

Dated: May 18, 2026
The following is ORDERED:



A handwritten signature in black ink, appearing to read "M. Ruthie Hagan".

M. Ruthie Hagan
UNITED STATES BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

In re
John Dustin Pinkston
Debtor

Case No. 25-11041
Chapter 7

AgQuest Financial Services, Inc.,
Plaintiff,

v.

Adv. Proc. No. 25-05059

John Dustin Pinkston,
Defendant.

John Dustin Pinkston,
Third-Party Plaintiff,

v.

Titan Ag, LLC,
Third-Party Defendant.

**OPINION AND ORDER DISMISSING WITHOUT PREJUDICE
THIRD-PARTY COMPLAINT**

This matter is before the Court on the Motion [DE 14] of Third-Party Defendant Titan Ag, LLC (“Titan”) to Dismiss the Debtor’s Third-Party Complaint [DE 9], and the Debtor’s Response [DE 17] filed in opposition to the Motion.

This is a core proceeding under 28 U.S.C. § 157(b)(2)(A). Accordingly, the Court has both the statutory and constitutional authority to hear and determine these proceedings subject to the statutory appellate provisions of 28 U.S.C. § 158(a)(1) and Part VIII (“Bankruptcy Appeals”) of the Federal Rules of Bankruptcy Procedure. This decision constitutes the Court's findings of fact and conclusions of law under FED. R. CIV. P. 52, made applicable to this contested matter by FED. R. BANKR. P. 7052. Regardless of whether specifically referred to in this decision, the Court has examined the submitted materials, considered statements and arguments of counsel, considered all of the pertinent evidence and reviewed the record of the case. Based upon that review, and for the following reasons, the Court hereby determines that the Third-Party Complaint is dismissed without prejudice.

**DISCUSSION OF BACKGROUND FACTS AND
PROCEDURAL HISTORY OF THE CASE**

The essential facts before the Court are not in dispute. In a nutshell, Debtor and his uncle, Mr. Timothy Lee Smith, are the sole members of an LLC conducting farming operations and known as Smith Farm (the “Farm”). [DE 9] Third-party Defendant Titan was one of the Farm’s suppliers for seed, fertilizer and other farming implements, and the Farm maintained a credit account with Titan. *Id.* Following the 2023 harvest, the Farm was unable to pay off its \$407,911.54

Titan account balance, so Titan requested financial information from the Farm so that it could apply for a loan from AgQuest Financial Services, Inc. (“AgQuest”) to bring the Farm’s account with Titan current. *Id.* However, instead of completing the application listing the Farm as the borrower, Titan listed the Debtor, an individual, as the borrower on the loan. *Id.* Once the application was completed, AgQuest requested an electronic signature on the loan documents via email. *Id.* Debtor was ultimately notified via text message that the document was ready for the electronic signature, and once Debtor received the documents, he attached his electronic signature and completed the signing in less than 30 seconds. *Id.*

The loan was approved and ultimately resulted in a credit line of \$500,000. *Id.* The loan commitment and subsequent increases “specifically state that the loan proceeds shall be for purchases from [Titan] for the production of crops for the crop year of 2024,” and “all advances against the loan ‘shall be made directly to [Titan].’” *Id.* Some of the funds, however, were used to pay the Farm’s debt to Titan that was incurred during 2023. *Id.*

Debtor subsequently commenced his Chapter 7 bankruptcy case on July 31, 2025, and soon thereafter AgQuest filed an adversary proceeding against the Debtor seeking a determination of dischargeability of the loan debt pursuant to 11 U.S.C. § 523(a)(2)(A). [DE 1] Debtor then filed his Third-Party Complaint against Titan [DE 9] alleging that Titan was unjustly enriched as a result of wrongful acts associated with the loan application and seeking a judgment of undetermined amount, but at least in the amount of \$407,911.54. *Id.* Titan answered the Complaint with a Motion to Dismiss [DE 14] based on FED. R. BANKR. P. 7012 contending that the Debtor lacks the standing to pursue an action accruing prepetition, the Debtor is judicially estopped from making a claim against Titan as the Debtor failed to list any such claim in his Chapter 7 petition, and that the Third-

-Party Complaint is improper in this case since the underlying AgQuest dischargeability complaint is declaratory in nature. *Id.*

Debtor filed a Response to the Motion [DE 17] asserting that Debtor's claim is sufficient to overcome a dismissal based on Bankruptcy Rule 7012 when the Court accepts the allegations as true, and that the claim for unjust enrichment will only accrue when and if the Court determines that the debt to AgQuest is nondischargeable in the underlying adversary proceeding. *Id.* Hence, there is no question of standing as the claim did not accrue prepetition. *Id.*

The Court heard oral argument on the Motion to Dismiss on April 9, 2026, and took the Motion under advisement.

LAW AND ANALYSIS

The Court's analysis begins with FED. R. BANKR. P. 7014, which provides a mechanism to bring into a lawsuit a third party who might be required to indemnify a defendant for all or part of a judgment. Rule 7014 provides, in pertinent part, that "[a] defending party may, as third-party plaintiff, serve a summons and complaint on a nonparty who is or may be liable to it for all or part of the claim against it."

When determining whether a third-party complaint is properly brought, the court looks to whether *the pleadings* provide a basis for the third-party defendant's liability to the defendant/third-party plaintiff. *Morris v. Lenihan*, 192 F.R.D. 484, 488 (E.D. Penn. 2000) (emphasis added). A district court may not entertain a third-party complaint where there is no basis for liability between the defendant and third-party defendant. *Id.* at 487, citing *FDIC v. Bathgate*, 27 F.3d 850, 873 (3d Cir. 1994). It should be noted that "Rule [7014] . . . does not provide an independent legal basis for third-party cause of action; it merely provides the procedural mechanism for the assertion of such a claim under recognized substantive law." *Id.* at 488.

