**SO ORDERED,**

**Judge Jamie A. Wilson**
**United States Bankruptcy Judge**
**Date Signed: May 19, 2026**

**The Order of the Court is set forth below. The docket reflects the date entered.**

**UNITED STATES BANKRUPTCY COURT**
**SOUTHERN DISTRICT OF MISSISSIPPI**

**IN RE:**

**JOYCE M. HEWITT,** **CASE NO. 24-02654-JAW**

**DEBTOR.** **CHAPTER 7**

**ORDER RESOLVING ORDER TO SHOW CAUSE AND**
**<u>DENYING DEBTOR'S MOTION TO DISMISS CHAPTER 7 CASE</u>**

This matter came before the Court for hearing on May 11, 2026 (the "Hearing"), on the Order to Show Cause (the "Show Cause Order") (Dkt. #123) issued to the Debtor and her counsel of record, G. Adam Sanford; the Motion To Dismiss Chapter 7 Case (the "Motion to Dismiss") (Dkt. #121) filed by the debtor, Joyce M. Hewitt (the "Debtor"), and the Trustee's Objection to Debtor's Motion to Dismiss Chapter 7 Case (Dkt. #124) filed by Stephen Smith, the chapter 7 trustee (the "Chapter 7 Trustee"), in the above-referenced bankruptcy case (the "Chapter 7 Case").

At the time of the bankruptcy filing, the Debtor was represented by Adam Sanford ("Sanford"), but at the Hearing, the Debtor terminated Sanford's representation and appeared *pro se*. The Chapter 7 Trustee, Stephen Smith, was present and was represented by Eileen N. Shaffer.

## JURISDICTION

This Court has jurisdiction over the parties and the subject matter of this proceeding pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and

(O). Notice of the Hearing was proper under the circumstances.

## FACTS[1]

The Debtor filed a chapter 7 petition for relief (Dkt. #1) on November 12, 2024. Stephen Smith was appointed the chapter 7 trustee (the "Chapter 7 Trustee"). Accompanying the Petition were the Debtor's original Schedules A-J, Statement of Financial Affairs and other requisite documents signed under penalty of perjury. (Dkt. #3). On Schedule A/B, the Debtor indicated that her residence at 133 Buckingham Palace in Brandon, Mississippi[2] was the only real property in which she held an interest. (Dkt. #3).

**Debtor's Amendments to Schedules & Statement of Financial Affairs**

The United States Trustee ("UST") conducted an examination of the Debtor pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure on February 25, 2025. (Dkt. #21). That same afternoon, the Debtor amended Schedules A/B, I, and J (Dkt. #23) and her Statement of Financial Affairs (Dkt. #24). Later, on March 26, 2025, the Debtor also amended Schedule E/F. (Dkt. #25). These amendments are summarized below:

1. *Amended Schedule A/B: Property*

The Debtor added two unencumbered real properties located at:

- 649 Forest Avenue, Jackson, Mississippi; and
- 116 Mason Boulevard, Jackson, Mississippi

(the "Properties"). (Dkt. #23 at 4). The Debtor also listed six additional deposit of money accounts (Dkt. #23 at 7); 100% ownership interest in a company (Dkt. #23 at 7); and two term life insurance policies (Dkt. #23 at 9).

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[1] The following findings of fact and conclusions of law are made pursuant to Rules 7052 and 9014(c) of the Federal Rules of Bankruptcy Procedure. To the extent any of the findings of fact herein are considered conclusions of law, they are adopted as such, and vice versa.

[2] At the Hearing, the Trustee estimated the value of Debtor's residence to be $743,600. (Hr'g at 1:53 (May 11, 2026)). The Hearing was not transcribed. Citations are to the timestamp of the audio recording.

2. *Amended Schedule I: Income*

The Debtor listed an additional $4,231.61 per month in VA disability income, which increased her total monthly income from $8,092.83 to $12,324.44. (Dkt. #23 at 12).

3. *Amended Schedule J: Expenses*

The Debtor added three dependents to her household size and increased her monthly expenses from $5,015 to $9,176. (Dkt. #23 at 13-15)

4. *Amended Schedule E/F: Creditors Who Have Unsecured Claims*

The Debtor added fifteen creditors, which increased her unsecured debt from $156,633 to $170,821.13. (Dkt. #25 at 16).

