

**Issued Date:** September 18, 2025

**From:** Director Bonnie Glenn  
Office of Police Accountability



**Case Number:2022OPA-0250**

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## **Allegations of Misconduct & Director's Findings**

### **Named Employee #1**

- 1. Allegation #1: 5.001 - Standards and Duties POL-2. Employees Must Adhere to Laws, City Policy, and Department Policy**  
**Finding:** Sustained
  - 2. Allegation #2: 5.001 - Standards and Duties. 10. Employees Will Strive to be Professional**  
**Finding:** Sustained
  - 3. Allegation #3: 5.001 Standards and duties 11. Employees will be truthful and complete in all communication**  
**Finding:** Sustained
    - **Imposed Discipline: Termination**
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**This Closed Case Summary (CCS) represents the opinion of the OPA Director regarding the misconduct alleged and therefore sections may be written in the first person.**

### **Executive Summary:**

The Complainant alleged Named Employee #1 (NE#1) and Community Member #1 (CM#1)—NE#1's wife—committed fraud and operated a Ponzi scheme. The Complainant alleged, on or about September 4, 2019, NE#1 arranged for the Complainant to invest \$30,000 as a loan contract for a prospective home renovation project (the Project). The Complainant alleged this loan was never repaid.

In 2021, NE#1 and CM#1 filed for bankruptcy, as did their real estate company (Company #1). The United States Trustee filed an adversary proceeding against NE#1 and CM#1 alleging they

engaged in misconduct within the bankruptcy proceedings by wrongfully transferring assets, concealing assets, maintaining inadequate records, knowingly and fraudulently making false oaths, and failing to explain the loss of assets.

### **Administrative Note:**

On June 18, 2025, the Office of Inspector General certified this investigation as thorough, timely, and objective.

### **Summary of the Investigation:**

OPA investigated this complaint by reviewing the criminal investigation and prosecutorial documents related to the Complainant's criminal allegations. Because the substance of the Complainant's criminal allegations occurred prior to NE#1's employment with SPD, OPA also reviewed portions of NE#1's SPD background investigation. OPA also reviewed documents from NE#1's bankruptcy proceedings. OPA interviewed the Deputy Prosecuting Attorney assigned to the criminal investigation (DPA#1) and Assistant United States Trustees assigned to NE#1's bankruptcy proceedings (AUST#1 and AUST#2). Finally, OPA interviewed NE#1.

#### **1. Case Overview**

This case involved complex allegations in two separate but related areas: (1) the Complainant's underlying criminal fraud allegations against NE#1 and CM#1; and (2) NE#1's allegedly improper conduct during subsequent bankruptcy proceedings.

The Complainant filed a web-based OPA complaint on August 9, 2022. The Complainant outlined his allegation that NE#1 and CM#1 "at a minimum committed fraud and possibly have been running a Ponzi scheme involving real estate transactions and hard money loans." The Complainant noted he was aware of other victims and possessed contracts, bank statements, and ledgers that supported his allegations. The Complainant alleged this conduct began in September 2019. NE#1 was hired by SPD as a police officer in March 2020.

After reviewing the Complainant's allegations, OPA sent a criminal referral to SPD on August 12, 2022, in accordance with OPA's standard practice and obligations under the SPOG Collective Bargaining Agreement.<sup>1</sup> SPD referred the case to the King County Prosecuting Attorney's Office (KCPAO) for review on or about March 2, 2023. OPA paused its investigation during the criminal investigation and prosecutorial review. KCPAO formally declined the case as legally insufficient on April 4, 2023.

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<sup>1</sup> The Complainant separately reported his allegations to SPD on August 11, 2022, a day before OPA's criminal referral. An SPD Patrol Officer and Sergeant responded, took a preliminary incident report, collected evidence, and referred the incident for follow up investigation.

After KCPAO's declination, OPA commenced its intake investigation. Among other things, OPA reviewed SPD's criminal investigation and KCPAO's declination notice. A complicating issue documented in the criminal investigation involved implications of NE#1's ongoing bankruptcy proceedings.<sup>2</sup> NE#1 and CM#1 filed for Chapter 7 bankruptcy on behalf of Company #1 in February 2021. NE#1 and CM#1 filed for a voluntary joint Chapter 7 bankruptcy on behalf of themselves in August 2021.<sup>3</sup> In March 2022, the United States Trustee<sup>4</sup> filed an adversary proceeding against NE#1 and CM#1 to deny them a bankruptcy discharge based on their alleged misconduct during the bankruptcy proceedings.<sup>5</sup> Specifically, the Trustee alleged NE#1 failed to keep adequate records, made false oaths, and failed to adequately explain the loss of community assets.

On May 3, 2023, OPA classified allegations against NE#1 concerning both the Complainant's criminal allegations and the misconduct alleged by the United States Trustee in the bankruptcy proceeding. Thereafter, OPA and SPOG agreed to toll the matter during the pendency of NE#1's bankruptcy proceedings.

On December 12, 2023, the Bankruptcy Court entered an order and judgment following trial denying NE#1's discharge under three different provisions of the Bankruptcy Code, 11 U.S.C. § 727(a)(3) (failure to keep adequate records), § 727(a)(4) (knowingly and fraudulently making a false oath in connection with the case),<sup>6</sup> and § 727(a)(5) (failure to adequately explain the loss of assets).

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<sup>2</sup> The criminal investigation also noted there was information that neither NE#1 nor CM#1 filed personal or business taxes since 2017. OPA criminally referred this issue to the Internal Revenue Service on April 10, 2023. See 2023OPA-0143. The IRS later advised OPA that they closed their file on the matter on November 19, 2024. The IRS did not provide any further information and OPA was unable to locate any record of criminal proceedings against NE#1 related to this issue. On review, OPA determined it had insufficient information to proceed with investigating this issue and closed the matter as a contact log.

