

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA (RENO)

IN RE: . Case No. 26-50278-hlb
. Chapter 7
CARTWHEEL ROBOTICS INC., .
. 300 Booth Street
. Reno, NV 89509
Debtor. .
. Tuesday, June 9, 2026
. 1:03 p.m.

TRANSCRIPT OF DOC# 41 MOTION TO DESIGNATE RESPONSIBLE PERSON
FILED BY BRADLEY G. SIMS ON BEHALF OF BRADLEY G. SIMS
BEFORE THE HONORABLE HILARY L. BARNES
UNITED STATES BANKRUPTCY COURT JUDGE

TELEPHONIC APPEARANCES:

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1 (Proceedings commence at 1:03 p.m.)

2 THE COURT: Good afternoon, all. This is Judge
3 Barnes. Our one o'clock matter is Cartwheel Robotics, Inc.,
4 26-50278. This is a hearing on the trustee's motion at Docket
5 Entry 41, which is a motion to designate a responsible person.
6 Appearances for the trustee, please.

7 MR. HOUMAND: Good afternoon, Your Honor. Jacob
8 Houmand, appearing on behalf of the Chapter 7 trustee.

9 THE COURT: Thank you, Mr. Houmand. And, Mr. Sims,
10 are you with us?

11 Okay. For the petitioning creditors, please.

12 MR. DAHU: Good afternoon, Your Honor. Jimmy Dahu on
13 behalf of the petitioning creditors.

14 THE COURT: Thank you, Mr. Dahu.

15 THE COURT: And, Mr. LaValley?

16 MR. LAVALLEY: Yes, Your Honor, I'm here.

17 THE COURT: Thank you. And, Ms. Conway, are you here
18 as well?

19 Is there anybody else who would like to make an
20 appearance? Okay.

21 Mr. Houmand, do you want to give the Court an update
22 about what's going on in the case and maybe what may be germane
23 to our proceeding today?

24 MR. HOUMAND: Sure, Your Honor. As it stands right
25 now, the trustee has served several subpoenas on behalf of



1 various parties, including Autonomous Ops, which was the entity
2 that previously owned real property where the debtor leased its
3 premises, as well as 6127 Reno Highway LLC, which acquired that
4 same property and was the landlord.

5 There was some testimony from Mr. LaValley at the
6 most recent 341 meeting that prior to the bankruptcy filing all
7 of the personal property of the debtor was foreclosed upon by
8 the landlord, pursuant to a secured promissory note that was
9 executed in -- several years before the bankruptcy filing. And
10 the trustee is still reviewing some documentation to determine
11 if there are any avoidance actions that can be pursued against
12 the landlord on account of this foreclosure.

13 The debtor's 341 has been continued until -- I
14 believe it's set for June 12th, 2026. And at this point, the
15 trustee does not have any bankruptcy schedule, statement of
16 financial affairs, or a creditor matrix on file. And that's
17 the primary reason why the trustee has brought this motion
18 today.

19 And if it's okay with the Court, I'd like to go into
20 a couple of reasons why we think Mr. LaValley is the
21 appropriate person that should be designated to perform these
22 acts on behalf of the debtor.

23 THE COURT: Okay. So I know that you didn't take a
24 position in your reply in connection with designating anyone
25 else in addition to Mr. LaValley as an appropriate, responsible



1 person. Based on Mr. LaValley's supplement at -- what is that,
2 Docket Entry 69, he states that Ms. Conway maintained financial
3 records, had QuickBook credentials, processed payroll, has
4 information regarding bank account access. So what is your --
5 given that supplement, is there anything that makes you think
6 that perhaps Ms. Conway would be a good additional responsible
7 person?

8 MR. HOUMAND: We certainly do not oppose also
9 designating Ms. Conway as an additional party under 9001(b)(5).
10 The trustee's primary concern was designating Mr. LaValley.
11 And then to the extent that there are additional parties, like,
12 such as Ms. Conway, who has access to that financial
13 information, the trustee certainly does not oppose also
14 designating her.

