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U.S. BKCY. APP. PANEL  
OF THE NINTH CIRCUIT

NOT FOR PUBLICATION

UNITED STATES BANKRUPTCY APPELLATE PANEL  
OF THE NINTH CIRCUIT

In re:	)	BAP No.	NV-05-1000-KMoB
	)		
STANLEY WARDLE and	)	Bk. No.	S-01-21542-BAM
SINDY WARDLE,	)		
	)	Adv. No.	S-03-01467
Debtors.	)		
<hr/>			
TOM R. GRIMMETT, Trustee,	)		
	)		
Appellant,	)		
	)		
v.	)	<b>MEMORANDUM*</b>	
	)		
RICHARD MCCLOSKEY,	)		
	)		
Appellee.	)		
<hr/>			

Argued and Submitted on November 30, 2005  
at Las Vegas, Nevada

Filed - January 31, 2006

Appeal from the United States Bankruptcy Court  
for the District of Nevada

Honorable James M. Marlar, Bankruptcy Judge, Presiding.

Before: KLEIN, MONTALI and BRANDT, Bankruptcy Judges.

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\*This disposition is not appropriate for publication and may not be cited except when pertinent under the doctrine of law of the case or the rules of res judicata, including issue and claim preclusion. See 9th Cir. BAP Rule 8013-1.



1 utilized for research and development projects. The terms of the  
2 loans did not fix a schedule for payment.

3 On behalf of and in the name of Consolidated, McCloskey  
4 established an account with First Security Bank, later Wells  
5 Fargo, N.A., in Provo, Utah. McCloskey and Wardle were the only  
6 signators to the account.

7 On March 2, 2000, Consolidated purchased a Certificate of  
8 Deposit ("CD") from US Reservation Bank & Trust ("USRBT") with a  
9 maturity date of March 2, 2001 and accruing interest at the rate  
10 of 6.5 percent. Sometime thereafter, Consolidated paid McCloskey  
11 \$30,000, which consisted of the interest payment received on the  
12 CD.

13 On November 22, 2000, McCloskey withdrew the sum of  
14 \$1,990,291.59 from the First Security Bank account. On November  
15 29, 2000, Consolidated liquidated the CD and USRBT wire  
16 transferred the funds to Consolidated's account.

17 On November 2, 2001, debtors, d.b.a. Consolidated Noble (but  
18 not Consolidated Noble, Inc.), filed a voluntary petition under  
19 chapter 7.

20 On November 3, 2003, the trustee commenced an adversary  
21 proceeding against Consolidated, Wardle, and McCloskey. The  
22 complaint alleged that Wardle and McCloskey were the sole  
23 shareholders of Consolidated. The first and second claim for  
24 relief requested that the court declare McCloskey and debtors to  
25 be the alter ego of Consolidated. The complaint did not make any  
26 reference to the trustee piercing the corporate veil, either in  
27 the classic sense or in the "reverse."

28

1           The three other claims for relief alleged that the two  
2 transfers of \$30,000 and \$1,990,291.59 made from Consolidated to  
3 McCloskey were preferential transfers pursuant to § 547 and  
4 fraudulent transfers pursuant to § 548. Pursuant to 11 U.S.C.  
5 § 550(a)(1), the trustee claimed he was entitled to avoid the  
6 preferential transfers and recover the property transferred or  
7 the value of the preferential transfers.

8           On January 22, 2004, the court clerk entered the defaults of  
9 all three defendants. On February 25, 2004, a stipulation and  
10 order setting aside the default against McCloskey was entered.  
11 That same day, McClosky filed an answer. Two days later,  
12 McCloskey filed a motion for judgment on the pleadings. The  
13 motion requested judgment in his favor for two reasons: (1) the  
14 trustee lacked standing to assert the claims in the complaint;  
15 and (2) the trustee's claims were barred by the statute of  
16 limitations.

