

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
BROWNSVILLE DIVISION

In Re: §
§
JAY CHRISTOPHER HUMPHREYS, and §
wife, TINA CHERRINGTON, § Case No. 18-10375-12
§
Debtors. §

SAN QUINTIN VALLEY FARMS, LLC, §
USA § Case No. 18-10376-12
§
SAN QUINTIN VALLEY FARMS S DE §
RL DE CV, MEXICO § Case No. 18-10377-12
§ (Chapter 12 – Jointly Administered)

JUAN GARCIA, JR., Individually, §
JUAN GARCIA, JR. , TRUSTEE OF §
THE MEU 2012 TRUST FOR J. GARCIA, §
CELINA GARCIA-ANDERSON, TRUSTEE §
OF THE 2012 TRUST FOR C. GARCIA , §
and MARIA ELENA USEDÁ, Individually, §
Plaintiffs, §
§
vs. § Adversary No. 19-1001
§
JAY CHRISTOPHER HUMPHREYS, §
SAN QUINTIN VALLEY FARMS LLC, §
and JJ SAN JOSE DE BAJA, LP §
Defendants. §

**MOTION TO UNSEAL AND DELIVER TO MOVANTS SEALED AGREED
JUDGMENT NO. 1 AND SEALED AGREED JUDGMENT NO. 2 AS
PROVIDED FOR IN ORDER GRANTING MOTION FOR ENTRY AND TO
FILE UNDER SEAL AGREED JUDGMENT NO. 1 AND AGREED JUDGMENT
NO. 2 AS PROVIDED IN THE COMPROMISE AND SETTLEMENT
AGREEMENT BETWEEN THE PARTIES APPROVED BY THE COURT
PURSUANT TO FEDERAL RULE OF BANKRUPTCY PROCEDURE 9019
(DOC.#23)**

This motion seeks an order that may adversely affect you. If you oppose the motion, you should immediately contact the moving party to resolve the dispute. If you and the moving party cannot agree, you must file a response and send a copy to the moving party. You must file and serve your response within 21 days of the date this was served on you. Your response must state why the motion should not be granted. If you do not file a timely response, the relief may be granted without further notice to you. If you oppose the motion and have not reached an agreement, you must attend the hearing. Unless the parties agree otherwise, the court may consider evidence at the hearing and may decide the motion at the hearing.

Represented parties should act through their attorney.

IF ANY RESPONSE TO THIS MOTION IS FILED, MOVANTS REQUEST A HEARING FOR THURSDAY, OCTOBER 13, 2022 AT 9:00 A.M. TO BE HEARD WITH ALL OTHER MATTERS IN THE CASE BEING HEARD ON SAME DAY AND TIME.

TO THE HONORABLE EDUARDO V. RODRIGUEZ, U. S. Bankruptcy Judge:

NOW COMES **JUAN GARCIA, JR.** for himself and on behalf of Maria Elena Useda, Trust for C. Garcia and Trust for J. Garcia (“Trusts”) hereafter called ("Movants"), parties in interest in the above referenced adversary case, and file this Motion to Unseal and Deliver to Movants Sealed Agreed Judgment No. 1 and Sealed Agreed Judgment No. 2 as provided for in Order Granting Motion for Entry and to File Under Seal Agreed Judgment No. 1 and Agreed Judgment No. 2 as Provided in the Compromise and Settlement Agreement Between the Parties Approved by the Court Pursuant to Federal Rule of Bankruptcy Procedure 9019 (Doc.#23), and in support would respectfully show:

I.
BACKGROUND FACTS

1. Humphreys, and wife, Tina Cherrington, are residents of Cameron County, Texas, who are family farmers as defined under the provisions of 11 U.S.C. § 101(18), and the two Debtor entities, San Quintin Valley Farms, LLC, a Texas limited liability company (SQVF”) and San Quintin Valley Farms S. De R.L. de C.V., a corporation organized under the laws of Mexico (“San Quintin Mexico”), are affiliates of Humphreys and Tina Cherrington as defined under the

provisions of 11 U.S.C. § 101(2).

2. In 2014, Humphreys entered into an investment with Juan Antonio Garcia, Jr. (“Garcia”) and the two of them formed JJ San Jose De Baja, LLC (“JJ De Baja”), JJ San Jose De Baja, LP (“San Jose LP”), and San Jose Baja Ranch S. De R.L. de C.V. (“San Jose Mexico”) (collectively referred to herein as “San Jose entities”). Humphreys and Garcia each own fifty percent (50%) of JJ De Baja, which in turn serves as the general partner of San Jose LP. San Jose LP then owns all of the shares of San Jose Mexico. These entities were formed to enable San Jose Mexico to engage in the farming of fresh produce in San Quintin, Mexico. The Debtor entities own multiple items of farm equipment.

3. A dispute arose between Garcia and Humphreys concerning the operations of San Jose Mexico, and on January 26, 2018, Garcia filed a lawsuit under Cause No. C-0320-18-C in the 139th District Court of Hidalgo County, Texas (“State Court Case”), against Humphreys alleging breach of contract, breach of fiduciary duties, and other causes of action involving the operations of San Jose Mexico as well as Humphreys’ formation and operation of SQVF and San Quintin Mexico.

4. Humphreys and Tina Cherrington, SQVF and San Quintin Mexico filed Chapter 12 petitions on December 7, 2018, in the U.S. Bankruptcy Court for the Southern District of Texas, Brownsville Division, and the three bankruptcy cases are being jointly administered under Case No. 18-10375-12 (“Bankruptcy Case”).

