

UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA

Irma Edmonds, Chapter 7 Trustee v. Manuel Cochran Hernandez

Edmonds v. Hernandez · No. Adv. Proc. No. 25-01006-B · Decided February 18, 2026

SUMMARY

The United States Bankruptcy Court for the Eastern District of California denied without prejudice the Chapter 7 trustee’s motion to reset the hearing on her motion for summary judgment. The court held that the stay pending the district court’s consideration of the defendant’s motion to withdraw the reference was interlocutory, properly issued, and not subject to modification on the trustee’s current showing. The court concluded that the district court, rather than the bankruptcy court, should determine how dispositive motions should proceed after resolution of the withdrawal motion.

CASE DETAILS

COURT	United States Bankruptcy Court for the Eastern District of California
WRITING FOR THE COURT	René Lastreto II
JURISDICTION	United States Bankruptcy Court for the Eastern District of California
DECIDED	February 18, 2026
DOCKET	Adv. Proc. No. 25-01006-B
DISPOSITION	other
PROCEDURAL POSTURE	The Chapter 7 trustee moved to reset the hearing on her motion for summary judgment after the bankruptcy court stayed the adversary proceeding pending the district court's determination of the defendant's motion to withdraw the reference. The bankruptcy court denied the motion to reset without prejudice.
STANDARD OF REVIEW	The court exercised discretion to reconsider or modify its interlocutory stay order for sufficient cause. The court applied the four-factor stay analysis under which the moving party must show likelihood of success on the withdrawal motion, irreparable harm absent a stay, lack of substantial harm to the opponent, and service of the public interest.
PRECEDENTIAL VALUE	unpublished
PARTIES	Irma Edmonds, Chapter 7 Trustee v. Manuel Cochran Hernandez

TOPICS

bankruptcy

adversary proceedings

summary judgment

fraudulent transfer

civil procedure

PRACTICE AREAS

bankruptcy

bankruptcy procedure

fraudulent transfer

withdrawal of reference

civil procedure

QUESTIONS PRESENTED

1. Whether the bankruptcy court could reconsider or modify its interlocutory stay order pending the district court's decision on withdrawal of the reference.
2. Whether the trustee's notice and opportunity to be heard were constitutionally and procedurally adequate when the stay was issued.
3. Whether the stay was properly issued under Federal Rule of Bankruptcy Procedure 5011(c).
4. Whether judicial efficiency required the bankruptcy court to proceed with the summary-judgment motion or issue a report and recommendation before the district court decided the withdrawal motion.

HOLDINGS

1. The bankruptcy court may reconsider, rescind, or modify its interlocutory stay order for sufficient cause while it retains jurisdiction over the adversary proceeding and before entry of final judgment.
2. The trustee's due process and procedural rights were preserved because she received notice, filed an opposition to the stay, had the court consider that opposition, and was later permitted to seek reconsideration of the stay.
3. The stay was properly issued under Federal Rule of Bankruptcy Procedure 5011(c) because the defendant established the relevant stay factors.
4. Judicial efficiency did not authorize the bankruptcy court to proceed with the summary-judgment motion or issue a report and recommendation before the district court decided the withdrawal motion.

KEY QUOTATIONS

"As long as a district court has jurisdiction over a case, it possesses the inherent procedural power to reconsider, rescind, or modify an interlocutory order for cause if the court deems that cause to be sufficient."
(at 3)

"The 'particular circumstances' warranted the quick issuance of the stay." (at 4)

"The district court makes the reference withdrawal decision and decides what proceedings, if any, the bankruptcy court can hear." (at 6)

FACTUAL BACKGROUND

The Chapter 7 trustee alleged that the debtor transferred a joint-tenancy interest in a Clovis, California residence to Hernandez more than two years before the bankruptcy filing, without consideration. The trustee claimed the transfer was actually and constructively fraudulent and sought recovery of the property or its value for the bankruptcy estate. Hernandez denied the allegations, asserted good-faith and reasonably equivalent-value

defenses, demanded a jury trial, did not consent to final adjudication by the bankruptcy court, and did not file a proof of claim. After the trustee filed a comprehensive summary-judgment motion, Hernandez moved to withdraw the reference and stay the proceeding, and the court issued a stay before denying the trustee's request to reset the summary-judgment hearing.

PROCEDURAL HISTORY

The trustee commenced an adversary proceeding alleging that the debtor's transfer of a joint-tenancy interest in residential property to the defendant was constructively and actually fraudulent under California law. The defendant answered, demanded a jury trial, declined to consent to final adjudication by the bankruptcy court, and moved to withdraw the reference and stay the proceeding. The bankruptcy court granted the stay, and the trustee then moved to reset the summary-judgment hearing; the court denied that motion without prejudice.

