

UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF
PENNSYLVANIA

Heckman v. North Penn Comprehensive Health Services and UPMC
Wellsboro

Heckman · No. No. 4:20-CV-01680 · Decided December 4, 2025

SUMMARY

The United States District Court for the Middle District of Pennsylvania ruled in favor of North Penn Comprehensive Health Services on two affirmative defenses to its breach-of-contract counterclaim against Matthew Heckman. The court held that Heckman failed to establish that North Penn had unclean hands and that the loan agreement’s repayment provision was an unlawful penalty clause. The dispute concerned a \$60,000 employment-related loan that was subject to forgiveness if Heckman remained employed for five years.

CASE DETAILS

COURT	United States District Court for the Middle District of Pennsylvania
WRITING FOR THE COURT	Matthew W. Brann
JURISDICTION	United States District Court for the Middle District of Pennsylvania
DECIDED	December 4, 2025
DOCKET	No. 4:20-CV-01680
DISPOSITION	other
PROCEDURAL POSTURE	Following a bench trial on two affirmative defenses to North Penn's breach-of-contract counterclaim, the court adjudicated whether the unclean-hands doctrine barred recovery and whether the loan agreement's repayment provision was an unlawful penalty clause.
STANDARD OF REVIEW	The unclean-hands defense is reviewed under the trial court's equitable discretion, with the party invoking it bearing the burden to prove clear and convincing evidence of egregious misconduct. The party challenging a contractual provision as an unlawful penalty bears the burden to prove that the provision is unreasonable.
PRECEDENTIAL VALUE	unpublished district court memorandum opinion
PARTIES	Matthew Heckman v. North Penn Comprehensive Health Services, UPMC Wellsboro

TOPICS

breach of contract

liquidated damages

conditions precedent

remedies

contracts

PRACTICE AREAS

contract law

employment law

equitable remedies

QUESTIONS PRESENTED

1. Whether North Penn's alleged conduct, including Heckman's termination, barred North Penn's recovery on the loan agreement under the doctrine of unclean hands.
2. Whether the loan agreement's repayment and forgiveness provisions constituted an unlawful penalty clause.

HOLDINGS

1. The unclean-hands defense did not bar North Penn's recovery because Heckman failed to prove by clear and convincing evidence that North Penn committed egregious misconduct related to the loan-agreement recovery.
2. The loan agreement's repayment and forgiveness provisions were not an unlawful penalty clause; repayment of the loan with interest was the substance of the agreement, while continued employment for five years was merely a condition to forgiveness.

KEY QUOTATIONS

“The concept invoking the denial of relief is not intended to serve as punishment for extraneous transgressions, but instead is based upon “considerations that make for the advancement of right and justice”” (Section II.A)

“Heckman’s performance was not to be employed for five years, it was to repay the loan with interest.” (Section II.B)

FACTUAL BACKGROUND

North Penn provided Heckman and Bethany Hanbach with a \$60,000 loan at the beginning of Heckman's employment. The loan agreement required repayment over five years with six percent interest, but provided that the loan would be forgiven if Heckman remained employed by North Penn for five years. Heckman contended that his firing, his complaints regarding working conditions, and the repayment provision supported his defenses of unclean hands and unlawful penalty. The court found no clear and convincing evidence that North Penn engaged in egregious, related misconduct or that the repayment provision penalized breach.

PROCEDURAL HISTORY

Heckman sued North Penn and UPMC Wellsboro under the Fair Labor Standards Act. North Penn asserted a counterclaim against Heckman and Bethany Hanbach seeking repayment of a \$60,000 employment-related loan.

After trial on Heckman's affirmative defenses of unclean hands and unlawful penalty, the district court rejected both defenses and found in favor of North Penn.

DISPOSITION

other

CASES CITED

- In re New Valley Corp., 181 F.3d 517, 525 (3d Cir. 1999)
- Adkins v. Sogliuzzo, 625 F. App'x 565, 572 (3d Cir. 2015)
- Romero v. Allstate Ins. Co., 158 F. Supp. 3d 369, 374-75 (E.D. Pa. 2016)
- Thomas P. Carney, Inc. v. School Dist. Of Philadelphia, 633 F. Supp. 1273, 1285 (E.D. Pa. 1986)
- Keystone Driller Co. v. Gen. Excavator Co., 290 U.S. 240, 245 (1933)
- In re Thorpe, 755 F. App'x 177, 183 (3d Cir. 2018)
- Kars 4 Kids Inc. v. Am. Can!, 98 F.4th 436, 449-450 (3d Cir. 2024)
- Highmark v. UPMC Health Plan, Inc., 276 F.3d 160, 174 (3d Cir. 2001)
- Imprisoned Citizens Union v. Shapp, 11 F. Supp. 2d 586, 608 (E.D. Pa. 1998)
- Scherer Design Grp., LLC v. Ahead Eng'g LLC, 764 F. App'x 147, 150 (3d Cir. 2019)
- S&R Corp. v. Jiffy Lube Intern., Inc., 968 F.2d 371, 377 n.7 (3d Cir. 1992)
- Shapiro v. Shapiro, 415 Pa. 503, 506 (1964)
- E.G.O-R. v. D.J.R., No. 480 MDA 2018, 2019 WL 1057420, at *6 (Super. Ct. Pa. 2019)
- Citizens Fin. Group, Inc. v. Citizens Nat. Bank of Evans City, 383 F.3d 110, 129 (3d Cir. 2004)
- Ciba-Geigy Corp. v. Bolar Pharm. Co., Inc., 747 F.2d 844, 855 (3d Cir. 1984)
- Pantuso Motors, Inc. v. CoreStates Bank, N.A., 568 Pa. 601, 608-609 (2002)
- Dean v. Nelson, 77 U.S. 158, 170 (1869)
- Finkle v. Gulf & Western Mfg. Co., 744 F.2d 1015, 1023-24 (3d Cir. 1984)
- Cardiology Care for Children Inc. v. Ravi, No. 5:17-CV-4743, 2018 WL 1870717, at *4 (E.D. Pa. Apr. 18, 2018)
- Hanrahan v. Audubon Builders, Inc., 418 Pa. Super. 497, 503 (Pa. Super. Ct. 1992)