

**UNITED STATES DISTRICT
COURT WESTERN DISTRICT OF
KENTUCKY AT LOUISVILLE**

UNITED STATES OF AMERICA

PLAINTIFF

v.

CIVIL ACTION NO. 3:10-CV-294-CRS

CHRIS A. WEBB

DEFENDANT

MEMORANDUM OPINION AND ORDER

This matter is before the Court for consideration of the Report and Recommendation of the United States Magistrate Judge (“R & R”) concerning motions of the United States seeking:

- (1) entry of a judgment against garnishee Relentless Holdings, LLC for sums paid to judgment debtor Chris A. Webb in violation of a writ of garnishment issued in this case (DN 29), and
- (2) entry of a disposition order requiring Relentless Holdings, LLC to make monthly payments on the judgment debt of Webb for unpaid income taxes (DN 38).

The Magistrate Judge recommends that the motions be granted. No objections have been filed to the R & R by either Debtor Webb or Garnishee Relentless Holdings, LLC (“Relentless”).

The R & R recounts the history of this action brought by the United States to reduce to

judgment Webb's liability for delinquent federal income taxes. DN 1. The Court entered judgment against Webb in September of 2010 in the amount of \$1,008,806.00 plus penalties, interest and statutory additions. After obtaining a discharge in bankruptcy of a large portion of that debt, Webb failed to satisfy the remainder and the United States began garnishment proceedings under the Federal Debt Collection Procedures Act, 28 U.S.C. § 3001, *et seq.*, to collect it.

In April of 2022, a writ of continuing garnishment was issued requiring Relentless, a real estate holdings limited liability company wholly owned by Webb, to withhold and retain property in which Webb had a substantial non-exempt interest and to answer the writ.

The Magistrate Judge's Report (DN 40) details the proceedings leading to the filing of the pending motions by the United States and the recommendation as to their disposition. In a nutshell, the United States established that Relentless paid Webb \$136,290.32 in violation of the writ and failed to comply with an order of the Court that Relentless appear and answer the writ. Webb contended that the sums sought by the United States should not be garnished due to "any and all exemptions that may be applicable to him under federal or state law." However, Webb never specified why his distributions from Relentless should be exempt from garnishment. The United States noted that Relentless is liable for the full amount of the improper payments because limited liability company member distributions are nonexempt property. DN 29, pp. 4-5, PageID #272-73. The Magistrate Judge thus properly concluded that a judgment for the full amount paid to Webb in violation of the writ should be entered against Relentless in accordance with 28 U.S.C. § 3205(c)(6).

The United States established, and the Magistrate Judge found, that the monthly distributions to Webb are neither wages nor salary and thus are not subject to the 25%

limitation on “earnings” as that term is statutorily defined (28 U.S.C. § 3002(6)) and, in any event, such sums are excepted from the limitation when garnished to collect an unpaid tax debt (15 U.S.C. § 1673(b)(1)(C)). Additionally, the Magistrate Judge considered the United States’ suggested reasonable monthly expenses for Webb and his children based upon the Collection Financial Standards published by the Internal Revenue Service and agreed that Relentless should be ordered to pay \$15,000.00 per month for application to Webb’s judgment debt until the debt is satisfied or until further order of the Court. The United States showed that average monthly sum Webb received from Relentless exceeded the allowable monthly expenses by \$17,403.00 per month. The Magistrate Judge concluded that “Defendant wholly fails to address his distributions from Relentless and fails to state any grounds for why his distributions from Relentless should be exempted from attachment.” DN 40, p. 8, Page ID #338. We agree.

For the reasons stated herein and the Court being otherwise sufficiently advised, **IT IS HEREBY ORDERED AND ADJUDGED** that:

1. The Report and Recommendation of the United States Magistrate Judge (DN 40) is **ACCEPTED AND ADOPTED IN ITS ENTIRETY**.
2. The motion of the United States for entry of judgment against Relentless Holdings, LLC (DN 29), as modified by the supplement to the motion for entry of judgment (DN 37) filed after additional discovery, is **GRANTED**. A separate Judgment in the amount of \$136,290.32 will be entered herewith.
3. The motion of the United States for entry of a disposition order (DN 38) is **GRANTED**. A separate Disposition Order will be entered herewith directing Relentless Holdings, LLC to pay the United States \$15,000.00 per month for application to Chris A. Webb’s

judgment debt until the debt is satisfied or until further order of the Court.

February 14, 2023

IT IS SO ORDERED.



**Charles R. Simpson III, Senior Judge
United States District Court**

cc: Counsel of Record
Relentless Holdings, LLC, 13010 Dixie Highway, Louisville, Kentucky 40272