17           On March 19, 2004, the trustee filed an opposition, wherein  
18 he asserted that the motion was procedurally defective, that  
19 McCloskey was not entitled to judgment on the pleadings, and that  
20 the trustee's claims were not barred by the statute of  
21 limitations.

22           In McCloskey's reply to the trustee's opposition, he  
23 withdrew his statute of limitations argument.

24           On August 2, 2004, the court entered a memorandum decision  
25 granting McCloskey's motion and rejecting the procedural  
26 challenge. The court held that the trustee did not have standing  
27 to bring alter ego claims against McCloskey because the claims  
28 would belong, if to anyone, to the trustee of the estate of

1 Consolidated, if only Consolidated were to be a debtor.

2 The court rejected the trustee's position that he had  
3 standing to assert claims against McCloskey based on In re Bldgs.  
4 By Jamie, Inc., 230 B.R. 36 (Bankr. D.N.J. 1998). The court  
5 explained that the trustee failed to note that paramount to the  
6 holding in Jamie was the fact that the debtor in that case was a  
7 corporate debtor, unlike the instant case where the debtor was a  
8 shareholder of the corporation. Thus, the court explained, if  
9 the corporate veil were pierced, the claims would not belong to  
10 the debtor but to Consolidated, and thus, in turn, would belong  
11 to the trustee of Consolidated's estate, assuming it filed  
12 bankruptcy.

13 Relying on Williams v. Cal.-First Bank, 859 F.2d 664 (9th  
14 Cir. 1988), the court held that the trustee had no standing to  
15 sue a corporation's shareholder on an alter ego claim.

16 Congress' message is clear - no trustee, whether a  
17 reorganization trustee ... or a liquidation trustee[,]  
18 has power under ... the Code to assert general causes  
of action, such as [an] alter ego claim, on behalf of  
the bankruptcy estate's creditors.

19 Mem. Dec. (Aug. 2, 2004), at 20. Distinguishing the trustee's  
20 line of cases, the court emphasized that alter ego claims can  
21 only be property of the estate of the corporate debtor; they  
22 cannot be property of the estate of the shareholder debtor.

23 Likewise, as to the avoidance actions, the transfer of the  
24 funds from Consolidated to McCloskey could not be preferential or  
25 fraudulent transfers because the funds transferred were neither  
26 property of the debtors nor an interest of the debtors. Since  
27 the funds transferred were not avoidable under either § 547 or  
28 § 548, the trustee could not recover the funds pursuant to

1 § 550(a)(1).

2 Based on the above analysis, on August 2, 2004, the court  
3 granted McCloskey's motion for judgment on the pleadings and  
4 dismissed the trustee's complaint against him. The court  
5 concurrently entered a separate judgment with the memorandum  
6 decision.

7 On August 12, 2004, the trustee filed a Motion to Alter or  
8 Amend Judgment pursuant to Federal Rule of Civil Procedure 59  
9 incorporated by Federal Rule of Bankruptcy Procedure 9023. The  
10 trustee asserted that he was entitled to an order amending the  
11 court's judgment because its decision to dismiss trustee's  
12 complaint constituted a manifest error of law. Specifically, the  
13 trustee explained that the court failed to recognize the doctrine  
14 of reverse corporate piercing announced by the supreme court in  
15 Loomis. In Loomis, the Nevada Supreme Court adopted the theory  
16 of reverse piercing of the corporate veil, which allows the debts  
17 of an individual to be satisfied from the assets of a corporation  
18 determined to be the alter ego of said individual.

19 The trustee alleged that he sought a finding from the court  
20 that Consolidated was the alter ego of the debtors.<sup>1</sup> To the  
21 extent that Consolidated was deemed to be the alter ego of the  
22 debtors, under his theory, all of the assets of Consolidated  
23 would be property of the Wardle estate pursuant to § 541,  
24 including, but not limited to, the claims for preferential

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25  
26 <sup>1</sup>Technically, the trustee's complaint sought a finding that  
27 debtors and McCloskey were the alter egos of the corporation.  
28 Although the trustee refers to the "debtors" in his complaint and  
throughout his pleadings, his complaint was only against debtor  
Stanley Wardle.

