Order Entered on
December 10, 2024
by Clerk U.S. Bankruptcy Court
Southern District of California

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA
325 West "F" Street, San Diego, California 92101-6991

In re: ASHKAN MIRFAKHR & NASSIM RAJAEE, Debtors.	BANKRUPTCY NO.	24-00617-CL7
	Date of Hearing:	November 25, 2024
	Time of Hearing:	10:30 a.m.
	Name of Judge:	Christopher B. Latham

ORDER GRANTING THE TRUSTEE'S MOTION TO APPROVE SETTLEMENTS

IT IS HEREBY ORDERED as set forth on the continuation page(s) attached, numbered two (2) through ten (10)

DATED: December 10, 2024

Judge, United States Bankruptcy Court

The court has considered the Trustee's motion for an order approving four settlements (ECF No. 124), Debtor's opposition (ECF No. 141), the Trustee's reply (ECF No. 146), Creditor Davis/TopDevz's reply (ECF No. 147), oral argument at the November 25, 2024 hearing, and its own docket. For the following reasons, the court **grants** the motion and **approves** all the settlements.

Background

Debtor Ashkan Rajaee ("Debtor") and Creditor Davis were once business partners (ECF No. 141). But that relationship eventually soured, leading to arbitration in February 2021 ("the arbitration"). *Id*. Creditor Davis alleged that Debtor was pilfering millions of dollars from their joint venture, TopDevz, LLC. *Id*. After a trial, the arbitrator issued a 93-page decision in Creditor Davis's favor in May 2023. Since then, Debtor has unsuccessfully tried to overturn the arbitration award and sue parties related to TopDevz. Debtor is quite litigious. When he filed for bankruptcy, he had more than four pending lawsuits on file. They are now property of the estate. The Trustee sought compromises for several suits, resulting in four settlements: (1) Davis/TopDevz, (2) Lintz/Talentcrowd, (3) Kress, and (4) SeaNet (ECF No. 124) [1] Debtors oppose the Davis/TopDevz and Lintz/Talentcrowd settlements, but not the other two (ECF No. 141).

Davis/TopDevz Settlement

Debtor and Creditor Davis built TopDevz, LLC (ECF No. 124 & 141). They had a falling out, leading to the arbitration. *Id*. The arbitrator found Davis owned more than 95% of TopDevz, that he had the right to dissolve the company, and that Debtor improperly took millions in TopDevz funds. *Id*. A state court confirmed the arbitration award. *Id.* In October 2023, Debtor appealed that in Cal. Ct. of Appeal Case No. D082966 (4th App. Dist.). *Id.*

Further, Debtor filed three federal cases against Creditor Davis and others (ECF No. 124). First, there is *Ashkan Rajaee v. Tyler Davis, et al.,* United States District Court Case No. 24-CV-00001-RSH-KSC (S.D. Cal.) ("Conspiracy Lawsuit"). *Id*. The allegations assert conspiracy, identity theft, fraud, and incorrect tax documents relating to TopDevz. *Id*. The suit involves some 40 defendants, including Davis, TopDevz, former employees, customers, and attorneys. *Id*. The district court dismissed the case under the *Rooker-Feldman* Doctrine. *Id*. Debtor then filed motions for recusal and to alter the judgment. *Id*. Those motions are stayed at the Trustee's request. *Id*.

Second, Debtor brought *Ashkan Rajaee v. Tyler Davis, et al.*, United States District Court Case No. 24-CV-00549-RSH-KSC (S.D. Cal.) ("Tax Lawsuit"). *Id*. He asserts Creditor Davis and Joshua Lintz (a former TopDevz employee) used his personal information to commit tax fraud. TopDevz allegedly filed an IRS 1099 document that improperly attributed income to him. *Id*. Debtor posits the extra income is part of the reason the arbitrator found that he misappropriated $7 million from TopDevz (ECF No. 141).

[1] Certain of the subject agreements settle or dismiss lawsuits only as to specific defendants.

