

**IN THE UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION**

**In Re:  
Clovis L. Prince**

**Debtor**

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§  
§ **Case No.: 09-43627**  
§ **Chapter No.: 7**  
§  
§

**ORDER ON AMENDED OBJECTIONS TO DEBTOR'S EXEMPTIONS  
FILED BY AMERICAN BANK OF TEXAS AND CHAPTER 7 TRUSTEE**

On May 10, 2011, the Court heard the Amended Objections to Debtor's Exemptions ("Objections to Exemptions") filed by American Bank of Texas ("American Bank") and the Chapter 7 Trustee. The Objections to Exemptions seek to limit the amount of Debtor's claimed exemption of his homestead in Murphy, Texas, and to invalidate Debtor's claimed exemption of certain personal property. The Court exercises its core jurisdiction over this matter, *see* 28 U.S.C. § 1334 and 28 U.S.C. § 157(b)(2)(A), (B) and (O), and makes the following findings of fact and conclusions of law.

1. American Bank and the Chapter 7 trustee provided due and proper notice of the Objections to Exemptions, and the hearing thereon, in accordance with the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Eastern District of Texas.

2. Clovis Prince ("Debtor") is married to Katherine M. Robinson.

3. The real property located at 318 Covington Court, Murphy, Texas 75094 (the "Covington Court Property") is Debtor's homestead under 11 U.S.C. § 522 and Texas Property Code § 41.002. Debtor is entitled to a homestead exemption for the

Covington Court Property under 11 U.S.C. § 522 and Texas Property Code §§ 41.001-41.002.

4. Debtor has been convicted of felonies (as defined in 18 U.S.C. § 3156) in *United States of American v. Clovis Prince*, Case No. 4:09-CR-161, in the United States District Court for the Eastern District of Texas. In particular, on December 9, 2010, a jury found Debtor guilty of (1) bank fraud in connection with loans that Debtor or his companies obtained from various banks, including American Bank; (2) engaging in monetary transactions in property derived from unlawful activity; (3) making false declarations under oath in a proceeding in his bankruptcy; (4) making false declarations in the statement of financial affairs and bankruptcy schedules submitted in his bankruptcy and in the bankruptcies for companies he owns and controls; and (5) making false declarations in his Rule 2004 examination taken in his bankruptcy (the “Guilty Verdict”).

5. The Guilty Verdict includes the following specific violations of Title 18 of the United States Code:

- a. In violation of 18 U.S.C. § 1621(1), Debtor knowingly and willfully gave false testimony under oath during the creditors’ meeting on December 14, 2009 in his bankruptcy when he testified that he was not a beneficiary of the Clovis L. Prince, Katherine M. Robinson, and Tamika D. Prince Trust.
- b. In violation of 18 U.S.C. § 1621(1), Debtor knowingly and willfully gave false testimony under oath during the creditors’ meeting on December 14, 2009 when he testified that he failed to disclose transfers of real property on the Bankruptcy Schedules and Statements

of Financial Affairs in his bankruptcy and in Case No. 09-43628, *In re Crown Project Management, Inc.*; and in Case No. 09-43645, *In re C. Prince & Associates Consulting, Inc.* because he transferred, or caused the transfer, of the real property in the “normal” or “ordinary course of business.”

- c. In violation of 18 U.S.C. § 1621(2), Debtor knowingly and willfully provided false information under penalty of perjury in the Statement of Financial Affairs filed in his bankruptcy when he answered “None” to the required disclosure 10(a): “List all other property, other than property transferred in the ordinary course of business or financial affairs of the debtor, transferred either absolutely or as security within two years immediately preceding the commencement of this case.”
- d. In violation of 18 U.S.C. § 1621(2), Debtor knowingly and willfully provided false information under penalty of perjury in the Statement of Financial Affairs filed in his bankruptcy when he answered “None” in response to the required disclosure 10(b): “List all property transferred by the debtor within ten years immediately preceding the commencement of this case to a self-settled trust or similar device of which the debtor is a beneficiary.”
- e. In violation of 18 U.S.C. § 1621(2), Debtor knowingly and willfully provided false information under penalty of perjury on the Statement of Financial Affairs filed in his bankruptcy when he answered “None”

in response to the required disclosure 14: “List all property owned by another person that the debtor holds or controls.”

