




SIGNED this 9th day of July, 2025.


 BENJAMIN A. KAHN
 UNITED STATES BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT
 MIDDLE DISTRICT OF NORTH CAROLINA
 DURHAM DIVISION

In re:)	
)	
Havanna Jane Grissom,)	Case No. 19-80802
)	Chapter 13
Debtor.)	
_____)	
)	
Havanna Jane Grissom)	
)	
Plaintiff,)	
)	
v.)	Adv. No. 25-09001
)	
Fay Servicing, LLC,)	
)	
Defendant.)	
_____)	

ORDER DENYING JOINT MOTION TO SEAL SETTLEMENT AGREEMENT

This adversary proceeding is before the Court on the Joint Motion to Request Order Allowing Confidential Settlement Agreement to be Filed Under Seal, ECF No. 42 (the "Motion to Seal"), filed by Havanna Jane Grissom ("Plaintiff") and Fay Servicing, LLC ("Defendant") on July 3, 2025. The parties desire to protect the terms of a settlement agreement from public disclosure because the parties believe such disclosure would be detrimental to the

interests of all parties. Id. For the reasons set forth below, the Court will deny the Motion to Seal.

Plaintiff, the debtor in the above-captioned chapter 13 case, commenced this adversary proceeding by filing a complaint against Defendant on January 27, 2025. ECF No. 1. The Complaint asserts claims against Defendant, which claims arose during the course of Defendant's servicing of Plaintiff's loan, for (1) violations of 12 C.F.R. § 1024.35(e) and 12 U.S.C. §§ 2605(e) and (k); (2) violations of the automatic stay provision of 11 U.S.C. § 362; and (3) violations of North Carolina's Consumer Protective Act, N.C.G.S. § 75-1.1. Id. On May 16, 2025, the Court granted the parties' Joint Stipulation of Dismissal of Count Three Only, dismissing Plaintiff's claim under N.C.G.S. § 75-1.1 with prejudice. ECF No. 39. On July 3, 2025, Plaintiff and Defendant filed a Joint Motion to Approve Settlement Agreement Pursuant to Fed. R. Bankr. P. 9019, requesting that the Court approve a settlement agreement resolving Plaintiff's two remaining claims. ECF No. 41 (the "Motion to Approve"). The Motion to Approve states that "[a]s a condition to the resolution of the adversary proceeding, the parties have agreed that the terms of the Settlement Agreement remain confidential from the public." Id. at 2. Contemporaneously with the filing of the Motion to Approve, the parties filed the Motion to Seal, ECF No. 42, and submitted to the Clerk's Office via electronic mail the executed Confidential

Settlement and Release Agreement for in camera review.¹ In the Motion to Seal, the parties state that they “desire to protect their private financial information from public scrutiny,” and that the terms of the Settlement Agreement remain confidential in order to “protect [Defendant] from negative publicity that could damage [its] reputation.” Id.

All papers filed “in a case under [title 11] and the dockets of a bankruptcy court are public records” absent several exceptions. 11 U.S.C. § 107(a); see also In re Gordon Props., LLC, 536 B.R. 703, 709 (Bankr. E.D. Va. 2015) (describing how “§ 107(a) . . . establishes a broad right of access to papers filed in a bankruptcy case”). The remainder of 11 U.S.C. § 107 provides for exceptions to this broad right of access to protect a trade secret or confidential research, development, or commercial information; to protect a scandalous or defamatory matter; or to protect personally identifiable information that would create undue risk of identity theft or other unlawful injury to the individual or the individual’s property.²

The parties do not cite an exception in support of the Motion to Seal, and the Motion to Seal fails to comply with Local Rule

¹ Local Rule 9018-1(b) provides that a movant must promptly provide a copy of a paper requested to be filed under seal to the Court, and that the paper must not be filed electronically with a motion and proposed order.

² Public access to papers is also restricted for the protection of minor children. See 11 U.S.C. § 112.

9018-1. Local Rule 9018-1(a) requires that a motion to seal a paper "provide a non-confidential description of the paper to be sealed" and must "(1) state the reasons why sealing is necessary; (2) state the reasons why less drastic alternatives to sealing the paper will not afford adequate protection; (3) address the factors governing the sealing of papers reflected in governing case law; and (4) state whether permanent sealing is sought, and, if not, state how long the paper should remain under seal and how the paper should be handled upon unsealing." The parties submitted the settlement agreement to the Clerk of Court as required by Local Rule 9018-1(b). The Court has thoroughly reviewed the settlement agreement and cannot locate anything in the agreement which would constitute "private financial information" or which would otherwise meet the extraordinary circumstances for sealing otherwise publicly available information. Based on the record before the Court, the parties' concern seems to stem from a confidentiality clause in the settlement agreement and the desire of Defendant to be protected from negative publicity. Although the Court recognizes the desirability of keeping settlement agreements confidential, the parties do not allege compelling circumstances warranting denial of public access. See, e.g., In re Hemple, 295 B.R. 200, 202 (Bankr. D. Vt. 2003) (finding "confidentiality provisions in settlements [insufficient to] justify keeping the substance of such settlements from public

access” and articulating factors for considering when compelling circumstances may warrant seal); In re Lawlor, No. 01-11402, 2003 WL 21288634, at *1 (Bankr. D. Vt. May 30, 2003) (denying a motion to seal a settlement agreement due to insufficient evidence of a significant enough harm or the unavailability of a less drastic measure).

Public access to court records fosters transparency and integrity in the bankruptcy process, and the preservation of the Court’s interest in promoting settlement agreements does not outweigh the presumption of openness of court proceedings. In re Analytical Sys., Inc., 83 B.R. 833, 836 (Bankr. N.D. Ga. 1987). Further, if the parties seek the Court’s approval of the settlement agreement, the terms of the settlement agreement must be fully disclosed. Robinson v. Tyson Foods, Inc., 595 F.3d 1269, 1274 (11th Cir. 2010) (“[F]ull and honest disclosure in bankruptcy proceedings . . . is crucial to the system’s effective functioning.”) (internal quotation marks omitted); see also In re Chaparro Martinez, 293 B.R. 387, 390-91 (Bankr. N.D. Tex. 2003) (finding an absence of jurisdiction where the settlement agreement involved a personal injury claim exempt from the bankruptcy estate).

IT IS THEREFORE ORDERED, ADJUDGED, and DECREED that the Motion to Seal, ECF No. 42, is DENIED.

[END OF DOCUMENT]

Parties to be Served
25-09001

All parties to this adversary proceeding.