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## Federal judge upholds civil contempt ruling, damages against Roscoe bank, president

Ruling against First State Bank of Roscoe and John Beyers tied to 2004 lawsuit

By Scott Waltman [swaltman@aberdeennews.com](mailto:swaltman@aberdeennews.com) 8 hrs ago



Judge grants contempt motion against Roscoe bank, president

A Roscoe bank and its president have been found to be in civil contempt by a federal bankruptcy judge. The ruling involves a 2004 case in which First State Bank of Roscoe and John Beyers, the bank president, were found to have acted fraudulently in g

Fraud ruling against Roscoe bank maintained

A federal judge Thursday upheld a bankruptcy judge's ruling that a Roscoe bank and its president committed civil contempt in a case that dates back to 2004.

Judge Roberto A. Lange also upheld more than \$200,000 in damages to be paid by First State Bank of Roscoe and John Beyers, the bank president.

The ruling is tied to a 2004 lawsuit in which First State Bank of Roscoe and Beyers were found to have acted fraudulently in getting Stanley and Rose Marie Stabler of Eureka to sign a \$650,000 mortgage to prevent the bank from foreclosing on land owned by their son and his wife. A jury decided that \$439,100 of the debt was obtained by fraud, according to court paperwork.

Through a series of transactions, the total the Stablers owed grew to be more than it should have been, according to court paperwork.

The South Dakota Supreme Court on Thursday upheld a 2012 ruling by a McPherson County jury that a Roscoe bank defrauded a Eureka couple. Stanley and Rose Marie Stabler are also entitled to \$20,000 in punitive damages, the justices ruled. The jury wiped

Brad and Brenda Stabler, the son and daughter-in-law of Stanley and Rose Marie Stabler, filed for bankruptcy in 2003. A state court discharged \$629,000 in debt, plus interest.

In December 2015, Brad and Brenda Stabler filed a motion of contempt against the bank and Beyers. In short, it claimed that Beyers “schemed” to get them to repay debt that had been forgiven.

In June 2016, federal bankruptcy Judge Charles L. Nail Jr. granted the contempt motion, ordering that First State Bank of Roscoe and Beyers pay \$159,606 in compensatory damages to cover attorney fees, compensation of services, sales tax, interest and reimbursement of expenses. Nail awarded another \$50,000 in punitive damages, half of which was to be paid by the bank and half by Beyers. Punitive damages are those awarded to punish or deter a person or business for improper actions.

In his ruling, Nail said the motive of the bank and Beyers “was pure and unadulterated greed.”

Beyers and the bank appealed Nail’s ruling, introducing different cases as evidence to have it overturned. But Lange was not convinced.

Lange wrote, in part, that “these cases do not hold that a creditor can use a lien to coerce a debtor into paying discharged debt. Nor do these cases suggest that a creditor can engage in the sort of overreach Beyers engaged in here without violating the discharge injunction.

“Clear and convincing evidence supports the bankruptcy judge’s decision that (Beyers and the bank) knew of the discharge injunction and willfully violated it,” Lange wrote in his ruling.

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