

FILED

NOT FOR PUBLICATION

SEP 21 2009

UNITED STATES COURT OF APPEALS

MOLLY C. DWYER, CLERK
U.S. COURT OF APPEALS

FOR THE NINTH CIRCUIT

In Re: Gerald D.W. North,

No. 08-16103

Debtor,

D.C. No. 3:07-cv-00865-ROS

GERALD D.W. NORTH; NORTH & CO.,
INC., formerly an Arizona corporation;
SHERMAN BROOK, as Trustee of the
David North II Trust; CERES
INVESTMENTS LIMITED
PARTNERSHIP,

MEMORANDUM *

Appellants,

v.

CITY OF BULLHEAD CITY, an Arizona
municipality,

Trustee - Appellee.

Appeal from the United States District Court
for the District of Arizona
Roslyn O. Silver, District Judge, Presiding

Argued and Submitted September 1, 2009
San Francisco, California

* This disposition is not appropriate for publication and is not precedent except as provided by 9th Cir. R. 36-3.

Before: B. FLETCHER and KLEINFELD, Circuit Judges, and DUFFY,** District Judge.

Appellants appeal an order of the district court, which affirmed the bankruptcy court's decisions holding that the assets owned by North & Co., Inc. did not automatically transfer to its shareholders upon dissolution, and dismissing all of Appellants remaining claims because the court lacked “related to” jurisdiction. We have jurisdiction pursuant to 28 U.S.C. § 158(d), and affirm.

We agree with Appellee Bullhead City that, under the Arizona laws in effect at the time, North & Co., Inc.’s assets did not pass to the corporation’s shareholders automatically upon its involuntary, administrative dissolution. Appellants’ reliance on Thomas v. Harper, 481 P.2d 510 (Ariz. Ct. App. 1971), is misplaced, as that case addressed Arizona statutes no longer in effect at the time of North & Co.’s dissolution, and subsequent cases have called into question the continued applicability of that case for the proposition Appellants advance here. See United Bank of Ariz. v. Sun Valley Door & Supply, Inc., 716 P.2d 433 (Ariz. App. Ct. 1986) (holding that corporate dissolution did not prohibit the defunct corporation from executing a deed of trust on the defunct corporation’s assets to secure a line of credit); Goldfield Mines, Inc. v. Hand, 711 P.2d 637, 642 (Ariz. Ct. App. 1985)

(explaining that after the period of existence in a corporate charter lapsed, the “corporation may still hold and dispose of its property, collect its assets and discharge its obligations, but only for the purpose of closing its affairs”). The district and bankruptcy courts thoroughly reviewed the Arizona statutes in effect when North & Co. was dissolved,¹ as have we, and correctly determined that instead of an automatic transfer of property, the statutes provide formal procedural steps for the transfer of corporate assets to the shareholders.

The bankruptcy court correctly determined that it no longer had “related to” jurisdiction under 28 U.S.C. § 1334(b) over Appellants’ remaining claims. Gerald North’s personal bankruptcy reorganization plan was confirmed and substantially performed while the adversary suit was still in its early stages. North made no showing as to how any recovery he might make on the claims raised in the adversary proceeding would flow to or benefit any creditors who were to be paid under the plan. Accordingly, the bankruptcy court properly found the claims too remote to support § 1334(b) “related to” jurisdiction. See In re Fietz, 852 F.2d 455, 457 (9th Cir. 1988) (holding that the standard for the bankruptcy court to

¹ At the time of North & Co.’s dissolution Ariz. Rev. Stat. §§ 10-087 through 10-105, enacted in 1976, controlled.

exercise “related to” jurisdiction in an adversary proceeding is whether “the outcome of the proceeding could conceivably have any effect on the estate being administered in bankruptcy”); In re Menk, 241 B.R. 896, 907 (B.A.P. 9th Cir. 1999) (“Once the administration of the bankruptcy case has ended, the relation to the case becomes so attenuated that § 1334(b) ‘related to’ jurisdiction presumptively expires unless the court specifically retains jurisdiction.”).

AFFIRMED.