UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE

Randy M. Mott v. George L. Miller, solely in his capacity as the Chapter 7 Trustee of the estate of Team Systems International, LLC, GPDEV LLC, and Simons Exploration Inc.

Mott v. Miller · No. Civ. No. 24-1035-GBW · Decided March 19, 2026

SUMMARY

The United States District Court for the District of Delaware affirmed a Bankruptcy Court order imposing monetary sanctions against attorney Randy M. Mott under 28 U.S.C. § 1927. The court upheld findings that Mott unreasonably and vexatiously multiplied the proceedings by filing an untimely Rule 60(b)(3) motion containing unsupported allegations of forgery and fraud, and concluded that the sanctions were within the Bankruptcy Court's discretion.

CASE DETAILS

COURT	United States District Court for the District of Delaware
WRITING FOR THE COURT	Gregory B. Williams
JURISDICTION	United States District Court for the District of Delaware
DECIDED	March 19, 2026
DOCKET	Civ. No. 24-1035-GBW
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from the Bankruptcy Court's Final Order imposing monetary sanctions against Randy M. Mott under 28 U.S.C. § 1927.
STANDARD OF REVIEW	Legal determinations are reviewed de novo, factual findings for clear error, and discretionary decisions for abuse of discretion. A bankruptcy court's finding of bad faith is reviewed for clear error, while the appropriateness of sanctions under 28 U.S.C. § 1927 is reviewed for abuse of discretion.
PRECEDENTIAL VALUE	unpublished
PARTIES	Randy M. Mott v. George L. Miller, solely in his capacity as the Chapter 7 Trustee of the estate of Team Systems International, LLC, GPDEV LLC, and Simons Exploration Inc.

TOPICS

bankruptcy appellate procedure standard of review sanctions attorney fees

PRACTICE AREAS

bankruptcy appellate procedure civil procedure remedies commercial litigation

QUESTIONS PRESENTED

1. Whether the Bankruptcy Court clearly erred in finding that Mott acted in bad faith for purposes of sanctions under 28 U.S.C. § 1927.
2. Whether the Bankruptcy Court improperly relied on evidence concerning the allegedly altered bank statements and waived evidentiary objections to those documents.
3. Whether the Bankruptcy Court improperly considered Mott's ethics complaint to the Delaware Bar as evidence of vexatious intent.
4. Whether the Bankruptcy Court abused its discretion by awarding fees and expenses incurred in connection with the sanctions motions, including fees incurred after the challenged allegations were purportedly withdrawn.

HOLDINGS

1. The Bankruptcy Court did not abuse its discretion in imposing monetary sanctions because the record supported findings that Mott unreasonably and vexatiously multiplied the proceedings, increased the costs of the litigation, and acted in bad faith or with intentional misconduct.
2. Mott could not challenge the admissibility of documents introduced at the preliminary-injunction hearing without objection from his clients' counsel; any such objections were waived.
3. The Bankruptcy Court properly considered statements in Mott's ethics complaint as additional evidence of vexatious intent; it did not sanction Mott for filing the complaint itself.
4. Fees and expenses incurred in connection with bringing the sanctions motions were recoverable under § 1927 because they were incurred because of Mott's unreasonable and vexatious conduct.

KEY QUOTATIONS

> *"Bad faith is a factual determination reviewable under the clearly erroneous standard. Once a finding of bad faith is made, the appropriateness of sanctions is a matter entrusted to the discretion of the district court."* (11)

> *"The Court finds no clear error in the Bankruptcy Court's determination that Appellant's conduct was unreasonable, vexatious, and multiplied the proceedings, or abuse of discretion in its determination that all fees and expenses incurred in connection with the sanctions motions are recoverable."* (21)

FACTUAL BACKGROUND

The Chapter 7 Trustee sought to avoid and recover millions of dollars allegedly transferred from the debtor to defendants before bankruptcy. At a preliminary-injunction hearing, evidence showed that debtor bank statements produced to the Trustee had been altered with white-out, concealing a $3 million transfer to an entity controlled by a former manager and two transfers totaling $250,000 to that manager; the transfers were also not properly disclosed in the debtor's Statement of Financial Affairs. More than a year after entry of the preliminary injunction, Mott filed and pursued a Rule 60(b)(3) motion accusing opposing counsel of altering or fabricating evidence, despite inadequate investigation, an untimely filing, and a subsequent sanctions safe-harbor notice. The Bankruptcy Court found the allegations unsupported and imposed over $246,000 in sanctions representing fees and expenses incurred by the Trustee and Judgment Creditors.

PROCEDURAL HISTORY

The Bankruptcy Court imposed sanctions against Mott, counsel for defendants in an adversary proceeding, after finding that he unreasonably and vexatiously multiplied the proceedings by filing and pursuing an untimely Rule 60(b)(3) motion containing unsupported allegations that opposing counsel fabricated or altered evidence. The Bankruptcy Court ordered Mott to pay the Trustee's and Judgment Creditors' fees and expenses associated with their sanctions motions. Mott timely appealed, challenging the bad-faith finding, evidentiary rulings, consideration of an ethics complaint, and amount of sanctions. The District Court affirmed.

DISPOSITION

affirmed

CASES CITED

- In re Team Sys. Int'l, LLC, 2023 WL 1428572, *10, *12 (Bankr. D. Del. Jan. 31, 2023)
- In re Team Sys., Int’l, 2024 WL 4444241, *5 (D. Del. Oct. 8, 2024)
- In re Trans World Airlines, Inc., 145 F.3d 124, 130 (3d Cir. 1998)
- Fellheimer, Eichen & Braverman, P.C. v. Charter Techs., Inc., 57 F.3d 1215, 1223 (3d Cir. 1995)
- In re Prudential Ins. Co. Am. Sales Prac. Litig. Agent Actions, 278 F.3d 175, 180-81, 188 (3d Cir. 2002)
- LaSalle Nat'l Bank v. First Conn. Holding Group, L.L.C. XXII, 287 F.3d 279, 288 (3d Cir. 2002)
- In re Prosser, 777 F.3d 154, 161 (3d Cir. 2015)
- In re VistaCare Grp., LLC, 678 F.3d 218, 232 (3d Cir. 2012)
- Hackman v. Valley Fair, 932 F.2d 239, 242 (3d Cir. 1991)
- TruePosition Inc. v. Andrew Corp., 2008 WL 205305, at *2 (D. Del. Jan. 23, 2008)
- Tristrata Tech., Inc. v. ICN Pharms., Inc., 314 F. Supp. 2d 356, 359 (D. Del. 2004)
- In re Managed Storage Int'l, Inc., 2020 WL 1532390, at *7 (D. Del. Mar. 31, 2020)
- Waldorf v. Shuta, 142 F.3d 601, 629 (3d Cir. 1998)
- Fleck v. KDI Sylvan Pools, Inc., 981 F.2d 107, 116 (3d Cir. 1992)