

1.	23CV2107	SAXTON v. CRASH CHAMPIONS, LLC
Motion for Continuance		

The Notice does not comply with Local Rule 7.10.05.

Defendant Crash Champions, LLC (“Defendant”) brings this Motion to Continue Trial Date (“Motion”) and hereby moves the Court to continue the trial date. Trial is currently set for February 11, 2025, and Defendant requests that it be continued for approximately 150 days to June 12, 2025, or a subsequent date. Defendant argues that good cause exists because its primary witness has been on maternity leave, it needs additional time to conduct discovery, and lead counsel for Defendant has a three-week trial scheduled for January 21, 2025. Defendant requested a stipulation to extend the trial date and Plaintiff declined.

Defendant argues that the factors in California Rules of Court (“CRC”), Rule 3.1332(d) support granting a continuance: the Motion was filed eleven weeks prior to trial; there have been no other continuances of trial; the continuance requested is 150-days; no party will suffer prejudice; and, the interests of justice are best served by granting the continuance so discovery can be completed, settlement can be explored, and additional motions may be brought.

Plaintiff opposes the Motion, arguing the Motion is untimely, trial continuances are disfavored and the circumstances do not warrant a continuance. Based on California Code of Civil Procedure Section (“CCP”) 1005(b) and 1010.6(a)(3)(B), Defendant needed to provide proper notice of the instant motion by December 6, 2024, if it sought to have the hearing on January 3, 2025. While Defendant served its notice of motion and motion on December 2, 2024, it did not include the date and time of the hearing, which Plaintiff argues means there was no sufficient notice.

Plaintiff provides a string of case law, supporting the proposition that continuances are disfavored and only to be granted upon a showing of good cause. Plaintiff, like Defendant, points to CRC Rule 3.1332 but focuses on subsection (c). Plaintiff argues that none of the criteria set for in CRC Rule 3.1332(c) exist in this case – no sudden illness of a witness, party or lawyer, substitution of counsel, additions of new parties, excused ability to obtain essential discovery, or a significant unanticipated change in status.

Plaintiff argues that Defendant provided three justifications for its request for continuance. First, the unavailability of its main witness due to her recent maternity leave. However, as stated in the Motion, the witness was set to return from maternity leave on December 16, 2024. Second, Defendant argues that discovery is not complete, but as Plaintiff points out, Defendant does not explain why it waited until now to bring the issue of an IME of Plaintiff, or why discovery could not be completed aside from Defendant’s own delay in requesting depositions. Lastly, Defendant’s lead counsel has a trial that may or may not go forward on January 21, 2025.

Plaintiff next argues that Defendant is requesting a continuance due to its own delay and that Defendant does not explain why discovery cannot be completed nor what prevented Defendant from completing all its intended discovery. Lastly, Plaintiff argues that a continuance will unfairly prejudice Plaintiff who has a right to have trial as soon as circumstances permit, and because witness memories have already deteriorated as shown in deposition.

Looking at CRC Rule 3.1332(a) and (c), the Court finds that there are not sufficient grounds for a continuance of trial in this matter. Namely, Defendant has not established unavailability of a witness/party/lawyer, nor provided adequate evidence of its excused inability to obtain essential testimony, documents, or other material evidence despite its diligent efforts. Defendant's Motion does not comply with Local Rule 7.10.05, and arguably it does not comply with the requirements of CCP. Further, this case is set for a 10-day jury trial and while Defendant seeks a 150-day continuance, the Court's trial calendar would not allow for that. The Court finds it most persuasive that Defendant's inability to complete discovery is based on its own delays.

TENTATIVE RULING #1:

DEFENDANT'S MOTION TO CONTINUE TRIAL IS DENIED. TRIAL REMAINS SET FOR FEBRUARY 11, 2025.

NO HEARING ON THIS MATTER WILL BE HELD UNLESS A REQUEST FOR ORAL ARGUMENT IS TRANSMITTED ELECTRONICALLY THROUGH THE COURT'S WEBSITE OR BY TELEPHONE TO THE COURT AT (530) 621-6551 BY 4:00 P.M. ON THE DAY THE TENTATIVE RULING IS ISSUED. CAL. RULE CT. 3.1308; LOCAL RULE 8.05.07; SEE ALSO LEWIS V. SUPERIOR COURT, 19 CAL.4TH 1232, 1247 (1999).

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IF A PARTY OR PARTIES WISH TO APPEAR BY ZOOM, PLEASE CONTACT THE COURT AT (530) 621-5867 AND MEETING INFORMATION WILL BE PROVIDED.

2.	24CV0105	COCHRAN v. MARSHALL MEDICAL CENTER
Motion for Leave		

Plaintiff Cindy June Cochran filed this class action on January 19, 2024, for herself and on behalf of all others similarly situated. Plaintiff now brings this Motion for Leave to File First Amended Complaint (“Motion”) seeking to add additional representatives to the Complaint and clarify that the alleged causes of action are on behalf of the Plaintiff and the additional representatives.

The Court may grant leave to amend the pleadings at any stage of an action. California Code of Civil Procedure section 473, subdivision (a)(1) states, in relevant part: The court may, in furtherance of justice, and on any terms as may be proper, . . . may likewise, in its discretion, after notice to the adverse party, allow, upon any terms as may be just, an amendment to any pleading or proceeding in other particulars...

Plaintiff argues while there already is a liberal policy in favor of permitting amended pleadings, there is even more liberal amendment of pleadings in the class action context. This is because “[i]n California, the class action is a product of the court of equity—codified in section 382 of the Code of Civil Procedure.” (*CashCall, Inc. v. Sup. Ct.* (2008) 159 Cal.App.4th 273, 284, internal quotations omitted.) Indeed, even if a defect were found after certification with a named plaintiff, the California Supreme Court has held granting leave to amend to redefine the class or add a new class representative would be preferable to decertifying a class. (*See e.g., In re Tobacco II Cases* (2009) 46 Cal.4th 298, 307, 328 [the original complaint was filed on June 10, 1997 and was thereafter amended nine times with a seventh amendment in January 2001].)

