

In re: ERIC R. RIEGER, Debtor.

ERIC R. RIEGER,
Plaintiff

v.

BARI JILL RIEGER
Defendant

CASE NO.: 05-33058-BKC-PGH
ADV. NO.: 05-6170-BKC-PGH-A

Debtor sought determination of dischargeability for debts relating to Debtor's obligations pursuant to a State Court Judgment of Dissolution of Marriage. As part of the final judgment dissolving Debtor's marriage, the State Court ordered Debtor to pay lump sum alimony and equitable distribution to the Ex-Spouse from his share of the estimated net proceeds to be realized upon the sale of the marital home. The home sold after Debtor filed for relief under Title 11, but for an amount that was significantly less than expected. Unlike alimony, a debt for equitable distribution is subject to discharge. Debtor argued that the his share of the proceeds should first be applied to fully pay the lump sum alimony, and then applied to pay in part the equitable distribution. Pursuant to Florida Statute § 61.075, the Court held that the Ex-Spouse's equitable distribution award vested upon entry of the State Court Judgment. Under Florida law, the State Court Judgment also operated as a conveyance of the Debtor's equitable interest in the Debtor's share of the proceeds of the equitable distribution. As a result, the equitable interest in the Debtor's share of the proceeds was not owned by the Debtor on the petition date and was not property of the estate. The Court found that the proceeds should first be applied to the equitable distribution award, and then to the lump sum alimony, which left a lump sum alimony balance due to be paid by the Debtor to the Ex-Spouse. The Court held the debt was nondischargeable under 11 U.S.C. § 523(a)(5).