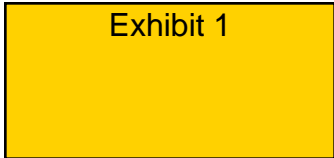


**U.S. BANKRUPTCY COURT  
District of South Carolina**



Case Number: **26-00925-jd**

**Order Dismissing Case**

**RECEIVED**

**May 05 2026**

**SC Court of Appeals**

The relief set forth on the following pages, for a total of 7 pages including this page, is hereby ORDERED.

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**FILED BY THE COURT  
05/01/2026**



A handwritten signature in black ink that reads "S. Jefferson Davis IV".

US Bankruptcy Judge  
District of South Carolina

Entered: 05/01/2026

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF SOUTH CAROLINA

IN RE:

Joshua Ovalle,

Debtor(s).

C/A No. 26-00925-jd

Chapter 13

**ORDER DISMISSING CASE**

This matter came before the Court for a hearing on an Order to Appear and Show Cause.<sup>1</sup> The Order required Joshua Ovalle (“Debtor”) to appear and show cause why this case should not be dismissed for various deficiencies with his documents and for failure to obtain pre-petition credit counseling. Debtor filed an untimely response to the Order to Appear and Show Cause on April 29, 2026. A hearing was held on April 30, 2026. Debtor and the chapter 13 trustee appeared.

There are several issues of concern. Pleadings submitted by Debtor contain indicia of sovereign citizen or redemptionist theories. *See Young v. PNC Bank, N.A.*, No. 3:16cv298/RV/EMT, 2018 WL 1251920, at \*2, n.1 (N.D. Fla. Mar. 12, 2018) (noting that plaintiff did not identify himself as a sovereign citizen but the pleadings bore the hallmarks of a sovereign citizen theory, such as a refusal to identify himself) (citing *United States v. Mitchell*, 405 F. Supp. 2d 602, 605–06 (D. Md. 2005)). For example, Debtor signed a pleading requesting remote appearance in this matter in red ink as “Joshua-William: Ovalle, in *Propria Persona, Sui Juris* as Implied Surety, Heir, Beneficiary of JOSHUA WILLIAM OVALLE, PRINCIPAL

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<sup>1</sup> ECF No. 33.

DEBTOR All Rights Reserved, Without Prejudice.”<sup>2</sup> The untimely response to the Rule to Show Cause bore similar sovereign-like hallmarks.<sup>3</sup> See *Bryant v. Wash. Mut. Bank*, 524 F. Supp. 2d 753, 758 n.8 (W.D. Va. 2007) (noting that the sovereign citizen theory typically asserts that “the name of the fictitious entity is the real person's name in all-capital letters, which apparently explains why names are commonly written in all-capital letters on birth certificates, driver's licenses, and other government documents”), aff'd, 282 F. App'x 260 (4th Cir. 2008); *Pratcher v. BMW Fin. Servs., N.A., LLC*, No. 1:25-cv-1879, slip op. at 2 (N.D. Ga. May 6, 2025) (“Those documents, in fact, bear the hallmarks of sovereign citizen jabberwocky—including pages of meaningless legalese, assertions that Plaintiff is acting as an agent of herself, and being signed with a red thumbprint.”). Debtor continued to advance sovereign citizen theory at the hearing. When asked on the record to state his name, Debtor responded “[m]y name is Joshua-William of the family Ovalle, implied surety and beneficiary of the estate. I am here on special invitation.”

Debtor's statements in his pleadings and at the hearing indicate he believes there is a difference between himself and the debtor who incurred the debts at issue in this case and who filed the chapter 13 petition. This is a classic characteristic of the sovereign and redemptionist movement. *Gravatt v. U.S.*, 100 Fed.Cl. 279, 283-84 (2011). These theories are legal nonsense and have been consistently rejected by

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<sup>2</sup> ECF No. 46. The phrases "in propria persona" and "sui juris" are Latin terms meaning "in one's own person" and "of one's own right," respectively, which sovereign citizens use to claim they are not subject to court jurisdiction. *Alhadad v. State of Texas*, No. 02-22-00201-CR, 2023 WL 4940621 at \*2 (Tx. Ct. App. Aug. 3, 2023).