5. Upon the filing of the Bankruptcy Case, Humphreys filed pursuant to 28 U.S.C. § 1452, and Federal Rule of Bankruptcy Procedure 9027, a Notice of Removal of the State Court Case which resulted in the initiation of an adversary proceeding under Adversary No. 19-1001 styled Juan Garcia vs. Jay Humphreys pending in the U.S. Bankruptcy Court for the Southern

District of Texas, Brownsville Division (“Adversary Proceeding”).

6. In order to resolve the existing disputes between the parties in the State Court Case, the Adversary Proceeding, and the Bankruptcy Case over the matters which are the subject of this litigation, they entered into a Compromise and Settlement Agreement which was incorporated into the terms and provisions of the Debtors’ Amended Chapter 12 Plan of Reorganization filed in the Bankruptcy Case.

7. The settlement of the dispute was a necessary element of the Debtors obtaining a confirmed Chapter 12 Plan.

8. The parties reduced the terms of their agreement to writing in a Compromise and Settlement Agreement dated December 18, 2019 (“CSA”), which was incorporated by the Debtors into their Second Amended Plan of Reorganization.

9. On November 11, 2019 the Debtors filed their Motion to Approve Compromise and Settlement Agreement (Doc.#151) to approve the CSA with Movants. On December 19, 2019 the Order Granting Debtors’ Motion to Approve Compromise and Settlement Agreement Pursuant to Bankruptcy Rule 9019 (Doc.#158) was entered by the Bankruptcy Court.

10. On December 27, 2019 the Debtors filed their Second Amended Joint Chapter 12 Plan of Reorganization and Motion for Valuation of Collateral (Doc.#163). On December 30, 2019 an Order Modifying and Confirming Debtors’ Second Amended Chapter 12 Plan of Reorganization (Doc.#165) was entered by the Bankruptcy Court.

11. The essence of the Compromise Settlement Agreement is that Movants sold all their interests in the farming operations and entities in exchange for agreed payments, or in the absence of payments, two non-dischargeable judgments, (Agreed Judgment No. 1 and Agreed Judgment No. 2). So long as Debtors timely paid Movants the agreed purchase price, under the Compromise Settlement Agreement, the judgments would remain under seal.

12. The benefit of the bargain is that if Debtors do not pay Movants the purchase price, Movants would have their unsealed Agreed Judgment No. 1 and Agreed Judgment No. 2 to enforce.

13. On June 2, 2021 the Chapter 12 Trustee filed its Motion to Dismiss or Convert (Doc.#224) for Debtors failure to make plan payments under their confirmed plan. On June 23, 2021 the Debtors filed their Response to Chapter 12 Trustee's Motion to Dismiss and Debtors' Motion to Modify Debtors' Second Amended Chapter 12 Plan of Reorganization (Doc.#228). On July 14, 2021 Movants filed their Response to Debtors' Motion to Modify Debtors' Second Amended Chapter 12 Plan of Reorganization (Doc.#228) (Doc.#232).

14. On August 6, 2021 an Agreed Order Granting Debtors' Motion to Modify Second Amended Chapter 12 Plan of Reorganization (Doc.#240) ("Agreed Order") was entered by the Bankruptcy Court modifying Debtors plan payments.

15. Under the terms of the Agreed Order, modified plan payments to Movants of January 10, 2022 were to be disbursed by Chapter 12 Trustee on or by February 10, 2022.

16. Pursuant to the Chapter 12 Trustee's website information and telephone discussions with the Chapter 12 Trustee, the Debtors are delinquent with their plan payments. The Chapter 12 Trustee's website as of January 2022 shows Debtors delinquent in the amount of \$304,250.50. Debtors never made the payments to Movants due February 10, 2022, nor have they made any subsequent payments.

17. The Debtors now seek a hardship discharge (Debtors' Motion for a Hardship Discharge- Doc.#310), based on the problems created by the Covid pandemic. Movants do not oppose the hardship discharge so long as Movants simultaneously receive their unsealed Agreed Judgment No. 1 and Agreed Judgment No. 2 for all purposes. Movants do oppose the hardship discharge if Movants do not simultaneously receive the unsealing and delivery for all purposes of their Agreed Judgment No. 1 and Agreed Judgment No. 2.

18. Debtors have pleaded that “Debtors recognize and agree that Agreed Judgment No. 1 and Agreed Judgment No. 2 are non-dischargeable and will not oppose their release” (Doc.#310- Debtors’ Motion for a Hardship Discharge, paragraph 19) and they further also state that “Nothing in this Supplemental Motion, or any order granting their release, will discharge Agreed Judgment No. 1 and Agreed Judgment No. 2 signed by the Court on December 18, 2019, and entered by the Court on December 19, 2019, in adversary proceeding no. 19-01001...” (Doc.#310- Debtors’ Motion for a Hardship Discharge, paragraph 20).

WHEREFORE, in order to fully implement the terms of the Compromise and Settlement Agreement, Movants file this Motion, and move the Court to unseal and deliver to Movants, for all purposes, the sealed Agreed Judgment No. 1 and Agreed Judgment No. 2, and Movants pray for such further relief to which they may be justly entitled.

Dated this 16th day of September, 2022.

Respectfully Submitted,
The Law Office of Kurt Stephen, P.L.L.C.

By: ***/S/KURT STEPHEN***

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CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Motion was served on the following parties in interest via ECF on this 16th day of September, 2022:

All parties in interest registered with the U.S. Bankruptcy Court to receive electronic notices in this case.

/S/KURT STEPHEN
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