<sup>3</sup> Bankruptcy is a process outlined in the United States Constitution and federal law that allows "honest debtors" to obtain relief from certain financial obligations, typically through the "discharge" of most debts. In a Chapter 7 "liquidation" bankruptcy, the debtor's nonexempt assets are collected into a pool—called the "bankruptcy estate"—that is then sold (liquidated). Proceeds from the liquidation, if any, are then distributed to the debtor's creditors in a manner organized by federal law. After the final distribution of proceeds, almost all Chapter 7 debtors receive a discharge of almost all categories of debts—meaning those debts are no longer legally enforceable against the debtor. However, parties in interest—such as the United States government through the United States Trustee—may object to the debtor receiving a discharge. The grounds to deny an individual debtor are narrow and construed against the party moving to deny discharge. See generally, Chapter 7 – Bankruptcy Basics, United States Courts, available at [www.uscourts.gov/court-programs/bankruptcy/bankruptcy-basics/chapter-7-bankruptcy-basics](http://www.uscourts.gov/court-programs/bankruptcy/bankruptcy-basics/chapter-7-bankruptcy-basics).

<sup>4</sup> "The United States Trustee Program is the component of the Department of Justice responsible for overseeing the administration of bankruptcy cases and private trustees under 28 U.S.C. § 586 and 11 U.S.C. § 101, et seq." U.S. Trustee Program, [www.justice.gov/ust](http://www.justice.gov/ust). The United States Trustee is, "a national program with broad administrative, regulatory, and litigation/enforcement authorities whose mission is to promote the integrity and efficiency of the bankruptcy system for the benefit of all stakeholders—debtors, creditors, and the public." *Id.*

<sup>5</sup> It is a rare and serious matter for the United States Trustee to file an adversary proceeding seeking to deny a bankruptcy debtor a discharge. See Chapter 7 – Bankruptcy Basics, United States Courts, available at [www.uscourts.gov/court-programs/bankruptcy/bankruptcy-basics/chapter-7-bankruptcy-basics](http://www.uscourts.gov/court-programs/bankruptcy/bankruptcy-basics/chapter-7-bankruptcy-basics). Absent certain exceptions, "individual debtors receive a discharge in more than 99 percent of chapter 7 cases." *Id.* "The grounds for denying an individual debtor a discharge in a chapter 7 case are narrow and are construed against the moving party." *Id.* See also 11 U.S.C. § 727; Fed. R. Bankr. P. 4005.

<sup>6</sup> Federal courts have described the denial of a discharge under 11 U.S.C. § 727(a)(4) as the "death penalty of bankruptcy," as it is "the most draconian and punitive" provision of the Bankruptcy Code. *In re Hudson*, 420 B.R. 73, 100 (Bankr. N.D.N.Y. 2009).

NE#1 appealed the Bankruptcy Court's decision to the Bankruptcy Appellate Panel for the Ninth Circuit of the United States Court of Appeals. The appeal was decided by a panel of three United States Bankruptcy judges. On November 13, 2024, the panel affirmed the Bankruptcy Court's decision to deny NE#1's discharge. The decision was split as to whether there was sufficient evidence to deny NE#1's discharge under §§ 727(a)(3) and 727(a)(5). Notably, the three judges unanimously agreed there was sufficient evidence to deny NE#1's discharge under §727(a)(4) for knowingly and fraudulently making false oaths.

NE#1 appealed the Bankruptcy Appellate Panel's decision to the United States Court of Appeals for the Ninth Circuit. On April 3, 2025, the Court of Appeals entered an order dismissing NE#1's appeal as NE#1 failed to file an opening brief by the due date. That order became the mandate of the court 21 days later.

Thereafter, OPA commenced its administrative investigation.

## **2. Criminal Investigation**

An SPD Detective (Detective #1) investigated criminal allegations against NE#1. Detective #1 consulted with federal partners—including Assistant United States Trustees—DPA#1, and a KCPAO investigator to deconflict the case due to the ongoing bankruptcy proceedings. It was determined Detective #1's investigation would focus only on potential crimes related to the Project; any other criminal issues would be handled federally following the bankruptcy proceedings.

Detective #1 interviewed the Complainant, who explained he and NE#1 met in real estate school. According to the Complainant, the two became friends and agreed to work on projects together. They agreed on a \$30,000 loan from the Complainant for the Project. The Complainant admitted he trusted NE#1 and CM#1, so he did not ask a lot of questions. When the loan came due, the Complainant emailed NE#1 and drove by the Project job site, where he observed no work was done. The Complainant said NE#1 told him they encountered financial difficulty and could not repay him. Detective #1 also interviewed other lenders for the Project. One other lender received about six months of payments from NE#1 and CM#1, a second lender received interest-only payments, a third was paid back in full.

Detective #1 also pulled permits from the Seattle Department of Construction and Inspections, noting that permits were issued for the Project during the loan timeframes. Detective #1 also found that invoices and payments were made to contractors for the Project during the loan timeframes.

Ultimately, Detective #1—working with a KCPAO investigator—determined he was unable to establish probable cause because of the efforts NE#1 and CM#1 made to rehab the Project and prepare it for sale. Detective #1 sent his criminal investigation report to DPA#1 for prosecutorial review.

### **3. King County Prosecuting Attorney's Office Declination**

DPA#1 reviewed Detective #1's criminal investigation. DPA#1 conducted a formal prosecutorial review on three criminal allegations, Theft by Deception,<sup>7</sup> Mortgage Fraud,<sup>8</sup> and Securities Fraud.<sup>9</sup> KCPAO declined to file criminal charges against NE#1, opining it would not be possible to establish and prove the elements of the criminal allegations beyond a reasonable doubt.

