IT IS SO ORDERED.

Dated: February 19, 2026

Mina Nami Khorrami
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION

In re:	:	
	:	Case No. 2:24-bk-53659
	:	Chapter 7
Alysha Paige,	:	Judge Nami Khorrami
	:	
Debtor.	:	

OPINION GRANTING DEBTOR'S MOTION FOR SANCTIONS AGAINST TOWNE PROPERTIES ASSET MANAGEMENT CO., LTD. FOR WILLFUL VIOLATION OF THE AUTOMATIC STAY (DOC. 15)

I. Introduction

The Court held a hearing after it issued a show cause order to determine whether the landlord, Towne Properties, violated the bankruptcy stay.[1] At the Hearing, Ms. Paige appeared pro

[1] Before the Court is the *Order Requiring Towne Properties To Appear In Court And Show Cause Why It Should Not Be Found In Contempt Of This Court For Willful Violation Of The Automatic Stay And Why Sanctions Should Not Be*

se and Dimitrios Hatzifotinos appeared on behalf of Towne Properties, together with Jennifer Lazo ("Ms. Lazo") as a representative of Towne Properties. Testimony was taken from Ms. Paige and Ms. Lazo, and various exhibits were admitted in evidence.[2] The Court took the matter under advisement. For the reasons below, the Court grants the Motion.

II. Jurisdiction and Venue

The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the Amended General Order 05-02 entered by the United States District Court for the Southern District of Ohio, referring all bankruptcy matters to this Court. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (O). Venue is properly before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

III. Findings of Fact and Conclusions of Law

Pursuant to Rule 52 of the Federal Rules of Civil Procedure (the "Civil Rules"), made applicable here by Rules 7052 and 9014(c)(1) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), these are the Court's findings of fact and conclusions of law based on the record, the exhibits admitted into evidence, and the testimony of Ms. Paige and Ms. Lazo.

A. Findings of Fact

Ms. Paige filed a voluntary petition for relief under chapter 7 of the Bankruptcy Code on September 12, 2024. Voluntary Pet., Dkt. No. 1. As part of the filing of the voluntary petition, Ms. Paige listed Prescott Place, an apartment complex with an address of 351 Peat Moss Drive,

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Imposed Against Towne Properties (Doc. # 15) (the "OSC") (Dkt. No. 34). The OSC was issued December 11, 2025, following a pretrial conference upon the *Motion for Sanctions for Violation of the Automatic Stay* (Dkt. No. 15) (the "Motion") filed pro se by the Debtor, Alysha Paige ("Ms. Paige"). The OSC required Towne Properties Asset Management Co., Ltd. (hereinafter "Towne Properties") to appear and show cause why it should not be held in contempt and sanctioned for a willful violation of the automatic stay under 11 U.S.C. § 362. Pursuant to the OSC, the Court held a hearing (the "Hearing") on this matter on January 27, 2026.

[2] When citing to the record at the Hearing, the Court will cite the times provided in its Electronic Court Reporting System ("ECRO").

Columbus, Ohio 43235, on the creditor matrix. Ex. B. Ms. Paige lived at Prescott Place until September 24, 2024. Ms. Paige and Ms. Lazo both testified that Towne Properties is the entity that manages Prescott Place. On September 13, 2024, the Clerk of the Bankruptcy Court entered the *Notice of Chapter 7 Bankruptcy Case – No Proof of Claim Deadline* (Dkt. No. 8) (the "Notice of Bankruptcy") which provided notice that Ms. Paige filed a case under chapter 7 of the Bankruptcy Code, and that an order for relief had been entered. Notice 1, Dkt. No. 8. A *Certificate of Notice* (Dkt. No. 9) (the "Certificate of Notice") evidenced service of the Notice of Bankruptcy on all creditors and parties in interest. Ex. C; Certificate of Notice 3, Dkt. No. 9. Specifically, the Certificate of Notice states that the Bankruptcy Noticing Center ("BNC") served on Prescott Place a copy of the Notice of Bankruptcy by first class mail on September 15, 2024, at the following address: 351 Peat Moss Drive, Columbus, Ohio 43235-5746. Certificate of Notice 3, Dkt. No. 9. Ms. Lazo confirmed that it is the correct address for the management office of Prescott Place, which is managed by Towne Properties. She also confirmed that mail sent to that address would come to the attention of the community manager for Prescott Place.