DISPOSITION

other

CASES CITED

- In re Lieb, 915 F.2d 180, 185 (5th Cir. 1990)
- Abney v. Kissel Co. (In re Kissel Co.), 105 F.3d 1324, 1325 (9th Cir. 1997)
- Security Farms v. International Bhd. of Teamsters, 124 F.3d 999, 1007-08 (9th Cir. 1997)
- City of L.A. Harbor Div. v. Santa Monica Baykeeper, 254 F.3d 882, 885, 887-88 (9th Cir. 2001)
- Moore v. Jas. H. Matthews & Co., 682 F.2d 830, 833 (9th Cir. 1982)
- Thomas v. Bible, 983 F.2d 152, 154 (9th Cir. 1993)
- U.S. v. Smith, 389 F.3d 944, 949 (9th Cir. 2004)
- Hanna Boys Ctr. v. Miller, 853 F.2d 682, 686 (9th Cir. 1988)
- Barrientos v. Wells Fargo Bank, N.A., 633 F.3d 1186, 1189-91 (9th Cir. 2011)
- In re Baldwin United Corp., 57 B.R. 751, 754 (S.D. Ohio 1985)
- In re Warren, 125 B.R. 128, 133 (Bankr. E.D. Pa. 1990)
- In re Matterhorn Grp. Inc., No. 2:10-cv-02849-GEB, 2010 U.S. Dist. LEXIS 122939, at *5 (E.D. Cal. Nov. 5, 2010)
- Stansbury Poplar Place, Inc., 13 F.3d 122, 128-29 (4th Cir. 1993)
- In re Healthcentral.com, 504 F.3d 775, 787 (9th Cir. 2007)
- Wellness Int'l Network, Ltd. v. Sharif, 575 U.S. 665 (2015)
- Executive Benefits Ins. Agency v. Arkison, 573 U.S. 25 (2014)
- Bell v. Lehr, 2014 WL 526406, at *4 (E.D. Cal. Feb. 7, 2014)
- Bell v. Lehr, 2015 WL 4602895, at *2 (E.D. Cal. July 19, 2015)
- In re Sunergy CA, LLC, 2023 WL 3582674, at *2-3 (E.D. Cal. May 22, 2023)
- In re Konark Ranches, LLC, 2022 WL 2079090, at *3-4 (E.D. Cal. June 9, 2022)
- In re Stanford Chopping, Inc., 2024 WL 4906107 (E.D. Cal. Nov. 27, 2024)

- In re Casimiro, 2006 WL 1581897, at *6 (E.D. Cal. June 6, 2006)
- In re Te Velde, No. 1:19-cv-00520-KES (E.D. Cal. Aug. 15, 2019)

OPINION

1 UNITED STATES BANKRUPTCY COURT 2 EASTERN DISTRICT OF CALIFORNIA 3
 FRESNO DIVISION 4 5 In re) Case No. 24-13407-B-7) 6 ANITA MARIE FERGUSON,)) 7
 Debtor.)) 8) IRMA EDMONDS, Chapter 7) Adv. Proc. No. 25-01006-B 9 Trustee,)) Docket
 Control #FW-2 10 Plaintiff,)) 11 v.)) 12 MANUEL COCHRAN HERNANDEZ,)) 13
 Defendant.)) 14 15 MEMORANDUM RULING ON MOTION TO RESET HEARING ON
 PLAINTIFF’S MOTION FOR SUMMARY JUDGMENT 16 17 Gabriel J. Waddell, Fear Waddell,
 P.C., for Irma Edmonds, Chapter 18 7 Trustee, Movant/Plaintiff.

19 No Appearance for Defendant Manuel Cochran Hernandez. 20
 _____ 21 RENÉ LASTRETO II,
 Bankruptcy Judge 22 23 Introduction 24 In a bankruptcy case referred to a bankruptcy court by a
 25 district court, any party to the case or proceeding may, by 26 motion and for cause shown, ask
 the district court to withdraw 27 the reference as to the case or proceeding in whole or in part.

28 28 U.S.C. § 157(d). A party may also request that the bankruptcy 1 court stay the proceeding
 pending the district court’s decision 2 on the motion to withdraw the reference. Fed. R. Bankr. P. 3
 5011(c). A bankruptcy court has discretion whether to grant the 4 stay. Id. 5 Before the court is a
 procedural motion which raises the 6 question whether such a stay granted by this court in the
 above- 7 styled adversary proceeding should be modified to permit the 8 court’s scheduling and
 determination of a dispositive motion in 9 this adversary proceeding (“the Motion to Reset” or
 “the 10 Motion”).

After review of the Motion and the basis for issuing 11 the stay, the Motion to Reset will be denied
 without prejudice. 12 13 Pertinent Facts 14 Chapter 7 Trustee, Irma Edmonds (“Trustee”) filed this
 15 adversary proceeding against defendant Manuel Cochran Hernandez 16 (“Defendant”) on
 February 4, 2025 (Doc. #1).

