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 9 *Special Litigation Counsel for Shelley
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10 **UNITED STATES BANKRUPTCY COURT**
 11 **DISTRICT OF NEVADA**

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 13 In re:
 14 **ROBERT C. GRAHAM, LTD. fdba ROBERT
 GRAHAM & ASSOCIATES; fdba LAWYERS
 15 WEST,**
 16 Debtor.

Case No. 16-16655-BTB
 Chapter 7

**DECLARATION OF SHELLEY D.
 KROHN IN SUPPORT OF MOTION
 FOR APPROVAL OF SETTLEMENT**

Hearing Date: February 12, 2019
 Hearing Time: 1:30 p.m. Pacific time

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 18 I, SHELLEY D. KROHN, declare as follows:

- 19 1. I am over the age of 18 years, and I am competent to make this declaration.
 20 2. I have personal knowledge of the facts stated herein, and I could and would testify to
 21 the same if called upon to do so.
 22 3. I am the duly appointed Chapter 7 Trustee¹ in the above-captioned bankruptcy case.
 23 4. I make this declaration in support of the *Motion for Approval of Settlement* under FRBP
 24 9019 (the "Motion"), by which I seek approval of a settlement ("MIC Settlement") between Lawyers
 25 West and Markell Insurance Company ("MIC") (each a "Party" and collectively, referred to as
 26 the "Parties"), to resolve the proceeding pending before the United States District Court, District of
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¹ Capitalized terms used but not defined herein are used as defined in the Motion.



1 Nevada, Captioned, *Markel Insurance Company, Plaintiff vs. Robert C. Graham, Ltd. dba Lawyers*
2 *West dba Robert Graham & Associates; Robert C. Graham, an individual; Delwyn Webber, an*
3 *individual; Michele Chambers, an individual; William Ellison, an individual; Audrey Galloway, an*
4 *individual; Olesya Sidorkina, an individual, Defendants*, Case No. 2:17-cv-00975-RFB-GWF
5 (“Proceeding”).

6 5. On December 15, 2016, the Estate of Michael B. Macknin, the Sharona Dagani Trust,
7 and the Margueritte Owens Revocable Trust (collectively, the “Petitioning Creditors”) filed an
8 Involuntary Bankruptcy Petition (the “Involuntary Petition”) against the Debtor. ECF No. 1.

9 6. On December 16, 2016, the Petitioning Creditors filed a *Motion to Appoint Interim*
10 *Trustee in Involuntary Case* (the “Interim Trustee Motion”), which sought authority to appoint an
11 interim trustee to take possession of property and to manage the business operations and assets of the
12 Debtor. ECF No. 3.

13 7. On December 21, 2016, the Bankruptcy Court entered an *Order on Trustee Motion and*
14 *Order for Relief Under Chapter 7* (the “Order for Relief”). ECF No. 21. The Order for Relief provided
15 that the Debtor had consented to the filing of a bankruptcy petition and that the filing of the bankruptcy
16 case was effective as of December 15, 2016 (the “Petition Date”). The Order for Relief further required
17 that the Office of the United States Trustee (the “U.S. Trustee”) appoint an Interim Chapter 7 Trustee
18 under Section 701.

19 8. On December 22, 2016, Victoria L. Nelson (the “Former Trustee”) was appointed as
20 the Chapter 7 Trustee in the Debtor’s bankruptcy case. ECF No. 22.

21 9. On May 25, 2017, the Former Trustee hired Andersen Law Firm, Ltd. as special
22 litigation counsel for purposes of the Proceeding. ECF No. 251.

23 10. On January 19, 2018, after the death of the Former Trustee, I was appointed as the
24 successor Trustee in the Debtor’s bankruptcy case, and authorized Andersen Law Firm, Ltd. to continue
25 as special litigation counsel for purposes of the Proceeding.

26 11. The principal of the Lawyers West is Mr. Robert C. Graham.
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1 12. On April 5, 2017, MIC filed its complaint (“Complaint”) against Lawyers West,
2 initiating the Proceeding, currently pending before the United States District Court, District of Nevada.
3 Among other allegations, MIC’s Complaint, MIC asserted that the Lawyers Professional Liability
4 Insurance Policy (“Policy”) it issued to Lawyers West should be rescinded. Specifically, MIC alleged
5 that Lawyers West falsely represented material facts in its Application for the Policy.

6 13. After conducting discovery, I determined it would be in the best in interest of the Estate
7 to resolve the Proceeding in its entirety through the MIC Settlement.

8 14. I negotiated with MIC’s representatives to reach the MIC Settlement in good faith.

9 15. The MIC Settlement provides that MIC will rescind the Policy and refund the Policy’s
10 premium of \$11,583.00 (“Refund”) to the Estate.

11 16. Moreover, MIC’s representatives and I have mutually agreed to waive any and all claims
12 against one another for attorney’s fees and costs incurred by either Party.

13 17. Resolving the Proceeding means that no additional costs associated with litigation will
14 accrue to deplete what value currently exists in the Estate. Rather, settling this matter promises
15 immediate certainty and finality.

16 I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND
17 CORRECT.

18 Dated this 9th day of January, 2019.

19 /s/ Shelley Krohn
20 Shelley Krohn, Chapter 7 Trustee
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