After Ms. Paige filed her chapter 7 petition, on September 18, 2024 she sent an email to Tajaiona Walters ("Ms. Walters"), who at the time was employed by Towne Properties as the community manager for Prescott Place, to advise that she had filed for bankruptcy, and would be moving out on September 25, 2024. Ex. D. Ms. Walters confirmed receipt of that email on September 20, 2024. *Id.*[3] There is no evidence in the record showing what actions, if any, Ms. Walters took following receipt of that Notice of Bankruptcy, but Ms. Lazo testified that Towne Properties' standard practice for handling bankruptcy notices regarding tenants is to notify her

[3] Ms. Paige testified that Ms. Walters responded to this email on September 20, 2024. Exhibit D contained both Ms. Paige's email and Ms. Walters' response.

regional manager and Towne Properties' counsel, Mr. Hatzifotinos, within 24 hours.[4] Ms. Lazo was not employed by Towne Properties in September 2024 and did not know any of the particulars pertaining to the Debtor.

As of September 20, 2024, Towne Properties had actual knowledge of Ms. Paige's bankruptcy filing. Further, Ms. Paige had moved out of Prescott Place and had turned in the keys to her apartment on the evening of September 24, 2024. Despite these facts, on September 26, 2024, Towne Properties, through counsel, filed a forcible entry and detainer action against Ms. Paige (the "Eviction Action") in the Municipal Court for Franklin County, Ohio (the "Municipal Court"). Ex. F. On September 26, 2024, the Municipal Court set the Eviction Action for a hearing to be held on October 15, 2024. *Id*. The Eviction Action was subsequently voluntarily dismissed without prejudice by Towne Properties on October 15, 2024. *Id*.

After Ms. Paige had vacated the apartment managed by Prescott Place in September 2024, she moved to California, where she resided until April 2025. She testified that she never received copies of the summons and complaint in the Eviction Action because they were mailed to and posted at the apartment at Prescott Place that she had vacated on September 24, 2024. Ms. Paige did not learn that the Eviction Action had been filed until April 2025, when she relocated to Ohio from California. She also continued to receive notices via email from Towne Properties that prepetition rents and related charges were due, and she was also contacted by a collection agency regarding same. After returning to Ohio and attempting to secure rental housing, Ms. Paige learned that the Eviction Action had been filed. She had trouble obtaining long-term rental housing because the Eviction Action appeared on her credit report notwithstanding its dismissal. To remedy the situation, Ms. Paige sought and obtained an order from the Municipal Court to seal the

[4] Ms. Lazo testified that Towne Properties manages numerous apartment complexes in addition to Prescott Place.

record of the Eviction Action. Ex. G.[5] But the Eviction Action remained on her credit despite her effort to seal the Municipal Court record. Ex. H.[6] Ms. Paige testified that she has been unable to obtain long-term rental housing because of the Eviction Action being on her credit report. She is thus forced to rely on short-term housing in the form of Airbnb, hotels, and occasionally family or friends.

Ms. Paige submitted receipts from the period of June and July 2025 that reflect total housing costs of about $5,200.00 for those two months, or an average of $2,600.00 per month. She testified that these receipts are representative of the costs she has incurred over the entire period since she returned from California and that as of the date of the Hearing, Ms. Paige and her family are still living in short term housing. She added that comparable long-term housing would cost her approximately $1,200.00 to $1,500.00 per month. Consequently, she is paying about $1,100.00 to $1,400.00 per month more than she would if the Eviction Action was not on her financial record and reported on her credit report.[7]

B. Conclusions of Law

The filing of a voluntary petition for relief under the Bankruptcy Code gives rise to the automatic stay which prohibits:

> the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the

[5] Although Ms. Paige testified that she had spoken with Joshua Moss, the attorney for Towne Properties who had filed the Eviction Action, there was no evidence that Towne Properties took any action to mitigate the fact that the Eviction Action had been filed.

