

In re: NUPEUTICS NATURAL, INC., Debtor. LESLIE T. GLADSTONE, CHAPTER 7 TRUSTEE, Plaintiff, v. JESSICA LAINE PEATROSS, Defendant.

United States Bankruptcy Court, S.D. California. | December 5, 2025 | Slip Copy | 2025 WL 3546838

Document Details

standard Citation: In re: NUPEUTICS NATURAL, INC., Debtor. LESLIE T. GLADSTONE, CHAPTER 7 TRUSTEE, Plaintiff, v. JESSICA LAINE PEATROSS, Defendant., No. AP 24-90036-JBM, 2025 WL 3546838 (Bankr. S.D. Cal. Dec. 5, 2025)
All Citations: Slip Copy, 2025 WL 3546838

Search Details

Search Query: adv: (openai "artificial intelligence" chatgpt "google gemini" "westlaw cocounsel" "large language model") (hallucinat! fake fictitious spurious nonexistent "non-existent" "made up" imagined /p (gpt ai "artificial intelligence" chatgpt chaton perplexity openai copilot "google gemini" "google bard" grok "mata v. avianca" claude llm llms)) (hallucinat! fake fictitious spurious nonexistent "non-existent" "made up" imagined) +3 (precedent case "legal authority" "legal case") & DATE(aft 1/1/2023)
Jurisdiction: California

Delivery Details

Date: December 12, 2025 at 4:12 AM
Delivered By:
Client ID: NOCLIENTID

Outline

[MEMORANDUM DECISION RE AMENDED ORDER TO SHOW CAUSE WHY THE COURT SHOULD NOT SANCTION DEFENDANT'S COUNSEL FOR COUNSEL'S CONDUCT IN CONNECTION WITH A MOTION FILED WITH THE COURT AND DEFENDANT'S DECLARATION FILED WITH THE COURT](#) (p.1)
[All Citations](#) (p.23)

2025 WL 3546838

Only the Westlaw citation is currently available.

**WRITTEN DECISION –
NOT FOR PUBLICATION**

United States Bankruptcy Court, S.D. California.

In re: NUPEUTICS
NATURAL, INC., Debtor.
LESLIE T. GLADSTONE,
CHAPTER 7 TRUSTEE, Plaintiff,

v.

JESSICA LAINE
PEATROSS, Defendant.

Bk. Case No. 22-02956-JBM7

|

Adv. Case No. 24-90036-JBM

|

Date: October 22, 2025

|

December 5, 2025

**MEMORANDUM DECISION RE AMENDED
ORDER TO SHOW CAUSE WHY THE COURT
SHOULD NOT SANCTION DEFENDANT'S
COUNSEL FOR COUNSEL'S CONDUCT IN
CONNECTION WITH A MOTION FILED
WITH THE COURT AND DEFENDANT'S
DECLARATION FILED WITH THE COURT**

[J. BARRETT MARUM](#), Judge United States
Bankruptcy Court

INTRODUCTION

*1 This matter originally stems from a motion filed by Deepali Milie Joshi, counsel for Defendant in this adversary proceeding (“Counsel”), which Counsel used generative artificial intelligence (“AI”) to prepare. This, of course, is not in and of itself a problem – using AI is quickly becoming a standard part of the practice of law. The problem for Counsel began when she failed to check *any* of the AI-generated legal citations included in the motion, which were mostly incorrect and in one instance was an AI hallucination of

a case that does not exist. Despite her failure to check the AI-generated legal citations, Counsel filed the motion containing the erroneous and nonexistent legal citations, thereby certifying under Rule 9011(b)¹ that the Defendant's position in the motion was warranted by existing law cited therein, when it was not. In doing so, Counsel violated Rule 9011; this much she concedes. But Counsel compounded her initial Rule 9011 violation through her subsequent representations and responses to the Court regarding Counsel's use of the erroneous and nonexistent legal citations in the motion.

At nearly every turn since she filed the motion, Counsel has not been transparent or forthcoming with the Court as to facts problematic with her practice in the adversary proceeding, notwithstanding that the Court clearly was trying to elicit specific information from Counsel with respect to the motion that she filed. Counsel did not readily offer that she had relied on AI to draft the motion, or that she failed to check the legal citations in the motion prior to filing it, or later, that Counsel did not have the Defendant's signed declaration at the time that Counsel intended to file the Defendant's declaration in an opposition paper due two months before the motion.

Instead, Counsel presented facts to the Court in a manner designed to obscure her problematic decisions. This included Counsel's representation to the Court that her client, the Defendant, had done two things on May 27, 2025: first, that the Defendant had signed her declaration that Counsel was supposed to file with the Court on that date (filed subsequently in July 2025) and, second, that the Defendant had sent Counsel the Defendant's signed declaration on the same date; the latter being a requirement for Counsel's compliance with the Local Bankruptcy Rules for Counsel's use of the Defendant's electronic signature on the Defendant's declaration. Neither representation turned out to be true. Counsel eventually admitted that her reticence to disclose these facts was based on her desire to not “make the situation worse” with the Court.

*2 The Court's concerns with Counsel's use of AI in the motion led it to issue an Order to Show Cause to Counsel in August 2025. In September 2025, the Court issued an Amended Order to Show Cause that expanded on the grounds for potential

sanctions for Counsel's conduct. The Court heard the Amended Order to Show Cause on October 22, 2025. At the hearing, appearances were made by Counsel and Plaintiff's counsel. Defendant Dr. Peatross was also present virtually and was sworn in by the Court, which received her testimony. After hearing argument presented by Counsel, and briefly by Plaintiff's counsel, as well as taking Dr. Peatross's testimony, the Court took the matter under submission.

The Court has reviewed and considered the following in rendering this decision: Defendant's Opposition to Trustee's Motion For Summary Judgment and/or Summary Adjudication as to 2nd, 3rd, and 4th Causes of Action (ECF No. 43); Court's Tentative Ruling (ECF No. 44); Court Minutes for the hearing on July 16, 2025 (ECF No. 46); Defendant's Notice of Motion and Motion to Enlarge Time and For Leave to File Omitted Opposition Documents (ECF No. 47); Trustee's (I) Opposition to Motion to Enlarge Time For Leave to File Omitted Opposition Documents and (II) Status Report (ECF No. 49); Court Minutes for the hearing on August 13, 2025 (ECF No. 52); Order Denying Defendant's Motion to Enlarge Time and For Leave to File Omitted Opposition Documents (ECF No. 53); Order to Show Cause Why the Court Should not Sanction Defendant's Counsel for using Fictitious Case Citations in a Motion and Violating the Local Rules with Respect to her Client's Signature Page (ECF No. 54); Counsel's Response to Order to Show Cause and Declaration (ECF No. 57); Court's Tentative Ruling (ECF No. 58); Declaration of Jessica Laine Peatross (ECF No. 59); Court Minutes (ECF No. 60); Amended Order to Show Cause why the Court Should not Sanction Defendant's Counsel for using Fictitious Conduct in Connection with a Motion Filed with the Court and Defendant's Declaration Filed with the Court (ECF No. 62);² Defendant's Ex Parte Application to Extend Deadline to File Supplemental Briefing (ECF No. 65); Declaration of Deepalie Milie Joshi as Supplemental Response to the Court's Amended Order to Show Cause (ECF No. 75); Court Minutes for the hearing on October 22, 2025 (ECF No. 80); and the audios and/or transcripts for the hearings on July 16, 2025, August 13, 2025, and October 22, 2025.³

Based on the foregoing, the Court now discharges its Amended Order to Show Cause as follows: the Court determines that Counsel violated Rule 9011 and the

Local Bankruptcy Rules when she filed the motion and through her subsequent representations to the Court in connection with the motion. In doing so, Counsel acted in bad faith or conduct tantamount to bad faith. As a result, the Court imposes sanctions on Counsel, detailed below, pursuant to Rule 9011 and the Court's inherent powers authority.

The Court does not undertake this decision lightly. Counsel is a long-time, well-liked, and respected member of the San Diego bankruptcy bar. Among other things, she has served on the Court's unpaid volunteer mediation panel, and she has served the local bankruptcy community as a board member of the San Diego Bankruptcy Forum. That said, Counsel's conduct in this matter was so far outside the bounds of acceptable behavior for an officer of the Bankruptcy Court or a member of the San Diego bankruptcy bar that the Court cannot let Counsel's transgressions go with impunity. And although Counsel couches her conduct as a series of negligent and reckless actions buttressed by a subjective good faith belief, at a certain point, the Court cannot accept that narrative due to Counsel's misrepresentation of facts to the Court. It is an unfortunate stumble for Counsel, but one that the Court concludes must be addressed and remedied through the imposition of sanctions, which the Court details below.

*3 The following constitutes the Court's findings of fact and conclusions of law pursuant to Rule 7052.

FACTS

A. Defendant's Opposition to Plaintiff's Motion for Summary Judgment – May 2025

The Defendant's opposition to Plaintiff's Motion for Summary Judgment ("MSJ") came due on May 27, 2025. On the evening of May 27,⁴ Counsel filed a two-page document styled as the Defendant's opposition to the MSJ. ECF No. 43. The document, comprised of two sentences for a total of six lines, referenced a memorandum of points and authorities, the declarations of Defendant and Counsel, and the Defendant's statement of contested facts and issues; nothing, however, was attached to the filing. And Defendant filed nothing additional on the docket in support of her opposition to the MSJ. This had

the practical effect of rendering the Plaintiff's MSJ unopposed.

Five days prior to the scheduled hearing on the MSJ, the Court issued a tentative ruling in which it noted the deficiencies with the Defendant's opposition. ECF No. 44. The Court also prohibited the Defendant from filing any documents prior to the MSJ hearing in an attempt to address the issue. *Id.* It noted, however, that it would hear from the parties "regarding the circumstances that led to the Defendant's apparent failure to file the documents referenced in the Opposition and the appropriate outcome as a result." *Id.*

At the July 16 hearing on the MSJ, Counsel represented that the omission of documents in support of the Defendant's opposition to the MSJ was inadvertent and based on her mistake. As a result, the Court provided Counsel with a July 25 deadline to file a motion with respect to the omitted documents.

