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Honorable Mike K. Nakagawa United States Bankruptcy Judge

Entered on Docket January 06, 2014

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:)	BK-S-13-15016-MKN
)	
ALOYCHA DE LA ROCHE,)	Chapter 13
)	
Debtor.)	Date: October 30, 2013
)	Time: 2:30 p.m.

ORDER ON MOTION FOR ORDER SETTING CURRENT MONTHLY INCOME AND TO EXTEND § 521(i) DEADLINES¹

On October 30, 2013, the court heard the above-captioned debtor's Motion for Order Setting Current Monthly Income and To Extend § 521(i) Deadlines ("Motion to Extend Deadline"). The appearances of counsel were noted on the record, and after argument was presented, the matter was taken under advisement.

BACKGROUND

The facts of this matter are straightforward and undisputed. Aloycha de la Roche ("Debtor") filed a chapter 13 petition on June 6, 2013. (ECF No. 1). Debtor filed a list of creditors with the petition, and certain schedules, but not all of the information required to

¹ In this Order, all references to "ECF No." are to the numbers assigned to the documents filed in the above-captioned bankruptcy proceeding as they appear on the docket maintained by the clerk of the court. All references to "Section" shall be to provisions of the Bankruptcy Code, 11 U.S.C. §§ 101–1532, unless otherwise indicated. All references to "FRBP" or "Rule" are to the Federal Rules of Bankruptcy Procedure.

complete the filing. Section 521(a)(1) requires that a chapter 13 debtor file a list of creditors and, "unless the court orders otherwise," certain other financial information. Section 521(i) requires that such information be filed within 45 days after filing the bankruptcy petition.

In this case, the 45-day deadline under Section 521(i) fell on July 21, 2013, which was a Sunday. On the following day, Monday, July 22, 2013, the 46th day after the petition was filed, Debtor filed her Motion to Extend Deadline to file the remaining information required by Section 521(a)(i). (ECF No. 18).² On September 11, 2013, Debtor filed a Supplemental Brief Regarding Time Calculation Less than 11 U.S.C. § 521(i) and FRBP 9006 (ECF No. 39) ("Supplemental Brief"). Debtor argues in the Supplemental Brief that because the 45-day deadline in Section 521(i) fell on a Sunday, FRCP 9006(a) applies to extend the 45-day deadline to the following Monday. Creditor Raymond Martin ("Martin") has filed an Opposition to Motion for Order Setting Current Monthly Income and to Extend § 521(i) Deadlines ("Opposition") (ECF No. 42).³ Martin contends that Rule 9006 does not apply to extend the 45-day deadline established by Section 521(i), arguing that "the plain language of the Code should govern," and that Debtor's Motion to Extend Deadline is untimely.

DISCUSSION

Under Section 521(a)(1), a debtor is required to file a list of creditors and, "unless the court orders otherwise," a schedule of assets and liabilities and other financial information.

Section 521(a) provides the following, in pertinent part:

(a) The debtor shall – (1) file –

² Given that documents in a bankruptcy case may be filed electronically even on weekends, it is unclear why the Debtor's counsel chose to wait until the 46th day to file the instant motion.

³ Martin also argued the Section 521 issue in his Objection to Confirmation of Debtor's Plan (ECF No. 32). The Motion to Extend Deadline and the Opposition both contain additional arguments relative to the issue of the calculation of the commitment period pursuant to 11 U.S.C. § 101(10)(A). That issue is not before the court in the instant matter.

