

UNITED STATES BANKRUPTCY COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA, NORTHERN DIVISION

Jerry Namba, Chapter 7 Trustee v. Mahmood Jafroodi and Michael Kaylor, in His Capacity as Trustee of the Jafroodi Private Retirement Trust Plan Dated April 6th, 2018; Jerry Namba, Chapter 7 Trustee v. Vahid Jafroodi and Azar Jafroodi

Jafroodi · No. CV25-11420-JFW; Case No. 9:19-bk-11918-MB; Adv. No. 9:22-ap-01063-MB (consolidated with 9:22-ap-01064-MB) · Decided November 30, 2025

SUMMARY

The United States Bankruptcy Court for the Central District of California considers whether Mahmood Jafroodi and Michael Kaylor preserved their Seventh Amendment right to a jury trial on the trustee’s fraudulent-transfer and related avoidance claims. The court rejects the trustee’s arguments that the defendants waived the jury-trial right by failing to seek prompt withdrawal of the reference or that a prior district-court order denying withdrawal precludes a jury trial. The court concludes that the proceeding should be transferred to the district court for a jury trial on the avoidance actions and for further adjudication of the remaining claims.

CASE DETAILS

COURT	United States Bankruptcy Court for the Central District of California, Northern Division
JURISDICTION	United States Bankruptcy Court for the Central District of California, Northern Division
DECIDED	November 30, 2025
DOCKET	CV25-11420-JFW; Case No. 9:19-bk-11918-MB; Adv. No. 9:22-ap-01063-MB (consolidated with 9:22-ap-01064-MB)
DISPOSITION	other
PROCEDURAL POSTURE	In a consolidated bankruptcy adversary proceeding involving fraudulent-transfer and related claims, the bankruptcy court considered whether defendants Mahmood Jafroodi and Michael Kaylor waived their Seventh Amendment jury-trial rights by failing to promptly seek withdrawal of the reference and whether the district court's prior denial of withdrawal extinguished those rights.

STANDARD OF REVIEW	The opinion does not expressly identify a formal standard of review. It applies constitutional and procedural waiver principles, requiring any waiver of the Seventh Amendment jury-trial right to be knowing and voluntary and indulging every reasonable presumption against waiver.
PRECEDENTIAL VALUE	Published for public availability but issued as a bankruptcy trial-court memorandum of decision; limited precedential value.

TOPICS

fraudulent transfer adversary proceedings bankruptcy civil procedure asset protection

PRACTICE AREAS

bankruptcy civil procedure constitutional law fraudulent transfers remedies trusts

QUESTIONS PRESENTED

1. Whether defendants who timely demand a jury trial waive their Seventh Amendment rights by failing to promptly seek withdrawal of the reference to the bankruptcy court.
2. Whether the district court's prior denial of a motion to withdraw the reference extinguished defendants' timely asserted jury-trial rights.
3. Whether the bankruptcy court should transfer the proceeding to the district court for a jury trial on the fraudulent-transfer claims.

HOLDINGS

1. A party that timely and properly demands a jury trial under Federal Rule of Civil Procedure 38(b) and Federal Rule of Bankruptcy Procedure 9015 does not waive the Seventh Amendment jury-trial right merely by failing to immediately seek withdrawal of the bankruptcy reference.
2. The district court's prior denial of withdrawal did not extinguish defendants' timely asserted Seventh Amendment jury-trial rights.
3. Because pretrial matters were complete and Jafroodi and Kaylor retained their jury-trial rights, the proceeding should be transferred to the district court for a jury trial on the fraudulent-transfer claims and for determination of how to adjudicate the remaining claims.

KEY QUOTATIONS

“[The existence of a] valid right to a Seventh Amendment jury trial in the district court does not mean the bankruptcy court must instantly give up jurisdiction and that the action must be transferred to the district court. Instead, we hold, the bankruptcy court may retain jurisdiction over the action for pre-trial matters.” (§ IV.B)

“Accordingly, the Court rejects the Trustee’s argument that Jafroodi and Kaylor were required to seek withdrawal of the reference promptly, if not immediately, upon filing their jury trial demands. Failure to do so

did not constitute a waiver of their Seventh Amendment jury trial rights.” (§ IV.B)

FACTUAL BACKGROUND

Before bankruptcy, Mahmood Jafroodi and Michael Kaylor allegedly engaged in transactions involving a retirement plan and other property that removed assets from the reach of creditors. The Chapter 7 trustee asserted actual and constructive fraudulent-transfer claims and related claims for recovery, turnover, exemptions, and an automatic-stay violation. Jafroodi and Kaylor timely demanded jury trials, did not expressly consent to a bankruptcy-court jury trial, and sought withdrawal of the reference only after substantial litigation and discovery had occurred.

PROCEDURAL HISTORY

Mahmood Jafroodi filed a Chapter 7 petition, and Chapter 7 Trustee Jerry Namba later filed adversary complaints against Jafroodi, Michael Kaylor, and, in a related proceeding, Vahid Jafroodi and Azar Jafroodi. Defaults against Jafroodi and Kaylor were vacated; the operative amended complaint was litigated through motions to dismiss, discovery, and summary judgment, and the related adversary proceeding was consolidated. Jafroodi and Kaylor timely demanded jury trials, but the district court denied their later motion to withdraw the reference as untimely and denied mandamus relief. After discovery and pretrial preparation were complete, the bankruptcy court ruled on the jury-trial issue and ordered transfer to the district court for trial.

DISPOSITION

other

REMAND INSTRUCTIONS

The court will separately enter an order transferring the proceeding to the district court to conduct a jury trial on the Avoidance Actions and to determine how to appropriately and efficiently adjudicate the remaining claims for which the parties appear to agree that no jury-trial right applies.

CASES CITED

- *Stainer v. Latimer* (In re Latimer), 918 F.2d 136 (10th Cir. 1990)
- *Sigma Micro Corp. v. Healthcentral.com* (In re Healthcentral.com), 504 F.3d 775 (9th Cir. 2007)
- *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33 (1989)
- *Katchen v. Landy*, 382 U.S. 323 (1966)
- *In re Hallahan*, 936 F.2d 1496 (7th Cir. 1991)
- *In re Romar International Georgia, Inc.*, 198 B.R. 407 (Bankr. M.D. Ga. 1996)
- *In re Lion Country Safari, Inc.* California, 124 B.R. 566 (Bankr. C.D. Cal. 1991)
- *SEC v. Jarkesy*, 603 U.S. 109 (2024)
- *Dimick v. Schiedt*, 293 U.S. 474 (1935)
- *Palmer v. Valdez*, 560 F.3d 965 (9th Cir. 2009)
- *Tracinda Corp. v. DaimlerChrysler AG*, 502 F.3d 212 (3d Cir. 2007)