B. Defendant's Motion to Enlarge Time and For Leave to File Omitted Opposition Documents – July 2025

On July 24, Counsel filed a Motion to Enlarge Time and For Leave to File Omitted Opposition Documents ("Motion"), which consisted of 209 pages. ECF No. 47. In the Motion, Counsel sought leave to file the documents she asserted she inadvertently omitted from the two-page opposition to the MSJ filed in May. Attached to Counsel's declaration in support of the Motion was a combined PDF that Counsel asserted contained the documents she intended to file in May as part of the Defendant's MSJ opposition. The omitted documents included the Defendant's declaration in support of her opposition to the MSJ, which bore the Defendant's electronic signature (in the form of "/s") and provided that the Defendant had executed the declaration on May 27, 2025, in Ibiza, Spain ("Defendant's May 27 Declaration"). This declaration subsequently developed into an issue in this adversary proceeding as the Court will discuss below.

The Plaintiff opposed the Defendant's Motion. ECF No. 49. In her opposition, the Plaintiff asserted that the Motion contained a case citation that Plaintiff's counsel could not locate and another citation that was incorrect. The Plaintiff also alleged indicia of bad faith; namely,

that Counsel produced the omitted opposition papers to Plaintiff two days after the July 16 hearing, rather than immediately following the hearing when the Plaintiff requested them, and that it appeared that Counsel had altered the omitted opposition papers following the July 16 hearing.

C. Hearing on the Defendant's Motion – August 13, 2025

*4 On August 13, 2025, the Court heard the Motion, along with the MSJ and a continued pre-trial status conference. The Court questioned Counsel about case citations included in the Motion. Specifically, Counsel's citation to *In re Verdi*, [2019 WL 6712136 \(Bankr. E.D. Cal. 2019\)](#) in the Motion was especially troubling because the Court was unable to identify any case with either this name or Westlaw citation. At the August 13 hearing, Counsel initially represented that the *Verdi* citation was simply a placeholder case standing for the proposition she sought, and that she forgot to go back and find a case to replace it:

THE COURT: Can you comment, though, Ms. Joshi, on the case? Because I've looked for it too, and it doesn't seem to exist.

COUNSEL: And again, I have egg on my face where it was the [] case, I should say, was cited more of a wish list item in that I had intended to go back and insert a more substantive case.

THE COURT: Wait. Wait a minute, wait a minute. Hold on, Ms. Joshi. You're telling me that, in a document that you filed with the Court, you put a case that does not exist, and you were going to go back and then find a case that stood for that proposition, but you didn't do that, and you filed a document with a case that's completely fabricated? Is that what you're telling me? Because that's what it sounds like.

COUNSEL: [Long pause] I --

THE COURT: It's a yes-or-no question, Ms. Joshi.

COUNSEL: Yes.

Ex. A, Hr'g Tr. 10:10-25-11:1, Aug. 13, 2025.

The Motion contained two other problematic citations. First, Counsel in the Motion cited to Local Bankruptcy

Rule 1001-2 as “instruct[ing] that technical failures should not thwart substantive adjudication.” ECF No. 47-1 at 6. However, that Local Bankruptcy Rule is actually titled “Amendment by General Order” and discusses amendments to the Local Bankruptcy Rules by the Court’s General Order. *See* L.B.R. 1001-2. It has nothing at all to do with “technical failures” or “substantive adjudication” of anything.

Second, Counsel in the Motion cited to [In re Caneva, 550 F.3d 755 \(9th Cir. 2008\)](#), for the proposition that “[t]he Ninth Circuit applies [the] *Pioneer* [factors] flexibly, recognizing that no single factor is dispositive.” ECF No. 47-1 at 3. *In re Caneva*, however, is a Ninth Circuit decision addressing objections to discharge under [11 U.S.C. § 727\(a\)\(3\)](#) and does not contain any reference to [Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P’ship, 507 U.S. 380 \(1993\)](#) or the standard for excusable neglect under Rule 9006(b)(1).

Although Counsel’s references to nonexistent and improper case citations and local bankruptcy rules in a paper filed with the Court were concerning enough, following the Plaintiff’s oral argument at the hearing, it became clear, and Counsel so admitted in direct response to the Court’s questions, that she had in fact used AI to draft the Motion. It was the AI that created the *Verdi* case citation through a hallucination, a common error that AI models make when drafting legal papers. More alarming, however, Counsel admitted at the hearing that she failed to check whether the case citation was correct or even whether the case truly existed.

THE COURT: Ms. Joshi ... I did not hear you say that you used artificial intelligence as part of your drafting process for this brief. [] [D]id you in fact use AI?

COUNSEL: I did, Your Honor.

THE COURT: You did? Okay. So the placeholder case we talked about, *In re Verdi*, I think it was, is that a case that you came up with or a case that the AI came up with?

COUNSEL: The AI, Your Honor.

THE COURT: Okay. And then so what you told me earlier about you making it up [,] that citation was

not correct; the AI did it. And then you failed to check it, is what it sounds like, because if you had checked it, you would have seen that it did not exist.

*5 COUNSEL: Your Honor, whatever -- I do use AI, which I’m questioning now. I typically highlight all of the cases that are provided, or I even instruct the AI not to include cases. But I do go back and check them. So when I meant I left it as a placeholder, it was meant to -- I meant to go back and check it, and I did not.

Ex. A, Hr’g Tr. 24:1, 3-22, Aug. 13, 2025.

The Court was left troubled that Counsel would use AI to draft the Motion but then fail to ensure that the document filed with her ECF credentials contained accurate legal citations. This conduct reflects poorly on Counsel’s judgment and constitutes a failure to comply with her ethical obligations as an attorney and, thus, is a serious offense as a lawyer.

In addition, the Court raised the issue of the Defendant’s “wet ink” signature on the Defendant’s May 27 Declaration, when Defendant was out of the country and on another continent. Counsel represented to the Court that because Defendant was out of the country on May 27, documents had been transmitted back and forth by email.

THE COURT: ... [Y]our client’s declaration that you submitted along with this motion, that was the proposed declaration to be filed in support of your opposition, I believe is dated May 27th, and it indicates that your client signed it in Ibiza. So obviously she didn’t come to your office to sign the declaration. How did she get her signature on that declaration to you?

COUNSEL: Your Honor, first, my client lives on the East Coast. She’s not local. But at the time we were preparing the opposition and her declaration, she was actually on vacation in Ibiza. So all documents were being transmitted back and forth by email.

THE COURT: Okay. And so she emailed you back her signed signature page on her declaration on the 27th of May?

COUNSEL: Correct, Your Honor.

THE COURT: Okay. I want you to submit that file to me, for my in-camera review, and I want to look at the actual file itself. So you should feel free to redact any information in the file that is attorney-client privilege. But I want to look at the file itself, and I want you to email it to us

And so I want you, before the end of the day, to send that file to this email so that I can look at it. And like I said, ... if there's attorney-client information in there, feel free to redact that information in some way. But I need you to send me the file with the metadata intact, on the PDF or JPEG, or whatever it was that your client sent back to you from Ibiza with her signature on that declaration.

COUNSEL: Yes, Your Honor.

Ex. A, Hr'g Tr. 25:8-25-26:1-16, Aug. 13, 2025.

Following arguments presented, the Court took the Motion under submission.

D. Counsel's submission of the Defendant's signed May 27 Declaration to the Court for *in camera* review – August 13, 2025

Later in the afternoon of August 13, 2025, Counsel sent an email to the Court, in which she attached: (1) a screenshot of text messages exchanged between Counsel and the Defendant that included an image of the Defendant's signature on her May 27 Declaration; and (2) a standalone image of the Defendant's signature page on her May 27 Declaration. In her email to the Court, Counsel stated:

Judge Marum:

The requested documents are attached. **The signature pages were delivered by my client through text message, not email.** I made an exception since my client was out of the country.

*6 Ex. B, Hr'g Tr. 30:22-25, Oct. 22, 2025.⁵ Emphasis added.

The screenshot of the text message communications between the Defendant and Counsel did not include the date on which the messages were exchanged. Upon the Court's inspection of the metadata associated with both images provided by Counsel, it showed that Counsel

took the screenshot of the text message conversation on August 13 at 4:00 p.m. But the metadata for the standalone image of the Defendant's May 27 Declaration, purportedly signed by the Defendant on May 27, reflects that the photo was taken on August 13 at 6:57 p.m.

It goes without saying that neither the Defendant nor Counsel could have taken the photo of the Defendant's signature on her declaration almost three hours after Counsel sent her email to the Court on August 13. What explained this impossibility was that the Defendant was physically on the East Coast, such that metadata captured in the image was based on Eastern Daylight Time and thus three hours ahead of Pacific Daylight Time, the time zone from which Counsel sent the email.

What was clear from the images submitted to the Court was that the Defendant had not sent those particular images to Counsel on May 27.

As a result, the image of the Defendant's signed May 27 Declaration that Counsel sent to the Court on August 13 was created on August 13 and not on May 27. And that means Counsel's email message to the Court referenced above – in which she represented that the file she had submitted to the Court was the one her client sent her on May 27 – was not true.

The Court subsequently denied the Defendant's Motion. ECF No. 53. In the order denying the Motion, the Court assessed the Defendant's request to extend time under Rule 9006 based on excusable neglect pursuant to the factors set forth under [Pioneer Investment Services Co. v. Brunswick Associates Ltd., 507 U.S. 380, 395 \(1993\)](#). As the Court noted in the order, in *Pioneer*, the Supreme Court stated that “any indication at all of bad faith” would support a bankruptcy court's determination in declining to conclude that neglect was excusable. ECF No. 53 at 3 (quoting [Pioneer, 507 U.S. at 398-99](#)). The Court found that Counsel had engaged in bad faith conduct, through the tardy production of the Defendant's opposition to the Plaintiff, filing the Motion with nonexistent legal authority and failing to check the case citations, issues with the Defendant's May 27 Declaration, and Counsel's failure to comply with the Local Bankruptcy Rules with respect to not having

possession of the Defendant's signed declaration at the time of filing. *Id.* at 6-7.