1	(A) a list of creditors; and (B) unless the court orders otherwise –
2 3	(i) a schedule of assets and liabilities;(ii) a schedule of current income and current expenditures;(iii) a statement of the debtor's financial affairs
4	11 U.S.C. § 521(a)(1)(A and B)(emphasis added).
5	If a debtor fails to file all of the information required by Section 521(a)(1) within 45
6	days, "the case shall be automatically dismissed effective on the 46th day after the date of the
7	filing of the petition." Section 521(i)(1) provides:
8	Subject to paragraphs (2) and (4) and notwithstanding section
9	707(a), if an individual debtor in a voluntary case under chapter 7 or chapter 13 fails to file all of the information required under
10	subsection (a)(1) within 45 days after the date of the filing of the petition, the case shall be <i>automatically dismissed effective on</i> the 46^{th} day after the date of the filing of the petition.
11	11 U.S.C. § 521(i)(1)(emphasis added).
12	Dismissal, however, can be avoided. Pursuant to Section 521(i)(3), a debtor can request
13	an extension of the 45-day deadline for up to an additional 45 days. Section 521(i)(3) provides:
14	Subject to paragraph (4) and <i>upon request of the debtor made</i>
15	within 45 days after the date of the filing of the petition described in paragraph (1), the court may allow the debtor an
16	additional period of not to exceed 45 days to file the information required under subsection (a)(1) if the court finds justification for
17	extending the period for the filing.
18	11 U.S.C. § 521(i)(3)(emphasis added).
19	FRBP 9006 is a time-computation rule. It extends certain time periods when the last day
20	of the period falls on a Saturday, Sunday, or legal holiday. Rule 9006 provides, in relevant part:
21	(a) Computing time
22	The following rules apply in computing any time period specified in these rules, in the Federal Rules of Civil Procedure, in any
23	local rule or court order, or in any statute that does not specify a method of computing time.
24	(1) Period stated in days or a longer unit
25	When the period is stated in days or a longer unit of time:
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- (A) exclude the day of the event that triggers the period;
- (B) count every day, including intermediate Saturdays, Sundays, and legal holidays; and
- (C) include the last day of the period, but if the last day is a Saturday, Sunday, or legal holiday, the period continues to run until the end of the next day that is not a Saturday, Sunday, or legal holiday.

FED.R.BANKR.P. 9006(a)(1)(A) - (C)(emphasis added).

FRBP 9006, however, does not apply to all time periods. Bankruptcy Rules "govern *procedure* in cases under title 11 of the United States Code." FED.R.BANKR.P. 1001 (emphasis added). The Rules Enabling Act, 28 U.S.C. § 2075, which implements the Bankruptcy Rules, 4 provides that "[s]uch rules shall not abridge, enlarge, or modify any *substantive right*." <u>United States v. Towers (In re Pac. Atl. Trading Co.)</u>, 33 F.3d 1064, 1066 (9th Cir.1994). The Bankruptcy Rules have a similar caution. FRBP 9030 provides that Bankruptcy Rules "shall not be construed to extend or limit the jurisdiction of the courts or the venue of any matters therein." "Only Congress may determine a lower federal court's subject-matter jurisdiction . . . it is axiomatic that such rules do not create or withdraw federal jurisdiction." <u>Kontrick v. Ryan</u>, 540 U.S. 443, 452-53 (2004)(citations omitted).

The upshot of all of this is that FRBP 9006 cannot modify substantive rights under the Bankruptcy Code, see MBNA v. Locke (In re Greene), 223 F.3d 1064, 1070 (9th Cir. 2000), nor impermissibly extend the jurisdiction of bankruptcy courts (Rule 9030). FRBP 9006, however, can be applied to statutory deadlines that are procedural in nature. See In re Greene, 223 F.3d

The Supreme Court shall have the power to prescribe by general rules, the forms of process, writs, pleadings, and motions, and the practice and procedure in cases under title 11.

Such rules shall not abridge, enlarge, or modify any substantive right

⁴ The Rules Enabling Act, 28 U.S.C. § 2075, provides, in pertinent part:

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at 1070 (adopting a "procedure versus substantive" test to determine if FRBP 9006 applies).

Therefore, this case turns on whether the 45-day statutory deadline in Section 521(i) is procedural as opposed to substantive, and whether it is a "jurisdictional deadline." If it is procedural, then FRBP 9006 applies to extend the 45-day deadline. If, however, the 45-day deadline is either a substantive element of Section 521(i), or is a "jurisdictional deadline," then 28 U.S.C. § 2075 precludes the application of FRBP 9006, with the result that Debtor's Motion to Extend Deadline, which was filed on the 46th day, is untimely.