- *White v. McGinnis*, 903 F.2d 699 (9th Cir. 1990) (en banc)
- *Solis v. County of Los Angeles*, 514 F.3d 946 (9th Cir. 2008)
- *Pradier v. Elespuru*, 641 F.2d 808 (9th Cir. 1981)
- *Exec. Benefits Ins. Agency v. Arkison* (In re Bellingham Ins. Agency), 702 F.3d 553 (9th Cir. 2012), *aff'd*, 573 U.S. 25 (2014)
- *Sec. Farms v. Int'l Bhd. of Teamsters, Chauffeurs, Warehousemen & Helpers*, 124 F.3d 999 (9th Cir. 1997)
- *In re Hassan*, 375 B.R. 637 (Bankr. D. Kan. 2006)
- *Soulé v. Guertin* (In re Guertin), 2024 Bankr. LEXIS 1610 (Bankr. N.D. Okla. 2024)

OPINION

FOR PUBLICATION FILED CLERK, U.S. DISTRICT COURT FILED & ENTERED
CENTRAL DISTRICT OF CALIFORNIA eee gy. CS DEPUTY BY Cetulio DEPUTY CLERK
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA
NORTHERN DIVISION CV25-11420-JFW In re: Case No. 9:19-bk-11918-MB MAHMOOD
JAFROODI, Chapter 7 Debtor. Adv. No. 9:22-ap-01063-MB JERRY NAMBA, Chapter 7 Trustee,
(Consolidated with 9:22-ap-01064-MB) Plaintiff, v. MEMORANDUM OF DECISION
MAHMOOD JAFROODI, and MICHAEL KAYLOR, IN HIS CAPACITY AS TRUSTEE OF
THE JAFROODI PRIVATE RETIREMENT TRUST PLAN DATED APRIL 6TH, 2018,
Defendants.

MAHOOD JAFROODI, Counterclaimant, V. JERRY NAMBA, Chapter 7 Trustee,
Counterdefendant. 1 } MAHMOOD JAFROODI, 2 Third-Party Plaintiff, 3 |v. UNITED STATES
OF AMERICA, and 5 |FRANCHISE TAX BOARD, 6 Third-Party Defendants. 7|TERRY
NAMBA, Chapter 7 Trustee, 8 Plaintiff, 9 hy. 10 }V AHID JAFROODI and AZAR 11
|JAFROODI, 12 Defendants. 13 14 I. INTRODUCTION 15 This adversary proceeding is nearly
ready for trial.

The parties have completed 16 discovery, litigated a motion for summary judgment, and prepared
a detailed pretrial 17 |stipulation, identifying all the facts and legal issues to be decided at trial. 18
The only outstanding pretrial matter is the question of whether defendants |Mahmood Jafroodi
("Jafroodi") and Michael Kaylor, in his capacity as trustee of the 20 |Jafroodi Private Retirement
Trust Plan Dated April 6, 2018 ("Kaylor"), are entitled to 21 jury trial on the fraudulent transfer
claims in the operative complaint (the 22 |""Avoidance Actions").

If they are entitled to a jury trial on those claims, this Court 23 |'may not conduct the trial because
the parties have not expressly consented to this 24 Court doing so. See 28 U.S.C. § 157(d). In that
event, only the District Court may 25 conduct the trial. 26 The issue is relatively narrow.

The plaintiff, chapter 7 trustee Jerry Namba (the 27 |"Trustee"), concedes that Jafroodi and Kaylor
(i) timely demanded a jury trial in 28 accordance with Federal Rule of Civil Procedure ("Civil

Rule”) 38(b) and Federal 1 |Rule of Bankruptcy Procedure (“Bankruptcy Rule”) 9015 and (ii) generally are 2 |entitled to a jury trial on the Avoidance Actions.

The Trustee contends, however, that 3 |these defendants effectively lost their Seventh Amendment jury trial right on 4 procedural grounds. 5 First, relying on the Tenth Circuit decision *Stainer v. Latimer* (In re *Latimer*), 6918 F.2d 136 (10th Cir. 1990), the Trustee contends that Jafroodi and Kaylor waived 7 |their right to a jury trial by failing to seek withdrawal of the reference of this 8 |proceeding to this Court promptly, if not immediately, upon the filing of their jury trial 9!demand.

The Court rejects this argument. Although *Latimer* establishes this rule in 10 |the Tenth Circuit, it has never been followed within the Ninth Circuit, is at odds with 11 |established Ninth Circuit law, and would improperly impose an additional prerequisite 12 |to preserving a jury trial right that does not appear in the plain text of Civil Rule 38(b) 13 |or Bankruptcy Rule 9015.

14 Second, the Trustee contends that there can be no jury trial in this proceeding 15 |because the only court authorized to conduct a jury trial, i.e., the District Court, 16 previously declined to withdraw the reference of this proceeding to this Court. 17 |Likewise, the Court is not persuaded.

The District Court’s order denying withdrawal 18 |of the reference did so when the case was in an entirely different procedural posture; 19 that is, neither discovery nor the negotiation of a pretrial stipulation were complete. 20 | Nothing in the order suggests that the District Court would not conduct a jury trial 21 |when the adversary proceeding is ultimately ready for a trial.

22 Furthermore, nothing in the order suggests the District Court intended to deny 23 |Jafroodi and Kaylor their timely-asserted jury trial right on the Avoidance Actions. 24 |The order does not address the constitutional nature of jury trial rights, does not 25 address Ninth Circuit law applicable to the waiver of such rights, and does not apply 26 |that standard to the circumstances presented.

To infer that the District Court intended 27 to deny Jafroodi and Kaylor their Seventh Amendment jury trial right would be, to say 28 |I |the least, presumptuous. There is simply nothing in the District Court’s order to 2 support this conclusion. 3 Accordingly, because pretrial matters in this proceeding are now complete, the 4 Court will separately enter an order transferring this proceeding to the District Court 5 |for the purpose of (i) conducting a jury trial on the Avoidance Actions, and 6 |(ii) determining how best to adjudicate the remaining claims in the proceeding on 7 which the parties appear to agree that a jury trial right is not applicable.!

8 II. JURISDICTION AND ADJUDICATIVE AUTHORITY 9 The District Court has original jurisdiction over this adversary proceeding 10 because the claims asserted herein arise under title 11, arise in a case under title 11, or 11 are related to cases under title 11. See 28 U.S.C. § 1334(b). 12 As permitted under 28 U.S.C. § 157(a), the District Court has provided that all 13 proceedings

over which it has jurisdiction under section 1334(b) are automatically referred to the bankruptcy judges of this Court.

See In re Reference of Cases and Proceedings to the Bankruptcy Judges of the Central District of California, and Reference of Appeals to the Bankruptcy Appellate Panel, General Order No. 13-05 171(C.D. Cal. July 1, 2013), at ¶ 1, 18 | <https://www.cacd.uscourts.gov/sites/default/files/general-orders/GO-13-05.pdf>.

