

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

In Re:
LEANN MARIE HILTON,

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§

Case No. 19-11101

Debtor.

CHAPTER 7

SAMANTHA HALE,
Plaintiff,

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§
§

ADVERSARY NO. _____

v.

LEANN MARIE HILTON
Defendant.

PLAINTIFF’S COMPLAINT TO
DETERMINE DISCHARGEABILITY OF DEBT

Samantha Hale (“Hale”) seeks a determination that debts owed to Hale by LeAnn Marie

Hilton (“Hilton”) are not dischargeable on account of fraud and willful and malicious injury.

Parties and Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §1334.
2. The determination of the dischargeability of debt is a core proceeding pursuant to 28 U.S.C. § 157.
3. Plaintiff Samantha Hale is an individual living in Austin, Texas. Hale may be contacted through her undersigned counsel.
4. Defendant Leann Marie Hilton is a debtor in the underlying Chapter 7 bankruptcy case. According to her amended petition, Hilton resides at 6804 Gabion Drive, Austin, Texas 78749.
5. Hale consents to the entry of final orders or judgment by the bankruptcy judge.

Facts

6. On July 2, 2018, Hale and Hilton entered a binding settlement agreement that required certain payments by Hilton to be made to Hale in accordance with a set schedule in exchange for Hale giving Hilton all of Hale's interest in a property management business, including multiple clients that Hale had brought to the partnership. In addition, Hale agreed to not compete with Hilton as to many clients, despite Hilton knowing that customers would be calling on Hale to manage their properties.

7. Hilton did not make a full payment for any of the payments due. Indeed, Hilton did not even make the full first payment, due only a month from when she signed the settlement agreement. Instead, Hilton took the entire business that Hale had built and precluded Hale from servicing clients. Hilton had no intent to pay in accordance with the agreed upon payment schedule and fraudulently induced Hale to enter into the settlement agreement.

8. Had Hale known that Hilton did not intend and would not follow through with her promises to pay under the terms of the settlement agreement, Hale would have never entered into the settlement agreement with Hilton and would not have allowed Hilton to control and make tens of thousands of dollars in a business that Hale established. Hale's reliance on Hilton's representations were material and Hale justifiably relied on these representations.

9. After Hale was forced to bring suit, Hilton alleged a number of spurious counterclaims solely to hinder Hale's ability to collect. Even after a summary judgment in favor of Hale, Hilton persisted. Indeed, Hilton's frivolous pleadings resulted in the state court slapping Hilton with attorneys' fees and \$2,500 in additional sanctions. Hilton has refused to make this payment to Hale.

10. Owing Hale over \$45,000 in actual damages, attorneys' fees, and sanctions in the

state court suit, Hilton filed for bankruptcy in the United States Bankruptcy Court for the Western District of Texas, Austin Division.

11. During the bankruptcy proceeding, Hilton made several misrepresentations while under oath regarding her income, the status of Hale's lawsuit against Hilton, and the amount due to her personally from a lawsuit involving Hilton Management Group, LLC. Those were materially false statements.

Nondischargeability under 11 U.S.C. § 523(a)(2)(A)

12. The foregoing factual allegations are reasserted as though set forth herein at length.

13. Hilton is not entitled to be discharged from her debt of over \$45,000 owed to Hale because Hilton fraudulently induced Hale to enter into a settlement agreement based upon "false pretenses, a false representation, [and] actual fraud." 11 U.S.C. § 523(a)(2)(A).

14. Specifically, Hilton knowingly made false representations to Hale that she would pay the amounts agreed to under the terms of the settlement agreement. But Hilton knew that she would not make those payments and never intended to make those payments. Indeed, Hilton never made a single full payment under that agreement but maintained full possession of the entire partnership that was the basis of the agreement.

15. Hale relied upon Hilton's false representations in entering the settlement agreement with Hilton.

16. As a result of her reliance on Hilton's deceitful representations, Hale has suffered damages consisting of the amounts owed to her under the settlement agreement, as well as attorney's fees and costs associated with pursuing the state court action.

17. Hale therefore seeks a judgment against Hilton determining that the above-referenced obligations are owed to Hale and are nondischargeable and that Hale is entitled to her

attorneys' fees.

Nondischargeability under 11 U.S.C. § 523(a)(6)

18. The foregoing factual allegations are reasserted as though set forth herein at length.

19. Hilton willfully and maliciously injured Hale including by filing frivolous claims against her. The Travis County District Court sanctioned Hilton for doing so. Therefore, at the very least, Hilton is not entitled to be discharged from the court-imposed fees and sanctions of \$7,500 under 11 U.S.C. § 523(a)(6).

Nondischargeability Under 11 U.S.C. § 727(a)(2)(A), (a)(3), and (a)(4)

1. On information and belief, Hilton, with the intent to hinder, delay, and defraud her creditors, including Hale, transferred property belonging to Hilton within one year of her filing of bankruptcy. This includes transfers of thousands of dollars from a Texas bank to a bank in Arizona, without proper authorization or documentation. Accordingly, Hilton is not entitled to a discharge of her debts in this proceeding pursuant to 11 U.S.C. §727(a)(2)(A).

2. In addition, Hilton failed to keep or preserve recorded information, including documents, from which Hilton's financial condition or business transactions might be ascertained. Further, Hilton has knowingly and fraudulently made a false oath or account related to her bankruptcy filings in this case, including her income, the status of Hale's lawsuit against her, the assets which she owned, and the liabilities to which she owed.

On these bases, Plaintiff requests judgment against Defendant for actual damages, statutory damages, prejudgment and post-judgment interest, attorney's fees, and costs of court, as well as a judgment declaring that these amounts are excepted from Defendant's discharge pursuant to 11 U.S.C. § 523(a)(2)(A) and 11 U.S.C. § 523(a)(6). In addition, or in the alternative, Plaintiff

respectfully prays that the Court deny Defendant a discharge pursuant to 11 U.S.C. §727(a)(2)(A), (a)(3), and (a)(4). Plaintiff also prays for any and all other such relief to which the Court finds Plaintiff justly entitled.

Respectfully submitted,

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ATTORNEY FOR SAMANTHA HALE

CERTIFICATE OF SERVICE

I, Kevin Terrazas, certify that on November 22, 2019 a true and correct copy of the foregoing pleading was served by e-service, to those registered, and by mail on Defendants/Debtors and their counsel as shown below:

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