

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF ALABAMA

In re:	)	
	)	
Stephanie Turner	)	
	)	Adversary Proceeding No. 25-1037
Plaintiff,	)	
	)	
v.	)	
	)	
Bayway Motors, LLC,	)	
	)	
Defendant.	)	

FINDINGS OF FACT AND CONCLUSIONS OF LAW

This came before the court for trial on August 14, 2026. The court has jurisdiction of this matter under 28 U.S.C. §§ 157 and 1334, and the District Court's order of reference. The parties also consented to the entry of final order by this court. (*See* doc. 13.) The court heard testimony from plaintiff-debtor Stephanie Turner and from Khaled Gadha, the principal of defendant Bayway Motors, LLC. The court admitted into evidence plaintiff's exhibit 1 and defendant's exhibits 1-8. Having considered the testimony and exhibits, and for the reasons discussed herein, the court finds that the defendant Bayway Motors, LLC violated the automatic stay.

Findings of Fact

In December 2023, Ms. Turner purchased a 2011 Toyota Camry with 166,959 miles from Bayway Motors, a used car dealership located in Chickasaw, Alabama. (*See* Def.'s ex. 1.) Ms. Turner made a down payment of \$1,800, and Bayway Motors financed the remaining purchase price of \$8,456 over three years at an interest rate of 28%. (*See id.*) By mid-November 2025, Ms. Turner was behind on her payments to Bayway Motors and Mr. Gadha started threatening to

repossess the car. On Thursday, November 20, Mr. Gadha texted Ms. Turner, “Last chance is tomorrow.” (*See* Def.’s ex. 5). The next day, he texted, “Today is last chance.” (*See id.*)

Ms. Turner filed chapter 13 bankruptcy on Tuesday, November 25, at 1:06 p.m. (*See* doc. 1 in bankruptcy case no. 25-13302.)¹ But Mr. Gadha had already sent in an order for the Camry to be repossessed by a third party, who took it from her house sometime after 10:00 p.m. on November 25. The next morning, Wednesday, November 26 (the day before Thanksgiving), Jamie Loris, Ms. Turner’s bankruptcy counsel, called Mr. Gadha. Mr. Loris told Mr. Gadha that Ms. Turner had filed bankruptcy and asked him to release the Camry. Mr. Gadha testified he did not comply because he did not know the person calling and insisted upon receiving some official notification of the bankruptcy before releasing the Camry. Meanwhile, his staff cleaned the car, removed Ms. Turner’s personal items, and in the normal course should have stored them somewhere.

In early December 2025, Mr. Loris filed this adversary proceeding and mailed a copy of the complaint with the summons. On December 9, Mr. Gadha received the adversary proceeding complaint, which he says was his first official (*i.e.*, in writing) notice of the bankruptcy. (*See* Def.’s ex. 7.) But even after receiving what he deemed to be legitimate notice of the bankruptcy on December 9, Mr. Gadha still refused to release the car unless Ms. Turner provided proof of insurance. According to Mr. Gadha, Ms. Turner’s car insurance lapsed on December 4, 2025 and was not reinstated until December 16, 2025. (*See* Def.’s ex. 4.) On December 12, 2025, he emailed Mr. Loris: “[W]e verified her insurance, and it was cancelled 12/4/25. See attached

¹ Ms. Turner testified that she told Mr. Gadha on Monday, November 24, that she had filed bankruptcy; Mr. Gadha denied that she told him she had filed bankruptcy. The court is not resolving this discrepancy and is not attaching any weight to this evidence because it was not correct; Ms. Turner did not file bankruptcy until the next day.

notice. [A]lso we need the \$250 repo fee we already paid to the repo company.” (*See* Def.’s ex. 3.) Even after getting proof of insurance, Mr. Gadha refused to release the car until this court ordered him to do so. He texted Ms. Turner on the afternoon of December 16: “Do you have the \$250 paid to the repo?” (*See* Def.’s ex. 5.) And a few minutes later: “I just want to hear it from the judge tomorrow. I am doing my best to keep the car. Our income depends on our assets. Tell your attorney not to call here no more. . . . He keeps calling. Tell him to email me instead.” (*See id.*)

On December 5, 2025, Ms. Turner through counsel filed a motion for turnover (doc. 13) in the main case, no. 25-13302. The court held an expedited hearing on December 17, 2025, and Mr. Gadha was present at the hearing without counsel.² The court entered an order the same day for Bayway Motors to return the 2011 Toyota Camry to Ms. Turner at her home by 5:00 p.m. on Thursday, December 18. (*See* doc. 22 in case no. 25-13302.) The court’s order also required Ms. Turner to maintain insurance on the vehicle with Bayway Motors listed as lienholder but cautioned Bayway Motors that it could not repossess the vehicle or take any other action to collect the debt outside the bankruptcy without a court order.

