

LEONARD G. HOROWITZ, In pro per
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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII**

In Re: Leonard G. Horowitz

Debtor.

)
) Bankruptcy Case No: 16-00239
) (Chapter 13)
)
) REPLY IN OPPOSITION TO
) “JUDGMENT CREDITOR PAUL J.
) SULLA’S OBJECTION TO
) CONFIRMATION OF AMENDED
) PLAN OF DEBTOR” (DKT #122);
) 11 USC SECTION 362(h);
) FRCP 9(b); LBR 9013-1]; Declaration of
) Leonard G. Horowitz;
) Exhibits 1 – 10.
)
)
) Hearing Date: September 15, 2016
) Hearing Time: 9:30 a.m.

JUDGE:
HONORABLE ROBERT J. FARIS

**REPLY IN OPPOSITION TO “JUDGMENT CREDITOR
PAUL J. SULLA’S OBJECTION TO CONFIRMATION OF
AMENDED PLAN OF DEBTOR” (DKT #122);**

COMES NOW Bankruptcy Debtor and Adversary Proceeding co-Plaintiff LEONARD G. HOROWITZ (hereafter, “Debtor” or “Horowitz”), filing the captioned Reply, supplementing earlier Motion to Show Cause (Dkt. # 97) filed June 27, 2016, objecting to three contentions raised in Opposition to the Amended Plan by Paul J. Sulla, Jr. (hereafter, “Sulla”), in accordance with FRCP 9(b) and Rule 11(b), per LBR 9013-1.

I. FACTS IN CONTENTION

1. Finality in state and federal proceedings.

A. SULLA's OPPOSITION: Opening paragraph states the “debtor has been repeatedly raising [“attack and fight” defenses] in the state and federal courts, all of which have been resolved by final judgments now on appeal by debtor.”

B. HOROWITZ's OBJECTION: Sulla's statement is false. Not “all” issues raised in state, and no federal issues whatsoever, have been “resolved by final judgments.” Sulla, the claimed “judgment creditor” purportedly owed \$7,894.60, is not even a party in either of the two state cases of primary importance (Civ. No. 05-1-0196 and Civ. No. 14-1-0304), both currently under appeal. Exhibits 1 and 2 are copies of the Opening Briefs from these two cases. A reading of these briefs show the Debtor's chance of succeeding on the merits, by matters of law and fact, are high. Sulla misrepresents the disposition of these cases and his misrepresentation compounds a pattern of willful deceptions. These matters are subject to pending federal case(s). The pending Motion to Show Cause before this Court is scheduled to deal with some of Sulla's deceptive and damaging influence upon this Court and Debtor.

2. The purported debt to “secured judgment creditor” Sulla.

A. SULLA's OPPOSITION: The Amended Plan should be denied because it omits the \$7,894.60 purportedly owed Sulla as a “secured judgment creditor.”

B. HOROWITZ's OBJECTION: Sulla's statement is again false; neglecting: (a) that \$7,894.60 “final judgment” debt (from Civ. No. 14-1-0173, for non-consensual

common law lien) remains under appeal at the present time in ICA CAAP-15-0094. In that case, on March 15, 2016, Horowitz alerted the court to the fact that Sulla forged his purported “client’s” signature on the alleged contract, extending a pattern of fraud and forgeries encumbering, liening, and converting the Debtor’s property under color of law. Horowitz insists his non-consensual lien on Sulla’s enterprise was warranted (i.e., not frivolous). He also argues his due process rights were precluded by that summary judgment; **(Exhibit 3)** and, most importantly (b) that pending judgment debt is ***NOT SECURED*** contrary to Sulla’s false filing. *Sulla’s non-consensual lien on Debtor’s property does not secure any alleged debt since Sulla never obtained any court authorization to secure that unjust debt.*

3. The value of property TMK (3) 1-3-000-042 is in contest.

A. SULLA’s OPPOSITION: The value of this property set as “only \$10,000” is “intentionally misleading when the court also considers that the debtor claims his fiancée’, Ms. Kane, has a \$220,000 lien on the same property.”

