

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF VIRGINIA

Kathy Jean Campbell v. Julie A. Garrett

Campbell · No. 3:25-cv-00050 · Decided January 9, 2026

SUMMARY

The United States District Court for the Western District of Virginia affirmed a bankruptcy court order holding that Kathy Jean Campbell’s judgment debt to Julie A. Garrett was nondischargeable under 11 U.S.C. § 523(a)(4). The court held that Campbell had not properly raised her challenges to service of process and notice of the underlying state-court default judgment before the bankruptcy court, and that review of the state-court judgment was also barred by the Rooker-Feldman doctrine. The court denied Garrett’s motions for expedited relief, damages, costs, and sanctions.

CASE DETAILS

|                       |                                                                                                                                                                                                                                                                                                                     |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COURT                 | United States District Court for the Western District of Virginia                                                                                                                                                                                                                                                   |
| WRITING FOR THE COURT | Jasmine H. Yoon                                                                                                                                                                                                                                                                                                     |
| JURISDICTION          | United States District Court for the Western District of Virginia                                                                                                                                                                                                                                                   |
| DECIDED               | January 9, 2026                                                                                                                                                                                                                                                                                                     |
| DOCKET                | 3:25-cv-00050                                                                                                                                                                                                                                                                                                       |
| DISPOSITION           | affirmed                                                                                                                                                                                                                                                                                                            |
| PROCEDURAL POSTURE    | Appeal from a bankruptcy court order granting Garrett summary judgment and determining Campbell's judgment debt nondischargeable under 11 U.S.C. § 523(a)(4).                                                                                                                                                       |
| STANDARD OF REVIEW    | The district court reviews bankruptcy court conclusions of law de novo and findings of fact for clear error. Summary judgment is reviewed under Federal Rule of Civil Procedure 56, requiring judgment when there is no genuine dispute of material fact and the movant is entitled to judgment as a matter of law. |
| PRECEDENTIAL VALUE    | unpublished                                                                                                                                                                                                                                                                                                         |
| PARTIES               | Kathy Jean Campbell v. Julie A. Garrett                                                                                                                                                                                                                                                                             |

TOPICS

- nondischargeable debts
- adversary proceedings
- summary judgment
- appellate procedure
- standard of review

## PRACTICE AREAS

bankruptcy

civil procedure

appellate procedure

contracts

real estate

## QUESTIONS PRESENTED

1. Whether the bankruptcy court properly granted Garrett summary judgment and determined that Campbell's judgment debt was nondischargeable under 11 U.S.C. § 523(a)(4).
2. Whether Campbell could challenge the validity of the state-court default judgment based on defective service and lack of notice for the first time on appeal.
3. Whether the district court could review the state-court judgment under the Rooker-Feldman doctrine.
4. Whether the bankruptcy court's reliance on the state-court judgment violated Campbell's due process rights or 28 U.S.C. § 1738.

## HOLDINGS

1. Campbell's challenges to service of process and notice were not properly before the district court because she did not raise them before the bankruptcy court in opposition to Garrett's summary-judgment motion.
2. Even if Campbell's service and notice arguments were considered, the Rooker-Feldman doctrine would bar the district court from reviewing or rejecting the state-court default judgment.
3. The bankruptcy court properly granted Garrett summary judgment and determined that Campbell's judgment debt was nondischargeable under 11 U.S.C. § 523(a)(4).

## KEY QUOTATIONS

*"Accordingly, the district court exercises de novo review of the bankruptcy court's conclusions of law and applies the more deferential "clear error" standard to review the bankruptcy court's findings of fact."* (at 7)

*"If Campbell sought to challenge the state court judgment, she should have done so in state court."* (at 12)

*"The court gives Campbell the benefit of the doubt at this time, as navigating bankruptcy court can be challenging for pro se litigants."* (at 13)

## FACTUAL BACKGROUND

Garrett and Campbell entered an oral agreement under which Campbell and her company were to pay Garrett ninety percent of gross real estate commissions on transactions generated through Garrett's efforts. After the business relationship ended, Campbell retained commissions from three transactions rather than paying Garrett her agreed share. A Virginia state court entered default judgment against Campbell and deemed the complaint's facts admitted and established, including facts supporting fraud, breach of fiduciary duty, and conversion or embezzlement. In the subsequent bankruptcy proceeding, Garrett sought a determination that the judgment debt was nondischargeable.

## PROCEDURAL HISTORY

Garrett obtained a state-court default judgment against Campbell for unpaid real estate commissions, breach of contract, and conversion. Garrett later commenced an adversary proceeding in bankruptcy court seeking a determination that the judgment debt was nondischargeable. The bankruptcy court granted Garrett summary judgment on June 4, 2025. Campbell appealed to the district court and argued, among other things, that the state-court judgment was void for defective service and lack of notice. The district court declined to consider those arguments because they were not raised before the bankruptcy court and because review of the state-court judgment would be barred by the Rooker-Feldman doctrine, affirmed the bankruptcy court, dismissed the appeal, and denied Garrett's requests for expedited relief and sanctions.

## DISPOSITION

affirmed

## CASES CITED

- Stephenson v. United States Dep't of Educ./Nelnet, No. 1:17-cv-262, 2018 WL 1585671, at \*3 (M.D.N.C. Mar. 28, 2018)
- In re Thomas, No. 3:06-cv-00037, 2008 WL 112042, at \*3 (W.D. Va. Jan. 9, 2008)
- Gallagher v. Cohen, 659 B.R. 57 (D. Md. 2024)
- In re Taneja, 743 F.3d 423, 429 (4th Cir. 2014)
- In re Evans, No. 5:22-cv-00026, 2023 WL 2571854, at \*4 (W.D. Va. Mar. 20, 2023)
- Harman v. Levin, 772 F.2d 1150, 1153 n.3 (4th Cir. 1985)
- In re White, 128 F. App'x 994, 999 (4th Cir. 2005)
- Knibbs v. Momphard, 30 F.4th 200, 213 (4th Cir. 2022)
- Glynn v. EDO Corp., 710 F.3d 209, 213 (4th Cir. 2013)
- Erickson v. Pardus, 551 U.S. 89, 94 (2007)
- Beaudett v. City of Hampton, 775 F.2d 1274, 1278 (4th Cir. 1985)
- Zeno v. Dep't of Educ., No. MJM-22-2389, 2024 WL 1329298, at \*1 n.1 (D. Md. Mar. 28, 2024)
- Saadein-Morales v. Westridge Swim & Racquet Club, Inc., No. 1:24-cv-1442, 2025 WL 799511, at \*3 (E.D. Va. Feb. 26, 2025)
- In re Lambert Oil Co., Inc., 347 B.R. 508, 520 (W.D. Va. 2006)
- T.M. v. Univ. of Md. Med. Sys. Corp., 139 F.4th 344, 349 (4th Cir. 2025)
- Exxon Mobil Corp. v. Saudi Basic Indus. Corp., 544 U.S. 280, 284 (2005)
- In re Murrell, No. 13-32400, 2014 WL 1675753, at \*5 (Bankr. W.D.N.C. Apr. 28, 2014)
- In re Keeeler, 273 B.R. 416, 422 (Bankr. D. Md. 2002)
- Jordahl v. Democratic Party of Virginia, 122 F.3d 192, 202 (4th Cir. 1997)
- In re Nat'l Energy & Gas Transmission, Inc., No. CIV.A. DKC08-3497, 2009 WL 2229784, at \*4 (D. Md. July 22, 2009)