DPA#1 summarized the allegations that NE#1 sought out five lenders for the Project but failed to disclose to later investors that there were earlier investors with superior liens on the Project. Relatedly, DPA#1 analyzed evidence suggesting that funds taken from investors for the Project were never used for that purpose.

DPA#1 concluded that the State would be unable to prove that either NE#1 or CM#1 used deception to obtain funds. Specifically, DPA#1 noted that payments were made to the earliest creditors and at least some of the loaned funds were used to develop the Project. DPA#1 also noted that loans from private investors were specifically exempted from the definition of a "mortgage" for the purpose of prosecuting mortgage fraud, nor did the loans at issue involve standard mortgage documents or active misrepresentations. Finally, DPA#1 noted technicalities of prosecuting Securities Fraud that likely disqualified defining the loans at issue here as "securities."

DPA#1 concluded by noting that the KCPAO analysis was based strictly on the viability of criminal charges and expressed "no opinion" as to non-criminal propriety, ethics, or civil liability. DPA#1 also noted the high burden of proving criminal charges, and the potential availability of civil, administrative, or regulatory recovery.

### **4. Portions of Background Investigation**

OPA reviewed specific financial history information within NE#1's SPD background investigation because the criminal misconduct alleged by the Complainant occurred prior to NE#1's SPD employment.

NE#1' background file was assigned in December 2019 and completed in February 2020. This preceded any bankruptcy proceedings or default on loans related to the Project. NE#1 answered all Financial History questions, which focused on individual—not business—finances. Company #1's business finances related to the Project were at the center of the Complainant's criminal allegations.

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<sup>7</sup> RCW 9A.56.020(1)(b) ("By color or aid of deception to obtain control over the property or services of another or the value thereof, with intent to deprive him or her of such property or services.").

<sup>8</sup> RCW 19.144.080 (illegal, whether directly or indirectly, to defraud or mislead investors, make material misrepresentations, or receive proceeds receive any property or proceeds by fraud, in connection with the mortgage lending process).

<sup>9</sup> See generally Securities Act of Washington, Chapter 21.20 RCW.

## 5. Bankruptcy Proceedings

OPA reviewed the public dockets concerning NE#1's bankruptcy proceedings before the United States Bankruptcy Court for the Western District of Washington, Bankruptcy Appellate Panel for the Ninth Circuit, and Ninth Circuit Court of Appeals.

### *a. Bankruptcy Court Adversary Proceeding*

The Bankruptcy Court held a trial in NE#1's adversary proceeding over five days in September and October 2023, followed by closing arguments. Broadly, the United States Trustee alleged NE#1 and CM#1 omitted assets and transfers from their bankruptcy schedules and failed to preserve financial information that would have allowed the Chapter 7 trustee and creditors to learn about those omissions. NE#1 and CM#1 argued these issues were inconsequential and one asset was not property of the bankruptcy estate. The Court denied discharge for both NE#1 and CM#1. As to NE#1, the Court found he "failed to keep recorded information from which his financial condition might be ascertained, knowingly and fraudulently misled his creditors and the trustee appointed in the case, and failed to explain the loss of assets."

The Court summarized NE#1's relationship with CM#1, including CM#1's formation of Company #1 in 2015. CM#1 was the sole managing member and controlled Company #1's finances. NE#1 held himself out as a co-founder but largely focused on networking and sales.

NE#1 and CM#1 hired accountants for Company #1. The accountants created a trust with CM#1 as the trustor and NE#1 as the primary beneficiary. Both CM#1 and NE#1 testified at trial they neither recalled creating nor understood this trust. The trust paid more than \$100,000 to a life insurance policy owned by the trust, with NE#1 as the beneficiary. NE#1 claimed he did not know this. CM#1 testified she transferred money between another account to either Company #1's bank account or the trust account. The Court found that the Trust transferred thousands of dollars to either NE#1 or CM#1. These transfers were made by check, which either NE#1 or CM#1 deposited or cashed, including checks for: (1) \$66,000 dated January 17, 2017, payable to CM#1; (2) \$40,000 dated January 1, 2019, payable to CM#1; and (3) \$2,500 dated September 26, 2019, payable to CM#1 and NE#1.

In 2016, Company #1 purchased real properties in Bremerton. Company #1 then transferred the Bremerton properties to CM#1 for no consideration, which CM#1 testified was so she could refinance the properties at a more favorable interest rate. The Bremerton properties were sold, resulting in NE#1 and CM#1 receiving about \$67,000 in net proceeds. CM#1 testified this was deposited into her joint checking account with NE#1. CM#1 testified about \$26,000-\$28,000 was used to pay contractors for the Project and about \$22,600 was used to rent a primary residence for NE#1 and CM#1.

Company #1 was initially successful but later struggled. NE#1 and CM#1 both sought other employment. NE#1 was hired by SPD around March 2020. CM#1 acquired and purchased stocks

through her employment. CM#1 also acquired a 50% interest in another property (the Holding). The value of the Holding went down, but CM#1 was unable to explain why. CM#1 also received distributions from other companies she was involved in.

In 2020, three different creditors obtained legal judgments against Company #1, NE#1, and CM#1—all of whom filed for bankruptcy in 2021. CM#1 signed the Statement of Financial Affairs (SOFA) as managing member of Company #1. NE#1 and CM#1 jointly filed their bankruptcy schedules and SOFA (Initial Bankruptcy Documents).

At trial, the Chapter 7 trustee<sup>10</sup> for Company #1, NE#1, and CM#1 testified about the importance that debtors submit accurate and complete financial paperwork for their bankruptcy. He detailed multiple occasions where NE#1 and CM#1 swore their Initial Bankruptcy Documents were true, correct, and complete. Both NE#1 and CM#1 declared under penalty of perjury that each read the summary, schedules, SOFA, and affirmed their responses were true and correct.