E. Court's Initial OSC and Counsel's Response and Declaration – August and September 2025

In response to Counsel's representations at the August 13 hearing and the additional issue arising from her *in camera* submission, the Court issued an Order to Show Cause on Why the Court Should not Sanction Defendant's Counsel for using Fictitious Case Citations in a Motion and Violating the Local Rules with Respect to her Client's Signature Page ("Initial OSC"). ECF No. 54. In the Initial OSC, the Court highlighted the *Verdi* AI hallucination and the discrepancy in the metadata of the images Counsel submitted to the Court for *in camera* review.

*7 On September 5, 2025, Counsel filed a Response to the Initial OSC, which she supported with her declaration. In her response, Counsel admitted that she violated Rule 9011 by filing a pleading with the false AI citation; but she pointed out that the Motion contained only one fabricated citation. *See* ECF No. 57 at 1-3. Counsel also asserted a lack of evidence that she had actual knowledge that the *Verdi* citation was fabricated. *Id.* at 6. As to the Defendant's May 27 Declaration, in her September 5 Response, Counsel "aver[ed] that she was in possession of the 'wet ink' signature of her client on May 27, 2025, but negligently failed to save a copy of the signature which resulted in her obtaining in [sic] image of the signature of her client on August 13, 2025." *Id.* at 2.

In her own Declaration filed in support of her Response, Counsel attested as follows:

- Counsel obtained the Defendant's "approval and signature on the declaration for filing purposes. [Defendant] sent the signature page by text message on May 27, 2025 since she was out of the country." ECF No. 57-1 at 4 ¶ 17.
- Counsel "failed to save [her] client's signature page in the client's file when she texted it to me. [Counsel] intended to export it from [Counsel's] text messages to save in the client file at a later time. Unfortunately, one of [Counsel's] phone's software updates removed the photo from [her] texts to free up storage space." *Id.* at 5 ¶ 23.

- "When the Court requested [Counsel's] client's signature page, [Counsel] asked [her] client to resend the photo of the page she had previously signed. That is the photo [Counsel] provided to the Court for in-camera review." *Id.* at 5 ¶ 24.

According to Counsel, her failure to save the Defendant's May 27 Declaration was an act of simple negligence. ECF No. 57 at 2-3, 7. None of this turned out to be accurate.

On September 9, 2025, Counsel filed a declaration for the Defendant that addressed the Defendant's May 27 Declaration. ECF No. 59. In her declaration, the Defendant attested that she was traveling internationally on or around May 27, and as such, she and Counsel communicated primarily through email and text messages. *Id.* at 2 ¶ 3. She attested that Counsel "asked for [Defendant's] permission to use [Defendant's] electronic signature on the declaration in support of the Opposition." *Id.* at 2 ¶ 4. The Defendant also attested that she recalled "giving [her] attorney permission to use [Defendant's] electronic signature on the declaration" and that Defendant "approved the contents" of her declaration and gave permission for her electronic signature on the document. *Id.* at 2 ¶¶ 5, 7.

The Defendant's September 9 Declaration raised additional issues, as it appeared that the Defendant had not signed her May 27 Declaration in Ibiza, Spain, notwithstanding Counsel's representations to the Court at the August 13 hearing, in her Response to the Initial OSC, and in her Declaration signed under penalty of perjury submitted in support of Counsel's OSC response.

F. Court's Amended OSC and Counsel's Supplemental Response – September 2025

The Court subsequently issued an Amended Order to Show Cause ("Amended OSC") to, among other things, identify with particularity the legal authority for potential sanctions against Counsel. ECF No. 62.

On October 14, 2025, Counsel filed a declaration as a supplemental response to the Court's Amended OSC. ECF No. 75. In her declaration, Counsel attested that her prior representations to the Court with respect to her possession of the Defendant's signed May 27

Declaration were based on her sincere belief that she had obtained the signed document. 77. at 5 ¶ 8. In particular, Counsel attested as follows:

- “When the Court asked me if I had obtained my client's signature on her declaration before filing it with the Court and how I did so, I immediately responded yes and by email. I answered as such because that [sic] I sincerely believed that I had done as such. It is standard practice for my clients who cannot be physically present in the office, and at the time I had no reason to believe otherwise.” ECF No. 75 at 4-5 ¶ 8.
- *8 • “When I searched for the ‘wet ink’ document on August 13, 2025, I could not readily find the document in my email history or the client's file. So, I then checked my text history with my client knowing that sometimes we communicated by text, especially if she is traveling. When I checked my phone, I saw that all of my past texts with my client were no longer available. I still **did not question whether or not I had obtained my client's ‘wet ink’ signature** and I assumed that the file had been in my texts and inadvertently erased. The idea that I would file a declaration without my client's review and signature is so abhorrent that I sincerely did not believe it was possible.” *Id.* at 5 ¶ 9.
- “On September 08, 2025, I was able to have a more detailed conversation with my client regarding the case's status, the OSC, and the subject declaration.” *Id.* at 5 ¶ 10.
- “To my dismay, my client said that she did not remember whether she signed the declaration, but she did remember giving me approval to use her electronic signature and did remember approving the contents of the declaration. Because my client's recollection did not match my recollection and because neither of us were able to confirm which was the true recollection, my client and I prepared the declaration regarding her recollection.” *Id.* at 5 ¶ 11.
- “After discussing with my ethics’ counsel, I felt that the subsequent declaration by my client regarding her recollection of events needed to be filed with the Court because we were unable

to find confirmation of whose recollection was correct.” *Id.* at 6 ¶ 13.

Apparently, notwithstanding the Court's request for the *in camera* submission on August 13, 2025, it was not until September 8, 2025 – 26 days later – that Counsel had a “more detailed conversation with [her] client regarding the case's [sic] status, the OSC, and the subject declaration.” *See* ECF No. 75 at ¶ 10.

G. The Court's hearing on the Amended OSC – October 22, 2025

The Court heard the Amended OSC on October 22. At the hearing, the Court questioned Counsel on the Defendant's May 27 Declaration:

THE COURT: ... As I was piecing everything together, with the various declarations and filings the conclusion that I reached is that, on August 13th, the signature page that your client sent to you, was something that she signed on August 13th and that you knew that on August 13th. Is that correct?

COUNSEL: Yes, Your honor.

THE COURT: Why didn't you tell me, in the *in-camera* submission on August 13th, that that was the case?

COUNSEL: I sincerely believed that I had her signed declaration in my text messages which had been erased. I don't file declarations without having the client see it, having the client sign off on it. I remember the circumstances during the time being somewhat chaotic, and my thought was, there's no way that I don't have her signature page. And so I didn't think that it was harmful to ask her to review it and send a signature page that day.

THE COURT: But you made the decision not to tell me that that's what you were doing. And what I had specifically asked you for at the hearing was an electronic copy of the file your client signed, an electronic copy of the signature page that your client sent to you on May 27th. And what you gave me instead was something that you knew ... that she had signed on the 13th and you didn't tell me that. And that's what I don't understand is why,

at that point, were you not transparent with the Court about what had happened?

COUNSEL: Honestly, I was afraid of making things worse.

THE COURT: ... Ms. Joshi, I appreciate your candid response just there, but by not being transparent, you have made the situation worse, because I had to discover that that file was a file from August 13th by looking at the metadata. And at that point, what you should have done is told me, we can't find the signature page, and so here is the signature page that my client signed today. We are still looking, we will keep looking, and we will try to find the signature page that my client sent me on May 27th. But that's not what you did.

*9 And also, in the way that you submitted the text messages, it doesn't show the date on which the text messages were exchanged with your client. And that may be because you -- one of two things is possible. That may be because you were trying to obscure the date on which you sent those text messages with your client. Or it could have been that you were trying to show me the fact that your client had the image [] file in the text message exchange.

But your submission -- and I'm going to assume it was the latter ... [,] to the Court still didn't say these are the text messages that I had with my client on August 13th. The implication was that the screenshot of the text messages were from May 27th when your client provided the signature page to you when she was in Ibiza. Do you have any response to that?

COUNSEL: No, Your Honor. I mean, that is the first time that I've been asked for a client signature page. I certainly did not mean to mislead the Court. I was afraid of making things worse, not just for me, but for my client. And I understand now that I should have trusted the Court more and been more transparent.

THE COURT: Where was your client on August 13th when she signed the declaration or signed the signature page that you submitted for my in-camera review?

COUNSEL: I believe she was in Florida.

THE COURT: Okay. So it's dated the 27th of May, and it says she was in Ibiza, Spain.

COUNSEL: I understand.

THE COURT: Okay. So I mean, it's just additional information that makes it appear that you were trying to mislead me as to what this document was that you were submitting for my review.

COUNSEL: I didn't think of it as a new declaration. I thought of it as a re-signing of a previous declaration.

Ex. B, Hr'g Tr. 4:22-25, 5-7:1-18, Oct. 22, 2025.

Subsequently Counsel stated that the Defendant approved the content of the Defendant's declaration for filing, either through email or over the phone. Ex. B, Hr'g Tr. 8:6-7, 10, Oct. 22, 2025. The Court asked Counsel whether she had looked through her emails to confirm whether she was in possession of an email from the Defendant that authorized the signing of the declaration on May 27 or whether Counsel had asked the Defendant to look through Defendant's emails for such an email; to both questions, Counsel responded no. *Id.* at 8:11-17. The Court asked Counsel whether she had reviewed call logs to confirm calls with the Defendant on May 27 when the Defendant was in Ibiza. *Id.* at 8:21-23. Again, Counsel responded no. *Id.* at 8:24.

Dr. Peatross testified that her best recollection was that she gave Counsel verbal permission to sign the Defendant's declaration. Ex. B, Hr'g Tr. at 13:15-16, 21-22; 14:3, Oct. 22, 2025. The Court also asked whether the Defendant had reviewed her records (e.g., text messages or email) with respect to the Defendant's approval of her declaration on or around May 27; the Defendant conducted a search of her emails during the hearing and testified that she did not have any emails with respect to her approval of the declaration on or around May 27. *Id.* at 15:5-25.

The Court went back to Counsel and asked why, if she was aware on August 13 that she did not have her client's the signed declaration, that Counsel waited nearly a month to advise the Court -- and then only through the Defendant's September 9 declaration.