Bayway Motors returned the Camry to Ms. Turner on December 17. But she testified that several items were missing from the car: personalized front and back car mats that a friend had given her, a work bag containing a stethoscope (she works at a local hospital) and other work-related items, a cubby holder, and a motor mount which she said she had purchased from Bayway Motors.

Ms. Turner was without her repossessed car for 22 days. Her three adult children took turns driving her to and from her job at Mobile Infirmary. Bayway Motors filed a secured claim,

² Bayway Motors was represented by counsel at the trial of this adversary proceeding.

claim no. 14, in Ms. Turner’s bankruptcy case, in the amount of \$8,404.68. Her confirmed plan (doc. 37 in case no. 25-13302) treats Bayway Motors’s claim as secured in the amount of \$4,200 to be paid at 7% interest.³

Conclusions of Law

“The automatic stay provision of § 362(a) is a fundamental protection afforded to debtors by the Bankruptcy Code. Accordingly, the scope of the stay is intentionally broad.” *In re Collum*, No. 17-81548-WRS, 2019 WL 3243937, at *2 (Bankr. M.D. Ala. July 18, 2019) (citations omitted). “The stay is intended to prevent creditor harassment and coercion of the debtor. Without the stay, debtors would not have the necessary breathing space to reorganize their affairs.” *Id.* (citations omitted).

Under § 362(k)(1), a debtor “injured by any willful violation of a stay . . . shall recover actual damages, including costs and attorneys’ fees, and, in appropriate circumstances, may recover punitive damages.” “[A]n award of actual damages is mandatory when the stay is violated willfully.” *See In re Parker*, 634 F. App’x 770, 773 (11th Cir. 2015). “‘Claims under § 362(k) consist of three basic elements: the violation of the stay, the defendants’ willfulness, and the plaintiff’s injury.’” *In re Jackson*, No. 14-3568-JCO, 2017 WL 1102849, at *4 (Bankr. S.D. Ala. Mar. 23, 2017) (citation omitted). “The burden of proving the violation, willfulness, and injury by a preponderance of the evidence, rests on the” debtor. *In re Brodgen*, 588 B.R. 625, 629 (Bankr. M.D. Ala. 2018). The debtor must also prove her damages “by a preponderance of the evidence.” *See In re Horne*, 876 F.3d 1076, 1083 (11th Cir. 2017).

³ Ms. Turner purchased the Camry within 910 days of the petition, but the plan did not provide for “910” treatment under section 7.2 of the local form and the creditor did not object.

Stay violations “are willful if the violator (1) knew of the automatic stay and (2) intentionally committed the violative act, regardless of whether the violator specifically intended to violate the stay.” *In re Jackson*, 2017 WL 1102849, at *4 (citation and quotation marks omitted). “Thus, evidence of intent to violate the stay is not required.” *Id.* (citation, quotation marks, and brackets omitted). “Knowledge of the bankruptcy filing is the legal equivalent of knowledge of the stay.” *See id.* (citation omitted). “Upon learning of the bankruptcy, the creditor has a duty to return the status quo without requiring a specific court order.” *In re Xavier’s of Beville, Inc.*, 172 B.R. 667, 671 (Bankr. M.D. Fla. 1994).