Despite this, NE#1 testified at trial that he was not involved in providing documents to the bankruptcy attorney. He stated he believed he looked at the Initial Bankruptcy Documents for items such as his salary and expenses before signing, but admitted he did not fully understand the Initial Bankruptcy Documents. He admitted he did not have enough information to know if the answers to each question were true or false, and that he did not take any steps to ascertain whether the information on the Initial Bankruptcy Documents was correct. NE#1 testified he did not review documents—such as bank statements or tax returns—or talk to anyone to verify information before signing these documents. Instead, NE#1 testified he relied on CM#1 to prepare the documents and verify their accuracy. NE#1 testified that, to the best of his knowledge, he disclosed all assets.

The Chapter 7 trustee held a “First 341 Meeting” on September 28, 2021.<sup>11</sup> Both NE#1 and CM#1 testified they read and signed the Initial Bankruptcy Documents and the information therein was true, correct, listed all assets and debts, and contained no errors or omissions. But it was later determined NE#1 and CM#1 did not disclose, (i) the sale proceeds of the Bremerton properties, (ii) \$25,000 from CM#1’s 50% stake in the Holding, (iii) a \$5,000 payment from a consulting company, (iv) a Bank of America Savings Account, (v) their Trust, (vi) the life insurance policy purchased by the Trust, and (vii) some restricted stock units. Ultimately, the failure to disclose this information required eleven different 341 meetings to resolve. Even after NE#1 and CM#1 were informed that their Initial Bankruptcy Documents were neither accurate nor complete, they did not

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<sup>10</sup> In bankruptcy, the Chapter 7 case trustee is distinct from the United States Trustee. The case trustee is an appointed, impartial administrator in charge of liquidating all the debtor’s nonexempt assets. See Chapter 7 – Bankruptcy Basics, available at [www.uscourts.gov/court-programs/bankruptcy/bankruptcy-basics/chapter-7-bankruptcy-basics](http://www.uscourts.gov/court-programs/bankruptcy/bankruptcy-basics/chapter-7-bankruptcy-basics). The United States Trustee is a division of the United States Department of Justice. See *supra* at fn.3.

<sup>11</sup> In bankruptcy, a “341 meeting” is a required process where, “the debtor (the person who filed for bankruptcy) answers questions under oath about the bankruptcy paperwork that they submitted. The debtor may also be asked about their property, debts, income, and expenses.” Section 341 Meeting of Creditors, U.S. Trustee Program, [www.justice.gov/ust/moc](http://www.justice.gov/ust/moc).

correct these documents.<sup>12</sup> At trial, NE#1 and CM#1 argued their failure to amend was immaterial because the Trustee learned about these assets throughout the 341 meetings.

At trial, it was determined that NE#1 only had two bank accounts: the Bank of America Savings Account and, also, a checking account at the same institution. NE#1 and CM#1 accessed both accounts online. These were both held jointly with CM#1. About \$48,000 from the sale of one of the Bremerton properties was transferred into the joint checking account.

The most recent tax return filed by NE#1 or CM#1 was for 2017. The Chapter 7 trustee and United States Trustee both made multiple requests for personal tax returns for 2018, 2019, and 2020. A 2018 return was not provided until about four or five months after filing the bankruptcy petition. The 2018 return was amended in November 2022. Both NE#1 and CM#1 promised the Chapter 7 trustee they would produce their 2019 and 2020 returns within a year of the First 341 Meeting on September 28, 2021. As of the trial date, tax returns for these years were not filed.

The Court concluded NE#1 failed to keep and preserve records because he was aware of the Savings Account and failed to disclose it in his Initial Bankruptcy Documents. The Court concluded this was material to his financial condition. The Court also noted NE#1 did not explain the absence of records for CM#1's 50% interest in the Holding, or the \$5,000 payment from a consulting company. The Court also noted NE#1 and CM#1's "feigned ignorance" as to the Trust's assets and actions, noting they were unable to explain the thousands of dollars transferred into the Trust. The Court also noted the failure to timely file tax returns is an example of failure to keep records.

The Court also found NE#1 made false oaths. The Court noted that proof of a debtor's fraudulent intent usually requires circumstantial evidence and reasonable inferences. The Court observed the Bank of America Savings Account had "no value," but emphasized there is no "de minimis" exception for failing to disclose an asset in bankruptcy. Relatedly, the Court rejected NE#1 and CM#1's argument that the sale of the Bremerton properties was "in the ordinary course of business" because CM#1 and NE#1 were not in the business of buying and selling properties, even if Company #1 was. As to NE#1 specifically, the Court wrote:

*[NE#1] signed the Initial Bankruptcy Documents and maintained they were accurate, even after learning they were not accurate or complete. [NE#1]'s testimony leads the Court to find [NE#1], at best, leafed or skimmed through the Initial Bankruptcy Documents or, at worst, signed the documents without verifying any of the information. In either case, [NE#1] did not know if the information was accurate, but he falsely stated that it was anyway.*

*[NE#1] deliberately made these false statements with the intention that creditors and the Trustee would rely on the information in the Initial Bankruptcy Documents and he would ultimately receive a discharge. All the omissions in the Initial Bankruptcy Documents concerned the [NE#1's and*

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<sup>12</sup> On March 7, 2022, NE#1 and CM#1 made their only amendment, decreasing the value of a vehicle from \$9,000 to \$6,000.

*CM#1's] estate, the discovery of assets, the existence and disposition of the [NE#1's and CM#1's] property. Therefore, the omissions or misrepresentations in the Initial Bankruptcy Documents were material and are grounds to deny [NE#1] a discharge under Section 727(a)(4).*

Finally, the Court discussed NE#1 and CM#1's inability to explain the decrease in their interest in two companies, or their significant transfers—over \$100,000 in about two years—to and from the Trust.

