

Post petition gambling

Case: 11-90230 *Ferguson*

Docket: Trustee's Confirmation Docket on 12/7/11 Beaumont Docket

Facts: These below median income debtors enjoy to occasionally gamble. At their 341 meeting, the Debtors testified they intended to continue to gamble. The Trustee objected to the plan that they failed to dedicate all of their projected disposable income due to this gambling. The Trustee and the Debtors reached an agreement that an additional provision be added to the confirmation order that any gambling winnings be turned over to the Trustee.

Ruling: The Court rejected the proposed language in the confirmation order in that such implicitly authorizes the Debtors to gamble. Instead, the Court substituted the following provision in the confirmation order:

The Debtors are not authorized to utilize estate funds for gambling purposes during the pendency of the plan. Any future gambling winnings procured in the plan period by the Debtors will be dedicated to the Plan and added to the plan base as a sanction for the violation of this prohibition.

Result: The Trustee believes that the Court's rejection of the language contained in the original confirmation order along with the out-right prohibition of the use of estate funds for gambling purposes in the new provision is evidence of the Court's support of the proposition that gambling (with the risk of losses associated therewith) is not a reasonable and necessary expense and possible evidence of bad faith in the prosecution of their bankruptcy.