The United States Supreme Court has identified three types statutory deadlines. "Jurisdictional" deadlines are time limits that impose a "jurisdictional" condition upon a court's authority to determine a case. See Dolan v. United States, 560 U.S. 605, 130 S.Ct. 2533, 2538 (2010). The expiration of a "jurisdictional" deadline prevents the court from taking action. <u>Id.</u> "The prohibition is absolute. The parties cannot waive it, nor can a court extend that deadline for equitable reasons." Id. A second type of deadline is the more ordinary "claims-processing rule" that does not limit a court's jurisdiction, but instead merely regulates the time for filing, and can be forfeited. Id. Claim-processing rules "promote the orderly progress of litigation by requiring that the parties take certain procedural steps at certain specified times." Henderson v. Shinseki, __ U.S. __, 131 S. Ct. 1197, 1203 (2011). "Filing deadlines . . . are quintessential claim-processing rules." Id. A third type of deadline "seeks speed by creating a time-related directive that is legally enforceable but does not deprive a judge . . . of the power to take the action to which the deadline applies if the deadline is missed." Dolan at 2538. The fact that a deadline is missed does not deprive a court of the power to afford relief. Id. In Dolan, the Court ruled that a missed 90-day deadline for a court to impose restitution does not prevent that court from later awarding restitution. Id.

In a line of recent cases, the Supreme Court has adopted and clarified a "readily administrable bright-line" test to distinguish jurisdictional conditions from claim-processing rules. The critical consideration is whether Congress "clearly states" that the rule is

jurisdictional. See Arbaugh v. Y & H Corp., 546 U.S. 500, 515-16 (2006). Absent such a clear statement, "courts should treat the restriction as nonjurisdictional in character." Sebelius v. Auburn Reg'l Med. Ctr., __ U.S. __, 133 S.Ct. 817, 824 (2013)(citations omitted). A clear indication of Congressional intent, however, is not limited to "magic words." Id. "[T]ext, context, and relevant historical treatment" help determine whether a requirement is jurisdictional. Reed Elsevier, Inc. v. Muchnick, 559 U.S. 154, 166 (2010). The Court has recently addressed statutory filing deadlines within the jurisdiction/claim processing dichotomy. In Henderson, the Court addressed whether a statutory 120–day deadline for filing an

In Henderson, the Court addressed whether a statutory 120–day deadline for filing an appeal in Veterans Court was "jurisdictional." First, the Court looked at the plain language of the statute setting the 120–day deadline and reasoned that it did "not speak in jurisdictional terms or refer in any way to the jurisdiction of the Veterans Court." Id. at 1204. Next, the Court considered the statute's placement within the overall statutory scheme, concluding that its location "in the subchapter entitled 'Procedure' . . . suggests Congress regarded the 120–day limit as a claim-processing rule." Id. at 1205. Finally, the Court considered the "long standing" solicitous laws for the adjudication of veterans' benefits. Id. at 1205–06.

Accordingly, the Court concluded that the 120-day time limit for filing a notice of appeal was an important procedural rule, but "does not have jurisdictional attributes." Id. at 1206.

Applying the principles of <u>Dolan</u>, <u>Arbaugh</u>, <u>Henderson</u>, <u>Sebelius</u> and <u>Reed Elsevier</u>, <u>Inc.</u>, this court concludes that the 45-day deadline Section 521(i) is not jurisdictional, but instead is either a non-jurisdictional claim-processing rule, or a "time-related directive."

