FILED

JUL 08 2011

NOT FOR PUBLICATION

SUSAN M SPRAUL, CLERK U.S. BKCY. APP. PANEL OF THE NINTH CIRCUIT

UNITED STATES BANKRUPTCY APPELLATE PANEL

OF THE NINTH CIRCUIT

| In re: |) BAP No. CC-10-1395-DMkKı |
|--|--|
| AVRAM MOSHE PERRY, |) Bk. No. SV-09-11476-GM |
| Debtor. |) Adv. No. SV-10-01356-GM) |
| AVRAM MOSHE PERRY, |)) |
| Appellant, |)) |
| v. |) MEMORANDUM¹ |
| CHASE AUTO FINANCE; KEY AUTO RECOVERY, |))) |
| Appellees. |))) |
| Argued and Submit at Pasader | tted on June 17, 2011 na, California |
| Filed - | July 8, 2011 |
| | ed States Bankruptcy Court District of California |
| Honorable Geraldine Mund | , Bankruptcy Judge, Presiding |
| Jo Nolan, Esq., | Moshe Perry argued pro se; Holly of Solomon, Grindle, Silverman & , argued for Appellee Chase Auto |
| Before: DUNN, MARKELL and Kirs | scher, Bankruptcy Judges. |
| 1 1 1 1 | |

¹ This disposition is not appropriate for publication. Although it may be cited for whatever persuasive value it may have (<u>see</u> Fed. R. App. P. 32.1), it has no precedential value. <u>See</u> 9th Cir. BAP Rule 8013-1.

The debtor, Avram Moshe Perry, appeals the bankruptcy court's order granting Chase Auto Finance's ("Chase") motion for remand to state court.² We AFFIRM.

FACTS³

A. Events in the bankruptcy case

This long-drawn out dispute between the debtor and Chase arises from the allegedly improper repossession of his 2001
Nissan Pathfinder ("Nissan") by Chase's agent, Key Auto Recovery ("Key Auto"), prepetition.4

² Unless otherwise indicated, all chapter, section and rule references are to the Bankruptcy Code, 11 U.S.C. §§ 101-1532, and to the Federal Rules of Bankruptcy Procedure, Rules 1001-9037.

The debtor is no stranger to us; he previously appealed the bankruptcy court's order granting Chase relief from stay to sell the Nissan and denying his request for injunctive relief. Perry v. Chase Auto Finance (In re Perry), BAP No. CC-09-1135. We detailed the facts of the underlying bankruptcy case in the memorandum decision for the prior appeal. We recount here those facts relevant to the present appeal for the sake of ease of reference and clarity.

⁴ Chase complains that the debtor did not provide any excerpts of record, which impeded its ability to respond to his arguments on appeal. Response Brief of Appellee at 9 ("Appellee's Brief"). Under our March 2, 2011 order, we waived the requirement of Rule 8009(b) that the debtor file and serve excerpts of record.

Although we did not require the debtor to provide excerpts of record, we nonetheless obtained copies of relevant documents from the bankruptcy court's electronic docket. See O'Rourke v. Seaboard Surety Co. (In re E.R. Fegert, Inc.), 887 F.2d 955, 957-58 (9th Cir. 1988); Atwood v. Chase Manhattan Mortg. Co. (In re Atwood), 293 B.R. 227, 233 n.9 (9th Cir. BAP 2003).

We note that Chase could have served and filed its own (continued...)

In 2004, the debtor and Chase executed a promissory note and security agreement ("contract"), granting Chase a security interest in a 2001 Nissan Pathfinder ("Nissan"). In 2008, the debtor and Chase executed a modification of the contract ("rewrite agreement"), altering the payment terms. Chase alleged that the debtor defaulted under the rewrite agreement.

The debtor alleged that, on February 2, 2009, he contacted Chase, informing it that he intended to file for bankruptcy. Three days later, an attorney representing the debtor wrote to Chase "attempting to resolve a dispute involving [the debtor's] account." Respondent/Defendant JP Morgan Chase Bank, N.A.'s Notice of Lodgement in Support of Its Motion for Remand Back to State Court, Exh. B at 20 ("Supplement to Remand Motion")(adv. proc. docket no. 11). The letter directed Chase to communicate directly with the debtor, but made no mention of a possible future bankruptcy filing.