Third, Debtor filed *Ashkan Rajaee v. Tyler Davis, et al.*, United States District Court Case No. 24-CV-00550-RSH-KSC (S.D. Cal.) ("Trade Secret Lawsuit") (ECF No. 124). The claims are a Defend Trade Secrets Act violation, trade secret misappropriation, and accounting. *Id*. Creditor Davis purportedly used his control of TopDevz to transfer trade secrets to Lintz's company, TalentCrowd. *Id*.

The Trustee seeks to approve a settlement with Creditor Davis/TopDevz. The key terms are:

- Creditor Davis/TopDevz will pay the Trustee $100,000.
- The Trustee will withdraw or terminate the motions for recusal and to alter judgment in *Ashkan Rajaee v. Tyler Davis, et al.*, United States District Court Case No. 24-CV-00001-RSH-KSC (S.D. Cal.).
- The parties will submit a joint motion to dismiss with prejudice the following suits: *Rajaee v. Davis*, U.S.D.C. Case No. 24-CV-005500-RSH-KSC and *Rajaee v. Lintz*, San Diego County Superior Court Case No. 37- 2022-00012247-CU-BT-CTL.
- The Trustee will also dismiss the adversary proceeding *Rajaee v. Davis*, U.S.B.C. Adv. Case No. 24-90033-CL in this court.
- The Trustee will not dismiss *Davis v. Rajaee*, Sacramento Country Superior Court Case No. 24-2021-00295173, consolidated with *Ashkan Rajaee v. Tyler Davis*, Sacramento County Superior Court Case No. 34-2022-00316510-CU-MC-GDS.
- Creditor Davis/TopDevz's proofs of claim will be treated as general non-priority unsecured claims.
- Creditor Davis/TopDevz agrees that its lien on Debtor's former property, 6625 Muirlands Drive, will be avoided and preserved for the benefit of the estate. And it consents to the Trustee's sale of that property free and clear of liens.
- The parties will sign mutual general releases, including waiver of rights under California Civil Code Section 1542.

Lintz/Talentcrowd Settlement

Joshua Lintz was a TopDevz employee. He left and created a new company, Talentcrowd. Debtors contend Lintz's this amounted to a violation of trade secrets (ECF No. 124). In April 2022, Debtor sued Lintz, Talentcrowd, TalentCcowd's employees and contractors, and other related parties in San Diego Superior Court Case No. 37- 2022-00012247-CU-BT-CTL ("Lintz Lawsuit"). *Id*. He asserted various claims, including Lanham Act violations, defamation per se, unfair competition (Cal. Bus. & Prof. Code), and breach of fiduciary duty. *Id*. Lintz is also a defendant in the Conspiracy and Trade Secret lawsuits. *Id*.

The Trustee seeks to approve a settlement with Lintz with the following key terms:

- Lintz will pay the Trustee $100,000.
- The Trustee will withdraw or terminate the motions for recusal and to alter judgment in *Ashkan Rajaee v. Tyler Davis, et al.*, United States District Court Case No. 24-CV-00001-RSH-KSC (S.D. Cal.).
- The Trustee will dismiss the following suits with prejudice: *Ashkan Rajaee v. Joshua Lintz, et al.*, Superior Court of California, County of San Diego, Case No. 37-2022-00012247-

CU-BT-CTL, *Ashkan Rajaee v. Tyler Davis, et al., United* States District Court Case No. 24-CV-00001-RSH-KSC (S.D. Cal.), and *Ashkan Rajaee v. Tyler Davis, et al*., United States District Court Case No. 24-CV-00550-RSH-KSC (S.D. Cal.).

- The parties will sign mutual general releases, including waiver of rights under California Civil Code Section 1542.

