

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
FRESNO DIVISION

In re) Case No. 25-10088-B-7
)
AMY ANNE CORPUS,)
)
Debtor.)
)
_____)
)
LESLIE SLOVER, an individual;) Adv. Proc. No. 25-01017-B
LILY ORTIZ, an individual,)
) Docket Control #FW-3
Plaintiffs,)
)
v.)
)
AMY CORPUS, an individual, dba)
KALOS SPECIALIZED SERVICES, a)
California corporation; and)
DOES 1 through 50, inclusive,)
)
Defendants.)
_____)

MEMORANDUM RULING ON DEFENDANT'S MOTION FOR SUMMARY JUDGMENT

INTRODUCTION¹

Two former employees of debtor's business seek to have their claims for alleged sexual harassment and personal injury they suffered while working determined to be non-dischargeable under 11 U.S.C. § 523(a)(6) for willful and malicious injury.²

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¹ The following are the court's findings of fact and conclusions of law under Fed. R. Civ. Proc. made applicable to adversary proceedings by Fed. R. Banky. Proc. 7052. Any finding of fact that is deemed a conclusion of law is adopted as such. Any conclusion of law deemed a finding of fact is adopted as such.

² Throughout this Memorandum references to a section will be to the United States Bankruptcy Code. References to the Federal Rule of Civil Procedure will be "Civ. Rule." References to the Federal Rules of Bankruptcy Procedure shall be "Rule."

1 Debtor owned and operated a business providing care to
2 developmentally disabled adults. One of debtor's clients caused
3 the alleged injuries.

4 Debtor asks for summary judgment urging that debtor neither
5 caused the injuries, was substantially certain co-plaintiffs
6 would be injured or acted with malice as a matter of law.

7 Finding disputed issues of material facts, the court DENIES
8 the motion for summary judgment.

9
10 **FACTS**

11 1. Parties.

12 A. *Defendant Amy Corpus dba Kalos Specialized Services*
13 (*"Corpus" or "Kalos"*)

14 Kalos is a vendor with the California Department
15 Developmental Services ("DDS") providing services to individuals
16 with developmental disabilities. In California, persons with
17 developmental disabilities and their families have a right to
18 receive services and support. DDS provides three primary
19 services: Supportive Living Services Programs ("SLS"), an
20 Independent Living Program ("ILP"), and a Community Integration
21 Program ("CIP"). Kalos provides services to those individuals
22 not suited to live in group homes. Specifically, Kalos provided
23 support services to clients with behavior issues that manifested
24 in addition to underlying mental retardation.

25 The clients Kalos served exhibited many adverse behaviors
26 including fabrication; psycho-social disorders; aggression;
27 depression; eloping syndrome; schizophrenia; paranoia;
28 ritualistic behavior patterns; boundary disorders; sexual

1 preoccupation; property destruction; and other behavioral
2 disorders.

3 Kalos had a managerial hierarchy. Caretakers for Kalos'
4 clients would report to managers if there were inappropriate
5 behaviors or a particular client's protocol needed to be altered
6 to address any particular anti-social behavior. There were
7 multiple supervisory layers between Corpus and direct care staff
8 including program directors, supervisors, and managers.

9 Kalos' written anti-harassment policy required all
10 supervisors to report any harassment immediately and directly to
11 Amy Corpus. This allowed the company to investigate and try to
12 resolve the claim internally. Corpus expected to be made aware
13 "immediately" of physical aggression toward staff and expected an
14 incident report and a phone call.

15 Caring for the Kalos clients involves domestic duties but
16 one of the primary directives was to help the clients control
17 behaviors that could cause them or others harm. That includes
18 helping the clients to manage impulses, minimizing and
19 redirecting negative behaviors, teaching coping skills, and
20 keeping the clients safe.