B. HOROWITZ’s OBJECTION: Sulla’s statement contains multiple falsehoods, intentional omissions and misrepresentations, including:

(a) that “\$10,000” property value derives from the County Tax Office valuation of \$21,300 **(Exhibit 4)**, wherein Kane holds a 50% interest as half-partner and trustee in the non-profit 501(c)3 Medical Veritas International, Inc. trust.

(Exhibit 5) Accordingly, the debtor’s interest in that property is correctly valued at \$10,650 according to County assessments. However,

(b) Sulla knows he made that property title *unmarketable* and *inaccessible* by

the ongoing aforementioned fraud in false filings with the state, contested in the intertwined state and federal litigations along with Sulla's contested current possession of the Debtor's main (access) property; and

(c) Sulla purposely neglects Kane's **secured interest** in the main property NOT "the same property" as Sulla falsely pled to intentionally deceive the Court. These are two different albeit adjoining properties. That is, Kane holds a secured interest of \$220,000 deriving from the Debtor's business debt to Kane compounding since 2011, evidenced by the contract shown in **Exhibit 6**; and the subsequent Quitclaim conveyances to administer a gift Lease to Medical Veritas International, Inc., (**Exhibit 7**), along with half owner of that main property by conveyance from Grantor, The Royal Bloodline of David to Horowitz and Kane as individuals, *all in defense of these parties and interests sought by Sulla to be acquired illegally.* (**Exhibit 8**) Unjustly now, the Debtor and creditor Kane has been unlawfully dispossessed of that main property (i.e., TMK lots 049 and 043) by Sulla, and is in Sulla's possession, not Hester's, at the present time. This actionable tort, a "joint action" with the State officials, reached finality on-or-about July 6, 2016.

Consequently, with litigations pending, there is no marketable title, thus questionable value, to the "042" property which Sulla seeks to possess; and which is why Sulla contests that value in bad faith and unclean hands. Sulla is the exclusive possessor of access to that property at the present time, and he files falsely to manipulate the Trustee and the Court to effect his conversion scheme by Debtor's misstep, exhaustion from malicious prosecution, and/or default.

4. The income commitment of \$385 per month.

A. SULLA's OPPOSITION: "The 'contribution' is not income or anything that the Trustee can rely upon and should be deleted from the debtor's income."

B. HOROWITZ's OBJECTION: Sulla has no standing to adjudge the debtor's conservative income allocation in the Amended Plan, especially since Sulla *imposed* the current actionable circumstances by defrauding this Court to relieve the Automatic Stay on purportedly (sham plaintiff/claimed creditor) "Hester's" behalf, when Hester had no valid title, no legal interest, nor standing, or right of possession to the debtor's properties. Nor did Hester file any affidavit or make any appearance before this Honorable Court to secure this Court's required jurisdiction to grant "Hester" the relief Sulla obtained. The \$385 monthly commitment by the Debtor in the Amended Plan is a reasonable accommodation made in good faith by consent of Horowitz's only legitimate creditors—Kane (as aforementioned) and attorney Margaret Wille, who (as the Amended Plan states) has consented to be paid \$12,600 over 3 years by the debtor at \$385/month. (Ms. Wille has consented to receive the remainder of her unsecured fees following final disposition of the state cases; in which Debtor has a high probability of success on the merits.)

II. ARGUMENT AND AUTHORITIES

1. **Exhibit 9** (previously filed as Appendix II in Debtor's pending Motion to Show Cause) details eighteen (18) similarities between Sulla's evidenced malpractices and actions to defraud this Court, as compared with the sanctioned actions of attorneys in *Bank of Hawaii v. Kunimoto*, 984 P. 2d 1198 - Haw: Supreme Court 1999.