COUNSEL: ... I had just assumed that I lost it. I didn't think ... that I hadn't obtained it.

THE COURT: I see []. So your assumption, between August 13th and the early part of September, was that you had the signature. It had been -- you'd lost it somehow, through either a technological update, or however that happened, you lost it.

*10 COUNSEL: Correct.

THE COURT: And so after the 13th, you didn't keep looking for it?

COUNSEL: No.

THE COURT: Is that right?

COUNSEL: I looked for it again in preparing for the response for the initial OSC. I did have ethics counsel help me with that response. And I provided what I could find, but we didn't discuss it further.

Ex. B, Hr'g Tr. 18:19-25; 19:9, Oct. 22, 2025.

Following a short break during the hearing, the Court specifically asked what efforts Counsel took to look for the signed declaration, after August 13 and leading to her filing the Defendant's declaration on September 8.

COUNSEL ... [I]t was in preparing the response, working with counsel, that's when I conducted a more thorough investigation.

THE COURT: And can you give me a little more detail there about what it was that you did to try to find the signature page from May 27th?

COUNSEL: I checked my email history. I checked the text message history. I checked the client file more thoroughly. I checked the papers that I had at the -- our office is mainly paperless, but for documents where the -- for example, a client comes in or mails in a signature, we keep those for some time just to make sure they're scanned in. Usually we end up with multiple copies.

So I checked the paper file of what we did have at the office. I mean, that's -- I didn't pull the call logs. I'm sorry; I didn't think of it. Typically, we don't pull the call logs until we try to do invoicing,

to see if there's anything that was overlooked or should be accepted from the bill. But that was about -- that was the extent of my investigation.
Ex. B, Hr'g Tr. 26:11-25, 27:1-4, Oct. 22, 2025.

This last representation to the Court, however, is not congruent with Counsel's prior representation at the same hearing that she had not searched her emails with respect to the Defendant's authorization to file the declaration with the Defendant's electronic signature.

ANALYSIS

A. Legal Authority for Sanctions

1. [Federal Rule of Bankruptcy Procedure 9011](#)

[Rule 9011\(b\)](#), titled "Representations to the Court," provides that:

By presenting to the court a petition, pleading, written motion, or other document--whether by signing, filing, submitting, or later advocating it--an attorney or unrepresented party certifies that, to the best of the person's knowledge, information, and belief formed after an inquiry reasonable under the circumstances:

- (1) it is not presented for any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase litigation costs;
- (2) the claims, defenses, and other legal contentions are warranted by existing law or by a nonfrivolous argument to extend, modify, or reverse existing law, or to establish new law;
- (3) the allegations and factual contentions have evidentiary support--or if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and
- (4) the denials of factual contentions are warranted on the evidence--or if specifically so identified, are reasonably based on a lack of information or belief.

*11 Here, Counsel concedes that she violated [Rule 9011](#) when she filed the Motion with improper and nonexistent legal authority. But when the Court initiates sanctions under [Rule 9011](#), the Court is required “to apply a higher ‘akin to contempt’ standard than in the case of party-initiated sanctions” [Rocha v. Fiedler](#), 2025 WL 1219007, at *1 (9th Cir. Apr. 28, 2025) (citing [In re Nakhuda](#), 544 B.R. 886, 890 (9th Cir. BAP 2016), *aff’d*, 703 F. App’x 621 (9th Cir. 2017)). “Akin to contempt” means “conduct that is particularly egregious and similar to conduct that would be sanctionable under the standards for contempt.” [In re Nakhuda](#), 544 B.R. at 901. In other words, the Court must find bad faith conduct or conduct tantamount to bad faith, which includes lack of forthrightness with the court. *Id.* (collecting cases); *see also* [Rocha](#), 2025 WL 1219007, at *1 (citing [Price v. Lehtinen \(In re Lehtinen\)](#), 564 F.3d 1052, 1061 (9th Cir. 2009) (quoting [Fiak v. Gomez](#), 239 F.3d 989, 994 (9th Cir. 2001)), *overruled on other grounds by In re Gugliuzza*, 852 F.3d 884, 898 (9th Cir. 2017) (findings tantamount to bad faith include “that counsel’s conduct was outrageously improper, unprofessional and unethical.”)). That said, “bad faith or willful misconduct consists of something more egregious than mere negligence or recklessness.” [In re Lehtinen](#), 564 F.3d at 1058.

Recently bankruptcy courts have confronted a spate of [Rule 9011](#)⁶ violations by bankruptcy attorneys who fail to review and verify legal citations in AI-generated documents filed with the court. *See, e.g., Kheir v. Titan Team LLC, et al. (In re Kheir)*, -- B.R. ---, 2025 WL 3083272 (Bankr. S.D. Tex. Nov. 4, 2025) (attorney violated [Rule 9011\(b\)\(2\)](#), among other things, by citing cases created by generative AI in a responsive document filed with the court in which the attorney failed to verify that the citations referenced real cases or that case quotations were accurate); [In re Jackson Hosp. & Clinic, Inc.](#), --- B.R. ---, 2025 WL 3251167, at *15 (Bankr. M.D. Ala. Nov. 20, 2025) (attorney’s use of AI-generated misrepresentations of law in documents filed with the court violated [Rule 9011](#)); [In re Richburg](#), 671 B.R. 918, 921, 925 (Bankr. D.S.C. 2025) (attorney violated [Rule 9011](#) by using generative AI in a motion filed with the court in which the attorney failed to verify the sources cited); [In re Martin](#), 670 B.R. 636, 649 (Bankr. N.D. Ill. 2025) (in determining that attorney violated [Rule 9011](#) by filing

a document with improper legal authority, the court “announce[d] loudly and clearly (so that everyone hears and understands) that lawyers blindly relying on generative AI and citing fake cases are violating Bankruptcy [Rule 9011](#) and will be sanctioned.”) These cases make clear that where an attorney uses AI to assist in drafting a motion or document filed with the court, the attorney must verify that the AI-generated legal citations in any court-filed documents are true and correct. *See In re Martin*, 670 B.R. at 648 (“The bottom line is this: at this point, no lawyer should be using ChatGPT or any other generative AI product to perform research **without verifying the results.**”) (emphasis added).

2. The Court’s Inherent Powers Authority

Bankruptcy courts also have the power to sanction attorneys for improper conduct pursuant to the court’s inherent powers (or sanctions) authority. *See In re Lehtinen*, 564 F.3d 1052, 1058 (9th Cir. 2009). The inherent powers authority allows the court to sanction a broad range of improper conduct. But the court’s imposition of sanctions under its inherent powers authority requires it “make an explicit finding of bad faith or willful misconduct. *See id.* (quoting [Knupfer v. Lindblade \(In re Dyer\)](#), 322 F.3d 1178, 1196 (9th Cir. 2003)); *see also Fink*, 239 F.3d at 994 (“[S]anctions are available if the court specifically finds bad faith or conduct tantamount to bad faith.”) (emphasis added). Conduct tantamount to bad faith includes that which is “outrageously improper, unprofessional[,] and unethical under any reading of California’s ethical standards for attorneys.” [In re Lehtinen](#), 564 F.3d at 1061. Nevertheless, a court’s imposition of sanctions under its inherent powers authority “does not authorize significant punitive damages.” *Id.* at 1059 (citing [In re Dyer](#), 322 F.3d at 1194). Instead, “[c]ivil penalties must either be compensatory or designed to coerce compliance.” *Id.* (citing [In re Dyer](#), 322 F.3d at 1192).

B. Counsel’s conduct as whole since May 27, 2025, supports findings by the Court that Counsel engaged in bad faith or conduct tantamount to bad faith.

1. Counsel's filing of the Motion, which she knew contained AI-generated legal citations that she did not review or verify prior to filing, constituted bad faith and/or conduct tantamount to bad faith.

*12 Counsel does not dispute that she violated [Rule 9011](#) when she filed the Motion without verifying the AI-generated legal citations in the document. In the Court's view, this action was neither negligent nor reckless; it constitutes bad faith or conduct tantamount to bad faith. Counsel's decision to file the Motion without verifying any of the legal citations referenced in the document was improper given her knowledge that she used AI to create the legal citations. It is an attorney's basic ethical obligation to verify any legal citations in a document filed with any court, irrespective of how the attorney procured the citation, whether through a traditional legal database or AI.

Over the past couple of years, much discussion has been had over the use of generative AI in the practice of law. The State Bar of California early on issued guidance for attorneys on the use of generative artificial intelligence in the practice of law.⁷ It should surprise absolutely no attorney in California, in this current environment, that an attorney's use of AI in their representation of a client comes with an existing responsibility to comply with the law and procedural rules, such as [Rule 9011](#) and Local Bankruptcy Rules, and with ethical duties imposed by the state bar and enforced by the courts. The availability, convenience, and increased pervasiveness of AI in the practice of law does not absolve an attorney of their duties and responsibilities as officers of the court, long existing before the ubiquity of AI. It is both puzzling and alarming that an attorney would use AI to generate a pleading, motion, or any other document, which includes AI-generated legal authority, and conclude that under any circumstance, filing the document with the court without review or verification of the document is ever appropriate. Such a decision is the epitome of a serious lapse in judgment. Short of a true emergency⁸ – for example, an unanticipated medical emergency that prevented Counsel from verifying the legal authorities cited in the Motion – there can be no justification for an attorney's failure to verify the legal citations in a document that the attorney then files with the court.

And here, Counsel presented no such justification, other than Counsel generally failed to verify the citations; again, a fact that Counsel only admitted after the Court specifically questioned her on whether she verified the citations in the Motion.