21 B. *Client X*³

22 Client X is a middle aged, un-conserved male. He is
23 mentally retarded and generally operates at the level of an eight
24 year old child. But since he is un-conserved, Client X retains
25 full legal rights and autonomy to make his own decisions despite
26 his intellectual disability and behavioral disorders. Client X
27 has been diagnosed with bipolar disorder; depression; paranoia;

28 ³ This reference to "Client X" is intentionally vague to protect his identity.

1 diabetes; severe hearing loss; speech impairment to the extent he
2 is considered mute; generalized seizure disorder; and other
3 comorbidities. Client X communicates using American sign
4 language.

5 Client X needs substantive assistance to meet his needs, and
6 constant interdictions to challenge his behavioral disorders. He
7 requires twenty-four hour supervision and thoughtful monitoring
8 of his activities and behaviors based upon professional
9 evaluation of staff of DDS. 24/7 staffing is required.

10 He has multiple "triggers" that upset him. For example, if
11 people wrote down things without showing him what was being
12 written, Client X would believe that people are reporting "bad
13 things" about him. Seeing someone texting on their phone or
14 viewing on their phone was very upsetting to him and triggered
15 paranoia. Since he was deaf, he could not tolerate people
16 speaking on their phones.

17 If he felt he was being ignored, Client X would be
18 frustrated and exhibit antisocial behavior. He was also known to
19 masturbate in his own home. Since he was required to be
20 constantly supervised, Client X was unable to have complete
21 privacy. He would not latch the bedroom or bathroom door to
22 avoid triggering his feeling of paranoia.

23 Client X has been a client of Kalos since 2011.

24 *C. Co-Plaintiff Lilly Ortiz*

25 Ortiz is a former employee of Kalos who started working in
26 June 2021. She was assigned to work with Client X. Within the
27 first month or two, Ortiz informed her supervisors that she was
28 uncomfortable with Client X's behavioral proclivities while she

1 worked with him and that he would resist her closing the bedroom
2 door when he was engaged. Ortiz experienced Client X walking
3 around the apartment totally nude numerous times. She said she
4 complained to her supervisors and asked that it stop or that she
5 be transferred. Ortiz claims that after the manager spoke with
6 Ms. Corpus, they informed Ortiz that according to Ms. Corpus
7 there was nothing they could do unless Client X was physically
8 violent.

9 Ortiz continued to express her disgust, offense, and unsafe
10 feelings to her immediate supervisor on at least five separate
11 occasions and was told that the supervisor would bring it up to
12 Corpus again.

13 Between January 2022 and March 2022 Ortiz reported to her
14 supervisor several instances of physical violence by Client X
15 toward her including physically kicking her out of Client X's
16 apartment and physically pushing her out of his way. After
17 confirming that they had spoken to Corpus, the managers
18 reportedly told Ortiz there was nothing they could do.

19 Between October 2022 and April 2023, at the manager's
20 suggestion, Ortiz called Kalos' emergency "on call line" about
21 Client X's behavior ten different times reporting an additional
22 incident of physical violence and/or perceived sexual harassment.
23 On half of those occasions, no one answered the phone. On the
24 other half she spoke to a person who said they would document it
25 so Corpus could address the situation. Ortiz also wrote written
26 complaints which documented instances where Client X would make
27 her feel unsafe while masturbating during nearly her entire shift
28 in her presence or putting hands on her violently.

1 On May 1, 2023, Ortiz reported that Client X exposed himself
2 to Ortiz, masturbated in front of Ortiz, touched her breast, and
3 wiped semen on her.

4 Corpus claims that at no point before May 1, 2023, did Ortiz
5 ever communicate any of the information about Client X to her and
6 there was never a complaint of a sexual assault or sexual
7 harassment of any kind to anyone at Kalos regarding Client X.
8 When the events complained of on May 1, 2023, were reported by
9 Ortiz to her supervisor, the supervisor informed Corpus the next
10 day. Ortiz requested reassignment following her shift on May 1,
11 2023, which was granted the next day on May 2, 2023. After that
12 Ortiz was never assigned to work with Client X again.