The Court found each of these issues sufficient to deny NE#1's discharge under 11 U.S.C. § 727(a)(3)-(5).<sup>13</sup>

*b. Bankruptcy Appellate Panel*

NE#1 appealed the denial of his discharge to the Bankruptcy Appellate Panel. CM#1 did not challenge the denial of her discharge. Generally, NE#1 argued that he was not aware of the undisclosed assets and transfers and, instead, relied on CM#1's superior financial sophistication when signing bankruptcy paperwork. NE#1 argued the Court was wrong to impute CM#1's actions and level of knowledge to him.

The Panel disagreed with NE#1 and found no error in the Court's decision. The Panel noted the significant amount of money NE#1 and CM#1 received from the Trust and the sale proceeds from the Bremerton properties. The Panel noted CM#1's testimony that she and NE#1 discussed how to use the proceeds from the Bremerton properties, ultimately deciding to pay advance rent and use remaining funds for a final real estate project. The Panel also analyzed NE#1's and CM#1's "ongoing failure" to provide necessary information in their bankruptcy, even after being confronted with deficiencies and promising to amend their filings. Relatedly, the Panel noted the ongoing failure to provide personal tax returns.

The Panel specifically analyzed the evidence against NE#1—as opposed to CM#1. The Panel considered NE#1's arguments that his omissions were inadvertent or de minimis, any transfers were "in the ordinary course of business," he was generally uninvolved in Company #1's business, and he disclosed everything he knew. The Panel found no error in the Court's decision.

First, the Panel agreed CM#1 had "superior financial acumen," but noted NE#1 had his own duty to "maintain adequate records of his financial condition and to disclose assets and income about which he knew."<sup>14</sup> The Panel acknowledged the Court's decision and evidentiary record did not always "clearly delineate each individual debtor's involvement, intent, and liability." Despite this,

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<sup>13</sup> Although not expressly stated in the Court's opinion, in the 9<sup>th</sup> Circuit, the standard of proof for an objection to discharge is a preponderance of the evidence. *Khalil v. Developers Sur. & Indem. Co. (In re Khalil)*, 379 B.R. 163, 172 (9th Cir. BAP 2007), *aff'd*, 578 F.3d 1167, 1168 (9th Cir.2009) (expressly adopting the BAP's statement of applicable law). That said, "discharge provisions are liberally construed in favor of debtors and strictly against the person objecting to discharge." *Id.*

<sup>14</sup> "A debtor cannot, merely by playing ostrich and burying his head deeply enough in the sand, disclaim all responsibility for statements which he has made under oath." *Retz v. Samson (In re Retz)*, 606 F.3d 1189, 1199 (9th Cir. 2010) (cleaned up).

the Panel found “both debtors exhibited willful ignorance of their assets and liabilities, particularly involving [an LLC controlled by NE#1 and CM#1] and the Trust.” Accordingly, NE#1’s “complete reliance” on CM#1 “in verifying the accuracy and completeness of his schedules and SOFA—which omitted assets he knew about—was at least reckless indifference to the truth.”

Second, the Panel found the evidence supported the Court’s decision that NE#1 made “material omissions” regarding his interest in the Bank of America Savings Account, income from the sale of CM#1’s 50% interest in the Holding, and sale of the Bremerton Properties. The Court wrote: “In short, it was not up to [NE#1] to decide which accounts were worth disclosing.”

Third, the Panel noted it was “plausible” NE#1 was unaware of the Trust but explicitly found his testimony regarding the income from CM#1’s 50% stake in the Holding “not credible.” Specifically, the Panel noted NE#1 and CM#1 received \$10,000 from the Holding “within a few weeks of filing their chapter 7 petition.” The Panel also wrote that NE#1 had access to the couple’s joint account and made payments from it, concluding, “It is not plausible that he was unaware of [the Holding] income, and he was obligated to maintain and disclose records of it.”

Fourth, the Panel reviewed NE#1’s failure to timely file personal income tax returns, which NE#1 blamed on a tax preparer. The Panel noted the Court relied on email communication that established this delay stemmed from NE#1’s and CM#1’s failure to provide the preparer with accurate information.

The Panel was unanimous that the Court appropriately denied NE#1’s discharge, but there was disagreement on some rationale. Two of the three panel judges found no error with the Courts decision to deny NE#1 discharge under all three sections of 11 U.S.C. § 727(a)(3), (4), and (5). The third judge agreed there was “substantial evidence” NE#1 “knowingly and fraudulently made false oaths”—under 11 U.S.C. § 727(a)(4)—regarding the sales of the Bremerton properties and the income from those sales. But the third judge disagreed that there was sufficient evidence for the other grounds to deny discharge. Importantly, the third judge found insufficient findings in the Court’s record regarding NE#1’s knowledge of income from the Holding and the Trust.

### *c. Ninth Circuit Court of Appeals*

NE#1 initially appealed the Panel decision to the Ninth Circuit Court of Appeals. The Court of Appeals dismissed NE#1’s appeal because he failed to file an opening brief by the due date.

## **6. OPA Interviews**

OPA interviewed DPA#1, AUST#1 and #2, and NE#1.

### *a. Deputy Prosecuting Attorney #1*

OPA conducted an unrecorded interview of DPA#1 in April 2023. DPA#1 spoke about his review of SPD's criminal investigation. He noted he initially believed there would be probable cause to pursue the case, but ultimately determined there was not probable cause for either fraud or Theft by Deception. DPA#1 noted this was due to the technical structure of the loan, which was a promissory note as opposed to a real estate loan. Due to this, there was no language requiring NE#1 to disclose the presence of superior lenders.