Counsel initially asserted in her response to the Initial OSC that there was only one AI-hallucination in the Motion. And certainly, the Court observes that, unlike other [Rule 9011](#) cases involving improper use of AI, here, the Motion only contained reference to a handful of legal citations: *Pioneer*, *In re Caneva*, *In re Verdi*, Rules 1001 and 9006, and LBR 1001-2. Cf. [In re Kheir](#), 2025 WL 3083272, at *4 (containing 32 non-existent cases or misrepresentations of authority). Of these handful of legal citations, only the *Pioneer* citation was correct – *Verdi* was an AI hallucination and the remaining citations were either wholly incorrect (such as the references to *In re Caneva* and Local Bankruptcy Rule 1001-2), or not quite accurate.⁹

*13 The Court considers Counsel's failure to verify these citations on par with (or perhaps more egregious than) a lawyer's failure to verify citations in a document littered with AI-hallucinations or otherwise inaccurate citations. Here, at most, Counsel's verification of the six legal citations referenced in the six-page Motion should have taken 15 minutes – or at most 30 minutes. This was not a difficult exercise. Had Counsel bothered to copy and paste the *Verdi* case into a traditional legal database, she would have quickly learned, as did the Court and opposing counsel, that the case does not exist. And although Counsel filed the document late in the evening of July 24, she was not without the time to do so. The Court's deadline to file the Motion was actually July 25. It appears that Counsel had an early morning flight on July 25 to leave on vacation, which prompted Counsel to file the Motion as is and without verification of the legal citations in the document. That Counsel did not bother to perform this relatively quick and required exercise prior to filing the Motion is stunning.

Even after she filed the Motion, Counsel could have read and verified the handful of legal citations and filed an amended motion or withdrawn the document; she chose neither. Instead, it appears that Counsel, in a rush to begin a personal vacation, allowed the Motion to

stand as filed, leaving both the Court and opposing counsel to expend time and energy to look for legal citations that were incorrect or simply did not exist. There is no justification for Counsel's conduct.

In sum, the Court concludes that Counsel's filing of the Motion, based on her knowledge that she used AI to draft the document including legal citations, but failed to read or verify any of the legal citations prior to or even after the filing, constituted bad faith or conduct tantamount to bad faith.

2. Counsel's subsequent representations to the Court constituted bad faith or conduct tantamount to bad faith.

Even if the Court had concluded that Counsel's filing of the Motion without having checked the AI-generated citations was not in and of itself bad faith or conduct tantamount to bad faith, the Court finds that her conduct in the matter thereafter satisfies the requisite finding for the imposition of sanctions. Counsel unsurprisingly attempts to frame her subsequent conduct as negligent and unreasonable rather than taken in bad faith. At the October 22 hearing, Counsel emphasized that her representations to the Court as to the Defendant's May 27 Declaration were based on Counsel's belief that she obtained and had in her possession the Defendant's signed declaration at the time that Counsel thought she had filed the declaration on May 27. Counsel also argued that she did not intend to mislead the Court. Counsel's conduct as a whole, however, belies her assertions. The Court thus rejects Counsel's characterization of her conduct as negligent, reckless, or based on her good faith belief of circumstances that did not exist.

In her email to the Court submitting the Defendant's signed declaration for *in camera* review, Counsel stated in her email: "The requested documents are attached. The signature pages were delivered by my client through text message, not email. I made an exception since my client was out of the country." Counsel's representations in the email, however, were not true; and Counsel knew they were not true when she sent the email and the two images to the Court.

First, Counsel submitted to the Court an image of the signature page of the Defendant's declaration, signed by the Defendant under penalty of perjury and dated May 27, 2025, from Ibiza, Spain. But as Counsel conceded at the October 22 hearing, the Defendant did not sign the declaration on May 27 – she signed it on August 13. And the Defendant did not sign the declaration from Ibiza, Spain – she signed it in from the East Coast, where the Defendant resides and was physically present on August 13. Counsel explained that in her mind, this was appropriate because it was a "re-signing" of the declaration. This explanation is nonsensical, given that, as discussed below, the Defendant had not previously signed the declaration in any manner. Moreover, there is no indication in the record that Counsel asked Defendant to look for the signed May 27 Declaration – it appears that Counsel's immediate request to the Defendant on August 13 was to "re-sign" the Defendant's May 27 Declaration.

***14** Counsel neither followed the Court's specific directive on August 13 nor was she truthful in her representations to the Court in the email. At the October 22 hearing, the Court noted that because Counsel submitted the text messages without a reference to a date, it appeared to the Court that Counsel was either attempting to obscure the date in which the text messages were exchanged or trying to evidence the existence of the image file within the text messages exchange between Counsel and her client; the Court stated on the record that it would infer the latter. Based on the Court's review of Counsel's conduct as a whole, however, the Court now concludes that Counsel was more likely than not trying to obscure the August 13 date in the text message exchange with her client.

In the Court's view, the screenshot of the text message exchange between Counsel and the Defendant, in which the Defendant sent Counsel an image of her signed declaration, was taken in such a manner so as to shroud the date and time of the communications; thereby supporting the inference that Counsel was sharing with the Court evidence of the Defendant's transmission of the signed declaration in May 2025 and not on August 13. Had the Court not taken the additional step of reviewing the metadata of the screenshot and the image submitted by Counsel, it would have appeared facially that Counsel had

provided the declaration signed by Dr. Peatross on May 27, 2025 from Ibiza, Spain. At the October 22 hearing, Counsel conceded that she was not transparent about the date and manner in which the Defendant signed the declaration that Counsel submitted to the Court on August 13.

Second, it is now clear to the Court that prior to August 13, Dr. Peatross had not signed her declaration in any manner on or around May 27, notwithstanding Counsel's numerous representations to the Court to the contrary. Counsel admitted at the October 22 hearing that she could not find any documentary evidence to support that the Defendant sent Counsel a copy of the Defendant's signed declaration on or around May 27. During the same hearing on October 22, Dr. Peatross looked through her records and testified that she could not locate a communication in which she sent Counsel the signed declaration on or around May 27. Dr. Peatross's testimony was that she only gave Counsel verbal authorization to file her declaration on or around May 27.

In spite of Counsel's representations and attestations, Counsel neither obtained from the Defendant nor was in possession of the Defendant's signed declaration on May 27. Thus, Counsel's representations at the August 13 hearing, in her August 13 email to the Court, in her response to the Initial OSC, and in her declaration in support of her response to the Initial OSC were not true.

That Counsel believed she had a copy of the Defendant's signed declaration somewhere in her possession during this period of time does not justify that she in fact did not. At various points - Counsel's representations to the Court at the August 13 hearing, her *in camera* submissions to the Court, her email to the Court transmitting the submissions, her response to the initial OSC, and her declaration filed in support of the initial OSC - Counsel bore an obligation to review her records and confirm her belief that she had a signed declaration from the Defendant as she represented to the Court. Counsel did not, even in the face of the Court's specific inquiries and requests to Counsel.

The Court does not find credible that Counsel, an experienced attorney, failed to conduct a full search for the Defendant's signed May 27 declaration after

the Court specifically requested to see the signed declaration in a same day *in camera* submission or after the Court issued the Initial OSC. Counsel's assertion of good faith belief in this regard is not supported by the record and does not provide a defense for the misrepresentations that she made to the Court.

***15** In sum, the Court finds that Counsel acted in bad faith or conduct tantamount to bad faith in her representations to the Court.

C. Counsel's acts in bad faith or conduct tantamount to bad faith supply the basis for the Court's imposition of sanctions under [Rule 9011](#) and/or its inherent powers authority.

Based on the foregoing, the Court concludes that Counsel committed several violations.¹⁰ First, Counsel violated [Rule 9011\(b\)\(2\)](#) when she filed the Motion with improper and nonexistent AI-generated legal citations that Counsel failed to review or verify before filing the document. Second, Counsel violated [Rule 9011\(b\)\(3\)](#) by making factual contentions to the Court – in her *in camera* submission email to the Court, at the August 13 hearing, and in her responses and declarations to the OSCs – as to the Defendant's May 27 Declaration that lacked evidentiary support; namely, that the Defendant signed her declaration on May 27 and/or that Counsel was in possession of the Defendant's signed declaration on May 27, neither of which was true. Third, Counsel violated LBR 5005-4(d) when she presented the Motion and attached the Defendant's May 27 Declaration with an electronic signature to the Motion when Defendant had not signed the declaration before filing, notwithstanding that Counsel filed the Motion two months after Defendant was supposed to have signed her May 27 declaration. Counsel also violated LBR 5005-8 given that she was never in possession of the Defendant's original signature on her May 27 declaration either on May 27, when Counsel intended to present the declaration, or on July 24, when Counsel filed the Motion and attached the Defendant's May 27 Declaration to it.

In reaching these conclusions, the Court took into account mitigating circumstances that Counsel detailed on the record at the October 22 hearing. This includes that Counsel has implemented the use of case management software in her practice and hired a

bookkeeper in July on a contract basis, which alleviates the time she previously spent on a monthly basis on bookkeeping matters. In addition, Counsel detailed some of the online continuing legal education courses she has already taken and that she has secured her husband's assistance as her case manager.

Pursuant to [Rule 9011\(c\)\(4\)\(ii\)](#), the Court will order Counsel to pay a penalty to the Court in the amount of \$950. In determining the sanctions amount, the Court considered an amount substantially higher, but settled on this amount as appropriate given the mitigating circumstances, that this is Counsel's first known instance of a violation with the Court and that Counsel is a sole practitioner. Judges in this District do not routinely sanction lawyers and the Court is confident that this experience plus the fact that the Court is issuing monetary sanctions of any amount (along with the other sanctions detailed below) will be sufficient to deter Counsel and other practitioners from engaging in conduct like what Counsel did here. And that is the goal of [Rule 9011](#); a higher amount of monetary sanctions is not needed to achieve it and so the Court settled on the amount listed above. The Court considered but declines to award fees and costs to Plaintiff's counsel in the form of compensatory sanctions under the Court's inherent powers authority. See [Miller v. Cardinale \(In re Deville\)](#), 280 B.R. 483, 494 (9th Cir. BAP 2002), *aff'd sub nom. In re De Ville*, 361 F.3d 539 (9th Cir. 2004) (under its inherent authority sanctioning power,¹¹ the bankruptcy court may require an attorney to pay the opposing party's reasonable attorney's fees and expenses). If Counsel continues to engage in conduct such as that detailed in this Memorandum Decision, however, the Court's considerations will not result as favorably for Counsel or any other practitioner that engages in similar conduct.

