

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

Maria Elizabeth Montero Leon v. Guillermo Montero

No. 2:25-cv-09988-RGK (C.D. Cal. Dec. 15, 2025) · No. 2:25-cv-09988-RGK · Decided December 15, 2025

SUMMARY

The United States District Court for the Central District of California denied Guillermo Montero’s motion to withdraw the reference of a bankruptcy-court adversary proceeding. The court held that the motion was untimely because Defendant had notice of the grounds for withdrawal and had actively litigated in bankruptcy court before seeking withdrawal. The action was referred back to the United States Bankruptcy Court.

CASE DETAILS

|                       |                                                                                                                                                                                                                                                                               |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COURT                 | United States District Court for the Central District of California                                                                                                                                                                                                           |
| WRITING FOR THE COURT | R. Gary Klausner                                                                                                                                                                                                                                                              |
| JURISDICTION          | United States District Court for the Central District of California                                                                                                                                                                                                           |
| DECIDED               | December 15, 2025                                                                                                                                                                                                                                                             |
| DOCKET                | 2:25-cv-09988-RGK                                                                                                                                                                                                                                                             |
| DISPOSITION           | other                                                                                                                                                                                                                                                                         |
| PROCEDURAL POSTURE    | Defendant moved to withdraw the reference of a pending bankruptcy adversary proceeding to the district court. The district court denied the motion as untimely and referred the action back to the bankruptcy court.                                                          |
| STANDARD OF REVIEW    | A motion to withdraw the bankruptcy reference must be timely. Timeliness is evaluated by whether the motion was made as promptly as possible, or at the first reasonable opportunity, in light of the developments and specific factual context of the bankruptcy proceeding. |
| PRECEDENTIAL VALUE    | Unknown; district-court civil minutes order with no reporter citation                                                                                                                                                                                                         |

TOPICS

- bankruptcy
- adversary proceedings
- civil procedure

PRACTICE AREAS

## QUESTIONS PRESENTED

1. Whether Defendant's motion to withdraw the reference was timely under 28 U.S.C. § 157(d).
2. Whether Defendant's participation in the bankruptcy adversary proceeding and delay in seeking withdrawal required denial of the motion.

## HOLDINGS

1. A motion to withdraw reference must be made as promptly as possible and at the first reasonable opportunity after the movant has notice of the grounds for withdrawal; a significant delay may render the motion untimely.
2. Defendant's motion to withdraw the reference was untimely because Defendant had notice of possible grounds for withdrawal, continued to litigate in the bankruptcy court, and delayed filing the motion.

## KEY QUOTATIONS

*“A motion to withdraw is timely if it was made “as promptly as possible in light of the developments in the bankruptcy proceeding.””* (Page 1)

*“A party must move for withdrawal “at the first reasonable opportunity” it has, “as evaluated within the specific factual context [of the case].””* (Page 1)

*“Therefore, Defendant did not move for this Motion as promptly as possible and the Motion is untimely.”* (Page 2)

## FACTUAL BACKGROUND

Plaintiff filed a Chapter 11 petition in December 2023, and property at 631 N. Hillcrest Road in Beverly Hills was sold in November 2024. Defendant asserted a community-property interest in the sale proceeds. Plaintiff initiated an adversary proceeding on March 24, 2025, seeking a declaration of entitlement to 100% of the proceeds and to quiet title. Defendant continued litigating in the bankruptcy court, including by filing an abstention motion, before seeking withdrawal of the reference nearly seven months after the adversary complaint was filed.

## PROCEDURAL HISTORY

Plaintiff filed a Chapter 11 bankruptcy petition in December 2023. After a real-property sale and Defendant's assertion of a community-property interest in the sale proceeds, Plaintiff commenced an adversary proceeding in the bankruptcy court on March 24, 2025, seeking a declaration that she was entitled to all proceeds and seeking to quiet title. Defendant litigated in the adversary proceeding, including filing a motion for abstention on May 23, 2025, but waited nearly seven months after the adversary complaint was filed to seek withdrawal of the reference. The district court denied the withdrawal motion and referred the action back to the bankruptcy court.

## DISPOSITION

other

## REMAND INSTRUCTIONS

The action was referred back to the United States Bankruptcy Court for the Central District of California.

## CASES CITED

- In re McClure, 2022 WL 17721587, at \*3 (C.D. Cal. Dec. 15, 2022)
- Sec. Farms v. Int'l Bhd. of Teamsters, Chauffeurs, Warehousemen & Helpers, 124 F.3d 999, 1007 n.3 (9th Cir. 1997)
- In re Baldwin-United Corp., 57 B.R. 751, 754 (S.D. Ohio 1985)
- In re GTS 900 F, LLC, 2010 WL 4878839, at \*2 (C.D. Cal. Nov. 23, 2010)
- Stratton v. Vita Bella Grp. Homes, Inc., 2007 WL 1531860, at \*2 (E.D. Cal. May 25, 2007)
- Hupp v. Educ. Credit Mgmt. Corp., 2007 WL 2703151, at \*3 (S.D. Cal. Sept. 13, 2007)
- In re McClure, 2022 WL 17721587, at \*4 (C.D. Cal. Dec. 15, 2022)

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