

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Greenbelt Division)**

<p>In re:</p> <p>HAROLD O. ALEXANDER and PATRICIA D. ALEXANDER,</p> <p style="text-align: center;">Debtor.</p>	<p style="text-align: center;">Case No. 13-23848-WIL Chapter 7</p>
<p>JUDY A. ROBBINS UNITED STATES TRUSTEE,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>HAROLD O. ALEXANDER and PATRICIA D. ALEXANDER,</p> <p style="text-align: center;">Defendant.</p>	<p style="text-align: center;">Adversary No.:</p>

COMPLAINT TO DENY DISCHARGE OF DEBTOR

Plaintiff Judy A. Robbins, the United States Trustee for Region 4 (“United States Trustee”), by counsel, hereby files this Complaint, pursuant to Sections 727(a)(2), (a)(3), and (a)(4)(A) of the Bankruptcy Code, objecting to the discharge of Harold O. Alexander and Patricia D. Alexander (“Defendants”). In support of this Complaint, the United States Trustee states as follows:

Jurisdiction and Venue

1. This case was filed under the liquidating provisions of Chapter 7 of the United States Bankruptcy Code on August 14, 2013 (“Petition Date”).
2. Steven H. Greenfeld (“Chapter 7 Trustee”) was appointed and continues to serve as Chapter 7 Trustee.

3. The last day to object the Defendant's discharge is February 18, 2014. This complaint is timely filed.

4. This Court has jurisdiction over this proceeding pursuant to 28 U.S.C. § 1334 and 11 U.S.C. § 727. This is a core proceeding under 28 U.S.C. § 157(b)(2)(J). Pursuant to Local Rule 7012-1, the United States Trustee consents to the entry of a final order or judgment by the Bankruptcy Court in this matter.

5. Venue in this Court is proper pursuant to 28 U.S.C. § 1409(a).

6. The United States Trustee has standing to file this complaint under 11 U.S.C. § 307 and Fed. R. Bankr. P. 4004.

Parties

7. The Plaintiff is the United States Trustee for Region 4.

8. The Defendant is the Chapter 7 Debtor herein.

FACTS COMMON TO ALL COUNTS

9. The allegations contained in paragraphs 1 - 8 are incorporated herein by reference.

10. Dr. Harold O. Alexander, one of the Defendants, is a practicing obstetrician and gynecologist.

11. Dr. Alexander has only an office practice. He does not have hospital privileges.

12. At the Section 341 Meeting of Creditors conducted on September 17, 2013, Dr. Alexander testified that he does not accept insurance payments. He testified that his patients pay cash.

13. Dr. Alexander has been and continues to practice medicine without medical malpractice insurance.

14. Dr. Alexander has practiced and continues to practice with Integrated OB/GYN, which is a trust company that Dr. Alexander established to limit his tax exposure. Dr. Alexander is the only physician practicing with Integrated OB/GYN and is its Managing Member.

15. According to Schedule I, Dr. Alexander earns \$9,086 per month from his practice with Integrated OB/GYN.

16. According to Schedule I, Dr. Alexander was not employed from August 23, 2012 through May 2013 due to a suspension of his medical license. Dr. Alexander returned to work on June 1, 2013.

17. According to Schedule I, Mrs. Alexander is a substitute teacher in Prince George's County for which she earns \$74.75 per month.

18. On or about October 14, 2011, Dr. Alexander was sued by Shannon Hall for medical malpractice. After a jury trial, judgment was entered in favor of Ms. Hall and against Dr. Alexander in the amount of \$1,070,636.27 on February 2, 2013. Ultimately, the Circuit Court for Prince George's County reduced the judgment to \$650,000 on March 20, 2013.

COUNT I

**Objection to Discharge 11 U.S.C. § 727(a)(2)
(Transferred or concealed property of the debtor or estate with
intent to hinder, delay or defraud a creditor, within one year before
the date of filing the petition or after the petition date)**

19. The allegations contained in paragraphs 1 - 18 are incorporated herein by reference.

20. The Defendants, with intent to hinder, delay, or defraud a creditor or an officer of the estate charged with custody of property under this title, have transferred, removed, destroyed, mutilated, or concealed, or have permitted to be transferred, removed, destroyed, mutilated or concealed property of the Defendants within one year before the Petition Date.

21. The Defendants, with intent to hinder, delay, or defraud a creditor or an officer of the estate charged with custody of property under this title, have transferred, removed, destroyed, mutilated, or concealed, or have permitted to be transferred, removed, destroyed, mutilated or concealed property of the estate after the date of the filing of the petition.

TRANSFER OF MEDICAL EQUIPMENT

22. On December 31, 2012, which was within one year of the Petition Date, and while Ms. Hall's case against Dr. Alexander was pending, Dr. Alexander sold to Dr. Jabaka Moore, a doctor with whom he shares office space, for \$5,000 the following medical equipment:

- Operating Room Table
- All surgical instruments
- Ultrasound machine
- 5-Suction units
- Backup battery
- Hysteroscope
- Cardiac Monitor
- Pulseoximeter
- Autoclave
- Defibulator
- Banyan Crash Cart

23. On information and belief, the medical equipment that Dr. Alexander sold to Dr. Moore was not appraised prior to its sale.