Kress Settlement

Kollette Kress was an immigration lawyer who represented Debtor when TopDevz was formed (ECF No. 124). Debtor argues she committed malpractice by sending him a form limited liability operating agreement that he used to create TopDevz. *Id*. He posits that form did not reflect the actual terms and contributed to his arbitration loss. *Id*. The action against Kress and related defendants is *Ashkan Rajaee v. Kresses and Piasecki Legal PC, et al.*, United States District Court Case No. 3:22-cv-00895-WQH-MMP (S.D. Cal.). *Id*.

The Trustee seeks to approve a settlement with Kress. The key terms are:

- Kress will pay the Trustee $30,000.00.
- The parties will file a joint motion to dismiss with prejudice *Ashkan Rajaee v. Kress and Piasecki Legal PC, et al.*, United States District Court Case No. 3:22-cv-00895-WQH-MMP (S.D. Cal.).
- The parties will sign mutual general releases, including waiver of rights under California Civil Code Section 1542.

SeaNet Settlement

Debtor is part owner of a yacht (ECF No. 124). He sued co-owners SeaNet Company Inc. ("SeaNet") and Jensens Bay LLC ("Jensens Bay"), claiming the yacht was mismanaged. *Id.* SeaNet argues that he did not pay his share of operating expenses and breached their agreement. *Id*. The case is *Ashkan Rajaee v. SeaNet Company, Inc. et al.*, Orange County Superior Court Case No. 30-2022-01290103-CU-SL-CJC. *Id.*

The Trustee seeks to approve a settlement with SeaNet with the following key terms:

- SeaNet and Jensens Bay will pay the Trustee $159,919.17.
- The Trustee will dismiss with prejudice *Ashkan Rajaee v. SeaNet Company, Inc. et al.*, Orange County Superior Court Case No. 30-2022-01290103-CU-SL-CJC.
- The parties will sign mutual general releases, including waiver of rights under California Civil Code Section 1542.

Legal Standard

Rule 9019 provides that "[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement . . . ." FED. R. BANKR. P. 9019(a). The purpose of settlement agreements is to allow the trustee and creditors to avoid the expenses and burdens associated with contentious litigation. *Martin v. Kane (In re A & C Prop.)*, 784 F.2d 1377, 1380-81 (9th Cir. 1986) (citing *Matter of Walsh Constr., Inc.*, 669 F.2d 1325, 1328 (9th Cir. 1982)). "The law favors compromise and not litigation for its own sake, and as long as the bankruptcy court amply considered the various factors that determined the reasonableness of the compromise, the court's decision must be affirmed." *In re A & C Prop.*, 784 F.2d at 1381 (citing *Matter of Walsh Constr., Inc.*, 669 F.2d at 1329; *Port O'Call Inv. Co. v. Blair (In re Blair)*, 538 F.2d 849, 851 (9th Cir. 1976)). Further, ". . . there must be more than a mere good faith negotiation of a settlement by the trustee in order for the bankruptcy court to affirm a compromise. The court must also find that the compromise is fair and equitable." *In re A & C Prop.*, 784 F.2d at 1381 (200679citing *Citibank, N.A. v. Baer*, 651 F.2d 1341, 1345-46 (10th Cir. 1980)).

The Ninth Circuit has adopted a multi-factor test the court must consider in determining a settlement agreement's fairness, reasonableness, and adequacy:

1. The probability of success in the litigation;
2. The difficulties, if any, to be encountered in the matter of collection;
3. The complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and
4. The paramount interest of the creditors and a proper deference to their reasonable views in the premises.

