UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA, ALEXANDRIA DIVISION

Elshan Bayramov v. Gerard R. Vetter

Bayramov · No. 1:25-cv-144 (PTG/WBP); Bankruptcy No. 23-11984 (KHK) · Decided March 17, 2026

SUMMARY

The United States District Court for the Eastern District of Virginia reviewed an appeal arising from Flexacar, LLC's Chapter 11 bankruptcy case. The court held that the bankruptcy court did not abuse its discretion in finding cause to convert the case to Chapter 7 based on inadequate disclosure and failure to comply with court directives. The court affirmed the bankruptcy court's oral ruling and subsequent conversion order.

CASE DETAILS

COURT	United States District Court for the Eastern District of Virginia, Alexandria Division
WRITING FOR THE COURT	Patricia Tolliver Giles
JURISDICTION	United States District Court for the Eastern District of Virginia, Alexandria Division
DECIDED	March 17, 2026
DOCKET	1:25-cv-144 (PTG/WBP); Bankruptcy No. 23-11984 (KHK)
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from the United States Bankruptcy Court for the Eastern District of Virginia's ruling denying approval of Flexacar's Third Amended Disclosure Statement and converting its Chapter 11 case to Chapter 7.
STANDARD OF REVIEW	The district court reviews bankruptcy-court factual findings for clear error and legal conclusions de novo. Decisions to dismiss or convert under 11 U.S.C. § 1112(b), including the determinations that cause exists and that dismissal or conversion is in the best interests of creditors and the estate, are reviewed for abuse of discretion.
PRECEDENTIAL VALUE	Unknown
PARTIES	Elshan Bayramov, Flexacar, LLC v. Gerard R. Vetter, United States Trustee, American Credit Acceptance, LLC

TOPICS

chapter 11 · chapter 7 · appellate procedure · standard of review · preservation of error

PRACTICE AREAS

Bankruptcy · Appellate procedure · Civil procedure

QUESTIONS PRESENTED

1. Whether the bankruptcy court made sufficiently clear findings of fact and conclusions of law to support conversion under 11 U.S.C. § 1112(b).
2. Whether the bankruptcy court abused its discretion in finding cause to convert the Chapter 11 case to Chapter 7 based on the inadequacy of Flexacar's disclosure statement and failure to comply with court directives.
3. Whether the bankruptcy court should have dismissed rather than converted the case in the best interests of creditors and the estate.
4. Whether the bankruptcy court abused its discretion by refusing to consider witnesses and exhibits filed shortly before the disclosure-statement hearing.
5. Whether Flexacar received adequate notice and an opportunity to be heard before conversion.

HOLDINGS

1. The bankruptcy court made sufficiently clear findings of fact and conclusions of law to permit appellate review of its decision to convert the case.
2. The bankruptcy court did not abuse its discretion in finding cause to convert Flexacar's Chapter 11 case to Chapter 7 because Flexacar failed to file an adequate disclosure statement and failed to comply with the bankruptcy court's directive to provide adequate information about the plan's funding.
3. The bankruptcy court could properly find cause for conversion based on Flexacar's failure to comply with the order requiring a clean disclosure statement containing adequate information about the sources of funding.
4. Flexacar waived its argument that the bankruptcy court should have dismissed rather than converted the case because it did not raise that argument below. In any event, conversion was not an abuse of discretion because the largest creditor supported conversion.
5. The bankruptcy court did not abuse its discretion by declining to consider witnesses and exhibits disclosed only the evening before the hearing, and Flexacar received adequate notice and opportunities to be heard.