24. On December 1, 2010, Dr. Alexander testified, under oath, at what is known as an asset deposition taken by Ms. Hall, that he owned no large equipment. Despite the fact that Dr.

Alexander and Integrated OB/GYN owned the equipment listed in paragraph 22, Dr. Alexander testified that he had no equipment and that he used Dr. Moore's equipment.

25. On Integrated OB/GYN's Balance Sheet ending December 31, 2012, Integrated OB/GYN states that it has a computer valued at \$10,000 and Office Equipment valued at \$9,000.

26. Dr. Alexander transferred the equipment, as described in paragraph 22, to Dr. Moore with the intent to hinder, delay or defraud a creditor.

CONVERTED CASH INTO A NON-LIQUID ASSET

27. On January 29, 2012, while the Hall medical malpractice case was pending, Dr. Alexander, with a third party named Sheila Tate-Christian, purchased a timeshare in Williamsburg, Virginia for which they paid \$34,743.88.

28. On information and belief, for the Williamsburg timeshare, Dr. Alexander and Sheila Tate-Christian paid \$11,089 in cash and received a loan for \$23,653.88 for which they are obligated to pay \$411.10 a month.

29. With the intent to hinder, delay or defraud a creditor, Dr. Alexander converted liquid cash into a non-liquid timeshare.

CONCEALING BANK ACCOUNTS

30. On information and belief, the Defendants are concealing bank accounts.

31. Although the Defendants state on Schedule I that Dr. Alexander earns \$9,086 per month from Integrated OB/GYN, there are no such deposit amounts in any of the bank statements produced to the United States Trustee.

32. The Defendants' mortgage payment to Ocwen Loan Servicing, LLC is \$6,852.59 per month.

33. The Defendants are current on their mortgage payments to Ocwen Loan Servicing, LLC.

34. There are no withdrawals shown on any of the bank account statements produced by the Defendants to the United States Trustee that reflect the monthly mortgage payments.

35. The Defendants have a Home Equity Line of Credit ("Line of Credit) with USAA Federal Savings Bank. The monthly amount due on the Line of Credit is \$1,282.27.

36. The Defendants are current on the payments due on the Line of Credit.

37. There are no withdrawals shown on the Defendants' bank accounts produced to the United States Trustee that reflect any payments on the Line of Credit.

38. The Defendants, with the intent to hinder, delay or defraud a creditor have concealed bank accounts.

39. Thus, the Defendants are not entitled to a discharge pursuant to 11 U.S.C. § 727(a)(2).

COUNT II
Objection to Discharge 11 U.S.C. § 727(a)(3)
(Failure to Keep or Preserve Recorded Information)

40. The allegations contained in paragraphs 1 -39 are incorporated herein by reference.

41. The Defendants have concealed, destroyed, mutilated, falsified, or failed to keep or preserve any recorded information, including books, documents, records, and papers, from which the Defendants' financial condition or business transactions might be ascertained.

42. The United States Trustee has requested certain information from the Defendants to which no answer has been provided to date. In particular, the Defendants need to provide

documents to support the following:

- a. According to Integrated OB/GYN's 2012 Balance Sheet, it had \$20,000 in accounts receivable. Given that Integrated OB/GYN primarily services self-pay clients, the Defendants need to provide documents to evidence the account receivable.
- b. According to Integrated OB/GYN's 2012 Profit & Loss Statement, it had \$120 in wire fees. Given that Integrated OB/GYN primarily services self-pay clients, the Defendants need to provide documents to show from whom they are receiving or sending wired funds.
- c. According to Integrated OB/GYN's 2011 Profit & Loss Statement, it has more than \$13,000 in loans. The Defendants need to provide documents to evidence these loans.

43. The Defendants need to produce Integrated OB/GYN's 2011 Balance Sheet.

44. The Defendants need to produce Integrated OB/GYN's 2013 financial statements, including the Balance Sheet and Profit & Loss Statement.

45. The failure of the Defendants to produce any of these documents or other documents reasonably requested during discovery may constitute a violation of 11 U.S.C. § 727(a)(3) for the Defendants' concealment, destruction, mutilation and/or failure to keep or preserve any recorded information from which his financial condition or business transactions might be ascertained. Accordingly, the Defendants are not entitled to a discharge pursuant to 11 U.S.C. § 727(a)(3).