In re A & C Prop., 784 F.2d at 1381 (quoting *In re Flight Transp. Corp. Sec. Litig.*, 730 F.2d 1128, 1135 (8th Cir. 1984)). *See also In re MGS Mktg.*, 111 B.R. 264, 267 (B.A.P. 9th Cir. 1990) ("Although the bankruptcy court has 'great latitude' in authorizing a compromise, it may only approve a proposal that is 'fair and equitable.'") (citing *Woodson v. Fireman's Fund Ins. Co.*, 839 F.2d 610, 620 (9th Cir. 1988)). The Ninth Circuit has never stated that all four *A & C* factors must be present to support a settlement agreement's approval. *In re Persistence Capital, LLC,* Nos. CC-07-1196-PaBaK, SV-05-16450-KT, 2007 WL 7540978, at *7 (B.A.P. 9th Cir. Nov. 5, 2007). "Instead, it need only appear that the bankruptcy court took the four factors into consideration and gave them appropriate weight." *Id.* The party proposing the compromise must demonstrate that it is fair and equitable and should be approved. *In re A & C Prop.*, 784 F.2d at 1381 (citing *In re Hallet*, 33 B.R. 564, 565-66 (Bankr. D. Me. 1983)).

In addition, "while creditors' objections to a compromise must be afforded due deference, such objections are not controlling, and while the court must preserve the rights of the creditors, it must also weigh certain factors to determine whether the compromise is in the best interest of the bankrupt estate." *In re A & C Prop.*, 784 F.2d at 1382. A finding that a compromise is fair and equitable must be based on a sufficient factual record. *Id.* at 1383. The settlement should also be reasonable given the particular circumstances of the case. *Id.* at 1381.

Further, "[w]hile a trustee's discretion in compromising disputes is readily acknowledged . . . a trustee's evaluation of the merits and wisdom of settlement is not alone determinative. The court is 'not permitted to act as a mere rubber stamp' but, rather, must make an independent determination that the compromise is fair and equitable." *In re Rake*, 363 B.R. 146, 152 (Bankr. D. Idaho 2007) (quoting *In re West Pointe Prop., L.P.*, 249 B.R. 273, 281 (Bankr. E.D. Tenn. 2000)); *see also In re Lahijani*, 325 B.R. 282, 290 (B.A.P. 9th Cir. 2005) (the court has an independent duty to determine whether a compromise is fair and equitable). Given this important role:

> [I]t is inappropriate for the court to substitute its own judgment as to the wisdom of a proposed settlement for that of the trustee. The court need not engage in an exhaustive analysis of the law and merits of each claim, or the likelihood of the outcome, as doing so would in large part defeat the purpose of settlement. Rather, the court's role is to ensure that the trustee has exercised proper business judgment in making the decision to agree to the proposed settlement, and that the settlement "falls above the lowest possible point in the range of reasonableness."

In re Rake, 363 B.R. at 152 (cleaned up).

Legal Discussion and Analysis

As a preliminary matter, the Trustee contends Debtors lack standing to oppose since they have not proved this is a surplus estate (ECF No. 146). They argue there is a surplus because the claims being settled are worth $75 million (ECF No. 141). On the present record, that is highly doubtful: the claims are being resolved for very much less than Debtors accord them. But the court will nevertheless address their arguments. There is no prejudice in doing so given the strong facts supporting the settlements' approval.

The Davis/TopDevz Settlement

During oral argument and in their papers, Debtors ask the court to disregard the *A & C* factors (ECF No. 141). They insist that this plainly controlling authority is inapplicable due to fraud, Constitutional violations, collusion by Creditor Davis/TopDevz and Lintz, Civil Rights violations, conflicts of interest, unclean hands, collateral estoppel, res judicata, and other nonsensical arguments. *Id*. They devote many pages to re-litigating the arbitration rather than addressing the applicable factors. *Id*. The crux of Debtors' argument is that Creditor Davis/TopDevz committed fraud during the arbitration; so, if the court affirms the settlements under the *A & C* factors, it will be condoning that and violating their due process rights. *Id*.

This assertion is entirely unavailing. Debtors offer no controlling authority in support of it. And their argument is a curious one: they acknowledge that *A & C Prop.* is binding yet ask that it be disregarded (ECF No. 141). Indeed, they cite the case for the proposition that "compromises and settlements must be carefully scrutinized to ensure they are not founded upon fraud or illegality." *A & C Prop.*, 784 F.2d at 1383. But this is a confused oversimplification. Most importantly, *A & C Prop.* does not hold that a court may disregard it if there is potential fraud.

