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UNITED STATES BANKRUPTCY COURT
DISTRICT OF ALASKA

In re:
THOMAS LEE CRANDALL, JR.,
Debtor.

NATIVE VILLAGE OF PORT
HEIDEN,

Plaintiff,

v.

THOMAS LEE CRANDALL, JR.,
Defendant.

Case No. A-15-00151

NOT FOR PUBLICATION

Adversary No. 16-90014-FPC

MEMORANDUM DECISION RE:
PLAINTIFF’S REQUEST FOR JURY
TRIAL

INTRODUCTION

The Native Village of Port Heiden (NVPH) commenced this adversary proceeding to hold debtor Thomas Lee Crandall, Jr. individually liable for an obligation of his company, Emagyne Management Services, LLC, that arose from a \$102,940.33 state court judgment entered against Emagyne Management. NVPH

1 requests a jury trial for issues relating to this claim. NVPH also seeks to hold any
2 debt owed to it as nondischargeable pursuant to 11 U.S.C. §§ 523(a)(2)(A) and
3 (a)(6).

4 DISCUSSION

5 NVPH seeks to establish Mr. Crandall's personal liability for a debt owed to
6 it by Emagyne Management through its veil piercing claim and its claim of personal
7 liability post-dissolution. NVPH's request for a jury trial on these issues is denied
8 for two primary reasons.

9 First, NVPH filed a proof of claim in the main bankruptcy case (Case No. A-
10 15-00151). Once a party has submitted a claim against the bankruptcy estate, the
11 intent is to recover from the estate, and the party has thus consented to the
12 bankruptcy court's equitable power to allow or disallow claims and waived any right
13 to a jury. *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 59 n.14 (1989); *Matter of*
14 *Peachtree Lane Ass'n, Ltd.*, 150 F.3d 788, 798 (7th Cir. 1998).

15 Second, determining the validity and amount of a claim is an essential part of
16 the claims allowance process. *In re Rouette*, 564 B.R. 157, 162 (Bankr. D. Conn.
17 2017). Therefore, any determinations concerning whether a particular debt is or is
18 not discharged is central to the bankruptcy process and is properly within the
19 bankruptcy court's authority to resolve without a jury. *Am. Express Travel Related*
20 *Servs. Co. v. Hashemi (In re Hashemi)*, 104 F.3d 1122, 1123 (9th Cir. 1997).

1 Making a determination regarding the dischargeability of a debt involves a two-step
2 process: (1) the establishment of the debt itself and (2) a determination as to the
3 nature—dischargeable or nondischargeable—of that debt. *Banks v. Gill Distrib.*
4 *Ctrs., Inc. (In re Banks)*, 263 F.3d 862, 868 (9th Cir. 2001). At times, the bankruptcy
5 court must determine a debtor’s liability in order to establish the underlying debt. *In*
6 *re Valle*, 469 B.R. 35, 43 (Bankr. D. Idaho 2012). These determinations place the
7 existence and scope of the debtor’s liability and the creditor’s right to payment
8 squarely within the bankruptcy court’s core jurisdiction. *Id.* Adjudication of the
9 underlying claim, which arises under nonbankruptcy law, becomes part and parcel of
10 the dischargeability determination. *See Chen v. Huang (In re Wen Jing Huang)*, 509
11 B.R. 742, 754 (Bankr. D. Mass. 2014) (determining debtor’s liability under state law
12 veil piercing theory in dischargeability proceeding is within core jurisdiction of
13 bankruptcy court as a question of dischargeability under § 523(a) necessarily
14 requires determining the scope of debtor’s liability on a claim and existence of
15 creditor’s right to payment); *3N Int’l, Inc. v. Carrano (In re Carrano)*, 530 B.R. 540,
16 547 (Bankr. D. Conn. 2015) (finding the issues of liability and dischargeability so
17 intertwined that their separation in the context of §§ 523(a)(2), (4), and (6) is not

1 feasible). Thus, no Seventh Amendment right to a jury trial attends such an
2 adjudication. *Valle*, 469 B.R. at 43.¹

3 For the reasons set forth, this court will enter an order denying NVPH's
4 request for a jury trial.

5 DATED this 17th day of November, 2017.

6 /s/ Frederick P. Corbit
7 FREDERICK P. CORBIT
Chief Bankruptcy Court Judge

8 Serve: Samuel J. Fortier, Esq. (for Plaintiff)
9 Chris Johansen, Esq. (for Defendant)
10 Thomas Lee Crandall, Jr. (Defendant/Debtor)

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20 ¹ There is an additional reason to deny the jury demand. In the Notice Re: Plaintiff's Jury Demand (ECF No. 22), this court indicated to counsel it would deny NVPH's demand for a jury trial unless an objection was filed with court by October 27, 2017. Neither party timely objected to this court's notice: Mr. Crandall filed a notice consistent with this court's notice and NVPH filed nothing.