Early in the morning of February 6, 2009, Key Auto repossessed the Nissan. Five days later, the debtor filed his chapter 7 bankruptcy petition. He scheduled the Nissan as his personal property valued at \$9,000, subject to a disputed claim by Chase.

On February 17, 2009, the debtor filed a complaint against

^{24 4(...}continued)

excerpts of record, but chose not to do so. <u>See</u> Rule 8009(b). <u>See also</u> <u>Kyle v. Dye (In re Kyle)</u>, 317 B.R. 390, 394 (9th Cir. BAP 2004)("An appellee stands on tenuous footing when arguing that a record is too incomplete to permit appellate review. While the assembly of the record is appellant's duty, appellate rules allow appellees to participate in the designation of portions of transcripts and other parts of the record.").

Chase and Key Auto in state court ("Initial State Court Complaint")(case no. PC044679), alleging unlawful repossession and seeking turnover of the Nissan ("state court action").

Supplement to Remand Motion, Exh. B at 9. The debtor later filed a pleading titled, "Supplemental Verified Class Action Complaint" ("Supplemental State Court Complaint"), alleging various claims and causes of action, including violation of the automatic stay under § 362, breach of contract, conversion and violation of the Fair Debt Collection Practices Act.

The debtor further contended in the Supplemental State Court Complaint that Chase improperly repossessed the Nissan. He also requested that Chase turn over the Nissan as it constituted property of the bankruptcy estate under § 541. Supplement to Remand Motion, Exh. C at 35. The debtor claimed that, even though Chase repossessed the Nissan prepetition, he still held an ownership interest in it as of the petition date. Id. He further sought actual and punitive damages against Chase and Key Auto. Supplement to Remand Motion, Exh. C at 40. Chase eventually filed its answer to the Supplemental State Court Complaint on June 1, 2009. Supplement to Remand Motion, Exh. F at 20-34.

Meanwhile, in his bankruptcy case, on February 25, 2009, the

⁵ The debtor attempted to characterize the state court action as a class action, brought on behalf of all persons who "leased or purchased vehicles [that were] repossessed by [Chase and Key Auto] in violation of California law" Supplement to Remand Motion, Exh. C at 30. According to Chase, the state court denied the debtor's motion for class certification. Appellee's Brief at 4 n.3.

debtor filed a pleading titled, "Opposition to Chase Bank Motion to Lift Stay, Request from the United States District Court for a Preliminary and/or Permanent Injunction and/or Any Relief Under 28 U.S.C. sec. 2283, Money Damages" ("Opposition/Injunction Request")(main case docket no. 14). At that time, Chase had not filed a relief from stay motion.

The debtor opposed relief from stay for Chase because of its allegedly improper actions in repossessing the Nissan. He also sought to enjoin Chase from selling the Nissan and to require it to turn over the Nissan to the debtor.

Chase filed its motion for relief from stay ("Stay Relief Motion") on March 10, 2009, seeking permission to proceed under state law to sell the Nissan. Chase asserted that the Nissan had negative equity of \$2,262.28, based on its fair market value of \$7,245 and the debtor's debt of \$9,507.28.

On April 9, 2009, the bankruptcy court held a hearing on the Stay Relief Motion and the Opposition/Injunction Request. The bankruptcy court denied the debtor's Opposition/Injunction Request, as procedurally, he needed to initiate an adversary proceeding to obtain an injunction against Chase. <u>See</u> Rule 7001(7).

The bankruptcy court found that Chase did not violate the automatic stay in repossessing the Nissan because it repossessed the Nissan prepetition. The bankruptcy court granted Chase's Stay Relief Motion, effective April 17, 2009, to give the debtor time to obtain in state court a restraining order against Chase from selling the Nissan.

Before the bankruptcy court could enter any order, the

debtor filed a motion for reconsideration of its ruling on the Stay Relief Motion. The bankruptcy court denied the motion for reconsideration. The bankruptcy court entered the order granting Chase relief from the automatic stay ("Stay Relief Order") on April 23, 2009. Chase sold the Nissan on May 30, 2009.

The debtor appealed the Stay Relief Order (BAP No. CC-09-1135). We dismissed as moot his appeal of the Stay Relief Order because Chase already had sold the Nissan to a third party.