1 transfer pursuant to § 547. In support of his proposition,  
2 trustee cited several cases outside of this circuit that have  
3 allowed a trustee to prosecute an avoidance action through  
4 reverse piercing of the corporate veil. Moreover, the trustee  
5 argued that the courts that have refused to allow reverse alter  
6 ego claims have done so because the state law had not adopted the  
7 cause of action.

8 On December 10, 2004, the court issued a memorandum decision  
9 denying the Motion to Alter or Amend Judgment. The court  
10 explained that the parties did not disagree that Loomis was the  
11 controlling case in Nevada regarding piercing the corporate veil  
12 in the reverse. The court did not squarely address whether the  
13 trustee had standing under this theory, but instead explained  
14 that even accepting the trustee's theory one reached a dead end.

15 The court reasoned that assuming arguendo that Consolidated  
16 was the alter ego of Wardle, the trustee would be able to reach  
17 Consolidated's assets to satisfy debtors' debts. Using the  
18 strong arm powers of § 544(a), the trustee would assume the  
19 position of the debtor's hypothetical lien creditors and could,  
20 therefore, stand in the shoes of a Wardle creditor, reverse  
21 pierce the corporate veil, and use Consolidated's assets to  
22 satisfy Wardle's debts.

23 In terms of the preferential transfer, again assuming  
24 arguendo that the trustee were able to reverse pierce the  
25 corporate veil and utilize Consolidated's assets to satisfy  
26 debtors' debts, the court explained that one would have to take  
27 Consolidated's assets into account. Specifically, Consolidated  
28 was no longer operating, and the court had already granted the

1 trustee's motion to sell Consolidated's assets to satisfy  
2 debtors' debts. Thus, applying Nevada law, the court reasoned  
3 that the corporate veil had been pierced and the trustee had thus  
4 exhausted all remedies.

5 At the same time, the court emphasized that Consolidated was  
6 not a bankruptcy debtor and the trustee could not assume the  
7 federal strong arm powers of § 544(a), act as if he were also  
8 Consolidated's bankruptcy trustee, and then selectively enforce a  
9 bankruptcy cause of action that would belong to Consolidated's  
10 estate pursuant to § 541.

11 Finally, the court added that the trustee's complaint failed  
12 to state a claim or cause of action against McCloskey.  
13 Accordingly, on December 10, 2004, the court entered a Partial  
14 Judgment in favor of McCloskey on both the Motion to Dismiss and  
15 the Motion to Alter or Amend pursuant to Rule 59. The Partial  
16 Judgment was certified pursuant to Rule 54(b).

17 This timely appeal ensued.

#### 18 19 JURISDICTION

20 The bankruptcy court had jurisdiction via 28 U.S.C. § 1334.  
21 We have jurisdiction under 28 U.S.C. § 158(a)(1).  
22

#### 23 ISSUE

24 Whether the bankruptcy court erred by entering judgment in  
25 favor of McCloskey and dismissing the adversary complaint as  
26 against McCloskey with prejudice.  
27  
28



1 STANDARD OF REVIEW

2 The bankruptcy court's decision granting McCloskey's motion  
3 for judgment on the pleadings is subject to de novo review.  
4 Mitchell v. Cal. Franchise Tax Bd. (In re Mitchell), 222 B.R. 877,  
5 879 (9th Cir. BAP 1998).

6  
7 DISCUSSION

8 The trustee's complaint boils down to his claim under § 547  
9 and § 548 asserted through the matrix of multiple alter ego  
10 claims.

