



Honorable Mike K. Nakagawa  
United States Bankruptcy Judge



Entered on Docket  
December 04, 2019

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

\* \* \* \* \*

In re: ) Case No.: 15-11204-MKN  
) Chapter 13  
SCOTT A. BLISS and SARAH E. BLISS aka )  
SARAH E. THOMSON, ) Date: November 27, 2019  
) Time: 2:30 p.m.  
Debtors. )  
)

**ORDER ON DISBURSEMENT OF SETTLEMENT PROCEEDS<sup>1</sup>**

On November 27, 2019, the court heard final arguments on the Motion to Employ Special Counsel, Nunc Pro Tunc, Approve Settlement, Approve Special Counsel's Fees and Costs and Authorize Special Counsel to Disburse Settlement Proceeds ("Motion"), brought in the above-captioned case. The appearances of counsel were noted on the record. After arguments were presented, the matter was taken under submission.

**BACKGROUND**

On March 6, 2015, a voluntary joint Chapter 13 petition was filed by Scott A. Bliss and Sarah E. Bliss ("Debtors"). (ECF No. 1). The case was assigned to standing Chapter 13 trustee Kathleen Leavitt ("Trustee").

<sup>1</sup> In this Order, all references to "ECF No." are to the numbers assigned to the documents filed in the above-captioned case as they appear on the docket maintained by the clerk of the court. All references to "Section" or "§" are to the provisions of the Bankruptcy Code, 11 U.S.C. §§ 101-1532, unless otherwise indicated. All references to "NRS" are to the Nevada Revised Statutes. All references to "FRBP" are to the Federal Rules of Bankruptcy Procedure.

1 On March 16, 2016, an order was entered confirming the Debtors' modified Plan #4  
2 ("Confirmed Plan"). (ECF No. 71).

3 On August 6, 2019, Debtors filed the instant Motion. (ECF No. 156).<sup>2</sup>

4 On August 15, 2019, Debtors filed proposed modified Plan #6 ("Plan #6"). (ECF No.  
5 158).

6 On August 22, 2019, the Trustee filed an opposition to confirmation of Plan #6 ("Trustee  
7 Plan Opposition"). (ECF No. 163).

8 On August 29, 2019, the Trustee filed an objection to the instant Motion ("Trustee  
9 Objection"). (ECF No. 164).

10 On September 9, 2019, Debtors filed amended Schedules I and J, reflecting their separate  
11 regular incomes, as well as the expenses for separate households.<sup>3</sup> (ECF No. 165).

12 On September 16, 2019, Debtors filed an amended property Schedule A/B listing a post-  
13 petition personal injury claim ("PI Claim") having a value of \$30,000. (ECF Nos. 170 and 172).  
14 On the same date, Debtors claimed on their Schedule C an exemption of the PI Claim in the  
15 amount of \$31,550.

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16 <sup>2</sup> On August 6, 2019, Debtors also filed a duplicate of the instant Motion. (ECF No.  
17 153). Both matters were noticed to be heard on the September 12, 2019. (ECF No. 154). The  
18 hearings were continued for status purposes to September 25, 2019. The hearing on the  
19 duplicate motion was later vacated.

20 <sup>3</sup> When they filed their Chapter 13 petition on March 6, 2015, Debtors listed no  
21 residential real property and their largest claims were two claims secured by two separate  
22 vehicles, and a tax claim owed to the Internal Revenue Service for the 2013 and 2014 tax years.  
23 According to the claims register, through July 20, 2015, twenty-eight proofs of claim were filed  
24 in the total amount of \$92,471.81, of which \$50,639.30 was for four secured claims. Of those  
25 secured claims, \$49,132.21 were for the Debtors' two vehicles. The latest Schedule J reflects  
26 that the Debtors pay separate rent for their separate households. At the time they filed their  
27 Chapter 13 petition, Debtors' net income was \$2,183.21, according to their Schedule J. (ECF  
28 No. 1). According to their Form 22-C Chapter 13 Calculation of Disposable Income, their  
monthly disposable income was \$1,644.51. (ECF No. 5). On May 7, 2019, Debtors represented  
that they had dissolved their marriage and were living separately. See Debtors' Opposition to  
Chapter 13 Trustee's Motion to Dismiss at ¶¶ 3 and 4. (ECF No. 142). On August 1, 2019, an  
order was entered authorizing Sarah Bliss to finance the purchase of a replacement vehicle.  
(ECF No. 152). At this point, it is not entirely clear whether the Debtors' separate households  
and vehicle obligations has significantly altered their disposable income.