15 THE COURT: Okay. So you've seen Mr. LaValley's
16 objection and the supplemental pleading that he filed. And
17 have you had any conversations with Mr. LaValley about
18 assuaging his concerns? Or is there anything you can say today
19 that may help in that regard?

20 MR. HOUMAND: I have not had any conversations with
21 Mr. LaValley after the 341 meeting. But to the extent that --
22 to assuage any concerns that he may have, I know that one of
23 the initial oppositions he had was that -- in the pleadings he
24 filed was that he's not in physical possession of some of these
25 documentations and he's concerned about recreating things on



1 | behalf of the debtor. And the trustee is not asking the Court
2 | to require him to speculate, fabricate information, or certify
3 | facts outside of his knowledge. The trustee is just asking for
4 | an order requiring him to perform the debtor's duties based on
5 | information within his knowledge, possession, custody, or
6 | control or reasonably available to him.

7 | And to the extent that certain information is
8 | unavailable to Mr. LaValley, he could simply identify what is
9 | missing and why it is unavailable. And we think that he is the
10 | most appropriate person because he was the individual that
11 | signed the promissory note with the landlord on behalf of the
12 | debtor that resulted in the foreclosure.

13 | He also signed a non-binding acquisition proposal
14 | with Engineered Arts before the bankruptcy filing. And these
15 | documents are actually on the docket because 6127 Reno Highway
16 | LLC filed a pleading at 73 that essentially was a document
17 | production to a subpoena that was served by the trustee. And
18 | so he was the individual acting on behalf of the debtor during
19 | these crucial moments before the bankruptcy filing. And so we
20 | think that he is then the appropriate party to act on the
21 | debtor for those reasons.

22 | THE COURT: Okay. Thank you. Anything else before I
23 | turn it over to Mr. Dahu?

24 | MR. HOUMAND: No, Your Honor, unless there's any
25 | other questions for me.



1 THE COURT: Okay. Thank you.

2 Mr. Dahu.

3 MR. DAHU: Good afternoon, Your Honor. And just to
4 give you kind of additional background on why we believe
5 additional parties need to be designated, we certainly support
6 the trustee's motion to designate Mr. LaValley. We also
7 believe that Samantha Conway, his sister, and his father, Bill
8 LaValley, should also be designated.

9 Bankruptcy Rule 9001(b)(5) allows the Court to
10 designate all of the corporate debtor's officers, directors,
11 and persons in control. So Mr. LaValley was the CEO. Samantha
12 Conway was the COO. And as you noted previously, Your Honor,
13 she was the individual that pretty much handled the day-to-day
14 business operations as Mr. LaValley testified to at the 341
15 meeting.

16 You know, as one example, Mr. LaValley expressed a
17 lack of knowledge, as he had before Your Honor at prior
18 hearings, regarding the identity of the landlord. And various
19 times said that Samantha Conway would likely have information
20 related to various questions asked by the trustee.

21 So Samantha Conway, regardless of who's the landlord,
22 whether it's Autonomous Ops or 6127 Reno Highway, Samantha
23 Conway was also -- she was the secretary of Autonomous Ops. I
24 believe she still is. She was a manager of 6127 Reno Highway
25 until recently. There appears to be a recent update with the



1 Nevada Secretary of State apparently removing her as a manager.
2 The records disclosed, pursuant to the trustee's subpoena in
3 Mr. LaValley's 341 testimony, reflect that Mr. LaValley, as
4 both the CEO and the alleged sole board member, approved a note
5 and security agreement to collateralize back rent owed to his
6 father, the landlord. Then a UCC lien was not recorded until a
7 year later on October 21st, 2025.

8 And to Mr. Houmand's point, that was the same day
9 that EA made a non-binding acquisition offer to Cartwheel. So
10 EA made a non-binding acquisition offer to Cartwheel on
11 October 21st, 2025. And within minutes of each other, 6127
12 Reno Highway, Scott LaValley, and Samantha Conway all filed
13 UCC-1s, collateralizing all of Cartwheel's assets.