COUNT III
Objection to Discharge 11 U.S.C. § 727(a)(4)(A)
(False Oath)

46. The allegations contained in paragraphs 1 - 45 are incorporated herein by reference.

47. The Defendants have made false oaths on their Schedules and SOFA.

48. The Defendants' false oaths were made willfully with the intent to defraud.

49. The Defendants signed the Schedules under the penalties of perjury.

50. The Defendants signed the SOFA under the penalties of perjury.

51. In response to Question No. 1 on the SOFA, the Defendants stated that they earned only \$21,505.50 in 2012.

52. In response to Question No. 2 on the SOFA, the Defendants stated that they earned only \$148 in taxable interest in 2011. There is no income for 2012 listed in response to Question No. 2 on the SOFA.

53. Integrated OB/GYN's Balance Sheet ending December 31, 2012, shows "Draws" by the "Owner" of \$141,817.57.

54. The Defendants committed a false oath by not including the "Draws" in response to Question No. 1 or Question No. 2 on the SOFA.

55. The Defendants did not produce a balance sheet for Integrated OB/GYN for 2011, so the amount of Dr. Alexander's draws for 2011 is not known by the United States Trustee at this time. If Dr. Alexander received draws in 2011 from Integrated OB/GYN and the draws were not included in response to Questions No. 1 or 2, then such omission would constitute a

false oath.

56. The Defendants did not identify Integrated OB/GYN as a creditor on Schedule F.

57. In 2011, the Defendants' mortgage payments exceeded their income by \$48,561.08.

58. In 2012, the Defendants mortgage payments exceeded their income by \$60,725.58.

59. The Defendants' payments on their mortgage and Line of Credit totaled \$97,614.72 per year.

60. In 2011, the Defendants' payments on their mortgage and Line of Credit exceeded their income by \$63,944.72.

61. In 2012, the Defendants' payments on their mortgage and Line of Credit exceeded their income by \$76,109.22.

62. In 2012, Dr. Alexander satisfied the lien on a 2008 Lincoln Navigator. The lien amount was \$21,292.26.

63. According to the Profit & Loss Statement for January through December 2012, Integrated OB/GYN had a net profit of \$20,225.59.

64. Accordingly, it appears likely that the Defendants' income for 2012 and 2011 was greater than reported on the SOFA.

65. Integrated OB/GYN paid certain of the Defendants personal credit card bills directly.

66. The Defendants did not report the payment of the personal expenses as income in response to Questions No. 1 or 2 on the SOFA.

67. Sheila Tate-Christian made at least two payments on behalf of the Defendants to Ocwen Loan Servicing, LLC to pay their first mortgage within a year of the Petition Date.

68. The Defendants did not list Sheila Tate-Christian as a creditor on Schedule F nor did they identify those payments as income in response to Question No. 2 on the SOFA.

69. The Defendants underreported Dr. Alexander's income on Schedule I, which shows that Dr. Alexander's income is \$9,086 per month. In 2012, Dr. Alexander's draws were more than \$11,000 per month, not including the income reported on his K-1.

70. At the Section 341 Meeting of Creditors on September 17, 2013, Dr. Alexander testified that the Integrated OB/GYN had "no income at that time."

71. The Defendants later produced documents that show that in June 2013, Integrated OB/GYN generated \$12,600 in gross income. In July 2013, Integrated OB/GYN generated \$13,950 in gross income. In August 2013, Integrated OB/GYN generated \$13,516 in gross income.

72. The Defendants overstated the liabilities associated with liens against certain assets.

73. On Schedule D, the Defendants state that they owe \$18,211.45 to Sun Trust, which has a lien on the Defendants' 2007 Dodge Ram 1500.

74. The Defendants, however, received the payoff statement from SunTrust on March 29, 2013, which was approximately four months prior to the Petition Date.

75. According to the Defendants' response to Question No. 3 on the SOFA, the Defendants paid a total of \$1,555.14 to Sun Trust in April, May, and June 2013. The Defendants state in response to Question No. 3 on the SOFA that the remaining balance on the

Dodge Ram was \$18,211.45.

76. The balance owed to Sun Trust was \$18,211.45 in March 2013. After the payment of \$1,555.14, the balance of the loan was at most \$16,656.31. The balance may have been lower if the Defendants made the payments to Sun Trust in July and August prior to the Petition Date.

77. The Defendants may have also undervalued their personal property. The Defendants received an appraisal of their personal property on June 17, 2013. The appraisal report states that the personal property was valued at forced liquidation value. The Defendants used the appraiser's forced liquidation value for their personal property on Schedule B and not the fair market value.

78. Thus, the Defendants are not entitled to a discharge pursuant to 11 U.S.C. § 727(a)(4)(A).

WHEREFORE, the United States Trustee respectfully requests that the Defendants' discharge be denied and for such other and further relief as the nature of her cause may require.

Respectfully submitted,

Date: 2/14/14

JUDY A. ROBBINS
United States Trustee for Region 4

By Counsel

/s/ Lynn A. Kohen

Lynn A. Kohen, Bar No. 10025

Trial Attorney

6305 Ivy Lane, Suite 600

Greenbelt, Maryland 20770

(301) 344-6216

E-mail: lynn.a.kohen@usdoj.gov