1 On September 25, 2019, Debtors filed another amended property Schedule A/B claiming  
 2 an exemption of the PI Claim in the amount of \$16,150 (“PI Exemption”) pursuant to NRS  
 3 21.090(1)(u). (ECF No. 173).

4 On September 25, 2019, the instant Motion was heard, granted in part, and continued for  
 5 further argument.

6 On October 4, 2019, an order was entered granting the Motion in part (“Interim Order”).  
 7 (ECF No. 176).

8 On October 23, 2019, Debtors filed a supplemental brief (“Debtor Supplement”). (ECF  
 9 No. 178).

10 On October 25, 2019, the Trustee filed an objection to the PI Exemption (“Exemption  
 11 Objection”). (ECF No. 180).<sup>4</sup>

12 On November 6, 2019, the Trustee filed a supplemental brief (“Trustee Supplement”).  
 13 (ECF No. 186).

14 On November 20, 2019, Debtors filed a reply (“Debtor Reply”). (ECF No. 187).

### 15 **DISCUSSION**

16 After the Debtors commenced their voluntary Chapter 13 proceeding, Sarah Bliss was  
 17 involved in a car accident giving rise to the PI Claim.<sup>5</sup> To pursue the PI Claim, Sarah Bliss hired  
 18 The Powell Law Firm (“Powell Firm”), under a contingency fee agreement (“Fee Agreement”).  
 19 Although she entered into the Fee Agreement in January 2018, she did not seek prior bankruptcy  
 20 court approval.<sup>6</sup>

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22 <sup>4</sup> The hearing on the Exemption Objection was noticed for December 5, 2019. (ECF No.  
 23 181).

24 <sup>5</sup> The car accident took place on January 23, 2018. Debtors never mentioned the PI  
 25 Claim until they filed the instant Motion on August 8, 2019. Debtors never scheduled the PI  
 26 Claim until they filed their amended property Schedule A/B on September 16, 2019.

27 <sup>6</sup> Debtors apparently concede that they should have informed their bankruptcy counsel of  
 28 the post-petition PI Claim and also should have informed the Powell Firm that they were in  
 bankruptcy at the time the Powell Firm was retained. Debtors’ bankruptcy counsel apparently  
 was not informed until July 19, 2019. See Motion at 3:17-21. There is no affidavit or

1 As previously mentioned, Debtors filed the instant Motion on August 6, 2019, and the  
2 Trustee filed her objection on August 29, 2019. The Motion included four related requests for  
3 relief: (1) to approve the employment of the Powell Firm retroactive to January 23, 2018; (2) to  
4 approve a settlement of the PI claim for the gross amount of \$30,000 (“Settlement Funds”); (3)  
5 to approve compensation of the Powell Firm in accordance with the contingency fee agreement;  
6 and (4) to approve disbursement of the Settlement Funds (“Proposed Disbursement”).  
7 According to the Proposed Disbursement, the Powell Firm seeks compensation of \$4,580.95 as  
8 attorney’s fees rather than \$10,000 of the gross settlement authorized by the Fee Agreement  
9 (plus \$500.00 in costs). After deduction of various reduced medical expenses as well as the  
10 reduced subrogation claim of the applicable health insurance carrier (totaling \$20,338.09), the  
11 remaining balance of the gross Settlement Funds is \$4,580.96. The Proposed Disbursement  
12 therefore sought to distribute \$5,080.95 to the Powell Firm, \$20,338.09 to the medical service  
13 providers and insurance carrier, and the remaining \$4,580.96<sup>7</sup> to Sarah Bliss under her PI  
14 Exemption.

