FILED

AUG 11 2026

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

NOT FOR PUBLICATION

UNITED STATES BANKRUPTCY APPELLATE PANEL OF THE NINTH CIRCUIT

In re: JORDAN GENE PEARLMAN, Debtor.	BAP No. CC-26-1051-CNG Bk. No. 1:25-bk-11678-VK
PETER BROWN KLEIDMAN, Appellant, v. JORDAN GENE PEARLMAN, Appellee.	**MEMORANDUM***

Appeal from the United States Bankruptcy Court
for the Central District of California
Victoria S. Kaufman, Bankruptcy Judge, Presiding

Before: CORBIT, NIEMANN, and GAN, Bankruptcy Judges.

INTRODUCTION

Peter Brown Kleidman, creditor in this no-asset chapter 7[1] case appeals the bankruptcy court's order partially overruling his objections to

---

* This disposition is not appropriate for publication. Although it may be cited for whatever persuasive value it may have, *see* Fed. R. App. P. 32.1, it has no precedential value, *see* 9th Cir. BAP Rule 8024-1.

[1] Unless specified otherwise, all chapter and section references are to the Bankruptcy Code, 11 U.S.C. §§ 101–1532, all "Rule" references are to the Federal Rules of Bankruptcy Procedure, all "Civil Rule" references are to the Federal Rules of Civil Procedure, and all "CCP" references are to the California Code of Civil Procedure.

debtor Jordan Gene Pearlman's claim of exemptions. Pearlman asserts that the bankruptcy court erred in entering the order because it did not have jurisdiction and because Pearlman's Apple watch should not be classified and exempted as jewelry. Because we discern no error, we AFFIRM.

FACTS[2]

A. Prepetition

Pearlman is a film director, writer and producer. Pearlman and Kleidman were business associates. In 2007, Kleidman and Pearlman entered into several agreements related to the financing and operation of Cinessence, LLC ("Cinessence"). The "2007 Amendment and Fourth Addendum to Operating Agreement for Cinessence, LLC" (the "Agreement") indicated that Kleidman would continue funding Cinessence (controlled by Pearlman) subject to certain terms and collateralized by "all assets" of Pearlman.[3]

In 2012, after an alleged breach of a guarantee agreement between the parties, Kleidman filed a complaint in a New York state court against Pearlman and Cinessence. In January 2020, Kleidman obtained a judgment

---

[2] We have taken judicial notice of the bankruptcy court docket and various documents filed through the electronic docketing system. *See O'Rourke v. Seaboard Sur. Co. (In re E.R. Fegert, Inc.)*, 887 F.2d 955, 957-58 (9th Cir. 1989); *Atwood v. Chase Manhattan Mortg. Co. (In re Atwood)*, 293 B.R. 227, 233 n.9 (9th Cir. BAP 2003).

[3] The Agreement referenced several other documents that were either signed contemporaneously or previously. Those documents included a promissory note in the initial amount of $5,000,000, two lines of credit, the original operating agreement, three previous addendums, a security agreement ("Security Agreement"), and Pearlman's personal guarantee.

against Pearlman and Cinessence for more than $36 million ("Judgment"). For years thereafter, Kleidman attempted unsuccessfully to collect on the Judgment.

In April 2015, Pearlman married Elizabeth Hunter. Kleidman believed that Pearlman's and Hunter's premarital agreement was entered into specifically to shield most of their community property assets from execution under the Judgment. Consequently, and as part of his ongoing collection efforts, Kleidman filed two complaints against Pearlman and Hunter asserting, among other claims, fraudulent transfer causes of action. Kleidman filed one such complaint in New York and another complaint in California.

B. Pearlman's bankruptcy case

On September 11, 2025, while both fraudulent transfer actions were pending, Pearlman filed a chapter 7 petition. Notwithstanding notice of the bankruptcy case, Kleidman filed an ex parte motion in the New York action seeking leave to serve Hunter with process using alternative means. The New York court granted the motion and Kleidman effectuated service on Hunter.

