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9 and Debtor in Possession

10 UNITED STATES BANKRUPTCY COURT
11 EASTERN DISTRICT OF CALIFORNIA
12 SACRAMENTO DIVISION

13 In re:

14 SUKHRAJ S. PAMMA dba SUKHRAJ S.
15 PAMMA FARMS,

16 Debtor.

Case Nos.: 24-23489-B-11

Chapter 11

**DEBTOR’S MOTION FOR ORDER
AUTHORIZING DEBTOR TO SELL
REAL PROPERTIES LOCATED IN
BUTTE AND SUTTER COUNTIES
COMPRISING 619 ACRES**

DC No.: BRG-13

Date: February 25, 2025

Time: 2:00 p.m.

Place: 501 I Street, 6th Floor,
Courtroom 32, Sacramento, CA

Judge: Hon. Christopher D. Jaime

21 Sukhraj S. Pamma, the Debtor and Debtor-in-Possession in the above-captioned
22 case (the “**Debtor**”), hereby moves for an Order, pursuant to 11 U.S.C. §§ 105(a) and
23 363 and Federal Rules of Bankruptcy Procedure 2002 and 6004, approving a procedure
24 for the sale of the Debtor’s real properties located in Butte and Sutter Counties,
25 California comprised of parcels totaling approximately 619 acres. These parcels are
26 encumbered by First Deeds of Trust in favor of AgWest Farm Credit, FLCA (the
27 “**AgWest Properties**”) and are more specifically identified below. The AgWest
28 Properties are known as the Ord Ranch, Bowers Ranch, Onstott Ranch, Cox Ranch,

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DEBTOR’S MOTION FOR ORDER AUTHORIZING DEBTOR TO
SELL REAL PROPERTY LOCATED IN SUTTER AND BUTTE COUNTIES

Matthews Ranch, Crane Larkin Ranch, Crane Riviera Ranch, Huller Ranch, Hampton Ranch, and Hedger Ranch. In support of this Motion, the Debtor respectfully states as follows:

JURISDICTION

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a “core” proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (K), (N) and (O).

2. Venue is proper in this Court and jurisdiction exists pursuant to 28 U.S.C. §§ 1408 and 1409.

RELIEF REQUESTED

3. By this Motion, the Debtor requests entry of an order approving the sale and bidding procedures, described in detail herein, for the sale of the AgWest Properties free and clear of all liens, claims, encumbrances, and other interests. The relief requested in the Motion is also based upon the Declarations of Sukhraj S. Pamma and Jeffrey Taylor in support of the motion, and the attached exhibit. This Motion is made pursuant to the provisions of 11 U.S.C. §§ 105(a) and 363(b)(1) and (f)(2) and (3).

BACKGROUND

4. On August 7, 2024 (the “**Petition Date**”), the Debtor filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

5. Since the Petition Date, the Debtor has operated his business and affairs as debtor and Debtor-in-Possession. No committees or trustees have been appointed in this case.

6. The AgWest Properties include the following:

Ranch		Approximate Gross Acres	County	APN(s)
Ord Ranch	527 Ord Rd., Gridley, CA	47.10	Butte	025-190-091

Ranch		Approximate Gross Acres	County	APN(s)
Bowers Ranch	1200 E. Gridley Rd., Gridley, CA	109.90	Butte	024-220-026
Onstott Ranch	Campbell Ave, Gridley, CA	58.00	Butte	024-180-072; 024-180-073
Cox Ranch	1130 E. Evans Reimer Rd., Gridley, CA 95948	65.00	Butte	024-180-036; 024-180-060
Mathews Ranch	10904 Metteer Rd., Live Oak, CA	24.00	Butte	024-040-051
Crane Larkin	Larkin Rd, Gridley, CA	75.58	Butte	024-210-033; 024-210-034
Crane Riviera	3584 Riviera Rd., Live Oak, CA	19.00	Sutter	09-010-119
Huller Ranch	10904 Metteer Rd., Live Oak, CA	15.03	Sutter	09-120-015; 09-120-015T
Hampton Ranch	11180 Hampton Rd., Live Oak, CA 95953	30.22	Sutter	09-010-094
Hedger Ranch	10531 Hedger Rd., Live Oak, CA	176.00	Sutter	08-090-006; 08-090-011; 08-090-012; 08-100-047; 08-100-076; 08-100-078; 08-100-080
Total		619.83		