13 Ortiz claims that Kalos then substantially reduced her
14 hours.

15 Ms. Corpus claims that Ms. Ortiz's own explanation for not
16 working after May 1, 2023, is that she was pregnant. Corpus
17 claims that she personally offered her job back when she was able
18 to return from maternity leave. Any prior instances involving
19 Ortiz, according to Corpus, were handled by Ortiz's supervisors
20 at Kalos. Corpus claims to have no actual knowledge of any of
21 the situations giving rise to Ms. Ortiz's allegations until May
22 2, 2023.

23 *D. Co-plaintiff Leslie Slover*

24 Leslie Slover is a former employee of Kalos. During one of
25 her first days working for Kalos with Client X she heard him
26 making moaning sounds in his bedroom. She learned from a
27 supervisor at the time that he was masturbating and she was told
28 to "just try to ignore it." Slover experienced Client X walking

1 around his apartment with just his underwear on. She became
2 unsettled, nervous, afraid and bothered by it. In April of 2021,
3 she complained to her supervisor about the offensive and
4 perceived harassing behavior. The supervisor said that he would
5 meet with Corpus. After talking with Corpus, the supervisor
6 reportedly told Slover to "tell Client X that we need to close
7 the door."

8 Slover also reports an occasion where her supervisor
9 witnessed Client X's violence when Client X chased Slover out of
10 the apartment in a rage. She and her supervisor got in a car and
11 locked the doors until Client X calmed down and went back in the
12 house. Slover was told to call Kalos emergency on call phone
13 line if she did not feel safe. The "on call" line operators told
14 Slover that they would make note of the complaint and advise the
15 owner.

16 Approximately July 13, 2023, Client X physically attacked
17 Slover during her shift. Client X allegedly lunged at Slover
18 opening his palms to try to strangle her while she was sitting in
19 a chair. She ran for the door to escape. As she was leaving,
20 Client X violently shoved her out the door. Client X took her
21 purse and violently threw it out the door scattering belongings
22 everywhere. The police were called.

23 After calling the police, Slover notified her supervisor who
24 also told another supervisor to arrive on the scene. The police
25 arrived and took Slover's statement. After giving her statement,
26 she left her shift.

27 A few days later, Slover's leg and arm were still hurting
28 and her cheek was bruised from the attack. She went to the

1 emergency room. Slover advised her supervisor that she was not
2 going to work with Client X again. She was told on numerous
3 occasions thereafter that Kalos did not have another client for
4 her.

5 Corpus claims that Slover and Ortiz (who both deny) were
6 both trained on how to deal with sexual harassment. Corpus
7 claims (which Slover and Ortiz deny) that they knew full well the
8 conditions presented by working with Client X and the protocols
9 for addressing them and had been trained on how to handle his
10 care. As with Ortiz, Corpus claims that she was unaware of any
11 of Ms. Slover's complaints about her assignment with Client X.
12 Corpus claims that following her reassignment, Slover failed to
13 show up to work with her reassigned client. After several no
14 shows, she eventually spoke to her supervisor in August 2023 and
15 acknowledged that Kalos could assume she was voluntarily
16 terminating her employment.

17 18 *E. Managers*

19 There were two primary managers at Kalos for Ortiz and
20 Slover. Tracy Heath was an immediate supervisor with the title
21 "house lead." Ms. Heath reported to manager Mike Farmer. Mike
22 Farmer reported to either Corpus or program director Esther
23 Rivera.

24 25 2. Procedural Status

26 Co-plaintiffs filed a complaint against Corpus alleging non-
27 dischargeability under § 523(a)(6). Defendant Kalos filed a
28 motion to dismiss for insufficiency of service of process,

1 failure to join a necessary party, and failure to state a claim
2 upon which relief can be granted. Civ. Rule 12(b)(4)(5)(6) (Fed.
3 Rule Banky. Proc. 7012). Defendant also moved to strike
4 references to the name of "Client X." The court denied the
5 motions to dismiss under Civ. Rules 12(b)(4) and (5). The court
6 also denied the motion to dismiss as to as to the claims of Lilly
7 Ortiz. The court granted the motion to dismiss as to the claims
8 of Leslie Slover with leave to amend. The motion to strike was
9 denied and the court directed the clerk to seal the original
10 complaint.

