

SUMMARY STATEMENT

Jackson v. Crow
Docket No. 45450

This appeal arose due to the difficulties of applying the federal Bankruptcy Code and Idaho law to the same case. In 2010, Kermit Jackson (“Jackson”) filed a complaint in Ada County district court against Jennifer J. Crow (“Crow”) stemming from a 2008 automobile collision. Crow filed for bankruptcy in 2014 listing Jackson’s lawsuit as a potential unsecured creditor. Jackson filed a proof of claim with the bankruptcy court for which he eventually received a share of the distribution of Crow’s assets. Crow received a bankruptcy discharge in 2014, releasing her from personal liability on the claim. Jackson then proposed to move forward in this case by naming Crow as a nominal defendant so he could recover from her insurer. Crow moved for summary judgment arguing that the suit against her was barred by the Bankruptcy Code. The district court granted her motion. Jackson moved the district court to reconsider but his motion was denied. Jackson timely appealed.

The Idaho Supreme Court vacated the district court’s award of summary judgment and remanded the case for further proceedings. The Court determined that: (1) the district court correctly ruled that the Bankruptcy Code permits a party to sue a discharged debtor nominally; (2) Idaho’s no-direct-action rule did not bar Jackson’s suit; (3) Idaho law allows the use of nominal parties under these circumstances; and (4) there was not a sufficient showing that a nominal suit against Crow would violate her financial “fresh start” under the Bankruptcy Code. The Court also declined Jackson’s invitation to join Crow’s insurer to the appeal because doing so at this juncture would violate the no-direct-action rule. Likewise, the Court declined to consider Jackson’s motion for summary judgment on appeal because it was considered moot by the district court and would be considered upon remand.