversal because the Rooker-Feldman doctrine prevents federal courts, including bankruptcy courts, from conducting de facto appellate review of state-court judgments.

KEY QUOTATIONS

“De novo means review is independent, with no deference given to the trial court’s conclusion.” (I)

“§ 523 only applies to individual and not corporate debtors.” (III.A)

“Section 523(a) unambiguously applies only to individual debtors.” (III.A)

“In an instance such as this, federal courts, including bankruptcy courts, are constrained by the Rooker-Feldman doctrine, which prohibits federal courts from undertaking a de facto appellate review of state-court

judgments.” (III.D)

FACTUAL BACKGROUND

Plaintiffs' underlying claims arose from the 2019 illness and death of Alejandro Alers, Sr., who had been transferred to Windsor Terrace, a skilled nursing facility, before his death. Plaintiffs pursued state-law claims against Windsor Terrace and other defendants in Los Angeles Superior Court, but the state court entered judgment in Windsor Terrace's favor and the appellate proceedings were ultimately dismissed. During Windsor Terrace's Chapter 11 bankruptcy case, Plaintiffs filed a claim valued at \$581 million, which the Bankruptcy Court estimated at zero for voting and distribution purposes before confirming Windsor Terrace's plan of reorganization. Plaintiffs later filed an adversary complaint seeking determinations of nondischargeability under § 523(a)(2) and § 523(a)(6).

PROCEDURAL HISTORY

Plaintiffs filed an adversary proceeding asserting that their claims were nondischargeable under 11 U.S.C. § 523(a)(2) and § 523(a)(6), and also asserting purported admissions and waivers by Windsor Terrace. The Bankruptcy Court dismissed the complaint with prejudice, denied as moot Plaintiffs' motion to substitute Alejandro Alers, Jr. as a party, and entered judgment. The district court affirmed all three rulings.

DISPOSITION

affirmed

REMAND INSTRUCTIONS

The Clerk was directed to prepare and file a judgment under Federal Rule of Bankruptcy Procedure 8024(a) and transmit the Order and judgment to the United States Trustee and the Bankruptcy Clerk under Rule 8024(b).

CASES CITED

- In re Baroff, 105 F.3d 439, 441 (9th Cir.)
- In re Brown, 606 B.R. 40, 45 (B.A.P. 9th Cir. 2019)
- In re Curtis, 571 B.R. 441, 444 (B.A.P. 9th Cir. 2017)
- In re Del Rosario, 668 B.R. 618, 622-23 (B.A.P. 9th Cir. 2025)
- Trigueros v. Adams, 658 F.3d 983, 987 (9th Cir.)
- In re Francis, 2013 WL 3497657, at *1 (B.A.P. 9th Cir. July 12, 2013)
- In re Munoz, 287 B.R. 546, 556 (B.A.P. 9th Cir. 2002)
- In re Pac.-Atl. Trading Co., 64 F.3d 1292, 1302 (9th Cir.)
- In re Off-Spec Sols., LLC, 651 B.R. 862, 867 (B.A.P. 9th Cir. 2023), appeal dismissed, 2023 WL 9291577 (9th Cir. Nov. 2, 2023)
- Estate of Sanchez, 95 Cal. App. 5th 331, 339, review denied (Dec. 20, 2023)
- In re Erickson, 2023 WL 2930057, at *7 (B.A.P. 9th Cir. Apr. 13, 2023), aff'd, 2024 WL 4273821 (9th Cir. Sept. 24, 2024)

INSTRUCTIONS FOR AN AI ASSISTANT

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