11 After filing the first amended complaint, defendant Kalos
12 responded with this motion for judgment on the pleadings. Civ.
13 Rule 12(c). However, Defendant presented a declaration of Amy
14 Corpus in support of the motion which involved matters outside
15 the pleadings. The court did not exclude the matters but under
16 Civ. Rule 12(d), the court gave the parties a reasonable
17 opportunity to present all the material pertinent to the motion
18 as the court treated the motion as one for summary judgment. The
19 parties entered into a joint order regarding discovery pertinent
20 to this motion. Some of that discovery has been submitted both
21 in support and opposition to the motion.

JURISDICTION

24 This court has jurisdiction of this adversary proceeding and
25 motion under 28 U.S.C. § 1334(b) and by reference to this court
26 by the United States District Court under 28 U.S.C. § 157(a).
27 This court may hear and finally determine this matter under 28
28 U.S.C. § 157(b)(2)(I).

DISCUSSION

1. Summary Judgment Standards

Summary Judgment should be granted when there are no genuine issues of material fact and when the movant is entitled to prevail as a matter of law. Civ. Rule 56 (made applicable in adversary proceedings by Rule 7056); *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23 (1986). As to materiality, the substantive law will identify which facts are material. Only disputes over facts that might affect the outcome of the suit under the governing law would properly preclude the entry of summary judgment. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The mere existence of *some* alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no *genuine* issue of *material* fact. *Id.* at 247-48 (emphasis in original).

There is no issue for trial unless there is sufficient evidence favoring the non-moving party for a jury to return a verdict for that party. *Id.* at 249. The court engages in a threshold inquiry of determining whether there is the need for a trial - whether, in other words, there are any genuine factual issues that properly can be resolved only by a finder of fact because they may be reasonably resolved in favor of either party. *Id.* at 250.

The court "does not weigh the evidence or determine the truth of the matter but only determines whether there is a genuine issue for trial." *Balint v. Carson City Nev.*, 180 F.3d 1047, 1054 (9th Cir. 1999). "Reasonable doubts as to the

1 existence of a material factual issue are resolved against the
2 moving parties and inferences are drawn in the light most
3 favorable to the non-moving party." *Addisu v. Fred Meyer, Inc.*,
4 198 F.3d 1130, 1334 (9th Cir. 2000). However, the court is
5 required to do so only in circumstances where a fact specifically
6 averred by the moving party is contradicted by specific evidence
7 submitted in opposition to the motion. *Lujan v. Nat'l Wildlife*
8 *Fed'n*, 497 U.S. 871, 888 (1990).

9 Conjecture, surmise, or "metaphysical doubt" by the non-
10 movant of the movant's assertions will not defeat a summary
11 judgment. See, *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*,
12 475 U.S. 574, 586. The non-movant's evidence must be probative.
13 *Gertsch v. Johnson & Johnson, Fin. Corp. (In re Gertsch)*, 237
14 B.R. 160, 165 (B.A.P. 9th Cir., 1999). "Even in cases where
15 elusive concepts such as motive or intent are at issue, summary
16 judgment may be appropriate if the non-moving party rests merely
17 upon conclusory allegations, improbable inferences and
18 unsupported speculation". *Id.* at 165.

19 20 2. Application of § 523(a)(6)

21 Section 523(a)(6) excepts the debt of an "individual debtor"
22 from any debt for willful and malicious injury by the debtor to
23 another entity or to the property of another entity. 11 U.S.C.
24 § 523(a)(6). The Supreme Court in *Kawaauhau v. Geiger*, 523 U.S.
25 57, 61 (1998) held the word "willful" in [523](a)(6) modifies the
26 word "injury," indicating that non-dischargeability takes a
27 deliberate or intentional *injury* not merely a deliberate or
28 intentional *act* that leads to injury. Negligent or reckless acts

1 do not suffice to establish that resulting injury is willful and
2 malicious. *Id.* at 64; citing *Davis v. Aetna Acceptance Co.*, 293
3 U.S. 328, 332 (1934).

