

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)

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