The District Court may withdraw a proceeding, in whole or in part, on its own motion or the motion of a party, for cause shown. 28 U.S.C. § 157(d). Additionally, the District Court has authorized this Court, on its own motion, to return a referred matter to the District Court: Transferring Cases Back to District Court. If the bankruptcy judge to whom a case is assigned determines that a specific case or proceeding should be heard in the district court, that bankruptcy judge may, on the ————0 ' As discussed below, these include claims against two other defendants, Vahid Jafroodi and Azar Jafroodi, who did not demand a jury trial.

1 judge's own motion, transfer the case or proceeding to the district court. 2 The transfer order shall include a statement of legal authorization as to the 3 basis for the transfer to the district court. 4 See General Order No. 13-05 at § 4. 5 Under 28 U.S.C. § 157(e), bankruptcy judges have the adjudicative authority to 6 conduct a jury trial under specified circumstances: 7 If the right to a jury trial applies in a proceeding that may be heard under 8 this section by a bankruptcy judge, the bankruptcy judge may conduct the 9 jury trial if specially designated to exercise such jurisdiction by the district 10 court and with the express consent of all the parties.

1128 U.S.C. § 157(e). This Court has been specially designated by the District Court to 12 conduct jury trials. See General Order No. 13-05 (C.D. Cal. July 1, 2013), at 93. The 13 parties to this adversary proceeding, however, have not consented to this Court doing 14so.

Therefore, the Court is not authorized to conduct a jury trial in this adversary 15 proceeding. 16 I. BACKGROUND 17 On November 19, 2019, Jafroodi filed a voluntary petition for relief under 18 chapter 7 of the Bankruptcy Code. Shortly thereafter, the Trustee was appointed. 19 A. The Complaints, Answers, and Jury Trial Demands 20 On December 13, 2022, the Trustee filed a complaint (the "Original 21 Complaint") against Jafroodi and Kaylor.

Adv. Dkt. 1. The gravamen of the Original 22 Complaint is that prior to commencement of the bankruptcy case, these defendants 23 engaged in a series of transactions that improperly removed valuable assets from the 24 reach of Jafroodi's creditors, under the guise of creating a retirement plan.

The 25 Trustee contends that the transactions are avoidable and the property recoverable by 26 the bankruptcy estate because the transactions were undertaken with actual fraudulent 27 28 1 intent or, alternatively, constitute a constructive fraud.

The Original Complaint 2 |contains seven causes of action.” 3 The Clerk of Court initially entered defaults on the Original Complaint against 4 | Jafroodi and Kaylor, and the Trustee requested entry of a default judgment. Adv. Dkt. 513, 14, 17, 18. But at the request of Jafroodi and Kaylor, the Court later vacated the 6 defaults and denied the request for a default judgment.

Adv. Dkt. 50, 51,58. The Trustee thereafter re-served the Complaint and a summons on Jafroodi and Kaylor, to 8 which they timely responded on May 25, 2023, with a motion to dismiss (the “First 9 |Motion to Dismiss”). Adv. Dkt. 57, 63. 10 On August 4, 2023, the Trustee filed his first amended complaint, which is the 11 Joperative complaint in this adversary proceeding (the “Amended Complaint”).

Adv. 12 |Dkt. 70. In addition to expanding the description of the relief sought in the Original 13 |Complaint, the Amended Complaint added claims seeking: (i) avoidance and recovery 14 lof property transferred postpetition, which transactions allegedly furthered the 15 |defendants’ fraudulent scheme; (ii) contempt sanctions for violation of the automatic 16 |stay under Bankruptcy Code section 362; and (iii) a determination that certain 17 |property claimed as exempt from the bankruptcy estate by Jafroodi is not actually 18 exempt.

Although the Trustee previously had sought much of this additional relief by 19 |motion practice in the bankruptcy case, the Court ordered the Trustee to consolidate 20 |these requests for relief into the adversary proceeding. 21 22 3 These causes of action are: (1) Avoidance, Preservation and Recovery of Actual Fraudulent Transfer under Bankruptcy Code sections 544, 550 and 551; (2) Avoidance, Preservation and 74 Recovery of Actual Fraudulent Transfer under Bankruptcy Code sections 548(a)(1)(A), 550 and 551; (3) Avoidance, Preservation and Recovery of Constructive Fraudulent Transfer under Bankruptcy 25 ||Code sections 548(a)(1)(B), 550 and 551; (4) Avoidance, Preservation and Recovery of Actual Fraudulent Transfer under Bankruptcy Code sections 544, 550 and 551, Cal. Civ.

Code sections 26 3439.04 and 3439.07; (5) Avoidance, Preservation and Recovery of Constructive Fraudulent 07 Transfer under Bankruptcy Code sections 544, 550 and 551, Cal. Civ. Code sections 3439.05 and 3439.07; (6) Avoidance, Preservation, and Recovery of Transfer to a Self-Settled Trust under 2g | Bankruptcy Code sections 548(e), 550, 551; and (7) Declaratory Relief and Turnover of Estate Property under Bankruptcy Code sections 542, 550, and 551.

1 The Amended Complaint contains seventeen causes of action: 2 (1) Avoidance, Preservation, and Recovery of Actual Fraudulent Transfer [11 3 U.S.C. § 544, 550, and 551]; 4 (2) Avoidance, Preservation, and Recovery of Actual Fraudulent Transfer 5 (Avoidable Deed of Trust) [11 U.S.C. §§ 548(a)(1)(A), 550, and 551]; 6 (3) Avoidance, Preservation, and Recovery of Constructive Fraudulent Transfer 7 (Avoidable Deed of Trust) [11 U.S.C. §§ 548(a)(1)(B), 550, and 551]; 8 (4) Avoidance, Preservation, and Recovery of Actual Fraudulent Transfer 9 (Avoidable Deed of Trust) [11 U.S.C. §§ 544, 550, and 551; Cal. Civ.

Code 10 §§ 3439.04, 3439.07]; 11 (5) Avoidance, Preservation, and Recovery of Constructive Fraudulent Transfer 12 (Avoidable Deed of Trust) [11 U.S.C. §§ 544, 550, and 551; Cal. Civ. Code 13 §§ 3439.05 and 3439.07]; 14 (6) Avoidance, Preservation, and Recovery of Transfer to a Self-Settled Trust 15 (Avoidable Deed of Trust) [11 U.S.C. §§ 548(e), 550, and 551]; 16 (7) Avoidance, Preservation, and Recovery of Actual Fraudulent Transfer (PRP 17 Assignments) [11 U.S.C. §§ 548(a)(1)(A), 550, and 551]; 18 (8) Avoidance, Preservation, and Recovery of Constructive Fraudulent Transfer 19 (PRP Assignments) [11 U.S.C. §§ 548(a)(1)(B), 550, and 551]; 20 (9) Avoidance, Preservation, and Recovery of Actual Fraudulent Transfer (PRP 21 Assignments) [11 U.S.C. §§ 544, 550, and 551; Cal. Civ.