CONCLUSION

*16 Based on the foregoing, the Court imposes sanctions on Counsel pursuant to [Rule 9011](#) and its inherent powers authority. Such sanctions are necessary to deter repetition of Counsel's conduct by Counsel and amongst other bankruptcy practitioners in this judicial district.

The Court will concurrently enter an order that imposes sanctions as follows:

1. Pursuant to [Federal Rule of Bankruptcy Procedure 9011\(c\)\(4\)\(A\)\(ii\)](#), Counsel will be ordered to pay a penalty into the Court in the amount of \$950 within 30 days of entry of the order entered concurrently with this Memorandum Decision;
2. Counsel must register for and complete four hours each of continuing legal education regarding (1) the use of AI in the legal practice and (2) practice management offered by and/or through the State Bar of California for a total of eight hours within 12 months from entry of the order entered concurrently with this Memorandum Decision. At least half of this continuing legal education requirement, or four hours, must be completed through in-person programs. Counsel must file a certification with the Court in this matter within 30 days upon completion of this requirement;
3. Counsel must present a copy of this Memorandum Decision to Dr. Peatross within 30 days from entry of the order entered concurrently with this Memorandum Decision. Counsel must file a certification with the Court in this matter upon completion of this requirement;
4. The Court revokes Counsel's authorization as a registered CM/ECF filer in this court to file any documents in the U.S. Bankruptcy Court for the Southern District of California signed electronically by a person other than Counsel using an “/s/” or “s/” signature pursuant to Local Bankruptcy Rule 5005-4(d), for a period of two (2) years, by and through December 31, 2027. Counsel is not permitted to file a document signed by a person other than herself using an “/s/” or “s/” electronic signature during that period of time; and
5. Counsel is required to comply with the Court's General Order No. 210,¹² effective immediately from entry of the order entered concurrently with this Memorandum Decision.

Finally, the Court advises Counsel that it will refer her to the Standing Committee on Discipline for

the United States District Court for the Southern District of California. *See* Civil Local Rule 2.2(e); Local Bankruptcy Rule App'x B (providing that Civil Local Rule 2.2 applies in the Bankruptcy Court). The Court makes this referral both so the Standing Committee can determine whether further discipline may be appropriate and in the hopes that the Standing Committee will be an additional resource to Counsel as she implements changes in her practice to ensure she never again ends up in a situation like this one.

As the Court noted at the outset, its imposition of sanctions was a difficult decision. The Court is confident that Counsel will learn from this experience and will have a long career practicing before the Court.

EXHIBIT A

Excerpts from Transcript of Hearing on August 13, 2025

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF CALIFORNIA

In Re: NUPEUTICS NATURAL, INC. Debtor.

*17 Case No. 22-02956-JBM

Chapter 7

San Diego, California

Wednesday, August 13, 2025

10:00 AM

ADV#: 24-90036-JBM

LESLIE T. GLADSTONE v. JESSICA LAINE PEATROSS

1) MOTION FOR SUMMARY JUDGMENT AND/OR FOR SUMMARY ADJUDICATION OF FACTS OR ISSUES AS TO 2ND, 3RD, AND 4TH CAUSES OF ACTION FILED ON BEHALF OF LESLIE T. GLADSTONE (FROM 7/16/25)

2) PRE-TRIAL STATUS CONFERENCE (FROM 7/16/25)

3) NOTICE OF MOTION AND MOTION TO ENLARGE TIME AND FOR LEAVE TO FILE OMITTED OPPOSITION DOCUMENTS FILED ON BEHALF OF JESSICA LAINE PEATROSS

TRANSCRIPT OF PROCEEDINGS

BEFORE THE HONORABLE J. BARRETT MARUM

UNITED STATES BANKRUPTCY JUDGE

APPEARANCES: Chapter 7 trustee: LESLIE T. GLADSTONE, ESQ. HILDA MONTES DE OCA, ESQ. Financial Law Group 5656 La Jolla Boulevard La Jolla, CA 92037 (858) 454-9887

For Jessica Laine Peatross: DEEPALIE MILIE JOSHI, ESQ. (Via Zoom) Joshi Law Group 3675 Ruffin Road Suite 220 San Diego, CA 92123 (619) 332-2784

Court Recorder: ELECTRONICALLY RECORDED United States Bankruptcy Court 325 West F Street San Diego, CA 92101

Transcriber: SHARONA SHAPIRO eScribers, LLC 7227 N. 16th Street Suite #207 Phoenix, AZ 85020 (800) 257-0885

Proceedings recorded by electronic sound recording; transcript provided by transcription service.

absence. Yet whatever he said to my paralegal nearly reduced her to tears, in that when I finally did have cell service and was able to speak with her, she was panicked and didn't know what to do because someone from the trustee's office had called her and was telling her to do something she didn't understand.

So I don't understand -- when there's a situation like that and you have a paralegal who may be not as experienced, and instead of contacting her repeatedly, why wouldn't you contact the attorney that is listed in my absence?

THE COURT: Can you comment, though, Ms. Joshi, on the case? Because I've looked for it too, and it doesn't seem to exist.

MS. JOSHI: And again, I have egg on my face where it was -- the case was -- the case, I should say, was cited more as a wish list item in that I had intended to go back and insert a more substantive case.

THE COURT: Wait. Wait a minute. Wait a minute. Hold on, Ms. Joshi. You're telling me that, in a document that you filed with the Court, you put a case that does not exist, and you were going to go back and then find a case that stood for that proposition, but you didn't do that, and you filed a document with a case that's completely fabricated? Is that what you're telling me? Because that's what it sounds like.

MS. JOSHI: I --

THE COURT: It's a yes-or-no question, Ms. Joshi.

MS. JOSHI: Yes.

THE COURT: Yeah. Okay. The next time you do that -- well, let's get through today's hearing. I am never going to see that from you again because that is -- that's very serious.

MS. JOSHI: Understood.

THE COURT: Okay. Please continue with your argument, if you have additional things that you want me to consider.

MS. JOSHI: Not in regards to the substantive motion, but I do have some additional comments in regards to Ms. Gladstone's motion for summary judgment.

***18** THE COURT: Well, we're not going to get to the motion for summary judgment on a substantive basis today. We're just here on a status for that, because I decided at the last hearing that I was going to require some additional briefing on that motion.

And so we'll talk about the schedule for that additional briefing. But the schedule for that additional briefing may be impacted by what I do on the motion to let you file some late documents because, if I let you file

the documents late, the trustee obviously needs to have a chance to respond to those through a reply. And so that may impact what we do with the overall schedule. So don't worry; I will hear from you regarding the schedule for that additional briefing.

And so now I will look to Ms. Gladstone for any argument that you'd like to offer.

Ms. Joshi, I will hear from you, but let me start with two questions that I would like you to address, the first being that I did not hear you say that you used artificial intelligence as part of your drafting process for this brief. But did you in fact use AI?

MS. JOSHI: I did, Your Honor.

THE COURT: You did? Okay. So the placeholder case that we talked about, In re Verde, I think it was, is that a case that you came up with, or is that a case that the AI came up with?

MS. JOSHI: The AI, Your Honor.

THE COURT: Okay. And then so what you told me earlier about you making it up that citation was not correct; the AI did it. And then you failed to check it, is what it sounds like, because if you had checked it, then you would have seen that it didn't exist.

MS. JOSHI: Your Honor, whatever -- I do use AI, which I'm questioning now. I typically highlight all of the cases that are provided, or I even instruct the AI not to include cases. But I do go back and check them. So when I meant I left it as a placeholder, it was meant to -- I meant to go back and check it, and I did not.

THE COURT: I misunderstood. I thought you were telling me that you had personally come up with In re Verde, and then whatever the Westlaw site was, and put that in the brief. And that was not making a lot of sense to me. So I'm glad that you clarified that you were not the one that created the case, that it was the AI, and your omission was going back and -- well, your omission was not going back and checking it.

MS. JOSHI: Correct, Your Honor. I'm simply not that smart to come up with such a complicated citation on the fly.

THE COURT: It's a lot of effort to do that.

Okay. My next question for you is, your client's declaration that you submitted along with this motion, that was the proposed declaration to be filed in support of your opposition, I believe is dated May 27th, and it indicates that your client signed it in Ibiza. So obviously she didn't come to your office to sign the declaration. How did she get her signature on that declaration to you?

MS. JOSHI: Your Honor, first, my client lives in on the East Coast. She's not local. But at the time we were preparing the opposition and her declaration, she was actually on vacation in Ibiza. So all documents were being transmitted back and forth through email.

THE COURT: Okay. And so she emailed you back her signed signature page on her declaration on the 27th of May?

MS. JOSHI: Correct, Your Honor.

***19** THE COURT: Okay. I want you to submit that file to me, for my in-camera review, and I want to look at the actual file itself. So you should feel free to redact any information in the file that is attorney-client privilege. But I want to look at the file itself, and I want you to email it to us.

And I will include -- well, actually, let me just give it to you. Okay. So the email is all caps for the first part, CASB underscore -- and this is capitalized too -- capital D, lowercase ept2, underscore, bk at CASB.uscourts.gov. You can also find this email in my chambers procedures under the cash collateral motions section.

And so I want you, before the end of the day, to send that file to this email so that I can look at it. And like I said, feel free, if there's attorney-client information in there, feel free to redact that information in some way. But I need you to send me the file with the metadata intact, on the PDF or JPEG, or whatever it was that your client sent back to you from Ibiza with her signature on that declaration.

MS. JOSHI: Yes, Your Honor.

THE COURT: Okay. So with those two things out of the way, Ms. Joshi, let me hear from you regarding any response that you have to Ms. Gladstone's argument.

MS. JOSHI: Your Honor, honestly, I don't really have any further argument. I feel that Ms. Gladstone has made her points, and I've made mine. As you said, there's some tension between the parties. That was never my intention. I had tried to be professionally courteous and work with Mr. Levin throughout this case. The first time that Ms. Gladstone was --

INDEX

RULINGS: Ms. Joshi is to provide the file containing her client's signature page for her client's May 27, 2025 declaration with its meta data intact for in-camera review through the dedicated email address for Department 2 before the end of the day

CERTIFICATION

I, Sharona Shapiro, certify that the foregoing transcript is a true and accurate record of the proceedings.