B. <u>Events in the adversary proceedings</u>

Approximately ten months after the bankruptcy court entered the Stay Relief Order, on February 5, 2010, the debtor initiated an adversary proceeding against Chase and Key Auto ("Adversary Proceeding I")(adv. proc. no. 10-1043). The debtor repeated in the complaint ("Adversary Proceeding I Complaint") many of the claims and causes of action he asserted in his Supplemental State Court Complaint. Supplement to Remand Motion, Exh. G at 3-46. He also set forth additional claims, including trespass, breach of the peace, negligent misrepresentation and intentional infliction of emotional distress.

One month later, Chase filed a motion for the bankruptcy court to abstain from hearing Adversary Proceeding I ("Abstention

⁶ The debtor also appealed the bankruptcy court's decision to abstain from adjudicating his state law claim for damages. We do not include facts concerning that portion of the prior appeal, as we do not believe they are relevant to the present appeal.

⁷ The debtor appealed our decision in the prior appeal to the Ninth Circuit; the appeal is pending before the Ninth Circuit.

Motion")(adv. proc. docket no. 5), contending that nearly all of the claims raised therein involved state law and that the state court action was pending and set for trial. Key Auto also separately filed a motion for abstention (adv. proc. docket no. 11), echoing Chase's arguments. After a hearing on April 28, 2010, the bankruptcy court entered an order ("Abstention Order")(adv. proc. docket no. 25) denying both Chase's and Key Auto's motions for abstention without prejudice. The bankruptcy court stayed Adversary Proceeding I, however, pending the outcome of the state court action.8

Meanwhile, on May 18, 2010, the state court issued an order classifying the debtor as a vexatious litigant under California Civil Procedure Code ("CCP") § 391 ("Vexatious Litigant Order"). The state court also required under the Vexatious Litigant Order that the debtor post \$7,500 as security, staying the state court action pending proof of payment. Supplement to Remand Motion, Exh. I at 10. The state court set a status hearing concerning

⁸ The debtor filed a motion and request for entry of default against Key Auto in Adversary Proceeding I (adv. proc. docket nos. 23 and 24). The clerk apparently entered the default order (adv. proc. docket no. 23). Key Auto filed a motion to set aside the default order ("Motion to Vacate Default Order")(adv. proc. docket no. 28). The bankruptcy court granted Key Auto's Motion to Vacate Default, entering an order vacating the default order on July 14, 2010 ("Order Vacating Default")(adv. proc. docket no. 41).

The debtor appealed the Order Vacating Default to the BAP (BAP No. 10-1265). We dismissed the appeal on the grounds that the Order Vacating Default was interlocutory. The debtor appealed our decision to the Ninth Circuit, where it is pending.

⁹ According to Chase, the debtor had not posted the security in the state court action. Appellee's Brief at 6.

the posting of the security for July 23, 2010. Id.

On August 19, 2010, the debtor initiated the instant adversary proceeding ("Adversary Proceeding II")(adv. proc. no. 10-1356) by filing a pleading titled, "Notice of Removal to the United States Bankruptcy Court from the Superior Court (Chatsworth Courthouse), County of Los Angeles, State of California" ("Removal Notice"), seeking to remove the state court action to the bankruptcy court.

The debtor concurrently filed a pleading titled, "Notice of Petition and Verified Petition for Warrant of Removal" ("Removal Petition")(adv. proc. docket no. 3), which repeated many of the claims he asserted in the Adversary Proceeding I Complaint. He asserted additional claims as well, including breach of implied covenant of good faith and fair dealing, intentional interference with economic relations, bad faith and civil conspiracy. The debtor also sought actual and punitive damages.

Chase subsequently filed a motion for remand back to state court ("Remand Motion")(adv. proc. docket no. 9), arguing that the Removal Notice was untimely under Rule 9027(a)(3). Under

¹⁰ The debtor asserted civil conspiracy as a cause of action or claim in the Supplemental State Court Complaint.

¹¹ Rule 9027(a)(3) provides:

If a claim or cause of action is asserted in another court after the commencement of a case under the Code, a notice of removal may be filed with the clerk only within the shorter of (A) 30 days after receipt, through service or otherwise, of a copy of the initial pleading setting forth the claim or cause of action (continued...)