Code §§ 3439.04, 22 3439.07]; 23 (10) Avoidance, Preservation, and Recovery of Constructive Fraudulent Transfer 24 (PRP Assignments) [11 U.S.C. §§ 544, 550, and 551; Cal. Civ. Code §§ 25 3439.05 and 3439.07]; 26 (11) Avoidance, Preservation, and Recovery of Transfer to a Self-Settled Trust 27 (PRP Assignments) [11 U.S.C. §§ 548(e), 550, and 551]; 28 1 (12) Declaratory Relief and Turnover of Estate Property (PRP) [11 U.S.C. §§ 541 2 and 542]; 3 (13) Declaratory Relief and Turnover of Estate Property (Nipomo Sale Proceeds) 4 [11 U.S.C. §§ 541 and 542]; 5 (14) Automatic Stay Violation for Exercise of Control over Property of the Estate 6 (Nipomo Sale) [11 U.S.C. § 362]; 7 (15) Declaratory Relief (PRP Exemption) [11 U.S.C. §§ 522, 541, and 542; Cal. 8 Civ.

Proc. Code § 704.115]; 9 (16) Declaratory Relief (IRA Exemption) [11 U.S.C. §§ 522, 541, and 542; Cal. 10 Civ. Proc. Code § 704.115]; 11 (17) Declaratory Relief (Homestead Exemption) [11 U.S.C. §§ 522(g)(1); Cal. 12 Civ. Proc. Code § 704.730]. 13 | Adv. Dkt. 70. 14 The filing of the Amended Complaint rendered the First Motion to Dismiss 15 |moot, and Jafroodi and Kaylor thereafter filed a second motion to dismiss (the 16 “Second Motion to Dismiss”).

Adv. Dkt. 71. The Second Motion to Dismiss sought 17 |dismissal of the First through Sixth, Eighth, Tenth, Eleventh, Fourteenth and 18 Seventeenth claims in the Amended Complaint. On January 18, 2024, following a 19 |hearing, the Court entered an order denying the Second Motion to Dismiss. Adv. Dkt. 20192. 21 On January 31, 2024, Jafroodi and Kaylor filed their respective answers to the 22 |Amended Complaint.

Adv. Dkt. 95,96. The title on the caption page of each answer 23 |conspicuously states, “DEMAND FOR JURY TRIAL,” and each answer includes a 24 paragraph expressly demanding a jury trial on the Amended Complaint: 25 DEMAND FOR JURY TRIAL 26 Defendant Mahmood Jafroodi hereby demands a trial by jury on all claims 27 and issues that may be tried by a jury in the above-captioned action.

28 1 | Adv. Dkt. 95 at 35.3 2 DEMAND FOR JURY TRIAL 3 Defendant Michael L. Kaylor, Trustee of The Jafroodi Private Retirement 4 Trust Plan Dated April 6th, 2018, hereby demands a trial by jury on all 5 claims and issues that may be tried by a jury in the above-captioned action. 6 |

Adv. Dkt. 96 at 35. 7 On January 31, 2024, Jafroodi also filed: (i) a counterclaim for a declaratory 8 judgment against the Trustee (the “Counterclaim”), Adv.

Dkt. 97; and (ii) a third- 9 party complaint for a declaratory judgment against the United States of America (on 10 behalf of the Internal Revenue Service) (the “IRS”) and the California Franchise Tax 11 Board (the “FTB”) (the “Third-Party Complaint”). By stipulation of the parties, 12 however, the Counterclaim and Third-Party Complaint are stayed pending further 13 agreement of the parties or an order of the Court.

Adv. Dkt. 109, 113, 138, 141. 14 B. Discovery and Joint Pretrial Stipulation 15 On December 18, 2023, during an adversary proceeding status conference, the 16 Court set September 3, 2024, as the initial cutoff for non-expert discovery in 17 connection with the Amended Complaint. Adv. Dkt. 90, 91. 18 On May 1, 2024, the parties filed a stipulation on the Amended Complaint 19 staying the adversary proceeding until June 30, 2024, and staying all discovery 20 deadlines, which the Court approved.

Adv. Dkt. 111, 114. 21 On September 6, 2024, the Court entered an order on the Amended Complaint 22 fixing, among other litigation deadlines, the non-expert discovery cutoff as December 23 1, 2024, and the deadline for case dispositive pretrial motions as December 16, 2024. 24 Adv. Dkt. 119.

The order also required the parties to file their joint pretrial stipulation 25 no later than April 9, 2025. 26 | ———0 2 |° Unless otherwise stated, all page references are to the page numbers assigned by the electronic case filing system, rather than any internal page numbering. 1 On November 8, 2024, the parties filed a stipulation extending the non-expert 2 discovery cutoff to December 16, 2024, which the Court approved.

Adv. Dkt. 123, 31126. 4 On February 13, 2025, in connection with the consolidation of the adversary 5 proceeding with a related adversary proceeding (discussed below), and at the request 6 the parties, the Court further extended the non-expert discovery cutoff to February 71/28, 2025, and extended the deadline to file a joint pretrial stipulation to May 14, 2025.

8 Adv. Dkt. 142. 9 On April 11, 2025, the Court entered a scheduling order further extending the 10 deadline to file the joint pretrial stipulation to June 12, 2025. Adv. Dkt. 159. The 11 parties thereafter stipulated to further extend that deadline by seven days. Adv. Dkt. 12167. 13 The parties ultimately filed their joint pretrial stipulation on June 19, 2025.

Adv. Dkt. 168. Among other things, the parties affirmed in the pretrial stipulation that 15 all discovery was complete. Jd. at 87. 16 C. Motion to Withdraw the Reference 17 On September 18, 2024, Jafroodi and Kaylor filed in the District Court their 18 motion requesting that the District Court withdraw the reference of the adversary 19 proceeding to the Bankruptcy Court (“Motion to Withdraw”).

District Court Case No. 20 |2:24-cv-07969 (“DCC”), Dkt. 1. 21 Jafroodi and Kaylor asserted that withdrawal of the reference was appropriate 22 because (i) they are entitled a jury trial on the first through twelfth claims for relief in 23 |the Amended Complaint and had not consented to permit the Bankruptcy Court to 24 |conduct the trial, (i1) equitable claims should be tried before the same court that tries 25 |the legal claims before a jury, and (iii) to the extent some claims are not entitled to a 26 |jury trial, the Bankruptcy Court would not be able to enter final judgment on those 27 claims.