Plaintiff further argues that the proposed First Amended Complaint does not change any of the basic allegations, did not unduly delay in seeking amendment, and that Defendant cannot claim any prejudice.

Defendant opposes on several grounds, first of which is that this Motion is premature since Defendant’s pending Motion for Summary Judgment is not set to be heard until February 14, 2025. Next, Defendant argues that leave to amend is subject to judicial discretion and that the Court must weigh the circumstances of the case to determine whether Plaintiff’s requested amendment to the complaint is in furtherance of justice or not.

Here, the Court cannot find that Plaintiff’s requested amendment to the complaint is in furtherance of justice at this time. Defendant’s Motion for Summary Judgment was filed on September 16, 2024, and the main issue is whether Plaintiff waived and released all claims in the Complaint when she entered into the Settlement Agreement in the prior litigation. Plaintiff’s Motion was not filed until November 14, 2024.

The Court is persuaded by *Howard Guntz Profit Sharing Plan v. Superior Court (Howard Guntz)*(2001) 88 Cal.App.4th 572, 579-580.

Despite its general support for class actions, our Supreme Court “has consistently admonished trial courts to carefully weigh respective benefits and burdens and to allow maintenance of the class action only where substantial benefits accrue both to litigants and the courts...Once the trial court has identified a potential abuse, it “has both the duty and the broad authority to exercise control over a class action and to enter appropriate orders governing the conduct of counsel” (See *Gulf Oil Co. v. Bernard, supra*, 452 U.S. at p. 100, 101 S.Ct. 2193.) A trial court acts properly when it refuses to certify class actions in which the named plaintiff is simply “ ‘lending his name to a suit controlled entirely by the class attorney.’ ”(See *Kirkpatrick v. J.C. Bradford & Co.* (11th Cir.1987) 827 F.2d 718, 727.) Here, the findings by the court in connection with its decision that the Plan was not an appropriate party plaintiff signal to us a potential for abuse in this particular action. We have found no reported case in which a trial court has permitted amendment, discovery, or investigation, for the purpose of finding and substituting an appropriate class representative, after an express finding that the action was filed by a professional plaintiff and controlled by attorneys. Nor have we found any reported case in which a court has exercised similar discretion in favor of any party found to have abused the class-action procedure in some other way.

It would be unjust for the Court to address Plaintiff’s Motion before Defendant’s Motion for Summary Judgment, when the latter was filed two months before the former but was set earlier based on the Court’s calendaring system. Plaintiff in her Reply argues: “Even if Defendant prevails in Defendant’s Motion, all that does is give the Court the power to then request, to preserve the interests of the putative class, that the complaint be amended to add adequate representatives.” (Reply, p. 2) However, the Court’s determination in Defendant’s Motion will be relevant, as explained by *Howard Guntz*. Further, Plaintiff does not argue what prejudice occurs if her Motion is delayed until after Defendant’s.

TENTATIVE RULING #2:

- 1. HEARING ON PLAINTIFF’S MOTION FOR LEAVE TO AMEND IS HEREBY CONTINUED TO FRIDAY, FEBRUARY 21, 2025, AT 8:31 AM IN DEPARTMENT NINE.**
- 2. APPEARANCES REQUIRED ON FRIDAY, JANUARY 3, 2025 AT 8:30 AM IN DEPARTMENT NINE TO PROVIDE AN UPDATE TO THE COURT ON DISCOVERY ISSUES.**

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COURT AT (530) 621-6551 BY 4:00 P.M. ON THE DAY THE TENTATIVE RULING IS ISSUED. CAL. RULE CT. 3.1308; LOCAL RULE 8.05.07; SEE ALSO LEWIS V. SUPERIOR COURT, 19 CAL.4TH 1232, 1247 (1999).

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3.	24CV2511	MCGRATH V. EL DORADO COUNTY OFFICE OF ED.
Minor's Compromise		

On November 12, 2024, Sheila McGrath, the mother of the minor who is the subject of this filed an ex parte application to be appointed guardian ad litem for the purpose of this proceeding, which was approved by the court on November 12, 2024.

* * *

Petitioner requests the court authorize a compromise of the minor's claim against defendant/respondent in the gross amount of \$20,000. The Petition states the minor incurred no medical expenses that would be deducted from the settlement.

The Petition states that the minor has fully recovered and there are no permanent injuries. A doctor's report concerning the minor's condition and prognosis of recovery is not attached, as required by Local Rules of the El Dorado County Superior Court, Rule 7.10.12A.(3). The Court waives this requirement in this case.

The minor's attorney requests attorney's fees in the amount of \$4,000.00, which represents 20% of the gross settlement amount. The court uses a reasonable fee standard when approving and allowing the amount of attorney's fees payable from money or property paid or to be paid for the benefit of a minor or a person with a disability. (Local Rules of the El Dorado County Superior Court, Rule 7.10.12A.(8); California Rules of Court, Rule 7.955(a)(1).) The Petition does include a Declaration by the attorney as required by California Rules of Court, Rule 7.955(c).

The minor's attorney also requests reimbursement for costs in the amount of \$435.00. There are no copies of bills substantiating the claimed costs attached to the Petition as required by Local Rules of the El Dorado County Superior Court, Rule 7.10.12A.(6), but the only claimed cost is the Petition filing fee.

With respect to the \$15,565.00 due to the minor, the Petition requests that they be transferred to a custodian for the benefit of the minor. See attachment 19b(5), which includes the name but not the address of the proposed custodian, as required by Local Rules of the El Dorado County Superior Court, Rule 7.10.12A(7).

The minor's presence at the hearing would normally be required in order for the court to approve the Petition. Local Rules of the El Dorado County Superior Court, Rule 7.10.12.D. However, based on counsel's representations, the Court waives the minor's appearance in this case.

TENTATIVE RULING #3:

APPEARANCES BY COUNSEL REQUIRED ON FRIDAY, JANUARY 3, 2025, AT 8:30 AM TO ADDRESS THE ITEMS ABOVE. APPEARANCE OF THE MINOR IS WAIVED.