**UST's Adversary Proceeding To Deny the Debtor's Discharge**

On April 7, 2025, the United States Trustee ("UST") initiated an adversary proceeding asking the Court to deny the Debtor a discharge under 11 U.S.C. § 727(a)(2)(B) and § 727(a)(4)(A) for concealing estate property and making a material false oath by failing to disclose estate assets on her original schedules. *See United States Trustee v. Joyce M. Hewitt*, Adv. Proc. 25-00006-JAW, Adv. Dkt. #1 (the "Adversary"). The Debtor was represented by Sanford in the Adversary.

**Divorce Proceedings & Violation of the Automatic Stay**

The day after the Adversary was filed, April 8, 2025, the Debtor initiated divorce proceedings in the Chancery Court of Rankin County, Mississippi, 61CH1:25-cv-00592 (Dkt. #59). The Debtor filed the divorce complaint without first obtaining relief from the automatic stay or the stay being otherwise terminated.[3]

[3] In her divorce proceedings, the Debtor was represented by different counsel who was unaware of her bankruptcy filing. (Hr'g at 1:50 (May 11, 2026)).

**Trustee's Notice of Assets & Debtor's Motion to Convert to Chapter 13**

The Chapter 7 Trustee determined that the original Chapter 7 Case was an asset case and filed a Notice to Creditors To File Proofs of Claim (Dkt. #30) on April 23, 2025. One day later, April 24, 2025, the Debtor filed the Motion to Convert (Dkt. #31, #33) her Chapter 7 Case to a chapter 13 case. The Chapter 7 Trustee objected to the conversion. (Dkt. #32). The Debtor and the Chapter 7 Trustees reached a settlement, and an agreed order (the "Agreed Conversion Order") (Dkt. #40) was entered on June 2, 2025, converting the Debtor's Chapter 7 Case to a chapter 13 case (the "Chapter 13 Case"). Harold J. Barkley, Jr. was appointed the chapter 13 trustee (the "Chapter 13 Trustee").

The Agreed Conversion Order contained this important caveat:

> If the Debtor becomes more than sixty (60) days delinquent in making plan payments, or if the Debtor fails to comply with any other requirements while in the chapter 13 case, *this case shall not be dismissed* but shall only be converted back to a chapter 7 proceeding.

(Dkt. #40 at 2) (emphasis added).

**Settlement of UST's Adversary Proceeding**

Corresponding to the entry of the Agreed Conversion Order, the UST and the Debtor settled the Adversary. An Agreed Order (the "Agreed Withdrawal Order") (Adv. Dkt. #8) withdrawing the United States Trustee's Complaint Objecting to Discharge (Adv. Dkt. #1) was entered without prejudice on June 4, 2025.

**Debtor's Motion for Limited Stay Relief As to Divorce Proceedings**

On June 24, 2025, the Debtor filed in the Chapter 13 Case a motion for *limited* relief from the automatic stay to allow the divorce proceedings to continue. (Dkt. #59). The limitation was this Court's retention of exclusive jurisdiction with respect to the enforcement of any settlement agreement in the divorce proceedings affecting property of the bankruptcy estate. (Dkt. #59). The

Chapter 13 Trustee filed a response objecting to any property settlement agreement that transferred the Properties to the Debtor's husband. (Dkt. #65).

At the hearing on the stay motion on August 11, 2025, the parties announced a settlement. (Dkt. #67). By local rule, the parties should have submitted an agreed order within fourteen days of the hearing. MISS. BANKR. L.R. 9013-1(e). When the parties missed that deadline, the Court issued an order to show cause. (Dkt. #76). At the hearing on the show cause order on September 22, 2025, Sanford asked the Court for an additional two weeks to obtain the Debtor's signature. (Hr'g at 10:02 (Sept. 22, 2025)). Apparently, a proposed agreed order had already been drafted and circulated but had not yet been signed by the Debtor. The Court granted Debtor's counsel's request. That extended deadline expired without the submission of an agreed order signed by the Debtor. Instead, the Debtor submitted an order withdrawing the Stay Motion on October 20, 2025. (Dkt. #82). No other similar motion for relief from the stay was ever filed, and the divorce proceedings continued despite the automatic stay being in effect.

**Chapter 13 Trustee's Motion to Convert to Chapter 7**

The Debtor's Chapter 13 Plan (the "Plan") (Dkt. #88) was confirmed on October 24, 2025. Her Plan payments totaled $1,555 per month over five years. She had originally proposed to pay only $400 per month but amended the Plan to increase the distribution to unsecured creditors after the Chapter 13 Trustee objected. (Dkt. #69). She paid the mortgage of $2,881.93 per month directly to the lender. General unsecured creditors with debt totaling $170,821.13 would receive only $79,850 over five years through the Plan. (Dkt. #25 at 16, #88).

