

Submitted by:  
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**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MONTANA**

**In re:**

**THORCO INC.,**

**Case No. 9:22-bk-90119-WLH**

**Debtor.**

**COMBINED OBJECTION TO TRUSTEE CHRISTY BRANDON'S FEES AND  
EXPENSES AND MOTION FOR REMOVAL, DISGORGEMENT, SANCTIONS,  
AND RELATED RELIEF  
(Opposing ECF 621 and ECF 624 and All Related Filings by  
Trustee Christy Brandon Christy L. Brandon)**

**I. INTRODUCTION & RELIEF SOUGHT**

Dennis Thornton (“Movant”), party in interest, objects to Trustee Christy Brandon Christy L. Brandon’s Second Interim Application for Professional Fees and Costs (ECF 621) and Trustee Christy Brandon’s Application for Payment of Interim Compensation and Expenses (ECF 624), and moves for removal of Trustee Christy Brandon under 11 U.S.C. § 324(a) for cause—including fraud upon the court, breach of fiduciary duty, gross misconduct, violations of statutory Trustee Christy Brandon duties—and for disgorgement of all fees, denial of expenses, sanctions, and further relief. As grounds, Movant alleges that Trustee Christy Brandon failed to perform mandatory § 704 duties, illegally operated the Debtor’s business in Chapter 7 to generate funds to pay herself and her counsel in a case with effectively no creditors, misrepresented material facts to the

Court, and engaged in acts amounting to bankruptcy fraud. In prior filings, Trustee Christy Brandon represented there are no unsecured creditors and that Thorco had no other debts.

Among other misrepresentations deliberately, knowingly and intentionally made by Brandon, and upon which this Court has relied in making its decisions throughout proceedings, the following exist upon the record..

To wit, After Christy Brandon was appointed on January 10, 2024, a 341 meeting was held where Christy Brandon and the attorney she hired to represent the chapter 7 estate Dan Morgan told all of the creditors and Thorco Inc.'s equity security holders that they would be pursuing the fraudulent transfer claims.

The record provides extensive evidence, including the expert witness reports from Gerald Fritts (ECF Doc. #370), and a transcript of a hearing with the Montana Bank Oversight Committee where Commissioner Melanie Hall and Chief Legal Counsel Kelly O'Sullivan testified that ***no debt remained after the judgment was vacated and dismissed with prejudice***, demonstrating the debt claimed by WCU was phantom, Trustee Brandon, without any discovery or investigation, immediately began settlement negotiations with the adversarial parties.

On June 13, 2024, Trustee Brandon submitted a joint motion to approve a compromise under Rule 9019 with the adversarial parties. The majority of Thorco Inc.'s creditors raised objections to this motion. Additionally, Thorco, Inc. was not represented by counsel at any time during settlement negotiations, This fact was known by Brandon at the time.

On September 27, 2024, a hearing was held where Christy Brandon testified that a \$4.4 million phantom debt was owed to WCU. Attorney Megan VanderWeele, representing WCU, presented compelling evidence in her recent filings that demonstrate

that all adversarial parties knew or should have known that WCU, through its attorneys and agents, was attempting to collect an unlawful phantom debt. This point was underscored in her filing in Case 9:24-cv-00160-DWM [ECF 37] on February 18, 2025, as follows:

**BRIEF OF APPELLEES WHITEFISH CREDIT UNION; MO**

**SOMERS, LLC; RUIS GLACIER, LLC; AND NEAL BOUMA**

(Case 9:24-cv-00160-DWM Document 37 Filed 02/18/25 Page 25 of 47)

**F. The September 27, 2024 Evidentiary Hearing**

*The Trustee reviewed bankruptcy filings, disclosure statements, pleadings and numerous appraisals to determine the value of the Property at the time the deeds were recorded in 2018. (ER 98-111). The Trustee ultimately concluded the Property's value was between \$4 million to \$5 million. (ER 111). Weighing the Property's valuation against the outstanding debt Thorco owed to WCU (approximately \$4.4 million) the Trustee concluded "it would be a challenge to prove that we didn't get reasonably equivalent value for Thorco in that exchange"*

Trustee Brandon, her attorney Dan Morgan, and the adversarial parties knew, during Brandon's testimony on September 27, 2024, at the evidentiary hearing, that Thorco Inc. did not owe any money on the 2009 mortgage after August 24, 2016, and certainly did not owe \$4.4 million. If they did not know then, they certainly know now due to the recent filings.