7. The Debtor and his wife own 100% of the AgWest Properties. Certain of the AgWest Properties are held as community property and certain of the AgWest Properties are the Debtor's separate property. The Debtor believes the AgWest Properties are worth between \$7,500,000 and \$8,500,000.

8. The AgWest Properties are subject to certain secured liens and encumbrances.

1 9. AgWest Farm Credit, FLCA (“**AgWest**”) asserts a first lien on the AgWest
2 Properties. Farm Credit West, FLCA (“**Farm Credit**”) filed that certain Deed of Trust
3 and Assignment of Rents in the Official Records of Sutter County as Document No.
4 2018-0010474 on August 7, 2018, which relates to all of the AgWest Properties located
5 in Sutter County. Farm Credit also filed that certain Deed of Trust and Assignment of
6 Rents in the Official Records of Butte County as Document No. 2018-0026496 on
7 August 7, 2018, which relates to all of the AgWest Properties located in Butte County.
8 Farm Credit filed additional Deeds of Trust and Assignments of Rent against the
9 AgWest Properties. The Debtor understands that Farm Credit merged with another entity
10 to become AgWest in January 2023.

11 10. Citizens Business Bank (“**Citizens**”) asserts a second lien on the Hampton
12 Ranch and Huller Ranch portions of the AgWest Properties pursuant to that certain Deed
13 of Trust, dated December 26, 2019, which was recorded as Document No. 2020-
14 0001131 in the Official Records of Sutter County on January 22, 2020. Citizens asserts
15 a second lien on the Onstott Ranch, Ord Ranch, and Bowers Ranch portions of the
16 AgWest Properties pursuant to that certain Deed of Trust, dated December 26, 2019,
17 which was recorded as Document No. 2020-0002689 in the Official Records of Sutter
18 County on January 22, 2020. Citizens asserts a second lien on the Huller Ranch portion
19 of the AgWest Properties pursuant to that certain Deed of Trust, dated February 26,
20 2020, which was recorded as Document No. 2020-0003535 in the Official Records of
21 Sutter County on March 4, 2020.

22 11. RaboAgrifinance LLC (“**Rabo**”) asserts a second lien on the Hedger
23 Ranch portion of the AgWest Properties pursuant to that certain Deed of Trust
24 Assignment of Rents, Security Agreement and Fixture Filing, dated as of March 22,
25 2021, which was recorded as Document No. 2021-0011503 in the Official Records of
26 Sutter County on June 22, 2021. Rabo also asserts a second lien on the Crane Riviera
27 portion of the AgWest Properties pursuant to that certain Deed of Trust Assignment of
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1 Rents, Security Agreement and Fixture Filing, dated as of March 22, 2021, which was
2 recorded as Document No. 2021-0011510 in the Official Records of Sutter County on
3 June 22, 2021. Rabo asserts a second lien on the Crane Larkin, Matthews Ranch and
4 Cox Ranch portion of the AgWest Properties pursuant to that certain Deed of Trust
5 Assignment of Rents, Security Agreement and Fixture Filing, dated as of March 22,
6 2021, which was recorded as Document No. 2021-0028139 in the Official Records of
7 Butte County on June 22, 2021.

8 12. The Sutter County Tax Collector asserts that delinquent taxes are owed on
9 the AgWest Properties located in Sutter County.

10 13. The Butte County Tax Collector asserts that delinquent taxes are owed on
11 the AgWest Properties located in Butte County.

