

WRITTEN DECISION – NOT FOR PUBLICATION

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UNITED STATES BANKRUPTCY COURT
CLERK, U.S. BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA
BY TL DEPUTY

In re:) Bk. Case No. 22-02956-JBM7
)
NUPEUTICS NATURAL, INC.,) Adv. Case No. 24-90036-JBM
)
Debtor.)
)
) **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**
)
LESLIE T. GLADSTONE, CHAPTER 7)
TRUSTEE,)
Plaintiff.)
v.)
JESSICA LAINE PEATROSS,)
Defendant.)
) Date: October 22, 2025
) Time: 10:00 a.m.
) Judge: Hon. J. Barrett Marum

INTRODUCTION

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

1 certifying under Rule 9011(b)¹ that the Defendant's position in the motion was warranted by existing
2 law cited therein, when it was not. In doing so, Counsel violated Rule 9011; this much she concedes.
3 But Counsel compounded her initial Rule 9011 violation through her subsequent representations and
4 responses to the Court regarding Counsel's use of the erroneous and nonexistent legal citations in the
5 motion.

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

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

22 The Court's concerns with Counsel's use of AI in the motion led it to issue an Order to Show
23 Cause to Counsel in August 2025. In September 2025, the Court issued an Amended Order to Show
24 Cause that expanded on the grounds for potential sanctions for Counsel's conduct. The Court heard the
25 Amended Order to Show Cause on October 22, 2025. At the hearing, appearances were made by Counsel
26

27 ¹ Unless otherwise indicated, all section and chapter references herein are to the Bankruptcy Code, 11
28 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.

1 and Plaintiff's counsel. Defendant Dr. Peatross was also present virtually and was sworn in by the Court,
 2 which received her testimony. After hearing argument presented by Counsel, and briefly by Plaintiff's
 3 counsel, as well as taking Dr. Peatross's testimony, the Court took the matter under submission.

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

22 Based on the foregoing, the Court now discharges its Amended Order to Show Cause as follows:
 23 the Court determines that Counsel violated Rule 9011 and the Local Bankruptcy Rules when she filed
 24 the motion and through her subsequent representations to the Court in connection with the motion. In
 25

26 ² The Court incorporates its Amended OSC, which includes the legal authority for potential sanctions,
 27 into this Memorandum Decision as if stated herein.

28 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.

1 doing so, Counsel acted in bad faith or conduct tantamount to bad faith. As a result, the Court imposes
 2 sanctions on Counsel, detailed below, pursuant to Rule 9011 and the Court's inherent powers authority.

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

13 The following constitutes the Court's findings of fact and conclusions of law pursuant to Rule
 14 7052.

15 FACTS

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

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

24 Five days prior to the scheduled hearing on the MSJ, the Court issued a tentative ruling in which
 25 it noted the deficiencies with the Defendant's opposition. ECF No. 44. The Court also prohibited the
 26 Defendant from filing any documents prior to the MSJ hearing in an attempt to address the issue. *Id.* It

27
 28 ⁴ All dates referenced herein occurred in 2025 and omissions to the year in this Memorandum Decision
 are for the purposes of brevity.

1 noted, however, that it would hear from the parties “regarding the circumstances that led to the
2 Defendant’s apparent failure to file the documents referenced in the Opposition and the appropriate
3 outcome as a result.” *Id.*

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

7 **B. Defendant’s Motion to Enlarge Time and For Leave to File Omitted Opposition**

8 **Documents – July 2025**

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

19 The Plaintiff opposed the Defendant’s Motion. ECF No. 49. In her opposition, the Plaintiff
20 asserted that the Motion contained a case citation that Plaintiff’s counsel could not locate and another
21 citation that was incorrect. The Plaintiff also alleged indicia of bad faith; namely, that Counsel produced
22 the omitted opposition papers to Plaintiff two days after the July 16 hearing, rather than immediately
23 following the hearing when the Plaintiff requested them, and that it appeared that Counsel had altered
24 the omitted opposition papers following the July 16 hearing.

25 **C. Hearing on the Defendant’s Motion – August 13, 2025**

26 On August 13, 2025, the Court heard the Motion, along with the MSJ and a continued pre-trial
27 status conference. The Court questioned Counsel about case citations included in the Motion.
28 Specifically, Counsel’s citation to *In re Verdi*, 2019 WL 6712136 (Bankr. E.D. Cal. 2019) in the Motion

1 was especially troubling because the Court was unable to identify any case with either this name or
 2 Westlaw citation. At the August 13 hearing, Counsel initially represented that the *Verdi* citation was
 3 simply a placeholder case standing for the proposition she sought, and that she forgot to go back and
 4 find a case to replace it:

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

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

9 THE COURT: Wait. Wait a minute, wait a minute. Hold on, Ms. Joshi. You're telling me that,
 10 in a document that you filed with the Court, you put a case that does not exist, and
 11 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.