11 We are persuaded that the trustee of an individual  
12 shareholder lacked standing to assert bankruptcy-specific avoiding  
13 actions under § 547 and § 548 to recover for the benefit of the  
14 shareholder's estate transfers made by Consolidated, which is a  
15 separate legal entity that is not a debtor. Those avoiding  
16 actions would belong only to the Consolidated trustee only if  
17 Consolidated were to be a debtor. We are also persuaded that  
18 under these facts the trustee of the individual shareholder cannot  
19 obtain the relief he seeks as against McCloskey even if he pierced  
20 Consolidated's veil in the reverse.

21  
22 I

23 The trustee of debtor shareholder's estate does not have  
24 standing to avoid transfers made from a nondebtor corporation to a  
25 third party creditor pursuant to either § 547 or § 548.

26 The trustee is empowered to avoid a "transfer of an interest  
27 of the debtor in property." 11 U.S.C. §§ 547 and 548. Here,  
28 under Nevada law, debtors do not have an interest in the property

1 transferred. Wood v. Bright (In re Bright), 241 B.R. 664, 666  
2 (9th Cir. BAP 1999) (absent a federal provision to the contrary, a  
3 debtor's interest in property is determined by applicable state  
4 law). The § 547 and § 548 bankruptcy avoiding power causes of  
5 action the trustee wishes to pursue are causes of action that do  
6 not exist under nonbankruptcy law and, hence, are not assets in  
7 the conventional sense because they are not choses in action that  
8 constitute interests in property that exist in the absence of  
9 bankruptcy. Thus, neither debtors nor Consolidated have choses in  
10 action that could be interests in property under Nevada law.

11 Moreover, the transferred funds were not property of the  
12 estate pursuant to § 541 because there is no evidence that the  
13 funds ever belonged to the debtors. As the bankruptcy court  
14 noted, the funds were property of Consolidated as evidenced by the  
15 fact that they were transferred from Consolidated's bank account.  
16 And as appellee argues, an alter ego determination will not  
17 somehow transmogrify Consolidated's funds into property of  
18 debtors' estate.

19 Unless and until Consolidated is a debtor, either by a filed  
20 bankruptcy petition or by substantive consolidation, there is no  
21 corporate bankruptcy estate and, thus, the trustee cannot pursue  
22 § 547 and § 548 actions in its name. In other words, under the  
23 Code, the only way the appellant trustee could avoid the transfers  
24 of property that belonged to Consolidated would be for  
25 Consolidated to become a debtor and for the cases to substantively  
26 consolidate under his control.

27 The test for substantive consolidation in the Ninth Circuit  
28 requires consideration of two alternative factors: (1) whether

1 creditors dealt with the entities to be consolidated as a single  
2 economic unit and did not rely on their separate identity in  
3 extending credit; or (2) whether the affairs of the debtor are so  
4 entangled that consolidation will benefit all creditors.  
5 Alexander v. Compton (In re Bonham), 229 F.3d 750, 766 (9th Cir.  
6 2000), adopting test from Union Sav. Bank v. Augie/Restivo Baking  
7 Co. (In re Augie/Restivo Baking Co.), 860 F.2d 515, 518 (2d Cir.  
8 1988).<sup>2</sup>

9 A petition could also be filed commencing a voluntary or  
10 involuntary bankruptcy case on behalf of the corporation. 11  
11 U.S.C. §§ 301 & 303.

12 The trustee contends that his alter ego theory enables him to  
13 finesse the Ninth Circuit's Bonham substantive consolidation  
14 analysis or conventional bankruptcy procedure for obtaining  
15 voluntary or involuntary orders for bankruptcy relief with respect  
16 to third parties and, instead, urges that piercing the corporate  
17 veil in the classic sense or in the reverse would not require that  
18 Consolidated have debtor status. We are not persuaded.