[6] Exhibit H includes a document dated May 29, 2025, reflecting that Ms. Paige's application for rental housing had been denied, and stating that one of the reasons for that denial was "evictions." Towne Properties objected to Exhibit H as hearsay since Towne Properties could not cross-examine the entity that had created the document. Based on this objection, the Court admitted Exhibit H into evidence for the limited purpose of establishing that Ms. Paige had received it. Even for that limited purpose, it confirms Ms. Paige's testimony that the Eviction Action remains on her credit report.

[7] Included in Exhibit H are reports provided by companies identified as "AppFolio, Inc. (FolioScreen)" and SafeRent Solutions, LLC, which Ms. Paige obtained when her rental applications were denied. Ms. Paige explained that these services are used by landlords to supplement a traditional credit report and provide information related to matters such as evictions.

> case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title[.]

11 U.S.C. § 362(a)(1). The automatic stay remains in effect until the earliest of the time the case is closed, the case is dismissed, or, in a case under chapter 7 of the Bankruptcy Code, the time a discharge is granted or denied. 11 U.S.C. § 362(c)(2). Under § 362(k)(1), a bankruptcy court can award damages for violations of the automatic stay. Specifically, "an individual injured by any willful violation of a stay . . . shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive damages." 11 U.S.C. § 362(k)(1).

Under § 362(k), "the individual seeking damages has the burden of establishing three elements by a preponderance of the evidence: (1) the action taken was in violation of the automatic stay; (2) the violation was willful; and (3) the violation caused actual damages." *Mitchell v. Anderson (In re Mitchell)*, 545 B.R. 209, 220 (Bankr. N.D. Ohio 2016) (citation modified). "A willful violation does not require proof of a specific intent to violate the stay. Rather, a violation of the automatic stay can be willful when the creditor knew of the stay and violated the stay by an intentional act." *Dawson v. Ram Motors, LLC (In re Dawson)*, 665 B.R. 796, 804 (Bankr. S.D. Ohio 2025) (citation modified).[8] In this regard, "knowledge of the bankruptcy filing is the legal equivalent of knowledge of the automatic stay." *Tow v. Henley (In re Henley)*, 480 B.R. 708, 799 (Bankr. S.D. Tex. 2012); *In re Campbell*, 649 B.R. 831, 836 (Bankr. S.D. Miss. 2023).

[8] "Although not raised by Towne Properties, the meaning of the term "willful" in Section 362(k) may be called into question after *Taggart v. Lorenzen*, 587 U.S. 554, 139 S. Ct. 1795, 204 L. Ed. 2d 129 (2019). In that case, the Supreme Court held that civil contempt for a violation of a bankruptcy court's discharge order is inappropriate if there is a "fair ground of doubt" whether the creditor's conduct violated the discharge. *Id.* at 561. However, *Taggart* involved the bankruptcy court's exercise of its equitable power under 11 U.S.C. § 105(a) and not the application of the statutory remedy prescribed by 11 U.S.C. § 362(k). Further, the purpose served by the automatic stay differs from the purpose of the discharge injunction. *In re Smith,* 636 B.R. 521, 532 (Bankr. E.D. Tenn. 2021). The Court need not resolve that question because Towne Properties has made no argument that would lead the Court to find that there was any "fair ground of doubt" as to whether Towne Properties' conduct in filing the Eviction Action violated the automatic stay.

Where there is a willful violation of the stay, damages under § 362(k) are mandatory. *Smith*, 636 B.R. at 532 ("By using the word "shall" in Section 362(k), Congress intended the award of actual damages caused by a willful stay violation to be obligatory."); *In re Johnson*, 253 B.R. 857, 861 (Bankr. S.D. Ohio 2000). But damages are subject to two limitations. First, the debtor must show that the damage was proximately caused by the stay violation. *Dawson*, 665 B.R. at 804. Second, the "debtor must be able to demonstrate the amount of damages incurred and support her claim with evidence." *Id.* at 805 (citation omitted).