15 The Trustee objected to the Proposed Disbursement being made by the Powell Firm  
16 inasmuch as the Debtor had never claimed the PI Claim or the Settlement Funds as exempt. See  
17 Trustee Objection at 2:7-17. From the gross settlement amount, however, the Trustee did not  
18 object to the settlement itself, the employment of the Powell Firm as special counsel nunc pro  
19 tunc, nor to the payment of the requested compensation. Id. at 2:3-6. From the balance on hand,  
20 the Trustee also did not object to disbursing the suggested amounts to the medical providers and  
21 insurance carrier, so long as exact payment instructions and payment addresses are provided to  
22 the Trustee. Id. at 2:26 to 3:2.

23 At the initial status hearing on September 25, 2019, Debtors raised a concern that was  
24 never expressed in their Motion: that having the gross Settlement Funds pass through the Trustee  
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26 declaration from the Debtors explaining why they were unaware of the need to inform their  
27 counsel of the PI Claim.

28 <sup>7</sup> Apparently, the Powell Firm reduced its attorney’s fees to \$4,580.95 so that it would be  
a penny less than the \$4,580.96 that would be received by its client.

would generate statutory trustee's fees of ten percent under 28 U.S.C. § 586.<sup>8</sup> Debtors argued that the statutory fee payable to the Trustee would reduce the remaining amount available to satisfy the PI Exemption. The hearing was continued to allow counsel for both the Debtors and the Trustee to submit legal memoranda on this concern, but partial interim relief was granted. The Interim Order reflects that the Debtors' first three requests have been granted in full or in part: (1) the Powell Firm was approved as special counsel nunc pro tunc to January 23, 2018, (2) compensation to the Powell Firm in the total amount of \$5,080.95 was approved, and (3) \$1,600.00 was approved for immediate disbursement to Sarah Bliss in partial satisfaction of the PI Exemption. After immediate disbursement of the \$1,600.00 to Sarah Bliss, the remaining balance of the \$30,000 gross settlement, i.e., \$28,400, was ordered to be held by the Trustee pending further order of this court. As a result of that disbursement, a balance of \$2,980.96 is remaining from the total amount (\$4,580.96) that Sarah Bliss claims as exempt.

Debtors maintain that the Proposed Disbursement of the settlement proceeds should be made directly by the Powell Firm rather than through the Trustee. They argue that a disbursement of the settlement proceeds by special counsel would not constitute a payment "received by" the Trustee "under" their Confirmed Plan. As a result, the ten percent statutory fee to the Trustee (\$3,000.00) would not apply, which would be sufficient for Sarah Bliss to receive the full remaining amount (\$2,980.96) of her PI Exemption.<sup>9</sup> To accomplish this result, Debtors

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<sup>8</sup> The Office of the United States Trustee is required to supervise trustees in Chapter 13 cases, see 28 U.S.C. §586(a)(3), and, if necessary, to establish panels of standing Chapter 13 trustees in particular regions. See 28 U.S.C. §586(b). Individuals employed as Chapter 13 panel trustees are entitled to receive compensation that includes a percentage fee not to exceed ten percent, see 28 U.S.C. §586(e)(1)(B)(i), that is collected from "all payments received by such individual under plans in the cases under chapter...13...for which such individual serves as standing trustee." 28 U.S.C. §586(e)(2).