14 The next day, Mr. LaValley signed a non-binding
15 acquisition agreement with EA. Sometime in December, Scott --
16 Mr. LaValley then attempted to negotiate favorable terms with
17 EA for acquisition of Cartwheel assets. EA wanted to tie in
18 payment of creditors into any sort of acquisition, and
19 Mr. LaValley, based on the information that's been disclosed in
20 the docket, that was not acceptable to him. He wanted more
21 favorable terms for himself.

22 Sometime in December of 2025, Mr. LaValley
23 voluntarily turned over all assets to Bill -- to his father,
24 the landlord, and alleged satisfaction of 6127 Reno Highway's
25 lien. And I'll direct Your Honor and Mr. Houmand to 6127 Reno



1 Highway subpoena responses, Docket 73, Page 157 of 200. It's a
2 notice of voluntary vacation of premises, support signed by
3 Mr. LaValley, where he basically tells his father, on behalf of
4 6127 Reno Highway, I've kept all assets in the lease premises,
5 but, to quote, "the company has retained only its bank account
6 and records necessary for final payroll, legal obligations, and
7 dissolution activities as agreed." So in that document, he's
8 saying, I've retained all these records. Now he's telling the
9 trustee and all these other parties that he doesn't have any of
10 these records. So those are, again, additional inconsistent
11 statements from Mr. LaValley.

12 Nevertheless, after he presented this notice of
13 voluntary vacation of premises, both he and his father
14 continued to engage in discussions with EA regarding an
15 acquisition of Cartwheel assets, with the focus being on paying
16 the landlord's alleged security interest and not really paying
17 creditors. So paying the landlord's security interest and
18 providing favorable terms to Mr. LaValley.

19 So the documents produced via the subpoenas and on
20 the record just lead to a logical inference that there are
21 cherry-picked disclosures. There's no credible explanation
22 why, for example, Mr. Bill LaValley, the father, has a July
23 2024 email from Cartwheel that apparently has discussions with
24 my client, Gene Wong, that apparently supports -- I believe
25 that Mr. Scott LaValley believes supports his claims that



1 investors knew of all these things. But he doesn't have
2 anything else during the critical time period as requested by
3 the trustee.

4 The other documents in the case reflect that
5 Mr. LaValley has Cartwheel's emails from as late as February of
6 2026. He testified at the 341 meeting -- he couldn't give us
7 an exact date of when he formally left the company. We've
8 heard early December. We've heard mid-December. I believe he
9 filed a proof of claim yesterday saying he worked through
10 December 31st.

11 But those emails in January and February of 2026 that
12 he's filed in the docket where he's communicating on a
13 Cartwheel email, his proof of claim that he just filed, he has
14 payroll records for himself, but yet he claims to have payroll
15 records for no one else. So for all these reasons, we believe
16 that this is kind of a family enterprise.

17 So Nancy Conway was the COO. He testified she ran
18 the day-to-day business operations. You noted earlier with
19 Mr. Houmand that he even noted that in his response to the
20 petitioning creditors' joinder. Mr. Bill LaValley, his father,
21 is the landlord that he claims to have taken all of Cartwheel's
22 business records, despite ECF 73, Page 157 of 200, Scott signed
23 by Mr. LaValley.

24 So for all these reasons, we not only support the
25 trustee's motion to designate Scott LaValley, we also believe



1 Samantha Conway and Bill LaValley should also be designated,
2 Your Honor. And with that, I rest unless you have any
3 questions.

4 THE COURT: Thank you. I do have a question with
5 regard to Bill LaValley. I know that he was the landlord and
6 he's the principal of Autonomous Ops and the 6147 Reno Highway.
7 But what about 9005 would bring Mr. LaValley into the fold as a
8 responsible person?

9 MR. DAHU: Well, I believe he fits -- we believe he
10 fits into 9001(b)(5)(A), any other person in control. So he
11 was the landlord.