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4.	24CV2592	KAUFMAN-SHARP v. FARMERS INS. EXCHANGE
Motion to Compel		

Defendant Farmers Insurance Exchange (“Defendant”) brings this Motion to Compel Plaintiff Heather Kaufman-Sharp (“Plaintiff”) to serve verified answers, without objection, to Special Interrogatories (Set Number One) and to serve verified answers, without objection, and responsive documents to Demand for Production (Set Number One). Defendant requests that Plaintiff’s responses to both be due within twenty days of this hearing. Defendant further requests monetary sanctions, including attorneys’ fees and costs in the amount of \$235.00 against Plaintiff and/or her attorney, payable within twenty days of this hearing.

On August 14, 2024, Defendant served the following discovery requests on Plaintiff’s attorney – Official Form Interrogatories (Set One), Demand for Production (Set One), and Special Interrogatories (Set One). No extensions were requested nor granted. On September 27, 2024, Defendant notified Plaintiff’s counsel that responses were overdue and requesting verified responses. As of the date of the Motion, no responses had been received.

Pursuant to California Code of Civil Procedure § 2030.260(a), answers to interrogatories are due thirty (30) days after service. In failing to respond to the interrogatories within the statutory time, the untimely party waives most objections to interrogatories, including claims of privilege and work product protection. California Code of Civil Procedure § 2030.290(a).

Pursuant to California Code of Civil Procedure § 2031.260(a), responses to demands for production are due thirty (30) days after service. In failing to respond to the demand for production within the statutory time, the untimely party waives any objection to the demand, including claims of privilege and work product protection. California Code of Civil Procedure § 2031.300(a).

Both California Code of Civil Procedure § 2030.290(c) and § 2031.300(c) mandate that the Court impose sanctions. Defendant requests sanctions in the amount of \$235.00, based on an hourly rate of \$175.00 per hour (30 minutes of time in preparing the Motion, and an estimated 30 minutes for reviewing any opposition, preparing a reply and appearing at the hearing), along with \$60.00 filing fee. Since no opposition and reply have been filed, and appearances are not being required by the Court, the Court awards sanctions in the amount of \$87.50 (30 minutes of attorney time) plus the \$60.00 filing fee.

TENTATIVE RULING #4:

- 1. MOTION TO COMPEL IS GRANTED.**
- 2. SANCTIONS IN THE AMOUNT OF \$147.50 ORDERED AGAINST PLAINTIFF AND ARE PAYABLE BEFORE FRIDAY, FEBRUARY 7, 2025.**

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5.	22CV0690	MALAKHOV v. MARTINEZ
OSC		

TENTATIVE RULING #5:

APPEARANCES REQUIRED ON FRIDAY, JANUARY 3, 2025, AT 8:30 AM IN DEPARTMENT NINE.

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6.	22CV1586	WYNN INNOVATIONS LLC v. PRICE
Relief from Admissions		

The Notice does not comply with 7.10.05.

Defendants bring this Motion for Relief from Admissions based on mistake, inadvertence and excusable neglect on the grounds that Defendants did not have actual notice of the Motion to Compel Responses or the hearing.

The declarations from Defendant Amy Cook, Jacob Henke, and Linda Cook all state that: these individuals did not receive the Requests for Admissions until after April 8, 2023, when they were allowed to re-enter the warehouse facility; they informed Plaintiff's counsel they were attempting to retain counsel and would respond to discovery at that time; that they never saw the meet and confer letter explaining they had a duty to respond or a motion would be filed; that they never received notice of the motion to deem matters admitted; had they received the meet and confer letter, they would have requested an extension to respond; and, attached to the declaration are proposed responses. The declaration from Joe Price further explains that Defendants' mail was being wrongly delivered to a neighboring suite or held at the post office, and that they were unaware until received a large bin full of their mail.

A party will be permitted to withdraw or amend an admission only if the court finds:

1. The admission resulted from "mistake, inadvertence or excusable neglect;" and
2. No substantial prejudice to the requesting party will result from allowing the admissions to be withdrawn or amended. CCP §2033.300(b); see also *New Albertsons, Inc. v. Sup. Ct. (Shanahan)* (2008) 168 Cal. App. 4th 1403, 1418.

Defendants argue they did not respond to the Request for Admissions ("RFA") through mistake, inadvertence and excusable neglect. Defendants argue that Plaintiff will not be substantially prejudiced by the Court granting relief from admission, which will permit Defendants to defend the action its merits and that justice requires Defendants be permitted the opportunity to defend the action on its merits. Defendants also argue that evidence presented by prior co-defendant Brandon Hutson's responses show that some of the admissions sought by these Defendants are false.

Plaintiff opposes, pointing to Defendants' inexcusable neglect and the clear prejudice to Plaintiff if this Motion is granted. On February 23, 2023, Plaintiff served each of the Defendants with a full set of written discovery, including the First Set of Requests for Admission, to the addresses listed on each Defendant's Answer. In their April 14, 2023, letter, Defendants address not being able to answer the interrogatories, thereby admitting to their receipt. Plaintiff further argues that Defendants must have been receiving mail, considering in that same April 14, 2023 letter, the Defendants reference the May 1, 2023 Case Management Conference ("CMC").

Plaintiff had notified Defendants by mail on March 8, 2023, that the CMC was continued to May 1, 2023. Further, Plaintiff notes that Defendants retained California counsel in August 2023 and in his August 22, 2023 e-mail correspondence, counsel referenced a motion to vacate the court's order deeming matters admitted. The issue has been ignored until the filing of the present Motion. Defendants in their own declarations with this Motion, state they intended to respond to the RFAs once they retained counsel. They retained counsel in August 2023 and there is no explanation as to why this Motion was not brought until now.

Plaintiff further argues that it relied on Defendants' admissions in formulating and executing a litigation strategy. Plaintiff did not pursue deposing Defendants, because they did not seek relief from the admissions. Plaintiff prepared a Motion for Summary Judgment, based substantially on the facts deemed admitted, and on October 28, 2024 notified defense counsel of its intention to file the motion, which finally prompted Defendants to file the instant Motion on October 30, 2024.