The Debtor became delinquent in her chapter 13 plan payments. On December 1, 2025, she filed a motion asking the Court to suspend her Plan payments through November 2025 because she was unpaid during the federal government shutdown that lasted from October 1, 2025 through

November 12, 2025. (Dkt. #94). The Court granted the motion and instructed the Chapter 13 Trustee to modify the Plan payment accordingly. (Dkt. #101). On January 7, 2026, the Chapter 13 Trustee amended the wage order to increase Plan payments to $1,700 per month to account for the suspended payments. (Dkt. #103). The Debtor never cured the deficiency after the government shutdown ended in November. During the four months her Chapter 13 Plan was in effect, the Debtor paid only $2,100. (Dkt. #114).

By the end of February 2026, the Debtor had become more than sixty days delinquent in her Plan payments. (Dkt. #106). The Chapter 13 Trustee filed a Motion to Convert (Dkt. #106), citing the Agreed Conversion Order as grounds. An order was entered re-converting the Chapter 13 Case to a chapter 7 case. (Dkt. #108). The same Chapter 7 Trustee, Stephen Smith, was appointed in the re-converted Chapter 7 Case. The Debtor claimed at the Hearing that she was unaware that her case had been converted to a chapter 7 case. (Hr'g at 1:44 (May 11, 2026)). Her signature, however, appears on the Agreed Conversion Order, and she made no Plan payments after the conversion.

**Chapter 7 Trustee's Efforts to Sell the Properties**

The Chapter 7 Trustee determined that the Properties did not qualify as exempt property and began the process of selling the Properties pursuant to 11 U.S.C. § 363(h). (Hr'g at 1:49, 1:53 (May 11, 2026)). On March 17, 2026, he filed an application to employ an auctioneer, Benny Taylor and Taylor Auction & Realty, Inc., "to liquidate real property of the bankruptcy estate." (Dkt. #115). The Chapter 7 Trustee also filed an application to employ the law firm Watkins & Eager PLLC "to advise him on real estate matters" and undertake "necessary steps to obtain possession and liquidate assets of the Bankruptcy Estate." (Dkt. #118). The Court approved both employment applications without objection. (Dkt. #116, #119).

**Divorce Decree & Debtor's Attempted Transfer of Properties**

The day after the application to employ an auctioneer and notwithstanding that the automatic stay was never lifted, the Chancery Court entered a final Judgment of Divorce (the "Divorce Decree") on March 18, 2026. The Divorce Decree incorporated a property settlement agreement that transferred the Properties to the Debtor's husband as part of the division of their marital assets.[4] (the "Property Settlement Agreement") (Hr'g at 1:50 (May 11, 2026)).

**Debtor's Motion to Dismiss & Show Cause Order**

On April 3, 2026, the Debtor filed the Motion to Dismiss under 11 U.S.C. § 707(a). Attached as exhibits to the Motion to Dismiss are the Declaration of Joyce M. Hewitt (Dkt. #121 at 8-9) and emails between the Debtor and Sanford, her counsel of record (Dkt. #121 at 10). Because the Motion to Dismiss was filed by the Debtor *pro se* and was unsigned by Sanford, the Court issued the Show Cause Order requiring the Debtor to explain why the Motion to Dismiss should not be stricken from the record. *See* MISS. BANKR. L.R. 9010-1(b)(3).

**Debtor's Motion to Dismiss & Chapter 7 Trustee's Response**

In the Motion to Dismiss, the Debtor states that dismissal of the re-converted Chapter 7 Case is necessary because "the real properties *previously associated* with this case were awarded to the Debtor's ex-husband" in her divorce proceedings.[5] (Dkt. #121 at 2) (emphasis added). Her statement is misleading. As the Chapter 7 Trustee explained at the Hearing, the Property Settlement Agreement was approved through proceedings conducted in violation of the automatic stay. (Hr'g at 1:51 (May 11, 2026)). The Chapter 7 Trustee retained attorney Eileen Schaffer to represent him in the divorce proceedings to set aside the Property Settlement Agreement and specifically to void

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[4] The Debtor knew that the Chapter 13 Trustee had previously objected to the transfer of the Properties to the Debtor's ex-husband. (Dkt. #65). Further, her own motion for relief from the stay recognized that only the Bankruptcy Court could approve the Property Settlement Agreement between her and her ex-husband. (Dkt. #59).

[5] The "Properties" have always been part of the Debtor's bankruptcy estate. 11 U.S.C. § 541(a).

the deeds transferring the Properties to the Debtor's ex-husband.[6] The Chancellor promptly entered an order on April 9, 2026 setting aside the Property Settlement Agreement. (Hr'g at 1:50 (May 11, 2026)). As a result, the Properties were returned to the estate before the Hearing, despite the Debtor's statement to the contrary.

