

IN THE SUPREME COURT OF THE STATE OF NEVADA

ITAL STONE, INC., A NEVADA  
CORPORATION,  
Appellant,  
vs.  
EDWARD G. MUMFORD,  
Respondent.

No. 56318

**FILED**

SEP 02 2010

TRACIE K. LINDEMAN  
CLERK OF SUPREME COURT  
BY S. Yousef  
DEPUTY CLERK

ORDER DISMISSING APPEAL

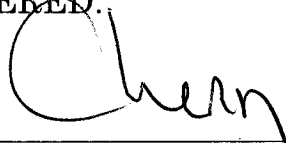
Counsel for appellant has filed a "Suggestion of Bankruptcy of Defendant Ital Stone, Inc.," informing this court that appellant has filed a "Voluntary Petition under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§101-1532." The filing of a bankruptcy petition operates to stay, automatically, the "continuation" of any "judicial . . . action . . . against the debtor." 11 U.S.C. § 362(a)(1). An appeal, for purposes of the automatic stay, is considered a continuation of the action in the trial court. Consequently, an appeal is automatically stayed if the debtor was the defendant in the underlying trial court action. See Ingersoll-Rand Financial Corp. v. Miller Mining, Co. Inc., 817 F.2d 1424 (9<sup>th</sup> Cir. 1987). It appears that appellant was a defendant below. Therefore, this appeal is stayed pursuant to the automatic stay provisions of federal bankruptcy law.

Given the applicability of the automatic stay, this appeal may linger indefinitely on this court's docket pending final resolution of the bankruptcy proceedings. Accordingly, we conclude that judicial efficiency will be best served if this appeal is dismissed without prejudice. Because a dismissal *without prejudice* will not require this court to reach the merits of this appeal and is not inconsistent with the primary purposes of


the bankruptcy stay—to provide protection for debtors and creditors—we further conclude that such dismissal will not violate the bankruptcy stay.<sup>1</sup> See Independent Union of Flight Attendants v. Pan American World Airways, Inc., 966 F.2d 457, 459 (9<sup>th</sup> Cir. 1992) (holding that the automatic stay does not preclude dismissal of an appeal so long as dismissal is “consistent with the purpose of the statute [11 U.S.C. §362(a)”]; Dean v. Trans World Airlines, Inc., 72 F.3d 754, 755 (9<sup>th</sup> Cir. 1995) (holding that a post-bankruptcy petition dismissal will violate the automatic stay “where the decision to dismiss first requires the court to consider other issues presented by or related to the underlying case”).

Accordingly, we dismiss this appeal. This dismissal is without prejudice to appellant’s right to move for reinstatement of this appeal upon either the lifting of the bankruptcy stay or final resolution of the bankruptcy proceedings, if appellant deems such a motion appropriate at that time.

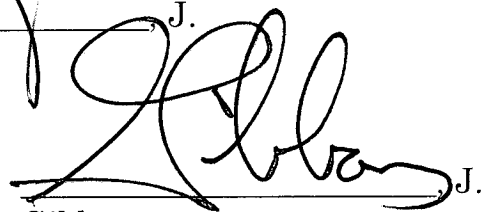
It is so ORDERED.

  
\_\_\_\_\_ J.

Cherry

  
\_\_\_\_\_ J.

Saitta

  
\_\_\_\_\_ J.

Gibbons

<sup>1</sup> The automatic stay provides a debtor “with protection against hungry creditors” and gives it a “breathing spell from its creditors” by stopping all collection efforts. Dean v. Trans World Airlines, Inc., 72 F.3d 754, 755 (9<sup>th</sup> Cir. 1995). Further, it assures creditors “that the debtor’s other creditors are not racing to various courthouses to pursue independent remedies to drain the debtor’s assets.” Id. At 755-6.

cc: Hon. Jennifer Togliatti, District Judge  
Leonard I. Gang, Settlement Judge  
Lincoln, Gustafson & Cercos  
Law Offices of Terry L. Wike  
Ambish S. Sidhu  
Eighth District Court Clerk