For these reasons, Jafroodi and Kaylor argued that withdrawal of the 28 |reference was mandatory and ought to be immediate. They also argued that the 1 District Court should exercise its powers to withdraw the reference as a matter of 2 ||discretion. 3 On September 23, 2024, the District Court ordered the motion stricken based on 4 |the failure of Jafroodi and Kaylor to comply with Local Rule 5-4, but granted leave to 5 |re-file the motion following an in-person conference pursuant to Local Rule 7-3 and 6 |compliance with other applicable procedures.

DCC Dkt. 13. On October 17, 2024, 7 | Jafroodi and Kaylor renewed their Motion to Withdraw. DCC Dkt. 21. 8 The Trustee thereafter filed an opposition to the Motion to Withdraw, making 9 |three principal arguments. DCC Dkt. 30.

The Trustee argued the motion should be 10 |denied because: (i) the motion was untimely; (ii) immediate withdrawal was not 11 }required under Ninth Circuit law, even if Jafroodi and Kaylor were entitled to a jury 12 |trial; and (iii) discretionary withdrawal was not appropriate considering reasons of 13 |judicial economy, the pendency of discovery and the pretrial stipulation process, and 14 the prospect of forum shopping by Jafroodi and Kaylor.* 15 On November 15, 2024, the District Court entered its order denying the Motion 16 |to Withdraw.

DCC Dkt. 39. The District Court denied the motion for multiple 17 |reasons. 18 First, the District Court held that the motion—which was premised principally 19 |on the existence of a right to a jury trial—was untimely. *Jd.* at 8-12.

The District 20 |Court observed that Jafroodi and Kaylor were aware of the nature of the claims for 21 }relief as early as December 13, 2022, when the Original Complaint was filed, and no 22 }later than August 4, 2023, when the Amended Complaint was filed.

The District 23 |Court noted that Jafroodi and Kaylor also asserted their entitlement to a jury trial in 24 both a status report filed on November 15, 2023, and in their answers to the Amended 25 26 4 The United States also opposed the Motion to Withdraw the Reference for a variety of reasons including the fact that the Third-Party Complaint against the IRS had been stayed.

DCC 28 1 Complaint filed on January 31, 2024. Given that they did not initially file their 2 |Motion to Withdraw until September 18, 2024, the District Court held that their delay 3 was

“simply unjustified.” *Jd.* at 12. 4 Second, the District Court held that the extent of the proceedings that already 5 | had transpired in the adversary proceeding supported its finding of untimeliness.

Jd. 6 12-13. The District Court observed that the contested matters, which had been 7 | initiated by motion and thereafter incorporated into the Amended Complaint, had been 8 | pending since early in November of 2022.

The District Court also noted that some of 9 | those disputes pertained to Jafroodi’s alleged noncompliance with orders dating as far 10 back as March of 2020. Further, the District Court found that in light of the extent of 11 | those proceedings, including the Court’s denial of the Second Motion to Dismiss, the 12 | timing of the Motion to Withdraw raised substantial concerns about forum shopping.

13 Hd. 14 Third, the District Court held that technical compliance with Local Bankruptcy 15 {Rule (““LBR”) 9015-2 did not render the Motion to Withdraw timely. *Jd.* at 13. This 16 | local rule provides that any motion to withdraw the reference must be filed no later 17 | than seven days after the Court’s entry of a pretrial order. LBR 9015-2. Jafroodi and 18 Kaylor had argued that their compliance with this rule rendered their motion timely.

19 | The District Court disagreed, concluding that the local rule did not supplant 28 U.S.C. 2018 157(d) and the Ninth Circuit case law construing the timeliness requirement under 21 | that statute. DCC Dkt. 39 at 13. 22 Fourth, the District Court held that immediate withdrawal of the reference was 23 | not mandatory. DCC Dkt. 39 at 14. Citing *Sigma Micro Corp. v. Healthcentral.com* 24 | (*In re Healthcentral.com*), 504 F.3d 775 (9th Cir.

2007), the District Court observed 25 | that (i) entitlement to a jury trial did not require this Court to instantly give up 26 | jurisdiction, (i1) this Court ordinarily would retain jurisdiction over pretrial matters, 27 | (iii) this Court was authorized to rule on dispositive motions, and (iv) Jafroodi and 28 Kaylor had impliedly consented to the Court’s authority to enter final orders in this 1 | proceeding.

Jd. (citing *Exec. Benefits Ins. Agency v. Arkison* (*In re Bellingham Ins. 2 Agency*), 702 F.3d 553, 569 (9th Cir. 2012), *aff’d*, 573 U.S. 25 (2014)).^o Thus, the 3 District Court explained that the “issue of Defendants’ right to a jury trial was 4 immaterial” and rejected the contention that withdrawal of the reference was 5 mandatory. DCC Dkt. 39 at 14:9, 14:23-24.

6 Fifth, the District Court declined to grant withdrawal as a matter of discretion. 7 \ *Id.* at 14-15. In determining whether cause exists for permissive withdrawal, “a 8 | district court should consider the efficient use of judicial resources, delay and costs to 9 | the parties, uniformity of bankruptcy administration, the prevention of forum 10 | shopping, and other related factors.” *Sec. Farms v. Int’l Bhd. of Teamsters, Chauffers, 11 | Warehousemen & Helpers*, 124 F.3d 999, 1008 (9th Cir.

1997). The District Court 12 |found that all these factors favored denial. As to cost and delay, the District Court 13 |noted the pending pretrial deadlines set by this Court and the disruption that would 14 |result from withdrawal. 15 The District Court concluded: “Defendants have failed to meet their burden to 16 |demonstrate that immediate withdrawal of the reference is necessary or appropriate.

17 |In addition, Defendants have failed to demonstrate good cause for permissive 18 | withdrawal. For all of the foregoing reasons, Defendant’s [sic] Motion is DENIED in 19 |its entirety.” DCC Dkt. 39 at 16. 20 On December 6, 2024, Jafroodi and Kaylor filed a petition for writ of 21 |mandamus with the Ninth Circuit Court of Appeals, seeking an order directing the 22 District Court to withdraw the reference of this adversary proceeding.

Ninth Circuit 23 | 04-60060; C CO 5 As the Ninth Circuit Court of Appeals explained in Bellingham Insurance Agency, “the text 25 | of 157(c) only requires consent simpliciter” such that parties can impliedly consent to the entry of 36 | final orders by the bankruptcy court by filing a proof of claim or other conduct. 702 F.3d at 569. By contrast, the text of section 157(e) requires the “express consent of all the parties” for the bankruptcy 97 |court to conduct a jury trial. /d.