12 COUNSEL: [Long pause] I --

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

14 COUNSEL: Yes.

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

16
 17 The Motion contained two other problematic citations. First, Counsel in the Motion cited to
 18 Local Bankruptcy Rule 1001-2 as "instruct[ing] that technical failures should not thwart substantive
 19 adjudication." ECF No. 47-1 at 6. However, that Local Bankruptcy Rule is actually titled "Amendment
 20 by General Order" and discusses amendments to the Local Bankruptcy Rules by the Court's General
 21 Order. See L.B.R. 1001-2. It has nothing at all to do with "technical failures" or "substantive
 22 adjudication" of anything.

23 Second, Counsel in the Motion cited to *In re Caneva*, 550 F.3d 755 (9th Cir. 2008), for the
 24 proposition that "[t]he Ninth Circuit applies [the] *Pioneer* [factors] flexibly, recognizing that no single
 25 factor is dispositive." ECF No. 47-1 at 3. *In re Caneva*, however, is a Ninth Circuit decision addressing
 26 objections to discharge under 11 U.S.C. § 727(a)(3) and does not contain any reference to *Pioneer Inv.*
 27 *Servs. Co. v. Brunswick Assocs. Ltd. P'ship*, 507 U.S. 380 (1993) or the standard for excusable neglect
 28 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.

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.

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

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

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

12 COUNSEL: Correct, Your Honor.

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

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

22 COUNSEL: Yes, Your Honor.

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

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

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

27 Later in the afternoon of August 13, 2025, Counsel sent an email to the Court, in which she
 28 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:

///
 ///

1 Judge Marum:

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

5 Ex. B, Hr’g Tr. 30:22-25, Oct. 22, 2025.⁵ Emphasis added.

6 The screenshot of the text message communications between the Defendant and Counsel did not
 7 include the date on which the messages were exchanged. Upon the Court’s inspection of the metadata
 8 associated with both images provided by Counsel, it showed that Counsel took the screenshot of the text
 9 message conversation on August 13 at 4:00 p.m. But the metadata for the standalone image of the
 10 Defendant’s May 27 Declaration, purportedly signed by the Defendant on May 27, reflects that the photo
 11 was taken on August 13 at 6:57 p.m.

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

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

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

23 The Court subsequently denied the Defendant’s Motion. ECF No. 53. In the order denying the
 24 Motion, the Court assessed the Defendant’s request to extend time under Rule 9006 based on excusable
 25 neglect pursuant to the factors set forth under *Pioneer Investment Services Co. v. Brunswick Associates*
 26 *Ltd.*, 507 U.S. 380, 395 (1993). As the Court noted in the order, in *Pioneer*, the Supreme Court stated
 27 that “any indication at all of bad faith” would support a bankruptcy court’s determination in declining to

28 ⁵ The Court read the content of Counsel’s email to the Court into the record at the October 22 hearing.

1 conclude that neglect was excusable. ECF No. 53 at 3 (quoting *Pioneer*, 507 U.S. at 398-99). The Court
 2 found that Counsel had engaged in bad faith conduct, through the tardy production of the Defendant's
 3 opposition to the Plaintiff, filing the Motion with nonexistent legal authority and failing to check the
 4 case citations, issues with the Defendant's May 27 Declaration, and Counsel's failure to comply with
 5 the Local Bankruptcy Rules with respect to not having possession of the Defendant's signed declaration
 6 at the time of filing. *Id.* at 6-7.

7 **E. Court's Initial OSC and Counsel's Response and Declaration – August and September**
 8 **2025**

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

15 On September 5, 2025, Counsel filed a Response to the Initial OSC, which she supported with
 16 her declaration. In her response, Counsel admitted that she violated Rule 9011 by filing a pleading with
 17 the false AI citation; but she pointed out that the Motion contained only one fabricated citation. *See* ECF
 18 No. 57 at 1-3. Counsel also asserted a lack of evidence that she had actual knowledge that the *Verdi*
 19 citation was fabricated. *Id.* at 6. As to the Defendant's May 27 Declaration, in her September 5
 20 Response, Counsel "aver[ed] that she was in possession of the 'wet ink' signature of her client on May
 21 27, 2025, but negligently failed to save a copy of the signature which resulted in her obtaining in [sic]
 22 image of the signature of her client on August 13, 2025." *Id.* at 2.

