

UNITED STATES BANKRUPTCY COURT FOR THE MIDDLE DISTRICT OF
NORTH CAROLINA

In re Chrystyna Hankewycz Sinclair

In re Sinclair · No. 25-80223 · Decided January 14, 2026

SUMMARY

The United States Bankruptcy Court for the Middle District of North Carolina held that the automatic stay does not apply to the United States’ continuation of an action to enforce a restitution lien against real property. The court concluded that the Mandatory Victims Restitution Act supersedes the automatic stay where the restitution debtor previously held an interest in the property and a valid lien attached to that interest. The court denied the government’s alternative request for relief from stay as unnecessary.

CASE DETAILS

COURT	United States Bankruptcy Court for the Middle District of North Carolina
WRITING FOR THE COURT	Benjamin A. Kahn
JURISDICTION	United States Bankruptcy Court for the Middle District of North Carolina, Durham Division
DECIDED	January 14, 2026
DOCKET	25-80223
DISPOSITION	other
PROCEDURAL POSTURE	The United States moved for a determination that the automatic stay did not apply to its pending federal civil action to enforce a criminal restitution lien against real property, or alternatively for relief from the stay for cause under 11 U.S.C. § 362(d)(1).
PRECEDENTIAL VALUE	Unpublished bankruptcy court order; precedential status is unknown and no published reporter citation appears in the source.

TOPICS

- automatic stay
- chapter 13
- bankruptcy estate non-debtor spouse rights
- bankruptcy
- statutory interpretation

PRACTICE AREAS

- bankruptcy
- criminal restitution
- federal tax and judgment liens
- real property

QUESTIONS PRESENTED

1. Whether the Mandatory Victims Restitution Act, 18 U.S.C. § 3613, overrides the Bankruptcy Code's automatic stay when the United States seeks to enforce a restitution lien that attached to a nonfiling spouse's interest in real property before that interest was transferred to the Chapter 13 debtor.
2. Whether the automatic stay applies because the restitution debtor is the debtor's nonfiling spouse, the property is now part of the bankruptcy estate, and the debtor herself was not the person ordered to pay restitution.
3. Whether the United States was alternatively entitled to relief from the automatic stay for cause under 11 U.S.C. § 362(d)(1).

HOLDINGS

1. When a restitution lien validly attaches to a property interest held by the person ordered to pay restitution, the MVRA permits enforcement of that lien notwithstanding the Bankruptcy Code's automatic stay, including after the property interest has been transferred to the bankruptcy debtor.
2. The MVRA does not override otherwise applicable federal law when the restitution debtor holds no interest in the property and no restitution lien attached to it; however, that limitation does not apply where a valid lien attached to the restitution debtor's property interest before transfer.
3. The alternative request for relief from the automatic stay is denied as unnecessary because the automatic stay does not apply to the Civil Action.

KEY QUOTATIONS

“The plain language of the MVRA precludes the application of federal law in a way that would prevent enforcement against the property of the person fined.” (Discussion)

“The automatic stay does not apply to the continuation, enforcement, and collection of restitution against the Real Property, in the Civil Action styled United States v. Louie George Sinclair, et al., Civil Case No. 1:25-cv-715, including by not limited to the forced judicial sale of the Real Property located at 4305 Lillington Drive, Durham, North Carolina.” (Order paragraph 1)

FACTUAL BACKGROUND

The debtor commenced a Chapter 13 case while owning or claiming an interest in North Carolina real property valued at \$476,370. Her spouse had previously been convicted of wire fraud and ordered to pay restitution to the United States. A federal restitution lien attached to his undivided one-half interest in the property while the spouses owned it as tenants by the entirety, and the lien was later perfected and remained attached after his interest was transferred to the debtor. The United States filed a civil action seeking a forced judicial sale of the entire property, with sale proceeds attributable to the debtor's unencumbered interest distributed to her.

PROCEDURAL HISTORY

The debtor filed a voluntary Chapter 13 petition on September 30, 2025. Before the bankruptcy filing, the United States commenced a federal civil action seeking a judicial sale of real property formerly owned by the debtor

and her spouse as tenants by the entirety to enforce a restitution lien attached to the spouse's undivided one-half interest. After the debtor filed a suggestion of bankruptcy in that action, the United States sought a stay determination or relief from stay. Following a December 9, 2025 hearing, the bankruptcy court held the automatic stay inapplicable to the enforcement action and denied the alternative stay-relief request as unnecessary.

DISPOSITION

other

CASES CITED

- *Kreisler v. Goldberg*, 478 F.3d 209, 213 (4th Cir. 2007)
- *Local Loan Co. v. Hunt*, 292 U.S. 234, 244 (1934)
- *In re Weatherford*, 413 B.R. 273, 283 (Bankr. D.S.C. 2009)
- *In re Turner*, Case No. 22-80056, ECF No. 43
- *Turner v. United States*, No. 1:22-CV-937, 2023 WL 4053585 (M.D.N.C. June 16, 2023)
- *United States v. Godwin*, 446 F. Supp. 2d 425, 427 (E.D.N.C. 2006)
- *United States v. Craft*, 535 U.S. 274, 288 (2002)
- *United States v. Swenson*, 971 F.3d 977, 982-84 (9th Cir. 2020)
- *United States v. Novak*, 476 F.3d 1041, 1043 (9th Cir. 2007)
- *Lamie v. U.S. Trustee*, 540 U.S. 526, 533-34 (2004)
- *Hartford Underwriters Ins. Co. v. Union Planters Bank, N.A.*, 530 U.S. 1, 6 (2000)
- *United States v. Ron Pair Enters., Inc.*, 489 U.S. 235, 241 (1989)
- *United States v. Robinson*, 494 B.R. 715, 719 (W.D. Tenn. 2013)
- *In re Morgan*, No. 21-50455, 2021 WL 5498621, at *4-*5 (Bankr. M.D.N.C. Nov. 4, 2021)
- *Morgan v. Bruton*, 99 F.4th 206 (4th Cir. 2024)