Here, there is no express consent by Jafroodi and Kaylor to the Court presiding over a jury trial. 1 |Case No. 24-709, Dkt. 1. On February 26, 2025, the Ninth Circuit Court of Appeals summarily denied the petition, stating that “Petitioners have not demonstrated a clear 3 |and indisputable right to the extraordinary remedy of mandamus.” Ninth Circuit Case 4 No. 24-709, Dkt.

4. 5 D. Consolidation with Related Adversary Proceeding 6 On December 13, 2022, the Trustee filed a complaint against Vahid Jafroodi and 7 |Azar Jafroodi for avoidance and recovery of certain unauthorized postpetition 8 |transfers of property and related relief, which the Trustee alleges were made in 9 |furtherance of the fraudulent scheme alleged against Jafroodi and Kaylor.

Adv. No. 10 |9:22-ap-01064 (the “Related Adversary”), Dkt. 1. Vahid Jafroodi and Azar Jafroodi 11 |are Jafroodi’s son and spouse, respectively. Defendants Vahid Jafroodi and Azar 12 |Jafroodi answered the complaint, but did not demand a jury trial. Related Adversary, 13 |Dkt. 49, 50, 52, 53. 14 Until early 2025, the Related Adversary proceeded independently, including 15 |with its own scheduling orders.

Related Adversary, Dkt. 81, 89, 102. Following a 16 |joint status conference, and with the consent of the Trustee, Jafroodi, Vahid Jafroodi 17 |and Azar Jafroodi, the Related Adversary was consolidated and merged with the 18 |above-referenced adversary proceeding under Adv. No. 9:22-ap-01063. Adv. Dkt. 19 |142.

As set forth in the parties’ agreed order, pretrial deadlines were revised and 20 |consolidated into a single schedule. 21 |The adversary proceedings were deemed 21 |merged into a single proceeding and “all parties in each of the Adversary Proceedings 22 |shall be entitled to be heard on any

matter in either adversary proceeding without the 23 Inecessity of an order authorizing their joinder or intervention.” Jd. “The claims for 24 Ireliief in each proceeding, however, remain only against the parties named in each of 25 |the operative complaints.” Jd.

26 E. Motion for Summary Judgment 27 Prior to consolidation of the adversary proceedings, Jafroodi sought to intervene 28 iin the Related Adversary. While that request was pending, the Trustee timely filed a 1 |motion seeking summary judgment on his first claim for relief in the Related 2 | Adversary (the “Summary Judgment Motion”). Related Adversary, Dkt. 106.

3 | Following consolidation, the request to intervene was rendered moot. The Summary 4 Judgment Motion was heard in the consolidated proceeding and both Jafroodi and 5 Kaylor participated directly in its consideration (i.e., opposing the motion). See Adv. 6 |Dkt. 147, 148, 149, 157.

After multiple rounds of briefing and hearings, the Summary 7 |Judgment Motion was denied. Adv. Dkt. 175. 8 F. Proceedings Addressing Jury Trial Right 9 Prior to the filing of the Motion to Withdraw, Defendants filed their original 10 |memorandum of points and authorities addressing the jury trial issue, and the Trustee 11 |responded. Adv. Dkt. 116, 117. Following denial of the Motion to Withdraw by the 12 |District Court, and denial of the petition for writ of mandamus by the Ninth Circuit 13 |Court of Appeals, the parties filed supplemental briefing.

Adv. Dkt. 163, 165. After 14 considering the oral arguments of counsel at multiple status conferences thereafter, 15 |this matter is ripe for decision. 16 IV. LEGALANALYSIS 17 A. The Right to A Jury Trial and Waiver. 18 The Seventh Amendment guarantees the right to a jury trial “[i]n Suits at 19!common law, where the value in controversy shall exceed twenty dollars.” Consumer 20 Fin.

Prot. Bureau v. CashCall, Inc., 135 F.4th 683, 689 (9th Cir. 2025) (quoting U.S. 21 Const. amend. VII). The Supreme Court has construed this right to extend to actions 22 lin which the plaintiff seeks the recognition of legal rights and remedies, rather than 23 |equitable ones. Granfinanciera, S.A. v. Nordberg, 492 U.S. 33, 41 (1989). 24 Interpreting its case law on the issue, the Supreme Court held in Granfinanciera 25 |that a defendant in a fraudulent conveyance action has a right to a jury trial if that 26 defendant has not filed a proof of claim in the bankruptcy case.

Jd. at 40-65. If, 27 |however, a defendant files a proof of claim, it effectively submits itself to the 28 1 |equitable jurisdiction of the bankruptcy court and loses its jury trial right. Jd. at 57 2 |(citing Katchen v. Landy, 382 U.S. 323, 336 (1966)). 3 The first twelve causes of action in this adversary proceeding (1.e., the 4 | Avoidance Actions) assert fraudulent transfer actions against both Jafroodi and Kaylor 5 and seek related declaratory relief.

Kaylor, who has not filed a proof of claim in the 6 bankruptcy case, clearly falls within the ambit of Granfinanciera. Jafroodi may not. 7| Although Jafroodi did not file a proof of claim against his

bankruptcy estate, he did 8 | file a voluntary petition for relief under chapter 7 of the Bankruptcy Code. Some 9 | courts have held that when a debtor files a voluntary petition for relief, the debtor 10 | submits to the equitable jurisdiction of the bankruptcy court and waives his jury trial 11 rights.

See, e.g., *In re Hallahan*, 936 F.2d 1496, 1505 (7th Cir. 1991); *In re Romar* 12 | *Int'l Georgia, Inc.*, 198 B.R. 407, 412 (Bankr. M.D. Ga. 1996); *In re Lion Country* 13 | *Safari, Inc. California*, 124 B.R. 566, 571-73 (Bankr. C.D. Cal. 1991). 14 The Court need not consider this issue, however, because the Trustee has 15 | waived it.

The Trustee concedes that both Jafroodi and Kaylor would be entitled to a 16 | jury trial on the Avoidance Actions had they not lost that right as a procedural matter. 17} Adv. Dkt. 117 at 11:7-10. The question, then, is whether the Trustee's arguments of 18 procedural waiver withstand scrutiny. 19 "The right to trial by jury is 'of such importance and occupies so firm a place in 20 Jour history and jurisprudence that any seeming curtailment of the right' has always 21 been and 'should be scrutinized with the utmost care.'" Sec. & Exch.

Comm'n v. 22 | *Jarkesy*, 603 U.S. 109, 121 (2024) (quoting *Dimick v. Schiedt*, 293 U.S. 474, 486 23 |(1935)); see also Fed. R. Civ. P. 38(a) ("[t]he right of trial by jury as declared by the 24 | Seventh Amendment to the Constitution—or as provided by a federal statute—is 25 preserved to the parties inviolate.") 26 Pursuant to Civil Rule 38(b), "[o]n any issue triable of right by a jury, a party may demand a jury trial by: (1) serving the other parties with a written demand— 28 which may be included in a pleading—no later than 14 days after the last pleading 1 | directed to the issue is served," and (2) filing that written demand with the court.

