



Honorable Mike K. Nakagawa
United States Bankruptcy Judge



Entered on Docket
November 24, 2025

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

* * * * *

In re:) Case No.: 11-10465-MKN
JUAN C PAULA and SUSANA) Chapter 7
DOMINGUEZ-DE PAULA,)
Debtors.) Date: September 10, 2025
Time: 3:00 p.m.

ORDER DENYING APPLICATION FOR PAYMENT OF UNCLAIMED FUNDS¹

On September 10, 2025, the court heard an Application for Payment of Unclaimed Funds brought by Specialized Loan Recovery, Inc., in the above-referenced Chapter 7 proceeding. All appearances were noted on the record. This written order follows an oral ruling entered at the hearing.

BACKGROUND

On January 12, 2011, Juan C. Paula and Susana Dominguez-De Paula (“Debtors”) filed a voluntary Chapter 7 petition. As property of their bankruptcy estate, Debtors’ Schedule “A” included overencumbered real property located at 4218 Oak Bay Way, North Las Vegas, Nevada 89032 (“Property”). The case was assigned for administration to David A. Rosenberg as Chapter 7 trustee (“Trustee”).

On April 13, 2011, Debtors received their Chapter 7 discharge. (ECF No. 19).

¹ In this Order, all references to “ECF No.” are to the numbers assigned to the documents filed in the case as they appear on the docket maintained by the clerk of the court. All references to “Section” are to the provisions of the Bankruptcy Code, 11 U.S.C. §§ 101-1532. All references to “Local Rule” are to the Local Rules of Practice of this bankruptcy court.

1 On December 31, 2013, an order was entered granting the Trustee's motion to sell the
2 Property. (ECF No. 52).

3 On October 2, 2014, the Trustee filed a report attesting that the Property had been sold,
4 resulting in net sale proceeds of \$125,423.12 ("Sale Proceeds"). (ECF No. 59).

5 On March 9, 2015, the Trustee deposited the Sale Proceeds with the registry of the
6 bankruptcy court as being unclaimed funds. (ECF No. 66).

7 On or about August 20, 2024, Newrez, LLC fka Specialized Loan Servicing LLC
8 ("Newrez"), filed an Application for Payment of Unclaimed Funds ("Newrez Application")
9 seeking payment of the Sale Proceeds. (ECF No. 79).

10 On September 4, 2024, Newrez was directed to schedule its Application for a hearing
11 before the bankruptcy court. (ECF No. 83). The Newrez Application, however, was never
12 noticed for a hearing.

13 On or about May 21, 2025, an Application for Payment of Unclaimed Funds was filed by
14 Specialized Loan Recovery, Inc. ("SLR"), seeking payment of the Sale Proceeds ("SLR
15 Application"). (ECF No. 84). The application discloses a mailing address for SLR in
16 Huntsville, Alabama. The application is signed under penalty of perjury by Jarrod Davis.

17 On July 22, 2025, SLR was directed to schedule its Application for a hearing before the
18 bankruptcy court. (ECF No. 90).

19 On August 6, 2025, a notice was issued scheduling a hearing on the SLR Application for
20 September 10, 2025, at 3:00 p.m. (ECF No. 98).

21 On August 11, 2025, SLR filed a Motion to Appear Remotely ("Remote Appearance
22 Request") at the September 10, 2025, hearing. (ECF No. 100). SLR did not notice its Remote
23 Appearance Request for a hearing as required by Local Rule 9014(a).²

24
25 ² In Maria De Jesus Munguia, Case No. 09-18304-HLB, SLR filed another unclaimed
26 funds application (ECF No. 138) that was scheduled to be heard on September 3, 2025. A
27 competing application for the same unclaimed funds was filed by NewRez dba Shellpoint
28 Mortgage Servicing as servicer for Wells Fargo Bank N.A. as trustee for Soundview Home Loan
Trust 2007-OPT1. (ECF No. 143). After the hearing, both motions were taken under
submission.

DISPOSITION

The SLR Application was called as calendared on September 10, 2025. SLR did not appear at the hearing through counsel, nor did its principal, Jarrod Davis, enter an appearance as the signatory to the SLR Application. Counsel for the Office of the United States Trustee appeared in person, as well as a representative of the finance department of the Bankruptcy Court (“Finance Department”). No written objection or other response to the SLR Application was filed by the successor Chapter 7 trustee, Troy Fox, or any other party in interest.

