No. 25-1367

IN THE

Supreme Court of the United States

ROOFING DESIGNS BY JR, L.L.C.,
dba Roofing Designs,

Petitioner,

v.

ROYAL AMERICAN CONSTRUCTION, INCORPORATED, AND HARTFORD FIRE INSURANCE COMPANY,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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COUNTERSTATEMENT OF QUESTION PRESENTED

Whether the petition should be denied, rather than disposed of by grant-vacate-remand, where *Keathley v. Buddy Ayers Construction, Inc.*, 146 S. Ct. 1532, 1536 (2026), rejected only the Fifth Circuit's rigid two-factor approach to inadvertence; did not adopt Petitioner's proposed bad-faith rule; and the judgment below rests on case-specific findings that satisfy *Keathley*'s totality-of-the-record standard.

PARTIES TO THE PROCEEDING AND CORPORATE DISCLOSURE STATEMENT

All parties appear in the caption. Petitioner Roofing Designs by JR, L.L.C., d/b/a Roofing Designs, was the defendant and third-party plaintiff in the district court and appellant below. Respondent Royal American Construction, Incorporated was the plaintiff in the district court and appellee below. Respondent Hartford Fire Insurance Company was the third-party defendant in the district court and appellee below.

Pursuant to Supreme Court Rule 14.1(b)(ii) and 29.6, Respondents Royal American Construction, Incorporated and Hartford Fire Insurance Company state that neither Respondent has a parent corporation and that no publicly held corporation or other publicly held entity has a reportable ownership interest of 10% or more of either Respondent.

RELATED PROCEEDINGS

Royal American Construction, Inc. v. Roofing Designs by JR, L.L.C., No. 25-20048, United States Court of Appeals for the Fifth Circuit. Judgment entered January 13, 2026; rehearing denied March 10, 2026.

Royal American Construction, Inc. v. Roofing Designs by JR, L.L.C., No. 4:21-CV-2440, United States District Court for the Southern District of Texas. Judgment entered January 7, 2025.

In re Roofing Designs by JR, L.L.C., No. 23-32275, United States Bankruptcy Court for the Northern District of Texas.

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INTRODUCTION

Roofing Designs petition was filed before this Court decided *Keathley v. Buddy Ayers Construction, Inc.*, 146 S. Ct. 1532, 1536 (2026), and asked this Court to hold the Petition pending the *Keathley* decision, then grant, vacate, and remand if *Keathley* would require bad faith before judicial estoppel may apply in the bankruptcy-disclosure context. But *Keathley* rejected only the Fifth Circuit's rigid two-factor test, rejected Petitioner's proposed bad-faith requirement, did not abolish judicial estoppel in bankruptcy cases, and did not require GVR remand whenever a lower court mentions personal motive to conceal. Instead, the holding in *Keathley* requires courts to consider the totality-of-circumstances. Therefore, Petitioner presents a question this Court expressly declined to answer in *Keathley*. This case does not warrant review because the record below independently satisfies *Keathley's* totality-of-the-circumstances standard. The petition should be denied.

In an abundance of caution, Respondent addresses herein the Court's *actual* holding in *Keathley* and why the holding does not require GVR. The lower courts did not confront a bare omission paired only with a theoretical incentive to hide an asset. They confronted a business debtor, Roofing Designs, that had already recorded liens, filed counterclaims and bond claims, quantified damages in initial disclosures, and presented corporate-representative testimony that the claims exceeded \$600,000, yet later valued the Royal American claim at \$0, omitted Hartford, told the bankruptcy court that litigation could not benefit creditors, obtained plan confirmation, and made only an incomplete amendment after Hartford identified the nondisclosure. Those facts supply a record-supported finding of non-inadvertence under *Keathley*'s totality standard. For that additional reason, the petition should be denied.

Respondent adopts the Facts and Procedural History of the Memorandum and Order of the United States District Court for the Southern District of Texas. App. 11a – 14a.