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

- 24 • Counsel obtained the Defendant's "approval and signature on the declaration for filing
 25 purposes. [Defendant] sent the signature page by text message on May 27, 2025 since
 26 she was out of the country." ECF No. 57-1 at 4 ¶ 17.
- 27 • Counsel "failed to save [her] client's signature page in the client's file when she texted
 28 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 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. *Id.* at 5 ¶ 8. In particular, Counsel attested as follows:

- 1 • “When the Court asked me if I had obtained my client’s signature on her declaration before
2 filing it with the Court and how I did so, I immediately responded yes and by email. I
3 answered as such because that [sic] I sincerely believed that I had done as such. It is standard
4 practice for my clients who cannot be physically present in the office, and at the time I had no
5 reason to believe otherwise.” ECF No. 75 at 4-5 ¶ 8.
- 6 • “When I searched for the ‘wet ink’ document on August 13, 2025, I could not readily find the
7 document in my email history or the client’s file. So, I then checked my text history with my
8 client knowing that sometimes we communicated by text, especially if she is traveling. When I
9 checked my phone, I saw that all of my past texts with my client were no longer available. I
10 still **did not question whether or not I had obtained my client’s ‘wet ink’ signature** and I
11 assumed that the file had been in my texts and inadvertently erased. The idea that I would file a
12 declaration without my client’s review and signature is so abhorrent that I sincerely did not
13 believe it was possible.” *Id.* at 5 ¶ 9.
- 14 • “On September 08, 2025, I was able to have a more detailed conversation with my client
15 regarding the case’s status, the OSC, and the subject declaration.” *Id.* at 5 ¶ 10.
- 16 • “To my dismay, my client said that she did not remember whether she signed the declaration,
17 but she did remember giving me approval to use her electronic signature and did remember
18 approving the contents of the declaration. Because my client’s recollection did not match my
19 recollection and because neither of us were able to confirm which was the true recollection, my
20 client and I prepared the declaration regarding her recollection.” *Id.* at 5 ¶ 11.
- 21 • “After discussing with my ethics’ counsel, I felt that the subsequent declaration by my client
22 regarding her recollection of events needed to be filed with the Court because we were unable
23 to find confirmation of whose recollection was correct.” *Id.* at 6 ¶ 13.

24 Apparently, notwithstanding the Court’s request for the *in camera* submission on August 13,
25 2025, it was not until September 8, 2025 – 26 days later – that Counsel had a “more detailed conversation
26 with [her] client regarding the case’s [sic] status, the OSC, and the subject declaration.” *See* ECF No.
27 75 at 5 ¶ 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.

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.

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

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

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

12 COUNSEL: I believe she was in Florida.

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

14 COUNSEL: I understand.

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

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

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

21 Subsequently Counsel stated that the Defendant approved the content of the Defendant's
 22 declaration for filing, either through email or over the phone. Ex. B, Hr'g Tr. 8:6-7, 10, Oct. 22, 2025.
 23 The Court asked Counsel whether she had looked through her emails to confirm whether she was in
 24 possession of an email from the Defendant that authorized the signing of the declaration on May 27 or
 25 whether Counsel had asked the Defendant to look through Defendant's emails for such an email; to both
 26 questions, Counsel responded no. *Id.* at 8:11-17. The Court asked Counsel whether she had reviewed
 27 call logs to confirm calls with the Defendant on May 27 when the Defendant was in Ibiza. *Id.* at 8:21-
 28 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

1 to the Defendant's approval of her declaration on or around May 27; the Defendant conducted a search
2 of her emails during the hearing and testified that she did not have any emails with respect to her approval
3 of the declaration on or around May 27. *Id.* at 15:5-25.

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

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

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

11 COUNSEL: Correct.

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

13 COUNSEL: No.

14 THE COURT: Is that right?

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

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

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

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

24 THE COURT: And can you give me a little more detail there about what it was that you did to
25 try to find the signature page from May 27th?
26
27
28

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

6 So I checked the paper file of what we did have at the office. I mean, that's -- I
 7 didn't pull the call logs. I'm sorry; I didn't think of it. Typically, we don't pull the
 8 call logs until we try to do invoicing, to see if there's anything that was
 9 overlooked or should be accepted from the bill. But that was about -- that was the
 10 extent of my investigation.