SHARONA SHAPIRO, CET-492

eScribers

7227 N. 16th Street, Suite #207 Phoenix, AZ 85020

Date: November 27, 2025

EXHIBIT B

Excerpts from Transcript of Hearing on October 22, 2025

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF CALIFORNIA

In Re: NUPEUTICS NATURAL, INC. Debtor.

Case No. 22-02956-JBM

Chapter 7

San Diego, California

Wednesday, October 22, 2025

10:00 AM

ADV#: 24-90036-JBM

LESLIE T. GLADSTONE v. JESSICA LAINE PEATROSS

AMENDED ORDER TO SHOW CAUSE WHY THE COURT SHOULD NOT SANCTION DEFENDANT'S COUNSEL FOR COUNSEL'S CONDUCT IN CONNECTION WITH A MOTION FILED WITH THE COURT AND DEFENDANT'S DECLARATION FILED WITH THE COURT

TRANSCRIPT OF PROCEEDINGS

BEFORE THE HONORABLE J. BARRETT MARUM

UNITED STATES BANKRUPTCY JUDGE

APPEARANCES: For Chapter 7 trustee: CHRISTIN BATT, ESQ. Financial Law Group 5656 La Jolla Boulevard La Jolla, CA 92037 (858) 454-9887

For Jessica Laine Peatross: DEEPALIE MILIE JOSHI, ESQ. Joshi Law Group 3675 Ruffin Road Suite 220 San Diego, CA 92123 (619) 332-2784

ALSO PRESENT: Jessica Laine Peatross (Via Zoom)

Court Recorder: CYNTHIA LAM United States Bankruptcy Court 325 West F Street San Diego, CA 92101

Transcriber: SHARONA SHAPIRO eScribers, LLC 7227 N. 16th Street Suite #207 Phoenix, AZ 85020 (800) 257-0885

Proceedings recorded by electronic sound recording; transcript provided by transcription service.

And Ms. Joshi, I see your client is also on the Zoom. We will hear from her a little bit later if we need to.

***20** I have read everything that you have submitted. Under the circumstances, I decided not to post a tentative ruling, because I wanted to hear from you today, and potentially hear from your client, before I expressed my views on the situation that we're in.

So with those comments, and keeping in mind that I've read everything that you have submitted, is there anything else that you'd like me to consider before we get to the questions that I may have for you and your client?

MS. JOSHI: No, Your Honor, other than I'm really sorry that this happened, and I am doing my best to take steps to make sure nothing like this ever happens again.

THE CLERK: Excuse me, Your Honor. Just one second. Ms. Joshi, I'm going to have -- thank you -- so we can get an accurate -- thank you.

THE COURT: Okay. Thank you for that, Ms. Joshi. That certainly came through in in your pleadings. I appreciate you emphasizing that now.

A few of the questions that I have relate to your in-camera submission on August 13th. And as I was piecing everything together, with the various declarations and filings, the conclusion that I reached is that, on August 13th, the signature page that your client sent to you was something that she signed on August 13th and that you knew that on August 13th. Is that correct?

MS. JOSHI: Yes, Your Honor.

THE COURT: Why didn't you tell me, in the in-camera submission on August 13th, that that was the case?

MS. JOSHI: I sincerely believed that I had her signed declaration in my text messages which had been erased. I don't file declarations without having the client see it, having the client sign off on it. I remember the circumstances during that time being somewhat chaotic, and my thought was, there's no way that I don't

have her signature page. And so I didn't think that it was harmful to ask her to review it and send a signature page that day.

THE COURT: But you made the decision not to tell me that that's what you were doing. And what I had specifically asked you for at the hearing was an electronic copy of the file your client signed, an electronic copy of the signature page that your client sent to you on May 27th. And what you gave me instead was something that you knew -- you knew that she had signed on the 13th and you didn't tell me that. And that's what I don't understand is why, at that point, were you not transparent with the Court about what had happened?

MS. JOSHI: Honestly, I was afraid of making things worse.

THE COURT: I think -- Ms. Joshi, I appreciate your candid response just there, but by not being transparent, you have made the situation worse, because I had to discover that that file was a file from August 13th by looking at the metadata. And at that point, what you should have done is told me, we can't find the signature page, and so here is the signature page that my client signed today. We are still looking, we will keep looking, and we will try to find the signature page that my client sent me on May 27th. But that's not what you did.

And also, in the way that you submitted the text messages, it doesn't show the date on which the text messages were exchanged with your client. And that may be because you -- one of two things is possible. That may be because you were trying to obscure the date on which you sent those text messages with your client. Or it could have been that you were trying to show me the fact that your client had the image -the image file in the text message exchange.

***21** But your submission -- and I'm going to assume it was the latter. But your submission to the Court still didn't say these are the text messages that I had with my client on August 13th. The implication was that the screenshot of the text messages were from May 27th when your client provided the signature page to you when she was in Ibiza. Do you have any response to that?

MS. JOSHI: No, Your Honor. I mean, that is the first time that I've been asked for a client signature page. I certainly did not mean to mislead the Court. I was afraid of making things worse, not just for me, but for my client. And I understand now that I should have trusted the Court more and been more transparent.

THE COURT: Where was your client on August 13th when she signed the declaration or signed the signature page that you submitted for my in-camera review?

MS. JOSHI: I believe she was in Florida.

THE COURT: Okay. So it's dated the 27th of May, and it says she was in Ibiza, Spain.

MS. JOSHI: I understand.

THE COURT: Okay. So I mean, it's just additional information that makes it appear that you were trying to mislead me as to what this document was that you were submitting for my review.

MS. JOSHI: I didn't think of it as a new declaration. I thought of it as a re-signing of a previous declaration.

THE COURT: Okay. I understand how you could reach that conclusion.

There's also a disconnect between your recollection and your client's recollection. And I think, having pieced everything together, that your collective recollection is that your client approved the contents of the declaration by responding to your email sometime on May 27th, or thereabouts, but prior to the filing, responded to your email and said something along the lines of, yes, my declaration is fine, you can go ahead and file it. Is that an accurate summary of the collective recollection that you and your client have, or have I got it wrong?

MS. JOSHI: Yes, Your Honor, but I'm not sure that it was through email or whether it was over the phone.

THE COURT: Okay. So it might have been -- you might have been talking with her on the telephone?

MS. JOSHI: Correct.

THE COURT: Have you looked for an email from your client that authorized the filing of the declaration on the 27th of May?

MS. JOSHI: I have not.

THE COURT: Has your client looked for an email that authorized the filing of the declaration on May 27th?

MS. JOSHI: I have not asked her to.

THE COURT: And you don't know if she has independently done that?

MS. JOSHI: I don't.

THE COURT: Okay. Have you checked your telephone call logs to see if you were talking to your client on the 27th of May when she was in Ibiza?

MS. JOSHI: I have not.

THE COURT: Okay. So as you're standing here today, you don't have any -- you don't really know how it is that your client might have approved the filing of the declaration with her signature on it. And it sounds to me like you haven't looked really to determine whether she did that, aside from checking her text messages, which are gone. Is that right?

MS. JOSHI: I mean, I can check the logs. I just didn't think of pulling them up.

THE COURT: Okay. But you haven't done that as of today.

More generally speaking, how is your client signing documents in this case? For example, how did she sign the declarations that you submitted in opposition to the summary judgment motion after this May 27th filing?

MS. JOSHI: I typically send her the declaration by email and a PDF, and then I call her or text her, letting her know it's ready for her review, and to let me know if there's any changes, or if there's any corrections that need to be made. Then she typically signs it, on the device that she has available to her, and sends that back.

*22 There have been instances where the information that she's typed in -- it's not accepted by ECF. ECF will give an error message saying this document cannot be uploaded in its standard format. So then you have to try to print the PDF to another PDF and try to upload that. But even still, sometimes it wipes out some of the inserted text, like, for example, on the signature line where the client states, on this day, in this place, if it's typed in, then it can get erased.

THE COURT: This is not the subject of today's OSC, but you should also check your filings to make sure you're stripping out the comments in the PDFs, because there's at least one filing that you made, with respect to your client's declaration, where there are comments that are showing up in the PDF that came through ECF. And I don't think that that was intentional.

The comments themselves are innocuous. They simply reflect that somebody made a change to the declaration to insert -- I think it was the city and the date that it was signed. So they're totally innocuous. But in the future they may not be innocuous.

And so you should, as a matter of standard practice, be stripping those out of the PDF documents that you're filing with the Court, because ECF apparently does not do that, even if you step through all the process that you're supposed to step through for ECF purposes. But again, that's not that's not the subject of today's order to show cause.

So let me -- I think at this point it would be good to hear from your client, unless there's something else that you want to tell me?

MS. JOSHI: No, Your Honor.

THE COURT: Okay. I'll hear from you again after we

THE WITNESS: I just looked back at my records. I didn't see that. So I saw --

THE COURT: So you --

THE WITNESS: I saw the declaration to review, at some point in the time, but I don't -- didn't sign anything.

THE COURT: I was perhaps a little too specific. So at some point before May 27th, did your lawyer send you a copy of the declaration that your lawyer wanted to file, in opposition to the summary judgment motion, and ask you to review it for accuracy?

THE WITNESS: Correct.

THE COURT: And you don't remember specifically what date that was, but it was before the 27th of May?

THE WITNESS: I think so, yes. And -- yeah, it had to have been, because I remember giving her verbal permission to sign for me.

THE COURT: How did you give her permission to sign the declaration?

THE WITNESS: I often --we often talk on the phone just to save time and energy. I get -- I'm on the computer all day every day. So I believe I remember her calling me and just saying it's fine to sign for me, the declaration looks fine. I didn't realize until later that it was a law in California to have a physical signature.

THE COURT: Okay. So it sounds like your best recollection is that this happened over the telephone as opposed to an email. Is that right?

THE WITNESS: Correct. Correct.

THE COURT: When you signed your declaration on August 13th, how did you do that?