On February 28, 2025, Attorney Megan VanderWeele filed document [ECF 41] in the Federal District Court Case 9:24-cv-00160-DWM. This document reveals that she and the opposing defendants were aware that the 2012 case was settled and dismissed with prejudice in August 2016, without a final judgment ever being entered. They knew the \$4.4 million claim was baseless, and if they were not aware then, they certainly are now. Yet, no action has been taken to halt the ongoing proceedings.

*par.2 The contention that there is a WCU judgment against Thorntons that prevents Thorco from obtaining financing. Of course, this contention has no bearing whatsoever on the proposed settlement of a fraudulent conveyance claim but only relates to Dennis Thornton's obsession with blaming WCU for his financial troubles. [To be clear, as WCU has repeatedly stated on the record: there is not and has never been a monetary judgment in favor of WCU against either Thorco or Thorntons based on a mortgage foreclosure.] [The foreclosure action that was filed in 2012 was settled and dismissed with prejudice without a final judgment ever having been entered.*

*Par.3 [The actions Thorntons and Thorco filed against WCU in 2018 and 2019 resulted in judgments in favor of WCU.] [The fact that there is a court record of a foreclosure action is not a record of a judgment.] [Thorco's and Thornton's inability to obtain a loan likely stems from some imaginary judgment in favor of WCU]*

Brandon filed 9:22-bk-90119-WHL [ECF 503] on February 28, 2025, objecting to the Thorntons' proof of claim. Brandon also stated that the underlying debt owed by Thorco and the Thorntons was satisfied but failed to provide the exact dates—August 16 through August 24, 2016—when this occurred. This omission clearly indicates that Brandon knew or should have known when she testified on September 27, 2024, at the evidentiary hearing, that Thorco Inc. did not owe \$4.4 million in October 2018.

(9:22-bk-90119-WLH Doc#: 503 Filed: 02/28/25)

### **OBJECTION TO PROOF OF CLAIM; AND NOTICE**

3.

*[The evidence produced in this case shows that the judgment entered in favor of Whitefish Credit Union and against Thorco was vacated and the underlying debt owed by Thorco that the Thorntons had guaranteed was satisfied.]*

The \$4.4 million phantom debt valuation formed the basis of Brandon's settlement with the adversarial parties. If Brandon was not aware of this fact when she agreed to the settlement, she certainly acknowledges it now, yet has taken no actions to halt the ongoing proceedings.

All parties involved in Thorco Inc.'s bankruptcy, including the court, Brandon, and attorney Morgan, were provided with the reconveyance that reconveyed the five hundred acres to Thorco Inc. document but did nothing to investigate its validity.

All parties involved in Thorco Inc.'s bankruptcy, including the court, Brandon, and attorney Morgan, were provided with evidence months before the evidentiary hearing on September 27, 2024, that the \$4.4 million debt Brandon testified was owed in October 2018 was not owed, yet did nothing to stop the proceedings.

Based on the evidence I have gathered from my investigations, it is clear that further scrutiny by the U.S. Department of Justice under 18 U.S. Code § 157 or any other applicable statute is warranted. In my opinion, failure to take action could set a dangerous precedent for future borrowers.

For these violations removal of Trustee Brandon and her crony Daniel Morgan and full disgorgement is mandated pursuant to the holdings of the Ninth Circuit as follows:

**In re Park-Helena Corp., 63 F.3d 877 (9th Cir. 1995)** — Ninth Circuit affirmed denial of *all* fees to debtor's counsel for failing to make full and accurate disclosures (source of retainer; connections) under Rule 2014/§§ 327, 329, 330. The court emphasized that even negligent or inadvertent nondisclosure can justify denying all requested fees. This

principle is routinely cited to deny or disgorge fees where professionals (and, by extension, parties seeking estate compensation) mislead the court.

**How it's used:** Bankruptcy courts in the Ninth Circuit apply Park-Helena to scrutinize fee applications; material omissions or misleading statements can result in denial/disgorgement of all compensation—no showing of estate harm is required. See, e.g., BAP decisions reiterating that payment requires proper employment and full disclosure.

**Dye v. Brown (In re AFI Holding, Inc.), 530 F.3d 832 (9th Cir. 2008)** — Ninth Circuit outlined trustee fiduciary duties and affirmed that a trustee may be removed for “cause,” assessed under a totality-of-circumstances test (including incompetence, breach of fiduciary duty, or misconduct). While AFI addresses removal (not fee fraud specifically), its fiduciary-duty framework is the backbone for remedies when a trustee acts dishonestly.