In anticipation of any argument that her case should be converted back to a Chapter 13 Case rather than dismissed, the Debtor alleges that she lacks sufficient disposable income to fund a chapter 13 plan. (Dkt. #121 at 2). She alleges that she pays $1,000 per month in alimony, an additional expense. (Dkt. #121 at 2). The alimony payments and her monthly living expenses, according to the Debtor, result in a substantial deficit each month but she does not calculate the precise amount. The Debtor claims that she does not seek "to avoid her financial obligations" but only "to address them outside of bankruptcy."

The Chapter 7 Trustee opposes the dismissal of the re-converted Chapter 7 Case. (Dkt. #124). He contends that the Debtor filed the Motion to Dismiss in bad faith.

## DISCUSSION

Both the Show Cause Order and Motion to Dismiss were heard at the same time and both are the subject of this Order.

### A. The Show Cause Order is dismissed.

Rule 9011 of the Federal Rules of Bankruptcy Procedure ("Rule 9011(a)") requires every pleading, motion, and other paper to be signed by an attorney of record. *See* MISS. BANKR. L.R. 9010-1(b)(3). The Motion to Dismiss was unsigned by Sanford and did not comply with Rule 9011(a). At the Hearing, the Court explained to the Debtor that she cannot be a *pro se* litigant while represented by counsel. The Debtor informed the Court that she no longer wished to be represented

[6] This caused the estate to incur additional administrative costs at the expense of creditors.

by Sanford. The Court signed an agreed order granting their *ore tenus* motion allowing Sanford to withdraw. (Dkt. #132). The Debtor's status as a *pro se* litigant having been established, the Court declines to strike the Motion to Dismiss and dismisses the Show Cause Order.

**B. The Motion to Dismiss is denied as a bad faith filing.**

Section 707(a) provides that a court may dismiss a chapter 7 case "only after notice and a hearing and *only for cause*." 11 U.S.C. § 707(a). Although the Code does not specifically contemplate a debtor's request for dismissal, § 707(a) governs *all* requests for dismissal. *See Mann v. Am. Federated Life Ins. Co.*, 215 B.R. 822, 823 (S.D. Miss. 1997) (discussing a debtor's attempt to voluntarily dismiss a chapter 11 case). Thus, the "for cause" provision applies to a debtor seeking voluntary dismissal of his chapter 7 case. *Id.*

Courts have formulated various standards for determining whether cause exists for the voluntary dismissal of a chapter 7 case. In general, the determination requires a balancing of the best interests of the debtor and creditors of the estate. *Peterson v. Atlas Supply Corp. (In re Atlas Supply Corp.)*, 857 F.2d 1061 (5th Cir. 1988). A "debtor's interest lies in securing a fresh start while [a] creditor's interest concerns the prejudice and delay encountered in pursuing its claim." *In re MacDonald*, 73 B.R. 254, 256 (Bankr. N.D. Ohio 1987).

**1. Debtor's Bad Faith Conduct**

An important factor in determining whether to grant a debtor's § 707(a) motion to dismiss is whether the debtor acted in good faith. *In re Wilcox*, 539 B.R. 137, 147 (Bankr. S.D. Tex. 2015); *In re Jabarin*, 395 B.R. 330, 340 (Bankr. E.D. Pa. 2008) ("Limiting voluntary dismissal to debtors who are acting in good faith simply may be an example of the general principle that courts do not reward anyone who is trying to manipulate the court system."). Generally, a debtor should not be allowed to end the bankruptcy process after having already reaped the benefit from the imposition of the automatic stay. *In re Cochener*, 360 B.R. 542, 577 (Bankr. S.D. Tex. 2007) (filing a chapter 7 petition to benefit from the automatic stay and then filing a motion to dismiss to avoid being examined under oath at the meeting of creditors constitutes "bad faith tactics").

The actions of the Debtor show that she seeks dismissal of her Chapter 7 Case because the Chapter 7 Trustee has targeted the Properties for sale. The sale process will provide a source of distribution to unsecured creditors who might otherwise receive nothing. The Debtor's attempt to dismiss her Chapter 7 Case is an effort to prevent creditors from receiving those sale proceeds.