12 **PROPOSED SALE AND BID PROCEDURES**

13 14. Prior to the Petition Date and after the Petition Date, the Debtor has sought
14 a buyer for the AgWest Properties. Through these efforts, the Debtor has reached an
15 agreement with Epilogue Holdings LLC, a Nevada limited liability company (or its
16 assignee) (“**Buyer**”). Buyer has offered to buy the AgWest Properties for \$7,800,000
17 cash at the closing of the sale pursuant to the terms contained in the Asset Purchase
18 Agreement (the “**APA**”), a copy of which is attached hereto as **Exhibit 1**.

19 15. The APA provides that the sale to the Buyer is subject to higher and better
20 offers, provided that the Buyer will be entitled to a \$150,000 break-up fee and an overbid
21 of at least \$200,000.

22 16. To facilitate higher and better offers, the Debtor proposes the following
23 procedures (the “**Bid Procedures**”):

24 a. The Debtor will publish notice of the sale in (1) the Sacramento
25 Bee, and (2) the Oroville Mercury-Register. The notice will run for seven days
26 in each newspaper.

1 b. The Debtor and its counsel will directly solicit potential buyers of
2 the AgWest Properties by advising known potentially interested parties of these
3 Bid Procedures.

4 c. AgWest and its counsel will also directly solicit potential buyers of
5 the AgWest Properties by advising known potentially interested parties of these
6 Bid Procedures.

7 d. The Debtor will seek Qualified Bids (as defined below) until March
8 18, 2025 at 5:00 p.m. (PT) (the “**Bid Deadline**”).

9 e. Each interested party or entity (a “**Potential Bidder**”) that desires
10 to bid on the AgWest Properties shall deliver electronic copies of its bid materials
11 to counsel for the Debtor, Bernard R. Given II, Loeb & Loeb LLP, 10100 Santa
12 Monica Blvd., Suite 2200, Los Angeles, CA 90067. All Potential Bidders may
13 bid on the entirety of the Collateral or distinct parcels of the Collateral on the
14 condition that the aggregate purchase price of all parcels exceeds \$8,000,000.
15 The Debtor approves AgWest financing a Potential Bidder to purchase the
16 AgWest Properties.

17 f. A bid is a signed document or documents from a Potential Bidder
18 that provide(s), at a minimum, the following:

19 i. An offer to purchase the AgWest Properties (1) on terms and
20 conditions acceptable to the Debtor, (2) pursuant to the terms and
21 conditions of the APA, marked to show any proposed amendments or
22 modifications (“**Marked Agreement**”);

23 ii. That the bid is not subject to any due diligence of financing
24 contingency and is irrevocable until two business days following the
25 closing of the sale;
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1 iii. That the bid does not entitle the bidder to any break-up fee,
2 topping fee, termination fee, expense reimbursement or similar type of
3 payment or reimbursement

4 iv. The bid constitutes a higher and better offer for the AgWest
5 Properties than contained in the APA, as determined by the Debtor in his
6 sole discretion;

7 v. An acknowledgement and representation that the Potential
8 Bidder (a) has had an opportunity to conduct any and all required due
9 diligence regarding the AgWest Properties prior to making its offer; (b)
10 has relied solely upon its own independent review and investigation of
11 the AgWest Properties in making its bid; (c) has prepared its bid, and will
12 participate in the Auction, without collusion with any other party; and (d)
13 did not rely upon written or oral statements, representations, promises,
14 warranties or guaranties whatsoever, whether express or implied,
15 regarding the AgWest Properties, except as expressly stated in the
16 Marked Agreement;

17 vi. A commitment to close the sale transaction by March 27,
18 2025; and

19 vii. A commitment to provide admissible evidence in the form
20 of a declaration establishing the Potential Bidder's good faith and lack of
21 collusion within the meaning of section 363(m) of the Bankruptcy Code.

