2:23-cv-08404-JVS-MRW
Hartford Life and Accident Insurance Company v. Richard Sepulveda et al

TENTATIVE Order Regarding Motion for Summary Judgment [45]

Defendant Kantor & Kantor LLP ("Kantor") moves for summary judgment against Defendant Richard Sepulveda ("Sepulveda") for funds deposited by Plaintiff Hartford Life and Accident Insurance Company ("Hartford") as part of this interpleader action. (Mot., Dkt. No. 45.) Sepulveda did not oppose the Motion.

For the following reasons, the Court **GRANTS** Kantor's Motion for Summary Judgment.

I. BACKGROUND

The following facts are undisputed, unless noted otherwise, and are taken from Kantor's Statement of Uncontroverted Facts ("SUF").[1] (Dkt. No. 45-2.) Sepulveda contacted Kantor in October of 2020 about the termination of long-term disability benefits that he had been receiving from Hartford. (SUF ¶ 1.) Kantor agreed to represent Sepulveda in his effort to overturn Hartford's termination decision and reinstate his benefits. (Id. ¶ 2.) As part of this relationship, Kantor and Sepulveda entered into an Attorney-Client Contingency Fee Agreement (the "Agreement"). (Id.) They agreed that, if Sepulveda's benefits were reinstated, Kantor's fee would include 100% of "any attorneys' fees paid by the plan or insurance company as a result of either a court award or settlement." (Id. ¶ 3.)

In January 2021, Kantor filed a complaint against Hartford on behalf of Sepulveda that asserted one claim for relief under ERISA, 29 U.S.C. § 1132(a)(1)(B). (Id. ¶ 4.) This Court eventually ruled in favor of Sepulveda, finding that Hartford's termination of his benefits was erroneous and ordering

[1] In addition to not filing an Opposition, Sepulveda failed to file a Statement of Genuine Disputes of Material Fact as required by Local Rule 56-2. Going forward, the Court admonishes Sepulveda to become familiar with and follow the Federal Rules of Civil Procedure and this district's local rules in future filings. See generally Local Rules (https://www.cacd.uscourts.gov/sites/default/files/documents/2024%20June%20LRs%20Chap%201.pdf).

Hartford to reinstate his benefits. (Id. ¶ 6.) The Court entered judgment in accordance with this ruling on July 13, 2022. (Id. ¶ 7.) Pursuant to this order, Hartford reinstated Sepulveda's benefits. (Id. ¶ 8.) Kantor is not taking any percentage of these benefits as compensation and no longer represents Sepulveda. (Id. ¶ 9.) Because Sepulveda's case was governed by ERISA, Kantor was entitled to request an award of reasonable attorneys' fees under that statute's fee-shifting provision. (Id. ¶ 11.) To resolve this, Hartford and Kantor negotiated and reached an agreement that required Hartford to pay $91,000 in attorneys' fees for Kantor's services in Sepulveda's case. (Id. ¶ 12.) As part of this agreement, Hartford and Kantor negotiated a written release (the "Release"). (Id. ¶ 13.)

Kantor presented the Release to Sepulveda and explained that the scope of the Release was limited to the issue of fees, that such fees would be paid to Kantor pursuant to the terms of the Agreement, and that the Release would not affect any of Sepulveda's rights regarding his reinstated benefits. (Id. ¶¶ 13–14.) Despite multiple Kantor employees explaining its terms, Sepulveda refused to sign the Release. (Id. ¶¶ 15–16.) Although Sepulveda consistently stated that he agreed Kantor was entitled to the fees, he indicated he was not comfortable signing the Release because he was unsure how it affected him. (Id. ¶¶ 17–18.) After Hartford filed its interpleader Complaint and deposited the $91,000 with the Court, Kantor informed Sepulveda that the Release was no longer an issue because Hartford no longer possessed the funds. (Id. ¶ 22.) While he again agreed that Kantor was entitled to the fees, Sepulveda refused to enter into a stipulation agreeing that the Court should distribute the funds to Kantor. (Id. ¶¶ 23–25.) Sepulveda did not contend that he was entitled to the fees nor that anyone but Kantor should receive them. (Id. ¶ 21.)

Given Sepulveda's refusal to sign the Release, Hartford filed its interpleader Complaint on October 5, 2023. (Dkt. No. 1.) The Court received the $91,000 from Hartford on April 24, 2024. (Dkt. No. 42.) Kantor filed the present Motion on July 3, 2024 and seeks an order from the Court awarding it the $91,000. (Mot. at 10.)