DPA#1 also said NE#1 and Company #1 did enough work on the property to avoid criminal liability on fraud or Theft by deception. DPA#1 felt the decision was borderline concerning probable cause for securities fraud but, ultimately, there would not be enough evidence to pursue a case.

*b. Assistant United States Trustees #1 and #2*

OPA conducted an unrecorded interview of AUST#1 and AUST#2 in April 2023. They discussed the substance of their court filing objecting to NE#1's discharge. AUST#1 clarified that CM#1 committed most of the actions that led to their objection to discharge, as CM#1 controlled Company #1. AUST#1 noted NE#1 was a "project manager" and was employed by Company #1, but CM#1 was the owner.

*c. Named Employee #1*

OPA compelled a recorded interview with NE#1 on June 2, 2025. NE#1 discussed his work history at SPD. Prior to joining SPD, NE#1 worked for CM#1's company, Company #1. NE#1 said he started working there in 2017 until he went to the police academy. Thereafter, he worked there intermittently. NE#1 described his work there as a project manager, overseeing and paying contractors. NE#1 also said he attended real estate events and spoke with potential investors. He described getting information from potential investors, then passing their information along to CM#1.

NE#1 denied seeking an investment from the Complainant. He described meeting the Complainant in real estate school and discussing Company #1. NE#1 said the Complainant was interested in investing, so NE#1 passed the Complainant along to CM#1.

NE#1 described the Project, which was a property the Company purchased prior to NE#1 joining SPD. NE#1 denied knowing about the investments for that project, saying CM#1 took care of those items. He denied being involved in discussions between CM#1 and the Complainant about the investment. NE#1 denied knowing how repayment was prioritized, saying CM#1 handled all the loan documents and financial issues.

NE#1 denied knowing why KCPAO would characterize investors as primarily communicating with him and believing he was the owner of Company #1. NE#1 speculated that investors may have believed this because he was the first person they spoke to. NE#1 repeated that when people wanted to invest, he would direct them to CM#1. NE#1 denied ever portraying himself as a

company owner, but noted Company #1 was a small company. NE#1 denied engaging in criminal fraud or predatory borrowing behavior, stating he was uninvolved in Company #1's financials, the Complainant was more sophisticated than he was, and the Complainant discussed terms with CM#1.

Concerning his bankruptcy, NE#1 denied being involved in the filings and decision making. NE#1 said he trusted CM#1 and told her to do what she thought was best. NE#1 noted he attended every day of the bankruptcy trial but only testified for 40 minutes. By comparison, NE#1 said CM#1 testified for over ten hours. NE#1 said he was minimally involved in the business and so was unable to answer the questions. NE#1 recalled filling out a form at the beginning of the bankruptcy, but his understanding of the process was minimal.

OPA reviewed the Court's findings against NE#1 with him.

Concerning the failure to preserve records and concealing assets, NE#1 reiterated his reliance on CM#1. NE#1 stated he thought he was aware a trust existed. At first NE#1 said he did not know if the Trust was disclosed, but later said he believed it was. OPA asked NE#1 about what he felt his responsibility was when he signed a form affirming that information was accurate. NE#1 responded that he was unfamiliar with the bankruptcy process and, at the time, felt he completed the forms to the best of his knowledge. NE#1 denied intending to hide anything. NE#1 denied having specific information about the over \$100,000 of transfers from the Trust to the joint bank account. NE#1 said he and CM#1 used an accounting company that transferred the money. He denied knowing any more about this or why it was not disclosed in the bankruptcy. NE#1 reiterated that CM#1 managed their finances.

NE#1 acknowledged being an owner of the Bank of America Savings Account, but said he did not use or look at it. OPA confronted NE#1 that the trustees established he had accessed the account. NE#1 admitted he may have had access but did not use the account. NE#1 expressed confusion as to which account that was under discussion. NE#1 clarified, as to the account "that was not disclosed," it had \$100 in it, so CM#1 believed they did not need to disclose it. OPA asked NE#1 about his opportunities to amend his filings after being confronted with the deficiencies at the First 341 Meeting. NE#1 reiterated that CM#1 handled the forms. OPA asked NE#1 to clarify his responsibility to ensure the accuracy of forms he signed. NE#1 responded he did not check the documents himself. NE#1 said:

*Yeah, that was a, probably a mistake on my part. We filled up as the best of our knowledge, my wife. I trusted my wife. I trust my wife. So when we filled up the form, I trusted that what she said was true and accurate. So I signed up the document, yes, to the best of my knowledge.*

NE#1 had a vague recollection about the Holding but denied being involved or having knowledge about any disbursements or loans from it. Similarly, NE#1 said CM#1 handled all their taxes and, when it seemed like they were having a hard time paying, he believed CM#1 was working on it.

NE#1 acknowledged that he understood he needs to pay taxes in the United States but stated his understanding is very limited and CM#1 handled these items.

NE#1 denied making any false oaths in court. Concerning the Bremerton properties, he described being confused by the process of CM#1 refinancing them. He stated:

*So, by refinancing, it goes back to the personal and the money that she got out of the refinancing, instead of keeping in the personal account, she put it back in the business because she thought that belonged to the business, because we bought it under the business. Originally, we found out in court that, because it was refinancing, no fall under personal, it should have stayed in the personal. So that was that's my understanding.*

NE#1 denied knowing anything about the Court's ruling that he should have disclosed this income. He denied recalling any conversations about how to use the sale proceeds. After OPA prompted NE#1 with some details, he recalled using some of the money to save their house. NE#1 said he did not know why this was not disclosed to the courts.

