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**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SANTA ROSA DIVISION**

In re:

LEFEVER MATTSON, a California  
corporation, *et al.*,<sup>1</sup>

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**MOTION OF DEBTORS TO  
ABANDON ESTATE CAUSES OF  
ACTION AGAINST JENNIFER ANN  
CASTILLO**

In re:

KS MATTSON PARTNERS, LP,

Debtor.

**Date:** November 14, 2025

**Time:** 11:00 a.m.

**Place:** United States Bankruptcy Court  
1300 Clay Street, Courtroom 215  
Oakland, CA 94612

<sup>1</sup> The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 9562. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglot>

LeFever Mattson, a California corporation (“LeFever Mattson”), and certain of its affiliates that are debtors and debtors in possession (the “Debtors”)<sup>2</sup> in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), hereby move (the “Motion”) this Court pursuant to sections 105(a) and 554(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 6007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for the entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), (i) authorizing, but not directing, Debtors River View Shopping Center 1, LLC, and Riverview Shopping Center 2, LLC (together, the “Riverview Debtors”) to (a) abandon certain estate causes of action against former commercial tenant Jennifer Ann Castillo dba the Nines Salon and Spa (“Castillo”); (b) authorizing the Riverview Debtors to take any and all steps necessary to dismiss their civil action against Ms. Castillo (the “Castillo Action”) pending in the California Superior Court, County of Fresno (“State Court”); and (ii) granting related relief.

In support of this Motion, the Debtors submit the *Declaration of Bradley D. Sharp in Support of Motion of Debtors to Abandon Estate Causes of Action Against Jennifer Ann Castillo*, filed concurrently herewith.

## **MEMORANDUM OF POINTS AND AUTHORITIES**

### **I. JURISDICTION AND VENUE**

This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.), and Rule 5011-1(a) of the Bankruptcy Local Rules. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

### **II. BACKGROUND**

#### **A. The Chapter 11 Cases**

As described in the *Declaration of Bradley D. Sharp in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”) [Dkt. No. 5], the Chapter 11 Cases were necessitated by, among other things, Mr. Kenneth Mattson’s purported sales of equity interests in

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<sup>2</sup> Unless otherwise indicated, “Debtors” as used herein excludes KSMP and Live Oak Investments, LP.

many of the Debtors to hundreds of investors through transactions that were not recorded in the books and records of LeFever Mattson or the appropriate Debtor. Debtor Windscape Apartments, LLC, filed its chapter 11 petition on August 6, 2024. Fifty-eight Debtors, including LeFever Mattson and the Riverview Debtors, filed their chapter 11 petitions on September 12, 2024. Debtors Pinewood Condominiums, LP, and Ponderosa Pines, LP, filed their chapter 11 petitions on October 2, 2024.

The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The United States Trustee appointed an official committee of unsecured creditors (the “Committee”) in the Chapter 11 Cases on October 9, 2024, [Dkt. No. 135] and amended the appointment on November 25, 2024 [Dkt. No. 368] and on August 26, 2025 [Dkt. No. 2104], confirming that the Committee would be the official committee in the KSMP Chapter 11 Case. No trustee or examiner has been appointed in these Chapter 11 Cases.

On October 15, 2025, the Plan Proponents filed the *First Amended Joint Chapter 11 Plan of Liquidation* [Dkt. No. 2561] and the *Amended Disclosure Statement in Support of First Amended Joint Chapter 11 Plan of Liquidation* [Dkt. No. 2567] (the “Amended Disclosure Statement”). A hearing to consider the Amended Disclosure Statement is currently set for November 19, 2025.

#### **B. The Castillo Action**

Ms. Castillo is a former tenant of the Riverview Shopping Center, located at 9463 North Fort Washington, Suite 101, Fresno, California, which is jointly owned by the two Riverview Debtors. Ms. Castillo’s lease term expired on July 31, 2025; however, she abandoned the premises on or about November 30, 2023. The total value of rent for which Ms. Castillo is liable through the expiration of the lease term is calculated at \$74,680.60 (without consideration of any applicable defenses such as mitigation). In May 2024, the Riverview Debtors filed a breach of lease action in the State Court against Ms. Castillo. A copy of the Riverview Debtors’ operative complaint in the Castillo Action (without its exhibits) is attached to the Sharp Declaration as Exhibit A.