The Defendant 17 answered the complaint but did not consent to this court’s 18 jurisdiction. (Doc.
 #15). The Debtor in the underlying Chapter 7 19 bankruptcy proceeding is Anita Marie Ferguson
 (“Debtor” or 20 “Ferguson”). 21 The court issued a scheduling order in due course. (Doc. 22 #18).
 Among other deadlines set in the order, dispositive 23 motions were to be heard no later than
 January 28, 2026.

Except 24 for a narrow change to the discovery cutoff, the parties 25 proceeded in accord with the
 scheduling order. 26 In her complaint, Trustee alleges that the Debtor granted 27 Defendant a joint
 tenancy interest with her in a residential 28 property in Clovis, California more than two years

before the 1 bankruptcy case was filed. (Doc. #1). Trustee alleges Defendant 2 paid no consideration for the transfer.

Trustee also alleges the 3 transfer was both constructively and actually fraudulent under 4 California State Law – Cal. Civ. Code §§ 3439.05 and 3439.04 5 respectively. Id. Trustee seeks that the property or its value 6 be transferred to the estate. Id. 7 Defendant answered by denying the allegations of fraudulent 8 transfer. Doc. #15. Defendant also raised two affirmative 9 defenses.

First, Defendant alleged he was a transferee in good 10 faith and for reasonably equivalent value. The alleged value 11 furnished was supplies, equipment, labor, and the materials to 12 repair damages to the property allegedly at the hands of Debtor's 13 sister. Id. Second, Defendant alleged failure to allege facts 14 with sufficient particularity upon which relief could be granted.

15 Id. Notably, Defendant demanded a jury trial and did not consent 16 to the Bankruptcy Court entering a final judgment. Id. Also, 17 Defendant did not file a proof of claim in the bankruptcy case.¹ 18 On December 17, 2025, Trustee filed a Motion for Summary 19 Judgment ("the Summary Judgment Motion"). Docs. ##24-32. 20 Eleven days later, Defendant filed a Motion for Withdrawal 21 of the Reference ("the Withdrawal Motion") of this adversary 22 proceeding pursuant 28 U.S.C. § 157(d).

Docs. ##34-39. 23 Contemporaneously, Defendant filed a Motion to Stay the Adversary 24 Proceeding ("the Motion for Stay") pending the District Court's 25 determination on the motion to withdraw the reference. Docs. 26 ##43-44. Plaintiff opposed the Motion for Stay. Docs. ##45-46. 27 1 Only one claim for \$66,419.00 was filed by Carolyn Poyorena based on an 28 alleged judgment.

The claim filing deadline was June 23, 2025. See Docket 1 After considering the Motion for Stay and opposition, the 2 court issued an order staying the proceedings on December 31, 3 2025. Doc. #48. 4 This Motion to Reset followed fourteen days later. Docs. 5 ##51-54. 6 7 Arguments Presented by the Parties 8 Trustee makes three arguments supporting the Motion.

First, 9 Trustee contends she was not given reasonable notice and 10 opportunity to be heard in opposition to the stay resulting in a 11 denial of due process. Second, judicial economy and efficiency 12 will be achieved if the court decides the Summary Judgment Motion 13 or issues a report and recommendation to the District Court. She 14 goes on to assert that a ruling on the Summary Judgment Motion 15 will determine whether a trial is even necessary and that 16 consideration of withdrawal of the reference is premature.

17 Third, "mandatory" withdrawal of the reference under 28 U.S.C. 18 § 157(d) is not applicable to this dispute notwithstanding 19 Defendant's constitutional arguments.² 20 Defendant has not timely opposed this motion. Rather, 21 Defendant, through counsel, contends that, because the

stay order 22 is already in effect, he is under a legal disability to oppose 23 the motion because the motion violates the stay.

Instead, 24 Defendant submitted two letters to the court and its clerk urging 25 /// 26 27 2 At oral argument, Plaintiff's counsel advised the court that Defendant has withdrawn "mandatory withdrawal" of the reference as a basis for Defendant's 28 Motion and that the Withdrawal Motion is proceeding on "discretionary 1 the motion and supporting papers be stricken by either the court 2 or the clerk as violating the stay order.

3 In the absence of a formal opposition, Plaintiff nonetheless 4 filed a reply. Doc. #59. She urges that the stay order is 5 interlocutory and subject to revision for good cause. She also 6 reiterates her contention that it is more efficient to have the 7 Bankruptcy Court rule on the Summary Judgment Motion 8 notwithstanding the pending Withdrawal Motion. Id. 9 10 JURISDICTION 11 Jurisdiction is founded on 28 U.S.C. § 1334(b) since this 12 civil proceeding arises both under Title 11 and in a case under 13 Title 11.