"Because the law strongly favors trial and disposition on the merits, any doubts in applying section 2033.300 must be resolved in favor of the party seeking relief. Accordingly, the court's discretion to deny a motion under the statute is limited to circumstances where it is clear that the mistake, inadvertence, or neglect was inexcusable, or where it is clear that the withdrawal or amendment would substantially prejudice the party who obtained the admission in maintaining that party's action or defense on the merits." *New Albertson's Inc. v. Superior Court* (2008) 168 Cal.App.4th 1403, 1420-1421. In *New Albertson's*, the facts were different in that Albertsons made admissions and then sought to undo them based on mistake – an Albertsons employee changed the response to "admit" in April 2007 and later served an amended response in September 2007 following additional discovery. While the court says that denying a motion to withdraw based on delay alone is not enough, there must be a showing of substantial prejudice, it is notable that the delay in this case is much more significant.

In determining whether the mistake, inadvertence, or neglect was excusable, "the court inquires whether 'a reasonably prudent person under the same or similar circumstances' might have made the same error." *Bettencourt v. Los Rios Community College Dist.* (1986) 42 Cal.3d 270, 276. Although "courts . . . 'tend to favor orders granting relief . . . in order to effectuate a policy favoring trial on the merits . . . [t]his policy . . . cannot invariably prevail over competing policies, including those that 'favor getting cases to trial on time, avoiding unnecessary and prejudicial delay, and preventing litigants from playing fast and loose with the pertinent legal rules and procedures.'" *Hopkins & Carley v. Gens* (2011) 200 Cal.App.4th 1401, 1415 (quoting *Gardner v. Superior Court* (1986) 182 Cal.App.3d 335, 339).

Even in their Reply, Defendants do not provide any argument or evidence as to why they delayed 16 months before bringing the instant Motion. Plaintiff has relied upon the admissions in not taking the depositions of Defendants, which were unnecessary with the admissions. Plaintiff agreed to dismiss prior Defendant Brandon Hutson and that settlement cannot be

undone. At this point, Plaintiff would need to vacate its Motion for Summary Judgment and pivot to a completely new litigation strategy. While delay alone may not be enough, the delay in this case is excessive and completely unreasonable, Defendants have not provided any justification in their delay in seeking relief from the Court, and Plaintiff proffered evidence showing it would be substantially prejudiced if the Motion is granted.

TENTATIVE RULING #6:

MOTION FOR RELIEF FROM ADMISSIONS IS DENIED.

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7.	23CV1593	DERMOTT v. GENERAL MOTORS LLC
Demurrer & Motion to Strike		

This case involves a lemon law case brought by Michael Dermott (“Plaintiff”) against General Motors, LLC (“Defendant”) arising from the purchase of his 2020 Chevrolet Silverado.

The Notice of Demurrer and Notice of Motion to Strike both fail to comply with Local Rule 7.10.05.

Standard of Review - Demurrer

A demurrer tests the sufficiency of a complaint by raising questions of law. *Rader Co. v. Stone* (1986) 178 Cal.App.3d 10, 20. In determining the merits of a demurrer, all material facts pleaded in the complaint and those that arise by reasonable implication, but not conclusions of fact or law, are deemed admitted by the demurring party. (*Moore v. Conliffe*, 7 Cal.4th 634, 638; *Interinsurance Exchange v. Narula*, 33 Cal.App.4th 1140, 1143. The complaint must be construed liberally by drawing reasonable inferences from the facts pleaded. *Flynn v. Higham* (1983) 149 Cal.App.3d 677, 679.

Rodas v. Spiegel (2001) 87 Cal. App. 4th 513, 517

The First Amended Complaint (“FAC”) includes 5 causes of action: (1) Violation of Subdivision (D) of Civil Code § 1793.2, (2) Violation of Subdivision (B) of Civil Code § 1793.2, (3) Violation of Subdivision (A)(3) of Civil Code § 1793.2, (4) Breach of Implied Warranty of Merchantability, and (5) Fraudulent Inducement – Concealment.

Defendant demurs to the Fifth cause of action on the following grounds:

1. It is barred by the applicable statute of limitations;
2. It fails to state facts relevant to the elements of the claim, and does not constitute a cause of action; and,
3. It fails to allege a transactional relationship giving rise to a duty to disclose.

Requests for Judicial Notice

Cal. Rules of Court, rule 3.1113(l), also covers judicial notice, requiring that “[a]ny request for judicial notice shall be made in a separate document listing the specific items for which notice is requested and shall comply with rule 3.1306(c).” There is no request for judicial notice filed with the demurrer.

Meet and Confer Requirement

Code of Civil Procedure §430.41(a) provides: Before filing a demurrer pursuant to this chapter, the demurring party shall meet and confer in person or by telephone with the party

who filed the pleading that is subject to demurrer for the purpose of determining whether an agreement can be reached that would resolve the objections to be raised in the demurrer.

Code of Civil Procedure §430.41(a)(3):

The demurring party shall file and serve with the demurrer a declaration stating either of the following:

(A) The means by which the demurring party met and conferred with the party who filed the pleading subject to demurrer, and that the parties did not reach an agreement resolving the objections raised in the demurrer.

(B) That the party who filed the pleading subject to demurrer failed to respond to the meet and confer request of the demurring party or otherwise failed to meet and confer in good faith.

Dumas v. Los Angeles County Bd. of Supervisors (2020) 45 Cal. App. 5th 348 (“If, upon review of a declaration under section 430.41, subdivision (a)(3), a court learns no meet and confer has taken place, or concludes further conferences between counsel would likely be productive, it retains discretion to order counsel to meaningfully discuss the pleadings with an eye toward reducing the number of issues or eliminating the need for a demurrer, and to continue the hearing date to facilitate that effort”).

Pursuant to the declaration of Ryan Kay, Defense counsel met and conferred telephonically with Plaintiff’s counsel on November 1, 2023, prior to filing the initial demurrer to the Complaint. Plaintiff then filed the FAC. It seems no additional meet and confer efforts occurred after the FAC was filed. Therefore, the Court exercises its authority under *Dumas* and orders that the parties meet and confer prior to addressing the Demurrer and related Motion to Strike. Defense counsel is to file a declaration outlining the meet and confer efforts prior to the next hearing.

