UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

Bleaufontaine, Inc. v. Roland International

634 F.2d 1383 (5th Cir. 1981) · Decided January 26, 1981

SUMMARY

The Fifth Circuit affirmed orders approving and sustaining the sale of bankrupt estates' assets, including the Fontainebleau Hotel and Spa, to Hotelerama. The court held that the bankruptcy court did not violate due process by determining the purchaser's good-faith status without another evidentiary hearing, given the parties' prior opportunities to present evidence. Because the sale was consummated without a stay and the purchaser was found to be in good faith, the appeals were moot under Bankruptcy Rule 805.

CASE DETAILS

COURT	United States Court of Appeals for the Fifth Circuit
WRITING FOR THE COURT	Gewin, Circuit Judge; Gewin; Johnson; Roney
JURISDICTION	Federal
DECIDED	January 26, 1981
DISPOSITION	affirmed
PROCEDURAL POSTURE	Consolidated appeals from district court orders affirming or adopting bankruptcy court determinations concerning the sale of bankrupt estates' assets, dismissing appeals from the sale order as moot under Bankruptcy Rule 805, dismissing appeals from the bankruptcy court's remand order for lack of jurisdiction, and denying Rule 60(b) relief.
STANDARD OF REVIEW	Bankruptcy court factual findings, including the good-faith status of a purchaser, are reviewed for clear error and may not be reviewed de novo. The appellate court gives particular deference to findings based on credibility and to the bankruptcy judge's proximity to the debtor's transactions and history. Due-process adequacy and the application of Bankruptcy Rule 805 were reviewed under the circumstances presented.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Fontainebleau Hotel Corporation, Bleaufontaine, Inc., Bluevack, Inc., Ben Novack v. R. C. Gardner, Jr., trustee, Larry Gilbert, trustee,

Hotelerama Corporation, Hotelerama Associates, Limited, Roland International Corporation

TOPICS

bankruptcy · mootness · appellate procedure · due process · standard of review

PRACTICE AREAS

bankruptcy · appellate procedure · constitutional law · civil procedure

QUESTIONS PRESENTED

1. Whether the bankruptcy court violated the appellants' due-process rights by finding that Hotelerama was a good-faith purchaser without conducting another evidentiary hearing on remand.
2. Whether the bankruptcy court's good-faith-purchaser finding was clearly erroneous.
3. Whether Bankruptcy Rule 805 required dismissal of the appeals as moot because the sale to a good-faith purchaser was consummated without a stay.
4. Whether the district court properly dismissed the appeals from the bankruptcy court's remand order for lack of jurisdiction and denied Rule 60(b) relief.
5. Whether any procedural error by the district court was harmless.

HOLDINGS

1. No additional evidentiary hearing was required before the bankruptcy court determined that Hotelerama was a good-faith purchaser because the appellants had already received due-process hearings, had multiple opportunities to present evidence, and identified no new evidence outside the existing record.
2. The bankruptcy court's finding that Hotelerama was a good-faith purchaser was not clearly erroneous.
3. The district court properly dismissed the appeals as moot because the sale had been consummated, Hotelerama was a good-faith purchaser, and no stay of the sale had been obtained.
4. Any error in the district court's January 29, 1979 or February 5, 1979 orders was harmless because the bankruptcy court's good-faith finding and the June 29, 1978 mootness dismissal were otherwise proper.

KEY QUOTATIONS

> *"It has long been recognized that a fundamental requirement of due process is the opportunity to be heard at a meaningful time and in a meaningful manner."* (634 F.2d at 1388)

> *"It is a well-known legal principle that the factual findings of a bankruptcy court must be accepted and affirmed unless the appellate court finds them clearly erroneous."* (634 F.2d at 1389)

> *"Since a stay of the sale order to a good faith purchaser had not been obtained, no action of any appellate court could affect the sale."* (634 F.2d at 1390)

FACTUAL BACKGROUND

The bankrupt estates owned, among other assets, the Fontainebleau Hotel and Spa. Hotelerama submitted the successful purchase offer, while Roland International, a secured creditor, held a twenty-five-percent participation in the offer through its status as a Hotelerama shareholder; that relationship was disclosed during the bankruptcy proceedings. After the bankruptcy court approved the sale, the appellants obtained a stay conditioned on a $10 million supersedeas bond but did not post the bond, and the sale was consummated. The bankruptcy court later found Hotelerama to be a good-faith purchaser based on the existing record and prior hearings, without conducting another evidentiary hearing.

PROCEDURAL HISTORY

The appellants were voluntarily adjudicated bankrupt, and the bankruptcy court approved the sale of the estates' principal assets to Hotelerama Corporation after hearings and sealed bidding. The appellants sought a stay pending appeal, but the bankruptcy court conditioned the stay on a $10 million supersedeas bond that was not posted; the sale was consummated on March 14, 1978. The district court remanded for a good-faith-purchaser finding, adopted the bankruptcy court's finding without another evidentiary hearing, dismissed the appeals as moot under Rule 805, later dismissed appeals from the remand order for lack of jurisdiction, and denied Rule 60(b) relief. The Fifth Circuit consolidated the appeals and affirmed all orders.

DISPOSITION

affirmed

CASES CITED

- Goldberg v. Kelly, 397 U.S. 254, 90 S. Ct. 1011, 25 L. Ed. 2d 287 (1970)
- Armstrong v. Manzo, 380 U.S. 545, 85 S. Ct. 1187, 14 L. Ed. 2d 62 (1965)
- Mathews v. Eldridge, 424 U.S. 319, 96 S. Ct. 893, 47 L. Ed. 2d 18 (1976)
- Christhilf v. Annapolis Emergency Hospital Ass'n, 496 F.2d 174, 179 (4th Cir. 1974)
- In re Bardwell, 610 F.2d 228 (5th Cir. 1980)
- In re Hammons, 614 F.2d 399 (5th Cir. 1980)
- In re Perimeter Park Investment Associates, 616 F.2d 150 (5th Cir. 1980)
- Martin v. Mercantile Financial Corp., 404 F.2d 886 (5th Cir. 1968)
- Lawrence Warehouse Co. v. McKee, 301 F.2d 4 (5th Cir. 1962)
- In re Multiponics, Inc., 622 F.2d 709, 723 (5th Cir. 1980)
- DeMet v. Harralson, 399 F.2d 35, 38-40 (5th Cir. 1968)
- In re Rock Industries Machinery Corp., 572 F.2d 1195, 1197-98 (7th Cir. 1978)
- In re Lewis Jones, Inc., 369 F. Supp. 111 (E.D. Pa. 1973)
- In re Dutch Inn of Orlando, Ltd., 614 F.2d 504, 506 (5th Cir. 1980)
- In re National Homeowners Sales Service Corp., 554 F.2d 636, 637 (4th Cir. 1977)
- In re Abingdon Realty Corp., 530 F.2d 588, 590 (4th Cir. 1976)
- Country Fairways, Inc. v. Mottaz, 539 F.2d 637, 641 (7th Cir. 1976)

- Local Joint Executive Board, AFL-CIO v. Hotel Circle, Inc., 419 F. Supp. 778, 783-84 (S.D. Cal. 1976), aff'd, 613 F.2d 210 (9th Cir. 1980)

Retrieved from lawtools.ai · https://lawtools.ai/cases/federal/fifth-circuit/1981/bleaufontaine-inc-v-roland-international-9jhzexfh