The facts relied upon by the United States District Court for the Southern District of Texas to support dismissal of Roofing Designs' civil claims (as affirmed by the United States Court of Appeals for the Fifth Circuit) independently satisfy *Keathley*'s totality of the circumstances analysis. The record here establishes that Petitioner Roofing Designs by JR, L.L.C., knowingly pursued quantified counterclaims and bond claims against Respondent Royal American in federal litigation while repeatedly valuing its Royal American claim at $0 in bankruptcy, omitting its Hartford claim altogether, representing that its litigation could not benefit creditors, and obtaining confirmation of a plan paying unsecured creditors approximately eight cents on the dollar. This is far more than a hypothetical motive to conceal. Because even under the new *Keathley* test, all the facts support the district court's ruling and the appellate court's affirmance, the question presented does not warrant this Court's review or a GVR.

OPINIONS BELOW

The unpublished Opinion of the United States Court of Appeals for the Fifth Circuit, *Royal Am. Const., Inc.*

v. Roofing Designs by JR, L.L.C., No. 25-20048, 2026 WL 94972 (5th Cir. Jan. 13, 2026), is attached to this Petition as Appendix A, at 1a-9a.

The opinion of the District Court, *Royal Am. Const., Inc. v. Roofing Designs by JR, L.L.C.*, No. H-21-02440, 2025 WL 43585 (S.D. Tex. Jan. 7, 2025), is attached to this Petition as Appendix B, at 10a-23a.

The Fifth Circuit's denial of Roofing Designs' Petition for Rehearing is attached to this Petition as Appendix C, at 24a-25a.

JURISDICTIONAL STATEMENT

The U.S. Court of Appeals for the Fifth Circuit entered its judgment on January 13, 2026 and denied rehearing on March 10, 2026. This Court has jurisdiction under 28 U.S.C. § 1254(1).

STATEMENT OF THE CASE

A. The construction dispute and Petitioner's claims

This case arises from two subcontracts between Royal American and Roofing Designs concerning a Houston apartment project. After the parties' relationship deteriorated, Roofing Designs recorded a mechanic's lien for $102,793 and a retainage lien for $28,121.20. Royal American sued Roofing Designs in July 2021. In September 2021, Roofing Designs asserted counterclaims against Royal American for breach of contract, quantum meruit, and negligence, and filed a third-party complaint against Hartford seeking recovery on project bonds.

Royal Am. Constr., Inc. v. Roofing Designs by JR, L.L.C., No. H-21-02440, 2025 WL 43585, at *1–2 (S.D. Tex. Jan. 7, 2025) (App. 11a–12a).

Roofing Designs contemporaneously quantified its claims. Its November 2021 initial disclosures claimed $227,756.43 in damages. Its sole member and corporate representative, Chynethia Gragg, later testified that Roofing Designs sought more than $600,000, including attorney's fees. *Id.*

B. Roofing Designs' materially inconsistent bankruptcy disclosures

In October 2023, while its counterclaims and Hartford bond claims were pending, Roofing Designs filed a Chapter 11 petition in bankruptcy. It scheduled total assets of $81,360 and liabilities of $538,981.48. Although it referenced a cause of action against Royal American, it described that claim as "unknown" and assigned it a value of $0. It did not identify any claim against Hartford. *Id.* at *2 (App. 12a).

In January 2024, Roofing Designs filed its reorganization plan. It represented that its litigation claims were speculative and could not be counted on to fund the estate, stated that it was unaware of litigation that could benefit creditors, and supplied a liquidation analysis listing only cash, accounts receivable, and office furniture. *Id.* The plan proposed $500 monthly payments for 36 months, yielding approximately an eight-percent distribution to unsecured creditors. *Id.* at *2–3 (App. 12a–13a). Roofing Designs did not mention its own affirmative claims against Royal American or the damages it was seeking. App. 13a.

