

UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF VIRGINIA, ALEXANDRIA DIVISION

In re Emilio Martinez, Jr.

In re Martinez · No. 20-10250-BFK · Decided November 21, 2025

SUMMARY

The United States Bankruptcy Court for the Eastern District of Virginia addresses the Chapter 13 trustee’s objections to Emilio Martinez, Jr.’s claimed exemptions in employment discrimination claims against NVR, Inc. The court holds that lost salary and bonuses arising from post-petition earnings are not exempt, while emotional distress damages qualify as exempt personal injury proceeds under Virginia law. Punitive damages follow the underlying claims and are exempt only to the extent attributable to emotional distress damages; any settlement must be approved by the bankruptcy court.

CASE DETAILS

COURT	United States Bankruptcy Court for the Eastern District of Virginia, Alexandria Division
WRITING FOR THE COURT	Brian F. Kenney
JURISDICTION	United States Bankruptcy Court for the Eastern District of Virginia, Alexandria Division
DECIDED	November 21, 2025
DOCKET	20-10250-BFK
DISPOSITION	other
PROCEDURAL POSTURE	The Chapter 13 trustee objected to the debtor's amended claims of exemption in employment discrimination claims against NVR, Inc. NVR joined the objections. After hearing argument, the bankruptcy court sustained the objections in part and overruled them in part.
STANDARD OF REVIEW	The trustee bears the burden of proving by a preponderance of the evidence that a claimed exemption was not properly claimed. Exemption statutes are liberally construed in favor of the debtor.
PRECEDENTIAL VALUE	Unknown; memorandum opinion and order from a bankruptcy court, with no reported citation and metadata indicating unknown precedential status.

TOPICS

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the debtor's claims for lost salary and bonuses based entirely on post-petition earnings were exempt under Virginia's wage-exemption statute in a Chapter 13 case.
2. Whether emotional distress damages arising from the debtor's employment discrimination claims qualified as exempt personal-injury claims under Virginia Code § 34-28.1.
3. Whether punitive damages were exempt, and whether their exemption status followed the underlying claim to which the punitive damages were attributable.
4. Whether the debtor's employment discrimination claims were property of the Chapter 13 bankruptcy estate.

HOLDINGS

1. The debtor's claims for lost salary and bonuses were not exempt. Chapter 13 provisions governing post-petition earnings preempt Virginia's wage exemption for those earnings.
2. Emotional distress damages qualify as personal-injury damages exempt under Virginia Code § 34-28.1, even without physical injury.
3. Punitive damages follow the underlying claim to which they are attributable. Punitive damages tied to emotional distress damages are exempt as proceeds derived from a personal-injury claim, while punitive damages tied to lost salary and bonuses are not exempt.
4. The debtor's claims against NVR were property of the Chapter 13 estate under 11 U.S.C. § 1306(a)(1) and (2).

KEY QUOTATIONS

“The Court agrees that the term “personal injury” in Va. Code Ann. § 34-28.1 should be broadly construed to include non-physical injuries to the person, including emotional distress damages.” (Conclusions of Law, section B)

“The punitive damages portion of the claim, if any, will be exempt to the extent that it is attributable to the emotional distress personal injury claim. Conversely, any punitive damages tied to the lost salary and bonuses part of the claim will not be exempt.” (Conclusions of Law, section C)

FACTUAL BACKGROUND

Emilio Martinez filed Chapter 13 bankruptcy while employed by NVR, Inc. NVR terminated him during the bankruptcy case, after which he asserted employment discrimination and related claims seeking lost salary and bonuses, emotional distress damages, and punitive damages. He did not disclose or claim an exemption for those

claims before the case closed, but after reopening he amended his schedules and claimed the claims exempt in full. The salary and bonus damages were entirely based on post-petition earnings.

PROCEDURAL HISTORY

The debtor filed a Chapter 13 petition in January 2020, and his plan was confirmed in July 2020. After NVR terminated his employment in January 2022, the debtor filed an EEOC charge and a state-court action asserting Virginia Human Rights Act, breach-of-contract, and unjust-enrichment claims. The bankruptcy case was closed after plan completion and discharge without disclosure or exemption of the NVR claims. The case was later reopened, the debtor filed amended schedules claiming the claims exempt in full, and the trustee objected.

DISPOSITION

other

REMAND INSTRUCTIONS

None. The court directed that it will review any settlement or award to determine the final exempt status of punitive damages and required any settlement of the underlying claims to be approved under Bankruptcy Rule 9019.

CASES CITED

- Caroll v. Logan, 735 F.3d 147 (4th Cir. 2013)
- In re Martinez, 2025 WL 2618116 (Bankr. E.D. Va. 2025)
- In re Ilyev, 2022 WL 2965029 (Bankr. E.D. Va. 2022)
- In re Sheeran, 369 B.R. 910, 918 (Bankr. E.D. Va. 2007)
- Mayer v. Nguyen (In re Nguyen), 211 F.3d 105, 110 (4th Cir. 2000)
- Shirkey v. Leake, 715 F.2d 859, 862 (4th Cir. 1983)
- Mort Ranta v. Gorman, 721 F.3d 241 (4th Cir. 2013)
- Skidmore v. Norfolk Southern Railway Co., 1 F.4th 206, 212 (4th Cir. 2021)
- In re Foster, 556 B.R. 233 (Bankr. E.D. Va. 2016)
- Andrews v. Riggs Nat'l Bank (In re Andrews), 80 F.3d 906, 910 (4th Cir. 1996)
- In re Raza, 2022 WL 2348789 (Bankr. E.D. Va. 2022)
- King v. Webb (In re Webb), 214 B.R. 553 (E.D. Va. 1997)
- In re Walters, 339 B.R. 607 (Bankr. W.D. Va. 2006)
- In re Brown, 2025 WL 2180200 (Bankr. W.D. Va. 2025)
- In re Reyna, 657 B.R. 845 (Bankr. E.D. Va. 2024)
- Cohen v. De La Cruz, 523 U.S. 213 (1998)
- In re Webb, 210 B.R. 266 (Bankr. E.D. Va. 1997)
- In re Flattery, 444 B.R. 501 (Bankr. D. Mass. 2011)

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