

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

Wallace v. Two Bobcats, Inc.

Wallace · No. Adversary No. 25-2001; Case No. 24-20119 · Decided December 2, 2025

SUMMARY

The United States Bankruptcy Court for the Southern District of Texas awarded the Wallaces damages for Two Bobcats, Inc.’s willful violations of the bankruptcy discharge injunction. The court awarded \$1,885 in economic damages, \$3,000 in emotional distress damages, \$1,000 in punitive damages, and \$36,458.08 in attorney’s fees and expenses.

CASE DETAILS

COURT	United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division
WRITING FOR THE COURT	Marvin Isgur
JURISDICTION	United States Bankruptcy Court for the Southern District of Texas, Corpus Christi Division
DECIDED	December 2, 2025
DOCKET	Adversary No. 25-2001; Case No. 24-20119
DISPOSITION	other
PROCEDURAL POSTURE	After a trial on September 4, 2025 concerning the amount of damages for violations of the discharge injunction, the bankruptcy court awarded the plaintiffs economic damages, emotional-distress damages, punitive damages, and attorney's fees and expenses.
STANDARD OF REVIEW	The opinion does not state a separate appellate standard of review. It evaluates the evidence presented at trial and applies federal standards governing damages and attorney's fees.
PRECEDENTIAL VALUE	Unknown

TOPICS

- discharge
- damages
- compensatory damages
- attorney fees
- adversary proceedings

PRACTICE AREAS

QUESTIONS PRESENTED

1. What economic damages, if any, could the Wallaces recover for time and effort spent prosecuting their discharge-injunction claim?
2. Whether the evidence established sufficiently particularized emotional distress to support an award of damages.
3. Whether Two Bobcats' conduct constituted sufficiently egregious, intentional misconduct to support punitive damages for willful violations of the discharge injunction.
4. Whether the Wallaces were entitled to recover the claimed attorney's fees and expenses, including fees incurred in responding to a motion concerning an exception to discharge.
5. Whether blind-copying the debtors on a demand email sent to their bankruptcy attorney constituted an intentional circumvention of the attorney-client relationship and a violation of the discharge injunction.

HOLDINGS

1. A debtor may recover compensation for personal time and effort spent prosecuting a discharge-injunction claim when supported by credible evidence of the time expended and applicable earnings; the court awarded the Wallaces \$1,885.00.
2. A plaintiff seeking emotional-distress damages must present specific, sufficiently particularized and extensive evidence of emotional harm; Ms. Wallace's testimony concerning panic attacks satisfied that threshold, while Mr. Wallace's testimony concerning lost sleep and chest pressure did not.
3. Punitive damages may be awarded for a creditor's willful discharge-injunction violation when the conduct constitutes egregious, intentional misconduct; Two Bobcats' two violations warranted \$1,000.00 in punitive damages.
4. The Wallaces were entitled to recover the full \$36,458.08 in reasonable attorney's fees and expenses, including fees incurred responding to the motion to extend the deadline to object to discharge because that motion was used as leverage in post-discharge collection efforts.
5. Blind-copying a represented debtor on a demand email sent to the debtor's attorney may constitute an intentional circumvention of the lawyer-client relationship and a direct communication prohibited by Texas Disciplinary Rule of Professional Conduct 4.02(a); in this case, the conduct supported the finding of an intentional discharge-injunction violation.

KEY QUOTATIONS

"To recover damages for emotional distress, a plaintiff must present specific evidence of emotional damage."

"Hurt feelings, anger and frustration are part of life, and are not the types of emotional harm that could support an award of damages."

"The BCC is an intentional circumvention of the lawyer-client relationship."

“Attorney’s fees are awarded based on the lodestar method of computation.”

FACTUAL BACKGROUND

After receiving a discharge, the Wallaces received a September 6, 2024 demand letter concerning a discharged debt, sent by counsel for Two Bobcats, Inc. to their bankruptcy attorney with the Wallaces blind-copied. Two Bobcats' counsel later filed a JAMS arbitration demand against Mr. Wallace on October 7, 2024, which the arbitrator dismissed because of the discharge. Ms. Wallace testified to two panic attacks, while Mr. Wallace testified to lost sleep and chest pressure; the Wallaces and their attorneys also presented evidence concerning lost time, attorney's fees, and expenses.

PROCEDURAL HISTORY

Clint Matthew Wallace and related plaintiffs filed an adversary proceeding against Two Bobcats, Inc. and related defendants alleging violations of the discharge injunction. The court held a damages trial and then issued this memorandum opinion determining the recoverable damages and fees; it stated that a separate order would follow.

DISPOSITION

other

CASES CITED

- In re Ritchey, 512 B.R. 847, 861 (Bankr. S.D. Tex. 2014)
- In re Meyers, 344 B.R. 61, 66 (Bankr. E.D. Pa. 2006)
- Chambers v. GreenPoint Credit (In re Chambers), 324 B.R. 326 (Bankr. N.D. Ohio 2005)
- In re Fauser, 545 B.R. 907, 913 (Bankr. S.D. Tex. 2016)
- Hitt v. Connell, 301 F.3d 240, 250 (5th Cir. 2002)
- In re Fauser, 547 B.R. 907, 914-15 (Bankr. S.D. Tex. 2016)
- In re Repine, 536 F.3d 512 (5th Cir. 2008)
- In re Mooney, 340 B.R. 351, 361 (Bankr. E.D. Tex. 2006)
- Migis v. Pearle Vision, Inc., 135 F.3d 1041, 1047 (5th Cir. 1998)
- Johnson v. Ga. Highway Exp., Inc., 466 F.2d 714, 717-19 (5th Cir. 1974)