

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION

In re )  
 ) Adv. No. 04-04091-172  
Michael J. Binns )  
Mary Ann Binns )  
 )  
Debtors. ) Case No. 03-56535-172  
 )  
Karen Jacobus ) Chapter 7  
 )  
Plaintiff, )  
 )  
vs. )  
 )  
Michael J. Binns )  
Mary Ann Binns )  
 )  
Defendants. )

**ORDER**

This matter addresses the Defendants' motion to reconsider the Court's order that granted the Plaintiff's motion for summary judgment upon a complaint to determine dischargeability. In the summary judgment order, the Court determined that a debt based upon an Illinois non-bankruptcy court judgment is not dischargeable in the Debtors' Chapter 7 case. Part of the Court's determination included the extent of the application of Illinois law concerning the doctrine of collateral estoppel. Pursuant to the bankruptcy court order, the Defendants here are collaterally estopped from relitigating a question of fraud in this bankruptcy proceeding. **See Order dated February 11, 2005.** The Defendants filed a timely motion to reconsider, for a new trial, or for relief from judgment (Motion 46). The Defendants have argued that the state court did not conduct a hearing prior to entering its judgment; and that the record of the state court proceeding did not support the finding of fraud by the state court. Therefore, the Defendants have requested that the order that granted the Plaintiff's motion for summary judgment be set aside, and that the matter be set for trial on the issue of fraud.

In her response to this motion, the Plaintiff disputed the Defendants' allegation that the record did not support the findings recited in the state court judgment. In support of her position, the Plaintiff submitted as an exhibit, an order from the state court dated July 5, 2002, that stated that the matter came on for hearing that day and that exhibits were tendered and admitted. **See, File Document No. 48. Exhibit A.**

This is a core proceeding pursuant to Section 157(b)(2)(l) of Title 28 of the United States Code. The Court has jurisdiction over the parties and this matter pursuant to 28 U.S.C. Sections 151, 157 and 1334, and Rule 81-9.01 of the Local Rules of the United States District Court for the Eastern District of Missouri.

The Bankruptcy Court's determination of non-dischargeability in this matter was based in part on the state court's order of July 30, 2002. The state court order recited that the court had conducted a hearing on damages, and that based on the evidence submitted, the court awarded compensatory and punitive damages as a result of the intentional actions of fraud. **File Document No. 18, Exhibit A.** The Defendants' request in this motion that the bankruptcy court find that the state court order is factually incorrect is beyond the subject matter jurisdiction of the bankruptcy court.

Under the *Rooker-Feldman* doctrine, lower federal courts do not have subject matter jurisdiction to consider federal claims that would effectively overrule a state court judgment. **Johnson v. City of Shorewood, Minnesota**, 360 F. 3d 810, 818 (8<sup>th</sup> Cir. 2004); *see also* **District of Columbia Court of Appeals v. Feldman**, 460 U.S. 462, 483, 103 S. Ct. 1303, 75 L. Ed. 2d 206 (1983); **Rooker v. Fidelity Trust Co.**, 263 U.S. 413, 416, 44 S. Ct. 149, 68 L. Ed. 362 (1923). Except for habeas corpus actions, the *Rooker-Feldman* doctrine applies whenever a federal claim would succeed only "to the extent that the state court wrongly decided the issues before it." **Simes v. Huckabee**, 354 F. 3d 823, 827 (8<sup>th</sup> Cir. 2004) (*quoting Pennzoil Co. v. Texace, Inc.*, 481 U.S. 1, 25, 107 S. Ct. 1519, 95 L. Ed. 2d 1 (1987)). Because the doctrine is jurisdictional it may be raised

*sua sponte*. **Lemons v. St. Louis County**, 222 F. 3d 488, 492 (8<sup>th</sup> Cir. 2000).

The federal question is whether this debt is non-dischargeable pursuant to 11 U.S.C. § 523(a)(2)(B). This question is inextricably intertwined with the state court judgment that specifically determined that fraud had been proven, and on that basis, awarded damages to the Plaintiff. Under the *Rooker-Feldman* doctrine, this Court is without jurisdiction with respect to the matter that was fully and finally decided in the state court proceeding. Therefore,

**IT IS ORDERED** that the Defendants' motion to reconsider is granted in part as set out here; and that, upon consideration of the record as a whole, the request for a new trial is denied and the request for relief from judgment is denied; and that all other requests in this matter are denied.

DATED: March 8, 2005

St. Louis, Missouri



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James J. Barta  
Chief U. S. Bankruptcy Judge

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