While this matter is statutorily "core" under 28 14 U.S.C. § 157(b)(2)(H) and the district court has referred this 15 matter to this court under 28 U.S.C. § 157(a), the pending 16 Withdrawal Motion may affect this court's jurisdiction. At 17 present, this court has jurisdiction to reconsider its own 18 orders. See 11 U.S.C. § 105(a). 19 20 ANALYSIS 21 I 22 The stay order is interlocutory and can be reconsidered by this court 23 24 A court's grant or denial of a stay pending determination of 25 a motion for withdrawal of reference as authorized by Bankruptcy 26 Rule 5011(c) is not appealable under 28 U.S.C. § 1291, nor is the 27 withdrawal decision itself.

In re Lieb, 915 F.2d 180, 185 (5th 28 Cir. 1990) (holding that it would be anomalous to allow an 1 interlocutory appeal from a stay decision while barring an appeal 2 from a decision on the Motion to Withdraw Reference.) See also 3 Abney v. Kissel Co. (In re Kissel Co.), 105 F.3d 1324, 1325, (9th 4 Cir. 1997) (dismissing appeal of district court's denial of 5 motion to withdraw the reference and adopting the reasoning of 6 Lieb); Security Farms v. International Bhd. of Teamsters, 124 7 F.3d 999, 1008 (9th Cir.

1997) ("An order to withdraw the 8 reference is interlocutory. However, the rule in this Circuit is 9 that once a final judgment is entered, an appeal from an order 10 that would otherwise be interlocutory is then appealable."). 11 As long as a district court has jurisdiction over a case, it 12 possesses the inherent procedural power to reconsider, rescind, 13 or modify an interlocutory order for cause if the court deems 14 that cause to be sufficient.

City of L.A. Harbor Div. v. Santa 15 Monica Baykeeper, 254 F.3d 882, 885 (9th Cir. 2001).³ As long as 16 there is sufficient cause, this court can modify, reconsider or 17 rescind the stay order. 18 Reference to Fed. R. Bankr. P. §§ 9023 and 9024 in the stay 19 order does not limit this court's power. An order to rescind an 20 interlocutory order over which the court has jurisdiction is 21

within a court's inherent powers, and it is rooted firmly in the 22 common law and is not abridged by the Federal Rules of Civil 23 Procedure.

City of L.A., 254 F.3d at 887(holding that the 24 district court could rescind a previous order certifying an 25 interlocutory appeal before the appellate court acted).4 26 /// 27 3 A bankruptcy court is a unit of the district court. 28 U.S.C. § 151. 28 4 Fed. R. Bankr. P. 9023 incorporates Fed. R. Civ. P. 59. Fed. R. Bankr. P. 1 Nor does Law of the Case Doctrine disable this court from 2 modifying the stay order for good cause.

The Law of the Case 3 Doctrine precludes the court from reconsidering an issue 4 previously decided by the same court, or a higher court, in the 5 same case. *Moore v. Jas. H. Matthews & Co.*, 682 F.2d 830, 833 6 (9th Cir. 1982).

The doctrine applies to a court's explicit 7 holdings and those decided by necessary implication. *Thomas v. 8 Bible*, 983 F.2d 152, 154 (9th Cir. 1993)(dismissal order). See 9 also *U.S. v. Smith*, 389 F.3d 944, 949 (9th Cir. 2004) and cases 10 cited therein.

The Law of the Case Doctrine is discretionary and 11 is in no way a limit on the court's power prior to entry of final 12 judgment in the case to revisit, revise, or rescind any 13 interlocutory orders it has issued in that case. *City of L.A. 14 Harbor Div.*, 254 F.3d at 888. 15 While courts are generally urged to adhere to the Law of the 16 Case Doctrine, it is "not an inexorable command." *Id.* (quoting 17 *Hanna Boys Ctr.*

V. Miller, 853 F.2d 682, 686 (9th Cir. 1988)). 18 Thus, if there is good cause, this court is free to modify the 19 stay order provided it has not lost jurisdiction over this 20 adversary proceeding. At present, the court retains jurisdiction 21 over this adversary proceeding and thus can modify the stay order 22 provided good cause is shown. That said, for the reasons set 23 forth below, the Trustee has not shown good cause for 24 modification of the stay order at the present time.5 25 /// 26 27 5See Fed.

R. Civ. P. 54(b)(made applicable to adversary proceedings by Fed. R. Bankr. P. 7054) though, as indicated above, Rule 54(b) does not constrain this 28 court in modifying the stay order, and similarly provides that until entry of 1 II 2 The Trustee's Due Process Rights Were Preserved. 3 Trustee argues that since the stay was issued very shortly 4 after the application, she was not given reasonable notice and 5 opportunity to be heard as required in contested matters under 6 Fed.