The initial repossession did not violate the automatic stay because Mr. Gadha did not know of Ms. Turner’s bankruptcy at the time the car was repossessed on the night of November 25. But Bayway Motors’ repeated failures to return the car did violate the stay. There is no dispute that Bayway Motors, through its principal Mr. Gadha, knew about Ms. Turner’s bankruptcy on November 26, one day after the Camry was repossessed. The court is not persuaded by Mr. Gadha’s attempt to minimize the situation by saying he needed something “official” beyond Mr. Loris’ oral notice of the bankruptcy. *See, e.g., In re Kennedy*, No. 19-64620-WLH, 2023 WL 3011246, at *4 (Bankr. N.D. Ga. Apr. 19, 2022) (“A debtor may notify a creditor of his bankruptcy filing orally or in writing. Once the creditor receives notice, ‘the creditor is obligated to inquire further before ignoring the verbal notice and proceeding to collect on its debt.’”) (citation omitted). “The law is very clear that once a party has notice that a bankruptcy has been filed, the party cannot just ignore that information until receiving the information in the form that party would like to have it.” *See In re Speedway Auto Sales 27, LLC*, No. 8:23-BK-05737-RCT, 2024 WL 3455153, at *7 (Bankr. M.D. Fla. July 18, 2024 (brackets, citation, and quotation marks omitted)).

The court finds that once Mr. Loris contacted Mr. Gadha, Bayway Motors certainly had “sufficient facts to cause a reasonably prudent person to make additional inquiry to determine whether a bankruptcy petition has been filed.” *See id.* (citation omitted). If Mr. Gadha did not believe Mr. Loris, he could have taken several actions to verify Ms. Turner’s bankruptcy, including simply telephoning the clerk’s office of the bankruptcy court, but chose to do nothing. *See In re Swilling*, No. No. 07-11273-WRS, 2008 WL 4999090, at *4 (Bankr. M.D. Ala. Nov. 20, 2008). The court likewise rejects Mr. Gadha’s argument that Ms. Turner needed to provide proof of insurance before Bayway Motors had to return the car; Bayway Motors could have moved for relief from stay in the bankruptcy but never did so. *See, e.g., In re Stephens*, 495 B.R. 608, 613 (Bankr. N.D. Ga. 2013) (creditor who had repossessed debtor’s vehicle “cannot unilaterally insist that the debtor provide adequate protection, such as proof of insurance, as a condition to the return of the car, unless the creditor moves immediately in the bankruptcy court for an order requiring adequate protection”).

Bayway Motors did not return the Camry after Ms. Turner’s counsel called him on November 26 and then still did not return the car for over a week after Mr. Gadha received written notice on December 9. The court has no trouble finding that Bayway Motors’ continued possession and repeated refusals to return the Camry are willful violations of the automatic stay. *See, e.g., id.* The court thus turns to Ms. Turner’s requests for damages, including punitive damages and attorney’s fees.

Actual damages (exclusive of attorney's fees)⁴

Ms. Turner “is entitled to be compensated for the loss of personal property that was in the vehicle that was never returned” to her. *See In re Hamby*, 646 B.R. 865, 874 (Bankr. N.D. Ga. 2022). Ms. Turner lost the personalized car mats that a friend had given her. She testified that she did not know how much the mats cost. Based on the undersigned’s experience with purchasing vehicle floor mats, the court finds that \$150 is a reasonable value for the mats. Ms. Turner valued her missing work bag and stethoscope at \$100, which the court finds is a reasonable and conservative value. She also did not get the motor mount she had purchased; Mr. Gadha testified that the motor mount cost \$45 or \$50, so the court values the missing motor mount at \$45.

Ms. Turner is also entitled to be compensated for the loss of use of her Camry for 22 days as a result of the stay violation. *See, e.g., In re Warren*, 532 B.R. 655, 663-64 (Bankr. D.S.C. 2015). A replacement rental car would have cost her about \$50/day (which she couldn’t afford) for a late model comparable vehicle. Because Ms. Turner’s vehicle was much older, the court values her damages for loss of use at \$25/day for a total of \$550. The court awards actual damages, exclusive of attorney’s fees, of \$845 (\$150 + \$100 + \$45 + \$550), which will be deducted from the secured amount owed on Bayway Motors’ claim, as set out below.

Punitive damages

“Bankruptcy courts have not hesitated to punish creditors whose actions evince ‘an arrogant defiance of federal law.’” *Credit Nation Lending Servs., LLC v. Nettles*, 489 B.R. 239,

⁴ Attorney’s fees are part of the debtor’s actual damages under § 362(k)(1), but the court discusses those separately below.