2. The Debtor requests Sulla's instant Opposition be struck or disregarded due to fraud, and Sulla's pattern of filing false pleadings in bad faith with unclean hands to obtain Horowitz's properties. The Debtor petitions the honorable Court to stop Sulla's false filings, to administer justice timely, and defend judicial integrity.

3. **FRCP Rule 9(b). Pleading Special Matters**, states in relevant part:

(b) Fraud or Mistake; Conditions of Mind. In alleging fraud or mistake, a party must state with particularity the circumstances constituting fraud or mistake. Malice, intent, knowledge, and other conditions of a person's mind may be alleged generally.

4. Under Hawai'i law, **the elements for intentional misrepresentation or fraud**

are as follows: "(1) false representations were made by defendant [Sulla], (2)

with knowledge of their falsity (or without knowledge of their truth or falsity),

(3) in contemplation of plaintiff's reliance upon these false representations, and

(4) plaintiff did rely upon them." [*Shoppe v. Gucci America, Inc.*, 94 Hawai'i 368,](#)

[386, 14 P.3d 1049 \(2000\)](#). In this instant case, Sulla asked the Court to rely upon

several false representations that he knows, or should know, are false and

controverted by:

a. Not "all" issues raised in state and federal courts have been "resolved by final judgments" as Sulla knows, or should know. In *Mauna Kea Anaina Hou et al vs BLNR*, SCAP 14-0000873, December 2, 2015, the Hawaii Supreme Court made clear that while a matter is pending on appeal (as both 0196 and 0304 cases are at the time of this filing), the governing is not at liberty to allow the currently

prevailing party to act as if the decision being appealed were final. The court explained, “Such a procedure lacked both the reality and the appearance of justice.” Furthermore: (i) all federal actions are pending adjudication on the merits; and (ii) the claimed “judgment creditor” owed \$7,894.60, Sulla, is not even a party in either of the two state cases wherein he is liable as an attorney for malicious prosecution as counterclaimed. Final decisions in those courts may “set off” Sulla’s falsely claimed “secured” \$7,894.60.

b. Sulla’s still pending judgment debt of \$7,894.60 is NOT LEGALLY SECURED contrary to Sulla false pleading. Sulla never obtained any court authorization to secure that pending debt in accordance with Rule 69 of the Hawaii Rules of Civil Procedure that states in relevant part:

Rule 69. EXECUTION.

Process to enforce a judgment for the payment of money shall be a writ of execution, unless the court directs otherwise. The procedure on execution, in proceedings supplementary to and in aid of a judgment, and in proceedings on and in aid of execution shall be in the manner provided by the law of the State. . . .

Sulla knows, or should know, he never secured his contested \$7,894.60 judgment by “Writ of Execution” even though Sulla pled his case pursuant to HRCF and Hawaii Revised Statue § 507D-5 provisions. That law did *not authorize Sulla to file any security instrument* (i.e., UCC lien or otherwise in this case) *without first obtaining authorization by a court*. That law reads in relevant part:

§507D-5 Requirement of certified court order. . . .

(b) Any claim of nonconsensual common law lien against a private party in interest shall be invalid unless accompanied by a certified order from a state or federal court of competent jurisdiction authorizing the filing of nonconsensual common law lien.

Accordingly, even assuming arguendo the contested judgment debt was valid, Sulla's Objection is still *false* for misrepresenting the securitization of that non-consensual notice of debt.

It should also be noted that Sulla obtained that judgment debt by fraudulently misrepresenting his "client contract" and fraudulently concealing his "client's" illegal enterprise, as he has done in this instant case with Hester; and

c. The "\$10,000" property value Sulla argues is deficient derives from the County Tax Office valuation of \$21,300 (**Exhibit 4**), and Kane's half interest. Sulla knows Kane is a 50% partner and co-trustee in the non-profit 501(c)3 Medical Veritas International, Inc. title holder.

Furthermore, Sulla made that property *inaccessible* and *unmarketable* by his malicious prosecution and theft scheme administered under color of law.