<sup>9</sup> It is not entirely clear to the court why the Debtors and the Trustee appear to tether the Trustee's percentage fee for services in this case to the proceeds of the PI Claim. The fee allowed under 28 U.S.C. §586(e) appears to be based on "all payments received...under plans in cases under chapter...13" rather than payments received under a plan from a specific source. (This is in contrast to a trustee in cases under Chapter 7 and Chapter 11 whose compensation is based on a percentage of "all moneys disbursed or turned over in the case by the trustee to parties in interest, excluding the debtor, but including holders of secured claims."). According to the Trustee in the instant case, Debtors have made total payments of \$48,939.31 under the

request that the \$28,400 held by the Trustee pursuant to the Interim Order be returned to the Powell Firm to make the Proposed Disbursement.<sup>10</sup> To support this result, Debtors offer a variety of arguments why the settlement proceeds either are not property of the Chapter 13 estate, or should not be administered by the Trustee.<sup>11</sup>

The Trustee maintains that the settlement proceeds are property of the Chapter 13 estate that she is obligated to administer. She argues that the result decreed by the Debtors is the product of the statutory scheme for administration of property of the Chapter 13 estate and for the compensation of Chapter 13 trustees.

Having considered the oral and written arguments of the parties, as well as the record in the case, the court concludes that the Settlement Funds must be disbursed by the Trustee under

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Confirmed Plan through July 30, 2019. See Trustee Plan Opposition at 1:20-21. If Sarah Bliss is otherwise entitled to the full remaining amount of her PI Exemption (\$2,980.96) from the Settlement Proceeds, there may be no prohibition on the Trustee being paid the full amount of her statutory fees from non-exempt sources, e.g., the Debtors' postpetition payments from their earnings. Neither the Debtors nor the Trustee have cited authority to the contrary.

<sup>10</sup> Presumably, the \$19.04 remaining after the Proposed Disbursement takes place would be sent back to the Trustee.

<sup>11</sup> Debtors commenced this Chapter 13 case on March 6, 2015, and completion of plan payments must occur by the end of five years, i.e., approximately March 6, 2020. See 11 U.S.C. § 1322(d). See also *Derham-Burk v. Mrdutt (In re Mrdutt)*, 600 B.R. 72, 83 (B.A.P. 9th Cir. 2019) ("No fewer than three Code provisions, §§ 1322(d), 1325(b)(4), and 1329(c), prohibit a plan exceeding five years in length."). Debtors' Confirmed Plan provides for a commitment period of five years, see Confirmed Plan at § 1.03, and appears to provide for the payment of one hundred percent of all allowed general non-priority unsecured claims. Id. at § 1.07. The Confirmed Plan also provides, however, that the Trustee will pay general non-priority unsecured claims on a pro-rata basis and that the amount available for such payments may change based, inter alia, on the amount of the allowed claims, additional attorney's fees, and other administrative expenses. Id. at § 2.19. When the Debtors' plan was confirmed on March 16, 2016, no one foresaw the car accident that occurred on January 23, 2018, and the Settlement Funds were not contemplated as a source of postpetition income to pay general unsecured claims. After the instant Motion was filed, Debtors filed their proposed modified Plan #6 that is scheduled to be heard on January 29, 2020. That modification still includes a five-year applicable commitment period, see Plan #6 at § 2.2, but no longer states that general non-priority unsecured claims will be paid in full. Id. at § 5.4. Thus, Plan #6 apparently contemplates, like § 2.19 of the Confirmed Plan, that general non-priority unsecured claims actually will be paid on a pro rata basis.

1 the circumstances of this case, subject to certain reservations. Several reasons support this  
2 conclusion.