22 g. In addition, a Potential Bidder must accompany its bid with: (1) a
23 deposit made with an escrow agent selected by the Debtor (the "**Deposit Agent**")
24 equal to 10% of the Purchase Price (any such deposit, a "**Good Faith Deposit**"),
25 which Good Faith Deposit must be made by certified check or wire transfer and
26 will be held by the by the Deposit Agent in accordance with the terms of the
27 escrow agreement to be provided by the Debtor; and (2) written evidence of
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1 available cash or a commitment for financing and such other evidence of ability
2 to consummate the transaction contemplated by the applicable Marked
3 Agreement as the Debtor may reasonably request.

4 h. AgWest shall be allowed to credit bid pursuant to section 363(k)
5 Bankruptcy Code and for such credit bidding purposes shall be deemed a Qualified
6 Bidder and need not accompany its Bid with a Good Faith Deposit. In AgWest's
7 sole discretion, and in consultation with the Debtor, AgWest may credit bid on
8 the entirety of its Collateral or distinct parcels of its Collateral but only on the
9 condition that the aggregate purchase price of all parcel sales exceeds \$8,000,000.

10 i. If the Debtor receives any bids from Qualified Bidders by the Bid
11 Deadline, an auction for the AgWest Properties will be held by Microsoft Teams
12 on March 21, 2025 beginning at 9:00 a.m. (PT) (the "**Auction**"). Only Qualified
13 Bidders and their authorized representatives will be eligible to participate at the
14 Auction.

15 j. At the conclusion of the Auction, the Debtor and AgWest, will
16 select which bidder has provided the highest and best offer(s) for the AgWest
17 Properties (the "**Successful Bidder**"). The Debtor will also determine, in his sole
18 discretion exercising his reasonable business judgment, which Qualified Bidder
19 is the next highest or otherwise best bid (the "**Next Highest Bid**") in comparison
20 to the bid of the Successful Bidder. The Next Highest Bid shall be irrevocable
21 until two business days after the closing of the Sale.

22 k. A hearing to consider the Debtor's motion for approval of the sale
23 of the Sale Assets to the Successful Bidder at the Auction (if one is held) will be
24 held on March 25, 2025 at 2:00 p.m. or such other time set by the Court. Subject
25 only to entry by the Court of the sale order, the Successful Bidder will have until
26 no more than thirty days from the Bid Deadline to consummate the sale. If the
27 Successful Bidder fails to consummate the Sale because of a breach or failure to
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perform on the part of the Successful Bidder, the Successful Bidder's Good Faith Deposit shall be forfeited to the Debtor, and the Debtor shall have the right to seek any and all other remedies and damages from the defaulting Successful Bidder.

DISCUSSION

17. Section 363(b) of the Bankruptcy Code provides in relevant part that "[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate[.]" 11 U.S.C. § 363(b). In considering a proposed sale, courts look at whether the sale is in the best interests of the estate based on the facts and the history of the case. *See In re American West Airlines*, 166 B.R. 908, 912 (Bankr. D. Ariz. 1994) (citing *In re Lionel Corp.*, 722 F.2d 1063, 1071 (2d Cir. 1983)). This requires an examination of the "business justification" for the proposed sale. *In re 240 North Brand Partners, Ltd.*, 200 B.R. 653 (9th Cir. B.A.P. 1996); *In re Wilde Horse Enterprises, Inc.*, 136 B.R. 830 (Bankr. C.D. Cal. 1991). The trustee has "broad power" under section 363 to sell property of an estate, and indicates that "the manner of sale is within the discretion of the Trustee" *In re The Canyon Partnership*, 55 B.R. 520, 524 (Bankr. S.D. Cal. 1985).

