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IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH
CENTRAL DIVISION

IN RE:

HOWARD RAY BEDFORD and
PATRICIA M. BEDFORD,

Debtors.

O R D E R

Bankruptcy No. 84A-2708
Adversary No. 84PC-1914

AETNA FINANCE COMPANY,

Appellee/Plaintiff,

Civil No: NC-85-179W

-vs-

HOWARD RAY BEDFORD and
PATRICIA M. BEDFORD,

Appellants/Defendants.

This matter is before the court on appeal from the bankruptcy court. A hearing was held on October 6, 1986. The debtors, Howard Ray Bedford and Patricia M. Bedford, were represented by Gerald S. Wight. Aetna Finance Company ("Aetna") was represented by Robert L. Neeley. At the conclusion of the hearing, the court took the matter under advisement. The court has reviewed and considered carefully the parties' oral arguments, the record on appeal, and the briefs, including various authorities cited therein. The court has also reviewed carefully the transcript of the trial. Now being fully advised, the court affirms the bankruptcy court's judgment that the

debtors' debt to Aetna is not dischargeable under 11 U.S.C. § 523(a)(2)(A) or (B). This court is of the opinion that the bankruptcy court's findings were not clearly erroneous. See Bankruptcy Rule 8013.

The bankruptcy court found that the debtors obtained money from Aetna by false pretenses, false representations, or actual fraud, in violation of 11 U.S.C. § 523(a)(2)(A). Based on the evidence properly before it, the bankruptcy court could believe that at the time the debtors applied for the Aetna loan, they intended to seek loans from Beneficial Finance Company and Avco Thrift within a three-day period but fraudulently failed to disclose the contemplated loans to Aetna. Also, the bankruptcy court could believe that the debtors committed actual fraud in obtaining the Aetna loan by failing to disclose that they were guarantors on several different debt obligations.

Additionally, the bankruptcy court found that the debtors, with intent to deceive, obtained money from Aetna by causing materially and misleading false financial statements to be made in writing, in violation of 11 U.S.C. § 523(a)(2)(B), and that Aetna reasonably relied on the misleading statements in determining the extent of the debtors' indebtedness and in deciding to advance money to the debtors. Specifically, based on the evidence properly before it, the bankruptcy court could believe that the debtors fraudulently failed to disclose

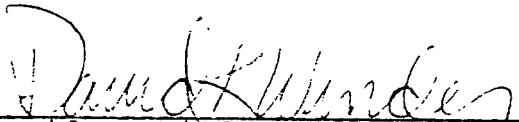
important information respecting their financial condition when Aetna requested that information for the purpose of filling out appropriate loan documents. Additionally, the bankruptcy court could believe that even though Aetna tentatively approved the loan before obtaining the debtors' signature, Aetna relied on the incomplete and misleading information provided by the debtors and on the debtors' subsequent signing of the documents.

The court is of the further opinion that the bankruptcy court did not err in allowing this case to be tried together with the case involving Beneficial Finance Company, 84PC-1905, and that the appellants were not prejudiced by the consolidated trial.

Accordingly,

IT IS HEREBY ORDERED that the bankruptcy court's Judgment, filed September 30, 1985, and dated November 12, 1985, is affirmed.

Dated this 8th day of October, 1986.



David K. Winder
United States District Judge