- f. In violation of 18 U.S.C. § 1621(2), Debtor knowingly and willfully provided false information under penalty of perjury on the Statement of Financial Affairs filed in Case No. 09-43645; *In re C. Prince & Associates Consulting, Inc.* when he answered “C. Prince & Associates sold one property in the normal course of business” in response to the required disclosure 10(a): “List all other property, other than property transferred in the ordinary course of business or financial affairs of the debtor, transferred either absolutely or as security within two years immediately preceding the commencement of this case.”
- g. In violation of 18 U.S.C. § 1621(2), Debtor knowingly and willfully provided false information under penalty of perjury on the Statement of Financial Affairs filed in Case No. 09-43628; *In re Crown Project Management, Inc.* when he answered “Crown sold some properties in the normal course of business” in response to the required disclosure 10(a): “List all other property, other than property transferred in the ordinary course of business or financial affairs of the debtor, transferred either absolutely or as security within two years immediately preceding the commencement of this case.”
- h. In violation of 18 U.S.C. § 1621(2), Debtor knowingly and willfully provided false information under penalty of perjury on the Statement of Financial Affairs filed in Case No. 09-43628; *In re Crown Project*

*Management, Inc.* when he answered “None” in response to the required disclosure 10(b): “List all property transferred by the debtor within ten years immediately preceding the commencement of this case to a self-settled trust or similar device of which the debtor is a beneficiary.”

- i. In violation of 18 U.S.C. § 1621(2), Debtor knowingly and willfully provided false information under penalty of perjury on the Schedule B—Personal Property filed in his bankruptcy when he answered “None” in response to the required disclosure 20 to list: “Contingent and noncontingent interests in the estate of a decedent, death benefit plan, list insurance policy, or trust.”
- j. In violation of 18 U.S.C. § 1621(2), Debtor knowingly and willfully provided false information under penalty of perjury on the Schedule B—Personal Property filed in his bankruptcy when he answered “None” in response to the required disclosure 35 to list: “Other personal property of any kind not already listed. Itemize.”
- k. In violation of 18 U.S.C. § 152(1), Debtor knowingly and fraudulently concealed from a trustee and other officer of the court charged with the control and custody of property, and, in connection with Debtor’s bankruptcy and Case No. 09-43628, *In re Crown Project Management, Inc.*; and Case No. 09-43645, *In re C. Prince & Associates Consulting, Inc.*, Debtor knowingly concealed from creditors and the United States Trustee property belonging to the estate of Debtor, including real

estate, an interest in the Clovis L. Prince and Katherine M. Robinson Trust, and an interest in the Clovis L. Prince, Katherine M. Robinson, and Tamika D. Prince Trust.

- l. In violation of 18 U.S.C. § 152(2), Debtor knowingly and fraudulently provided false information under penalty of perjury on Schedule A—Real Estate, Schedule B—Personal Property, and Statement of Financial Affairs, and knowingly and willfully gave false testimony under oath at the creditors’ meetings on December 14, 2009, when Debtor falsely claimed that real estate transfers were made in the “normal” or “ordinary course of business” and falsely denied that he was a beneficiary of the Clovis L. Prince, Katherine M. Robinson, and Tamika D. Prince Trust in his bankruptcy and in Case No. 09-43628, *In re Crown Project Management, Inc.*; and in Case No. 09-43645, *In re C. Prince & Associates Consulting, Inc.*
- m. In violation of 18 U.S.C. § 152(3), Debtor knowingly and fraudulently provided false information under penalty of perjury on the Bankruptcy Schedules and Statements of Financial Affairs filed in his bankruptcy and in Case No. 09-43628, *In re Crown Project Management, Inc.*; and in Case No. 09-43645, *In re C. Prince & Associates Consulting, Inc.* when he failed to disclose property transfers and interests in real estate and trusts.
- n. In violation of 18 U.S.C. § 152(9), Debtor knowingly and fraudulently withheld recorded information, including books, documents, records,

and papers, relating to the property and financial affairs of a debtor, namely recorded information concerning the Clovis L. Prince, Katherine M. Robinson, and Tamika D. Prince Trust, from a custodian, trustee, marshal, or other officer of the Court and a United States Trustee who were entitled to possession of the recorded information.

