

NONPRECEDENTIAL DISPOSITION
To be cited only in accordance with FED. R. APP. P. 32.1

United States Court of Appeals
For the Seventh Circuit
Chicago, Illinois 60604

Submitted February 17, 2026*
Decided February 17, 2026

Before

MICHAEL B. BRENNAN, *Chief Judge*

CANDACE JACKSON-AKIWUMI, *Circuit Judge*

NANCY L. MALDONADO, *Circuit Judge*

No. 25-1541

FELIPE N. GOMEZ,
Debtor-Appellant,

v.

LARRY WEISENTHAL and
CONSTANCE WEISENTHAL,
Defendants-Appellees.

Appeal from the United States District
Court for the Northern District of
Illinois, Eastern Division.

No. 23-cv-15662

Jeremy C. Daniel.
Judge.

ORDER

Felipe Gomez appeals the bankruptcy court's order approving the settlement agreement entered on behalf of his estate and executed by the estate's trustee in an adversary proceeding during Gomez's Chapter 7 bankruptcy proceeding. He argues that the bankruptcy court should have allowed him to dismiss the adversary complaint.

* We have agreed to decide the case without oral argument because the briefs and record adequately present the facts and legal arguments, and oral argument would not significantly aid the court. FED. R. APP. P. 34(a)(2)(C).

But the bankruptcy court explained that Gomez lacked standing to do so, and the district court agreed. We affirm.

Background

1. Gomez's Bankruptcy Filing and Amendment of Schedules

Gomez, an attorney suspended from the practice of law with a history of filing frivolous litigation, filed a Chapter 7 bankruptcy petition in early 2023 after incurring substantial sanctions and adverse judgments. With his petition, Gomez filed his schedules. On Schedule C, he claimed Illinois's wildcard exemption, which allows a debtor to exempt up to \$4,000 in value of personal property of his choice. *See 735 ILCS 5/12-1001(b).*

Throughout the summer of 2023, Gomez frequently amended his Schedule C. Gomez filed his final amendment to Schedule C on July 28. As relevant here, the final amendment excluded from his wildcard exemption a \$12,000 settlement the estate had reached with one defendant, Denise Mastro, in a suit Gomez had filed against the Village of Forest Park, Illinois, and others. (As part of those settlement negotiations, the Village of Forest Park also agreed to pay the estate \$8,000.)

2. Gomez's Adversary Proceeding Against the Weisenthals

On May 1, 2023, while his Chapter 7 bankruptcy case was pending, Gomez filed an adversary complaint against Larry and Constance Weisenthal in the bankruptcy court. He alleged that before he filed his bankruptcy petition, the Weisenthals unlawfully converted his personal property and owed it to the estate. *See 11 U.S.C. § 542.* In July, the bankruptcy court stayed the adversary proceeding while the Weisenthals began settlement negotiations with the trustee. On October 6, Gomez filed a notice of dismissal of the adversary complaint. The Weisenthals objected, arguing that Gomez lacked standing to dismiss the action because, once filed, the adversary proceeding became property of the bankruptcy estate and was subject to the trustee's exclusive control. The bankruptcy court did not act on Gomez's request.

One week later, on October 13, the trustee moved the bankruptcy court to approve a settlement with the Weisenthals, resolving the adversary proceeding. Under the settlement, the Weisenthals would be released from liability in exchange for a \$3,750 payment to the estate. The bankruptcy court approved the settlement on October 30, 2023.

Gomez sought to appeal the approval of the settlement. The bankruptcy court explained that it approved the settlement notwithstanding Gomez's notice of dismissal of the adversary complaint because Gomez lacked standing to object, as there was no possibility that any estate assets would revert to him. The court noted that creditors had filed claims totaling \$272,346, while Gomez's assets were far less.

Gomez appealed to the district court, arguing that the bankruptcy court should have dismissed the adversary complaint before approving the settlement. But the district court agreed with the bankruptcy court that Gomez lacked standing to dismiss the adversary complaint and challenge the approval of the settlement. The district court also considered and rejected Gomez's argument that he had standing because he retained an interest in satisfying his unfulfilled wildcard exemption. The court explained that the trustee had collected assets from the settlement of the lawsuit against the Village of Forest Park sufficient to satisfy Gomez's wildcard exemption. Once the exemption was fully satisfied and there was no realistic prospect of a surplus, the court explained, Gomez no longer had a personal stake in the outcome of the adversary proceeding and therefore lacked standing to control its resolution.

Analysis

On appeal, Gomez continues to argue that the bankruptcy court should have allowed him to dismiss the adversary complaint and should not have approved the settlement. We review *de novo* the question of standing. *In re Helmstetter*, 44 F.4th 676, 679 (7th Cir. 2022).

As a Chapter 7 debtor, Gomez is entitled to a distribution from his estate only after the trustee has paid all creditors in full. *See* 11 U.S.C. § 726(a)(6). A debtor often lacks standing to object to a bankruptcy court's order "because no matter how the estate's assets are disbursed by the trustee, no assets will revert to the debtor[,] and therefore, it is unlikely that a favorable decision from this court would redress the debtor's injury." *In re Helmstetter*, 44 F.4th at 679 (alteration in original) (quoting *In re GT Automation Grp., Inc.*, 828 F.3d 602, 604 (7th Cir. 2016)). In other words, "if the debtor can show a reasonable possibility of a surplus after satisfying all debts, then the debtor has shown a pecuniary interest and has standing to object to a bankruptcy order." *In re Cult Awareness Network, Inc.*, 151 F.3d 605, 608 (7th Cir. 1998).

We agree with both the bankruptcy court and district court that Gomez lacked standing to dismiss the adversary complaint and challenge the approval of the settlement where he could not reasonably expect any surplus after his creditors were

paid. While creditors filed claims totaling \$272,346, Gomez reported assets of only \$5,303 in personal property and \$20,000 from the settlements in the lawsuit against the Village of Forest Park. With liabilities vastly exceeding assets, the estate had no realistic prospect of generating a surplus for distribution to Gomez. Any recovery from the settlement would benefit the estate, not Gomez. Accordingly, a favorable decision for Gomez would not redress any injury from the approval of the settlement. Gomez therefore lacked standing to prevent the settlement's approval.

Gomez's counterargument also fails. He contends that the courts overlooked his wildcard exemption under 735 ILCS 5/12-1001(b). Gomez says that he expressly excluded from the wildcard exemption the \$12,000 settlement the estate received from Mastro. And, in his view, his remaining assets totaling \$5,303 did not count toward the exemption because they were not listed as exempt property on his Schedule C. Accordingly, Gomez reasons, the \$4,000 exemption remained unsatisfied, so he necessarily had an interest in the \$3,750 settlement with the Weisenthals.

But Gomez's attempt to manufacture standing fails. Our case law is clear: In the bankruptcy context, a petitioner has standing to challenge a bankruptcy court's order only where there is a reasonable expectation that surplus funds will remain and revert to the debtor after all creditors are paid. *In re Helmstetter*, 44 F.4th at 679–80. Gomez has not made that showing. Moreover, Gomez has not cited any authority holding that a debtor has standing based on an unexercised or unfulfilled exemption or permitting a debtor to object to a settlement based on such an exemption. And, in any event, Gomez does not explain how the \$8,000 settlement the estate reached with the Village of Forest Park, which he did not exclude, would not satisfy the wildcard exemption.

AFFIRMED