

NOT RECOMMENDED FOR PUBLICATION

No. 24-1162

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

FILED
Feb 7, 2025
KELLY L. STEPHENS, Clerk

In re: EDWARD STEPHONE WILLIAMS,)

Debtor.)

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STUART A. GOLD, Trustee,)

Plaintiff-Appellant,)

v.)

CAMILE VANICE WILLIAMS, et al.,)

Defendants-Appellees.)

ON APPEAL FROM THE UNITED
STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF
MICHIGAN

ORDER

Before: BATCHELDER, COLE, and BUSH, Circuit Judges.

This is an appeal by the plaintiff, United States Trustee Stuart A. Gold, from a district court decision reversing a bankruptcy court decision in an adversary proceeding. The bankruptcy court denied post-judgment motions by the defendants—Camile Vanice Williams, Gregory Stephone Williams, and Camron Lashawn Williams, children of Chapter 7 bankruptcy debtor, Edward Stephone Williams. The district court reversed on the ground that the bankruptcy court lacked subject-matter jurisdiction under the probate exception to federal jurisdiction. This case has been referred to a panel of the court that, upon examination, unanimously agrees that oral argument is not needed. *See* Fed. R. App. P. 34(a). For the reasons below, we vacate the district court’s order and remand.

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Edward Williams filed a Chapter 7 petition for bankruptcy. Williams did not list his home as property that he had an ownership interest in, claiming that the property was owned by his three adult children. The Trustee filed an adversary action against the children, seeking a judgment that the home was part of the bankruptcy estate given that it had passed to Williams by intestate succession on the death of his spouse, who had been the sole owner of the property. The defendants did not answer the complaint, and in February 2021 the Trustee obtained a default judgment.

In May, the bankruptcy court authorized the Trustee to sell the property to Camile Williams for \$75,000. The sale did not close, and, in August, the defendants moved for relief from the default judgment based on lack of service. In January 2022, they moved for relief from the automatic stay. In those motions, the defendants asserted that before their mother died, she had transferred the property to them by an unrecorded quitclaim deed. In opposing the motions, the Trustee noted that the defendants and their attorney were properly served. Then, at an evidentiary hearing, the Trustee sought to prove that the defendants' deed was fake and their mother's signature on it was forged.

The bankruptcy court denied the defendants' motions, determining that their deed was fake and that the bankruptcy estate was the sole owner of the property. *In re Williams*, 649 B.R. 264, 270 (Bankr. E.D. Mich. 2023). In that decision, the bankruptcy court rejected the defendants' argument that the court lacked subject-matter jurisdiction under the probate exception, which provides that "federal courts are prohibited from exercising jurisdiction over certain conflicts involving property subject to a state court probate proceeding." *Osborn v. Griffin*, 865 F.3d 417, 434 (6th Cir. 2017). The bankruptcy court noted that the exception was inapplicable because "the Trustee's claims do not seek to reach or affect property that is in the custody of a state probate court. No probate court was exercising *in rem* jurisdiction over the Property at the time the Trustee filed his Complaint in this adversary proceeding." *In re Williams*, 649 B.R. at 285.

The defendants appealed to the district court, which reversed, holding that the probate exception applied and therefore the bankruptcy court lacked subject-matter jurisdiction. *In re Williams*, 657 B.R. 93, 97-98 (E.D. Mich. 2024). The district court reasoned that the Trustee's adversary proceeding against the defendants "invites the bankruptcy court to determine intestate

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succession issues—namely, whether the [defendants’ mother] died intestate, whether her estate included the real property at issue, and whether under Michigan law the debtor inherited that property by intestate succession, thereby making it part of the debtor’s bankruptcy estate.” *Id.*, at 97.

On appeal, the Trustee argues that the probate exception to federal jurisdiction does not apply.

“[I]n bankruptcy appeals, we ‘directly review the bankruptcy court’s decision.’ We do so by examining its factual findings under the clear error standard and its legal conclusions *de novo*.” *In re Teter*, 90 F.4th 493, 498 (6th Cir. 2024), *cert. denied*, No. 23-1086, 2024 WL 2116337 (U.S. May 13, 2024) (quoting *In re Purdy*, 870 F.3d 436, 442 (6th Cir. 2017)).

The probate exception to federal jurisdiction “reserves to state probate courts the probate or annulment of a will and the administration of a decedent’s estate; it also precludes federal courts from endeavoring to dispose of property that is in the custody of a state probate court.” *Marshall v. Marshall*, 547 U.S. 293, 311-12 (2006). But “this exception is ‘of distinctly limited scope.’” *Osborn*, 865 F.3d at 434 (quoting *Marshall*, 547 U.S. at 310). It “is narrowly limited to three circumstances: (1) if the plaintiff ‘seek[s] to probate . . . a will’; (2) if the plaintiff ‘seek[s] to . . . annul a will’; and (3) if the plaintiff ‘seek[s] to reach the *res*’”—the property—“‘over which the state court had custody.’” *Chevalier v. Est. of Barnhart*, 803 F.3d 789, 801 (6th Cir. 2015) (quoting *Wisecarver v. Moore*, 489 F.3d 747, 750 (6th Cir. 2007)).

This case presents none of those circumstances. As the bankruptcy court explained, no probate court had custody over the property. And “[t]he probate exception does not divest a federal court of subject-matter jurisdiction unless a probate court is already exercising *in rem* jurisdiction over the property at the time that the plaintiff files her complaint in federal court.” *Id.* at 804. Moreover, the probate exception also would not apply if, as the defendants maintain, the property was transferred to them before their mother’s death. “[P]roperty that a party *removes* from a decedent’s estate prior to [her] death is not part of the *res* that is distributed by the probate court.” *Osborn*, 865 F.3d at 435.

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The district court determined that the probate exception applied because the Trustee's adversary action turned on Michigan intestacy statutes, which "is within the province of Michigan's state courts." *In re Williams*, 657 B.R. at 97. Yet that was also the case in the adversary bankruptcy action in *Marshall*, and the Supreme Court explained that the issue was "not the [state] Probate Court's jurisdiction, but the federal courts' jurisdiction to entertain [the plaintiff's] claim." *Marshall*, 547 U.S. at 314. The Court was clear: "[u]nder our federal system, [a state] cannot render its probate courts exclusively competent to entertain a claim of that genre." *Id.*

In sum, because the Trustee's adversary proceeding involved none of the three situations in which the probate exception to federal jurisdiction applies, the bankruptcy court correctly rejected that argument. The district court's decision to the contrary is vacated. Because the district court did not reach remaining aspects of the bankruptcy court's decision, any further matters should be resolved by the district court in the first instance.

Therefore, we **VACATE** the district court's order reversing the bankruptcy court's opinion and **REMAND** the case to the district court for further proceedings.

ENTERED BY ORDER OF THE COURT


Kelly L. Stephens, Clerk