3 First, there is no question that the PI Claim accrued after the Chapter 13 was commenced.  
4 A cause of action is a legal interest that would be property of a bankruptcy estate under Section  
5 541(a)(1). See Sierra Switchboard Co. v. Westinghouse Electric Corp., 789 F.2d 705, 707 (9th  
6 Cir. 1986). Proceeds of property of a bankruptcy estate also constitute property of the  
7 bankruptcy estate under Section 541(a)(6). In addition to property specified in Section 541,  
8 property of a Chapter 13 bankruptcy estate includes the same such property acquired after a  
9 Chapter 13 case is commenced, but before the Chapter 13 case is closed, dismissed, or  
10 converted. See 11 U.S.C. § 1306(a)(1). Sarah Bliss's car accident occurred on January 23,  
11 2018, and the PI Claim accrued while her Chapter 13 case was still open, i.e., it had not been  
12 closed, dismissed, or converted. The Settlement Funds result from prosecution of the PI Claim  
13 by the Powell Firm and are proceeds of the PI Claim. As a result, the PI Claim and the  
14 Settlement Funds constitute property of the Chapter 13 estate.

15 Second, the PI Claim and the Settlement Funds did not vest in the Debtors when their  
16 prior Chapter 13 plan was confirmed on March 16, 2016. Section 5.03 of the Confirmed Plan  
17 states in pertinent part that "Any property of the estate scheduled under § 521 shall vest in the  
18 Debtor upon confirmation of this Plan." The PI Claim, of course, never arose until January 23,  
19 2018, and could not have been scheduled prior to consideration of the Confirmed Plan.  
20 Likewise, the Settlement Funds never existed and could not have been scheduled prior to  
21 consideration of the Confirmed Plan. Moreover, Debtors never disclosed the existence of the PI  
22 Claim when it arose and never scheduled the PI Claim or the Settlement Funds until after the  
23 Trustee objected to the instant Motion.

24 Third, the PI Claim and the Settlement Funds remain property of the Chapter 13 estate  
25 due to the pending Exemption Objection. Debtors never claimed the PI Exemption until they  
26 filed their amended Schedule C on September 25, 2019. Under FRBP 4003(b)(1), an objection  
27 to a claimed exemption may be filed within 30 days after the exemption appears on a debtor's  
28 amended schedule. Under Section 522(l), property claimed as exempt is exempt if a timely



objection is not filed. Here, the Trustee timely filed her objection to the PI Exemption on October 25, 2019. The Exemption Objection was noticed to be heard on December 5, 2019. That objection has not been withdrawn by the Trustee nor has it been resolved in favor of the Debtors. In fact, the Exemption Objection has not been resolved for or against either party.<sup>12</sup> As a result, both the PI Claim and the Settlement Funds are still property of the Debtors' bankruptcy estate.<sup>13</sup>

Fourth, the bankruptcy estate's interest in the PI Claim and the Settlement Funds have not been abandoned. Section 554(a) and (b) permit property of a bankruptcy estate to be abandoned if the property is "burdensome to the estate or that is of inconsequential value and benefit to the estate." Property of a bankruptcy estate that has been abandoned pursuant to Section 554 ceases to be property of the estate. See 5 COLLIER ON BANKRUPTCY, ¶ 554.02[3] (Richard Levin and Henry J. Sommer, eds., 16th Ed. 2019) ("Upon abandonment under section 554, the trustee is divested of control of the property because it is no longer property of the estate...Property abandoned under section 554 reverts to the debtor, and the debtor's rights to the property are treated as if no bankruptcy petition was filed."). Section 554(c) provides for property scheduled by the debtor to be abandoned if the property is not otherwise administered at the time the case is closed. Neither the Debtors, the Trustee, nor any other interested party has sought to abandon

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<sup>12</sup> As discussed at note 9, supra, the Trustee's statutory fees are based on payments received under the Chapter 13 plan, not the source of the payments. Depending on the plan payments accumulated by the Trustee from other sources, the Trustee may have sufficient funds already to pay the full amount of her statutory fees, while disbursing the full amount of any allowed exemption to the Debtors.

<sup>13</sup> Had the Debtors notified their bankruptcy counsel at the time the PI Claim accrued, they could have amended their property Schedule A/B to list the asset, and then amended their Schedule C to claim the PI Exemption. Debtors would have been required to give notice of the amendments to their Schedules. See Fed.R.Bankr.P. 1009(a). If no objection was filed within thirty days, the PI Claim would be exempt under Section 522(l) and the Proposed Disbursement of the Settlement Funds likely would not be disputed. If an objection was filed, the Debtors might have taken a different approach in reaching a settlement of the PI Claim.