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20  
21 <sup>2</sup>We do not construe the complaint as a request to  
22 substantively consolidate for four reasons. First, as mentioned  
23 above, there are recognized procedures to substantively  
24 consolidate. Second, the trustee explained at oral argument that  
25 he did not seek substantive consolidation because under his  
26 theory Wardle, Consolidated and McCloskey were a single entity  
27 with one debtor estate. Third, McCloskey did not have sufficient  
28 notice that such relief would be granted. Fourth, the two  
concepts are mutually exclusive. "Veil Piercing" is intended to  
defeat a corporation's limited liability when its shareholders  
dominate and control the corporation's activities, and  
"substantive consolidation" is intended to redistribute two or  
more debtors' collective assets when creditors detrimentally  
relied on debtors' interconnectedness. 18 AM. JUR. 2D CORPORATIONS  
§ 46 (1985).



1 is the alter ego of debtor and, thus, debtor and Consolidated are  
2 identical. The trustee arrives at this conclusion by using Nevada  
3 law to pierce the corporate veil in the reverse. LFC Marketing  
4 Group, Inc., 116 Nev. at 903-04, 8 P.3d at 847 (an alter ego  
5 doctrine may be applied in "reverse" in order to reach a  
6 corporation's assets to satisfy a controlling individual's debt<sup>4</sup>).  
7 Next, because debtor and Consolidated are purportedly one entity,<sup>5</sup>  
8

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9 <sup>4</sup>Loomis involved a judgment creditor piercing the corporate  
10 veil in the reverse to reach the assets of the corporation to  
11 satisfy the debt of a corporate insider based on a showing that  
12 the corporate entity is the alter ego of the insider. LFC Mktg.  
13 Group, Inc., 116 Nev. at 898, 8 P. 3d at 843. The Nevada Supreme  
14 Court specifically approached the issue in the context of a  
15 creditor reaching personal assets of a corporation to satisfy the  
16 debts of a corporate insider based on a showing that the  
17 corporate entity is really the alter ego of the individual  
18 (citing to discussion of "outsider reverse piercing" in Gregory  
19 S. Crespi, The Reverse Piercing Doctrine: Applying Appropriate  
20 Standards, 16 J.CORP.L. 33, 38 (1991)). Id. at 846.

21 We are mindful that there is a difference between a  
22 third party creditor piercing the corporate veil in the reverse  
23 and an insider shareholder piercing the corporate veil in the  
24 reverse. The crucial distinction between insider and outsider  
25 reverse piercing claims is the relative position of the persons  
26 seeking corporate disregard and their opponents. The Reverse  
27 Piercing Doctrine: Applying Appropriate Standards, 16 J.CORP.L.  
28 at 37. In insider reverse claims, the controlling corporate  
insider seeks to have the corporation disregarded over the  
objections of a third party. Id. On the other hand, in outsider  
claims the third party seeks to have the corporation disregarded  
over the objections of the insider and the corporation. Id.

Although we know of no Nevada cases that have allowed a  
shareholder to bring an alter ego claim that has resulted in  
piercing the corporate veil, we do not need to decide whether the  
trustee in this instance has standing to bring the alter ego  
claim. We assume, without deciding, that even if the trustee has  
standing to pursue an alter ego claim against Consolidated, he  
cannot avoid the transfers from Consolidated to McCloskey.

<sup>5</sup>Although the trustee argues that it is uncontroverted that  
Consolidated and debtor are alter egos of one another and that  
the bankruptcy court somehow agreed, the trustee misconstrues the  
bankruptcy court's ruling.

1 the trustee contends he is entitled to assert Consolidated's alter  
2 ego claim against McCloskey in order to avoid the subject  
3 transfers pursuant to § 547 and § 550.