**How it's used:** If a trustee is found to have misrepresented facts to extract fees, courts can remove the trustee under § 324(a) and consider denial or disgorgement of compensation under § 330, relying on the fiduciary standards affirmed in AFI.

**Curry v. Castillo (In re Castillo), 297 F.3d 940 (9th Cir. 2002)** — Ninth Circuit recognized quasi-judicial immunity for trustees *only* for functions integrally related to the judicial process. Acts outside those functions (particularly self-dealing or ultra vires conduct) are not protected. This delineation allows claims/sanctions when a trustee's own misrepresentations are for personal gain (e.g., to obtain fees by fraud).

**How it's used:** When accusations target a trustee's allegedly false statements in fee requests (self-interested conduct), courts consider Castillo's limits on immunity and allow fee-related remedies (disgorgement/denial) and, where appropriate, claims to proceed.

**Hale v. U.S. Trustee, 509 F.3d 1139 (9th Cir. 2007)** — Ninth Circuit affirmed sanctions and disgorgement under Rule 9011 and the court's inherent powers; it underscores the bankruptcy court's broad authority to sanction bad-faith or misleading conduct connected to compensation.

**How it's used:** If a trustee (or counsel) submits a fee application containing knowing misrepresentations, courts can use inherent-power and Rule-based sanctions, including fee disgorgement.

**ECF v. Daff (BAP 2023, published):** Debtor alleged a chapter 11 trustee "*made false statements on fee applications.*" The BAP held the bankruptcy court properly denied leave to sue the trustee in state court because compensation/fee-conduct falls within the bankruptcy court's purview; it did not reach the merits but confirms where and how such claims are addressed

**BRANDON'S PENDING APPLICATIONS OPPOSED  
(ECF 624 and Related Filings)**

Movant specifically opposes Trustee Christy Brandon Brandon's "Trustee Christy Brandon's Application for Payment of Interim Compensation" (ECF 624), which seeks a \$25,000 interim draw (against a computed § 326(a) cap of \$47,259.60) plus \$905.03 in expenses based on \$880,191.99 in "amounts paid to persons other than the debtor," and opposes the Second Interim Application for Professional Fees and Costs (ECF 621). Both applications rely on inflated or improper bases, fail to satisfy § 330, and are tainted by prolonged, unauthorized "operations" activities and misreporting inconsistent with Chapter 7.

**II. STATEMENT OF FACTS AND PROCEDURAL BACKGROUND**

1. Thorco's solvency / absence of creditors. Movant contends there are effectively no unpaid unsecured creditors; the estate has remained solvent or near-solvent. Trustee's cash balances and asset positions reflect capacity to pay all administrative expenses without creditor prejudice (ECF 624 at ¶5).
2. Trustee's prolonged administration and "operations." After conversion on November 16, 2023, Trustee pursued ongoing business activities and submitted monthly operating information using Chapter 11 Form 425C in a Chapter 7 case, signed under penalty of perjury. Movant asserts these filings misrepresented the estate's posture and fabricated a basis for fees and commissions.
3. The Applications. ECF 621 seeks additional professional fees (after >\$80,000 previously awarded); ECF 624 seeks a \$25,000 interim draw toward a computed § 326(a)

commission of \$47,259.60 and \$905.03 in expenses, based on \$880,191.99 in “amounts paid to persons other than the debtor.”

**III. LINE BY LINE RESPONSE TO TRUSTEE CHRISTY BRANDON  
BRANDON’S SECOND INTERIM APPLICATION FOR  
PROFESSIONAL FEES AND COSTS**

- Trustee Christy Brandon Brandon’s narrative misstates the estate’s financial condition; there were no legitimate creditor claims justifying ongoing administrative costs; continued billing depleted estate funds.
  
- Hourly rates and billed hours are inflated and unsupported by creditor benefit; no tangible recovery resulted; services appear duplicative or self-justifying.
  
- The prior employment approval order does not excuse subsequent misconduct or scope overreach; the timeline reflects unnecessary delay and overbilling.
  
- After >\$80,000 already awarded, an additional \$48,132 is improper absent demonstrated creditor benefit; any further payment wastes estate assets.
  
- Records show billing tied to unauthorized “operation” work and improper use of Chapter 11 forms in a Chapter 7 case; such filings are misleading and false.