However, a "claimant need not prove his damages with absolute certainty or mathematical exactitude . . . . It is sufficient if he furnishes the court with a reasonable basis for computation, even though the result is only approximate." *Massman Constr. Co. v. Tenn. Valley Auth.*, 769 F.2d 1114, 1123 (6th Cir. 1985) (citation modified); *see also Equity Res., Inc. v. Thoman*, 682 F. Supp. 3d 707, 718-19 (S.D. Ohio 2023). A factfinder "may make a just and reasonable estimate of the damage based on relevant data, and render its verdict accordingly." *Kabealo v. Huntington Nat'l Bank*, 17 F.3d 822, 827 (6th Cir. 1994) (citation modified). "Once the existence of damages has been shown, all that an award of damages requires is substantial evidence in the record to permit a factfinder to draw reasonable inferences and make a fair and reasonable assessment of the amount of damages." *Coal Res., Inc. v. Gulf & W. Indus., Inc.*, 954 F.2d 1263, 1266 (6th Cir. 1992) (quoting *Grantham & Mann, Inc. v. Am. Safety Prods., Inc.*, 831 F.2d 596, 601 (6th Cir. 1987)).

As for an award of punitive damages under § 362(k), they may be awarded upon a finding that the creditor's conduct was egregious, vindictive, or intentionally malicious. *Dawson*, 665 B.R. at 805. In other words, "while proof of an overt wrongful intent is not required, it must be shown that the creditor acted in bad faith or otherwise undertook its actions in reckless disregard of the law." *Id.* at 805 (citation modified).

Finally, a violation of the stay may result in a finding of contempt along with an award of damages under § 362(k). *Wilson v. Arbors of Cent. Park ICG, LLC (In re Wilson)*, 610 B.R. 255, 279 (Bankr. N.D. Tex. 2019). Such a finding can warrant, besides the damages remedies found in § 362(k), an award of declaratory or injunctive relief where necessary to accord complete relief to the debtor. *Id*.

1. Towne Properties Violated The Automatic Stay

Towne Properties violated the automatic stay. The Eviction Action represented the "commencement . . . of a judicial . . . action or proceeding against the debtor that was or could have been" commenced before the petition was filed. 11 U.S.C. § 362(a)(1). The Eviction Action was also an "act to collect, assess, or recover a claim against the debtor that arose before the commencement of the case under this title." 11 U.S.C. § 362(a)(6). Moreover, even after the Eviction Action had been dismissed, Towne Properties continued to send Ms. Paige notices by email claiming that she owed money for rent and other expenses that had accrued on September 1, 2024, before the bankruptcy case was filed. Finally, Towne Properties, through a collection agency, continued to attempt to collect the debt after Ms. Paige had vacated the apartment. All these acts violated the automatic stay.

2. The Violation Was Willful

A stay violation is willful where a creditor is aware of the bankruptcy filing but intentionally acts in a manner that violates the automatic stay. Towne Properties knew that Ms. Paige had filed for bankruptcy by September 20, 2024 – six days before it caused the filing of the Eviction Action. Ms. Lazo testified that Ms. Paige had listed the correct address for the management office of Prescott Place. She also agreed that mail delivered to that address comes to the attention of the community manager in the ordinary course of business. Ms. Lazo testified that

the community manager is the appropriate person to handle bankruptcy notices. And Ms. Walters, who was the community manager on September 20, 2024, responded to Ms. Paige's email notice of the bankruptcy filing, so there is no doubt that Ms. Walters received it. Ex. D at 2-3. There is thus no question that the appropriate Towne Properties' employee received actual notice of the bankruptcy no later than September 20, 2024, six days before the Eviction Action was filed.