TENTATIVE RULING #7:

HEARING CONTINUED TO MONDAY, FEBRUARY 7, 2025, AT 8:31 AM IN DEPARTMENT NINE. DEFENSE COUNSEL TO FILE A DECLARATION OUTLINING SUBSEQUENT MEET AND CONFER EFFORTS ON OR BEFORE FRIDAY, JANUARY 31, 2025.

NO HEARING ON THIS MATTER WILL BE HELD UNLESS A REQUEST FOR ORAL ARGUMENT IS TRANSMITTED ELECTRONICALLY THROUGH THE COURT’S WEBSITE OR BY TELEPHONE TO THE COURT AT (530) 621-6551 BY 4:00 P.M. ON THE DAY THE TENTATIVE RULING IS ISSUED. CAL. RULE CT. 3.1308; LOCAL RULE 8.05.07; SEE ALSO LEWIS V. SUPERIOR COURT, 19 CAL.4TH 1232, 1247 (1999).

NOTICE TO ALL PARTIES OF A REQUEST FOR ORAL ARGUMENT AND THE GROUNDS UPON WHICH ARGUMENT IS BEING REQUESTED MUST BE MADE BY TELEPHONE OR IN PERSON BY

01-03-25
Dept. 9
Tentative Rulings

4:00 P.M. ON THE DAY THE TENTATIVE RULING IS ISSUED. CAL. RULE CT. 3.1308; EL DORADO COUNTY LOCAL RULE 8.05.07. PROOF OF SERVICE OF SAID NOTICE MUST BE FILED PRIOR TO OR AT THE HEARING.

LONG CAUSE HEARINGS MUST BE REQUESTED BY 4:00 P.M. ON THE DAY THE TENTATIVE RULING IS ISSUED AND THE PARTIES ARE TO PROVIDE THE COURT WITH THREE MUTUALLY AGREEABLE DATES ON FRIDAY AFTERNOONS AT 2:30 P.M. LONG CAUSE ORAL ARGUMENT REQUESTS WILL BE SET FOR HEARING ON ONE OF THE THREE MUTUALLY AGREEABLE DATES ON FRIDAY AFTERNOONS AT 2:30 P.M. THE COURT WILL ADVISE THE PARTIES OF THE LONG CAUSE HEARING DATE AND TIME BY 5:00 P.M. ON THE DAY THE TENTATIVE RULING IS ISSUED. PARTIES MAY PERSONALLY APPEAR AT THE HEARING.

IF A PARTY OR PARTIES WISH TO APPEAR BY ZOOM, PLEASE CONTACT THE COURT AT (530) 621-5867 AND MEETING INFORMATION WILL BE PROVIDED.

8.	23CV0518	LE et al v. RAM et al
Demurrer		

Michele Le (“Le”), on behalf of the Estate of Loc Le (the “Decedent”) and Tuan Pham (collectively “Plaintiffs”) filed a Complaint against Ravitesh Ram (“Ram”) and Daya Ram Enterprises (“DRE”) (collectively “Defendants”).

Plaintiffs filed the Complaint on April 11, 2023. Thereafter, Defendants filed a Demurrer on June 14, 2023, which resulted in Plaintiffs filing the First Amended Complaint (“FAC”) on September 1, 2023. Plaintiffs later requested leave to file the Second Amended Complaint (“SAC”), which was stipulated to, and filed on January 19, 2024. Plaintiffs filed an Addendum to the SAC on March 15, 2024, which contained exhibits that were left off the initial SAC filing. Defendants filed this Demurrer on March 19, 2024.

Standard of Review - Demurrer

A demurrer tests the sufficiency of a complaint by raising questions of law. *Rader Co. v. Stone* (1986) 178 Cal.App.3d 10, 20. In determining the merits of a demurrer, all material facts pleaded in the complaint and those that arise by reasonable implication, but not conclusions of fact or law, are deemed admitted by the demurring party. (*Moore v. Conliffe*, 7 Cal.4th 634, 638; *Interinsurance Exchange v. Narula*, 33 Cal.App.4th 1140, 1143. The complaint must be construed liberally by drawing reasonable inferences from the facts pleaded. *Flynn v. Higham* (1983) 149 Cal.App.3d 677, 679.

Rodas v. Spiegel (2001) 87 Cal. App. 4th 513, 517

The SAC includes 4 causes of action: (1) Imposition of Constructive Trust Based on Fraudulent Conveyance, (2) Constructive Trust Imposed by Negligent Misrepresentation of the Defendants, (3) Imposition of Equitable Lien on Real Property as a Result of Fraudulent Transfer, and (4) Quiet Title.

Defendants demur to the entire SAC on the following grounds:

1. The SAC is uncertain pursuant to Code of Civil Procedure (“CCP”) § 430.10(f) in its identification of parties and reference to exhibits that were not attached.
2. The SAC is uncertain pursuant to CCP § 430.10(a) in connection with the allegations supported exhibits that were not attached.
3. The First, Second, Third, and Fourth causes of action fail to state facts sufficient to constitute a cause of action under CCP § 430.10(e), because the allegations contained fail to allege any factual allegations to support the stated conclusions of law or factual conclusions.

Requests for Judicial Notice

Defendants request judicial notice of several pleadings on file with this Court.

Judicial notice is a mechanism which allows the court to take into consideration matters which are presumed to be indisputably true. California Evidence Code Sections 451, 452, and 453 collectively govern the circumstances in which judicial notice of a matter may be taken. While Section 451 provides a comprehensive list of matters that must be judicially noticed, Section 452 sets forth matters which *may* be judicially noticed. A trial court is required to take judicial notice of any matter listed in section 452 if a party requests it and gives the other party sufficient notice to prepare to meet the request. (Evidence Code § 453)

Pursuant to Evidence Code § 452(d), Defendants' request for judicial notice is granted.

Meet and Confer Requirement

Code of Civil Procedure §430.41(a) provides: Before filing a demurrer pursuant to this chapter, the demurring party shall meet and confer in person or by telephone with the party who filed the pleading that is subject to demurrer for the purpose of determining whether an agreement can be reached that would resolve the objections to be raised in the demurrer.