- Funds exist precisely because the Trustee Christy Brandon unlawfully continued business operations for nearly two years; operating a business in Chapter 7 without proper § 721 authority cannot justify new fees.
- Assertions that requests will not impair creditor payments are misleading where there are effectively no unpaid creditors; payments primarily inure to the Trustee Christy Brandon and professionals.
- The application is procedurally defective and submitted in bad faith; all requested compensation should be denied and removal/disgorgement considered.

#### **IV. LEGAL STANDARDS**

##### **A. Statutes**

- 11 U.S.C. § 330(a): Only “reasonable compensation for actual, necessary services” and “reimbursement for actual, necessary expenses,” with focus on benefit and necessity.
- 11 U.S.C. § 326(a): Cap on Chapter 7 Trustee Christy Brandon commissions based on “moneys disbursed” to parties in interest other than the debtor—cap, not entitlement.
- 11 U.S.C. § 328(c): Court may deny compensation for lack of disinterestedness, misconduct, or other cause.
- 11 U.S.C. § 704(a): Duties include closing the estate expeditiously and accountability for all property.
- 11 U.S.C. § 721: Trustee Christy Brandon may operate the business only with court authorization, temporarily, and only if in creditors’ best interests.
- 11 U.S.C. § 324(a): Court may remove a Trustee Christy Brandon “for cause.”

## **B. Rules**

- FRBP 2014: Full disclosure of connections by employed professionals; nondisclosure can warrant denial of all fees.
- FRBP 2016(a): Fee applications must itemize services, time, and expenses sufficiently for review.
- FRBP 9011: Submissions must be truthful; misrepresentations are sanctionable.
- FRBP 9014: Fee applications are contested matters; due process applies.

## **C. Ninth Circuit & BAP Authorities**

- *Park Helena Corp.*, 63 F.3d 877 (9th Cir. 1995) (strict FRBP 2014 disclosure duty; denial of all fees for nondisclosure).
- *Dye v. Brown (In re AFI Holding, Inc.)*, 530 F.3d 832, 845–47 (9th Cir. 2008) (Trustee Christy Brandon removal under § 324 for conflicts/appearance of impropriety).
- *Leichty v. Neary (In re Strand)*, 375 F.3d 854, 860 (9th Cir. 2004) (lodestar; benefit/necessity under § 330).
- *In re Nucorp Energy, Inc.*, 764 F.2d 655, 658–59 (9th Cir. 1985) (adequate detail required; vague/lumped entries reduced).
- *In re Yermakov*, 718 F.2d 1465, 1471 (9th Cir. 1983) (§ 330 limits to actual, necessary services that benefit the estate).
- *In re Nakhuda*, BAP No. 14-1235 (9th Cir. BAP Mar. 2, 2015) (mem.) (§ 721 strictly limits business operation in Chapter 7; requires specific court approval; creditor benefit).

## **IV. ARGUMENT**

- A. Many Entries Are Not “Actual, Necessary,” or Beneficial to the Estate (§ 330); Vague/Administrative Entries Fail FRBP 2016.**

The invoices include administrative/clerical tasks, internal calendaring/emails, and litigation overhead (appeals/sanctions) yielding no tangible creditor recovery. Under Ninth Circuit law, compensation is limited to “actual, necessary” services reasonably likely to benefit the estate. See Yermakov; Strand; Nucorp.

**B. Time Spent Operating or Enabling Operation of the Business Violated—or Exceeded—§ 721’s Narrow Limits.**

Entries tied to “operation” activity, monthly operating reports, and motions to operate in Chapter 7 exceed § 721’s temporary, court-authorized, creditor-benefiting limits, and appear aimed at generating administrative fees rather than liquidation. See Nakhuda.

**C. FRBP 2014 Disclosure Defects or Misstatements Warrant Denial/Disgorgement (Park Helena).**

Any failure to disclose connections, payment sources, or true posture—or misleading characterizations—merits denial of fees and disgorgement. See Park Helena; §§ 328(c), 330.

**D. Self-Referential Fee Work and Satellite Litigation Should Be Cut or Disallowed.**

Substantial time spent preparing/defending fee applications and sanctions skirmishes should be reduced as disproportionate or self-protective. See Strand; Yermakov; Nucorp.

**E. Trustee Christy Brandon Removal for Cause Is Warranted (§ 324) in Light of Misconduct and Pattern of Actions Contrary to § 704(a).**

Prolonged administration, pursuit of business operations in Chapter 7, and support for fee-generating satellite litigation—despite minimal creditor benefit—breach § 704(a) and justify removal. See AFI Holding, 530 F.3d at 845–46.