KEY QUOTATIONS

> *"the Third Amended Disclosure still did not address how it would fund the plan "to repay creditors over fifteen years [$4,520,000], and the six sources of money to fund the plan are speculative and not supported by any documents.""* (Dkt. 9-1 at UST0408-09)

> *“The bankruptcy court noted that if Flexacar had provided the witnesses and exhibits to the court and the creditors “a month ago... that would have been disclosure.””* (Dkt. 9-1 at UST0421)

> *“What can you tell me now that you think is going to help me change my mind? I’m willing to hear you out.”* (Dkt. 9-1 at UST0418)

FACTUAL BACKGROUND

Flexacar, a commercial landlord, owned a Stafford, Virginia building valued at approximately $2.3 million and had approximately $40 million in debts against approximately $3.26 million in assets. During its Chapter 11 case, Flexacar filed three amended disclosure statements, each of which raised concerns regarding the adequacy of information and the feasibility and funding of the proposed plan. The bankruptcy court denied approval of the Third Amended Disclosure Statement because the proposed funding was speculative and inadequately documented, then converted the case to Chapter 7. Flexacar had also filed previously undisclosed witnesses and exhibits shortly before the final hearing.

PROCEDURAL HISTORY

Flexacar filed for Chapter 11 bankruptcy and submitted multiple disclosure statements and plans. After the bankruptcy court denied approval of the Third Amended Disclosure Statement on the ground that it lacked adequate information, the court converted the case to Chapter 7. The district court reviewed the conversion order and affirmed.

DISPOSITION

affirmed

CASES CITED

- Truck Ins. Exch. v. Kaiser Gypsum Co., Inc., 602 U.S. 268, 272 (2024)
- U.S. Bank N.A. v. Village at Lakeridge, LLC, 583 U.S. 387, 389 (2018)
- Nelson v. Dalkon Shield Claimants Trust (In re A.H. Robins Co., Inc.), 216 B.R. 175, 180 (E.D. Va. 1997), aff'd, 163 F.3d 598 (4th Cir. 1998)
- In re Mohammad, 596 B.R. 34, 38-39 (Bankr. E.D. Va. 2019), aff'd sub nom. Mohammad v. Fitzgerald, 790 F. App'x 534 (4th Cir. 2020)
- In re Am. Cap. Equip., LLC, 688 F.3d 145, 158 (3d Cir. 2012)
- In re Kaiser Gypsum Co., Inc., 135 F.4th 185 (4th Cir. 2025)
- Bank of Am. Nat'l Tr. & Sav. Ass'n v. 203 N. LaSalle St. P'Ship, 526 U.S. 434 (1999)
- Shin v. Lee, 550 F. Supp. 3d 313, 318 (E.D. Va. 2021)
- Gold v. First Tenn. Bank Nat'l Ass'n (In re Taneja), 743 F.3d 432, 429 (4th Cir. 2014)
- Anderson v. City of Bessemer City, N.C., 470 U.S. 564, 573 (1985)
- United States v. U.S. Gypsum Co., 333 U.S. 364, 394-95 (1948)
- In re Superior Siding & Window, Inc., 14 F.3d 240, 242 (4th Cir. 1994)

- In re Fraidin, 110 F.3d 59, at *2 (4th Cir. 1997)
- United States v. Henry, 673 F.3d 285, 291 (4th Cir. 2012)
- Lynch v. Barnard, 590 B.R. 30, 36-38 (E.D.N.Y. 2018), aff'd sub nom. In re Lynch, 795 F. App'x 57 (2d Cir. 2020)
- In re Fuschi-Aibel, 2020 WL 714324, at *3 (Bankr. D. Conn. Jan. 24, 2020)
- In re A.H. Robins Co., Inc., 880 F.2d 694, 698 (4th Cir. 1989)
- Harrington v. Purdue Pharma L.P., 603 U.S. 204 (2024)
- In re Unique Tool & Mfg. Co., Inc., 2019 WL 5589085, at *12 (Bankr. N.D. Ohio Oct. 25, 2019)
- In re Babayoff, 445 B.R. 64, 80 (Bankr. E.D.N.Y. 2011)
- Levy v. Kindred, 854 F.2d 682, 685 (4th Cir. 1988)
- United States v. One 1971 Mercedes Benz, 542 F.2d 912, 915 (4th Cir. 1976)
- In re Camden Ordnance Mfg. Co. of Arkansas, Inc., 245 B.R. 794, 802 (E.D. Pa. 2000)
- In re Diocese of Rochester, 2024 WL 666507, at *1-2 (Bankr. W.D.N.Y. Feb. 16, 2024)
- Ginns v. Towle, 361 F.2d 798, 801 (2d Cir. 1966)