Code of Civil Procedure §430.41(a)(3):

The demurring party shall file and serve with the demurrer a declaration stating either of the following:

(A) The means by which the demurring party met and conferred with the party who filed the pleading subject to demurrer, and that the parties did not reach an agreement resolving the objections raised in the demurrer.

(B) That the party who filed the pleading subject to demurrer failed to respond to the meet and confer request of the demurring party or otherwise failed to meet and confer in good faith.

Dumas v. Los Angeles County Bd. of Supervisors (2020) 45 Cal. App. 5th 348 (“If, upon review of a declaration under section 430.41, subdivision (a)(3), a court learns no meet and confer has taken place, or concludes further conferences between counsel would likely be productive, it retains discretion to order counsel to meaningfully discuss the pleadings with an eye toward reducing the number of issues or eliminating the need for a demurrer, and to continue the hearing date to facilitate that effort”).

At the November 22, 2024, hearing, the Court directed the parties to meet and confer in an attempt to resolve, or at minimum, narrow the issues. It seems the parties were wholly unsuccessful, and they are requesting that the Court address the Demurrer.

ARGUMENT

Defendants argue the entire SAC is uncertain.

A demurrer for uncertainty must be sustained where the complaint is so defective that an answering defendant cannot reasonably respond – i.e., the answering defendant cannot reasonably determine what issues must be admitted or denied, or what claims or causes of action are directed that defendant. (*Khoury v. Maly's of Calif., Inc.* (1993) 14 Cal.App.4th 612, 616.) Defendants argue there were no exhibits attached to the SAC. However, as pointed out by Plaintiffs, an addendum was filed to the SAC, which contained all the exhibits. This argument is moot and unnecessary.

Defendants argue that Plaintiffs may not plead inconsistent and contradictory facts to avoid the consequences of a Demurrer.

Defendants argue that Plaintiffs' SAC and FAC contain largely material changes to the purported factual allegations that contradict earlier pleadings. Plaintiffs respond, arguing that the revisions were intended to supplement the pleadings, and that because the person who had a direct prior relationship with Defendants is dead, the allegations by Le are based on information and belief based on notes and copies of files.

Defendants argue that Plaintiffs alleged in the original Complaint that DRE and Ram made representations to Decedent and Pham.

Defendants argue that Plaintiffs initially alleged that there was an agreement between Decedent and Pham, and DRE, to purchase the real property as a joint venture to renovate and sell. After the initial demurrer, Defendants argue that Plaintiffs took a contradictory position in the FAC and SAC, and removed any mention of DRE's involvement in the representations. Plaintiffs respond, arguing that the issue of whether DRE or Ram is the proper recipient of the funds and title makes no practical distinction because DRE is a corporation wholly owned and operated by Ram, and that the amended were made as a result of communications with Plaintiffs' counsel. The Court is persuaded by Plaintiffs' argument that the changes were made in an attempt to clarify the situation and that the allegations have not been materially altered.

Defendants argue that Plaintiffs may not allege that the parties intended for a new entity to be formed to take legal title to the real property.

Defendants argue that the Complaint does not mention or allege an intention of the parties to form a business entity to take legal title to the real property, nor does it mention that money was given as an investment to DRE or Ram. The Complaint stated that Decedent and Ram agreed they would set up a small 3D printing business at the real property, which Defendants argue was unrelated to the purported joint venture. Defendants argue that as a result of the initial demurrer and communications, that Plaintiffs then alleged in the FAC and SAC that money was advanced to Defendants intended to be used for the joint purchase and ownership of the

real property and proposed 3D printing business. Plaintiffs respond, arguing that there is no material difference between the allegations, and the Court agrees.

Defendants argue that Plaintiffs' characterizations of the funds transferred as an investment to purchase real property is contradicted by Plaintiffs' exhibits.

Defendants argue that the description on the bank statement and cashiers check for the \$500,000 wire stating, "short term loan" and "short term interest loan" prove there was no investment or joint venture. Plaintiffs argue that those notations do not necessarily contradict verbal understandings between parties, and the Court agrees, especially at the Demurrer stage.

First and Third causes of action

Defendants argue that both the First and Third causes of action are remedies, and not causes of action. Therefore, Defendants argue, to properly plead both constructive trust for fraudulent conveyance and equitable lien for fraudulent conveyance, Plaintiffs must sufficiently allege facts to constitute fraudulent conveyance, which Defendants argue Plaintiffs fail to do.

Plaintiffs argue that case law establishes that a plaintiff may make either or both a common law fraudulent conveyance claim and a fraudulent transfer claim pursuant to the Uniform Voidable Transactions Act (Civ. Code §3439). *Mejia v. Reed* (2003), 31 Cal. 4th 657, 664-665; *Macedo v. Bosio* (2001) 86 Cal.App.4th 1044, 1051 ["the [Uniform Fraudulent Transfer Act] UFTA is not the exclusive remedy by which fraudulent conveyances and transfers may be attacked. They may also be attacked by, as it were, a common law action."].

Defendants argue that Plaintiffs fail to plead sufficient facts to constitute fraudulent transfer.

Defendants argue that under the Uniform Voidable Transactions Act, pursuant to Civil Code section 3439, et seq., a "transfer made or obligation incurred by a debtor is voidable as to a creditor, whether the creditor's claim arise before or after the transfer was made or the obligation was incurred, if the debtor made the transfer or incurred the obligation with actual intent to hinder, delay, or defraud a creditor." (Civ. Code §3439.04(a)(1).) The transfer by the debtor must be evidenced "(1) with an actual intent to hinder, delay or defraud any creditor, or (2) without receiving reasonably equivalent value in return, and either (a) was engaged in or about to engage in a business transaction for which the debtor's assets were unreasonably small, or (b) intended to, or reasonably believed, or reasonably should have believed, that he or she would incur debts beyond his or her ability to pay as they became due. (*Hasso v. Hapke* (2014) 227 Cal.App.4th 107, 121-122.)

Defendants argue that Plaintiffs are unable to characterize a transfer of funds by DRE to Ram as a voidable transfer, because the transferor must be a debtor for the transfer to be a fraudulent transfer.