251 (N.D. Ala. 2013) (citation omitted). They “have found punitive damages to be appropriate where the debtor’s conduct was egregious, vindictive, malicious, or accompanied by bad faith.” *See In re McBride*, 473 B.R. 813, 822 (S.D. Ala. May 22, 2012) (citations and quotation marks omitted). “Decisions awarding punitive damages in this context typically consider the following factors: (1) the nature of the violator’s conduct; (2) the nature and extent of the harm to the debtor; (3) the violator’s ability to pay; (4) the motives of the violator; and (5) any provocation by the debtor.” *Id.* (citation omitted).

Considering these factors, Bayway Motors’ actions – including its repeated refusals to return the Camry for 22 days after it had notice of the bankruptcy – amount to egregious misconduct taken in arrogant defiance of federal law and merit an award of punitive damages in the amount of \$3,000. *See, e.g., In re Johnson*, No. 06-00164, 2007 WL 2274715, at *11 (Bankr. N.D. Ala. Aug. 7, 2007) (finding, among other things, that a creditor’s refusal to turn over unlawfully repossessed vehicle after repeated notices of the bankruptcy weighed in favor of awarding punitive damages); *see also Nettles*, 489 B.R. at 250-51 (“When a creditor knowingly and intentionally violates an automatic stay and . . . refuses to mitigate the effects of its unlawful conduct, appropriate circumstances exist for the imposition of punitive damages . . .”).

At trial, Mr. Loris requested that the court reduce Bayway Motors’ proof of claim in the main case. The court will thus credit the debtor with \$3,845 (\$845 in actual damages plus \$3,000 in punitive damages) against the amount to be paid on Bayway Motors’ secured claim under the confirmed plan. *See generally e.g., Nettles*, 489 B.R. 239; *In re Adams*, 516 B.R. 361 (Bankr. S.D. Miss. 2014); *In re Brown*, 237 B.R. 316 (Bankr. E.D. Va. 1999). The percentage paid to unsecured creditors is to remain the same; otherwise all the compensation would go to creditors rather than to Ms. Turner.

Attorney's fees

The attorney's fee provision of § 362(k) permits recovery of attorney's fees incurred by the debtor not just in stopping the stay violation but in prosecuting a damages action. *See In re Horne*, 876 F.3d at 1081-82. "The lion's share of damages from violations of automatic stays are typically attorneys' fees." *Id.* at 1082. "Most debtors are not in the financial position to afford an action to prosecute damages Rather than draining the limited funds in the bankruptcy estate and jeopardizing creditors' recoveries, the party wrongfully violating the automatic stay and causing the resulting damage awards is the one required to shoulder these fees." *See id.*

Bayway Motors through Mr. Gadha thwarted Mr. Loris' attempts to facilitate return of the Camry at every stage, and the court does not find it necessary to perform a detailed analysis of Mr. Loris' attorney's fees and conduct a separate evidentiary hearing. The court, based on its experience in private practice and on the bench, finds that the time reasonably required for Mr. Loris to (1) contact Bayway Motors on multiple occasions seeking return of the vehicle; (2) file this adversary proceeding and a motion for turnover when the creditor refused to do so; (3) appear in court on the motion for turnover; and (4) and prepare for and prosecute this adversary proceeding in a trial that lasted approximately 1.5 hours, is 10 hours. The court further finds that a reasonable hourly rate is \$250, for a total attorney's fee of \$2,500. And that is on the conservative end, as the court notes that Mr. Gadha testified that he had paid his defense attorneys a total of \$5,000.

Conclusion

For the reasons discussed above, the court awards Ms. Turner damages in the amount of \$3,845. The court will enter an order in the main case crediting this amount against the amount to be paid on Bayway Motors' secured claim.

The court also awards \$2,500 in attorney's fees. If either party objects to the attorney's fee award, it may file a written motion to alter or amend under Bankruptcy Rule 9023 within 14 days of the date of this order. If a motion is filed, the court will set a hearing to determine the amount of attorney's fees to be awarded and may increase or decrease the attorney's fee award as warranted.

Dated: September 8, 2026


HENRY A. CALLAWAY
U.S. BANKRUPTCY JUDGE