Rule 9027(a)(3), the plaintiff may file a notice of removal within 30 days after receipt of the initial pleading containing the cause of action or claim sought to be removed (i.e., the defendant's responsive pleading). Remand was mandatory, Chase maintained, if the plaintiff failed to file the notice of removal within the time limit specified by the rule. Here, Chase pointed out, the debtor filed the Removal Notice more than a year after Chase filed its answer in the state court action. Because the debtor failed to file the Removal Notice timely, Chase contended, the bankruptcy court must remand the state court action back to state court.

Chase further argued that the debtor initiated Adversary

Proceeding II as a way to forum shop and to avoid the potential

dismissal of the state court action for failing to post security

pursuant to the Vexatious Litigant Order.

Chase also contended that the claims asserted in the Removal Petition mirrored those asserted in the Adversary Proceeding I Complaint. Chase pointed out that the bankruptcy court had stayed Adversary Proceeding I pending the outcome of the state court action. In initiating Adversary Proceeding II, Chase claimed, the debtor sought to circumvent the bankruptcy court's Abstention Order.

Moreover, Chase alleged, the debtor asserted in the Removal Petition claims involving state law only. The claims in the

^{11(...}continued)

sought to be removed, or (B) 30 days after receipt of the summons if the initial pleading has been filed with the court but not served with the summons.

Removal Petition, Chase concluded, thus were non-core.

The debtor opposed the Remand Motion ("Remand Opposition"). He contended that the Removal Notice was timely under 28 U.S.C. § 1446(b). According to the debtor, under 28 U.S.C. § 1446(b), he had up to a year after initiating the state court action to remove it to the bankruptcy court.

He further claimed that he timely filed the Removal Notice under Rule 9027(b)(3). He pointed out that Key Auto did not file its answer until December 17, 2009, more than ten months after he initiated the state court action. The debtor thus could file the Removal Notice within thirty days following December 17, 2009.

The debtor maintained that removal of the state court action was appropriate because it contained claims concerning the

The notice of removal of a civil action or proceeding shall be filed within thirty days after the receipt by the defendant, through service or otherwise, of a copy of the initial pleading setting forth the claim for relief upon which such action or proceeding is based, or within thirty days after the service of summons upon the defendant if such initial pleading has then been filed in court and is not required to be served on the defendant, whichever period is shorter.

If the case stated by the initial pleading is not removable, a notice of removal may be filed within thirty days after receipt by the defendant, through service or otherwise, of a copy of an amended pleading, motion, order or other paper from which it may first be ascertained that the case is one which is or has become removable, except that a case may not be removed on the basis of jurisdiction conferred by section 1332 of this title more than 1 year after commencement of the action.

¹² 28 U.S.C. 1446(b) provides:

administration of the bankruptcy estate. These claims, the debtor asserted, arose from Chase's improper repossession of the Nissan, which had been property of the estate. Moreover, because the state court action involved issues affecting the administration of the bankruptcy estate, it constituted a core proceeding over which the bankruptcy court had jurisdiction.

The bankruptcy court issued a tentative ruling (adv. proc. docket no. 16) sometime before or on the day of the September 29, 2010 hearing on the Remand Motion. The bankruptcy court determined that the removal was improper and untimely. It further noted that the very same claims already had been stayed in Adversary Proceeding I pending a result from the state court. The bankruptcy court thus proposed granting the Remand Motion and remanding the matter to state court.

At the hearing, the bankruptcy court explained to the debtor that the issues he raised were state law issues. Tr. of September 29, 2010 hr'g, 6:14-15 (adv. proc. docket no. 34). Moreover, the bankruptcy court pointed out, Chase's alleged wrongful repossession, which formed the basis of the debtor's claims, occurred prepetition. Tr. of September 29, 2010 hr'g, 6:15-17. The bankruptcy court told the debtor:

Now, if there had been no bankruptcy, it would [have been] tried in state court. You have nothing to bring it into federal court, except the fact that there is a bankruptcy. And what I did was I said, let the state court sort out state law, that's what they're supposed to do, and then I'll take a look and see if there's any bankruptcy issues remaining, and I'll deal with that after they're through, because I don't want to run two

 $^{^{13}}$ The bankruptcy court entered its tentative ruling on September 30, 2010.

things parallel to each other.