18. Courts have made clear that a debtor's business judgment is entitled to substantial deference and that a debtor has broad discretion with respect to the procedures to be used in selling assets from the estate. *See, e.g., In re Blue Coal Corp.*, 168 B.R. 553, 572-573 (Bankr. M.D. Pa. 1994); *Official Committee of Subordinated Bondholders v. Integrated Resources, Inc. (In re Integrated Resources, Inc.)*, 147 B.R. 650, 656-657 (Bankr. S.D.N.Y. 1992); *In re 995 Fifth Ave. Assocs., L.P.*, 96 B.R. 24, 28 (Bankr. S.D.N.Y. 1989) (same). The paramount goal in any proposed sale of property of the estate is to maximize the proceeds received by the estate. *See, e.g., Four B. Corp. v. Food Barn Stores, Inc. (In re Food Barn Stores, Inc.)*, 107 F.3d 558, 564-565 (8th Cir. 1997) (in bankruptcy sales, "a primary objective of the Code [is] to enhance the value

1 of the estate at hand”); *Integrated Resources*, 147 B.R. at 659 (“It is a well-established
2 principle of bankruptcy law that the . . . [debtors’] duty with respect to such sales is to
3 obtain the highest price or greatest overall benefit possible for the estate.”) (quoting
4 *Cello Bag Co. Inc. v Champion Int’l Corp. (In re Atlanta Packaging Products, Inc.)*, 99
5 B.R. 124, 130 (Bankr. N.D. Ga. 1988).

6 19. To that end, courts uniformly recognize that procedures intended to
7 enhance competitive bidding are consistent with the goal of maximizing the value
8 received by the estate and therefore are appropriate in the context of bankruptcy sales.
9 *See, e.g., Integrated Resources*, 147 B.R. at 659 (such procedures “encourage bidding
10 and to maximize the value of the debtor’s assets”); *In re Financial News Network, Inc.*,
11 126 B.R. 152, 156 (Bankr. S.D.N.Y. 1991) (“court-imposed rules for the disposition of
12 assets . . . [should] provide an adequate basis for comparison of offers, and [should]
13 provide for a fair and efficient resolution of bankrupt estates”).

14 20. A break-up fee may be approved where it is reasonable and in the best
15 interests of the estate, with the estate not being unduly burdened. *American West*
16 *Airlines*, 166 B.R. at 912.

17 21. The Debtor submits that there are sound reasons for pre-approval of the
18 Bid Procedures and that each of the Bid Procedures is reasonable and in the best interests
19 of the estate. The Bid Procedures will help ensure a competitive and fair bidding process
20 that will allow the Debtor to undertake the sale process in as expeditious a manner as
21 possible, which the Debtor believes is essential to maintaining and maximizing the value
22 of his estate.

23 22. For example, the pre-qualification procedures, including the Good Faith
24 Deposit, are designed to make sure that any bidder is seriously interested in purchasing
25 the AgWest Properties and financially capable of consummating the sale. The amount
26 of the Good Faith Deposit is reasonable to achieve the goals of attracting serious buyers.
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25. The Debtor believes that the proposed Bid Procedures as set forth herein are reasonable, are likely to draw bidders if there are any interested, are not likely to chill bidding, are in the best interests of the estate, are necessary and appropriate to maximize the recovery for the Debtor's creditors, and should be approved by the Court as an exercise of the Debtor's sound business judgment. Importantly, the Debtor is not seeking at this time to have the Court approve the actual sale of the AgWest Properties to the Successful Bidder at the Auction. The actual sale is expected to be approved after the Auction occurs.

WHEREFORE, based on the foregoing facts, the Debtor requests that the Court (1) approve the Bid Procedures as described herein, (2) set a hearing on approval of the sale of the AgWest Properties to the Successful Bidder if an Auction occurs or to the

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Buyer if no other Qualified Bids are received; and (3) grant such other and further relief as the Court deems just and proper.

Dated: January 28, 2025

LOEB & LOEB LLP

/s/ Bernard R. Given, II
Bernard R. Given II

*Attorneys for the Debtor and
Debtor-in-Possession*