11 Ex. B, Hr'g Tr. 26:11-25, 27:1-4, Oct. 22, 2025.

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

15 ANALYSIS

16 **A. Legal Authority for Sanctions**

17 *1. Federal Rule of Bankruptcy Procedure 9011*

18 Rule 9011(b), titled "Representations to the Court," provides that:

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

- 23 (1) it is not presented for any improper purpose, such as to harass, cause
 24 unnecessary delay, or needlessly increase litigation costs;
- 25 (2) the claims, defenses, and other legal contentions are warranted by
 26 existing law or by a nonfrivolous argument to extend, modify, or reverse
 27 existing law, or to establish new law;
- 28 (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.

29 Here, Counsel concedes that she violated Rule 9011 when she filed the Motion with improper
 30 and nonexistent legal authority. But when the Court initiates sanctions under Rule 9011, the Court is
 31 required "to apply a higher 'akin to contempt' standard than in the case of party-initiated sanctions"

1 *Rocha v. Fiedler*, 2025 WL 1219007, at *1 (9th Cir. Apr. 28, 2025) (citing *In re Nakhuda*, 544 B.R. 886,
 2 890 (9th Cir. BAP 2016), *aff'd*, 703 F. App'x 621 (9th Cir. 2017)). “Akin to contempt” means “conduct
 3 that is particularly egregious and similar to conduct that would be sanctionable under the standards for
 4 contempt.” *In re Nakhuda*, 544 B.R. at 901. In other words, the Court must find bad faith conduct or
 5 conduct tantamount to bad faith, which includes lack of forthrightness with the court. *Id.* (collecting
 6 cases); *see also Rocha*, 2025 WL 1219007, at *1 (citing *Price v. Lehtinen (In re Lehtinen)*, 564 F.3d
 7 1052, 1061 (9th Cir. 2009) (quoting *Fink v. Gomez*, 239 F.3d 989, 994 (9th Cir. 2001)), *overruled on*
 8 *other grounds by In re Gugliuzza*, 852 F.3d 884, 898 (9th Cir. 2017) (findings tantamount to bad faith
 9 include “that counsel’s conduct was outrageously improper, unprofessional and unethical.”)). That said,
 10 “bad faith or willful misconduct consists of something more egregious than mere negligence or
 11 recklessness.” *In re Lehtinen*, 564 F.3d at 1058.

12 Recently bankruptcy courts have confronted a spate of Rule 9011⁶ violations by bankruptcy
 13 attorneys who fail to review and verify legal citations in AI-generated documents filed with the court.
 14 *See, e.g., Kheir v. Titan Team LLC, et al. (In re Kheir)*, --- B.R. ----, 2025 WL 3083272 (Bankr. S.D.
 15 Tex. Nov. 4, 2025) (attorney violated Rule 9011(b)(2), among other things, by citing cases created by
 16 generative AI in a responsive document filed with the court in which the attorney failed to verify that
 17 the citations referenced real cases or that case quotations were accurate); *In re Jackson Hosp. & Clinic,*
 18 *Inc.*, --- B.R. ----, 2025 WL 3251167, at *15 (Bankr. M.D. Ala. Nov. 20, 2025) (attorney’s use of AI-
 19 generated misrepresentations of law in documents filed with the court violated Rule 9011); *In re*
 20 *Richburg*, 671 B.R. 918, 921, 925 (Bankr. D.S.C. 2025) (attorney violated Rule 9011 by using generative
 21 AI in a motion filed with the court in which the attorney failed to verify the sources cited); *In re Martin*,
 22 670 B.R. 636, 649 (Bankr. N.D. Ill. 2025) (in determining that attorney violated Rule 9011 by filing a
 23 document with improper legal authority, the court “announce[d] loudly and clearly (so that everyone
 24 hears and understands) that lawyers blindly relying on generative AI and citing fake cases are violating
 25 Bankruptcy Rule 9011 and will be sanctioned.”). These cases make clear that where an attorney uses AI

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 27
 28 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.

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.

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

1 verify any legal citations in a document filed with any court, irrespective of how the attorney procured
2 the citation, whether through a traditional legal database or AI.

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

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

21 Counsel initially asserted in her response to the Initial OSC that there was only one AI-
22 hallucination in the Motion. And certainly, the Court observes that, unlike other Rule 9011 cases
23 involving improper use of AI, here, the Motion only contained reference to a handful of legal citations:

24
25 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>.