Moreover, Debtors' claims of condoning fraud fail the common sense test. The Trustee's compromises do not settle the arbitration's appeal or the two remaining state court actions over TopDevz's dissolution and arbitration (ECF No. 124). Since those will still go forward, the courts involved can adjudicate Debtors' fraud claims. And their due process claims ring hollow. They were accorded due process in the federal courts, state courts, and in this bankruptcy. They will enjoy more of the same through the appeal. Accordingly, the court now analyses the *A & C* factors and concludes the Davis/TopDevz settlement should be approved.[2]

First, to address the claim's probability of success. The Trustee believes the likelihood of success is low (ECF No. 124). The district court dismissed the Conspiracy Lawsuit under *Rooker-Feldman*. *Id*. It determined it violated that doctrine because:

> Plaintiff has an appeal pending before the California Court of Appeal. This federal lawsuit is a de facto appeal of the same arbitration award and state court judgment. Plaintiff's federal claims are barred by the Rooker–Feldman doctrine. The Court lacks subject matter jurisdiction over Plaintiff's claims and dismisses the case without prejudice.

(ECF No. 101).

The Trade Secret and Tax Lawsuit are also in the same district court (and before the same judge). *Id*. The Trustee asserts *Rooker-Feldman* bars them as they too are collateral attacks on the arbitration award. *Id*. Debtors contend success is likely given newly acquired deposition transcripts and testimony from Davis's former partner (ECF No. 141). Yet, they do not explain how that evidence bears on the claim's potential success. *Id*.

The court agrees that the prospect of success is low. The Tax Lawsuit relates to the arbitration's appeal: Creditor Davis/TopDevz purportedly submitted false tax documents used in the arbitrator's findings and, Debtors claim, that contributed to the allegedly warped outcome (ECF No. 141). As the court understands it, the Trade Secret Lawsuit alleges Creditor Davis committed trade secret violations based on the arbitrator's faulty conclusion that he controlled TopDevz (ECF No. 124). The district court has ruled *Rooker-Feldman* bars Debtor's Conspiracy complaint. Therefore, it seems unlikely that same judge would find differently in two cases involving the same or related facts. And even if they are not barred, several factors make success unlikely: the claims are complex, there are numerous parties, and the parties' history is complicated. The court has considered the underlying facts, meeting its burden. *In re Rake*, 363 B.R. at 152. It need "not engage in an exhaustive analysis of the law and merits of each claim." *Id.*

Further, this outcome is highly favorable to the estate. It will receive $100,000 in cash (ECF No. 124). Creditor Davis/TopDevz's substantial claims will be treated as unsecured. *Id*. He agrees his lien on Debtor's former property can be avoided and preserved for the estate's benefit. *Id*. He consents to the Trustee's sale of the subject property free and clear of liens. *Id*. Those key terms point to the Trustee having exercised proper business judgment and to the agreement being above the lowest range of reasonableness. *See In re Rake*, 363 B.R. at 152. Accordingly, this factor heavily favors the Davis/TopDevz settlement's approval.

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[2] Creditor Davis/TopDevz contends Debtors' objections are collateral attacks on the arbitration award, and therefore *Rooker-Feldman* Doctrine bars this court from granting its objection (ECF No. 147). Since independent grounds to deny Debtor's request exist, the court declines to rule on this argument.

Second, collection will be challenging if the claims are defective under *Rooker-Feldman*. Even if proper, the other reasons for the suit's unlikely success amplify the potential collection difficulties. Debtors' silence on this factor is deemed agreement with the Trustee's points (ECF No. 141). Therefore, this factor favors the agreement's approval.