II. LEGAL STANDARD

Summary judgment is appropriate where the record, read in the light most favorable to the nonmovant, indicates "that there is no genuine dispute as to any

material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a); see also Celotex Corp. v. Catrett, 477 U.S. 317, 322–23 (1986). Facts are "material" if they are necessary to the proof or defense of a claim, and are determined by referring to substantive law. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). To determine if a dispute about a material fact is "genuine," the trial court must not weigh the evidence and instead must draw all reasonable inferences in the nonmoving party's favor. Tolan v. Cotton, 572 U.S. 650, 655–59 (2014) (per curiam). The nonmoving party cannot manufacture a "genuine dispute" by relying on allegations in the pleadings. Anderson, 477 U.S. at 251; Oracle Am., Inc. v. Hewlett Packard Enter. Co., 971 F.3d 1042, 1049 (9th Cir. 2020).

A trial court may not resolve issues of credibility to determine whether a fact is "genuinely disputed." See Tolan, 572 U.S. at 658–59. To do so is to improperly weigh the evidence. Id. A court may discount uncorroborated, self-serving testimony where "it states only conclusions and not facts." Nigro v. Sears, Roebuck & Co., 784 F.3d 495, 497–98 (9th Cir. 2015). However, a court may not discount "self-serving" testimony that includes contrary factual assertions and requires the observation of a witness's demeanor to assess credibility. See Manley v. Rowley, 847 F.3d 705, 711 (9th Cir. 2017). Furthermore, an undisputed fact may support several reasonable inferences, but a trial judge must resolve those differing inferences in favor of the nonmoving party. See Tolan, 572 U.S. at 660. In deciding a motion for summary judgment, "[t]he evidence of the non-movant is to be believed, and all justifiable inferences are to be drawn in his favor." Anderson, 477 U.S. at 255.[2]

The moving party has the initial burden of establishing the absence of a material fact for trial. Id. at 256. "If a party fails to properly support an assertion of fact or fails to properly address another party's assertion of fact . . ., the court may . . . consider the fact undisputed." Fed. R. Civ. P. 56(e)(2). Furthermore,

[2] "In determining any motion for summary judgment the Court may assume that the material facts as claimed and adequately supported by the moving party are admitted to exist without controversy except to the extent that such material facts are (a) included in the 'Statement of Genuine Disputes' and (b) controverted by declaration or other written evidence filed in opposition to the motion." L.R. 56-4.

"Rule 56[(a)][3] mandates the entry of summary judgment . . . against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." Celotex Corp., 477 U.S. at 322. To defeat summary judgment, the nonmoving party who bears the burden at trial must present more than a "mere scintilla" of "affirmative evidence." Galen v. Cnty. of L.A., 477 F.3d 652, 658 (9th Cir. 2007) (citations omitted). Furthermore, the nonmoving party "must direct [the court's] attention to specific, triable facts. General references without pages or line numbers are not sufficiently specific." S. Cal. Gas Co. v. City of Santa Ana, 336 F.3d 885, 889 (9th Cir. 2003) (citations omitted).[4] Therefore, if the nonmovant does not make a sufficient showing to establish the elements of its claims, the Court must grant the motion.

III. DISCUSSION

There are no genuine disputes of material fact regarding Kantor's right to the $91,000 in attorneys' fees. Kantor contends this is a "straightforward" contractual interpretation case that reveals it is entitled to the fees currently deposited with the Court. (Mot. at 8.) Under California law, the courts' primary objective when interpreting a contract is to "give effect to the mutual intention of the parties as it existed at the time of contracting." Cal. Civ. Code § 1636. "When a contract is reduced to writing, the intention of the parties is to be ascertained from the writing alone, if possible." Id. § 1639. "[M]ost importantly, '[t]he whole of a contract is to be taken together, so as to give effect to every part, if reasonably practicable, each clause helping to interpret the other.'" Int'l Bhd. of Teamsters v. NASA Servs, Inc., 957 F.3d 1038, 1042 (9th Cir. 2020) (quoting Cal. Civ. Code §

[3] Rule 56 was amended in 2010. Subdivision (a), as amended, "carries forward the summary-judgment standard expressed in former subdivision (c), changing only one word — genuine 'issue' becomes genuine 'dispute.'" Fed. R. Civ. P. 56, Notes of Advisory Committee on 2010 amendments.