1 the bankruptcy estate's interest in the PI Claim and the Settlement Funds. Because the case  
2 obviously has not been closed, those assets remain property of this Chapter 13 estate.<sup>14</sup>

3 Fifth, neither the Debtors nor the Trustee may use property of the estate outside the  
4 ordinary course of business under Section 363(b) without prior authorization from the court.  
5 Presumably, the PI Claim accrued outside the ordinary course of business. Thus, while the  
6 Settlement Funds remain property of the Chapter 13 estate, neither the Debtors nor the Trustee  
7 legally control the distribution of the funds. The funds are, at all times, subject to the jurisdiction  
8 of this court.

9 Finally, Debtors are not required to remain in Chapter 13.<sup>15</sup> Debtors can convert to  
10 Chapter 7 at any time, see 11 U.S.C. § 1307(a), thereby terminating the services of the Trustee  
11 and replacing her with a Chapter 7 trustee. See Harris v. Viegelahn, 135 S.Ct. 1829, 1836  
12 (2015). Upon conversion, neither the PI Claim nor the Settlement Funds would be property of a  
13 Chapter 7 estate because those assets did not exist at the time the Chapter 13 case was  
14 commenced. Id. at 1837. Moreover, because the Trustee's services terminate upon conversion  
15 under Section 348(e), she would have no authority to distribute the Settlement Funds. Id. at  
16 1838.<sup>16</sup> As a result, upon conversion to Chapter 7, any Settlement Funds in possession of the

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18 <sup>14</sup> Had the Debtors notified their bankruptcy counsel at the time the PI Claim accrued,  
19 they could have amended their property Schedule A/B to list the asset, and also amended their  
20 Schedule C to claim the PI Exemption. Debtors could have filed a properly noticed motion to  
21 have the bankruptcy estate abandon any interest in the PI Claim under Section 554. If  
22 abandonment was approved, the PI Claim would no longer have been property of the Chapter 13  
23 estate and the present dispute likely would not have arisen.

24 <sup>15</sup> Debtors' proposed Plan #6 apparently addresses Sarah Bliss's entitlement to a post-  
25 petition inheritance that would not have been property of their bankruptcy estate under Section  
26 541(a)(5) if they had originally filed for Chapter 7 relief, but which is included as property of  
27 their Chapter 13 estate under Section 1306(a)(1). See Dale v. Maney (In re Dale), 505 B.R. 8,  
11-13 (B.A.P. 9th Cir. 2014). Debtors' most recent property Schedule A/B does disclose an  
entitlement to an inheritance. See also Plan Objection at 2:1-4. Whether the Debtors could  
propose a modified Chapter 13 plan to accommodate the Debtors' future receipt of such inherited  
funds, without running afoul of the five-year limit for the duration of a Chapter 13 plan, is not  
before the court.

28 <sup>16</sup> When bankruptcy cases are converted from one chapter to another, the bankruptcy  
estate continues to exist, and any trustee or examiner in place at the time of conversion may still

1 Trustee pursuant to the Interim Order would be returned to the Debtors. Id. at 1838-39. Debtors  
2 could then attempt, individually or separately, to obtain a Chapter 7 discharge under Section  
3 727(b) without continued post-bankruptcy payments to general unsecured creditors.  
4 Alternatively, Debtors can simply dismiss their Chapter 13 proceeding because Chapter 13 cases  
5 may be commenced only on a voluntary basis by eligible individuals. See 11 U.S.C. §§ 109(e),  
6 301 and 303. Because their case was not previously converted from Chapters 7, 11 and 12,  
7 Debtors may dismiss this Chapter 13 case at any time. See 11 U.S.C. § 1307(b). As discussed at  
8 note 3, supra, Debtors' circumstances have changed significantly since they commenced this  
9 joint Chapter 13 proceeding and they can choose the bankruptcy relief, if any, that they still wish  
10 to pursue.