The bankruptcy court confirmed Roofing Designs' plan in February 2024. The bankruptcy trustee was discharged on April 10, 2024, and the automatic stay was lifted on April 24, 2024. Only after Hartford stated in a May 3, 2024 joint status report that it intended to seek dismissal based on the failure to identify the Hartford claims did Roofing Designs amend its schedules on May 8, 2024. The amendment for the first time named Hartford, but Roofing Designs still assigned a $0 valuation for the Royal American claim, did not revise total assets, and did not disclose the detailed claim values previously asserted against Royal American and Hartford in the civil litigation. *Id.* at *2–3, *5 (App. 12a–13a, 17a–19a).

C. The district court's summary-judgment decision and the Fifth Circuit's affirmance

Royal American and Hartford jointly moved for summary judgment based on judicial estoppel. The district court granted the motion and dismissed Roofing Designs' claims against both respondents with prejudice. *Id.* at *1 (App. 10a–11a). Applying the governing framework, the court held that the parties' knowledge of the civil claims is irrelevant, the relevant issue was what Roofing Designs represented to the bankruptcy court, trustee, and creditors. *Id.* at *4 (App. 15a–16a).

All the facts support the district court's finding that Roofing Designs knowingly took plainly inconsistent positions in the two courts. Roofing Designs was pursuing civil claims worth hundreds of thousands of dollars in the district court for two years prior but scheduled its Royal American claim in the bankruptcy court at $0 and omitted Hartford entirely. The bankruptcy court accepted Roofing

Designs' inconsistent positions by confirming the plan. The court further found, based on the record evidence, that Roofing Designs' conduct was not inadvertent because the omission and undervaluation enabled Roofing Designs to obtain plan confirmation and seek discharge of debts at a fraction of their value while retaining the claims' full value. *Id.* at *5–7 (App. 17a–22a).

The Fifth Circuit affirmed in an unpublished opinion. It held that Roofing Designs' conflicting valuations and omissions were plainly inconsistent, that plan confirmation constituted judicial acceptance, and that the record supported a lack of inadvertence. *Royal Am. Constr., Inc. v. Roofing Designs by JR, L.L.C.*, No. 25-20048, 2026 WL 94972, at *3–4 (5th Cir. Jan. 13, 2026) (App. 7a–9a).

The Fifth Circuit did not treat this as a bare omission case. It emphasized that Roofing Designs "never gave" the bankruptcy court the same valuation information it had given the district court, "instead claiming that it valued its claims at $0.00." App. 8a. It also held there was "no indication" the district court erred in finding that the bankruptcy court accepted Roofing Designs' position that it had no claims of value when it approved the plan. App. 8a–9a.

REASONS FOR DENYING THE PETITION

I. Keathley eliminates the petition's premise and does not adopt the bad-faith rule.

Petitioner's filing explicitly sought hold-and-GVR tied to then-pending *Keathley*. It asked whether judicial estoppel may rest on a "potential motive" for nondisclosure without evidence of bad faith and represented that *Keathley* would "certainly invalidate" the Fifth Circuit's reasoning. But *Keathley* did not announce Petitioner's requested bad-faith rule. It held that courts assessing inadvertence or mistake may not restrict the inquiry to knowledge and hypothetical motives and instead must consider the totality of the circumstances surrounding the omission.

Keathley therefore undermines the premise of the petition rather than supports review. The Court expressly assumed without deciding that judicial estoppel can apply in the bankruptcy context and that inadvertence or mistake can function as an exception. It also declined to resolve whether bad faith is required. *Id.* at 1537, 1539 & n.5. The petition's framing concerning "potential motive" and bad faith therefore no longer presents a question warranting review and therefore asks this Court to review a rule *Keathley* did not adopt and a result *Keathley* does not compel.