4 There are several problems presented by the trustee's theory.  
5 The basic flaw is that the trustee's two-step approach to avoiding  
6 the subject transfers goes too far. If the trustee merely sought  
7 to prove that Consolidated was the alter ego of the debtor, his  
8 claim might be more meritorious. As the bankruptcy court noted,  
9 and mentioned above, assuming the trustee proved that Consolidated  
10 was the alter ego of the debtors, Consolidated's assets would be  
11 available to satisfy the debts of the debtors. However, the  
12 trustee seeks more relief than that without citing any apparent  
13 authority that would allow him to take his next step. Presumably,  
14 the trustee does not merely seek a finding that Consolidated is  
15 the alter ego of the debtor, because Consolidated does not have  
16 any more assets to satisfy debtors' creditors. In fact, the  
17 assets that Consolidated did own were already sold to satisfy  
18 debtors' creditors. Because the trustee in this instance would  
19 not gain from merely proving that Consolidated is the alter ego of  
20 the debtor alone, he proposes that an alter ego relationship  
21 between the debtor and Consolidated makes them one entity, and,  
22 thus, allows him to pierce the corporate veil in the classic sense  
23 to reach McCloskey and avoid the subject transfers.

24 No apparent decisional authority supports the trustee's  
25 theory. The line of cases that the trustee cites are not  
26 controlling and are inapposite: Martinson v. Towe (In re Towe),  
27 173 B.R. 197, 201 (Bankr. D. Mont. 1994) (piercing the corporate  
28 veil in the reverse to reach corporation's assets to satisfy

1 debtor's creditors); McClearly Cattle v. Sewell, 73 Nev. 279, 281-  
2 82, 317 P.2d 957, 958-59 (1957) (ruling that a cattle company was  
3 the alter ego of a timber company thereby making the assets of the  
4 cattle company available to satisfy a judgment in favor of a third  
5 party against the timber company); APAC-Virginia, Inc. v. Jenkins  
6 Landscaping & Excavating, Inc. (In re Jenkins Landscaping &  
7 Excavating, Inc.), 93 B.R. 84, 88 (adversary proceeding commenced  
8 by third-party creditor wherein the court ultimately held that  
9 nondebtor corporation was the alter ego of debtor and, thus, the  
10 nondebtor corporation had to turn over its property and assets to  
11 debtor to satisfy creditors); In re Crabtree, 39 B.R. 718, 721  
12 (Bankr. E.D. Tenn. 1984) (creditors authorized to amend debtor's  
13 involuntary petition nunc pro tunc to add debtor's alter ego  
14 corporation to the caption); In re Elkay Indus., Inc., 167 B.R.  
15 404, 411 (D.S.C. 1994) (summary judgment denied and trustee  
16 authorized to assert an action to pierce the corporate veil in the  
17 reverse) (the trustee sought to recover a prepetition preference  
18 payment made by the debtor, as opposed to a preference payment  
19 made by the corporation, as the trustee would like it here); In re  
20 Shuster, 132 B.R. 604 (Bankr. D. Minn. 1991) (trustee had standing  
21 to bring an action to pierce the corporate veil in the reverse  
22 that would make all of the assets of both the debtor and the  
23 corporation available for the satisfaction of all claims allowed  
24 in debtor's bankruptcy estate).

25         The trustee's multiple alter ego theory that would  
26 purportedly allow him to reach McCloskey is not supported by the  
27 above-referenced cases which were decided within a more narrow  
28 framework that only entailed the finding of one alter ego

1 relationship to satisfy the debts of another through the alter  
2 ego's assets. In other words, even if the trustee successfully  
3 pierced Consolidated's veil in the reverse, he still is not able  
4 to reach McCloskey. As such, the bankruptcy court correctly held  
5 that the trustee failed to state a legal claim or cause of action  
6 against McCloskey.