Therefore, the Court turns its attention to the governing substantive law – the law of Tennessee – to determine whether there is a substantive basis to the Third-Party Complaint. *Id.*

Indemnification

Although the Third-Party Complaint does not specifically seek indemnification, such remedy is essentially the bottom line of the Debtor’s demand. “The concept of indemnification embodies principles of restitution and unjust enrichment.” *Winter v. Smith*, 914 S.W.2d 527, 541 (Tenn. Ct. App. 1995), citing 2 George E. Palmer, *The Law of Restitution* § 10.6, at 410–11 (1978). The concept “rests on two principles — that everyone should be responsible for their own wrongdoing and, therefore, that wrongdoers should be liable to persons who are required to pay damages that the wrongdoers should have paid.” *Winter v. Smith*, 914 S.W.2d at 541 (citations omitted). It “requires the complete shifting of liability for loss from one person to another.” *Id.* (collecting cases). Obligations for indemnity may be expressly agreed to between the parties, or the court may impose an implied right to indemnity “when justice and fairness demand that the burden of paying for the loss be shifted to the party whose fault or responsibility is qualitatively different from the other parties.” *Id.* at 542.

In this case, although the Debtor has alleged acts of misconduct on the part of Titan employees, it is difficult for the Court to find that Titan’s “fault or responsibility is qualitatively different from the other parties.” The Debtor was aware that Titan was applying for financing to bring the Titan accounts current, and once the Debtor received the loan documents he signed them within 30 seconds of opening the email – obviously without even reading the first page, which clearly lists the Debtor as the individual borrower. [DE 1-2 and incorporated by reference in DE 9 ¶14] In fact, the signature lines where Debtor attached his signature state “Individual Borrowers” and “Individually.” *Id.* Under these facts, the Debtor bears just as much of a responsibility in this

instance as Titan. Although Debtor makes much of the fact that the loan application purported to be for 2024 debt but some of the proceeds were applied to debt incurred in 2023, there is no allegation that Titan was not owed the money or that the 2023 debt was otherwise brought current. Under these circumstances, the Court finds no good cause to shift Debtor's financial obligations to AgQuest, if any, onto Titan. The Court will allow Debtor an opportunity to amend the factual allegations of his Third-Party Complaint to better identify why Titan's fault or responsibility is qualitatively different from the other parties so as to justify any shifting of the burden of liability, should Debtor be found liable to AgQuest.

Unjust Enrichment

The Third-Party Complaint against Titan is premised on a theory of unjust enrichment. There may be circumstances existing where courts will "impose a contractual obligation where there is 'no contract between the parties or the contract has become unenforceable or invalid,' and the defendant will be unjustly enriched unless the court imposes a quasi-contractual obligation." *Family Trust Servs., LLC v. Green Wise Homes, LLC*, 693 S.W.3d 284, 304 (Tenn. 2024) (quoting *Whitehaven Cmty. Baptist Church v. Holloway*, 973 S.W.2d 592, 596 (Tenn. 1998)).

The Tennessee Supreme Court has set forth the elements of an unjust enrichment claim as follows: (1) "[a] benefit conferred upon the defendant by the plaintiff," (2) "appreciation by the defendant of such benefit," and (3) "acceptance of such benefit under such circumstances that it would be inequitable for him to retain the benefit without payment of the value thereof." *Family Trust Servs.*, 693 S.W.3d at 304, quoting *Freeman Indus., LLC v. Eastman Chem. Co.*, 172 S.W.3d 512, 525 (Tenn. 2005), and *Paschall's Inc. v. Dozier*, 407 S.W.2d 150, 154 (Tenn. 1966). "The most significant requirement of an unjust enrichment claim is that the benefit to the defendant be

unjust.” *Freeman Indus., LLC*, 693 S.W.3d at 305, citing *Freeman Indus., LLC*, 172 S.W.3d at 525.

As noted above, there has been no allegation that Titan was not owed the money obtained from the AgQuest loan, or that the Debtor had no knowledge of the loan application or where the proceeds would be applied – to bring the Farm’s account at Titan current. The Court is hard-pressed to find that Titan was enriched unjustly when there is no dispute that the debt to Titan was owed and the loan proceeds were used to pay the debt as the parties intended at the time the loan application was executed and the proceeds were distributed to Titan. If there was any unjust enrichment under these circumstances, it seems to the Court that the Farm — which had its debts to Titan satisfied by the loan — is the party who benefitted most from the transaction at issue. For these reasons and under the circumstances existing, the Court finds no unjust enrichment to Titan, and the Third-Party Complaint therefore fails to state a claim upon which relief can be granted. *See* Bankruptcy Rule 7012(b)(6). However, Debtor may amend its Third-Party Complaint in order to assert an alternative viable basis for relief.

CONCLUSION

Based on the facts presented, the Court finds that the Third-Party Complaint fails to state a claim upon which relief may be granted and is hereby dismissed without prejudice based on Bankruptcy Rule 7012(b)(6). For this reason, the Court finds it unnecessary to address the additional grounds asserted by Titan in its Motion regarding judicial estoppel and standing. In the interest of justice, Debtor shall have thirty (30) days from entry of this Opinion and Order to file an amended complaint which addresses the deficiencies outlined herein. *See In re Bell*, No. 24-22189, Adv. Proc. 24-00055 (Bankr. W.D. Tenn. Nov. 15, 2024).

The Bankruptcy Court Clerk shall serve a copy of this Opinion and Order on the following interested parties:

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