Third, to weigh the litigation, complexity, expense, inconvenience, and delay. If the litigation continues, the myriad factual and legal issues will require significant time and expense to resolve. The factual points include: (1) whether Creditor Davis's Form 1099 was materially false, (2) which of the numerous former employees and attorneys conspired against Debtor, (3) what were TopDevz's trade secrets, and how were they misappropriated (ECF No. 124). Answering these questions demands review of corporate agreements, tax filings, accounting sheets, messages between several parties, and data from thumb drives and computers (ECF No. 124 & 141). Further, expert witnesses may be necessary to resolve the tax fraud and trade secret issues. And to see all claims through appeal may take years, delaying the estate's administration. Debtors argue complexity will be reduced based on newly obtained deposition transcripts and sworn testimony from Davis's former partner (ECF No. 141). But again, they do not explain how. Given the claims' complexity, high expense, and potential delay, this factor supports granting the Davis/TopDevz Settlement.

The last factor to consider is the creditors' interests. The Trustee correctly asserts there are too many lawsuits to effectively prosecute (ECF No. 124). It is in the creditors' interest not to expend limited estate funds litigating unlikely claims. It speaks volumes that no creditors opposed the Trustee's settlements. Debtors argue that the Trustee is influencing Creditor Davis/TopDevz and is "on both sides of the agreement" (ECF No. 141). The point is not well taken. The Trustee represents all creditors' interests, seeks to maximize return to them, and has no personal stake in the case. Most of Debtors' arguments amount to an attempt to relitigate the arbitration. They have consequently failed to provide sound reasons why this settlement is not in the best interests of creditors. As such, this factor favors the agreement's approval.

In sum, the Trustee has satisfied the *A & C* factors, all of which support confirming the agreement.

The Lintz/Talentcrowd Settlement

The potential success of the Lintz Lawsuit is, at best, uncertain. Debtors do not address the chances of prevailing on the Lanham Act, defamation, unfair competition, and breach of fiduciary duty causes (ECF No. 141). Instead, they argue without explanation that if the arbitration appeal is successful, the estate will have a high probability of succeeding on the merits. *Id*. Success on the Conspiracy and Trade Secret Lawsuits – in which Lintz is also a defendant – are unlikely for the reasons discussed above. This factor favors granting the settlement.

Next, the Trustee maintains that collection would be difficult (ECF No. 124). Debtors do not address this factor (ECF No. 141). Their lack of argument is taken as an admission of the Trustee's point. Consequently, this factor supports approval.

The litigations' complexity, delay, and expense all favor settlement. Proving actions under the Lanham Act could involve expert reports on Talentcrowd's intellectual property. Defamation per se claims require showing harm to a person's reputation, a difficult feat. Winning the Lintz

Lawsuit demands extensive review of corporate documents, data from thumb drives and computers, and correspondence between Talentcrowd employees (ECF Nos. 124, 141, & 146). The costs and delay occasioned by such a review are not minimal. For all such reasons, this factor leans toward the compromise's confirmation.

Resolving the matter is in the best interest of creditors. The estate receives another $100,000 and will not waste future resources on unsuccessful actions (ECF No. 124). Debtors unpersuasively argue that litigation's expense and inconvenience are overshadowed by the creditor's interest (ECF No. 141). They suggest that the settlement funds merely cover the estate's legal expenses with no actual recovery to creditors. Yet, they provide no evidence or math to support this. Even if true, it seems acceptable to creditors since none objected. This court thus gives "a proper deference to [creditors'] reasonable views in the premises." *In re A & C Prop.*, 784 F.2d at 1381. This heavily weighs toward approving the *Talentcrowd/Lintz* Settlement.

Accordingly, all *A & C* Factors favor approval.

The Kress Settlement

Importantly, Debtors did not oppose the Kress Settlement or the SeaNet Settlement in either their moving papers or oral argument (ECF No. 141). This silence is taken as consent to the settlements. *Id*. But the court will nevertheless address the merits.