4 Under *Geiger*, it must be shown not only that the debtor
5 acted willfully but also that the debtor inflicted the injury
6 willfully and maliciously rather than recklessly or negligently.
7 *Petralia v. Jercich (In re Jercich)*, 228 F.3d 1202, 1207 (non-
8 payment of wages under the circumstances of that case constituted
9 willful and malicious tortious conduct).

10 In her motion, Corpus stresses that the injury suffered by
11 the co-plaintiffs must have been "by the debtor." It is
12 undisputed that the actual injurious conduct by Client X was the
13 immediate cause of the injuries to the co-plaintiffs. From that
14 premise, Corpus concludes that there is no evidence in opposition
15 to the motion for summary judgment to show that the debtor
16 committed any act or omission that amounted to a willful or
17 malicious injury.

18 Also, Corpus argues that the co-plaintiffs and other
19 employees were trained in the care needed for Client X and
20 similar clients. Thus, some of the behavioral proclivities of
21 Client X are part of the job and known to the co-plaintiffs. The
22 co-plaintiffs vehemently deny this. At the hearing on the
23 motion, counsel for Kalos noted this position would not be
24 pursued.

25 Co-plaintiffs counter that though it may be true that Corpus
26 did not perform the injurious acts, either Corpus herself or co-
27 plaintiffs' managers and supervisors were aware of various
28 incidents involving Client X before the occurrences in May and

1 July of 2023 that resulted in co-plaintiffs reassignment to other
2 clients. Co-plaintiffs therefore urge a theory imputing to
3 Corpus knowledge of prior incidents involving co-plaintiffs. Co-
4 plaintiffs continue to urge that the significant delay between
5 their managers reporting these incidents to Corpus and any action
6 being taken amounted to harassment and in Corpus' case were
7 willful and malicious actions or inactions.

8 Defendant counters that by urging that the co-plaintiffs
9 factual theories may fit a claim under the California Fair
10 Employment and Housing Act (Cal.Gov't Code § 12940(j)(1)).
11 However, even if Corpus' actions or inactions were proscribed
12 under California law, there is insufficient proof of any willful
13 or malicious action or inaction.

14 As will be seen, though the issue is close, there does
15 appear to be disputed issues of material fact for both the
16 "willful" and "malicious" prongs of § 523(a)(6) which preclude
17 granting the motion for summary judgment.

18
19 a. Disputed Issues of Fact as to Willfulness.

20 In the Ninth Circuit, the willful injury requirement of
21 § 523(a)(6) is met when it is shown either that the debtor had an
22 subjective motive to inflict the injury or that the debtor
23 believed that injury was substantially certain to occur as a
24 result of her conduct. *Jercich*, 238 F.3d at 1208. A debtor is
25 charged with the knowledge of the natural consequences of her
26 actions. *Ormsby v. First American Title Co. of Nev.*, 591 F.3d
27 1199, 1206 (9th Cir. 2010). In addition to what a debtor may
28 admit to knowing, the bankruptcy court may consider

1 circumstantial evidence that tends to establish what the debtor
2 must have actually known when taking the injury provoking action.
3 *Carillo v. Su (In re Su)*, 290 F.3d 1140, 1146. But "sloppy
4 business practices" do not equate to a willful injury. *Palm*
5 *Finance Corp. v. Eberts (In re Eberts)*, 607 Fed. Appx. 683, 689
6 (9th Cir. 2015) citing *Ormsby*, 591 F.3d at 1206.