- o. In violation of 18 U.S.C. § 157(3), having devised and intending to devise a scheme and artifice to defraud and for the purpose of executing and concealing such scheme and artifice and attempting to do so, Debtor made false and fraudulent representations, claims, and promises when he fraudulently failed to disclose property transfers and falsely denied the existence of interests in real estate and trusts in his bankruptcy and in Case No. 09-43628, *In re Crown Project Management, Inc.*; and in Case No. 09-43645, *In re C. Prince & Associates Consulting, Inc.*

6. Section 522(q)(1)(A) of the Bankruptcy Code limits a debtor's homestead exemption limit where "the debtor has been convicted of a felony ... which under the circumstances, demonstrates that the filing of the case was an abuse of the provisions of this title." Here, the Guilty Verdict demonstrates that the filing of Debtor's bankruptcy was an abuse of the provisions of Title 11 of the Bankruptcy Code. Accordingly, in this case, § 522(q)(1)(A) of the Bankruptcy Code limits the amount of Debtor's homestead exemption for the Covington Court Property to \$146,450.00.

7. American Bank has carried its burden to establish that Debtor is not entitled to an exemption for the “American Fund IRA” identified in Schedule C of Debtor’s Bankruptcy Schedules. The objection to Debtor’s exemption for the “American Fund IRA” is hereby sustained.

8. American Bank has carried its burden to establish that Debtor is not entitled to exemptions for the “Books,” “Pictures,” “Sports memorabilia,” “Movies (“DVDs),” and “Music (Compact discs)” identified in Schedule C of Debtor’s Bankruptcy Schedules. The objection to Debtor’s exemptions for the “Books,” “Pictures,” “Sports memorabilia,” “Movies (“DVDs),” and “Music (Compact discs)” identified in Schedule C of Debtor’s Bankruptcy Schedules is hereby sustained.

9. American Bank has carried its burden to establish that Debtor is not entitled to an exemption for the “Clothing (including accessories and shoes)” identified in Schedule C of Debtor’s Bankruptcy Schedules to the extent that any amount attributable to the clothing exceeding Debtor’s claimed exemption inures to the benefit of the Bankruptcy Estate. The objection to Debtor’s exemption for the Clothing (including accessories and shoes)” is hereby sustained to the extent that any amount attributable to the clothing exceeding Debtor’s claimed exemption inures to the benefit of the Bankruptcy Estate

10. American Bank has carried its burden to establish that Debtor is not entitled to an exemption for the “2002 Lexus SC430,” or any amounts attributable to it, identified in Schedule C of Debtor’s Bankruptcy Schedules to the extent that any amount attributable to the Lexus exceeding Debtor’s claimed exemption inures to the benefit of the Bankruptcy Estate. The objection to Debtor’s exemption for the “2002 Lexus



SC430,” including any amounts attributable to it, is hereby sustained to the extent that any amount attributable to the Lexus exceeding Debtor’s claimed exemption inures to the benefit of the Bankruptcy Estate.

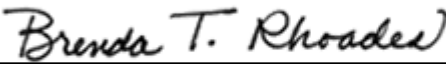
11. American Bank has carried its burden to establish that Debtor is not entitled to exemptions for the “Wedding rings” and “Watches” identified in Schedule C of Debtor’s Bankruptcy Schedules. The objection to Debtor’s exemptions for the “Wedding rings” and “Watches” is hereby sustained.

**IT IS THEREFORE ORDERED** that the Objections to Exemptions are hereby **SUSTAINED** as specified above.

**IT IS FURTHER ORDERED** that the Chapter 7 Trustee may immediately take all steps necessary to sell the Covington Court Property.

**IT IS FURTHER ORDERED** that Debtor and any and all parties with any interest in the Covington Court Property shall cooperate with the Chapter 7 Trustee’s efforts to sell the Covington Court Property.

Signed on 7/25/2011

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HONORABLE BRENDA T. RHOADES,  
CHIEF UNITED STATES BANKRUPTCY JUDGE