R. Bankr. P. 9014(a). Doc. #53 (Trustee's Memorandum of 7 Authorities) at pg. 7 (citing *Barrientos v. Wells Fargo Bank*, 8 N.A., 633 F.3d 1186, 1189 (9th Cir. 2011)). Trustee argues that 9 the Motion for Stay was a contested matter and the resultant stay 10 order violated Bankruptcy Rules and prevented the Trustee from 11 asserting due process rights.

The court disagrees. 12 First, the order staying the proceeding was issued on 13 December 31, 2025, three days after the Motion for Stay was filed 14 and two days after the “preliminary” opposition was filed. The 15 Trustee did oppose, and the court ruled thereafter. Both notice 16 and opportunity to be heard were afforded to the Trustee, though 17 admittedly the response time was shorter than usual due to 18 exigent circumstances described more fully below.

19 Second, Trustee has filed and the court has considered this 20 Motion to Reset notwithstanding the stay. In other words, Trustee 21 has had the opportunity to have the court revisit the stay order. 22 The Trustee has shown no prejudice. 23 Third, the Trustee’s reliance on “reasonable notice” and 24 opportunity to be heard under Fed. R. Bankr. P. 9014(a) is 25 misplaced.

11 U.S.C. § 102(1) provides: 26 “After notice and a hearing” or similar phrase – 27 (A) means after such notice as appropriate in the particular circumstances, and such opportunity for a 28 1 hearing as is appropriate in the particular circumstances; but 2 (B) authorizes an act without an actual hearing if such notice is properly given and if – 3 (i) such a hearing is not requested timely by 4 a party interest; or (ii) there is insufficient time for a hearing 5 to be commenced before such act must be done, and the court authorizes such act.

6 7 The “particular circumstances” warranted the quick issuance 8 of the stay. Defendant had preserved his right to jury trial and 9 did not consent to the Bankruptcy Court finally adjudicating this 10 adversary proceeding.

The filing of the Summary Judgment Motion 11 necessitated the Defendant’s filing of the Withdrawal Motion. A 12 motion to withdraw the reference is timely if it is brought 13 promptly as possible in light of the developments in the 14 bankruptcy proceeding. *Security Farms*, 124 F.3d at 1007, fn. 3 15 (quoting *In re Baldwin United Corp.*, 57 B.R. 751, 754 (S.D.

Ohio 16 1985)). 17 The deadline for Defendant to file opposition to the Summary 18 Judgment Motion was fast approaching, and the Motion itself was 19 filed just prior the two-week holiday season. Given Trustee’s 20 choice to file the Summary Judgment Motion when she did, there 21 was insufficient time to allow a fully noticed motion and 22 briefing as normally required by LBR 9014-1(f)(2)(A).

23 Fourth, *Barrientos* described the difference between 24 adversary proceedings, contested matters, and applications. 633 25 F.3d at 1189-1190. *Barrientos* held the remedy for violating a 26 discharge is contempt which can be initiated by a motion under 27 Fed. R. Bankr. P. 9020. *Id.* at pg. 1191. *Barrientos* does not 28 analyze the interplay between 11 U.S.C. § 102(1) and Fed.

R. 1 Bankr. P. 9014(a). At least one bankruptcy court has issued a 2 stay under Fed. R. Bankr. P. 5011(c)-(d) sua sponte. *In re 3 Warren*, 125 B.R. 128, 133 (Bankr. E.D. Pa. 1990)(stay issued 4 after bankruptcy court recommended abstention and remand of a 5 non-core matter to state court).

6 7 III. 8 The Stay Order was Properly Issued. 9 Fed. R. Bankr. P. 5011(c) provides: 10 A motion
filed [to withdraw the reference] does not stay proceedings in a case or affect its 11 administration.

But a bankruptcy judge may, on proper terms and conditions, stay a proceeding until the 12 motion
is decided. 13 A bankruptcy court has the discretion to stay the proceeding 14 until the withdrawal
motion is decided.

The bankruptcy court's 15 order may impose proper terms and conditions. That is what 16
occurred here. 17 The stay order: 18 1. Temporarily suspended the response deadline for filing
opposition and reply to the Trustee's 19 Summary Judgment Motion; 20 2. Removed the
scheduled hearing on the Summary Judgment Motion from calendar; 21 3. Vacated certain
deadlines and hearing dates set 22 under the court's Scheduling Order to accommodate the stay;
23 4.

Provided for the stay to be automatically lifted if 24 the district court later denies the Withdrawal
Motion and provides a procedure for the parties to 25 reset the Summary Judgment Motion and
related dates should that occur; and 26 5. Provided for modification of the stay order. 27 28 1
Defendant had the burden to establish that a stay under the 2 circumstances would be appropriate.

In re Matterhorn Grp. Inc., 3 No. 2:10-cv-02849-GEB; 2010 U.S. Dist. LEXIS 122939 *5(E.D.
Cal. 4 November 5, 2010)(denying request to stay a contract rejection 5 motion and sale motion
because movants did not establish the 6 necessary factors and did not first seek a stay before the 7
bankruptcy court.)