Alison Geddes of Weintraub Tobin is counsel of record for the Riverview Debtors in the Castillo Action. A trial in the Castillo Action is currently set for January 26, 2026. A trial readiness conference is set for January 23, 2026, and a mandatory settlement conference is set for December 18, 2025. Corresponding discovery deadlines, such as the fact discovery cut-off, are set for late November 2025.

Earlier this year, Ms. Castillo, through her former counsel, had conducted settlement discussions with counsel for the Riverview Debtors. However, Ms. Castillo fired her counsel, substituted herself pro se into the Castillo Action, and thereafter ceased all communication with counsel for the Riverview Debtors. Counsel for the Riverview Debtors made efforts to communicate with Ms. Castillo regarding settlement or continuing the litigation, which went unanswered. While there had been limited discovery in the Castillo Action, that effectively ceased after Ms. Castillo terminated her counsel.

The Riverview Debtors believe that judgment enforcement against Ms. Castillo will be difficult and costly. They understand that Ms. Castillo worked as a hair stylist. Counsel for the Riverview Debtors has conducted an asset search of Ms. Castillo, which did not reveal any real property currently owned. Ms. Castillo therefore has no real property assets to which a judgment lien could attach.

In light of the foregoing, the Riverview Debtors' options are to either (i) dismiss the Castillo Action and abandon the underlying claims or (ii) prepare for trial in January 2026 and possibly also seek judgment through terminating sanctions for Ms. Castillo's failure to comply with discovery obligations. The costs of trial are self-evident, and even obtaining a judgment through terminating sanctions would incur significant attorneys' fees, as it would require the Riverview Debtors to serve meet-and-confer letters regarding alternative dispute resolution, send out written discovery, and, if no responses (or inadequate responses) are provided, going through the meet-and-confer and motion to compel process repeatedly and ultimately seeking terminating sanctions.

Counsel has advised the Riverview Debtors that, while difficult to predict with certainty, proceeding to trial with the minimum amount of work would incur at least \$20,000 in fees, and is

1 expected to be even higher. If the Riverview Debtors were to proceed with more of a scorched-  
2 earth approach in attempt to get terminating sanctions, they could incur closer to a minimum of  
3 \$30,000 in attorneys' fees and costs.

4 **III. RELIEF REQUESTED**

5 By this Motion, the Debtors request entry of an order, substantially in the form attached  
6 hereto as Exhibit A (i) authorizing, but not directing, the Riverview Debtors to (a) abandon the  
7 estate causes of action against Ms. Castillo; (b) to take any and all steps necessary to dismiss the  
8 Castillo Action; and (ii) granting related relief.

9 **IV. AUTHORITY FOR RELIEF REQUESTED**

10 "Abandonment" in the bankruptcy context means "the formal relinquishment of the  
11 property at issue from the bankruptcy estate." *Catalano v. C.I.R.*, 279 F.3d 682, 685 (9th Cir.  
12 2002). Pursuant to section 554(a) of the Bankruptcy Code, abandonment requires notice, a  
13 hearing, and a showing, by a preponderance of the evidence, that the property is "burdensome to  
14 the estate or . . . of inconsequential value and benefit to the estate." 11 U.S.C. § 554(a); *Vu v.*  
15 *Kendall (In re Vu)*, 245 B.R. 644, 650 (B.A.P. 9th Cir. 2000); *see In Midlantic Nat'l Bank v. N.J.*  
16 *Dep't of Env'tl. Prot.*, 474 U.S. 494, 497 (1986). Section 554(a) of the Bankruptcy Code "serves  
17 the purpose of expeditious and equitable distribution by permitting the trustee to abandon property  
18 that consumes the resources and drains the income of the estate." *In re Pilz Compact Disc, Inc.*,  
19 229 B.R. 630, 635 (Bankr. E.D. Pa. 1999) (quoting *In re Smith-Douglas, Inc.*, 856 F.2d 12, 16 (4th  
20 Cir. 1988)).

21 In analyzing abandonment, the bankruptcy court needs only to find that the debtor in  
22 possession made: (1) a business judgment; (2) in good faith; (3) upon some reasonable basis; and  
23 (4) within the its scope of authority. *Truong v. 325 Broadway Assocs. LLC (In re Truong)*, 557  
24 B.R. 326, 340 (Bankr. D.N.J. 2016) (citations omitted).