As a preliminary matter, the Court notes that by seeking the dismissal of her Chapter 7 Case, the Debtor seeks to circumvent her agreement with the Chapter 7 Trustee and UST not to dismiss her case. Based on that agreement, the Chapter 7 Trustee consented to the conversion of her Chapter 7 Case to a Chapter 13, and the UST agreed to withdraw the Adversary. The intent of the agreement was for the Debtor to remain in a bankruptcy case. There is nothing in the record to suggest that the parties ever contemplated the dismissal of the Debtor's case. After having benefited from the conversion, the dismissal of the Adversary, and the protections afforded by the bankruptcy filing since November 12, 2024, the Debtor now attempts to disregard her agreement to the detriment of creditors.

It appears that from the beginning of her case, the Debtor intended to transfer the Properties to her ex-husband as part of the division of their marital assets in divorce proceedings. She did not initially disclose the Properties in Schedule A/B and did so only after the UST's Rule 2004 examination. "A chapter 7 case involves a *quid pro quo*: debtors receive a discharge and, in exchange, make full disclosure about their financial affairs, especially their assets, and surrender their nonexempt assets to the trustee for liquidation and distribution among creditors." *In re Mosby*, 244 B.R. 79, 85 (Bankr. E.D. Va. 2000) (citation omitted).

The Debtor initiated the divorce proceedings without first obtaining relief from the automatic stay and then refused to sign an agreed order that would have granted her stay relief but also would have retained this Court's jurisdiction over the enforcement of any agreement affecting the Properties. The filing of the after-the-fact Stay Motion indicates that the Debtor was aware at that time that the divorce proceedings could not continue in the absence of relief from the automatic stay and that any Property Settlement Agreement must be approved by the Bankruptcy Court, but she moved forward with the divorce proceedings anyway in order to effectuate the transfer of the Properties to her husband.

Throughout her bankruptcy case, the Debtor has engaged in procedural wranglings by converting and reconverting her case. After the Chapter 7 Trustee provided creditors notice of nonexempt assets, the Debtor converted her Chapter 7 Case to the Chapter 13 Case. The Debtor's case did not proceed as a chapter 13 case for long. She became delinquent in her Plan payments and reconverted her case to chapter 7. The re-conversion to a chapter 7 case meant the Properties were subject to liquidation by the Chapter 7 Trustee, who hired an auctioneer and law firm to handle the sales process. Despite these efforts by the Chapter 7 Trustee to sell the Properties, the Debtor transferred the Properties to her ex-husband in her divorce proceedings. After the Chapter 7 Trustee moved to set aside the Divorce Decree, the Debtor filed the present Motion to Dismiss.

The Court did not find the Debtor's explanation at the Hearing credible or persuasive. She said that her ex-husband resides at one of the Properties, and if he is forced to vacate, he might attempt to move into her current residence, which would create problems for her. (Hr'g at 1:48 (May 11, 2026)). That the Debtor will benefit from the dismissal (by thwarting the sale of the Properties) is not sufficient cause for granting the dismissal.

The Debtor engaged in bad faith conduct with regard to assets other than the Properties. She failed to disclose six other deposit of money accounts, her 100% ownership interest in a company, and two term life insurance policies. The Debtor was required to file schedules that disclose for the benefit of her creditors *all* interests and property rights. 11 U.S.C. § 521; *Faden v. Ins. Co. of N.A.* (*In re Faden)*, 96 F.3d 792 (5th Cir. 1996).

**2. Prejudice to Creditors**

The bankruptcy process provides an orderly process for distributing assets recovered by the Chapter 7 Trustee. If the Chapter 7 Case is dismissed, that orderly process ends. The Debtor has not proposed to offset the prejudice to her creditors if the Chapter 7 Case is dismissed by proposing a plan for paying their claims outside of bankruptcy. Although she resides in a home with an estimated value of $743,600 and receives an income of $12,324.44 per month (Dkt. #23 at 12), the Court is not convinced that the Debtor will pay creditors as much as they would receive in the Chapter 7 Case. (Hr'g at 1:53 (May 11, 2026)). During the brief period when her case was a Chapter 13 Case, the Debtor was unable to remain current on her Plan payments (Dkt. #88), which required her to pay only about 47% of unsecured creditors' claims. (Dkt. #88; Hr'g at 1:46, 1:52 (May 11, 2026)). Allowing the Debtor to dismiss the Chapter 7 Case at this juncture would pose a greater risk to creditors that they will not be paid and does not protect the integrity of the bankruptcy system against abuse.

The Court finds that the Debtor has not provided a legitimate basis to dismiss the Chapter 7 Case and that dismissal of the Chapter 7 Case is not in the best interest of creditors.

IT IS, THEREFORE, ORDERED that the Show Cause Order is dismissed.

IT IS FURTHER ORDERED that the Motion to Dismiss is denied.

##END OF ORDER##