Towne Properties could not explain why, given actual knowledge of the bankruptcy, the Eviction Action was nonetheless filed. Ms. Lazo testified that she knew nothing about what happened with Ms. Paige, because she was not employed with Towne Properties in September 2024. The Court notes that Ms. Lazo did not testify (because she was not asked) regarding what Towne Properties' records showed. Nor was any evidence presented to show the specific steps that were taken to locate Ms. Walters. The Court also notes that Joshua Moss, an attorney at the Willis Law Firm, was listed as counsel of record in the Eviction Action. Ex. F. Towne Properties did not explain why he was not called to offer his perspective.[9]

Towne Properties presented nothing that would suggest to the Court that its conduct in causing the Eviction Action to be filed was anything but willful. Given that the Eviction Action both violated the automatic stay and was unwarranted even under Ohio law[10] –Ms. Paige had vacated the premises and returned the keys two days before the Eviction Action was filed – the evidence overwhelmingly establishes that the violation was willful.

[9] Under these circumstances, the Court could draw a missing witness inference against Towne Properties. "Where a witness is 'peculiarly within' the power of one party to produce, and can provide testimony that 'would elucidate the transaction' at issue, the Court may, in its discretion, draw an adverse inference against the party failing to call that witness." *In re Nwosu*, 667 B.R. 844, 858 (Bankr. S.D. Ohio 2025) (citation omitted). Because the record makes clear that Towne Properties acted with full knowledge of the bankruptcy such that the violation was willful, the Court finds it unnecessary to draw such an inference.

[10] Under Ohio law, a "forcible entry and detainer action is intended to serve as an expedited mechanism by which an aggrieved landlord may recover possession of real property." *Miele v. Ribovich*, 739 N.E.2d 333, 335 (Ohio 2000). Ms. Paige had surrendered possession two days before the Eviction Action was filed.

3. The Stay Violation Caused Actual Damages

When an action is filed in violation of the automatic stay, its prompt dismissal may be sufficient to mitigate the stay violation. An eviction action, however, is unique in this respect. Even after Towne Properties dismissed the Eviction Action on October 15, 2024, Ms. Paige showed that the Eviction Action continues to be reported by credit reporting services[11] which are used by landlords in determining whether to rent to prospective tenants. As a result, Ms. Paige requests an award of damages in the form of her increased housing costs that she has incurred. Ms. Paige also requests other categories of damages, including food and transportation.

Towne Properties objects to Ms. Paige's requested damages. It contends that she is seeking damages beyond what may have been proximately caused by the stay violation. It also asserts that, given that Ms. Paige presented only two months' data regarding her temporary housing costs, she should not be entitled to any further damages beyond those two months.[12]

The Court concludes that Ms. Paige has established actual damages in the form of increased housing costs for the period from May 2025 through January 2026. As Towne Properties conceded in its closing statement, the evidence indicates that, for May and June 2025, Ms. Paige incurred a total of $5,337.00 in housing costs, or about $2,668.50 per month. From that figure, the Court subtracts $1,200.00, which Ms. Paige's estimated it would cost to obtain the kind of long-term rental housing necessary to provide a stable residence for her and her family. Thus, the Court derives a $1,468.50 per month figure in terms of Ms. Paige's damages for increased housing cost. The Court concludes that Ms. Paige suffered $13,216.50 in actual damages in the form of increased

[11] Ms. Paige testified that there are credit reporting agencies that are focused upon landlord-tenant issues that continued to pick up on the Eviction Action even after it had been sealed, and pointed to Exhibit H, which contains a denial of a rental application dated May 29, 2025, and lists "Evictions" as one of the reasons given.

[12] Towne Properties did not respond to the Motion in writing. At the Hearing, its counsel argued that Ms. Paige's damages should be limited to the two months for which she had presented documentary evidence, and that her damages should be reduced by the costs that she would have incurred for long-term housing. Towne Properties did not argue that damages for increased housing costs could not be awarded at all. ECRO at 3:14:03 to 3:15:00.

long-term housing cost over the nine-month period from May 2025 through January 2026. The Court further finds that this amount was shown with reasonable certainty. Although it requires a certain amount of computation, a factfinder "may make a just and reasonable estimate" based on evidence in the record. *Kabealo v. Huntington Nat'l Bank*, 17 F.3d 822, 827 (6th Cir. 1994).