**F. Disgorgement Under § 328(c) and Equitable Powers.**

Upon findings of misconduct, nondisclosure, or lack of benefit, the Court should deny compensation and order disgorgement. See § 328(c); *Park Helena*.

**G. Fraud Upon the Court Doctrine and Standards.**

Fraud upon the court arises when an officer of the court corrupts the judicial process through deceitful conduct, including false filings under oath. See *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U.S. 238, 246–47 (1944); *Chambers v. NASCO, Inc.*, 501 U.S. 32, 44–46 (1991) (inherent power to address bad-faith conduct).

**H. Operation of the Debtor as an Ongoing Business in Chapter 7 to Generate Fees/Commissions.**

Movant alleges that Trustee Christy Brandon improperly operated or presented the estate as an ongoing business under Chapter 7 to inflate the § 326(a) base and justify fees, contrary to §§ 704 and 721. This conduct defrauds creditors and the Court by misrepresenting the case posture and necessity of administration.

**I. False Oaths and Misleading Reports—Use of Chapter 11 Form 425C in Chapter 7.**

The record includes use of Official Form 425C (a Chapter 11 Small Business Monthly Operating Report) in this Chapter 7 case, signed under penalty of perjury pursuant to 28 U.S.C. § 1746. Using Chapter 11 reports in Chapter 7 misrepresents authority and operations, violates Rule 2015(a)(2) and § 704 duties, and supports findings of fraud upon the court. Knowingly false declarations implicate 18 U.S.C. § 152(2) and § 1621.

**J. Conspiracy and Collusion (18 U.S.C. §§ 371, 157).**

Coordinated submission of false operating reports and fee applications constitutes an agreement and overt acts to defraud the estate and Court. See 18 U.S.C. §§ 371, 157. Upon such findings, removal (§ 324), fee denial (§ 330), and referrals (§ 3057; 28 U.S.C. § 586(a)(3)(F)) are appropriate.

**K.. Remedies.**

Given the foregoing, Movant requests denial of fees/expenses, disgorgement of previously paid amounts, removal of the Trustee Christy Brandon, sanctions, and referrals to the U.S. Trustee Christy Brandon and U.S. Attorney.

**L. Trustee Christy Brandon's Unauthorized Operations in Chapter 7 Violate § 721 and Bar Fee Recovery**

Chapter 7 Trustee Christy Brandon may not operate a debtor's business, except only to the extent specifically authorized by order of the Court and only if such operation benefits creditors. 11 U.S.C. § 721; Fed. R. Bankr. P. 2015(a)(2). The Ninth Circuit BAP strictly limits § 721 authority. See *In re Nakhuda*, BAP No. 14-1235 (9th Cir. BAP Mar. 2, 2015) (mem.) (operation requires specific court approval and must serve the estate). Conducting or presenting ongoing operations in Chapter 7—particularly by using Chapter 11 reporting forms—cannot serve as a basis for compensation under § 330 or commissions under § 326.

**M. Solvent Estate Means No Creditor Benefit; Compensation Must Be Denied Under § 330**

Since Thorco, Inc, is solvent and has no unpaid unsecured creditors, administrative activity that primarily benefits the fiduciaries fails § 330's benefit requirement. The Ninth Circuit demands reasonableness and creditor benefit in awarding Christy Brandon and Daniel Morgan fees. See *Leichty v. Neary (In re Strand)*, 375 F.3d

854, 860 (9th Cir. 2004) (lodestar/benefit analysis governs); In re Yermakov, 718 F.2d 1465, 1471 (9th Cir. 1983) (services must be actual, necessary, and beneficial when rendered); In re Nucorp Energy, Inc., 764 F.2d 655, 658–59 (9th Cir. 1985) (adequate detail required; vague or lumped time reduced).

A Chapter 7 bankruptcy is meant for liquidation, not for the continued operation of a business as a going concern (except temporarily if that maximizes value for creditors). Chirsty Brandon's trustee job is to marshal and liquidate assets, then distribute proceeds to creditors. Here, Trustee Christie Brandon has operated this corporation for over 2 years solely for the purposes of absconding commissions and fees for herself and her cronies, especially Dan Morgan's law firm, while acting as a Chapter 11 Trustee.

Debtor Corporation Thorco, Inc. corporation has no legitimate creditors, and is solvent (assets > liabilities), and there is no legitimate bankruptcy purpose. Bankruptcy protection is only available to insolvent entities seeking equitable distribution to creditors. Trustee Brandon has admitted on the record that Thorco, Inc, is solvent and was so at the time of the original petition.