NE#1 denied all the allegations against him. NE#1 said he had nothing to add concerning the criminal allegations. As to the allegations concerning his conduct in the bankruptcy proceedings, NE#1 repeatedly denied personal knowledge and involvement, saying he and CM#1 did the best they could, and he relied on CM#1's superior knowledge.

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### **Analysis and Conclusions:**

#### **Named Employee #1 — Allegation #1**

##### ***5.001 — Standards and Duties POL-2. Employees Must Adhere to Laws, City Policy, and Department Policy***

It was alleged that NE#1 failed to adhere to law by, (i) engaging in criminal fraud or theft against the Complainant by soliciting funds for the Project, and (ii) failing to comply with 11 U.S.C. §§ 727(a)(3)-(5) of the Bankruptcy Code.

SPD Policy 5.001-POL-2 requires employees adhere to laws, City policy, and Department policy. Under the SPOG CBA, there is an "elevated standard of review (i.e. – more than preponderance of the evidence) for termination cases where the alleged offense is stigmatizing to a law enforcement officer." SPOG CBA article 3.1.

As to the Complainant's criminal allegations against NE#1, OPA finds that these allegations are unfounded, even if evaluated by a lower, preponderance of the evidence standard. OPA reviewed SPD's criminal investigation and KCPAO's declination. OPA found the investigation to be thorough, and the KCPAO declination well-reasoned. Whether considered under the criminal laws

of theft or fraud, NE#1's conduct did not appear to meet technical elements of the charges. Additionally, even if it did, the fact the Company performed some renovations and attempted to pay back at least some creditors before entering financial hardship cut against a finding of the requisite criminal intent. Both Detective #1 and DPA#1 opined that the evidence did not even support a finding of probable cause—a lower standard than preponderance—for NE#1. Accordingly, this portion of this allegation is Not Sustained – Unfounded.

OPA also considers a harder, unique<sup>15</sup> question: does serious malfeasance within a bankruptcy proceeding, such that a Court took the extraordinary action of denying a discharge, constitute a failure to adhere to federal laws under SPD policy? OPA finds it does.

Bankruptcy is a serious legal process that results in a powerful remedy: the discharge of lawfully enforceable debts. Bankruptcy proceedings can afford a fresh start to an “honest debtor,” but comes at the expense of creditors who will not be repaid in full, if at all. NE#1 was legally obligated to engage the process under the rules of the United States Bankruptcy Code, provide all required documents and information, and answer questions honestly and in good faith. When confronted with errors or omission in the process, he was obligated to correct his filings. He did none of this.

The Bankruptcy Court examined NE#1's conduct individually—and in connect with CM#1 and Business #1—over multiple days of trial. It heard evidence and entered written findings that NE#1 violated three separate sections of the Bankruptcy Code by failing to keep adequate records, knowingly and fraudulently making a false oath in connection with the case and failing to adequately explain the loss of assets. The Court found these failures sufficient to deny NE#1's bankruptcy discharge—a penalty incurred in less than 1% of all Chapter 7 Bankruptcies. Notably, Bankruptcy Courts refer to a denial of discharge for making a false oath as “the most draconian and punitive” remedy, the “death penalty of bankruptcy.” See *supra* at fn. 6. The Bankruptcy Court's findings were all upheld by the majority of the Appellate Panel. Notably, the one Panel Judge who gave NE#1 the strongest benefit of the doubt still found NE#1 made knowing and fraudulent oaths. He characterized the evidence on this point as “substantial.”

OPA—like the Bankruptcy Court and Appellate Panel—is unmoved by NE#1's persistent claims to have been almost totally ignorant of his financial affairs. The assets involved in the Trust, Holding, and Bremerton properties were substantial. NE#1 was on the bank account into which these assets were deposited. NE#1 was involved in discussions with CM#1 about how to use significant amounts of money to either save their home or pay rent for six months—surely a notable decision and discussion for anyone. NE#1 also had a responsibility to pay his taxes but failed to do so for multiple years, despite the fact he was repeatedly reminded of throughout the bankruptcy proceedings.

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<sup>15</sup> OPA is unaware of any recent cases involving this issue. A search of OPA's case management software, IAPro, did not immediately reveal any other OPA cases dealing with this issue, other than those relating to NE#1.

NE#1's misconduct in the bankruptcy proceedings risked harm to his creditors and had a negative impact on the legal system. As stated by the Bankruptcy Court, NE#1's misconduct was done "with the intention that creditors and the Trustee would rely on the information in the Initial Bankruptcy Documents and he would ultimately receive a discharge." Moreover, the Chapter 7 trustee conducted eleven separate meetings to resolve the discrepancies in NE#1 and CM#1's filings. The United States Trustee was compelled to intervene by filing an adversary proceeding. The Bankruptcy Court conducted trial over five days, with closing arguments on the sixth. NE#1 then appealed the Bankruptcy Court's decision. Three different Bankruptcy Judges then reviewed the record. All three would have denied NE#1's discharge, at the very least under the most serious violation for making false oaths—11 U.S.C. § 727(a)(4).

Although OPA typically analyzes allegations under SPD Policy 5.001-POL-2 for criminal law violations, it has also done so when violations with non-criminal penalties are sufficiently serious or impactful. NE#1's conduct here was sufficiently egregious and pervasive as to warrant such a finding. OPA finds by more than a preponderance of the evidence that NE#1 failed to adhere to federal law. Accordingly, OPA recommends this allegation be Sustained.

Recommended Finding: **Sustained**

### **Named Employee #1 — Allegation #2**

#### ***5.001 — Standards and Duties. 10. Employees Will Strive to be Professional***

It was alleged that NE#1 was unprofessional by engaging in conduct that undermined public trust.