7 Since it is undisputed that Corpus did not have a subjective
8 motive to inflict the alleged injuries on co-plaintiffs, if there
9 is a disputed issue of fact, it is on the question of whether
10 Corpus was substantially certain injury was going to incur to
11 either Ortiz or Slover as a result of her action or inaction.

12 On this subject, there is widely diverging evidence. Corpus
13 contends that given the number of her employees and the
14 limitations of the types of "reports" she usually received, she
15 did not learn of Ms. Ortiz's complaints until May 2, 2023. Ms.
16 Corpus immediately removed Ms. Ortiz from Client X's care
17 responsibilities.

18 Countering that, the plaintiffs presented evidence that they
19 communicated through the supervisory chain established at Kalos
20 and that based upon the policies in effect at the time, both Ms.
21 Ortiz's and Ms. Slover's supervisors were duty bound to report to
22 Ms. Corpus.

23 In Ms. Ortiz's case on at least five separate occasions, she
24 testified that Farmer told her words to the effect that he was
25 going to continue to bring up Ms. Ortiz's concerns to Ms. Corpus.
26 Mr. Farmer also testified in his deposition that he did not have
27 any reason to believe he failed to tell Ms. Corpus about any
28 harassment or other incidents. Further, Farmer met with Corpus

1 at least twice per year regarding annual/quarterly reports about
2 Client X and those reports were expected to include behaviors
3 such as physical aggression and masturbation.

4 As to Ms. Slover, it is clear that at least as of May 2023,
5 Ms. Corpus was aware that Client X had behavioral tendencies that
6 could be perceived by staff as harassment or dangerous. Slover
7 worked with Client X "for years." Ms. Slover's declaration
8 stated that as early as April 2021, Farmer told her that he had
9 talked to Amy Corpus and reported to Corpus' response to Slover.
10 Ms. Slover also testified in declaration that she called Kalos'
11 emergency on call line approximately ten or more times and each
12 time was told the complaint would be noted for the owner.

13 Corpus herself testified knowing of four to five incidents
14 of Client X "physically touching someone" between 2020 and 2025.

15 This evidence at least raises a disputed material factual
16 issue as to Corpus' knowledge of Client X's behavioral
17 tendencies. This leads to a disputed material factual question
18 as to whether she was "substantially certain" that injury would
19 occur as a result of the assignment of co-plaintiffs to Client
20 X.⁴

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25 ⁴ Defendant has repeatedly argued that the alleged reporting by Farmer of
26 Client X's behavioral incidents to Corpus and Farmer relaying Corpus' alleged
27 response are hearsay or double hearsay. First, testimony that Farmer stated
28 he spoke with Corpus is not hearsay under Fed. R. Evid. 801(d)(2)(D) as Farmer
is an undisputed agent of Amy Corpus. Second, Farmer reporting Corpus'
response is also not hearsay because Corpus' is a party under Fed. R. Evid.
801(d)(2)(A). Even if Corpus' statements are hearsay - they are not - they
would be allowed under Fed. R. Evid. 803(3). The "weight" of the evidence may
be insubstantial. But that is not an appropriate analysis on this motion.

1 b. There are Disputed Issues of Material Fact as to
2 Malice.

3 In the Ninth Circuit, a malicious injury involves (1) a
4 wrongful act, (2) done intentionally, (3) which necessarily
5 causes injury, and (4) is done without just cause or excuse.
6 *Jercich*, 238 F.3d at 1209 quoting *In re Bammer*, 131 F.3d 788, 791
7 (9th Cir. 1997) (*En Banc*). The first issue is whether Corpus'
8 alleged acts were wrongful. Under Cal.Gov't Code § 12940(j)(1)
9 it is an unlawful employment practice:

10 For an employer....to harass an employee....an
11 employer may also be responsible for the acts of
12 non-employees with respect to harassment of
13 employees, ...if the employer or its agents or
14 supervisors knows or should have known of the
15 conduct and fails to take immediate and appropriate
16 corrective action. In reviewing cases involving the
17 acts of non-employees, the extent of the employer's
18 control and any other legal responsibility that the
19 employer may have with respect to the conduct of
20 those non-employees shall be considered. An entity
21 shall take all reasonable steps to prevent
22 harassment from occurring.