26 ⁸ Even if an attorney presents justification in the form of a medical emergency, the Court questions
27 whether filing a document with the Court containing false information would be justified. The Court cannot
28 think of an instance in which knowingly filing a document or paper with the Court that contains false
information is justified.

1 *Pioneer*, *In re Caneva*, *In re Verdi*, Rules 1001 and 9006, and LBR 1001-2. *Cf. In re Kheir*, 2025 WL
 2 3083272, at *4 (containing 32 non-existent cases or misrepresentations of authority). Of these handful
 3 of legal citations, only the *Pioneer* citation was correct – *Verdi* was an AI hallucination and the remaining
 4 citations were either wholly incorrect (such as the references to *In re Caneva* and Local Bankruptcy Rule
 5 1001-2), or not quite accurate.⁹

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

17 Even after she filed the Motion, Counsel could have read and verified the handful of legal
 18 citations and filed an amended motion or withdrawn the document; she chose neither. Instead, it appears
 19 that Counsel, in a rush to begin a personal vacation, allowed the Motion to stand as filed, leaving both
 20 the Court and opposing counsel to expend time and energy to look for legal citations that were incorrect
 21 or simply did not exist. There is no justification for Counsel’s conduct.

23 ⁹ The Motion contained reference to two bankruptcy rules that were not quite correct. First, the Motion
 24 stated that Rule 9006(b)(1) “empowers the Court, ‘on motion made after the expiration of the specified period,’
 25 to permit the act to be done ‘where the failure to act was the result of excusable neglect.’” ECF No. 47-1 at 3.
 26 But Rule 9006(b)(1)(B) provides that a court may extend time if “on motion made after the specified period
 27 expires, the failure to act within that period resulted from excusable neglect.”

28 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.”

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

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

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

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

22 First, Counsel submitted to the Court an image of the signature page of the Defendant's
23 declaration, signed by the Defendant under penalty of perjury and dated May 27, 2025, from Ibiza, Spain.
24 But as Counsel conceded at the October 22 hearing, the Defendant did not sign the declaration on May
25 27 – she signed it on August 13. And the Defendant did not sign the declaration from Ibiza, Spain – she
26 signed it in from the East Coast, where the Defendant resides and was physically present on August 13.
27 Counsel explained that in her mind, this was appropriate because it was a "re-signing" of the declaration.
28 This explanation is nonsensical, given that, as discussed below, the Defendant had not previously signed

1 the declaration in any manner. Moreover, there is no indication in the record that Counsel asked
2 Defendant to look for the signed May 27 Declaration – it appears that Counsel’s immediate request to
3 the Defendant on August 13 was to “re-sign” the Defendant’s May 27 Declaration.

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

12 In the Court’s view, the screenshot of the text message exchange between Counsel and the
13 Defendant, in which the Defendant sent Counsel an image of her signed declaration, was taken in such
14 a manner so as to shroud the date and time of the communications; thereby supporting the inference that
15 Counsel was sharing with the Court evidence of the Defendant’s transmission of the signed declaration
16 in May 2025 and not on August 13. Had the Court not taken the additional step of reviewing the metadata
17 of the screenshot and the image submitted by Counsel, it would have appeared facially that Counsel had
18 provided the declaration signed by Dr. Peatross on May 27, 2025 from Ibiza, Spain. At the October 22
19 hearing, Counsel conceded that she was not transparent about the date and manner in which the
20 Defendant signed the declaration that Counsel submitted to the Court on August 13.

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

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

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

12 The Court does not find credible that Counsel, an experienced attorney, failed to conduct a full
 13 search for the Defendant's signed May 27 declaration after the Court specifically requested to see the
 14 signed declaration in a same day *in camera* submission or after the Court issued the Initial OSC.
 15 Counsel's assertion of good faith belief in this regard is not supported by the record and does not provide
 16 a defense for the misrepresentations that she made to the Court.

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

19 **C. Counsel's acts in bad faith or conduct tantamount to bad faith supply the basis for the**
 20 **Court's imposition of sanctions under Rule 9011 and/or its inherent powers authority.**

21 Based on the foregoing, the Court concludes that Counsel committed several violations.¹⁰ First,
 22 Counsel violated Rule 9011(b)(2) when she filed the Motion with improper and nonexistent AI-
 23 generated legal citations that Counsel failed to review or verify before filing the document. Second,
 24 Counsel violated Rule 9011(b)(3) by making factual contentions to the Court – in her *in camera*

26 ¹⁰ It also appears to the Court that Counsel may have violated certain of the California Rules of
 27 Professional Conduct with respect to her conduct addressed herein; in particular, the duty of candor to the
 28 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.