Tr. of September 29, 2010 hr'g, 6:17-25.

The bankruptcy court granted Chase's Remand Motion and remanded the matter to state court, noting that it would put its tentative ruling on the record. Tr. of September 29, 2010 hr'g, 8:11-12. The bankruptcy court entered an order ("Remand Order")(adv. proc. docket no. 26) consistent with its tentative ruling on October 28, 2010.

The debtor timely appealed. 14

JURISDICTION

The bankruptcy court had jurisdiction under 28 U.S.C. § 1452(b). We have jurisdiction under 28 U.S.C. §§ 1452(b) and 158.

18 Chase's motion to remand?

STANDARDS OF REVIEW

ISSUE

Did the bankruptcy court abuse its discretion in granting

"Decisions to remand under 28 U.S.C. § 1452(b) are committed to the sound discretion of the bankruptcy judge and are reviewed for abuse of discretion." McCarthy v. Prince (In re McCarthy), 230 B.R. 414, 416 (9th Cir. BAP 1999). We follow a two-part test to determine objectively whether the bankruptcy court abused its

 $^{^{14}}$ Although the debtor filed his notice of appeal before the bankruptcy court entered the Remand Order, we deem his notice of appeal timely under Rule 8002(a).

discretion. <u>United States v. Hinkson</u>, 585 F.3d 1247, 1261-62 (9th Cir. 2009)(en banc). First, we "determine de novo whether the bankruptcy court identified the correct legal rule to apply to the relief requested." <u>Id.</u> Second, we examine the bankruptcy court's factual findings under the clearly erroneous standard.

<u>Id.</u> at 1262 & n.20. We must affirm the bankruptcy court's factual findings unless those findings are "(1) 'illogical,'

(2) 'implausible,' or (3) without 'support in inferences that may be drawn from the facts in the record.'" <u>Id.</u> If we determine that the bankruptcy court erred under either part of the test, we must reverse for an abuse of discretion. Id.

DISCUSSION

The debtor argues that 28 U.S.C. § 1446(b) ("§ 1446(b)"), not Rule 9027(c)(3), governs the present matter. He maintains that § 1446(b) trumps Rule 9027(c)(3) because statutes, not rules, take precedence. Appellant's Reply Brief at 9, 13. The debtor next asserts that the period for him to seek removal had been extended if both the bankruptcy court and state court had applied "consecutive and concurrent stays." Appellant's Opening Brief at 6. Applying his interpretation of § 1446(b), the debtor contends that he had up to a year after he initiated the state court action to remove it to the bankruptcy court.

The debtor misapprehends the applicability of § 1446 to the present matter. Section 1446(a) provides:

A <u>defendant or defendants</u> desiring to remove any civil action or criminal prosecution from a State court shall file in the district court of the United States for the district and division within which such action is pending a notice of removal signed pursuant to Rule 11

of the Federal Rules of Civil Procedure and containing a short and plain statement of the grounds for removal, together with a copy of all process, pleadings, and orders served upon such defendant or defendants in such action.

(Emphasis added.)

Section 1446(b) then sets forth deadlines by which the defendant must file the notice of removal. A plain reading of § 1446 indicates that § 1446 relates only to a <u>defendant</u> who seeks to remove a state court action to the bankruptcy court.

28 U.S.C. § 1452 ("§ 1452"), on the other hand, applies to any party seeking to remove a cause of action or a claim to the bankruptcy court. 1 Collier on Bankruptcy, ¶ 3.07[1] (Alan N. Resnick and Henry J. Sommer, eds., 16th ed. 2011)("Collier on Bankruptcy") (explaining that any party may remove under § 1452). Here, the debtor is the plaintiff in the underlying state court action. The debtor, not Chase, sought to remove the state court action to the bankruptcy court. Section 1446 thus does not apply to the present matter. Section 1452 instead applies.

Under § 1452(a), the plaintiff to a state court action may remove the state court action to the bankruptcy court. ¹⁵ Under § 1452(b), the bankruptcy court to which the state court action

¹⁵ Section 1452(a) provides:

A party may remove any claim or cause of action in a civil action other than a proceeding before the United States Tax Court or a civil action by a governmental unit to enforce such governmental unit's policy or regulatory power, to the district court for the district where such civil action is pending, if such district court has jurisdiction of such claim or cause of action under section 1334 of this title.

has been removed may remand the state court action "on any equitable ground." "This 'any equitable ground' remand standard is an unusually broad grant of authority." McCarthy, 230 B.R. at 417.

