UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS, HOUSTON DIVISION

Kelly Groves v. Jeffery Paul Crowder

Groves · No. Adversary No. 24-3147; Bankruptcy Case No. 24-31882 · Decided May 7, 2026

SUMMARY

In this adversary proceeding, Kelly Groves sought a monetary judgment against Jeffery Paul Crowder and a determination that the debt was nondischargeable under 11 U.S.C. §§ 523(a)(2)(A), 523(a)(4), and 523(a)(6), as well as denial of Crowder's discharge under § 727(a)(4). The Bankruptcy Court concluded that Groves failed to establish an underlying debt owed by Crowder, including because the relevant construction contracts were between Groves and Crowder's LLC and veil-piercing theories were waived. The court therefore denied the nondischargeability claims and the request to deny Crowder's discharge.

CASE DETAILS

COURT	United States Bankruptcy Court for the Southern District of Texas, Houston Division
JURISDICTION	United States Bankruptcy Court for the Southern District of Texas, Houston Division
DECIDED	May 7, 2026
DOCKET	Adversary No. 24-3147; Bankruptcy Case No. 24-31882
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff brought an adversary proceeding seeking a money judgment and determinations that the alleged debt was nondischargeable under 11 U.S.C. §§ 523(a)(2)(A), (a)(4), and (a)(6), as well as denial of the debtor's discharge under 11 U.S.C. § 727(a)(4). After a bench trial, both parties sought judgment based on partial findings under Federal Rule of Civil Procedure 52(c), as incorporated by Federal Rule of Bankruptcy Procedure 7052.
STANDARD OF REVIEW	In a Rule 52(c) bench-trial motion, the bankruptcy court acts as factfinder and does not view the evidence in the light most favorable to the nonmoving party as it would on summary judgment. Groves bore the burden of proving her claims by a preponderance of the evidence.

PRECEDENTIAL VALUE	Unpublished bankruptcy court memorandum opinion; precedential status not stated and metadata identifies it as unknown.
PARTIES	Kelly Groves v. Jeffery Paul Crowder

TOPICS

adversary proceedings · nondischargeable debts · discharge · chapter 7 · breach of contract

PRACTICE AREAS

bankruptcy · bankruptcy litigation · contracts · fraud · limited liability companies

QUESTIONS PRESENTED

1. Whether Groves proved an enforceable underlying debt owed by Crowder individually based on breach of contract.
2. Whether Groves could impose individual liability on Crowder through veil piercing or alter-ego theories that were not pleaded.
3. Whether Groves proved a direct Texas fraud claim against Crowder based on alleged misrepresentations made while acting for CCMC.
4. Whether Groves's alleged debt was nondischargeable under 11 U.S.C. §§ 523(a)(2)(A), (a)(4), or (a)(6).
5. Whether Groves had standing to seek denial of Crowder's discharge under 11 U.S.C. § 727(a)(4) after failing to establish that Crowder owed her a debt.

HOLDINGS

1. Groves failed to prove a valid contract between herself and Crowder individually because the land and construction contracts were between Groves and CCMC. The breach-of-contract claim against Crowder therefore failed as a matter of law.
2. Groves waived any veil-piercing or alter-ego theory as a basis for imposing liability on Crowder because she did not plead those theories and they were not tried by consent.
3. Groves was not barred from asserting a direct fraud claim against Crowder merely because veil-piercing theories were waived. A corporate agent may be personally liable for his own tortious conduct, including fraud, even when acting for the corporation or LLC.
4. Groves failed to prove that Crowder knowingly or recklessly made a material misrepresentation with intent to induce her action. Her fraud claim therefore failed.
5. Groves's claims under 11 U.S.C. §§ 523(a)(2)(A), (a)(4), and (a)(6) were denied because she failed to establish the threshold existence of an underlying debt owed by Crowder.
6. Groves lacked standing to pursue denial of Crowder's discharge under § 727(a)(4) because she failed to establish that Crowder owed her an enforceable debt.