<sup>3</sup> ECF No. 50. Debtor asserted he was “Joshua-William of the family Ovalle, a sentient man and Implied Surety of the Debtor’s estate...”

federal court. *U.S. v. Benabe*, 654 F.3d 753, 767 (7th Cir. 2011) (“These theories should be rejected summarily, however they are presented.”); *In re Wright*, 657 B.R. 26, 32 (Bankr. D.S.C. 2024) (holding such “theories that have been found to have no foundation in the law and have been consistently rejected by federal courts.”). See also *In re Hayes*, No. 11-04722-JW, 2011 WL 4566378, at \*3 (Bankr. D.S.C. Sept. 22, 2011); *Nunez v. D.T.C.*, No. 4:13-244-TMC, 2013 WL 5409219, at \*3 (D.S.C. Sept. 25, 2013); *Dooly v. Deutsche Bank Nat'l Tr. Co. (In re Dooly)*, No. 7:22-cv-00395-DCC-JDA, 2022 WL 2668454, at \*3 (D.S.C. Apr. 1, 2022). Chapter 13 is available to individuals with regular income, not to fictitious or legally unsupported constructs. 11 U.S.C. § 109(e).

An individual in chapter 13 may benefit from certain statutory protections and, if successful, receive a discharge. However, these benefits come at a cost. Individuals in chapter 13 must comply with the Bankruptcy Code, fully disclose their financial affairs, and submit to the administration of their wages through a chapter 13 plan for the benefit of their creditors. See e.g. 11 U.S.C. §§ 341, 521, and 1325. Further, it is paramount that debtors seeking the benefits and protections of the Bankruptcy Code act in good faith and comply with the applicable statutes. *Goddard v. Burnett (In re Goddard)*, No. 25-1303, slip op. at 3 (4th Cir. Apr. 28, 2026). Advancing a frivolous legal argument may indicate bad faith.

Although Debtor's filings raise significant concerns regarding frivolous legal theories and good faith and there are other defects identified by the chapter 13 trustee, the Court need not resolve those issues here because Debtor is ineligible to

be a debtor under § 109(h). Debtor failed to receive pre-petition credit counseling mandated by the Bankruptcy Code:

Subject to paragraphs (2) and (3), and notwithstanding any other provision of this section other than paragraph (4) of this subsection, an individual may not be a debtor under this title unless such individual has, during the 180-day period ending on the date of filing of the petition by such individual, received from an approved nonprofit budget and credit counseling agency described in section 111(a) an individual or group briefing (including a briefing conducted by telephone or on the Internet) that outlined the opportunities for available credit counseling and assisted such individual in performing a related budget analysis.

11 U.S.C. § 109(h)(1). The requirement that Debtor obtain pre-petition credit counseling is mandatory and applies to all individual consumer bankruptcy cases unless the debtor seeks and qualifies for one of the narrow statutory exceptions. *In re Grantham*, 617 B.R. 344, 347 (Bankr. C.D.Cal. 2020). See 11 U.S.C. §§ 109(h)(3)(A), (B);<sup>4</sup> 11 U.S.C. § 109(h)(4).<sup>5</sup>

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<sup>4</sup> “Subject to subparagraph (B), the requirements of paragraph (1) shall not apply with respect to a debtor who submits to the court a certification that (i) describes exigent circumstances that merit a waiver of the requirements of paragraph (1); (ii) states that the debtor requested credit counseling services from an approved nonprofit budget and credit counseling agency, but was unable to obtain the services referred to in paragraph (1) during the 7-day period beginning on the date on which the debtor made that request; and (iii) is satisfactory to the court.” § 109(h)(3)(A). “With respect to a debtor, an exemption under subparagraph (A) shall cease to apply to that debtor on the date on which the debtor meets the requirements of paragraph (1), but in no case may the exemption apply to that debtor after the date that is 30 days after the debtor files a petition, except that the court, for cause, may order an additional 15 days.” § 109(h)(3)(B).