[4] Each fact in the Statement of Uncontroverted Facts, the Statement of Genuine Disputes, and the Response to Statement of Genuine Dispute of Material Fact "must be numbered and must be supported by pinpoint citations (including page and line numbers, if available) to evidence in the record." L.R. 56-1, 2, 3. "The Court is not obligated to look any further in the record for supporting evidence other than what is actually and specifically referenced in the Statement of Uncontroverted Facts, the Statement of Genuine Disputes, and the Response to Statement of Genuine Disputes." L.R. 56-4.

1641); see also Ajax Magnolia One Corp. v. S. Cal. Edison Co., 167 Cal. App. 2d 743, 748 (1959) ("[T]he intention of the parties is to be collected from the entire instrument and not detached portions thereof."). Thus, the Court will "look to the agreement's language in context and construe each provision in a manner consistent with the whole such that none is rendered nugatory." Dupree v. Holman Prof'l Counseling Ctrs., 572 F.3d 1094, 1097 (9th Cir. 2009).

As the moving party, Kantor has the initial burden of demonstrating that there is no genuine issue of material fact regarding its claim to the funds. See Anderson, 477 U.S. at 256. Kantor presented evidence that, as part of the Agreement Sepulveda entered with the firm, Kantor would receive 100% of "any attorneys' fees paid by the plan or insurance company as a result of either a court award or settlement." (SUF ¶ 3; Declaration of Peter Sessions ("Sessions Decl."), Dkt. No. 45-3, Ex. 1 at 2.) Moreover, it is undisputed that this Court reinstated Sepulveda's benefits retroactive to termination in its May 20, 2022, Order. (Sessions Decl., Ex. 2 at 20.) As this entitled it to attorneys' fees, Kantor submitted evidence that shows it negotiated an agreement with Hartford that required the latter to pay $91,000 to Kantor for its services in Sepulveda's case. (SUF ¶ 12.) That $91,000 for attorneys' fees constitutes the funds currently held by the Court as part of this interpleader action. (Mot. at 8; see Dkt. No. 42.) Thus, although Sepulveda refused to sign the Release that would have granted Kantor these funds, (SUF ¶¶ 15–16), Kantor argues summary judgment is appropriate because there is no genuine dispute of material fact regarding its entitlement to the $91,000 paid out by Hartford under the Agreement, (Mot. at 9).

Given his lack of Opposition, Sepulveda failed to provide evidence to rebut Kantor's evidence that it is entitled to the $91,000. Therefore, the Court finds the facts supported by Kantor's evidence are undisputed. See Fed. R. Civ. P. 56(e)(2). Based on those facts, the Court finds that the terms of the Agreement clearly state that Kantor and Sepulveda intended for Kantor to receive 100% of "any attorneys' fees paid" by Hartford "as a result of either a court award or settlement." (SUF ¶ 3; Sessions Decl., Ex. 1 at 2); see Cal. Civ. Code § 1639. The Court also finds that, in light of its previous Order reinstating Sepulveda's benefits, Hartford and Kantor reached a settlement that required the former to pay $91,000 in attorneys' fees to Kantor for its representation of Sepulveda. (SUF ¶ 12.) Because the $91,000 at issue in this case was for Kantor's work in successfully reinstating Sepulveda's benefits, (see id. ¶¶ 11–12), the Agreement makes plain that those

funds should be awarded to Kantor, (see id. ¶ 3). It is undisputed that this was the "mutual intention of the parties" when they entered the Agreement in November 2020. (Id. ¶¶ 2–3); see Cal. Civ. Code § 1636.

Accordingly, because Kantor has satisfied its initial burden, see Anderson, 477 U.S. at 256, the Court finds that Kantor's papers are themselves sufficient to support the motion and do not, on their face, reveal a genuine issue of material fact. Therefore, summary judgment is appropriate.

IV. CONCLUSION

For the foregoing reasons, the Court **GRANTS** Kantor's Motion for Summary Judgment and **AWARDS** it the $91,000 in attorneys' fees deposited by Hartford with the Court. (Dkt. No. 42.) The issuance of this award is **delayed** until the issue of Hartford's request for attorneys' fees as the interpleader plaintiff, (see Dkt. No. 46), is resolved.

IT IS SO ORDERED.

The Court **VACATES** the August 5, 2024, hearing. Any party may file a request for hearing of no more than five pages no later than 5:00 p.m. on Tuesday, August 6, 2024, stating why oral argument is necessary. If no request is submitted, the matter will be deemed submitted on the papers and the tentative will become the order of the Court. If the request is granted, the Court will advise the parties when and how the hearing will be conducted.