Because Kleidman had not sought leave of the bankruptcy court to continue the action in New York, Pearlman believed that Kleidman's actions violated the automatic stay. Pearlman filed a motion seeking sanctions for the alleged stay violation. Kleidman opposed the motion.

Kleidman asserted that his state court actions were solely against Hunter and not against Pearlman and, thus, did not violate the automatic stay.

In December 2025, after a hearing, the bankruptcy court held that Kleidman violated the automatic stay. The bankruptcy court awarded Pearlman fees and costs caused by Kleidman's stay violation. The award was affirmed on appeal.

C. Kleidman's objection to Pearlman's exemption claims

While the stay violation litigation was pending, Kleidman filed an objection to Pearlman's claimed exemptions. Kleidman asserted Pearlman's claimed exemptions should not be allowed for a variety of reasons, two are at issue in this appeal.

First, Kleidman argued that the property was not property of the estate and therefore, the bankruptcy court had no jurisdiction or authority to determine the right to exempt such property. Kleidman contended that the Security Agreement gave him a security interest in all of Pearlman's personal property.[4] Therefore, Kleidman asserted that his debt was "secured by property of the estate," and pursuant to § 521(a)(2) Pearlman was required to file a statement of intention within 30 days of filing his petition. Because Pearlman failed to do so, Kleidman asserted that by operation of § 362(h), Pearlman's "property was no longer property of the estate, [and] Debtor cannot claim any exemptions with respect thereto."

[4] Pearlman did not list any interest in any real property on his schedules.

Kleidman attached both a copy of the Judgment and the Security Agreement to his motion.

Additionally, and in the alternative, Kleidman asserted that Pearlman's exemptions should be disallowed because the property interest sought to be exempted did not fit within the exemption category selected. Specifically, Kleidman argued that Pearlman's Apple watch was not jewelry and, thus, Pearlman could not exempt it pursuant to CCP § 703.140(b)(4). Kleidman explained that the "American Heritage Dictionary define[d] jewelry as, "Ornaments, such as bracelets, necklaces, or rings." Kleidman maintained that an Apple watch was not an ornament, so he insisted that Pearlman's exemption as to the Apple watch "should be rejected."

Pearlman disagreed. As to the jurisdictional issue and the alleged consequence of not completing the statement of intention, Pearlman first argued that Kleidman only had a "purported security interest," and regardless, the property exempted was "after-acquired 'consumer goods' [which] are precluded from being subject to a security agreement under California Commercial Code § 9204(b)." Pearlman also argued that the statement of intention had no application as it was a business, rather than a consumer debt. Therefore, Pearlman asserted that the "filing or the non-filing of a Statement of Intentions" had nothing "to do with the validity of a claimed exemption." Finally, Pearlman argued that lien rights were "not affected by an exemption, unless a separate proceeding, such as a § 522(f) motion" was brought.

As to the Apple watch, Pearlman asserted that other California courts had found that a watch could be considered jewelry for exemption purposes.[5] Therefore, Pearlman continued, the bankruptcy court should allow the exemption. Pearlman further argued that even if the watch was not considered jewelry, it could be exempted under another exemption category such as "household goods" or a "tool of the trade."

After a hearing, the bankruptcy court adopted its tentative ruling which held, *inter alia*, that the "existence of a lien is not relevant to determining whether a debtor is entitled to an exemption listed in their schedules" and "[u]nder the [California] exemption provisions a watch can be fairly characterized as jewelry." The bankruptcy court entered an order consistent with its tentative ruling ("Exemption Order").

Kleidman timely appealed the Exemption Order.

JURISDICTION

The bankruptcy court had jurisdiction under 28 U.S.C. §§ 1334 and 157(b)(2)(B). We have jurisdiction under 28 U.S.C. § 158.

ISSUES

Whether the bankruptcy court had jurisdiction to determine the exemption issue.

---

[5] Pearlman cited *In re Gilman*, 608 B.R. 714, 723 (Bankr. C.D. Cal. 2019) (quoting *In re Millington's Estate*, 63 Cal.App. 498 (2013)) in support.