Success is unlikely because the Kress Lawsuit's malpractice claim is weak. As the Trustee understands it, Attorney Kress simply provided a form operating agreement that Debtors themselves used to create TopDevz (ECF No. 124). The Trustee argues that to be successful he must prove both that Kress committed professional negligence and that the arbitration's outcome would have been different but for that. *Id*. He thinks that would be difficult to achieve. *Id*. The court agrees, especially given the arbitrator's critical findings. Those included that Debtor grossly mismanaged the entity, and that he was "one of the least credible witnesses the undersigned Arbitrator has ever heard testify" (ECF No. 37). Therefore, it seems unlikely that the arbitration's outcome would be different even without the specter of alleged malpractice. Given the questionable success, the Trustee exercised proper business judgment, and the $30,000 settlement is above the lowest point of reasonableness. *See In re Rake*, 363 B.R. at 152. This factor therefore favors approval.

Collection would be challenging. The Trustee points out that Kress is semiretired, resides in New York, and does not have malpractice insurance (ECF No. 124). She might be judgment proof because of that. This factor supports approving the settlement.

The suit's complicated nature, delay, and expense also favor the settlement's approval. The litigation is undermined by the arbitrator's findings discussed above. Further, there is potential for delay since Kress, a key witness and defendant, lives out-of-state (ECF No. 124). Proving claims as to the thirteen defendants will be time-consuming and expensive. Therefore, the settlement should be approved under this factor.

Finally, the settlement is in the best interests of creditors. The estate receives $30,000 on an uncertain lawsuit (ECF No. 124). The quick resolution, rather than a continued financial drain, positively impacts creditors. This factor likewise points toward the agreement's approval.

In summary, all *A & C* Factors support the settlement's approval.

The SeaNet Settlement

The agreements in dispute are unclear, so the chance of success is uncertain or low as a result. Moreover, SeaNet defendants have asserted a right to offset (ECF No. 124). An issue is whether they have the right to set off various fees and unpaid maintenance amounts from the value of Debtor's interest. *Id.* The Trustee asserts that Debtor's fractional ownership is worth approximately $225,000.00. *Id.* Defendants argue that Debtor is only entitled to $80,974.53. *Id.* Given this range, the Trustee believes the $159,919.17 settlement is above the lowest possible point in the range of reasonableness. *Id.* The court agrees and finds that the Trustee properly exercised his business judgment in brokering this deal. *See In re Rake*, 363 B.R. at 152. The settlement is worth about double what defendants argue Debtor is entitled to. This first factor weighs in favor of the agreement's approval.

Collecting against the defendants could well be timing-consuming and costly if the Trustee prevailed. And SeaNet's asserted offset rights could complicate collection efforts as well. This too favors granting the settlement.

The claims are somewhat complex because the underlying agreement is unclear. And the high cost and delay point toward settlement. Whether the yacht was properly maintained might require costly expert testimony. The case is still in its infancy. Neither the Trustee nor Debtors mention a trial date, making potential for delay high (ECF Nos. 134 & 141). The third factor favors approval.

Finally, the proposed settlement is in the best interests of creditors. The estate will receive $159,919.17 – potentially double the lawsuit's discounted value – and avoid unnecessary legal expenses (ECF No. 124). This last factor weighs in favor of granting the agreement too.

For these reasons, all *A & C* Factors support approving this settlement.

Conclusion

The Trustee has convincingly satisfied the *A & C* factors as to each settlement. The court has considered the facts and issues underlying each. All four of them are fair, equitable, reasonable, adequate, and in the best interests of the estate and its creditors. And they are proposed in good faith. Based on the foregoing, the court **grants** the Trustee's motion in its entirety and **approves** the (1) Davis/TopDevz, (2) Lintz/Talentcrowd (3) Kress; and (4) SeaNet settlements.

IT IS SO ORDERED.

Signed by Judge Christopher B. Latham December 10, 2024

Notice Recipients

District/Off: 0974−3	User: Admin.	Date Created: 12/10/2024
Case: 24−00617−CL7	Form ID: pdfO1	Total: 5

Recipients of Notice of Electronic Filing:

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TOTAL: 3

Recipients submitted to the BNC (Bankruptcy Noticing Center):

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TOTAL: 2