1 submission email to the Court, at the August 13 hearing, and in her responses and declarations to the
2 OSCs – as to the Defendant’s May 27 Declaration that lacked evidentiary support; namely, that the
3 Defendant signed her declaration on May 27 and/or that Counsel was in possession of the Defendant’s
4 signed declaration on May 27, neither of which was true. Third, Counsel violated LBR 5005-4(d) when
5 she presented the Motion and attached the Defendant’s May 27 Declaration with an electronic signature
6 to the Motion when Defendant had not signed the declaration before filing, notwithstanding that Counsel
7 filed the Motion two months after Defendant was supposed to have signed her May 27 declaration.
8 Counsel also violated LBR 5005-8 given that she was never in possession of the Defendant’s original
9 signature on her May 27 declaration either on May 27, when Counsel intended to present the declaration,
10 or on July 24, when Counsel filed the Motion and attached the Defendant’s May 27 Declaration to it.

11 In reaching these conclusions, the Court took into account mitigating circumstances that Counsel
12 detailed on the record at the October 22 hearing. This includes that Counsel has implemented the use of
13 case management software in her practice and hired a bookkeeper in July on a contract basis, which
14 alleviates the time she previously spent on a monthly basis on bookkeeping matters. In addition, Counsel
15 detailed some of the online continuing legal education courses she has already taken and that she has
16 secured her husband’s assistance as her case manager.

17 Pursuant to Rule 9011(c)(4)(ii), the Court will order Counsel to pay a penalty to the Court in the
18 amount of \$950. In determining the sanctions amount, the Court considered an amount substantially
19 higher, but settled on this amount as appropriate given the mitigating circumstances, that this is
20 Counsel’s first known instance of a violation with the Court and that Counsel is a sole practitioner.
21 Judges in this District do not routinely sanction lawyers and the Court is confident that this experience
22 plus the fact that the Court is issuing monetary sanctions of any amount (along with the other sanctions
23 detailed below) will be sufficient to deter Counsel and other practitioners from engaging in conduct like
24 what Counsel did here. And that is the goal of Rule 9011; a higher amount of monetary sanctions is not
25 needed to achieve it and so the Court settled on the amount listed above. The Court considered but
26 declines to award fees and costs to Plaintiff’s counsel in the form of compensatory sanctions under the
27 Court’s inherent powers authority. *See Miller v. Cardinale (In re Deville)*, 280 B.R. 483, 494 (9th Cir.
28 BAP 2002), *aff’d sub nom. In re DeVille*, 361 F.3d 539 (9th Cir. 2004) (under its inherent authority

1 sanctioning power,¹¹ the bankruptcy court may require an attorney to pay the opposing party's reasonable
2 attorney's fees and expenses). If Counsel continues to engage in conduct such as that detailed in this
3 Memorandum Decision, however, the Court's considerations will not result as favorably for Counsel or
4 any other practitioner that engages in similar conduct.

5 CONCLUSION

6 Based on the foregoing, the Court imposes sanctions on Counsel pursuant to Rule 9011 and its
7 inherent powers authority. Such sanctions are necessary to deter repetition of Counsel's conduct by
8 Counsel and amongst other bankruptcy practitioners in this judicial district.

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

- 10 1. Pursuant to Federal Rule of Bankruptcy Procedure 9011(c)(4)(A)(ii), Counsel will be
11 ordered to pay a penalty into the Court in the amount of \$950 within 30 days of entry of
12 the order entered concurrently with this Memorandum Decision;
- 13 2. Counsel must register for and complete four hours each of continuing legal education
14 regarding (1) the use of AI in the legal practice and (2) practice management offered by
15 and/or through the State Bar of California for a total of eight hours within 12 months from
16 entry of the order entered concurrently with this Memorandum Decision. At least half of
17 this continuing legal education requirement, or four hours, must be completed through in-
18 person programs. Counsel must file a certification with the Court in this matter within
19 30 days upon completion of this requirement;
- 20 3. Counsel must present a copy of this Memorandum Decision to Dr. Peatross within 30
21 days from entry of the order entered concurrently with this Memorandum Decision.
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26 ¹¹ Given that Rule 9011 sanctions were initiated by the Court and not on the Plaintiff's motion, payment of
27 all of part of the Plaintiff's reasonable fees and expenses is not available under Rule 9011. *See, e.g., In re*
28 *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.").