Defendants further argue that to the extent that Plaintiffs contend the purchase of the real property by Ram constituted a fraudulent transfer, that Plaintiffs fail to describe the underlying requirement of an applicable transfer. Defendants argue that the only transfer expressly alleged in the SAC is the transfer of legal title of the real property by grant deed, but that in order to plead fraudulent transfer, Plaintiffs must also allege that the transferor/seller was the alleged debtor to plaintiff creditors, not the transferee/Ram.

Plaintiffs oppose, arguing that their right to a constructive trust over the real property has been established. Plaintiffs argue that to establish the right to equitable rights via a constructive trust over real property by a defrauded investor in California, three essential elements must be satisfied: (1) the existence of a res (property or some interest in property); (2) the plaintiffs right to that res; and (3) the defendant's acquisition or detention of the res by some wrongful act. *Optional Capital, Inc. v. DAS Corp.* (2014), 222 Cal. App. 4th 1388, 1402; *Campbell v. Superior Court* (2005) 132 Cal. App. 4th 904, 920; and *Higgins v. Higgins* (2017) 11 Cal. App. 5th 648, 659. Where plaintiffs allege that the property was purchased with their money and placed into Defendant's name, a constructive trust can be established. *Martin v. Kehl* (1983) 145 Cal.App.3d 228, 236-238, even in the absence of a confidential relationship.

It is obvious in this case that a res exists – the real property in Cool. The Court then turns to the second and third elements.

Plaintiffs argue that there are two forms of fraud under the UFTA, actual or constructive, and that Civil Code section 3439.01 deals with actual fraud: (1) with actual intent to defraud any creditor. Plaintiffs allege that Decedent Le and his brother-in-law Pham advanced 100% of the purchase costs of the target property based on Defendant's misrepresentations that the funds were to be used to acquire the property to form the 3-D printing business. Since Plaintiffs advanced 100% of the purchase price of the property, Plaintiffs argue it is clear that Defendants intended to defraud Plaintiffs and to use the funds intended for the purchase of the property as a joint venture, for defendant's personal use. Under the UFTA, a transfer made with the actual intent to hinder, delay, or defraud any creditor is considered fraudulent. (Support *Kirkeby v. Supt. Ct.* (2004) 33 Ca1.4th 642, 648, and Civil Code §3439.04.) A fraudulent conveyance can be established when a defendant assures a plaintiff that their money will be invested jointly in a new business but instead uses the money to purchase property in his own name. In *Fowler v. Fowler* (1964), 227 Cal. App. 2d 741, the court found that a defendant's actions in repudiating a promise to put property in joint tenancy after the plaintiff invested money could establish actual fraud under and impose a constructive trust on the property. *Fowler*, 227 at 746, also citing Civil Code §1572, defining actual fraud.

Plaintiffs argue that Defendants focus on only one of the methods of establishing a fraudulent transfer. Plaintiffs argue that they do not need to show that the property when from Ram to another person, which is supported by the case law Plaintiffs provide. Instead, Plaintiffs

argue they need to allege that they advanced the money for the purchase, based on assurances by Defendant, and that Defendant had fraudulent intent.

The Court is persuaded that Plaintiffs have sufficiently alleged the First and Third causes of action, especially for consideration at the demurrer stage. There is no Reply by Defendants. The Demurrer as to the First and Third causes of action is overruled.

Second cause of action

Defendants argue that Plaintiffs' second cause of action for constructive trust by negligent misrepresentation is also predicated upon sufficiency in pleading the underlying cause of action, which, in this instance, is negligent misrepresentation. (*Burlesci v. Petersen* (1998) 68 Cal.App.4th 1062, 1069.) A claim for negligent misrepresentation requires pleading (1) a false representation, (2) made with the absence of reasonable grounds for believing the misrepresentations to be true, (3) with the intent to induce another's reliance on the misrepresentation, (4) actual and justifiable reliance, and (5) resulting damage. (*Daniels v. Select Portfolio Servicing, Inc.* (2016) 246 Cal.App.4th 1150, 1166.) "In California, fraud must be pled specifically; general and conclusory allegations do not suffice." (*Lazar v. Superior Court* (1996) 12 Cal.4th 631, 645, citing *Stansfield v. Starkey* (1990) 220 Cal.App.3d 59, 74).

Defendants argue that Plaintiffs fail to allege justifiable reliance.

Defendants argue that Plaintiffs fail to allege actual and justifiable reliance, which requires a "showing that (1) the matter was material in the sense that a reasonable person would find it important in determining how he or she would act, and (2) it was reasonable for the plaintiff to have relied on the misrepresentation." (*Hoffman v. 162 North Wolfe LLC* (2014) 228 Cal.App.4th 1178, 1194.)

Defendants cite to *Reeder v. Specialized Loan Servicing LLC* (2020) 52 Cal.App. 5th 795, 799-800 and 804, where the Court of Appeals affirmed the trial court's decision that an oral agreement to modify a written agreement was too uncertain and indefinite to be enforced because it omitted material terms, which also rendered the fraud claim insufficiently pled because justifiable reliance could not be alleged. In this case, Defendants argue that Plaintiffs fail to allege the underlying terms of the agreement, including how or when the entity was to be formed, how much ownership each owner would possess, how the ownership would be distributed/assigned to each owner, why the bank statement and cashier's check note short term loan, etc. Defendants assert that Plaintiffs do not allege the facts elements to the alleged oral agreement because Plaintiffs do not know the terms or whether an agreement existed.

Defendants argue that Plaintiffs fail to allege that any promise was made with the absence of reasonable grounds for believing the promises were true.

Defendants argue that even if the Court considers the SAC's allegations that Ram orally promised to invest Plaintiffs' funds in the real property and form an entity to own the property

and operate a 3D printing business, that Plaintiffs still fail to allege negligent misrepresentation because a purported failure to perform is insufficient.

Defendants argue that Plaintiffs fail to allege constructive fraud.