12 THE COURT: But --

13 MR. DAHU: Samantha Conway, the COO --

14 THE COURT: Well --

15 MR. DAHU: -- of Cartwheel, was also --

16 THE COURT: But hold on. Let me interrupt you. So
17 any person in --

18 MR. DAHU: Yes, Your Honor.

19 THE COURT: In any person in control, and I think in
20 my mind when I say -- when I see in control, when you're
21 talking about who's going to be a responsible person for the
22 debtor, you're talking about a party who's in control of the
23 debtor. And I don't believe that Mr. -- I haven't seen
24 anything in the record. Maybe you can direct me to it. But
25 nothing about Mr. LaValley, the father, being a director,



1 officer, somebody in control of the debtor. And so I'm just
2 wondering whether I missed something in the record.

3 MR. DAHU: No, no Your Honor, and that's a fair
4 comment. I believe our -- and I could have addressed it in a
5 better manner. We believe he's a person in control via the
6 landlord.

7 Not only was Samantha Conway, the COO, also a party
8 that managed 6127 Reno Highway and also the secretary of
9 Autonomous Ops and presumably had communications both in her
10 role as an executive of Cartwheel and as an executive with the
11 landlord, but we believe all of these were basically insider
12 transactions. There's no reason to collateralize back rent.

13 And then, you know, all of this foreclosure process
14 was very voluntary on Cartwheel's part, which indicates
15 collusion, which indicates control by the landlord. And that's
16 kind of our argument as to why he's a person in control.

17 THE COURT: Okay. Thank you, Mr. Dahu. I appreciate
18 it.

19 Mr. LaValley, I'm interested in your take on this.
20 But I find your 22-page single-spaced supplement very
21 interesting. It's written -- you wrote it in a passive voice,
22 which oftentimes says that things were done, but it didn't say
23 who did them or when.

24 So as I was reading your supplement, it led me to
25 more questions. For instance, when you say the debtors' books,

1 records, systems, assets, technical material, and institutional
2 knowledge were distributed across multiple people, entities,
3 devices, cloud services, repositories, counsel, former
4 employees, and third-party platforms, I want to ask, well, who
5 distributed the books, records, assets, technical material,
6 which people, which entities, which devices, which counsel,
7 which former employees, and when were these things all
8 distributed? When you say the debtors' remaining assets were
9 assigned to the landlord in December 2025, who actually pulled
10 the trigger on that assignment? That was you, correct?

11 MR. LAVALLEY: That was me, yes, Your Honor.

12 THE COURT: Okay. And when you -- when the debtor
13 ceased its operations and lost or surrendered its premises and
14 laid off its team and no longer had normal operating access,
15 you were the person who was in charge of winding down the
16 company, correct?

17 MR. LAVALLEY: That's correct.

18 THE COURT: So you had to lay off the team?

19 MR. LAVALLEY: Yes.

20 THE COURT: Okay. And when you no longer had normal
21 operating access to your systems, was that something you
22 relinquished?

23 MR. LAVALLEY: Everything was assigned and
24 relinquished. And there was an agreement with the landlord
25 that he would allow me to wind down the company.



1 THE COURT: Okay. So when you say that Ms. Conway
2 maintained the financial records and had the QuickBook
3 credentials and processed payroll and has information regarding
4 bank account access and banking credentials and insurance and
5 day-to-day operational records, is that based on your personal
6 knowledge?

7 MR. LAVALLEY: Yes, as the president and CEO of the
8 company, yes. She maintained all those records.

9 THE COURT: Okay. And so did you work day-to-day
10 with Ms. Conway?

11 MR. LAVALLEY: Yes, day-to-day.

12 THE COURT: Okay. And did your father, Bill
13 LaValley, have any role in the company? Was he a director or
14 an officer?

15 MR. LAVALLEY: No, absolutely not.

16 THE COURT: Say that again. I'm sorry.

17 MR. LAVALLEY: No, he was uninvolved. He was
18 uninvolved in every aspect.

19 THE COURT: Except for being the landlord who had a
20 security interest in the company.

21 MR. LAVALLEY: That's right.

22 THE COURT: Okay. And when -- maybe you don't know
23 the answer to this, but Ms. Conway states that she's a
24 creditor. Is this because she loaned money to the company?

25 MR. LAVALLEY: Yeah, we both loaned money to the



1 company.

2 THE COURT: Okay. Okay. Those were my questions,
3 but I'm interested in your response. I realize -- well, I'm
4 interested in your response.