**A Chapter 7 case must be dismissed for abuse when:**

- (a) The debtor is a corporation,
- (b) The case is being used as a going concern (i.e., not being liquidated),
- (c) The trustee is allegedly operating it to generate fees or commissions,
- (d) And the corporation is solvent and can resume normal business.

11 U.S.C. § 707(a) —

Allows dismissal of a Chapter 7 case “for cause.” “Cause” is not exhaustively listed, but includes “unreasonable delay,” “nonpayment of fees,” and other abuses of process. Courts have long recognized that bad faith filing or misuse of Chapter 7 can be “cause” for dismissal.

### **Case Law Examples**

*In re Integrated Telecom Express, Inc.*, 384 F.3d 108 (3d Cir. 2004):

Dismissal upheld because a solvent company filed Chapter 11 solely to gain tactical advantage — no valid bankruptcy purpose.

*In re SGL Carbon Corp.*, 200 F.3d 154 (3d Cir. 1999):

Chapter 11 petition dismissed for lack of good faith where there was no financial distress.

While those are Chapter 11 cases, courts apply similar reasoning to Chapter 7 filings — e.g., *In re Huckfeldt*, 39 F.3d 829 (8th Cir. 1994):

**The bad faith and abuse of the bankruptcy process**, both existing as a matter of record involving Christy Brandon and Daniel Morgan here, are causes for dismissal under § 707(a).

### **Corporate Chapter 7 Abuse**

If a corporate debtor is solvent and has no creditors, and if the trustee is effectively “running” the business rather than liquidating it, a court could find that:

- There’s no legitimate bankruptcy purpose,
  - The trustee’s conduct constitutes abuse or mismanagement under § 704,
- and

- Any interested party could move to dismiss or remove the trustee (§ 324) or dismiss the case (§ 707(a)).

#### Trustee Compensation & Oversight

- Trustees are compensated based on § 326(a), which limits fees based on distributions made.
- If the trustee is prolonging administration to maximize fees or running the estate as a going concern unnecessarily, that could be considered improper or self-serving conduct — a basis for removal under § 324(a) and dismissal for abuse.

The totality of circumstances and abuses by Trustee Christy Brandon, Daniel Morgan and his law firm constitute causes for dismissal under 11 U.S.C. § 707(a) and grounds for trustee removal under § 324(a).

#### **N. Fraud, Breach of Fiduciary Duty, and Unjust Enrichment Require Denial and Disgorgement**

Trustee Christy Brandon owes fiduciary duties of loyalty, candor, and expedition. § 704(a); AFI Holding, 530 F.3d at 845–47. Using Chapter 11 Form 425C in a Chapter 7 case and certifying under 28 U.S.C. § 1746 misrepresents authority and operations and violates Rule 2015(a)(2) and Rule 9011. False oaths implicate 18 U.S.C. § 152(2). Disclosure defects under Rule 2014 compel denial of fees even if negligent. Park-Helena, 63 F.3d at 882–83. Equitable powers under § 105(a) and inherent authority (Chambers, 501 U.S. at 44–46) support disgorgement and sanctions to prevent unjust enrichment.

**O. Trustee Christy Brandon Is Not Entitled to Any Fees or Commission**

Section 326(a) is a cap, not an entitlement; the Court must independently determine reasonableness under § 330 and may award zero. Roderick, 185 B.R. at 605–06; Perkins, 244 B.R. at 840–41. Any presumption that a statutory commission is reasonable (Salgado-Nava, 473 B.R. at 921–22) yields to extraordinary circumstances—such as unauthorized operations, solvency, lack of benefit, or fraud upon the court. Given Thorco’s non-insolvency and the Trustee Christy Brandon’s self-directed “operations,” awarding any fees or commission would reward misconduct and unjust enrichment. The proper remedy is denial of all compensation and disgorgement under §§ 328(c), 329(b), and 330 and Rule 2017.

**P. Fraud Upon the Court and False Oaths**

Fraud upon the court arises where Trustee Christy Brandon corrupts the judicial process through deceit, including false sworn filings. Hazel-Atlas, 322 U.S. at 245–47.

Submission of Chapter 11 operating reports (Form 425C) in a Chapter 7 case—signed under penalty of perjury—misstates legal authority and posture, constitutes bad faith, and warrants fee denial, vacatur of tainted actions, sanctions, and referral. See also Chambers, 501 U.S. at 44–46.