First, Section 521(i) contains no indication that the 45-day time limit is jurisdictional. The text of the statute lacks express jurisdictional language, does not speak in jurisdictional terms, and makes no reference to jurisdiction. It is true that the language "the case shall be

⁵ The statute provided, in pertinent part, that 'a person adversely affected by [a final] decision [of the Veterans Board] shall file a notice of appeal with the Court within 120 days after the date on which notice of the decision is mailed." <u>Henderson</u>, 131 S.Ct. at 1204.

automatically dismissed" is emphatic, and seemingly inflexible and mandatory. However, not all mandatory time prescriptions are "properly typed 'jurisdictional." Arbaugh, 546 U.S. at 510. See, e.g., Wong v. Beebe, 732 F.3d 1030 (9th Cir. 2013)(statute of limitations that a claim "shall be forever barred" unless brought within six months was non-jurisdictional). Section 521(i) does not limit the jurisdiction of the bankruptcy court. Instead, by its own terms, Section 521 actually gives bankruptcy courts the discretion to extend the 45-day deadline. A debtor is required to file schedules and statements pursuant to Section 521(a)(1)(B) "unless the court otherwise." Section 521(i)(3) allows a court to extend the deadline "if the court finds justification," and under Section 521(i)(4), a court "may decline to dismiss the case" if it finds that the debtor attempted in good faith to file all the information required by Section 521(a)(1)(B)(iv) (payment advices).⁶ This discretionary relief, the waiving of filing deadlines and dismissal, which is based upon equitable considerations would not be possible if the 45-day deadline were jurisdictional. Equitable doctrines do not apply to "jurisdictional" time limits. See Wong. 732 F.3d at 1034. And "subject-matter jurisdiction, because it involves a court's power to hear a case, can never be forfeited or waived." Arbaugh, 546 U.S. at 514. Nothing in

- (3) Subject to paragraph (4) and upon request of the debtor made within 45 days after the date of the filing of the petition described in paragraph (1), the court may allow the debtor an additional period of not to exceed 45 days to file the information required under subsection (a)(1) if the court finds justification for extending the period for the filing.
- (4) Notwithstanding any other provision of this subsection, on the motion of the trustee filed before the expiration of the applicable period of time specified in paragraph (1), (2), or (3), and after notice and a hearing, the court may decline to dismiss the case if the court finds that the debtor attempted in good faith to file all the information required by subsection (a)(1)(B)(iv) and that the best interest of creditors would be served by administration of the case.

⁶ Section 521(i)(3)-(4) provides:

Section 521(i) indicates that Congress intended to restrict the jurisdiction of the bankruptcy courts, or that a debtor's failure to satisfy the 45-day deadline has jurisdictional consequences.

Second, the "placement," or "context" of the time deadline in Section 521(i) gives no "clear indication that Congress wanted the rule to be 'jurisdictional." Henderson, 131 S. Ct. at 1203. The bankruptcy court's jurisdiction-granting provision is located at 28 U.S.C. § 1334(b) and 28 U.S.C. § 157(a), which provides that "the district courts [and by reference pursuant to 28 U.S.C. § 157, the bankruptcy courts] shall have original but not exclusive jurisdiction of all civil proceedings arising under title 11, or arising in or related to cases under title 11." No mention is made of the 45-day filing deadline in this jurisdiction-granting provision, nor is Section 521 located in such a provision.

Third, while there is no lengthy, historical line of cases treating the 45-day deadline in Section 521(i) as either a non-jurisdictional claim-processing rule or a "time-related directive," the Ninth Circuit Court of Appeals has answered, at least by implication, the question of whether the 45-day deadline in Section 521(i) is "jurisdictional." In Wirum v. Warren (In re Warren), 568 F.3d 1113 (9th Cir. 2009), the Ninth Circuit found that bankruptcy courts have authority *even after the 45-day deadline has passed* to waive a debtor's Section 521(i) filing requirement.

In <u>Warren</u>, the debtor filed a chapter 7 petition in an apparent attempt to avoid his child support obligations. The debtor's petition included a list of creditors, but did not include the other financial information required by Section 521(a)(1). Almost five months after filing his petition, the debtor moved to dismiss his own bankruptcy case, contending that dismissal was mandated by Section 521(i) because he failed to file the financial information required by Section 521(a)(1) within the 45-day period. The bankruptcy court denied the debtor's request, and issued an order waiving the filing requirement, holding that:

[D]ismissal is not mandated where the debtor is seeking to take advantage of either § 109(h) or § 521(i) to the prejudice of his creditors. Judicial estoppel bars a debtor from seeking dismissal

under § 109(h), and § 521(i) does not require dismissal if the requirements to file schedules and statement of affairs have been waived.