KEY QUOTATIONS

> *"To prevail on a dischargeability complaint, a creditor must first prove the existence of an enforceable underlying debt owed by the debtor to the creditor."* (Opening memorandum opinion)

> *"There are two distinct issues to consider in the dischargeability analysis: (a) the establishment of the debt itself, under relevant state or non-bankruptcy federal law; and (b) a determination as to the nature of the debt—i.e. whether it is dischargeable or nondischargeable."* (Section IV.C)

> *"Although Defendant is the sole owner of CCMC, the Contracts were signed by Plaintiff and CCMC and not in Defendant's individual capacity."* (Section IV.C.1.a)

> *"Under Texas law, an agent of an LLC may be held personally liable for fraudulent representations made to a plaintiff, without piercing the corporate veil, even if those representations were made on behalf of the LLC and in connection with a contract between the LLC and the plaintiff."* (Section IV.C.2)

> *"Because the existence of a debt is a threshold requirement to any determination of nondischargeability, the Court need not reach whether any alleged obligation would be excepted from discharge under the asserted nondischargeability theories."* (Section IV.D)

FACTUAL BACKGROUND

Groves entered into a land contract and a construction contract with CCMC, LLC, an entity wholly owned by Crowder, for the purchase of an unimproved lot and construction of a residence. The contracts were signed by Groves and CCMC, not Crowder individually. Groves paid CCMC $418,693.69, exceeding the stated contract price of $348,504, but construction was delayed and only partially completed before Groves terminated CCMC in approximately March 2023. Groves alleged that Crowder made fraudulent representations concerning completion, costs, refunds, and the use of funds, but the court found insufficient evidence that Crowder intended not to perform, misappropriated funds, or knowingly made false representations.

PROCEDURAL HISTORY

Jeffery Paul Crowder filed a Chapter 7 bankruptcy petition on April 26, 2024. Kelly Groves filed the adversary complaint on July 30, 2024, and Crowder answered on November 12, 2024. The court denied Groves's motion for summary judgment on June 13, 2025, held a trial on January 28, 2026, and entered judgment for Crowder after finding that Groves failed to prove an enforceable underlying debt and therefore could not pursue nondischargeability or discharge-denial relief.

DISPOSITION

other

CASES CITED

- Southmark Corp. v. Coopers & Lybrand (In re Southmark Corp.), 163 F.3d 925, 930 (5th Cir. 1999)
- Wood v. Wood (In re Wood), 825 F.2d 90, 97 (5th Cir. 1987)
- Stern v. Marshall, 564 U.S. 462, 475, 480, 503 (2011)