Whether the bankruptcy court erred in determining the Apple watch was subject to a valid exemption.

STANDARDS OF REVIEW

Review of the bankruptcy court's finding that it had jurisdiction is de novo. *Piombo Corp. v. Castlerock Props. (In re Castlerock Props.)*, 781 F.2d 159, 161 (9th Cir.1986). "The right of a debtor to claim an exemption is a question of law we review de novo." *Elliott v. Weil (In re Elliott)*, 523 B.R. 188, 191 (9th Cir. BAP 2014). The bankruptcy court's interpretation of state exemption laws is also reviewed de novo. *Calderon v. Lang (In re Calderon)*, 507 B.R. 724, 728 (9th Cir. BAP 2014). "De novo review requires that we consider a matter anew, as if no decision had been made previously." *Francis v. Wallace (In re Francis)*, 505 B.R. 914, 917 (9th Cir. BAP 2014).

We review the bankruptcy court's findings of fact with respect to a claimed exemption for clear error. *In re Elliott*, 523 B.R. at 191. Factual findings are clearly erroneous if they are illogical, implausible, or without support in the record. *Retz v. Samson (In re Retz)*, 606 F.3d 1189, 1196 (9th Cir. 2010). If two views of the evidence are possible, the court's choice between them cannot be clearly erroneous. *Anderson v. City of Bessemer City*, 470 U.S. 564, 574 (1985).

DISCUSSION

A. The bankruptcy court had jurisdiction to issue a final decision on Pearlman's scheduled exemptions.

Kleidman argues the bankruptcy court erred because it did not have jurisdiction to issue a final order on Pearlman's exemptions because his personal property was no longer property of the bankruptcy estate. Kleidman's assertion, however, is without merit and this "appeal stems from [Kleidman's] failure to understand . . . the term 'exemption' within a bankruptcy case." *Wade v. Stevens (In re Wade)*, BAP No. NC-15-1031-DJuTa, 2015 WL 6736177, at *2 (9th Cir. BAP Nov. 3, 2015), *aff'd*, 671 F. App'x 688 (9th Cir. 2016).

1. Ruling on exemptions is a core proceeding.

In determining the scope of a bankruptcy court's jurisdiction, our analysis begins with the statutory scheme because the "jurisdiction of the bankruptcy courts, like that of other federal courts, is grounded in, and limited by, statute." *Celotex Corp. v. Edwards*, 514 U.S. 300, 307 (1995). Bankruptcy courts, via referral from the district courts, "may hear and determine all cases under title 11 and all core proceedings arising under title 11, or arising in a case under title 11." 28 U.S.C. § 157(b)(1). The Bankruptcy Code contains a non-exclusive list of core bankruptcy proceedings. "The proceedings listed include matters affecting the administration of the estate, . . . and other proceedings affecting the liquidation of the assets of the estate or the adjustment of the debtor-creditor relationship." *Battle Ground Plaza, LLC v. Ray (In re Ray)*, 624 F.3d 1124, 1131 (9th Cir. 2010) (citing 28 U.S.C. § 157(b)(2)(A), (K), (O)). Included in the list of core proceedings is the bankruptcy court's determination of "exemptions from property of the estate." 28 U.S.C. § 157(b)(2)(B). Because the exemption litigation was a core proceeding, it was a proper exercise of the bankruptcy court's jurisdiction.

2. Exempt property remains part of the bankruptcy estate unless and until the bankruptcy court orders the property exempt.

When a bankruptcy petition is filed, "all legal or equitable interests of the debtor in property" become the property of the bankruptcy estate and are available for distribution to creditors. *Rousey v. Jacoway*, 544 U.S. 320, 325 (2005) (quoting § 541(a)(1)). However, to allow debtors a financial fresh start after bankruptcy, the Bankruptcy Code permits debtors to shield, or exempt, certain interests in property from administration in the bankruptcy case. § 522(b), (d).