Fed. 2|R. Civ. P. 38(b); see also Fed. R. Bankr. P. 9015 (applying Civil Rule 38 in bankruptcy 3 cases and proceedings). 4 "Like other constitutional rights, the Seventh Amendment right can be waived." 5 | *CashCall*, 135 F.4th at 689 (citing *United States v. Moore*, 340 U.S. 616, 621 (1951)). 6|"A party waives a jury trial right unless its demand is properly served and filed" in 7 accordance with Civil Rule 38(b).

Fed. R. Civ. P. 38(d). "A proper demand may be 8 | withdrawn only if the parties consent." *Jd.* 9 A party may also waive its jury trial right by other means, provided the waiver 10 lis made "knowingly and voluntarily based on the facts of the case." *Palmer v.* 11 | *Valdez*, 560 F.3d 965, 968 (9th Cir. 2009) (quoting *Tracinda Corp. v. DaimlerChrysler* 12 1AG, 502 F.3d 212, 222 (3d Cir.

2007)). Thus, for instance, a party may waive its right 13 to a jury trial by its "knowing participation in a bench trial without objection." *Jd.* at 141568 (quoting *White v. McGinnis*, 903 F.2d 699, 703 (9th Cir. 1990) (en banc)). 15 "Because the right to a jury trial is a fundamental right guaranteed to our 16 | citizenry by the Constitution,' however, 'courts should indulge every

reasonable 17 |presumption against waiver.’” Solis v. County of Los Angeles, 514 F.3d 946, 953 (9th Cir. 18 |Cir.

2008) (quoting Pradier v. Elespuru, 641 F.2d 808, 811 (9th Cir. 1981)). 19 The Trustee acknowledges that Jafroodi and Kaylor timely demanded a jury 20 |trial and complied with the filing and service requirements of Civil Rule 38(b).

The 21 Trustee contends, however, that Jafroodi and Kaylor effectively waived their right to a 22 jury trial for two reasons. 23 First, the Trustee contends that Jafroodi and Kaylor were required but failed to 24 seek withdrawal of the reference to this Court immediately upon the filing of their jury 25 |trial demand.

The Trustee argues that this was necessary to preserve their jury trial 26 |right because, absent the consent of the parties, only the District Court may conduct a 27 |jury trial. Second, the Trustee contends that there can be no jury trial in this 28 1 | proceeding because the only court authorized to conduct a jury trial denied Jafroodi 2 and Kaylor’s Motion to Withdraw as untimely.

3 The Court addresses each of these arguments below. 4 B. A Party Asserting a Seventh Amendment Jury Trial Right Need Not 5 Seek and Obtain Withdrawal of the Reference Prior to the Parties’ 6 Readiness for Trial. 7 The Trustee contends that to preserve their right to a jury trial on the Avoidance 8 | Actions, Jafroodi and Kaylor were required to promptly, if not immediately, move for 9 and obtain withdrawal of the reference after making their written demand under Civil }Rule 38(b).

For this proposition, the Trustee relies on the Tenth Circuit Court of 11 | Appeals’ decision in Latimer and several bankruptcy decisions within the Tenth 12 |Circuit that have dutifully followed that precedent. See Adv. Dkt. 117 at 11; In re 13 | Hassan, 375 B.R. 637, 645 (Bankr. D. Kan. 2006); Soulé v. Guertin (In re Guertin), 142024 Bankr. LEXIS 1610, at *7 (Bankr.

N.D. Okla. 2024). 15 In Latimer, defendants in an adversary proceeding to avoid certain conveyances 16 fof real property made an oral motion at the pretrial conference that the matter be tried 17 |before a jury. 918 F.2d at 137.

The bankruptcy court denied the request and 18 proceeded to find against the defendants following a bench trial. Id. On appeal, the 19 |defendants argued they were improperly denied their Seventh Amendment right to a 20 jury trial.

The Tenth Circuit Court of Appeals disagreed. Id. First, the court held that 21 jury trial demand must be made in writing and in accordance with Civil Rule 38(b). 22 Id. 23 Second, the court in Latimer held that even if the defendants had made a proper 24 |request, they waived their right to a jury trial because they did not also request transfer 25 |of the matter to the district court.

Jd. The court reasoned that this was necessary 26 because the bankruptcy court was not authorized to conduct a jury trial. Jd. The court 27 held “that to avoid waiver, parties seeking a jury trial must combine their request for a 28 |jury trial with a request to transfer to the district court.” Id. 1 This Court respectfully declines to follow Latimer.

As a threshold matter, the 2 |holding in Latimer imposes on parties an additional impediment to securing their 3 |Seventh Amendment jury trial rights that is not set forth in the text of either Civil Rule 4138(b) or Bankruptcy Rule 9015. 5 Imposing a procedural requirement that the Supreme Court did not see fit to 6 include in these rules is not in keeping with the command that any “““seeming 7 |curtailment of the [jury trial] right... should be scrutinized with the utmost care.”” 8 | Jarkesy, 603 U.S. at 121 (quoting Dimick, 293 U.S. at 486).

By imposing a 9 | procedural requirement that does not appear in the rules themselves, the holding in 10 |Latimer creates a “tricky procedural trap”— as one Tenth Circuit bankruptcy judge 11 has noted. See Hassan, 375 B.R. at 647 (suggesting the district court should use its 12 discretionary powers under Civil Rule 39 to overlook the parties’ failure to comply 13 | with Latimer).® The Court's research suggests that Latimer has never been followed 14 by courts within the Ninth Circuit.

15 Indeed, Latimer is at odds with binding Ninth Circuit authority. The Ninth 16 ||Circuit Court of Appeals held in Healthcentral.com that the assertion of a jury trial 17 |right does not require a district court to immediately take control of a bankruptcy 18 proceeding; the bankruptcy court is authorized to handle all pretrial matters, even 19 when it is not authorized to conduct the jury trial.

504 F.3d 775. 20 In Healthcentral.com, a defendant in a preference action made a timely written 21 jury trial demand, indicated that it did not consent to the bankruptcy court conducting 22 23 | IA ® The bankruptcy judge in Hassan also noted a subsequent statutory development that casts further doubt on the wisdom of Latimer. 375 B.R. at 649. At the time Latimer was decided, there 25 |was no statute authorizing a bankruptcy court to conduct a jury trial with the consent of all parties.

Since then, Congress enacted 28 U.S.C. §157(e), which permits a bankruptcy court to conduct a jury 26 |trial with the consent of all parties. Requiring an immediate motion to withdraw the reference to 77 ||preserve a jury trial right makes no sense in a world where the bankruptcy court may be authorized to conduct that trial. 28 1 |the jury trial, and demanded the bankruptcy court immediately transfer the action to 2 district court.