**Q. Collusion and Conspiracy to Commit Bankruptcy Fraud**

The coordinated multiple filings of misleading operating reports and fee applications by Trustee Christy Brandon and her crony Daniel Morgan constitutes an agreement and overt acts to defraud the estate and the Court in violation of 18 U.S.C. §§ 371 and 157. The Court should deny all compensation, order disgorgement, remove the

Trustee Christy Brandon (§ 324(a)), and refer under 18 U.S.C. §§ 152, 157, 371 and 28 U.S.C. § 586(a)(3)(F).

**R. Specific Objections to the \$905.03 Expense Request**

Trustee Christy Brandon's Expense Worksheet lists generic "LEGAL NOTICING – COPIES/POSTAGE," bulk "POSTAGE," a vendor copy bill, and a \$10 Montana SOS fee. Routine overhead is not reimbursable, absent particularized necessity and creditor benefit; aggregated entries and bare order numbers fail Rule 2016's detail requirement. The Court should disallow the \$905.03 in full or require itemized proofs with unproven items disallowed.

**S. Specific Objections to Improperly Claimed Expenses (\$905.03)**

The Expense Worksheet reflects generic "LEGAL NOTICING – COPIES/POSTAGE," bulk "POSTAGE," a vendor copy bill, and a \$10 Montana SOS fee. Routine overhead is not reimbursable absent particularized necessity and creditor benefit; aggregated "postage from [date] through [date]" entries and order numbers without context do not meet Rule 2016's detail requirement. The Court should disallow the \$905.03 in full or require itemized proofs and eliminate unproven items.

**VI. SUPPLEMENTAL INCORPORATED MEMORANDUM OF LAW IN SUPPORT OF OBJECTION AND MOTION TO REMOVE TRUSTEE CHRISTY BRANDON**

**A. LEGAL STANDARD FOR REMOVAL OF A CHAPTER 7 TRUSTEE CHRISTY BRANDON.**

Under § 324(a), removal is warranted “for cause,” assessed case-by-case, including conflicts, misconduct, breach of fiduciary duty, and actions undermining integrity and impartiality. See *AFI Holding*, 530 F.3d at 845–47.

**B. TRUSTEE CHRISTY BRANDON DUTIES UNDER § 704 AND RULES.**

Duties include collecting/reducing to money estate property and closing expeditiously (§ 704(a)(1)); accountability (§ 704(a)(2)); investigation (§ 704(a)(4)); claims review (§ 704(a)(5)); information to parties (§ 704(a)(7)); and accurate periodic reports when operating (§ 704(a)(8)); see also Rule 2015(a)(2).

**C. OPERATING A BUSINESS IN CHAPTER 7 REQUIRES § 721 AUTHORIZATION AND MUST BENEFIT CREDITORS.**

Any operation must be specifically authorized, temporary, and in creditors’ best interests. See § 721; *Nakhuda* (BAP 2015).

**D. COMPENSATION LIMITED TO ACTUAL, NECESSARY, REASONABLE SERVICES (§ 330; RULES 2016 & 2017).**

Only services reasonably likely to benefit the estate at the time rendered are compensable; unnecessary/duplicative services are not. See § 330(a)(1), (4)(A); *Strand*; *Yermakov*; *Nucorp*.

**E. FRAUD UPON THE COURT AND FALSE OATHS WARRANT REMOVAL, DISGORGEMENT, AND REFERRAL.**

See *Hazel-Atlas*, 322 U.S. at 246–47; *Chambers*, 501 U.S. at 44–46; 18 U.S.C. §§ 152(2), 157, 1621; 28 U.S.C. § 1746.

VI. CONSPIRACY AND COLLUSION TO DEFRAUD THE ESTATE (18 U.S.C. §§ 371, 157).

Coordinated false reports and fee petitions constitute overt acts; remedies include removal, denial/disgorgement, and referrals.

**F. COURTS REGULARLY REMOVE OR SANCTION TRUSTEE CHRISTY BRANDONS FOR MISCONDUCT AND SELF-DEALING.**

See AFI Holding; Tres-Ark, 483 B.R. 460; Lundborg, 110 B.R. 106; Bullock v. BankChampaign, N.A., 569 U.S. 267 (2013) (defalcation standard).

**G. APPLICATION TO ECF 621 AND THE RECORD.**

The additional \$48,132 for special counsel after >\$80,000 already awarded arises from continued Chapter 7 “operations” despite no creditors; use of Official Form 425C on Sept. 18, 2025 for Aug. 2025 misrepresented posture and fabricated a basis for fees. Relief: removal, denial, disgorgement, referral.