The Court notes that Ms. Paige claims various other damages for items such as transportation and food. The Court rejects those claims because the link between the stay violation and those damages is simply too tenuous. The Court likewise rejects Ms. Paige's claims for emotional distress damage. There is a significant question whether those damages can ever be recovered under § 362(k). *See United States v. Harchar*, 331 B.R. 720, 728 (N.D. Ohio 2005) (noting a split among the circuits and concluding that the Sixth Circuit would follow those courts determining that emotional damages were not compensable under § 362(h) (now § 362(k)). Furthermore, courts that have awarded such damages have required medical or other corroborating evidence showing severe emotional distress and not "fleeting and inconsequential distress, embarrassment, humiliation, and annoyance." *Cousins v. CitiFinancial Mortg. Co. (In re Cousins)*, 404 B.R. 281, 290-91 (Bankr. S.D. Ohio 2009) (citation modified).

The Court does not diminish the frustration experienced by Ms. Paige as she has found that the fresh start provided by the Bankruptcy Code has been impaired by the Eviction Action on her credit report. But the Court is bound by the law.

4. Ms. Paige Took Reasonable Steps to Mitigate Her Damages

Towne Properties claims that Ms. Paige has not mitigated her damages. And "debtors have an obligation to attempt to mitigate damages prior to seeking court intervention." *In re Oksentowicz*, 324 B.R. 628, 630 (Bankr. E.D. Mich. 2005). But Ms. Paige took all reasonable steps to mitigate her damages. She sought and obtained an order from the Municipal Court

directing that her name be redacted from the public record of the Eviction Action. She also testified that, at one point, she spoke with Joshua Moss, the attorney who filed the Eviction Action, to try to determine why the Eviction Action had been filed. Despite these steps, Ms. Paige testified that the Eviction Action continues to impact her ability to obtain long-term housing to this day. There is no question that Ms. Paige took all actions reasonably available to her to mitigate her damages.

5. The Court Rejects Towne Properties' Suggestion That This Matter Was Required To Be An Adversary Proceeding

Towne Properties further suggests that the matter should have proceeded as an adversary proceeding rather than filing a motion where it would have had broader rights to discovery on Ms. Paige's damages. ECRO at 3:15:00-3:15:30. The Court is not persuaded by this contention. "[A]ctions to recover damages for stay violations are generally brought by motion . . . ." *Buckeye Check Cashing, Inc. v. Meadows (In re Meadows)*, 396 B.R. 485, 498 (B.A.P. 6th Cir. 2008); *In re Ballard*, 502 B.R. 311, 313 n.1 (Bankr. S.D. Ohio 2013), *aff'd*, No. 3:13-cv-00400-WHR (S.D. Ohio Sept. 26, 2014). Thus, an adversary proceeding was not required.

Moreover, a contested matter under Bankruptcy Rule 9014 is, in terms of discovery and trial procedure, governed by the same provisions of Part VII of the Bankruptcy Rules that govern adversary proceedings. In particular, "the same discovery methods are available under the rules governing contested matters as for adversary proceedings." *Tully Constr. Co. v. Cannonsburg Env't Assocs., Ltd. (In re Cannonsburg Env't Assocs., Ltd.)*, 72 F.3d 1260, 1264–65 (6th Cir.1996) (citations omitted); *see also Ballard*, 502 B.R. at 321. The Hearing itself was likewise governed by the *very same rules* that govern trials in adversary proceedings. *See* Fed. R. Bankr. P. 9014(d) ("A witness's testimony on a disputed material factual issue must be taken in the same manner as testimony in an adversary proceeding"); *see also* Fed. R. Bankr. P. 9017 (making the Federal Rules of Evidence and Civil Rule 43 applicable in all bankruptcy proceedings). Thus, the Court

rejects any argument by Towne Properties that its ability to seek discovery or submit whatever evidence it wished at trial was limited because the matter proceeded as a contested matter. *Tully Constr.*, 72 F.3d at 1264–65 ("Therefore, in light of the failure to take advantage of the opportunity for discovery, Tully has not and cannot demonstrate that it has been prejudiced by the Trustee's failure to file an adversary proceeding.").[13]