<sup>5</sup> The requirements of paragraph (1) shall not apply with respect to a debtor whom the court determines, after notice and hearing, is unable to complete those requirements because of incapacity, disability, or active military duty in a military combat zone. For the purposes of this paragraph, incapacity means that the debtor is impaired by reason of mental illness or mental deficiency so that he is incapable of realizing and making rational decisions with respect to his financial responsibilities; and “disability” means that the debtor is so physically impaired as to be unable, after reasonable effort, to participate in an in person, telephone, or Internet briefing required under paragraph (1). 11 U.S.C § 109(h)(4).

In keeping with the credit counseling requirement and potential exceptions outlined in § 109(h), the bankruptcy petition provides a debtor may: 1) certify compliance with 11 U.S.C. § 109(h) and either file the certificate of credit counseling with the petition or within 14 days thereafter; 2) seek an exception from pre-petition credit counseling because the debtor actually attempted to obtain credit counseling within the 7 day period prior to the petition date but was unable to do so and is experiencing an exigent circumstance; or 3) seek an exemption from pre-petition credit counseling because the debtor is incapacitated, disabled, or on active military duty in a combat zone. Option 1 requires debtors to file a certificate confirming they obtained pre-petition credit counseling. Option 2 requires, with the petition, a satisfactory certification of exigent circumstances and prior efforts to obtain counseling. Option 3 requires a motion establishing incapacity, disability, or active military duty in a combat zone.

Debtor filed the bankruptcy case on March 2, 2026. He certified — under penalty of perjury — that he received pre-petition credit counseling but was not in possession of the certificate of credit counseling and would file it within fourteen days. Debtor's subsequent filings have shown this sworn representation was false. On March 17, 2026, Debtor filed a certificate of counseling indicating he received credit counseling on March 13, 2026.<sup>6</sup> Debtor admitted this on the record and in his response to the Rule to Show Cause.<sup>7</sup> Debtor neither sought an exemption to the pre-petition credit counseling requirement under 11 U.S.C. § 109(h)(3) nor showed

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<sup>6</sup> ECF No. 20.

<sup>7</sup> ECF No. 50.

he was eligible for a waiver of credit counseling requirement due to the circumstances identified in 11 U.S.C. § 109(h)(4).

Because eligibility under § 109(h) is a prerequisite to being a debtor, completion of counseling post-petition does not cure the defect. Having determined that Debtor did not receive pre-petition credit counseling as required by § 109(h)(1), did not seek an exemption under § 109(h)(3), or qualify for a waiver under § 109(h), this case cannot continue. *In re Dansby*, 340 B.R. 564, 568 (Bankr. D.S.C. 2006) (“Congress’ goal appears to be to eliminate bankruptcy petitions filed by individuals who have not allowed themselves adequate time . . . to consider a bankruptcy alternative before they file. This Court should not substitute its judgment for that of Congress.”) (citations omitted).

Accordingly, this case is dismissed for failure to meet the eligibility requirement set forth in the Bankruptcy Code.

**AND IT IS SO ORDERED.**

### Notice Recipients

District/Off: 0420-3 User: admin Date Created: 5/1/2026  
Case: 26-00925-jd Form ID: pdf01 Total: 31

#### Recipients of Notice of Electronic Filing:

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aty Travis E. Menk travis.menk@brockandscott.com

TOTAL: 5

#### Recipients submitted to the BNC (Bankruptcy Noticing Center):

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South Yale Tulsa, OK 74136  
544678266 ALLIANT CU 11545 W Touhy Ave Chicago, IL 60666  
544698069 American Express National Bank c/o Becket and Lee LLP PO Box 3001 Malvern PA  
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544690677 BOK Financial Mortgage PO Box 35688 Tulsa, OK 74153-0688  
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TOTAL: 26