23 Simply establishing a claim will not pass muster under
24 § 523(a)(6). The court quotes that section only to show that if
25 facts supporting such a claim were present, it may be a wrongful
26 act under California law. That does not make that act malicious
27 without substantial additional evidence.⁵

28 Assessing whether an employer has taken reasonable steps to
either prevent or remedy harassing conduct does not equate to a
///

⁵ See also Cal.Gov't Code § 12940(k). In *Trujillo v. North County Transit District*, 63 Cal.App 4th 280, 286 (1998) Court of Appeal noted that provisions of Cal.gov't Code § 12940 establish a legal duty of care toward plaintiffs, a breach of a duty (a negligent act or omission), legal causation and damages. However, that does not reach the proof required under § 523(a)(6).

1 willful and malicious act. Indeed, reckless or negligent conduct
2 may be incorporated in a liability determination under California
3 law. However, that does not mean for bankruptcy purposes, a debt
4 should not be discharged.

5 There are genuine issues of material fact as to whether
6 Corpus acted intentionally. Plaintiffs' factual theory depends
7 in large part on imputing actions or inactions of supervisors
8 directly to Corpus. However, for purposes of § 523(a)(6) imputed
9 or vicarious liability is not appropriate for non-
10 dischargeability purposes in the Ninth Circuit. *Del Rosario v.*
11 *Rosario (In Rosario)*, 668 B.R. 618, 629 (B.A.P. 9th Cir. 2025).
12 This reinforces that § 523(a)(6) requires willful and malicious
13 acts by the debtor not the debtor's agents.

14 Disputed material issues of fact exist since Ms. Corpus
15 admitted that she never investigated any of Client X's conduct
16 until after she received the summons and complaint from
17 plaintiffs' attorneys in this adversary proceeding.

18 Corpus counters that after Corpus received Ms. Ortiz's May
19 2, 2023, complaint she conducted a conversation with Farmer and
20 immediately directed Ortiz's reassignment and implemented
21 protocol restricting Client X's activities. Further, § 523(a)(6)
22 requires a subjective intent on behalf of the debtor to injure.
23 A formal investigation does not equate to intentional malicious
24 conduct without substantially more evidence.

25 There are also disputed issues of fact as to whether any
26 conduct or omission of Corpus, if proven, necessarily caused
27 injury to the co-plaintiffs. For example, defendants contend
28 ///

1 that Corpus did not personally supervise direct care staff
2 including the plaintiffs. Rather, Kalos utilized multiple
3 supervisory layers including program directors, supervisors, and
4 managers.

5 In response, plaintiffs maintain that in deposition, Corpus
6 testified that all formal incident reports were emailed directly
7 to her and she admitted she expected to be made aware immediately
8 of physical aggression toward staff and expected an incident
9 report and a phone call. Further, there were at least semi-
10 annual meetings between Farmer and Corpus which included a
11 discussion of Client X's behavior proclivities.

12 Plaintiffs argue that Ms. Corpus admitted in her deposition
13 that she heard about four or five incidences of Client X
14 physically touching someone between 2020 and 2025.

15 Defendants counter that though true, those facts do not
16 establish that Corpus subjectively believed serious sexual injury
17 or other injury to plaintiffs was a substantially certain result
18 from any operational decisions Corpus may have made. Corpus
19 reminds that Client X is a seriously developmentally disabled
20 individual prone to behavioral proclivities that may include
21 unwanted touching. However, that does not mean that assignment
22 of employees to Client X's care would necessarily cause injury.

23 As there are numerous material issues of fact, there is no
24 need to discuss whether Corpus had any just cause or excuse since
25 there are numerous material undisputed facts preventing a summary
26 judgment concerning both willfulness and malice.

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