- Wellness Int'l Network, Ltd. v. Sharif, 575 U.S. 665, 135 S. Ct. 1932, 1938-40, 1947, 191 L. Ed. 2d 911 (2015)
- Badami v. Sears (In re AFY, Inc.), 461 B.R. 541, 547-48 (8th Cir. BAP 2012)
- Tanguy v. West (In re Davis), No. 00-50129, 538 F. App'x 440, 443 (5th Cir. 2013)
- O'Connor v. Burg (In re Burg), 641 B.R. 120 (Bankr. S.D. Tex. 2022)
- In re Bigler LP, 458 B.R. 345, 367 (Bankr. S.D. Tex. 2011)
- Port Arthur Towing Co. v. John W. Towing, Inc., 42 F.3d 312, 318 (5th Cir. 1995)
- In re Ali, 2015 Bankr. LEXIS 2443, 2015 WL 4611343, at *4 (Bankr. W.D. Tex. July 23, 2015)
- United States v. Coney, 689 F.3d 365 (5th Cir. 2012)
- Cowin v. Countrywide Home Loans, Inc. (In re Cowin), 864 F.3d 344 (5th Cir. 2017)
- Resolution Trust Corp. v. McKendry (In re McKendry), 40 F.3d 331 (10th Cir. 1994)
- Winn v. Holdaway (In re Holdaway), 388 B.R. 767, 779, 782 (Bankr. S.D. Tex. 2008)
- Estate of Smith v. Smith (In re Smith), 495 B.R. 291, 297 (Bankr. N.D. Miss. 2013)
- King v. Skolness (In re King), 624 B.R. 259, 287 (Bankr. N.D. Ga. 2020)
- Cnty. Real Est. Venture v. Farmers & Merchants Bank of Long Beach, No. 01-13-00530-CV, 2015 Tex. App. LEXIS 1409, 2015 WL 591646, at *2 (Tex. App. Feb. 12, 2015)
- ASARCO LLC v. Americas Min. Corp., 382 B.R. 49, 62 (S.D. Tex. 2007)
- Enigma Holdings, Inc. v. Gemplus Int'l S.A., No. 3:05 CV 1168 B (N.D. Tex. Oct. 6, 2006)
- Keyes v. Weller, 692 S.W.3d 274, 279, 281 (Tex. 2024)
- Julka v. United States Bank Nat'l Ass'n, 516 S.W.3d 84, 88 (Tex. App. 2017)
- Metroplex Mailing Servs. v. RR Donnelley & Sons Co., 410 S.W.3d 889, 896 (Tex. App. 2013)
- Fin & Feather Club v. Leander, 415 S.W.3d 548, 556 (Tex. App. 2013)
- Endsley Elec., Inc. v. Altech, Inc., 378 S.W.3d 15, 22 (Tex. App. 2012)
- Mapco, Inc. v. Carter, 817 S.W.2d 686, 688 (Tex. 1991)
- Seidler v. Morgan, 277 S.W.3d 549, 557 (Tex. App. 2009)
- In re Lee, 686 S.W.3d 449, 461 (Tex. App. 2024)
- Commercial Escrow Co. v. Rockport Rebel, Inc., 778 S.W.2d 532, 541 (Tex. App. 1989)
- Nwokedi v. Unlimited Restoration Specialists, Inc., 428 S.W.3d 191, 201 n.1 (Tex. App. 2014)
- Walker v. Federal Deposit Ins. Corp., 970 F.2d 114, 122 (5th Cir. 1992)
- Cimarron Hydrocarbons Corp. v. Carpenter, 143 S.W.3d 560, 565 (Tex. App. 2004)
- Hernandez v. Nambo, No. 09-23-00306-CV, 2025 Tex. App. LEXIS 3680, at *9 (Tex. App. May 29, 2025)
- Hiner v. Koukhtiev (In re Koukhtiev), 576 B.R. 107, 131 (Bankr. S.D. Tex. 2017)
- Aquaplex, Inc. v. Rancho La Valencia, Inc., 297 S.W.3d 768, 774-75 (Tex. 2009)
- Herrin v. Med. Protective Co., 89 S.W.3d 301, 305 (Tex. App. 2002)
- Holland v. Thompson, 338 S.W.3d 586, 596 (Tex. App. 2010)
- Fluorine on Call Ltd. v. Fluorogas Ltd., 380 F.3d 849, 858 (5th Cir. 2004)
- In re Caballero, 441 S.W.3d 562, 574 (Tex. App. 2014)

- Jennings v. Jennings, 625 S.W.3d 854, 866 (Tex. App. 2021)
- Spoljaric v. Percival Tours, Inc., 708 S.W.2d 432, 435 (Tex. 1986)
- Walker v. Comdata Network, Inc., 730 S.W.2d 769, 772 (Tex. App. 1987)
- Griggs v. Webber (In re Webber), 350 B.R. 344, 371 (Bankr. S.D. Tex. 2006)
- Allstate Ins. Co. v. Receivable Fin. Co. LLC, 501 F.3d 398, 406 (5th Cir. 2007)
- Willis v. Marshall, 401 S.W.3d 689, 702 (Tex. App. 2013)
- Ernst & Young, L.L.P. v. Pac. Mut. Life Ins. Co., 51 S.W.3d 573, 579 (Tex. 2001)
- McCurry v. Aetna Cas. & Sur. Co., 742 S.W.2d 863, 867 (Tex. App. 1987)
- Coffel v. Stryker Corp., 284 F.3d 625, 637 (5th Cir. 2002)
- Paull v. Capital Res. Mgmt., Inc., 987 S.W.2d 214, 221 (Tex. App. 1999)
- Digby v. Tex. Bank, 943 S.W.2d 914, 919 (Tex. App. 1997)
- Parker v. Miller (In re Miller), 589 B.R. 550, 560-61, 566 (Bankr. S.D. Miss. 2018)
- Countrywide Home Loans, Inc. v. Cowin (In re Cowin), 492 B.R. 858, 891 (Bankr. S.D. Tex. 2013)
- Sholdra v. Chilmark Fin. LLP (In re Sholdra), 249 F.3d 380, 382 (5th Cir. 2001)
- Scheidelman v. Henderson (In re Henderson), 423 B.R. 598, 619 (Bankr. N.D.N.Y. 2010)
- In re Vahlsing, 829 F.2d 565, 567 (5th Cir. 1987)
- Doyle v. Howie-Cox (In re Howie-Cox), 515 B.R. 533, 549 (Bankr. E.D. Mich. 2014)