THE WITNESS: I have -- let's see, I believe I printed that one out and signed it and sent it back via email. There was only one of two ways I signed documents. I print them out and I sign them and screenshot it and send it back. Or I annotate on my Mac with a signature that's saved in my computer.

THE COURT: You were taking me my next question. Mr. Paluso, can we get the first example up on the screen, please?

THE CLERK: And Dr. Peatross, can you see my screen?

THE WITNESS: Yes.

THE CLERK: Okay.

*23 THE COURT: Ms. Peatross, you just mentioned that you sometimes will sign documents with an annotated signature that you place on the document through your Macintosh.

THE WITNESS: Right.

THE COURT: This that we're showing you is ECF number 59. It's one of the declarations that you filed, or I should say, that your lawyer filed in opposition to the motion for summary judgment. Is this an example of a time when you've there anything else that you would like me to consider?

MS. JOSHI: No, Your Honor.

THE COURT: Okay. I have one final -- what I think is the final question for you. And that is, you knew, on August 13th, that you had not been able to locate this signature page that you believed that you had. Why did it take a full month, almost a full month for me to get the supplemental filing, on September 5th and September 9th, with your client's declaration? Some time in that period, why didn't you tell me that you had not been able to locate this originally signed file?

MS. JOSHI: I'm sorry, Your Honor. Perhaps I'm misunderstanding the dates. On August 13th, I do remember that I was at home that day because I was ill. And the Court had given me a deadline by the end of the day. I wanted to make sure that I didn't have the record somewhere in the office. But again, it's not my practice to file anything without a client's signature. Like, that's just -- it's just wrong. So yeah, I didn't -- I had just assumed I lost it. I didn't -- I didn't think that -- I didn't think that I hadn't obtained it.

THE COURT: I see. Okay. So your assumption, between August 13th and the early part of September, was that you had the signature. It had been -- you'd lost it somehow, through either a technological update, or however that happened, you lost it.

MS. JOSHI: Correct.

THE COURT: And so after the 13th, you didn't keep looking for it?

MS. JOSHI: No.

THE COURT: Is that right?

MS. JOSHI: I looked for it again in preparing for the response for the initial OSC. I did have ethics counsel help me with that response. And I provided what I could find, but we didn't really discuss it further.

THE COURT: Thank you for the clarification. I think I understand the timeline a little bit better now.

MS. JOSHI: Right. And I mean, I do -- I do tell her what's going on, you know, letting her know that, hey, this is happening. But it's not -- hopefully it's not to impact your case or your defense, in any way, that this is separate. And so that's when we did have a more in-depth conversation about her signing the declaration. And she had remembered that she gave me verbal permission but not -- she had not actually signed it. So that is when I prepared the supplemental declaration.

THE COURT: Thank you, Ms. Joshi. I take from your submissions that you have not yet reported this to the state bar of California; is that correct?

MS. JOSHI: No, Your Honor.

THE COURT: No. And I'm not saying that there's a --

MS. JOSHI: Correct.

THE COURT: Okay. And then did you tell me earlier that, at some point between August 13th and September 9th, when I got your client's declaration filed, did you do a more detailed review of your records at some point between the 13th of August and September 9th?

*24 MS. JOSHI: Between the 13th of August and September 8th, Your Honor.

THE COURT: September 8th. Okay.

MS. JOSHI: I believe that that was the date that the response for the OSC was filed. So it was in preparing

the response, working with counsel, that's when I conducted a more thorough investigation.

THE COURT: And can you give me a little bit more detail there about what it was that you did to try to find the signature page from May 27th?

MS. JOSHI: I checked my email history. I checked the text message history. I checked the client file more thoroughly. I checked the papers that I had at the -- our office is mainly paperless, but for documents where the -- for example, a client comes in or mails in a signature, we keep those for some time just to make sure they're scanned in. Usually we end up with multiple copies.

So I checked the paper file of what we did have at the office. I mean, that's -- I didn't pull the call logs. I'm sorry; I didn't think of it. Typically, we don't pull the call logs until we try to do invoicing, to see if there's anything that was overlooked or should be accepted from the bill. But that was about -- that was the extent of my investigation. THE COURT: Thank you for that, Ms. Joshi. That's helpful for me to have those two different -- it's helpful for me to have what you did during the two different time periods in mind as I'm thinking about this.

I want to shift gears a little bit because, in your submissions to the Court, and then some of the things that you said today, you indicated that you have taken some steps to try to prevent these issues from happening in the future. Included in those steps that you've taken are attending some online CLE courses and some practice management issues.

And I was hoping you could expand a little bit, if you if you could, on the practice management issues and what steps you have taken, in that regard, to try to prevent these things from happening in the future, including whether you have hired support staff or anything else that you may have done.

MS. JOSHI: Yes, Your Honor. So actually, at the beginning of July, July 2nd, I believe -- I've always operated as a sole proprietorship. But we did transition to a law corporation. And so since that time, we've been transitioning to new practice management software from -- we've tried them all. We've tried PracticePanther, Clio, Jubilee, which is a

THE COURT: But it sounds like your best estimate - and I realize it's just an estimate -- is that this was ten to fifteen hours per month that you won't have to do any longer because you've hired this person?

MS. JOSHI: Yes, Your Honor.

THE COURT: Okay. Thank you, Ms. Joshi. I didn't have anything else that I needed to ask you as far as clarifying questions.

I'm going to read into the record the email that you sent me. I'm not going to read into the record the text messages that your client sent you, because obviously those are privileged communications, even though there really isn't any attorney-client advice in there, but we'll keep those as privileged.

But the email that you sent to the Department 2 mailbox, I'm just going to read that into the record because it's not otherwise in the record. And then I'm going to take the matter under submission.

***25** Okay? So for the record, this is the text of the email that Deepalie Milie Joshi sent to the court shared email box on August 13th, 2025 at a little bit after 4 p.m.

It says, "Judge Marum, the requested documents are attached. The signature pages were delivered by my

client through text message, not email. I made an exception since my client was out of the country".

That's the end of the email message. And with that, I'm going to take this matter under submission, and I will issue a written order that resolves it.

Okay. Thank you, everyone. We'll be in recess.

THE CLERK: Thank you, Your Honor.

(Whereupon these proceedings were concluded at 10:55 AM)

CERTIFICATION

I, Sharona Shapiro, certify that the foregoing transcript is a true and accurate record of the proceedings.

SHARONA SHAPIRO, CET-492

eScribers

7227 N. 16th Street, Suite #207 Phoenix, AZ 85020

Date: November 27, 2025

All Citations

Slip Copy, 2025 WL 3546838

Footnotes

- [1](#) Unless otherwise indicated, all section and chapter references herein are to the Bankruptcy Code, [11 U.S.C. §§ 101, et seq.](#) All "Rule" references are to the Federal Rules of Bankruptcy Procedure and all "Local Bankruptcy Rule" or "LBR" references are to the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of California.
- [2](#) The Court incorporates its Amended OSC, which includes the legal authority for potential sanctions, into this Memorandum Decision as if stated herein.
- [3](#) Excerpts of the hearing transcripts for the hearings on August 13, 2025, and October 22, 2025, are attached to this Memorandum Decision as Exhibits A and B, respectively.
- [4](#) All dates referenced herein occurred in 2025 and omissions to the year in this Memorandum Decision are for the purposes of brevity.
- [5](#) The Court read the content of Counsel's email to the Court into the record at the October 22 hearing.

- [6](#) Beyond the context of bankruptcy, the number of attorneys using generative AI to draft documents filed with the courts – and being sanctioned based on improper use of AI under Civil Rule 11 and state law corollaries – is prolific. This is not an issue limited to filings in bankruptcy matters.
- [7](#) See *Practical Guidance For the Use of Generative Artificial Intelligence in the Practice of Law*, available at <https://www.calbar.ca.gov/Portals/0/documents/ethics/Generative-AI-Practical-Guidance.pdf>.
- [8](#) Even if an attorney presents justification in the form of a medical emergency, the Court questions whether filing a document with the Court containing false information would be justified. The Court cannot think of an instance in which knowingly filing a document or paper with the Court that contains false information is justified.
- [9](#) The Motion contained reference to two bankruptcy rules that were not quite correct. First, the Motion stated that Rule 9006(b)(1) “empowers the Court, ‘on motion made after the expiration of the specified period,’ to permit the act to be done ‘where the failure to act was the result of excusable neglect.’ ” ECF No. 47-1 at 3. But Rule 9006(b)(1)(B) provides that a court may extend time if “on motion made after the specified period expires, the failure to act within that period resulted from excusable neglect.”
- Second, the Motion stated that pursuant to Rule 1001, “[t]he Bankruptcy Rules ‘shall be construed to secure the just, speedy, and inexpensive determination of every case.’ ” ECF No. 47-1 at 6. Rule 1001(a), however, states that the Federal Rules of Bankruptcy Procedure “must be construed, administered, and employed by both the court and the parties to secure the just, speedy, and inexpensive determination of every case and proceeding.”
- [10](#) It also appears to the Court that Counsel may have violated certain of the California Rules of Professional Conduct with respect to her conduct addressed herein; in particular, the duty of candor to the tribunal pursuant to Rule 3.3 (providing, in part, that a lawyer may not “knowingly make a false statement of fact or law to a tribunal or fail to correct a false statement of material fact or law previously made to the tribunal by the lawyer....”). This determination, however, is not required here and the Court need not and does not reach this determination in this Memorandum Decision.
- [11](#) Given that [Rule 9011](#) sanctions were initiated by the Court and not on the Plaintiff’s motion, payment of all of part of the Plaintiff’s reasonable fees and expenses is not available under [Rule 9011](#). See, e.g., *In re DeVille*, [361 F.3d 539, 544 \(9th Cir. 2004\)](#) (“As the text of [] Rule [9011] makes clear, an award to an adverse party ‘of reasonable attorneys’ fees and other expenses’ can only be made pursuant to a ‘motion’ by that party.”).
- [12](#) See Bankruptcy General Order No. 210, available at https://www.casb.uscourts.gov/sites/casb/files/documents/general-orders/General%20Order%20210_2025-11-18.pdf.

End of Document

© 2025 Thomson Reuters. No claim to original U.S. Government Works.