

ADMIRALTY/MARITIME**— Contracts — Breach of Contract****Bank sued boat owner under maritime law after loan default****Decision (P)** \$78,996**Case** Key Bank USA, NA v. Motor Vessel "Inertia," a formula 382 Bearing Hull Identification No. TNRD5614K596, her tackle apparel, appurtenances and her engines twinn 1996 Mercruisers 490 HP and bearing serial no. F745075, right and lefty drive, in rem, and Emmet J. Ryder, Jr., in personam, and Hon. Mary-Amm Greenberg Esq., U.S. Chapter 13 standing trustee, No. 07-2890(FLW)**Court** Federal District Court, Trenton**Judge** Freda L. Wolfson**Date** 1/10/2008**Plaintiff****Attorney(s)**

Eugene J. McDonald, Matawan, NJ

Defense**Attorney(s)**

None reported

Facts & Allegations

On February 5, 2004, plaintiff Key Bank USA, NA, entered into a mortgage loan agreement with Emmet J. Ryder who secured the mortgage with the title of the boat, the M.V. Inertia that he purchased with the mortgage proceeds, the sum of \$86,921.96.

After December 23, 2006, Ryder stopped making the required monthly payments and defaulted on the loan. Key Bank accelerated the remaining balance payments, under the terms of the agreement, and made several demands to be paid in full. When Ryder did not respond, the bank placed a lien on the boat.

Key Bank sued Ryder under federal admiralty and maritime laws to take possession of the Inertia, for the remaining loan balance of \$78,955.95.

In the meantime, Ryder had filed for relief under chapter 13 of the bankruptcy code and an automatic stay was issued. Key Bank sought relief from the automatic stay so as to file a complaint in the Federal Court based on admiralty law and jurisdiction to foreclose its mortgage on the vessel.

The bankruptcy court entered an order for relief from the automatic stay. Thereafter, a complaint was filed in the Federal Court to foreclose the bank's mortgage on the vessel.

The standing chapter 13 trustee, Mary-Ann Greenberg, was made a party for title purposes and to determine whether or not she had an interest in the vessel on behalf of Ryder's creditors. This point became moot when Ryder's Chapter 13 petition was dismissed for his failure to appear in the bankruptcy court.

Ryder also failed to appear for the Key Bank complaint.

Injuries/Damages

Key Bank sought to recover the remaining balance of the boat mortgage, \$78,995.95, plus costs and attorneys fees.

Result

After Ryder failed to appear, the court ordered the Inertia sold. The vessel was subsequently sold by the U.S. Marshal's service at public auction and a default judgment against Mr. Ryder was entered by the court in the amount of \$78,996.00. The court also awarded the plaintiff attorneys' fees.

Editor's Note

This report is based on information gleaned from court documents and information provided by plaintiff's counsel.

Written By

Eddie Vega