1 Counsel must file a certification with the Court in this matter upon completion of this
2 requirement;

3 4. The Court revokes Counsel's authorization as a registered CM/ECF filer in this court to
4 file any documents in the U.S. Bankruptcy Court for the Southern District of California
5 signed electronically by a person other than Counsel using an "/s/" or "s/" signature
6 pursuant to Local Bankruptcy Rule 5005-4(d), for a period of two (2) years, by and
7 through December 31, 2027. Counsel is not permitted to file a document signed by a
8 person other than herself using an "/s/" or "s/" electronic signature during that period of
9 time; and
10

11 5. Counsel is required to comply with the Court's General Order No. 210,¹² effective
12 immediately from entry of the order entered concurrently with this Memorandum
13 Decision.
14

15 Finally, the Court advises Counsel that it will refer her to the Standing Committee on Discipline
16 for the United States District Court for the Southern District of California. *See* Civil Local Rule 2.2(e);
17 Local Bankruptcy Rule App'x B (providing that Civil Local Rule 2.2 applies in the Bankruptcy Court).
18 The Court makes this referral both so the Standing Committee can determine whether further discipline
19 may be appropriate and in the hopes that the Standing Committee will be an additional resource to
20 Counsel as she implements changes in her practice to ensure she never again ends up in a situation like
21 this one.
22

23 ///

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28 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.

1 As the Court noted at the outset, its imposition of sanctions was a difficult decision. The Court
2 is confident that Counsel will learn from this experience and will have a long career practicing before
3 the Court.
4

5
6
7 Dated: December 5, 2025


J. BARRETT MARUM, Judge
United States Bankruptcy Court

EXHIBIT A

Excerpts from Transcript of Hearing on August 13, 2025

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA

-oOo-

In Re:) Case No. 22-02956-JBM
) Chapter 7
NUPEUTICS NATURAL, INC.)
) San Diego, California
Debtor.) 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:

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For Jessica Laine
Peatross:

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(Via Zoom)
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Proceedings recorded by electronic sound recording;
transcript provided by transcription service.

Gladstone v. Peatross; Nupeutics Natural, Inc.

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

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

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

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

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

24 MS. JOSHI: I --

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

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1 MS. JOSHI: Yes.

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

5 MS. JOSHI: Understood.

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

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

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

16 And so we'll talk about the schedule for that
17 additional briefing. But the schedule for that additional
18 briefing may be impacted by what I do on the motion to let you
19 file some late documents because, if I let you file the
20 documents late, the trustee obviously needs to have a chance to
21 respond to those through a reply. And so that may impact what
22 we do with the overall schedule. So don't worry; I will hear
23 from you regarding the schedule for that additional briefing.

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

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

6 MS. JOSHI: I did, Your Honor.

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

11 MS. JOSHI: The AI, Your Honor.

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

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

23 THE COURT: I misunderstood. I thought you were
24 telling me that you had personally come up with In re Verde,
25 and then whatever the Westlaw site was, and put that in the

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1 brief. And that was not making a lot of sense to me. So I'm
2 glad that you clarified that you were not the one that created
3 the case, that it was the AI, and your omission was going back
4 and -- well, your omission was not going back and checking it.

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

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

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

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

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

22 MS. JOSHI: Correct, Your Honor.

23 THE COURT: Okay. I want you to submit that file to
24 me, for my in-camera review, and I want to look at the actual
25 file itself. So you should feel free to redact any information

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26

1 in the file that is attorney-client privilege. But I want to
2 look at the file itself, and I want you to email it to us.

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

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

16 MS. JOSHI: Yes, Your Honor.

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

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

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I N D E X

RULINGS:	PAGE	LINE
Ms. Joshi is to provide the file containing	25	23
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		

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C E R T I F I C A T I O N

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

Sharona Shapiro

/s/ 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

-oOo-

In Re:) Case No. 22-02956-JBM
) Chapter 7
NUPEUTICS NATURAL, INC.)
) San Diego, California
Debtor.) 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:

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ALSO PRESENT: Jessica Laine Peatross
(Via Zoom)

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

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

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

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

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

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

21 A few of the questions that I have relate to your in-
22 camera submission on August 13th. And as I was piecing
23 everything together, with the various declarations and filings,
24 the conclusion that I reached is that, on August 13th, the
25 signature page that your client sent to you was something that

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1 she signed on August 13th and that you knew that on August
2 13th. Is that correct?

