

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

Thomas K. Varkey v. M&T Nationwide, LLC et al.

Varkey · No. Civil Action No. 26-1645 (RK); Bankruptcy Action No. 25-22026 (MEH) · Decided March 4, 2026

SUMMARY

The United States District Court for the District of New Jersey denied Thomas K. Varkey’s emergency motions for a stay pending appeal and denied his emergency motion to reopen the case as moot. The court held that Varkey failed to meaningfully demonstrate a likelihood of success on the merits of his appeal from the Bankruptcy Court’s denial of vacatur of orders granting relief from the automatic stay. The court also terminated the pending motions.

CASE DETAILS

COURT	United States District Court for the District of New Jersey
WRITING FOR THE COURT	Robert Kirsch
JURISDICTION	United States District Court for the District of New Jersey
DECIDED	March 4, 2026
DOCKET	Civil Action No. 26-1645 (RK); Bankruptcy Action No. 25-22026 (MEH)
DISPOSITION	other
PROCEDURAL POSTURE	Debtor-Appellant appealed the Bankruptcy Court's order denying his motion to vacate orders granting relief from the automatic bankruptcy stay and moved in the District Court for an emergency stay pending appeal.
STANDARD OF REVIEW	A bankruptcy court's decision to grant relief from the automatic stay is reviewed for abuse of discretion. A stay pending appeal is evaluated under four factors analogous to the preliminary-injunction factors, with likelihood of success on the merits and irreparable injury being the most critical factors.
PRECEDENTIAL VALUE	Not for publication; nonprecedential memorandum order.
PARTIES	Thomas K. Varkey v. M&T Nationwide, LLC et al.

TOPICS

- automatic stay
- appellate procedure
- bankruptcy
- chapter 13
- standard of review

PRACTICE AREAS

Bankruptcy

Appellate procedure

Civil procedure

Remedies

QUESTIONS PRESENTED

1. Whether Varkey was entitled to a stay pending appeal under Federal Rule of Bankruptcy Procedure 8007(b).
2. Whether Varkey demonstrated a strong or significantly better than negligible likelihood of success on his appeal from the Bankruptcy Court's orders granting relief from the automatic stay and denying vacatur.
3. Whether the emergency motion to reopen the district-court case should be denied as moot after Varkey paid the bankruptcy-court filing fee.

HOLDINGS

1. A stay pending appeal was denied because Varkey failed to demonstrate a strong or significantly better than negligible likelihood of success on the merits, which was a threshold factor sufficient to resolve the motion without analyzing the remaining stay factors.
2. The appeal did not present a substantial likelihood of success because, once relief from the automatic stay is granted, judicial proceedings against the debtor may continue.
3. The emergency motion to reopen was denied as moot because the matter had been reopened upon Varkey's payment of the filing fee in the Bankruptcy Court.

KEY QUOTATIONS

“Such a stay “is an ‘extraordinary remedy.’”” (II. LEGAL STANDARD)

“The first two factors are the “most critical,” id. at 570, and if the movant fails to show either of the first two factors, “the stay should be denied without further analysis,”” (II. LEGAL STANDARD)

“If relief from the stay is granted,” as it has been here, “judicial proceedings against the debtor may then continue.”” (II. DISCUSSION)

FACTUAL BACKGROUND

On November 12, 2025, Varkey filed for Chapter 13 bankruptcy, automatically staying a New Jersey Superior Court business action and a divorce action. The Bankruptcy Court granted motions by M&T Nationwide and related appellees for relief from the stay, then denied Varkey's motion to vacate those orders. Varkey sought a stay pending appeal based largely on concerns that the divorce proceedings could result in transfers of property, but he did not meaningfully explain why he was likely to succeed on the merits of his appeal.

PROCEDURAL HISTORY

Varkey filed a Chapter 13 bankruptcy petition, which automatically stayed a New Jersey Superior Court business action and divorce action. The Bankruptcy Court granted motions by the appellees for relief from the automatic stay, then denied Varkey's motion to vacate those orders. Varkey appealed the denial to the District Court and

filed emergency motions for a stay pending appeal and to reopen the district-court case. The District Court denied the stay motions and denied the motion to reopen as moot.

DISPOSITION

other

CASES CITED

- Ritzen Grp., Inc. v. Jackson Masonry, LLC, 589 U.S. 35, 37 (2020)
- Deshmukh v. U.S. Tr. Off., No. 25-4017, 2025 WL 2663696, at *5 (D.N.J. Sept. 17, 2025)
- In re W.R. Grace & Co., 475 B.R. 34, 205 (D. Del. 2012)
- In re Revel AC, Inc., 802 F.3d 558, 565, 570-571 (3d Cir. 2015)
- In re Forty-Eight Insulations, Inc., 115 F.3d 1294, 1301 (7th Cir. 1997)
- S.S. Body Armor I, Inc. v. Carter Ledyard & Milburn LLP, 927 F.3d 763, 775 (3d Cir. 2019)
- In re Myers, 491 F.3d 120, 128 (3d Cir. 2007)
- In re Maxus Energy Corp., 49 F.4th 223, 229 (3d Cir. 2022)
- In re Prosser, 777 F.3d 154, 161 (3d Cir. 2015)
- United States v. Green, 617 F.3d 233, 239 (3d Cir. 2010)
- United States v. Starnes, 583 F.3d 196, 214 (3d Cir. 2009)
- Cerro Fabricated Prods. LLC v. Solanick, 300 F. Supp. 3d 632, 654 (M.D. Pa. 2018)
- Facta Health Inc. v. Pharmadent LLC, No. 23-2224, 2024 WL 4345299, at *7 (3d Cir. Sept. 30, 2024)
- John Wyeth & Bro. Ltd. v. CIGNA Int'l Corp., 119 F.3d 1070, 1076 n.6 (3d Cir. 1997)
- Thornton v. State of New Jersey, No. 24-3084, 2026 WL 524685, at *2 (3d Cir. Feb. 25, 2026)
- Mar. Elec. Co. v. United Jersey Bank, 959 F.2d 1194, 1204 (3d Cir. 1991)

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