To establish that the stay should be granted, 8 the moving party must show (1) a likelihood that the
pending 9 motion for withdrawal of the reference will be granted; (2) 10 irreparable harm to the
movant if the stay is not granted; (3) 11 that the opponent would not be substantially harmed by
the stay, 12 and (4) that the public interest is served by granting the stay.

13 Id. Defendant met his burden as discussed below. 14 1. Likelihood the pending motion for
withdrawal of the 15 reference will be granted. 16 Trustee virtually concedes that withdrawing the
reference is 17 appropriate and the Withdrawal Motion should be granted. Doc. 18 #53, p.8.
Trustee quarrels with the timing of the reference 19 withdrawal, arguing that the court should
either decide the 20 Summary Judgment Motion or issue a report and recommendation 21
regarding it prior to withdrawal.

22 A motion to withdraw the reference must be heard by the 23 district court. 28 U.S.C. § 157(d);
Fed. R. Bankr. P. 5011. 24 Trustee's assertions about the timing of the Withdrawal Motion 25 are
at bottom suggestions or arguments that should be made to the 26 district court on how to rule on
that motion when the district 27 court considers it. Doc. #53, pp. 8-11.

The bankruptcy court 28 /// 1 does not decide whether and when the reference will be withdrawn. 2 This factor supports issuance of the stay. 3 2. Irreparable harm to the movant. 4 From his first pleading, Defendant has emphatically not 5 consented to the Bankruptcy Court entering a final judgment in 6 this adversary proceeding. Doc. #15. Defendant has also demanded 7 a jury trial.

Id. Withdrawal of the reference is required in 8 instances where a defendant who is entitled to a jury trial does 9 not consent to such trial being conducted in the bankruptcy 10 court. *Stansbury Poplar Place, Inc.*, 13 F.3d 122, 128-29 (4th 11 Cir. 1993). Trustee seems to ignore the lack of consent and 12 argues Defendant's jury trial right – also conceded (Doc. #53 p. 13 8) – is the sole basis for withdrawal of the reference.

It is 14 not. 15 To be sure, only claiming a jury trial right does not 16 require immediate transfer to the district court. In re 17 *Healthcentral.com*, 504 F.3d 775, 787 (9th Cir. 2007). However, 18 this Defendant has neither filed a proof of claim nor explicitly 19 or even impliedly consented to this court's jurisdiction to enter 20 a final order. See *Wellness Int'l Network, Ltd. v. Sharif*, 575 21 U.S. 665 (2015).

22 The fact that the Defendant intended to file a motion for 23 withdrawal of the reference was never concealed. In fact, the 24 Scheduling Order (Doc. #18) set a "final status conference" for 25 February 25, 2026, and ordered that any motion to withdraw the 26 reference be filed before then.

The court was not surprised by 27 the filing of the Withdrawal Motion, and neither should the 28 Trustee have been. 1 The trigger event for the filing of Defendant's Withdrawal 2 Motion and Motion for Stay was Trustee's Summary Judgment motion 3 filed on December 17, 2025. True enough, the request for stay 4 frustrated the scheduling and hearing of the Summary Judgment 5 Motion.

But the potential harm suffered by Defendant if he was 6 prevented from having the district court determine which court 7 may decide such dispositive motions is self-evident. 8 No party disputes Defendant's right to have the reference 9 withdrawn here. A "comprehensive" summary judgment motion, if 10 granted, has the potential of precluding a trial by jury.

11 Defendant wants that decision made by the District Court. True, 12 the District Court may direct that this court either decide the 13 Summary Judgment Motion or else submit a report and 14 recommendation for de novo review. But that is the District 15 Court's decision to make as part of its disposition of the 16 Withdrawal Motion, not this court's. 17 While a ruling on the Summary Judgment Motion that is 18 favorable to the Trustee may mean that the underlying dispute 19 never goes to trial, that does not affect the question of who 20 decides which court will make that ruling.

The answer to that 21 question is: the District Court. 22 Admittedly, Defendant could have elected to wait until after 23 the court decided the Summary Judgment Motion before filing the 24

Withdrawal Motion. But the Defendant had control of that timing 25 as limited by the Scheduling Order. Since the Scheduling Order 26 had a cutoff for hearing dispositive motions, Trustee was 27 required to file the Summary Judgment Motion when she did.

28 Defendant then had to exercise his right to request the District 1 Court act before the Summary Judgment Motion could be decided and 2 that right would have been lost if the stay was not issued. 3 *Security Farms*, 124 F.3d at 107, n. 3. 4 Defendant's deadline to oppose the Motion for Summary 5 Judgment was quickly approaching – January 7, 2026, under LBR 6 7056-1(b).