3 MS. JOSHI: Yes, Your Honor.

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

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

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

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

25 THE COURT: I think -- Ms. Joshi, I appreciate your

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

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

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

25 MS. JOSHI: No, Your Honor. I mean, that is the first

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1 time that I've been asked for a client signature page. I
2 certainly did not mean to mislead the Court. I was afraid of
3 making things worse, not just for me, but for my client. And I
4 understand now that I should have trusted the Court more and
5 been more transparent.

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

9 MS. JOSHI: I believe she was in Florida.

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

12 MS. JOSHI: I understand.

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

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

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

21 There's also a disconnect between your recollection
22 and your client's recollection. And I think, having pieced
23 everything together, that your collective recollection is that
24 your client approved the contents of the declaration by
25 responding to your email sometime on May 27th, or thereabouts,

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1 but prior to the filing, responded to your email and said
2 something along the lines of, yes, my declaration is fine, you
3 can go ahead and file it. Is that an accurate summary of the
4 collective recollection that you and your client have, or have
5 I got it wrong?

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

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

10 MS. JOSHI: Correct.

11 THE COURT: Have you looked for an email from your
12 client that authorized the filing of the declaration on the
13 27th of May?

14 MS. JOSHI: I have not.

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

17 MS. JOSHI: I have not asked her to.

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

20 MS. JOSHI: I don't.

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

24 MS. JOSHI: I have not.

25 THE COURT: Okay. So as you're standing here today,

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1 you don't have any -- you don't really know how it is that your
2 client might have approved the filing of the declaration with
3 her signature on it. And it sounds to me like you haven't
4 looked really to determine whether she did that, aside from
5 checking her text messages, which are gone. Is that right?

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

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

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

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

20 There have been instances where the information that
21 she's typed in -- it's not accepted by ECF. ECF will give an
22 error message saying this document cannot be uploaded in its
23 standard format. So then you have to try to print the PDF to
24 another PDF and try to upload that. But even still, sometimes
25 it wipes out some of the inserted text, like, for example, on

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1 the signature line where the client states, on this day, in
2 this place, if it's typed in, then it can get erased.

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

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

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

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

24 MS. JOSHI: No, Your Honor.

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

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

3 THE COURT: So you --

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

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

11 THE WITNESS: Correct.

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

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

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

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

25 THE COURT: Okay. So it sounds like your best

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1 recollection is that this happened over the telephone as
2 opposed to an email. Is that right?

3 THE WITNESS: Correct. Correct.

4 THE COURT: When you signed your declaration on August
5 13th, how did you do that?

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

12 THE COURT: You were taking me my next question.

13 Mr. Paluso, can we get the first example up on the
14 screen, please?

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

16 THE WITNESS: Yes.

17 THE CLERK: Okay.

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

21 THE WITNESS: Right.

22 THE COURT: This that we're showing you is ECF number
23 59. It's one of the declarations that you filed, or I should
24 say, that your lawyer filed in opposition to the motion for
25 summary judgment. Is this an example of a time when you've

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1 there anything else that you would like me to consider?

2 MS. JOSHI: No, Your Honor.

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

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

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

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1 MS. JOSHI: Correct.

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

4 MS. JOSHI: No.

5 THE COURT: Is that right?

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

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

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

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

24 MS. JOSHI: No, Your Honor.

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

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1 MS. JOSHI: Correct.

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

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

9 THE COURT: September 8th. Okay.

10 MS. JOSHI: I believe that that was the date that the
11 response for the OSC was filed. So it was in preparing the
12 response, working with counsel, that's when I conducted a more
13 thorough investigation.

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

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

24 So I checked the paper file of what we did have at the
25 office. I mean, that's -- I didn't pull the call logs. I'm

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1 sorry; I didn't think of it. Typically, we don't pull the call
2 logs until we try to do invoicing, to see if there's anything
3 that was overlooked or should be accepted from the bill. But
4 that was about -- that was the extent of my investigation.

5 THE COURT: Thank you for that, Ms. Joshi. That's
6 helpful for me to have those two different -- it's helpful for
7 me to have what you did during the two different time periods
8 in mind as I'm thinking about this.

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

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

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

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

5 MS. JOSHI: Yes, Your Honor.

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

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

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

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

22 It says, "Judge Marum, the requested documents are
23 attached. The signature pages were delivered by my client
24 through text message, not email. I made an exception since my
25 client was out of the country".

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

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

5 THE CLERK: Thank you, Your Honor.

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

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C E R T I F I C A T I O N

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

Sharona Shapiro

/s/ SHARONA SHAPIRO, CET-492

eScribers

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Date: November 27, 2025