Sulla also misrepresents Kane's secured interest that is in the *main property* and NOT "the same property" as Sulla falsely filed; and

That main property is currently in Sulla's possession. Kane is suing Sulla in federal court(s) to defend her secured interest of \$220,000 deriving from the Debtor's business debt to Kane compounding since 2009 (**Exhibits 5 and 6**).

Finally, the current unjust and inequitable possession of the Debtor's and Kane's properties by Sulla under color of law reflects Sulla's moral turpitude, further evidenced by his instant Opposition containing multiple blatant falsehoods. Sulla's fraud here compounds his pattern of filing false documents with the State and this Court to claim rights to either the \$7,894.60, or the property of secured third party Kane and Medical Veritas International, Inc.

In effect, Sulla obtained relief of stay, and subsequently the Debtor's estate, for virtually nothing but "altered" documents and photocopied signature of the Seller, facilitating thievery and damaging the Debtor and creditors unjustly and inequitable. In contrast, the Debtor paid for the subject property(ies) in full, made substantial improvements as confirmed by the 0196 court, and estimates the property valued at more than \$1 million—high motivation for Sulla's malicious prosecution and abuse of process(es).

Finally, by not answering the Debtor's counterclaims, Sulla is hoping the court will simply overlook Sulla's set of fraudulent transfers of the Debtor's Mortgage and Note, as well as Sulla's set of "altered" and forged Articles of Incorporation for the sham "Foreclosing Mortgagee"-- "Gospel of Believers"-- certified exclusively by Sulla, all in violation of Hawaii Revised Statute 651C-4, inter alia. (**Exhibit 10**)

5. Further satisfying the elements of intentional misrepresentation or fraud pursuant to *Shoppe v. Gucci America* (Id.), Sulla made the aforementioned false pleadings knowing they are false; and in contemplation that the Court (and Debtor) would rely on said false filings. The Court, having relied on Sulla's false filings in previous rulings, enabled Sulla's real property conversion damaging and irreparably harming the Debtor and Kane.

6. Consequently, Sulla's Opposition should not only be disregarded, but sanctioned for bad faith as requested on hearing scheduled September 15, 2016.

7. "Bad faith" is defined as "actual or constructive fraud or a neglect or refusal to fulfill some duty ... not prompted by an honest mistake as to one's rights or duties, but by some interested or sinister motive." [*In re Estate of Marks*, 91 Wash.App. 325, 957 P.2d 235, 241 \(1998\)](#) (addressing attorney's fees in a probate action; *see generally In re CARL Corp.*, [85 Hawai'i 431, 451-52, 946 P.2d 1, 21-22 \(1997\)](#) (holding that reckless conduct, under Hawai'i Administrative Rule § 3-126-36(c) (1995), constituted bad faith).

8. The Debtor, at forthcoming hearing on Motion to Show Cause, alleges violations of the Automatic Stay by Sulla in a scheme to steal the Debtor's properties.

"[T]here's some real fast and loose maneuvering going on here with the Court. . . . The Court specifically finds that the conduct of . . . counsel in this case is

reprehensible. . . . At best the conduct of . . . counsel was reckless; at worst it was knowing and intentional.” *Bnk of Hawaii v. Kunimoto*. Id.

9. Sulla’s pleading in his instant Opposition argues that the Debtor is simply seeking a way to “gain a new forum to attack . . . my client, Jason Hester.” This defense is not only baseless, frivolous, diversionary, and dilatory, it violates Rule 3.1 MERITORIOUS CLAIMS AND CONTENTIONS¹ and is “reprehensible.”

10. Sulla has yet to answer any of the Debtor’s claims and counterclaims filed in federal and state courts against him, including the Adversary Proceeding intertwined with this bankruptcy. Federal Rules of Civil Procedure (“FRCP”) Rule 8b states in relevant parts “2” and “6”:

(2) *Denials—Responding to the Substance*. A denial must fairly respond to the substance of the allegation.