Without some relief, Defendant's right would be 7 irreparably harmed. Since there is nothing Defendant has done 8 that is inconsistent with asserting his right to move for 9 withdrawal of the reference, his right to do so would have been 10 irreparably lost if the court had ruled on summary judgment in 11 the Trustee's favor. This factor militates in favor of the 12 issuance of the stay.

13 3. Trustee would not be substantially harmed by the stay. 14 Trustee has identified no harm in having the Motion for 15 Summary Judgment determined after the District Court's ruling on 16 the Motion for Withdrawal of the Reference. No exigency or other 17 circumstance has been established suggesting that the bankruptcy 18 estate will suffer any harm by any delay caused by the Withdrawal 19 Motion.

Certainly, the Trustee provides no example of permanent 20 harm. Obviously, a delay in administration might be viewed as 21 harmful by the Trustee, but consideration of the alternative 22 scenarios evidences no unique harm at all. 23 If the District Court determines that it wishes to decide 24 the Summary Judgment Motion itself, there will likely be delay. 25 But delay would be equally certain if this court decides the 26 Summary Judgment Motion.

A ruling favorable to the Trustee could 27 result in an appeal by the Defendant, with that appeal delaying 28 administration of the estate until the appeal is resolved by the 1 District Court or Bankruptcy Appellate Panel as an appellant 2 would elect.

The potential for appeal is just as speculative as 3 Trustee's "scenarios" argued on the motion. 4 Of course, if the court denies Trustee's Summary Judgment 5 Motion, there would be no appeal, but there would still be a 6 delay as the reference would then be withdrawn before the trial 7 would proceed before the District Court. 8 Likewise, if the District Court rules that this court should 9 hear the Summary Judgment Motion but issue a report and 10 recommendation subject to de novo review, delay will still ensue, 11 as the losing party can object to the findings.

Fed. R. Bankr. 12 P. 9033. The District Court would then need to review the 13 findings and objections and there would be a delay before the 14 District Court rules. Fed. R. Bankr. P. 9033(c). 15 In other words, under virtually any scenario, delay is 16 inevitable. No unique harm or substantial harm is suffered by the 17 Trustee or the bankruptcy estate by issuance of the stay.

18 When asked about harm at oral argument, counsel for the 19 Trustee candidly admitted that under any scenario, there will be 20 some delay, but the Trustee suggested that if this court rules on 21 the Summary Judgment Motion or issues a report and 22 recommendation, it could slightly shorten the delay. Counsel 23 also stated, admittedly without evidence, that as more delay 24 occurred, the value of the asset at issue in the underlying 25 adversary proceeding – a home – may diminish.

That harm is 26 speculative at best. 27 Plus, under Fed. R. Bankr. 5011(d) if Trustee wishes, the 28 Trustee could ask the District Court to modify the stay, 1 potentially in a way that affects which court is going to decide 2 the Summary Judgment Motion. That option is certainly available 3 but may be of limited usefulness given the pending Withdrawal 4 Motion.

5 In short, this factor favors the stay. 6 4. Public interest is served by granting the stay. 7 The public interest is served by efficient and prompt 8 resolution of disputes. This is pertinent in a bankruptcy case 9 because often creditors and debtors each need swift relief or 10 determination of rights. But this adversary proceeding is a 11 fraudulent conveyance case between the Trustee asserting creditor 12 rights under California State Law and a non-debtor transferee.

13 It is a private dispute that does not seem to affect public 14 rights. 15 If there is a public interest in prompt resolution, it 16 cannot eclipse Defendant's rights to ask the District Court to 17 rule how this dispute – which is statutorily core but 18 constitutionally non-core – shall be determined. *Executive 19 Benefits Ins. Agency v. Arkison*, 573 U.S. 25 (2014).

The public 20 interest is also served by preservation of trial rights before 21 the correct tribunal. 22 This factor is neutral or slightly favors the stay. 23 Therefore, the stay was properly issued as authorized by 24 Fed. R. Bankr. P. 5011(c). 25 /// 26 /// 27 /// 28 /// 1 IV 2 Trustee's Contention that Efficiency Compels this Court to Decide the Motion for Summary Judgment is Inapplicable.

3 4 Trustee's most salient argument is that, since the District 5 Court will likely direct this court either to decide the Motion 6 for Summary Judgment or else issue a report and recommendation, 7 hearing dates should be reset and the proceedings continue in 8 this court. 9 This court will not be pretentious on the issue. Trustee's 10 argument, bolstered by numerous citations to district court 11 decisions from this District, overlooks the fundamental law.

The 12 district court makes the reference withdrawal decision and 13 decides what proceedings, if any, the bankruptcy court can hear. 14 It is not the bankruptcy court's call to make. 15 Furthermore, a close examination of the cases cited by 16 Trustee do not even establish a basis for the relief Trustee 17 requests in this motion.