Rule 9027 governs the <u>procedure</u> for removal under § 1452(a). 1 Collier on Bankruptcy, ¶ 3.07[5]. In other words, it implements the objectives of § 1452(a). Rule 9027 sets forth two different deadlines by which the plaintiff must seek removal of the state court action. Rule 9027(a)(2) applies to state court actions initiated prepetition while Rule 9027(a)(3) applies to state court actions initiated postpetition. Here, the debtor filed his chapter 7 bankruptcy petition before he filed the Initial State Court Complaint. Rule 9027(a)(3) thus applies.

The court to which such claim or cause of action is removed may remand such claim or cause of action on any equitable ground. An order entered under this subsection remanding a claim or cause of action, or a decision to not remand, is not reviewable by appeal or otherwise by the court of appeals under section 158(d), 1291, or 1292 of this title or by the Supreme Court of the United States under section 1254 of this title.

¹⁶ Section 1452(b) provides:

Numerous courts have pointed out that the standards for governing remand are similar to those governing abstention.

1 Collier on Bankruptcy, ¶ 3.07[6]. Courts have outlined the following factors to consider in deciding whether to remand:

"(1) the effect of the action on the administration of the bankruptcy estate; (2) the extent to which the issues of state law predominate; (3) the difficulty of applicable state law; (4) comity; (5) the relatedness of the action to the bankruptcy case; (6) any jury trial right; and (7) prejudice to plaintiffs from removal." Id. See also Williams v. Shell Oil Co. (In re Williams), 169 B.R. 684, 692-93 (S.D. Cal. 1994).

Rule 9027(a)(3) provides, in relevant part, that, if the bankruptcy case is pending when the state court action is initiated, the plaintiff may remove the state court action only within 30 days after receipt of the initial pleading setting forth the claim or cause of action sought to be removed (i.e., the defendant's responsive pleading).

The debtor claims that Chase's and Key Auto's months-long delays in filing their answers to the Initial State Court Complaint extended the deadline by which he could file the Removal Notice. Appellant's Reply Brief at 12. The debtor does not cite any authority supporting this contention.

Rule 9027(a)(3) required the debtor to have filed his
Removal Notice within thirty days of receiving Chase's and Key
Auto's answers. Assuming that the 30-day deadline ran from
December 17, 2009, the date on which Key Auto filed its answer,
the debtor had until January 19, 2010, to file the Removal
Notice. Although Chase and Key Auto filed their answers on June
1, 2009, and December 17, 2009, respectively, the debtor waited
until August 19, 2010 - eight months after Key Auto's filing - to
file the Removal Notice.

The debtor's Removal Notice clearly was untimely under Rule 9027(a)(3). The bankruptcy court thus did not abuse its discretion in granting Chase's Remand Motion. 18

 $^{^{18}}$ Chase argues that the debtor failed to provide a copy of all process and pleadings from the state court action, as required under Rule 9027(a)(1). We decline to address that argument, as the bankruptcy court made no determination on it.

CONCLUSION19

The debtor's Removal Notice was both procedurally and substantively defective under § 1452 and Rule 9027(a)(3). The bankruptcy court applied the correct legal standard; we see no clear error in the bankruptcy court's fact findings to support its ruling. The bankruptcy court did not abuse its discretion in remanding the state court action. We AFFIRM.

The debtor further argues that the bankruptcy court should not have granted the Remand Motion because the bankruptcy court had jurisdiction to consider the claims asserted in Adversary Proceeding II. As far as the issues regarding the automatic stay are concerned, as noted above, the repossession took place prepetition, when no stay was in effect. See § 362(a). Under § 541, the bankruptcy estate arguably had an interest in the Nissan; Chase had not yet sold the Nissan, so the bankruptcy estate retained at least title interest in it. Whether or not the bankruptcy court had jurisdiction, however, is beside the point, because the state court had at least concurrent jurisdiction to consider claims set forth in the state court action. We can see no abuse of discretion in the bankruptcy court's granting Chase's Remand Motion based on its alleged jurisdiction to consider the debtor's claims.