7  
8 III

9 Two other problems with the trustee's theory are worth  
10 noting. First, an alter ego claim is a remedy that, without an  
11 underlying substantive cause of action, does not lead to  
12 substantive relief. 1 WILLIAM MEADE FLETCHER ET AL., FLETCHER CYCLOPEDIA  
13 ON THE LAW OF PRIVATE CORPORATIONS § 41.10 (perm. ed., rev. vol.  
14 1999) ("FLETCHER"), cited with approval, Cohen v. Mirage Resorts,  
15 Inc., 119 Nev. 1, 62 P.3d 720 (2003), and Trident Constr. Corp. v.  
16 West Elec., Inc., 105 Nev. 423, 776 P.2d 1239 (1989), and  
17 Schwabacher & Co. v. Zobrist, 102 Nev. 55, 714 P.2d 1003 (1986),  
18 and Nevada Land & Mortgage Co. v. Lamb, 90 Nev. 247, 524 P.2d 326  
19 (1974), and Katzir's Floor & Home Design, Inc. v. M-MLS.com, 394  
20 F.3d 1143, 1149 (9th Cir. 2004), and SEC v. Hickey, 322 F.3d 1123,  
21 1130 (9th Cir. 2003).

22 Second, the trustee misconstrues the consequence of an alter  
23 ego finding. While the trustee's theory would result in some type  
24 of merger, an alter ego finding only imposes liability. SEC v.  
25 Hickey, 322 F.3d at 1130. We consider those two issues in turn.

26 //

27 //

28 //



1  
2 A claim based on the alter ego theory is not in itself a  
3 claim for substantive relief, but rather is procedural. FLETCHER  
4 § 41.10. "A finding of fact of alter ego, standing alone, creates  
5 no cause of action. It merely furnishes a means for complainant  
6 to reach a second corporation or individual upon a cause of action  
7 that otherwise would have existed only against the first  
8 corporation. An attempt to pierce the corporate veil is a means  
9 of imposing liability on an underlying cause of action, such as a  
10 tort or breach of contract. The alter ego doctrine is thus  
11 remedial, not defensive, in nature." Id.

12 Here, the trustee did not plead any underlying causes of  
13 action. Not only is there no tort or breach of contract cause of  
14 action, the trustee did not allege any state causes of action  
15 under fraudulent transfer statutes that would allow him to avoid  
16 the subject transfers. Instead, the trustee only pleaded  
17 bankruptcy specific causes of action which he cannot pursue under  
18 these circumstances.

19  
20  
21 As to the second point, the trustee's argument appears to  
22 require some type of merger between the debtor and Consolidated.  
23 Specifically, the trustee states that he agrees "that no merger is  
24 effectuated by virtue of the alter ego finding. Rather, the alter  
25 ego finding effectively establishes that no separate entities  
26 exist requiring a merger. Rather, the two entities are  
27 identical." We are not persuaded.

1 An alter ego finding is merely a remedy that results in the  
2 corporate veil being pierced only to impose "liability." SEC v.  
3 Hickey, 322 F.3d at 1130. As held by the Ninth Circuit,

4 Reverse piercing is a method of holding a corporation  
5 liable for the debts of a shareholder. ... When a court  
6 engages in reverse piercing, it imposes liability  
7 directly on a corporation. The idea of holding one  
8 entity liable for the debts of another flows from the  
9 traditional piercing theory, in which a shareholder is  
10 saddled with the debts of a corporation.

11 SEC v. Hickey, 322 F.3d at 1130; Loomis, 116 Nev. at 903, 8 P.3d  
12 at 846 (the "reverse" piercing situation involves a creditor  
13 reaching the assets of a corporation) (emphasis added); McCleary,  
14 73 Nev. at 282 (for purposes of *execution* the timber company and  
15 the cattle company are to be regarded as identical) (emphasis  
16 added).

17 As such, a finding that Consolidated is the alter ego of the  
18 debtors only imposes liability directly on Consolidated thereby  
19 allowing Consolidated's assets to be used to satisfy debtors'  
20 debts. To the extent the debtor and Consolidated are one entity,  
21 they are only regarded as one for the purposes of execution. The  
22 court has already authorized this since it approved the trustee's  
23 motion to sell the assets of Consolidated for the benefit of the  
24 debtors' estate. There are no other assets that can be recovered  
25 pursuant to an alter ego theory.

#### 26 CONCLUSION

27 For the foregoing reasons, the bankruptcy court's judgment is  
28 AFFIRMED.