The *Bell v. Lehr* cases are 18 illustrative. *Bell v. Lehr* ("Bell I"), 2014 WL 526406 *4 (E.D. 19 Cal., February 7, 2014) and *Bell v. Lehr* ("Bell II"), 2015 WL 20 4602895 *2 (E.D. Cal., July 19, 2015). There, the District Court 21 initially denied the motion to withdraw the reference before

any 22 summary judgment litigation occurred and noted withdrawal might 23 be appropriate later (Bell I).

Two years later, the reference 24 was withdrawn after the bankruptcy court certified that the pre-25 trial proceedings were concluded. No mention was made of a 26 motion for summary judgment decided by the bankruptcy court. 27 (Bell II). 28 /// 1 The other cases also are of limited application. See *In re 2 Sunergy CA, LLC*, 2023 WL 3582674 *2-3 (E.D. Cal. May 22, 2023)(it 3 was premature to withdraw the reference even when a motion to 4 dismiss was pending, but the motion to withdraw the reference 5 could be renewed when the pre-trial proceedings are concluded as 6 found by the Bankruptcy Court); *In re Konark Ranches, LLC*, 2022 7 WL 2079090 *3-4 (E.D.

Cal. June 9, 2022) (same, though no motion 8 to dismiss was pending and the motion for withdrawal of the 9 reference was made shortly after the complaint was answered); *In 10 re Stanford Chopping, Inc.*, 2024 WL 4906107 (E.D. Cal. November 11 27, 2024)(denying motion to withdraw the reference without 12 prejudice because it was “more efficient for pre-trial matters in 13 this action to be conducted before the Bankruptcy Court” but not 14 specifically mentioning dispositive motions).

15 There are also cases where a district court either withdrew 16 the reference before dispositive motions were decided or ordered 17 the bankruptcy court to hear dispositive motions but issue a 18 report and recommendation. See *In re Casimiro*, 2006 WL 1581897 19 *6 (E.D. Cal. June 6, 2006) (holding “efficiency” counsels 20 withdrawal of the class action to the District Court); *In re Te 21 Velde*, No. 1:19-cv-00520-KES (E.D.

Cal. August 15, 2019) 22 (District Court Docket #18) (order denying motion to withdraw 23 reference but requiring bankruptcy court to issue a report and 24 recommendation on dispositive motions.) 25 In short, the district court has the discretion to decide 26 how dispositive motions are to be resolved, not the bankruptcy 27 court.

The Trustee’s efficiency arguments require this court to 28 /// 1 speculate as to what the district court may decide, which is 2 something this court cannot and will not do. 3 4 CONCLUSION 5 Though the Trustee does not prevail on this motion, the 6 court will not foreclose the Trustee from bringing this motion 7 again should developments occur that change the status of this 8 litigation.

As the court has discussed and for the reasons 9 outlined in this Memorandum Ruling, even if this court elected to 10 hear the Summary Judgment Motion and issue a report and 11 recommendation, it would do little to shorten the time before 12 ultimate resolution of the case, as the District Court would 13 still need to review any objections to such a report.

Other 14 developments may also change the case’s status and provide a 15 stronger basis for granting the Trustee’s requested relief. But 16 as things stand now, the Trustee has not shown such

relief is 17 necessary or appropriate. 18 The Trustee's Motion to Reset the Hearing Dates for the
19 Summary Judgment Motion is DENIED WITHOUT PREJUDICE.' A 20 conforming order
shall issue.

21 Dated: Feb 18, 2026 By the Court 22 on 53 Ord ené Lastreto II, Judge 24 United States
Bankruptcy Court 6 Trustee's argument that mandatory withdrawal is unavailable under 28 U.S.C.
25 § 157(d) likewise is an issue to be taken up by the District Court and is not addressed here. See
Security Farms, 124 F.3d at 1008 (mandatory withdrawal of 26 the reference requires "material
consideration of non-bankruptcy Federal law.") But see fn.

2 above. 27 ' The foregoing are the Court's findings of fact and conclusions of law pursuant Fed.
R. Bankr. P. 7052. Any finding of fact that is deemed a 28 conclusion of law is adopted as a
conclusion of law. Any conclusion of law deemed a finding of fact is adopted as a finding of fact.
1 Instructions to Clerk of Court Service List - Not Part of Order/Judgment 2 The Clerk of Court is
instructed to send the Order/Judgment or 3 other court generated document transmitted herewith to
the parties below.

The Clerk of Court will send the Order via the 4 BNC or, if checked, via the U.S. mail. 5 Irma
Edmonds 2501 West Shaw Ave., Suite 124 6 Fresno, CA 93711 7 Gabriel J. Waddell 7650 North
Palm Ave., Suite 101 8 Fresno, CA 93711 9 Bruce D. Leichty 625-A 3rd St 10 Clovis, CA 93612
11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28