

THE CONNECTICUT
LAW TRIBUNE

FEDERAL COURT REPORTS

BANKRUPTCY

Former IRS Investigator Didn't List Corp. Asset

The debtor, Thomas W. Thorndike, graduated from college with an accounting degree in 1995, worked as a special agent for the Internal Revenue Services and investigated tax frauds for five years. In 1990, Thorndike formed Diversified Consulting Services Inc., a consulting business that provided tax planning and financial services. Diversified's name was changed to Complete, of which Thorndike was the 100 percent owner and president. His wife filed for divorce in January 2000. Complete's bank accounts were frozen. Kerre Garafola, a trusted employee, filed papers with the Secretary of State's office to form Cornerstone after the plaintiffs commenced state court litigation against Thorndike. Garafola paid nothing to Thorndike for her "membership" in Cornerstone. Thorndike managed Cornerstone as he had Complete, except that Garafola, not Thorndike, had signature authority on the bank account. Thorndike's divorce became final on Oct. 17, 2001. He filed for a Chapter 7 discharge in November 2001. Garafola had been informed that once Thorndike's divorce was final, her "membership" in Cornerstone would be complete. In June 2002, Cornerstone was dissolved, and Cornerstone Financial Services of Woodbury LLC was formed, with Thorndike as the only member. Garafola received no consideration for the relinquishment of her "membership." Cornerstone Financial's business and clients were the same as Cornerstone's, and it operated at the same location. The Bankruptcy Court found that Thorndike should be denied a Chapter 7 discharge, pursuant to Bankruptcy Code 727(a)(4)(A), based upon a "false oath" in connection with his failure to schedule his beneficial ownership of Cornerstone. Thorndike was required to itemize all stocks and interests in businesses in his Schedule B. He did not list ownership of Cornerstone. The Bankruptcy Court found that omission was a false statement. Thorndike, not Garafola, was the owner of Cornerstone. Garafola paid no consideration for her "ownership" of Cornerstone and did not receive consideration when she relinquished it. She said that she owned it in name only. Thorndike's claim that he thought Garafola owned Cornerstone was incredible from a financially astute individual who was a former IRS fraud investigator. His failure to schedule his ownership of Cornerstone was part of a scheme to frustrate the bankruptcy process. Judgment entered against Thorndike.

In Re: Thorndike; Wolcott Machinery & Tool Inc. v. Thorndike

*U.S. Bankruptcy Court (Doc. No. 01-35558)
Weil, J. • June 29, 2004 • 21 pages.*

CIVIL RIGHTS

Defendant's Detainment Was Not An Arrest

Plaintiff Stanley Chance originally brought suit, *pro se*, against David and Eetitila Cundy. He later amended his suit twice to include the following additional defendants: Joseph Sambrook, Chris Lyddy, Peter Bravo, Philip Mascendaro, Julius Hull, Kevin Wells, and the Fairfield, Conn. Police Department, referred to collectively as the Fairfield defendants. The immediate action is related to a motion for summary judgment filed by defendant Bravo. Chance's troubles began when defendant Cundy filed a complaint against him with the Fairfield Police Department, claiming that Chance made harassing telephone calls to Cundy's home. Officer Kevin Wells visited Chance and told him to not contact Cundy's home. Cundy later reported to the Fairfield Police Department that Chance visited his home to deliver a summons and complaint. Based on this report and a description from Chance's probation officer of a very violent and angry person who did not relate well with authority, Lieutenant Christopher Lyddy decided there was enough probable cause to question Chance. Chance visited the police station upon request and was questioned for 20 minutes by Detective Peter Bravo, who found no evidence to charge Chance with a crime. Chance's complaint alleged that Detective Bravo violated his right against unreasonable search and seizure under the Fourth Amendment. The court, however, found that Chance's interrogation did not constitute an arrest. It was only an investigative stop. An investigative stop is justified when the police have reasonable suspicion of a crime. The court held there was sufficient suspicion to temporarily detain Chance. The court decided Detective Bravo's motion for summary judgment in favor of the defendant.

Chance v. Cundy
U.S. District Court
Hall, J. • Sept. 7, 2004 • 9 pages.

CREDITORS' AND DEBTORS' RIGHTS

Student's Claim Against Albertus Magnus Dismissed

Plaintiff Carl Howard brought an action *pro se* against Albertus Magnus College and others, alleging violations of the Equal Education Opportunity Act, the First Amendment, the Fair Debt Collection