Exemptions are not automatic. Rather, the debtor must file a list of property that he claims as exempt. Rule 4003(a). A party in interest may then file an objection to the list of property claimed as exempt within 30 days after the meeting of creditors held under § 341(a) is concluded or within 30 days after any amendment to the list or supplemental schedules is filed, whichever is later. Rule 4003(b)(1). If a party in interest does not object during the objections period "the property claimed as exempt on such list is exempt." § 522(l).

Based on the foregoing, claimed exempt property remains part of the bankruptcy estate until the exemption is allowed either because the statutory time had expired and there was no objection, or the court issues a ruling allowing the exemption. *See Owen v. Owen*, 500 U.S. 305, 308 (1991) (explaining interest in property is withdrawn from the bankruptcy estate only where an exemption is allowed); *see also In re Varney*, 449 B.R. 411, 417 (Bankr. D. Idaho 2011) (explaining "even potentially exempt assets nonetheless become property of the estate upon the commencement of the bankruptcy case"); *In re McAlister*, 56 B.R. 164, 166 (Bankr. D. Or. 1985) (noting "even exempt property must initially be regarded as property of the estate and then claimed and distributed as exempt").

Consequently, until the bankruptcy court issued its Exemption Order, all of Pearlman's legal and equitable interests in property at the time of the petition were property of the bankruptcy estate.

3. Because Pearlman did not schedule any secured debts and the bankruptcy court did not determine that Kleidman was a secured creditor, § 362(h)(1) was inapplicable.

Kleidman's primary argument for reversal rests on his assertion that pursuant to § 362(h)(1), the bankruptcy court lacked jurisdiction to rule on Pearlman's claimed exemptions. Kleidman fails "to understand that the term 'exemption' within a bankruptcy case has a different and more limited effect than does the term in a state court context." *In re Wade*, 2015 WL 6736177, at *2.

Pursuant to § 521(a)(2), an individual debtor in a case pending under chapter 7 liable on a debt *scheduled as secured by property of the estate* must, within the specified time frame, file a statement of intention indicating whether the debtor intends to retain, redeem, or surrender property of the estate subject to a creditor's lien.[6] The consequence of failing to comply with § 521(a)(2) is that pursuant to § 362(h), all personal property of the chapter 7 debtor that secures the scheduled debt, and not just scheduled property, is *removed from bankruptcy estate* and placed outside the protections of the *automatic stay*.[7] § 362(h); *Samson v. W. Capital Partners,*

---

[6] Specifically, § 521(a)(2) provides in relevant part:

(a) The debtor shall–

. . . .

(2) if an individual debtor's schedule of assets and liabilities includes debts which are secured by property of the estate—

(A) within thirty days after the date of the filing of a petition under chapter 7 of this title or on or before the date of the meeting of creditors, whichever is earlier . . . file with the clerk a statement of his intention with respect to the retention or surrender of such property and, if applicable, specifying that such property is claimed as exempt, that the debtor intends to redeem such property, or that the debtor intends to reaffirm debts secured by such property.

[7] Specifically, § 362(h) provides in relevant part

(1) In a case in which the debtor is an individual, the stay provided by subsection (a) is terminated with respect to personal property of the estate or of the debtor securing in whole or in part a claim, or subject to an unexpired lease, and such personal property shall no longer be property of the estate if the debtor fails within the applicable time set by section 521(a)(2)—

> (A) to file timely any statement of intention required under section 521(a)(2) with respect to such personal property or to indicate in such statement that the debtor will either surrender such personal property or retain it and, if retaining such personal property, either redeem such personal property pursuant to section 722, enter into an agreement of the kind specified in section 524(c) applicable to the debt secured by such

LLC (In re Blixseth), 454 B.R. 92 (9th Cir. BAP 2011), *aff'd*, 684 F.3d 865 (9th Cir. 2012).

Thus, the "combined effect of §§ 362(h) and 521(a)(2) is to lift the stay and remove personal property from the estate when no timely statement of intention is filed and a trustee fails to timely file a motion to determine the value or benefit of the property. The result may be harsh but is not absurd." *In re Blixseth*, 454 B.R. at 98.