Defendants argue that even if the Court accepts Plaintiffs' claims of a history of fiduciary relationships between the parties, that Plaintiffs' allegations are still insufficient to plead justifiable reliance. Justifiable reliance cannot be made based on a past event in connection with the inducement. (*SI 59 LLC*, supra, 29 Cal.App.5th at 153-154.) Plaintiffs must allege facts that (i) establish a fiduciary relationship between plaintiffs and defendant, (ii) that defendant used the fiduciary relationship to obtain funds from Plaintiffs, and (iii) that the defendant misappropriated those funds for a different purpose. (*Prakashpalan v. Engstrom* (2014) 223 Cal.App.4th 1105, 1131.) The mere existence of a fiduciary relationship and some amount of money purportedly owed does not meet the pleading requirement. (*Id.*) Defendants argue that Plaintiffs cannot rely on alleged existence of past relationships.

Plaintiffs oppose, arguing that the key to establishing justifiable reliance in the context of a constructive trust based on negligent promises is to provide detailed factual allegations demonstrating why the plaintiff's reliance was reasonable and justified under the specific circumstances of the case. *Beckwith v. Dahl* (2012) 205 Cal. App. 4th 1039. Plaintiffs assert that Decedent's right to rely on the alleged promises was based on their prior business history. The idea of investing money and renovating the property to be operated as a new LLC made sense to Plaintiffs because Plaintiffs had previously invested money and labor for remodeling in JRM Enterprises, Pick 6 Tahoe Sports Bar, (Complaint ¶13); expanded in the FAC and SAC to also include JRM Enterprises, LLC, TMA Enterprises LLC, (FAC¶¶8-9; SAC ¶¶8-10).

While the Court agrees that Plaintiffs have alleged a past fiduciary relationship and justifiable reliance based on past events, the Court finds that based on *Prakashpalan*, the Plaintiffs have not sufficiently pled justifiable reliance. As to the Second cause of action, the Demurrer is sustained.

Fourth cause of action

Defendants argue that Plaintiffs did not sufficiently allege facts to constitute any cause of action against Defendants.

Defendants argue that Plaintiffs failed to allege facts sufficient to constitute a cause of action for quiet title. Quiet title is an action to establish legal title to real property against adverse claims. (Civ. Proc. §760.020) On its face, a complaint for quiet title must allege (i) a description of the property that is the subject of the action, (ii) the title of the plaintiff(s) to which a determination of quiet title is sought, (iii) the adverse claims to the plaintiff(s)' title, (iv) the date to which the determination is sought, and (v) a prayer for the determination of the plaintiff(s)' title against the adverse claims. (Civ. Proc. §761.020.) However, the purported holder

of equitable title cannot maintain a quiet title action against the holder of legal title. (*Dreher v. Rohrmoser* (1955) 134 Cal.App.2d 196, 198.) Defendants argue a request for a constructive trust or equitable lien is not considered “a real property claim... when the trust is sought only to secure payment of a debt.” (*Shoker v. Superior Court* (2022) 81 Cal.App.5th 271, 279-281.)

Plaintiffs oppose, arguing that a plaintiff asserting a right to a constructive trust or equitable lien based on defendant’s fraud may be entitled to quiet title to their equitable interest. *Liberty National Enterprises, L.P. v. Chicago Title Ins. Co.* (2013) 217 Cal. App. 4th 62, 80; *Warren v. Merrill* (2006) 143 Cal. App. 4th 96, 135.

The Court finds that Plaintiffs have sufficiently alleged facts to support an action for quiet title. As to the Fourth cause of action, the Demurrer is overruled.

Defendants argue that Plaintiffs should not be permitted leave to amend.

Leave to amend is normally appropriate only when the plaintiff has carried its burden to sufficiently demonstrate the reasonable possibility of an ability to cure pleading defects. (*Goodman v. Kennedy* (1976) 18 Cal.3d 335, 349.) Conversely, where the nature of the plaintiff’s claim is clear, and under substantive law no liability exists, a court should deny leave to amend because no amendment could change the result. (*City of Atascadero v. Merrill Lynch, Pierce, Fenner & Smith, Inc.* (1998) 68 Cal.App.4th 445, 459.)

Defendants argue that Plaintiffs also cannot amend the second cause of action, because Plaintiffs cannot and otherwise refuse to allege sufficient facts to allege justifiable reliance. While Plaintiffs have not alleged sufficient facts to allege justifiable reliance, they may be able to do so.

TENTATIVE RULING #8:

- 1. DEFENDANTS’ REQUEST FOR JUDICIAL NOTICE IS GRANTED.**
- 2. DEMURRER AS TO THE FIRST, THIRD, AND FOURTH CAUSES OF ACTION IS OVERRULED.**
- 3. DEMURRER AS TO THE SECOND CAUSE OF ACTION IS SUSTAINED WITH LEAVE TO AMEND WITHIN 30 DAYS.**

NO HEARING ON THIS MATTER WILL BE HELD UNLESS A REQUEST FOR ORAL ARGUMENT IS TRANSMITTED ELECTRONICALLY THROUGH THE COURT’S WEBSITE OR BY TELEPHONE TO THE COURT AT (530) 621-6551 BY 4:00 P.M. ON THE DAY THE TENTATIVE RULING IS ISSUED. CAL. RULE CT. 3.1308; LOCAL RULE 8.05.07; SEE ALSO LEWIS V. SUPERIOR COURT, 19 CAL.4TH 1232, 1247 (1999).

NOTICE TO ALL PARTIES OF A REQUEST FOR ORAL ARGUMENT AND THE GROUNDS UPON WHICH ARGUMENT IS BEING REQUESTED MUST BE MADE BY TELEPHONE OR IN PERSON BY 4:00 P.M. ON THE DAY THE TENTATIVE RULING IS ISSUED. CAL. RULE CT. 3.1308; EL DORADO COUNTY LOCAL RULE 8.05.07. PROOF OF SERVICE OF SAID NOTICE MUST BE FILED PRIOR TO OR AT THE HEARING.

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IF A PARTY OR PARTIES WISH TO APPEAR BY ZOOM, PLEASE CONTACT THE COURT AT (530) 621-5867 AND MEETING INFORMATION WILL BE PROVIDED.