11 The court is sympathetic to the Debtors inasmuch as they have slogged their way through  
12 this case for approximately fifty-seven months, with their fresh start through a Chapter 13  
13 discharge still somewhat uncertain. Debtors presumably did not anticipate being involved in a  
14 car accident in January 2018, but that hopefully is true of most people. Debtors may not have  
15 anticipated dissolving their marriage before the bankruptcy was completed, but that  
16 unfortunately occurs with frequency. Likewise, the Debtors may not have anticipated receiving  
17 an inheritance after they filed their Chapter 13 petition, but that also likely is true for most  
18 people. Stuff happens. But both the post-petition PI Claim and the post-petition inheritance still  
19 constitute property of the Debtors' bankruptcy estate.

20 As a fiduciary to all creditors of the Chapter 13 estate, the Trustee is obligated to ensure  
21 that all property of the estate is accounted for and properly administered until such property is no  
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23 be in possession or control of property of the estate. The "Effect of Conversion" is set forth in  
24 Section 348. To avoid any conflict between the existing trustee or examiner and the new trustee  
25 or examiner in the converted case, Section 348(e) expressly provides that the services of the  
26 existing trustee or examiner are terminated immediately upon conversion. In contrast, the  
27 "Effect of Dismissal" is proscribed by Section 349. When bankruptcy cases are dismissed, the  
28 bankruptcy estate ceases to exist and, under Section 349(b)(3), property of the estate is revested  
in the entity in which the property was vested immediately prior to commencement of the case.  
As a result, there is no conflict between a trustee or examiner in the former case and the former  
debtor or other entity: the former trustee or examiner has no legal right to continued possession  
of the property and it must be returned.

1 longer property of the estate. Avenues are available for a debtor to remove property from a  
2 bankruptcy estate. In this case, however, Debtors apparently foreclosed such avenues from  
3 effectively being pursued when they failed to inform their bankruptcy counsel of the PI Claim or  
4 to inform their personal injury counsel that they were still in bankruptcy.

5 **IT IS THEREFORE ORDERED** that the funds held by the Chapter 13 trustee,  
6 Kathleen Leavitt (“Chapter 13 Trustee”), pursuant to the Interim Order on Motion to Employ  
7 Special Counsel, Nunc Pro Tunc, Approve Settlement, Approve Special Counsel’s Fees and  
8 Costs and Authorize Special Counsel to Disburse Settlement Proceeds (“Interim Order”), entered  
9 October 4, 2019, Docket No. 176, constitute a payment received under a Chapter 13 plan for  
10 purposes of 28 U.S.C. § 586(e).

11 **IT IS FURTHER ORDERED** that the Chapter 13 Trustee shall make payment forthwith  
12 of the compensation approved for The Powell Law Firm under the Interim Order.

13 **IT IS FURTHER ORDERED** that the Chapter 13 Trustee is authorized to make the  
14 payments of the claims and in the amounts to the medical and insurance claimants set forth in the  
15 underlying motion, Docket No. 156, upon receipt of the appropriate payment information and  
16 addresses.

17 **IT IS FURTHER ORDERED** that the balance of the funds held by the Trustee pursuant  
18 to the Interim Order shall continue to be held pending the outcome of the Trustee’s Objection to  
19 Exemption Claimed on Debtors’ Amended Schedule C, Docket No. 180, currently scheduled to  
20 be heard on December 5, 2019.

21 Copies sent via CM/ECF ELECTRONIC FILING

22 Copies sent via BNC to:  
23 SCOTT A. BLISS  
24 444 MANDERLEY COURT  
LAS VEGAS, NV 89123

25 SARAH E. BLISS  
26 10120 CEDAR KEY AVENUE, UNIT 102  
27 LAS VEGAS, NV 89129

28 # # #