Prior to the hearing, SLR transmitted an email to the Finance Department dated September 3, 2025, regarding the instant Chapter 7 proceeding, as well as a separate Nevada Case No. 09-20790³, in addition to Rhode Island Case No. 09-bk-10952.⁴ Mr. Davis represented that the SLR unclaimed funds applications in each case are being withdrawn. On September 4, 2025, Mr. Davis transmitted an additional email to the Finance Department confirming that the unclaimed funds applications in the Nevada cases are being withdrawn.⁵

³ Chris Kompst and Rita L. Kompst, Case No. 09-20790-HLB. On May 20, 2025, an unclaimed funds application was filed by Wilshire Credit Recovery Inc. (“Wilshire”) as ECF No. 134. The application discloses a mailing address for Wilshire in Huntsville, Alabama. The application was signed under penalty of perjury by Jarrod Davis. Opposition to the application was filed by Brian D. Shapiro as successor Chapter 7 trustee. (ECF Nos. 145 and 146). On September 9, 2025, the application was denied with prejudice based on the record presented. (ECF Nos. 147, 148, and 149). It appears that Mr. Davis, and perhaps others asserting entitlement to unclaimed funds, form entities having names similar to well-known lending participants, e.g., Wilshire Credit Recovery Inc. instead of Wilshire Credit Corporation, and Specialized Loan Recovery Inc. instead of Specialized Loan Servicing. It is not entirely clear whether the latter are aware of this practice.

⁴ Gregory A. Pannone and Holly W. Pannone, Case No. 1:09-10952. On May 27, 2025, an unclaimed funds petition was filed by Wilshire Credit Recovery Inc. as ECF No. 67. The application was signed under penalty of perjury by Jarrod Davis. A hearing on the unclaimed funds petition was scheduled for September 3, 2025.

⁵ In Dan E. Riner and Pennilee Riner, Case No. 02-19672-NMC, an Application for Payment of Unclaimed funds was filed ostensibly by Option One Mortgage Corporation on or about April 3, 2025. (ECF No. 67). The application was signed under penalty of perjury for the applicant by Sylvester Cuffy (“Cuffy”). On June 25, 2025, Cuffy filed a notice representing that the claim of Option One Mortgage Corp has been transferred to Bluekap Assets Recovery Inc. (“Bluekap”) located in St. Petersburg, Florida. (ECF No. 78). An amended Application for Payment of Unclaimed Funds, signed by Cuffy, was filed by Bluekap on July 2, 2025. (ECF No.

No objection to SLR's withdrawal of the unclaimed funds application was raised at the September 10, 2025 hearing. Moreover, if the United States Attorney in fact was sent a copy of the SLR Application, see SLR Application at §5, it is puzzling why it did not object or otherwise respond to a request for payment of \$125,423.12 in unclaimed funds that possibly could escheat to the U.S. Treasury. See 11 U.S.C. §347(a) and 28 U.S.C. §2041.⁶ Because the United States is not alone in its silence, however, it is unnecessary to address the sufficiency of the SLR Application at this time.

IT IS HEREBY ORDERED that the Application for Payment of Unclaimed Funds brought by Specialized Loan Recovery, Inc., Docket Nos. 84 and 86, is treated as withdrawn and therefore **DENIED**.

Copies sent via CM/ECF ELECTRONIC FILING

Copies sent via BNC to:

JUAN C PAULA

SUSANA DOMINGUEZ-DE PAULA

4218 OAK BAY WAY

NORTH LAS VEGAS, NV 89032

NEWREZ, LLC FKA SPECIALIZED LOAN SERVICING LLC

ATTN: OFFICER OR MANAGING AGENT

1498 VIRGINIA DRIVE, SUITE 128

FORT WASHINGTON, PA 19034

81). On August 8, 2025, due to a variety of discrepancies in the documents submitted in support of the unclaimed funds applications, the bankruptcy court issued an order to show cause why Cuffy is entitled to unclaimed funds and specifically required Cuffy to appear at the hearing in person. (ECF No. 84). The following day, Cuffy filed a notice of withdrawal of the amended unclaimed funds application.

⁶ In Chapter 7 cases, Section 347(a) specifies in pertinent part that "any remaining property of the estate shall be...disposed of under chapter 129 of title 28." 11 U.S.C. § 347(a) (emphasis added). Chapter 129 of title 28 consists of two sections addressing moneys paid into court. The second section provides in pertinent part that "In every case in which the right to withdraw money deposited in court has been adjudicated or is not in dispute and such money has remained so deposited for at least five years unclaimed by the person entitled thereto, such court shall cause such money to be deposited in the Treasury in the name and to the credit of the United States." 28 U.S.C. § 2042 (emphasis added). In this case, the Sale Proceeds have been on deposit in the court's registry for more than ten years.

1 SPECIALIZED LOAN RECOVERY INC.
2 ATTN: OFFICER OR MANAGING AGENT
126 WHITESTONE DR NE
3 HUNTSVILLE, AL 35811

4 SPECIALIZED LOAN SERVICING, LLC
5 SPRI INVESTIGATIONS
ATTN: OFFICER OR MANAGING AGENT
6 34522 N. SCOTTSDALE ROAD, SUITE 120-264
7 SCOTTSDALE, AZ 85266

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