At most, Petitioner's argument is a request for routine post-decision error correction. But even that relief is unwarranted because the district court expressly grounded its ruling in the particular record before it, rather than any categorical rule that every bankruptcy valuation error warrants judicial estoppel. The Fifth Circuit's unpublished opinion does not justify review, yet if the Court concludes that *Keathley* may affect the judgment, the ordinary limited disposition would be a GVR, not plenary review. See *Lawrence v. Chater*, 516 U.S. 163, 166–67 (1996) (per curiam).

II. The district court's case-specific findings and the Fifth Circuit's affirmance satisfies Keathley's totality-of-the-circumstances standard.

Judicial estoppel is an equitable doctrine protecting the integrity of judicial proceedings by preventing parties from deliberately changing positions according to the exigencies of the moment. *New Hampshire v. Maine*, 532 U.S. 742, 749–51 (2001). The district court's decision rested on a factual record evidencing mature and quantified commercial claims; sworn, irreconcilable bankruptcy disclosures; plan confirmation obtained on those disclosures; and an incomplete amendment made only after the nondisclosure was challenged. This case is not like *Keathley* because the district court and appellate court did not rely on a "hypothetical" or "potential" motive to conceal. The record supplies more than a generic possibility that nondisclosure could benefit a debtor; it supplies case-specific evidence supporting non-inadvertence.

A. Roofing Designs had asserted and quantified the claims well before bankruptcy.

Before Chapter 11, Roofing Designs recorded liens totaling $130,914.20, brought counterclaims against Royal American and a bond claim against Hartford, disclosed a detailed $227,756.43 damages calculation, and presented Chynethia Gragg's testimony that Roofing Designs sought more than $600,000 including fees. *Royal American*, 2025 WL 43585, at *1–2. Roofing Designs' lien affidavits were recorded in July 2021—well before bankruptcy plan confirmation—and assigned specific dollar amounts. Thus, the $0 bankruptcy valuation was not an ordinary valuation error involving an unknown or latent claim.

The district court expressly recognized the limits of its ruling. It did not hold that every mistaken valuation of a bankruptcy asset creates a plain inconsistency. Instead, it explained that this result was based on the facts presented: Roofing Designs had recorded lien paperwork assigning specific values, provided a detailed damages calculation in this litigation, and offered sworn corporate testimony valuing the claims at more than $600,000 before signing bankruptcy schedules listing the Royal American claim at $0 and omitting Hartford. App. 19a–20a. That is precisely the nonmechanical, case-by-case inquiry *Keathley* requires.

B. The bankruptcy schedules and plan contradicted Roofing Designs' litigation position.

Roofing Designs listed the Royal American cause of action at $0, omitted Hartford altogether, and incorporated the $0 valuation into its reported assets. Roofing Designs' plan compounded the discrepancy when it characterized its litigation claims as speculative, stated the claims could not fund the estate, and represented that it knew of no litigation that could benefit creditors. *Id.* at *2, *5–6. The district court properly concluded that these were not simply failures to enter a correct number. They were affirmative representations to the bankruptcy court and creditors that claims being actively pursued in federal court had no value for the estate. App. 17a–22a.

C. Bankruptcy plan confirmation and the incomplete post-notice amendment reinforce the finding of non-inadvertence.

The bankruptcy court confirmed the plan without disclosure of the Hartford claim or the asserted value and nature of the Royal American claims. Only after Hartford identified the disclosure problem and announced its intended dismissal motion did Roofing Designs amend. Even then, it added Hartford but continued to value the Royal American claim at $0, did not revise total assets, and did not seek reconsideration of the confirmed plan based on complete information. *Id.* at *2–3, *5. These facts show knowing inconsistent positions, not inadvertence, and support the district court's finding that Roofing Designs had a clear motivation to conceal the value of its claims because nondisclosure allowed Roofing Designs to seek discharge of its debt at a fraction of its value, while preserving the full value of its civil claims against Hartford and Royal American. App. 22a.

The timing and incompleteness of Roofing Designs' amendment are evidence that the amendment was not a meaningful correction of an innocent error.