A party suffers no prejudice where it "was afforded all desired procedural protections that would otherwise be applicable in an adversary proceeding, and . . . given a full and fair opportunity to address all of the issues presented." *In re Tommy's Fort Worth, LLC*, 671 B.R. 712, 733-34 (Bank. N.D. Tex. 2025). That is exactly what happened here. Towne Properties had the ability to litigate every issue raised by Ms. Paige, under the same rules and in the same manner, as it would have had if the Motion had been filed as an adversary proceeding. Therefore, even if the Court assumes that an adversary proceeding was required, the Court would still reject Towne Properties' argument because of the lack of any identifiable prejudice. "At every stage of the proceeding, the court must disregard all errors and defects that do not affect any party's substantial rights." Fed. R. Civ. P. 61(a) (made applicable in bankruptcy cases by Bankruptcy Rule 9005).[14]

6. Punitive Damages Are Warranted

The automatic stay is one of the most powerful tools provided by the Bankruptcy Code to deter creditors from continuing to collect a debt that arose prior to the bankruptcy case being filed.

[13] As noted above, Towne Properties did not respond in writing to the Motion or the OSC. It did not assert that any discovery was needed at the pretrial conference, nor so far as the record reveals, did it pursue any discovery.

[14] To the extent that Towne Properties had any issue with the lack of an adversary proceeding, it was required to object in a timely fashion. It did not object at the December 10, 2025, pretrial conference where it consented to the Hearing being set for January 27, 2026. Nor did Towne Properties suggest that this date gave it an inadequate time for discovery. During the forty-eight days between the pretrial conference and the Hearing, Towne Properties made no objection or request for continuance. It only raised the issue at the end of the Hearing during its closing argument. Matters raised for the first time in a closing argument are waived. *In re Snelson*, 305 B.R. 255, 263 (Bankr. N.D. Tex. 2003).

It is the first part of bankruptcy relief and an element of the debtor's fresh start. *In re Neiheisel*, 32 B.R. 146, 159 (Bankr. D. Utah 1983). And the fresh start, of course, is the "principal purpose" of the Bankruptcy Code. *Marrama v. Citizens Bank of Mass.*, 549 U.S. 365, 367, 127 S. Ct. 1105, 166 L. Ed. 2d 956 (2007). It is a concept that has been vital to bankruptcy laws in the United States dating back to the Civil War. *Traer v. Clews*, 115 U.S. 528, 541, 6 S. Ct. 155, 29 L. Ed. 467 (1885) ("The policy of the bankrupt act [of 1867] was, after taking from the bankrupt all his property not exempt by law, to discharge him from his debts and liabilities, and enable him to take a fresh start."); *Stellwagen v. Clum*, 245 U.S. 605, 617, 38 S. Ct. 215, 62 L. Ed 507 (1918) ("Our decisions lay great stress upon this feature of the [Bankruptcy Act of 1898] -- as one not only of private but of great public interest in that it secures to the unfortunate debtor, who surrenders his property for distribution, a new opportunity in life.")). As a result of the conduct of Towne Properties, Ms. Paige has not fully enjoyed the benefit of her fresh start. Nearly 18 months after filing chapter 7, she is still struggling to find appropriate housing because of the ongoing effects of the Eviction Action.