(6) *Effect of Failing to Deny*. An allegation—other than one relating to the amount of damages—is admitted if a responsive pleading is required and the allegation is not denied. If a responsive pleading is not required, an allegation is considered denied or avoided.

11. As the Hawaii Supreme Court in *Ellis vs. Crockett* 51 Haw. 45, 60, 451 P.2d 814, 824 (1969) made clear, a motion to dismiss is not a responsive pleading. By failing to deny, answer, or “fairly respond to the substance of the allegation[s]” in Debtor’s claims and counterclaims, Sulla’s tacitly admits his wrongdoings, including manufacturing documents to effect fraudulent debt collection practices. And by the Court’s reliance, and presumptively correct (albeit erroneous) abstinence and Stay relief, the Court has permitted Sulla to extend his fraud upon this Court, damaging the Debtor, irreparably harming Horowitz and Kane, and precluding legitimate creditor Wille from being paid.

¹ Comments under HRPC Rule 3.1, include: “*The action is frivolous, however, . . . if the lawyer is*

12. The *Ellis* Court quoted Justice Black in rejecting what has happened in this Court—a “game of skill” administered by attorney Sulla has precluded due process on the merits, the Debtor’s Constitutional rights to retain his religious properties, by “just, speedy, and inexpensive determination of [this] action.’ *Ellis v. Crockett*, 51 Haw. 45, 60, 451 P.2d 814, 824 (1969)

13. By this instant Opposition pleading, Sulla seeks to acquire and possess the last real property interest the Debtor shares with secured creditor Kane. This proceeding derives entirely and exclusively by Sulla’s fraud, fraudulent concealments of his competing enterprise and conflicting interests, and fraudulent transfers of doctor Horowitz’s properties. “The court believes and finds that . . . [Sulla] continues to hinder, delay, or defraud the [Debtor] by engaging in conduct which is in violation of Hawaii Revised Statutes, Chapter 651C. . . . [and this activity] should not be tolerated. . . . Judgment debtors [from Civ. No. 05-1-0196, Sulla’s predecessors-in-interest, including Lee and Hester] should not lie, deceive, or attempt to manipulate the legal system to avoid paying monies which are owed to a creditor [here, Horowitz from the state proceeding 0196; and Kane by a 2009 contract with Horowitz]. *Bank of Hawaii v. Kunitomo*, 984 P. 2d 1198, 1203 - Haw: Supreme Court 1999.

14. Precedents also apply here from *Kekona v. Bornemann*, 305 P. 3d 474 - Haw: Intermediate Court of Appeals 2013, for “unwinding the transfer[s] and awarding compensatory and punitive damages against [Sulla],” (as also ruled in *Bank of Hawaii*). The Debtor’s damages and legal fees must be compensated by Sulla for his malpractices, violation of the Stay, defying his disqualification Order, and

misrepresenting and neglecting the outcomes of related state cases, while purposely neglecting/concealing Sulla's own conflicting interests in the Debtor's properties.

15. The Debtor needs to be made whole from Sulla's illegal transfers requiring the Trustee's remedial actions and avoidance pursuant to HRS 651C, 11 U.S.C. §§ 548, 550 and 551, 18 U.S.C. § 3771(d)(1) and 42 U.S.C. § 1981(a) and (c); and § 1983.

III. CONCLUSION

In conclusion, the facts discredit Sulla's Opposition and provide evidence of Sulla's pattern of fraud. Accordingly, the Court is encouraged to disregard Sulla's Opposition filing, and consider sanctions in lieu of the Opposition compounding previously pled and evidenced malpractices pending hearing on Motion to Show Cause.

