

In re: JAMES F. WALKER, Debtor.

CASE NO.: 03-32158-BKC-PGH

The Court ruled on an Omnibus Motion involving sanctions sought by both parties in a dispute between Debtor and a Claimant of the estate. The Court denied Debtor's Motion for sanctions in connection with Claimant having filed an allegedly fraudulent proof of claim. The Court found that Debtor lacked standing to object to claim because there was no reasonable possibility of a surplus distribution that would confer upon the Debtor a pecuniary interest in distribution of estate assets. The Court found it appropriate under the facts, to consider not only allowed liquidated claims as urged by the Debtor, but also accrued administrative claims that had not been formally requested at the time Debtor filed his Objection to Claim and Motion to Strike. Since the Debtor lacked standing to object to the proof of claim the Debtor was also without standing to seek sanctions against Claimant for having filed the claim. The Court also denied Debtor's Motion for sanctions against the Claimant for violating the automatic stay. The Court found that the Debtor lacked standing to seek stay violation sanctions because he was not a person aggrieved by the violations. The damage, if any, caused by the stay violations was damage to the estate, not the Debtor. The Court denied Debtor's Rule 9011 motion, which argued that Claimant's Motion was frivolous because debtors can not violate the automatic stay. The Court found that whether debtors were required to seek relief from stay before taking certain action was an unsettled question of law. Therefore, Claimant's Motion did not violate Rule 9011(b) as having been based on a legal theory with no reasonable chance of success. The Court held that Debtor's Motion for Rule 9011 sanctions against Claimant for her partial joinder motion would be denied based upon the law of the case.