Punitive damages under § 362(k) may be awarded upon a finding that the creditor's conduct was egregious, vindictive, or intentionally malicious. *Dawson*, 665 B.R. at 805. That standard is met here. The Eviction Action violated the automatic stay. It was also completely unnecessary given Ms. Paige had moved out and surrendered possession of the apartment two days before the Eviction Action was filed. And both the fact of the bankruptcy filing and the fact that Ms. Paige had moved out and surrendered possession were known to Towne Properties at the time it filed the Eviction Action. Even so, Towne Properties waited until October 15, 2024 – the date of the hearing in the Eviction Action – to dismiss it. And Towne Properties failed to take affirmative action to remedy the impact that the wrongful filing of the Eviction Action would have on Ms. Paige.

Towne Properties manages several residential housing developments. It has every reason to know of the effect of an unfounded eviction action upon a tenant's future ability to obtain rental housing and how the automatic stay works when a tenant files bankruptcy. And yet, for reasons that Towne Properties could not explain, it filed the Eviction Action in flagrant disregard for the automatic stay even though that action was completely unnecessary. And then Towne Properties took no action to limit or mitigate that harm, even when Ms. Paige notified it of the ongoing impact of the Eviction Action upon her ability to obtain rental housing.

Punitive damages should be awarded only if the defendant's culpability, after paying compensatory damages, is so reprehensible as to warrant imposing further sanctions to achieve punishment or deterrence. *State Farm Mut. Auto. Ins. Co. v. Campbell*, 538 U.S. 408, 419, 123 S. Ct. 1513, 1521, 155 L.Ed.2d 585, 602 (2003). Punitive damages should be "reasonable in their amount and rational considering their purpose to punish what has occurred and to deter its repetition. In other words, punitive damages should be awarded in the amount that is needed to deter future stay violations of this kind." *In re Jean-Francois*, 532 B.R. 449, 459 (Bankr. E.D.N.Y. 2015) (citation modified). Accordingly, to deter this egregious misconduct from recurring, the Court awards punitive damages in the amount of $2,500.00, an amount that the Court believes will deter any future repeat of the events that happened here.

Finally, the Court orders that Towne Properties shall take remedial actions as a further sanction to remedy its violation of the automatic stay. Under 11 U.S.C. § 105(a), "in addition to its power under § 362(k) of the Bankruptcy Code, the Court has general contempt power over violations of the automatic stay, including the power to impose coercive sanctions to prevent such violations from continuing." *Wilson v. Arbors of Cent. Park ICG, LLC (In re Wilson)*, 610 B.R. 255, 279 (Bankr. N.D. Tex. 2019) (holding landlord in contempt for bringing eviction action in

willful violation of the automatic stay). Because Towne Properties willfully violated the automatic stay, the Court finds that it is in civil contempt. Under § 105(a), the Court orders that Towne Properties undertake these acts to mitigate the effect of its willful and flagrant violation of the automatic stay:

1. Towne Properties shall provide Ms. Paige with a letter stating that the Eviction Action was wrongly instituted and that no prospective landlord should draw any adverse conclusions from the filing of the Eviction Action (the "Letter"), and
2. Towne Properties shall notify all three national credit reporting agencies and the other credit reporting agencies identified in Exhibit H that the Eviction Action was wrongly instituted and that any negative reporting regarding the Eviction Action should be removed from her credit report (the "Credit Bureau Notices").

Therefore, for the reasons stated above, the *Motion for Sanctions for Violation of the Automatic Stay* (Dkt. No. 15) is granted to the extent set forth in this Opinion. Under § 362(k), the Court awards $13,216.50 for actual damages and $2,500.00 for punitive damages for Towne Properties' violation of the automatic stay which shall be paid to Ms. Paige within ten days after the entry of this Opinion.[15] Further, Towne Properties shall take the actions described above with respect to the Letter and the Credit Bureau Notices within 10 days from the entry of this Opinion. The Court will enter a separate order consistent this Opinion.

IT IS SO ORDERED.

Service List:
Default List

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Counsel for Towne Properties Asset Management Co. Ltd.

[15] As Ms. Paige testified that she remains in short-term rental housing arrangements, in order to avoid payments being misdirected by being sent to an outdated address, Ms. Paige should contact counsel for Towne Properties to provide a valid address or to make other arrangements for payment.