Respectfully submitted,

DATED: September 6, 2016

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII**

<i>In Re: Leonard G. Horowitz</i>)	
	)	Bankruptcy Case No: 16-00239
Debtor.	)	(Chapter 13)
)	
<u>LEONARD G. HOROWITZ</u> , an)	
individual; and SHERRI KANE, an)	
individual	)	Declaration of
Plaintiffs,	)	Leonard G. Horowitz in Support of:
vs.)	
	)	REPLY IN OPPOSITION TO
PAUL J. SULLA, JR. an individual;	)	“JUDGMENT CREDITOR PAUL J.
PAUL J. SULLA JR., ATTORNEY AT	)	SULLA’S OBJECTION TO
LAW A LAW CORPORATION, a	)	CONFIRMATION OF AMENDED
corporation; THE ECLECTIC CENTER	)	PLAN OF DEBTOR”
OF UNIVERSAL FLOWING LIGHT-)	
PAULO ROBERTOSILVA E SOUZA, a	)	Hearing Date: September 15, 2016
Hawaii corporation sole; JASON	)	Hearing Time: 9:30 a.m.
HESTER, an individual; THE OFFICE)	
OF OVERSEER, A CORPORATE SOLE	)	JUDGE:
AND ITS SUCCESSOR, OVER AND)	
FOR THE POPULAR ASSEMBLY OF	)	HONORABLE ROBERT J. FARIS
REVITALIZE, A GOSPEL OF)	
BELIEVERS; STEPHEN D.)	
WHITTAKER, an individual; STEWART)	
TITLE GUARANTY COMPANY; and)	
DOES 1 through 50, Inclusive)	
Defendants)	

I, LEONARD GEORAGE HOROWITZ, under pain of perjury of law, do hereby state and declare as follows, in propria persona:

1. I am an individual over the age of twenty-one (21) years, an “after resident” of the State and County of Hawai‘I, domiciled in California.
2. I am a Debtor/victim of organized crime who filed for bankruptcy in this proceeding on March 9, 2016, and at the same time filed related Adversary Proceeding 16-90015.

3. I declare that the attached **“REPLY IN OPPOSITION TO “JUDGMENT CREDITOR PAUL J. SULLA’S OBJECTION TO CONFIRMATION OF AMENDED PLAN OF DEBTOR”** contains true and correct pleadings to the best of my knowledge.
4. I declare that Exhibit “1” is a true and correct copy of Appellant’s Opening Brief in Civ. No. 05-1-0196, Filed 8-25-16.
5. I declare that Exhibit “2” is a true and correct copy of Appellant’s Opening Brief in Civ. No. 14-1-0304, Filed 8-30-16
6. I declare that Exhibit “3” is a true and correct copy of Appellant’s Opposition to Appellee’ Request for Fees & Costs, 3-15-01
7. I declare that Exhibit “4” is a true and correct copy of County of Hawaii Real Property Valuation Tax Office Record 2016.
8. I declare that Exhibit “5” is a true and correct copy of Appellant’s Work Contract Agreement / Horowitz and Kane, dated 9-09-09.
9. I declare that Exhibit “6” is a true and correct copy of Appellant’s Hawaii DCCA Registration Medical Veritas International, Inc.
10. I declare that Exhibit “7” is a true and correct copy of Appellant’s Notice of Gift Lease by Horowitz/Kane to Medical Veritas as individuals and officers of the Royal Bloodline of David, and Quitclaim Deed from Royal Bloodline of David to Horowitz/Kane., July 11, 2012
11. I declare that Exhibit “8” is a true and correct copy of Appellant’s Quitclaim Deed Horowitz to Medical Veritas International, Inc., July 11, 2012.
12. I declare that Exhibit “9” is a true and correct copy of Appellant’s Table of 18 Similarities Between *Horowitz v. Sulla* and *Bank of Hawaii v. Kunimoto*.

13. I declare that Exhibit "10" is a true and correct copy of Declaration of Forensic Document Expert Chrisman Re: Sulla False Filings of the Foreclosing Mortgagee's Articles of Incorporation.

FURTHER DECLARANT SAYETH NAUGHT

This Declaration is based upon my personal knowledge and I am competent to testify as to the truth of the statements contained herein.

Dated: Honolulu, Hawaii: September 6, 2016

Signed: _____
LEONARD G. HOROWITZ, In pro per