5 MR. LAVALLEY: I don't oppose being designated as an
6 individual party as long as I'm not required to produce
7 anything or create schedules from documents I don't, you know,
8 possess or control or have access to. I'm more than willing to
9 continue supporting the trustee and attending the 341 meeting,
10 but I'm very limited in what I have access to.

11 THE COURT: Okay. And what do you think about
12 Ms. Conway also being a responsible party, given her role at
13 the company?

14 MR. LAVALLEY: I don't want to speak for her. She
15 may or may not have information, but I suspect her response may
16 be similar to mine, which is, you know, everything was assigned
17 over to the secured creditor, the landlord.

18 THE COURT: Okay. Anything else?

19 MR. LAVALLEY: That's all I have, Your Honor.

20 THE COURT: Okay. Thank you. Mr. LaValley, I
21 appreciate it.

22 Mr. Houmand, back to you.

23 MR. HOUMAND: Yes, Your Honor. I don't have much to
24 add, except I would also mirror the points raised by counsel
25 for the petitioning creditors. I think between Mr. LaValley



1 and Ms. Conway, they should have sufficient information to put
2 together bankruptcy schedules, to the best of their knowledge,
3 statement of financial affairs, a creditor matrix, and continue
4 to testify in the then continued 341 meeting to help the
5 trustee put together the debtor's prepetition assets and some
6 of the questionable transactions and assist generally with the
7 recovery of assets for creditors.

8 THE COURT: Okay. Thank you. The Court reviewed
9 Docket Entries 30, 41 through 43, 47, 65, 68 through 71, and
10 takes judicial notice of the record in this case pursuant to
11 Federal Rule of Evidence 201. The Court also takes into
12 account the statements of counsel and of Mr. LaValley, and the
13 Court finds and concludes the motion was properly served and no
14 further notice is necessary.

15 Based on the record, the Court finds and concludes
16 that Mr. LaValley is the proper designee under Federal Rule of
17 Bankruptcy Procedure 9001(b)(5) to act as the responsible
18 person for the debtor, and Mr. LaValley does not oppose being
19 named as the designated person -- I'm sorry, being designated
20 as the responsible person. He was concerned solely with having
21 to recreate books and records.

22 While he may not have possession, custody, and
23 control of the debtor's books and records, his supplemental
24 response at Docket Entry 69 demonstrates that Mr. LaValley is a
25 knowledgeable person regarding the debtor's prepetition



1 business operations and its cessation of operations, and
2 Mr. LaValley can perform or cause to be performed the debtor's
3 duties based on his current knowledge and information, and he
4 can also provide information to the trustee in connection with
5 anything he does not have. He appeared at the 341 meeting of
6 creditors and is cooperating with the trustee as the trustee
7 tries to get up to speed.

8 And Federal Rule of Bankruptcy Procedure 9001(5) --
9 I'm sorry, 9001(b)(5), on its face, specifically states that
10 more than one party may be designated as a responsible person.
11 And based on the record, the Court will also designate
12 Ms. Conway as a responsible party, given her role as the chief
13 operating officer and the fact that she handled day-to-day
14 operations and the fact that she handled payroll and maintained
15 financial records and had QuickBook credentials and bank
16 account access and insurance information.

17 It seems as though Mr. LaValley and Ms. Conway can
18 work together to put together the best statements and schedules
19 possible under the circumstances. It's not to say that they're
20 supposed to fabricate anything, but at the same time, it seems
21 that they worked together on a day-to-day basis and that they
22 can help each other remember.

23 So, Mr. Houmand, if you would please upload a form of
24 order and Local Rule 9021 is waived.

25 MR. HOUMAND: I will do so. Thank you, Your Honor.



1 THE COURT: Okay. Thank you. And we are adjourned.

2 MR. HOUMAND: Thank you, Your Honor.

3 THE COURT: You're welcome.

4 (Proceedings concluded at 1:26 p.m.)

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

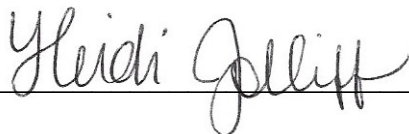
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