**VII. REQUESTED RELIEF**

Movant respectfully requests that the Court:

- (1) sustain this Combined Objection;
- (2) deny the Trustee Christy Brandon’s Applications (ECF 621 and 624);
- (3) exclude administrative/overhead disbursements from any § 326(a) base;
- (4) deny the \$905.03 expense request or require detailed proofs;
- (5) remove Trustee Christy Brandon for cause under § 324(a);
- (6) order disgorgement of all fees previously paid to Trustee Christy Brandon and Morgan Law Offices under §§ 329(b), 328(c), and § 330 and Rule 2017;
- (7) issue an Order to Show Cause;
- (8) refer this matter to the to the Office of the United States Trustee and the United States Attorney for investigation under 18 U.S.C. §§ 152, 157, 371 and

- 28 U.S.C. § 586(a)(3)(F).
- (9) Dismiss the Bankruptcy or in the alternative reconvert to Chapter 11 or appoint an independent fiduciary, placing Thorco, Inc and Debtor in Possession; and
- (10) grant such other relief as just.

**VERIFICATION / DECLARATION OF DENNIS THORNTON**

I, Dennis Thornton, declare under penalty of perjury under 28 U.S.C. § 1746 that I am the Movant and party in interest; I have prepared this Combined Objection, Memorandum of Law, and supporting Exhibits; and the facts stated herein are true and correct to the best of my knowledge, information, and belief.

Executed on: \_\_\_\_\_, 2025, at \_\_\_\_\_.

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thorcoinc@outlook.com

**EXHIBIT A — LINE-BY-LINE EXPENSE LIST**

**EXHIBIT B — TRUSTEE CHRISTY BRANDON’S APPLICATION FOR  
PAYMENT OF INTERIM COMPENSATION (ECF 624) — TEXT PROVIDED  
BY TRUSTEE CHRISTY BRANDON**

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MONTANA**

**In re:**

**THORCO INC.,**

**Case No. 9:22-bk-90119-WLH**

**Debtor.**

**PROPOSED ORDER GRANTING MOVANT'S COMBINED OBJECTION  
AND RELATED RELIEF**

Upon consideration of the Movant's Combined Objection to Trustee Christy Brandon's Applications and Related Requests for Relief (the "Combined Objection"), and good cause appearing therefor, the Court hereby finds and orders as follows:

IT IS HEREBY ORDERED THAT:

1. The Movant's Combined Objection is SUSTAINED in its entirety.
2. The Applications filed by Trustee Christy Brandon (ECF Nos. 621 and 624) are DENIED.
3. Any administrative or overhead disbursements shall be excluded from calculation of any compensation base under 11 U.S.C. § 326(a).
4. The Trustee's expense reimbursement request in the amount of \$905.03 is DENIED, or alternatively, the Trustee shall submit detailed proof and supporting documentation within [14] days of this Order.
5. Trustee Christy Brandon is hereby REMOVED FOR CAUSE pursuant to 11 U.S.C. § 324(a).
6. The Court further ORDERS disgorgement of all fees previously paid to Trustee Christy Brandon and Morgan Law Offices pursuant to 11 U.S.C. §§ 329(b), 328(c), 330 and Bankruptcy Rule 2017, within [30] days of entry of this Order.

7. The Court shall issue an Order to Show Cause consistent with the findings herein.
8. This matter is hereby REFERRED to the Office of the United States Trustee and the United States Attorney for investigation under 18 U.S.C. §§ 152, 157, 371 and 28 U.S.C. § 586(a)(3)(F).
9. The case is hereby DISMISSED, *or in the alternative*, the case shall be reconverted to Chapter 11 or an independent fiduciary shall be appointed, reinstating Thorco, Inc. as the Debtor in Possession.
10. The Court shall grant such other and further relief as it deems just and proper.

IT IS SO ORDERED.

Dated: \_\_\_\_\_, 20 \_\_\_\_

At: \_\_\_\_\_

\_\_\_\_\_

Hon. \_\_\_\_\_

United States Bankruptcy Judge

## CERTIFICATE OF SERVICE

I certify under penalty of perjury that I served a true and correct copy of the foregoing Combined Objection and Motion, with Exhibits, by First-Class Mail and by electronic mail where available upon all interested parties in the case on the date below.

Lisa A. Tracy; Beth A. Levene; Frederick Gaston Hall  
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Executive Office for United States Trustee Christy Brandon  
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DATED: \_\_\_\_\_, 2025

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