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Warren, 568 F.3d at 1116.

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The debtor appealed the bankruptcy court's refusal to dismiss his case, and the district court reversed. The district court held that the bankruptcy court did not have discretion to waive the Section 521(a)(1) filing requirement after the 45-day deadline set forth in Section 521(i) had passed, reasoning that:

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When Congress drafted § 521, its intent to create a rigid, unyielding bar to proceeding as a debtor in bankruptcy proceedings could not have been more clear. Under the plain terms of § 521(i), if the debtor fails to file all of the information required by subdivision (a)(1) with 45 days after filing the petition the case "shall be" -i.e., must be -automaticallydismissed on the 46th day.

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Warren v. Wirum, 378 B.R. 640, 647 (N.D. Cal. 2007)(emphasis in the original).

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The Ninth Circuit panel reversed, holding that a court has discretion to waive the Section 521(a)(1) filing requirement after the 45-day deadline had passed. The court based its holding on the fact that the "unless the court orders otherwise" language in Section 521(a)(1)(B) does not have a deadline by which the court must enter that order. Declining to interpret the 45day deadline in Section 521(i) as a limitation on a court's authority to "order otherwise" furthers Congress's purpose to "prevent abusive bankruptcy filings." The Ninth Circuit panel reasoned as follows:

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[C]ommon sense suggests that Congress never intended to strip the bankruptcy court of the flexibility needed to respond intelligently to a debtor who is attempting to manipulate the system simply because the forty-five day filing deadline has passed. Thus, where a bankruptcy court reasonably determines that there is no continuing need for the information or waiver of the filing requirement is necessary "to prevent automatic dismissal from furthering a debtor's abusive conduct, the court has discretion to take such an action.

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25 Warren, 568 F.3d at 1119, quoting Segarra-Miranda v. Acosta-Rivera (In re Acosta-Rivera),

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557 F.3d 8, 14 (1st Cir. 2009). A court's waiver of the filing requirement, five months after the

expiration of the 45-day deadline, would not be possible if the case had to be "automatically dismissed" as provided in Section 521(i), or if failure to file by the 45-day deadline strips the bankruptcy court of its jurisdiction. Clearly, the "shall be automatically dismissed" language is not an inflexible rule requiring dismissal whenever the 45-day deadline has expired. Furthermore, the Warren court's application of equitable considerations in order to prevent abusive debtors necessarily implies that the Ninth Circuit views the 45-day time limit in Section 521(i) to be non-jurisdictional given that, as mentioned above, jurisdictional time limits are not subject to the application of equitable considerations. See Wong, 732 F.3d at 1034. This post-deadline relief would not be possible if the failure to meet the 45-day deadline required "automatic dismissal" or had jurisdictional consequences.

Furthermore, the court finds that application of FRBP 9006 to the 45-day deadline does not impermissibly modify or enlarge a "substantive right" in violation of 28 U.S.C. § 2075.

A time element is "substantive" if it determines the "existence of the rights themselves." In re Greene, 223 F.3d at 1071. It is "procedural" if it affects the enforcement of rights. Id. The requirement that an affirmative act, such as the filing of a complaint or a motion, be done before a deadline expires is procedural because it regulates the process for enforcing the substantive law. Id. A procedural rule may be enforced even if it has "some minor collateral effect upon litigants' rights." Id. at 1072. But "applying a purportedly procedural rule in a manner that alters *the rules of decision* by which a court determines the rights of the parties is substantive." Id. at 1072 (emphasis in the original).

