

Fraudulent transfer
Reasonably equivalent value
Dissolution of marriage
Extrinsic/Intrinsic fraud
BFP v. Resolution Trust Corp.

Batlan v. Bledsoe, Adversary No. 05-7061-fra
In re Bledsoe, Case No. 04-63713-fra7
Appellate No. 07-6062-HO

6/8/2007 Dist. Ct. (Hogan) aff'g Unpublished
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A judgment was entered dissolving Debtor's and Defendant Ryan Bledsoe's marriage. The matter had been contested by the parties, and Debtor was found by the Circuit Court to have unlawfully dissipated marital assets and to have failed to provide discovery. The court made extensive findings and concluded that a default judgment should be entered which awarded a majority of the parties' assets to the Defendant. Debtor thereafter filed bankruptcy. Plaintiff, trustee for the bankruptcy estate of Debtor, filed an adversary proceeding, seeking to avoid the transfer of assets made by the Circuit Court under both state fraudulent transfer law and under Bankruptcy Code § 548, on the grounds that the transfers were not made for "reasonably equivalent value." Both Plaintiff and Defendant filed motions for summary judgment.

State-law claims: Citing Oregon caselaw, the bankruptcy court held that the dissolution judgment could not be collaterally attacked except on grounds of "extrinsic fraud." Extrinsic fraud is defined as "collateral acts not involved in the factfinder's consideration of the merits of the case" and which is "sufficient to justify the conclusion that but for such fraud the result would have been different." In finding that the Plaintiff had failed to allege evidence of extrinsic fraud, the bankruptcy court held that Plaintiff's state-law claims must be dismissed.

Bankruptcy Code § 548: The bankruptcy court held that, using the analysis made by the Supreme Court in BFP v. Resolution Trust Corp., transfers made pursuant to a dissolution judgment are conclusively deemed to be for reasonably equivalent value if the proceeding by which the judgment was rendered was regularly conducted under state law and non-collusive. As that was the case in this matter, the claim under Code § 548 must fail.

Summary judgment was entered for Defendant. Plaintiff appealed. District Court affirmed based on reasoning of the bankruptcy court.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

MICHAEL BATLAN,

Appellant,

Civil No. 07-6062-HO

ORDER

v.

RYAN CURTIS BLEDSOE,

Appellee.

The Chapter 7 trustee appeals the bankruptcy court's grant of summary judgment in favor of appellee on the trustee's claims under 11 U.S.C. §§ 544(b)(1) and 548(a)(1)(B) to avoid transfers under a divorce decree. This court has jurisdiction. 28 U.S.C. § 158. Factual findings of the bankruptcy court are reviewed for clear error; legal conclusions are reviewed de novo. In re Daniels-Head & Assocs., 819 F.2d 914, 918 (9th Cir. 1987).

As a matter of law, the trustee cannot prevail on his claims under Sections 544(b)(1) and 548(a)(1)(B), for the reasons stated in the opinion of the bankruptcy court. See In re

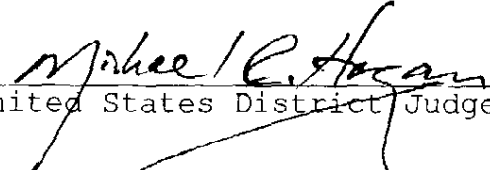
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Bledsoe, 350 B.R. 513, 520 (Bankr. D. Or. 2006). Any dispute regarding the valuation of the transfer is rendered immaterial. As he cannot prevail on his claim under Section 548(a)(1)(B), the trustee is not prejudiced by what he characterizes as the bankruptcy court's sua sponte adjudication of that claim.

Conclusion

Based on the foregoing, the judgment of the bankruptcy court is affirmed.

DATED this 7th day of June, 2007.


United States District Judge