

**ORDER DENYING MOTION TO DISMISS CHAPTER 7 CASE FOR LACK OF GOOD FAITH**

Todd Neilson filed a Motion to Dismiss Chapter 7 Case for Lack of Good Faith. Todd Neilson is the trustee in a bankruptcy case out of the Central District of California, *In re Reed E. Slatkin*, Case No. ND 01-11549-RR. Todd Neilson obtained a judgment against The Ishams based upon a fraudulent transfer action. The Ishams were investors in, what ultimately was determined to be, a complex pyramid investment scheme perpetrated by Reed Slatkin. The Ishams claim to have no knowledge that the scheme was occurring. However, they were found to have benefitted, while other investors suffered tremendous loss, in the amount of \$1,201,836.29, which was the judgment amount granted in favor of Todd Neilson. With the fraudulent transfer action pending, the Ishams moved from California to Florida and purchased a \$775,000 home. Just over one year later, the Ishams filed for bankruptcy in Florida and are claiming the property as homestead. Neilson asks that the court find that the Isham's move to Florida was an effort to protect their assets and avoid their liability to the creditors in the Slatkin. Neilson argues that the actions of the Ishams constitute bad faith and the case should be dismissed pursuant to 11 U.S.C. § 707(a).

The Court determined that if the debtors were willing to surrender their nonexempt assets, regardless of the motive for filing, the debtor would be entitled to chapter 7 protection.