Jd. at 780-81. The bankruptcy court granted but stayed the transfer 3 request, during which time the bankruptcy court considered plaintiff’s summary 4 judgment motion and granted summary judgment. Jd. at 781. On appeal, the 5 |defendant argued that the bankruptcy court erred by failing to immediately transfer the 6 action to the district court.

The Ninth Circuit Court of Appeals disagreed. 7 The court held that although the Supreme Court’s decision in *Granfinanciera* 8 | provided the defendant creditors with a Seventh Amendment jury trial right, it did not 9 hold that “the bankruptcy court must instantly give up jurisdiction and the case must 10 be transferred to an Article III court.” *Jd.* at 786.

The court observed that “allowing 11 |the bankruptcy court to retain jurisdiction over pre-trial matters, does not abridge a 12 |party’s Seventh Amendment right to a jury trial.” *Id.* at 787. 13 Further, the court reasoned that “requiring that an action be immediately 14 |transferred to district court simply because of a jury trial right would run counter to 15 }our bankruptcy system.” *Jd.*

As the court explained, the “system promotes judicial 16 |economy and efficiency by making use of the bankruptcy court’s unique knowledge of 17}Title 11 and familiarity with the actions before them.” *Jd.* at 787-88. 18 The court concluded, therefore: 19 [The existence of a] valid right to a Seventh Amendment jury trial in the 20 district court does not mean the bankruptcy court must instantly give up 21 jurisdiction and that the action must be transferred to the district court.

22 Instead, we hold, the bankruptcy court may retain jurisdiction over the 23 action for pre-trial matters. 24 |*Id.* at 788. 25 The procedural circumstances of *Healthcentral.com* and *Latimer* differ, but the 26 |substantive conflict between these case authorities is inescapable. If, under Ninth 27 Circuit law, a bankruptcy court need not relinquish—prior to trial—an action in which 28 jury trial right in the district court has timely and properly been asserted, it makes no 1 |sense to require a party to seek immediate transfer to the district court as a prerequisite 2 |to preserving that right.

3 Accordingly, the Court rejects the Trustee’s argument that *Jafroodi* and *Kaylor* 4 were required to seek withdrawal of the reference promptly, if not immediately, upon 5 |filing their jury trial demands. Failure to do so did not constitute a waiver of their 6 |Seventh Amendment jury trial rights. 7 C. The District Court’s Denial of *Jafroodi* and *Kaylor*’s Motion to 8 Withdraw the Reference Did Not Extinguish Their Jury Trial Rights.

9 The Trustee argues that the District Court’s denial of the Motion to Withdraw 10 effectively extinguished *Jafroodi* and *Kaylor*’s right to a jury trial on the Avoidance 11 Actions. *Adv. Dkt.* 165 at 10-14. Although the Trustee appears to acknowledge that 12 |the District Court decision did not address waiver, *id.* at 12:16-21, he nevertheless 13 |contends that the practical effect of that denial is a waiver of those rights.

Adv. Dkt. 141165 at 14:8-12. In other words, the Trustee argues that there can be no jury trial on the 15 |Avoidance Actions because the only court authorized to do so declined to withdraw 16 |the reference. 17 The Court disagrees.

The Trustee’s argument is premised on the notion that the 18 {District Court’s denial of the Motion to Withdraw constitutes a denial once and for all 19 |time. Nothing in the District Court’s order or the circumstances presented supports 20 |this interpretation. At the time *Jafroodi* and *Kaylor*

sought withdrawal of the 21 |reference, the proceedings were very advanced, but the pretrial process was not 22 complete.

Discovery was still underway, and the pretrial stipulation (a detailed and 23 heavily negotiated document) was not yet due. 24 That the District Court thought it imprudent to withdraw the reference at that 25 time does not mean it was declining to withdraw the reference when the proceeding 26 |was ready for trial. Indeed, in denying withdrawal, the District Court's opinion 27 specifically cited Healthcentral.com for the proposition that a bankruptcy court may 28 |retain jurisdiction over pretrial matters and noted the pendency of discovery and other 1 |pretrial matters being handled by this Court.

DCC Dkt. 39 at 14-15. Nothing in the 2 |order suggests that the District Court ruled that it would not, in the future, conduct the 3 |jury trial that only the District Court is authorized to conduct. 4 Furthermore, nothing in the order suggests the District Court intended to deny 5 | Jafroodi and Kaylor their timely-asserted jury trial right on the Avoidance Actions.

6 |The order does not address the constitutional nature of the jury trial rights, does not 7 |address the Ninth Circuit law applicable to the waiver of such rights, and does not 8 apply that standard to the circumstances presented.

The order expressly states that 9 | Jafroodi's and Kaylor's "right to a jury trial is immaterial" to their motion to withdraw 10 |the reference. /d. at 14. There is simply nothing in the District Court's order to 11 |support Jafroodi and Kaylor's interpretation. 12 To infer from that order that the District Court intended to deny Jafroodi and 13 {Kaylor their Seventh Amendment jury trial rights would further offend the principle 14 |that any "seeming curtailment of the [jury trial] right... should be scrutinized with 15 {the utmost care.'" Jarkesy, 603 U.S. at 121 (quoting Dimick, 293 U.S. at 486).

This 16 |Court is unwilling to conclude that the District Court intended to extinguish Jafroodi 17 }and Kaylor's constitutional rights without expressly stating that intention. 18 Furthermore, there is nothing in the record to indicate that Jafroodi and Kaylor 19 waived their jury trial right "knowingly and voluntarily based on the facts of the 20 |case.'" Palmer, 560 F.3d at 968 (quoting 7racinda, 502 F.3d at 222).

The only fact the 21 |Trustee relies on is that Jafroodi and Kaylor did not seek withdrawal of the reference 22 |promptly, if not immediately, upon asserting their jury trial rights. As noted, this is 23 |not required under Ninth Circuit law.

The Court cannot conclude, therefore, that their 24 |failure to do so constitutes a knowing and voluntary waiver. Doing so would be 25 | fundamentally unfair and violate their constitutional rights. 26 27 28 1 Vv. CONCLUSION 2 For all the reasons set forth above, the Court will separately enter an order 3 |transferring this proceeding to the District Court for the purpose of (i)

conducting a 4 | jury trial on the Avoidance Actions, and (ii) determining how to appropriately and
5 | efficiently adjudicate the other claims on which Jafroodi, Kaylor, Vahid Jafroodi and 6 | Azar
Jafroodi appear to agree that a jury trial right is not applicable.

7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | } Date: November 20, 2025 Bere — 24 | United
States Bankruptcy Judge 25 | 26 | 27 | 28 |