In <u>Greene</u>, a trustee filed a complaint seeking to recover the debtors' payment to a bank as a preferential transfer under Section 547(b). Then 90-day "reach back" period in Section 547(b) fell on a Saturday.⁷ In determining whether Rule 9006 applied to extend the "90-day

⁷ Section 547(b) provides, in pertinent part: "[T]he trustee may avoid any transfer of an interest of the debtor in property . . . made . . . on or within 90 days before the date of the filing of the [bankruptcy] petition." 11 U.S.C. § 547(b)(4)(A).

element" of Section 547(b) to the previous business day, the Ninth Circuit adopted a "procedure versus substantive" test, stating the following:

[We] must determine whether the "90 day" element of § 547(b) is procedural or substantive. If it is merely procedural, then Rule 9006(a) would allow the 90 days to be extended, as argued by the trustee. If, however, it is a substantive element of § 547(b), then 28 U.S.C. § 2075 precludes its extension beyond 90 days.

223 F.3d at 1070. The Ninth Circuit panel concluded that FRBP 9006 could not be applied to extend the 90–day preference period in Section 547 because a trustee's power to avoid a preferential transfer within the 90 days is a substantive element of a cause of action under Section 547(b). To apply FRBP 9006 to Section 547(b) "would bestow upon the Trustee an avoidance power greater that what he was entitled to under the statute." <u>Id.</u> at 1071. Section 547(b) does not require any affirmative act by the trustee. Instead, it creates a statutory period in which certain transfers are voidable by the trustee. <u>Id.</u> at 1071.

Here, Section 521(i) *does* require an affirmative act: filing documents before the 45-day deadline. The 45-day filing requirement is a procedural device requiring debtors to "take certain procedural steps at certain specified times." <u>Henderson</u>, 131 S.Ct at 1203. Section 521(i) does not establish a substantive right to bankruptcy. Instead, it regulates the judicial process for enforcing the law on the right, or eligibility, to remain a bankruptcy debtor.

Furthermore, the plain language of FRBP 9006 makes it clear that it applies to the 45-day time element in Section 521(i). By its own terms, FRBP 9006 states that it applies to "any statute that does not specify a method of computing time." Section 521(i) lacks a time computation method. Unlike other sections of the Bankruptcy Code, Section 521(i) does not specify how to compute its time element. For example, Section 527(a)(2) provides that a debt relief agency must provide a written notice to an assisted person "not later than 3 business days" after providing bankruptcy assistance services. The computation of the 45-day time element in Section 521(i) lacks the instruction to count only "business days."

This court therefore holds that the 45-day deadline in Section 521(i) is a non-

1	jurisdictional claim-processing rule or "time-related directive." It is thus subject to being
2	extended by FRBP 9006(a), given that application of the Rule does not modify or enlarge the
3	provisions of Section 521(i) in violation of 28 U.S.C. § 2075 or FRBP 9030.
4	IT IS THEREFORE ORDERED that Debtor's Motion for Order Setting Current
5	Monthly Income and To Extend § 521(i) Deadlines, Docket No. 18, be, and the same hereby is,
6	GRANTED AS PROVIDED IN THIS ORDER.
7	IT IS FURTHER ORDERED that the deadline for the Debtor to file the remaining
8	information required by 11 U.S.C. Section 521(a)(1) is extended through and including
9	September 4, 2013.
10	IT IS FURTHER ORDERED that a status conference in this Chapter 13 proceeding
11	shall be held on January 29, 2014, at 2:30 p.m. to address the remaining relief sought in the
12	Debtor's instant motion as well as other matters in the bankruptcy case.
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14	Notice and Copies sent through:
15	CM/ECF ELECTRONIC NOTICING AND/OR BNC MAILING MATRIX
16	DIVE MAILING MATRIX
17	and sent via FIRST CLASS MAIL BY THE COURT AND/OR BNC to:
18	Aloycha De La Roche 6100 Iron Kettle Street
19	Las Vegas, NV 89130
20	Brian W. Boschee, Esq. 400 S. Fourth Street, Third Floor
21	Las Vegas, NV 89101
22	Recovery Management Systems Corporation
23	25 S.E. Second Avenue Ingraham Building, Suite 1120
24	Miami, FL 33131-1605
25	###
26	