According to Kleidman, because Pearlman filed a blank statement of intention, all of Kleidman's personal property was removed from the estate and "the bankruptcy court ha[d] no jurisdiction to apply exemptions thereon." While the § 362(h) argument may have been relevant as to whether he had to seek relief from the automatic stay to pursue a state court collection action, it has little relevance to this appeal.

Here, Pearlman did not schedule any secured debt. While Kleidman disputes the facts as presented by Pearlman in his bankruptcy schedules, Kleidman did not seek a determination by the bankruptcy court of his status as a secured creditor, and the bankruptcy court made no finding that Kleidman had a security interest in Pearlman's personal property. Thus,

---

personal property, or assume such unexpired lease pursuant to section 365(p) if the trustee does not do so, as applicable; and

(B) to take timely the action specified in such statement, as it may be amended before expiration of the period for taking action, unless such statement specifies the debtor's intention to reaffirm such debt on the original contract terms and the creditor refuses to agree to the reaffirmation on such terms.

the bankruptcy court did not make an error in determining that § 362(h)(1) did not divest it of jurisdiction and was inapplicable to the determination of Pearlman's exempt property.

Therefore, based on the foregoing, the Exemption Order was a proper exercise of the bankruptcy court's jurisdiction.

B. The bankruptcy court did not commit error in allowing Pearlman to exempt the value of the Apple watch as jewelry.

Pearlman sought to exempt $1,200 in jewelry. Pearlman identified the items of jewelry as an Apple watch, a Hermes bracelet, and a small silver cross. The relevant California statute states that a debtor may exempt "[t]he debtor's aggregate interest, not to exceed one thousand seven hundred fifty dollars ($1,750) in value, in jewelry held primarily for the personal, family, or household use of the debtor or a dependent of the debtor." CCP § 703.140(b)(4). Thus, the only restrictions under the applicable statute are (1) a limitation on the value of the jewelry that can be exempted, and (2) a requirement that the jewelry be primarily for personal, family, or household use.

Kleidman argues on appeal that the bankruptcy court erred in determining Pearlman's Apple watch could be exempted as jewelry. Kleidman argues that the watch is not jewelry, rather it is a luxury item in the form of a wearable mini-computer. Kleidman further asserts that the case relied upon by the bankruptcy court, *In re Frazier*, 104 B.R. 255, 260–61

(Bankr. N.D. Cal. 1989), is no longer good law because it was a "1989 case, decided well before Apple watches were introduced."

In *Frazier*, the court found that despite creditor's assertions to the contrary, the debtor's "watch collection could be fairly characterized, alternately, as jewelry, an heirloom, wearing apparel or personal effects . . . [because] there [was] no evidence that the watch collection [was] not ordinarily and reasonably necessary for the debtor's personal use." *In re Frazier*, 104 B.R. at 260-61.

Here, the bankruptcy court noted that Pearlman was seeking to exempt an interest in jewelry with a total value less than that allowed by the California exemption statute. The bankruptcy court additionally adopted and applied *Frazier's* holding. Beyond disagreeing with the bankruptcy court's determination, Kleidman provides no basis for us to determine that the bankruptcy court's findings are clearly erroneous or that *Frazier* is no longer good law. From the record, we determine that the bankruptcy court did not clearly error in finding that regardless of advancements in technology, Pearlman's Apple watch was for his personal use and qualified as exempt jewelry pursuant to CCP § 703.140(b)(4).[8]

[8] To the extent that both parties debate whether Kleidman has a security interest in the Apple watch, that issue was not decided by the bankruptcy court and we decline to address it. *See United States v. Weitzenhoff*, 35 F.3d 1275, 1287 (9th Cir. 1993) ("Resolving doubtful questions of law is the distinct and exclusive province of the trial judge.") (internal quotation marks omitted).

CONCLUSION

For the reasons set forth above, we AFFIRM.