SPD Policy 5.001-POL-10 requires that SPD employees "strive to be professional." The policy further instructs that "employees may not engage in behavior that undermines public trust in the Department, the officer, or other officers" whether on or off duty. SPD Policy 5.001-POL-10. Additionally, the policy instructs Department employees to "avoid unnecessary escalation of events even if those events do not end in reportable uses of force." *Id.*

NE#1's conduct resulted in public findings that tend to greatly undermine public trust in NE#1. First, NE#1's conduct both violated federal law and was dishonest, as discussed in Allegations #1 and #3 herein. But even if the evidence for these findings were insufficient—which it is not—it would certainly be sufficient to show NE#1 engaged in unprofessional behavior.

When confronted with the errors and omissions in his Bankruptcy filings, NE#1's defense in both Bankruptcy Court and at OPA was—at bottom—that he had almost no knowledge about his financial affairs and signed the documents relying on CM#1. The Bankruptcy Court put it this way: "[NE#1], at best, leafed or skimmed through the Initial Bankruptcy Documents or, at worst, signed the documents without verifying any of the information." OPA concurs.

Here, NE#1 signed documents that he filed in federal court without taking any meaningful steps to independently verify the information they contained, instead relying entirely on CM#1 to complete

the forms accurately. NE#1 later testified at 341 Meetings that he read his Initial Bankruptcy Documents, and the information he provided in the forms was true, correct, listed all assets and debts, and was free of omissions and errors. But this was not the case. Nor did NE#1 appear to take any meaningful steps to correct the Initial Bankruptcy Documents once he was confronted with their insufficiency.

It would not be inaccurate to describe police officers as professional witnesses. The public and the criminal justice system rely on police officers to “truthful and complete in all communication,” SPD Policy 5.001-POL-11, and ensure their reports are “complete, thorough, and accurate.” SPD Policy 15.180-POL-5. NE#1’s conduct in the Bankruptcy Case begs the question: if he treated his own personal bankruptcy proceedings, testimony, and filings with such a reckless indifference to accuracy and completeness, how could he be trusted to scrutinize and ensure the accuracy and completeness of testimony and paperwork in his police work? The public, criminal justice system, and SPD expect more. OPA finds by more than a preponderance of the evidence that NE#1 engaged in unprofessional conduct damaging to public trust.

Accordingly, OPA recommends this allegation be Sustained.

Recommended Finding: **Sustained**

### **Named Employee #1 — Allegation #3**

#### ***5.001 Standards and duties 11. Employees will be truthful and complete in all communication***

It was alleged that NE#1 was dishonest during the course of his bankruptcy proceedings.

SPD Policy 5.001-POL-11 requires Department employees to be truthful and complete in all communications. Under the SPOG CBA, there is an “elevated standard of review (i.e. – more than preponderance of the evidence) for termination cases where the alleged offense is stigmatizing to a law enforcement officer.” SPOG CBA article 3.1. A presumption of termination applies for sustained findings involving dishonesty. *Id.* For SPOG members, dishonesty is defined as: “intentionally providing false information, which the officer knows to be false, or intentionally providing incomplete responses to specific questions, regarding facts that are material to the investigation.” *Id.* Dishonesty is “more than mere inaccuracy or faulty memory.” *Id.*

Here, OPA finds by more than a preponderance of the evidence that NE#1 intentionally provided false information, which he knew to be false, during his Bankruptcy Proceedings. As outlined in great detail in the Bankruptcy Court’s Order, the Appellate Panel’s Order on appeal, and the allegations above, there were several, serious examples of NE#1’s lack of candor or, most generously, reckless disregard for the truth, during his bankruptcy proceedings. However, due to the heightened evidentiary standard and strict definition of “dishonesty” required by the SPOG CBA, OPA focuses its analyses for this allegation on NE#1’s representation at the First 341 Meeting that he read and signed the Initial Bankruptcy Documents and the information in the

documents was true, correct, and listed all assets and debts, and there were no errors or omissions.

First, NE#1 intentionally provided false information, that he knew to be false, because—as found by the Bankruptcy Court—NE#1 “at best, leafed or skimmed” these documents or, “at worst, signed the documents without verifying *any* of the information.” OPA agrees with the Bankruptcy Court: “In either case, [NE#1] did not know if the information was accurate, but he falsely stated that it was anyway.”

Separately, those documents failed to list—among other things—the sale proceeds from the Bremerton properties, the Holding, the existence of the Bank of America Savings Account, and the Trust. There is substantial evidence NE#1 was aware of each of these items, several of which involved significant transfers of money to NE#1 and CM#1 over several years. But OPA needs to go no further than the most skeptical judge on the Bankruptcy Panel—there was “substantial” evidence that NE#1 knowingly and fraudulently made a false oath by omitting the proceeds from the Bremerton properties. CM#1 and NE#1 sold one of these properties in May 2020 and received \$19,072.51 in proceeds from the sale. They sold a second of these properties in July 2020, resulting in \$48,438.77 from the sale. CM#1 testified at trial that she and NE#1 had numerous discussions about how to utilize that money. Those discussions were important concerning whether to use the money to save their home or rent a domicile. Some of the proceeds were deposited into their joint checking account, \$22,000-\$28,000 went to the Project, and about \$22,600 was used to rent a personal property for NE#1 and CM#1. The two filed their bankruptcy petitions in August 2021, about a year after the properties’ sales. OPA does not credit NE#1’s explanation that he thought a \$22,600 payment to rent a personal residence for six months did not need to be disclosed as an “ordinary course of business” expense, nor does OPA credit NE#1’s initial denial that he did not remember any conversations about how to use these sale proceeds.

OPA finds by more than a preponderance of the evidence that NE#1 was not truthful and complete in his communications during the Bankruptcy proceedings. Accordingly, OPA recommends this allegation be Sustained.

Recommended Finding: **Sustained**