25 Bankruptcy Rule 6007(a), implementing section 554 of the Bankruptcy Code, requires that  
26 the trustee or debtor-in-possession provide 14-days' notice of a proposed abandonment or  
27 disposition of property. Fed. R. Bankr. P. 6007(a); *see also Pace v. Battley*, 146 B.R. 562, 566  
28 (B.A.P. 9th Cir. 1992) ("Abandonment requires affirmative action by the trustee or some other

evidence of the intent to abandon the asset” (citations omitted)). Property successfully abandoned under section 544 of the Bankruptcy Code ceases to be part of the estate. *Gasprom, Inc. v. Fateh (In re Gasprom, Inc.)*, 500 B.R. 598, 604 (B.A.P. 9th Cir. 2013).

The Debtors have evaluated the Castillo Action and found that the comparatively small amount at issue and the limited prospects for collections do not justify the continued time and expense. Notwithstanding Ms. Castillo’s absence from the proceedings, the Riverview Debtors are faced with discovery and trial deadlines that will require substantial expenses to be incurred by their counsel. A decision now needs to be made. This is minor rent-collection litigation against an individual who previously rented space in the Riverview shopping center. Because the Riverview Debtors understand that Ms. Castillo has limited assets, even if a judgment is obtained, collection would be a long and speculative process. Based on information gathered from the Riverview Debtors’ counsel of record in the Castillo Action, the low ceiling on collection appears to be offset by the potential attorneys’ fees to obtain the judgment and pursue collections efforts, even if successful. Considering all this information, pursuing the litigation to a judgment and then further collection efforts does not seem to be worth using estate resources. The Debtors therefore believe that the claims against Ms. Castillo are burdensome to the estates of the Riverview Debtors and of inconsequential value and benefit to those estates.

#### **V. RESERVATION OF RIGHTS**

Nothing contained herein is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors or any collateral, (ii) a waiver of the Debtors’ or any appropriate party in interest’s rights to dispute any claim or any collateral, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code.

#### **VI. NOTICE**

Notice of this Motion will be provided to (i) the United States Trustee; (ii) the Committee; (iii) Serene Investment Management, LLC, the DIP Lender; (iv) all creditors of the Riverview Debtors, and (v) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002. Based on the nature of the relief requested

herein, the Debtors respectfully submit that no further notice is required.

**WHEREFORE**, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein.

Dated: October 24, 2025

**KELLER BENVENUTTI KIM LLP**

By: /s/ Thomas B. Rupp

Thomas B. Rupp

*Attorneys for the Debtors and Debtors in Possession*

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**Exhibit A**  
**(Proposed Order)**



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**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SANTA ROSA DIVISION**

In re:

LEFEVER MATTSON, a California  
corporation, *et al.*,<sup>1</sup>  
  
Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**[PROPOSED] ORDER GRANTING  
MOTION TO ABANDON ESTATE  
CAUSES OF ACTION AGAINST  
JENNIFER ANN CASTILLO**

In re:

KS MATTSON PARTNERS, LP,  
  
Debtor.

**Date:** November 14, 2025

**Time:** 11:00 a.m.

**Place:** United States Bankruptcy Court  
1300 Clay Street, Courtroom 215  
Oakland, CA 94612

<sup>1</sup> The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 9562. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>.

Upon consideration of the *Motion to Abandon Estate Causes of Action Against Jennifer Ann Castillo* (the “Motion”),<sup>2</sup> filed by the above-captioned debtors and debtors in possession, (the “Debtors”);<sup>3</sup> the Court having reviewed the Motion and the Sharp Declaration and having considered the statements of counsel and the evidence adduced with respect to the Motion at a hearing before the Court (the “Hearing”); and the Court having found that (i) the Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California; (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); (iv) notice of the Motion and the Hearing was sufficient under the circumstances; and after due deliberation the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, and their creditors; and good and sufficient cause having been shown;

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted.
2. The Riverview Debtors are permitted to abandon the causes of action related to the Castillo Action.
3. The Riverview Debtors are authorized, but not directed, to take all actions necessary to dismiss the Castillo Action.
4. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

**\*\* END OF ORDER \*\***

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

<sup>3</sup> Unless otherwise indicated, “Debtors” as used herein excludes KSMP and Live Oak Investments, LP.