D. The totality of the circumstances supports the judgment.

Roofing Designs' corporate representative Chynethia Gragg filed Roofing Designs' lien affidavits, testified about the substantial value of the district court claims, and signed the bankruptcy schedules under penalty of perjury. Yet the schedules omitted Hartford and valued the Royal American claim at $0. Roofing Designs never argued that a clerical error, misunderstanding, or counsel's advice caused the omission and undervaluation. Nor does Roofing Designs identify advice from counsel directing it to omit Hartford, value Royal American's claim at $0, or represent that the litigation could not benefit creditors.

III. Roofing Designs' out of circuit authority is materially distinguishable and does not change the outcome.

In *Ah Quin v. County of Kauai Department of Transportation*, 733 F.3d 267, 269–70, 273–77 (9th Cir. 2013), an employee omitted a pending discrimination action from a Chapter 7 filing. After the issue arose, she sought to reopen bankruptcy, set aside the discharge, amend her schedule, and provided evidence of a misunderstanding; the trustee later abandoned the claim. Roofing Designs did not make the same corrective efforts, continued to value Royal American's claim at $0, did not revise disclosure of assets, and did not obtain reconsideration of its confirmed bankruptcy plan using the claims' actual asserted values. Further, the claims here arise from a commercial dispute involving Royal American, a bankruptcy creditor directly affected by the disclosures—not an unrelated alleged wrongdoer.

In *Martineau v. Wier*, 934 F.3d 385, 393–96 (4th Cir. 2019), the plaintiff's possible tort claims arose from an assault, she was pro se in bankruptcy court, she believed a settlement agreement foreclosed her potential tort claim, she had not filed or pursued the claim at bankruptcy, and she later reopened the case to schedule it. The trustee ultimately abandoned the claim. Here, by contrast, Roofing Designs was a business entity actively pursuing long-pending claims, had quantified them, and had stated their value through its corporate representative before bankruptcy. It offers no comparable innocent explanation or full correction.

In *Slater v. U.S. Steel Corp.*, 871 F.3d 1174, 1185–89 (11th Cir. 2017) (en banc) the court's decision rested on consideration of "relevant" factors such as the debtor's sophistication, the debtor's explanation for the omission, the content of the debtor's later correction, and the bankruptcy court's response to the correction. Here, those considerations favor the district court's conclusion that Roofing Designs, an experienced commercial litigant, asserted detailed, substantial claims, scheduled one at $0, omitted another entirely, disclaimed any creditor benefit, obtained bankruptcy plan confirmation, and amended only after the omission was challenged.

CONCLUSION

Taken together, the record relied upon by the courts below reflects that Roofing Designs possessed mature, specifically quantified commercial claims against Royal American and Hartford well before its bankruptcy filing, yet valued the Royal American claim at $0 and failed to disclose both its claimed damages and its recorded liens in its bankruptcy schedules. Its plan language was likewise inconsistent with the position it later advanced in federal court. The bankruptcy court confirmed the plan without complete disclosure of the estate's available assets, affecting the information available to creditors evaluating their expected recovery. Roofing Designs amended its schedules only after Hartford identified the nondisclosure and indicated it would seek dismissal on that basis—and even then, the amendment remained incomplete. The evidence supporting lack of inadvertence was not limited to a generic possibility that nondisclosure might benefit a debtor. Quite the opposite—Roofing Designs entered bankruptcy with quantified, pending claims and never meaningfully informed the bankruptcy court. Viewed in their totality, these circumstances support the district court's conclusion that Roofing Designs' omissions and undervaluations were not inadvertent or mistaken under the totality-of-the-circumstances approach required by *Keathley v. Buddy Ayers Construction, Inc.* Because *Keathley* did not adopt Petitioner's proposed rule and the judgment below is independently supported by case-specific findings that satisfy *Keathley*'s totality standard, neither plenary review nor a GVR is warranted.

The petition for a writ of certiorari should be denied.

Respectfully submitted,

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