

# GOLD CREEK ESTATES v. VALLEY SPRINGS GOLD CREEK

17CV42103

## MOTION FOR GOOD FAITH DETERMINATION

This is a construction defect action involving allegations of negligent design and implementation of common areas within a subdivision development. Before the Court is an unopposed motion for a judicial determination that the settlement reached between plaintiff and defendant Reynen & Bardis Communities, Inc. was made in good faith.

California has a strong public policy promoting civil settlements. To this end, parties who settle disputes *in good faith* are immunized from claims for equitable indemnity or contribution. (CCP §877.6(c).) There is no precise yardstick for measuring “good faith,” but it must harmonize the public policy favoring settlements with the competing public policy favoring equitable sharing of costs among co-obligors. At a minimum, the settlement must be within the reasonable range (aka “ballpark”) of the settling party’s share of liability. Whether the settlement was within the “ballpark” is to be evaluated on the basis of information available at the time of settlement, including (1) a rough approximation of plaintiff’s recovery and the settlor’s proportionate liability; (2) the amount paid in settlement; (3) a recognition that a settlor should pay less in settlement than if found liable after a trial; (4) the settlor’s financial condition and insurance policy limits, if any; (5) evidence of any collusion between the settlor and the plaintiff aimed at making the nonsettling parties pay more than their fair share; and (6) the settlor’s potential liability to others. The initial burden of proof rests with the settlor to demonstrate the value of the consideration paid in settlement (ordinarily a sum certain, but can be settlements in kind). Thereafter, the burden shifts to any party opposing the motion to show that the consideration paid in settlement was grossly disproportionate to what a reasonable person at the time of settlement would estimate settlor’s liability to be. (CCP §877.6(d); *Tech-Bilt, Inc. v. Woodward–Clyde & Associates* (1985) 38 Cal.3d 488, 499; *Long Beach Mem. Med. Ctr. v. Superior Court* (2009) 172 Cal.App.4<sup>th</sup> 869, 873-876; *TSI Seismic Tenant Space, Inc. v. Superior Court* (2007) 149 Cal.App.4<sup>th</sup> 159, 166.)

The value of the settlement here is \$48,000.00 plus a waiver of costs (see Para 10). There is no evidence presented regarding the value of that waiver, but given the density of this Court file, the waiver has its own inherent significant value. Moving defendant provides the declaration of Christo Bardis, which demonstrates to this Court’s satisfaction that defendant’s liability exposure was low since it did not do work on the common areas, and its financial ability to mount a meaningful defense is virtually nil. Defendant is basically insolvent, and has no insurance coverage available for this claim. While there is no requirement that a settlor present evidence of financial condition or liability policy limits in order to secure a good faith determination (*Cahill v. San Diego Gas & Electric Co.* (2011) 194 Cal.App.4<sup>th</sup> 939, 968), doing so provides this Court with

more than enough basis for finding that \$48,000.00 – under the circumstances – is a good faith resolution. It is also notable that no co-defendant has filed opposition. **The motion is GRANTED.**

The Clerk shall provide notice of this Ruling to the parties forthwith. Settlor defendant to prepare a formal Order pursuant to CRC 3.1312 in conformity with this ruling.

**COUNTY OF CALAVERAS v. GLOBAL DISCOVERIES LTD, LLC, et al.**

**22CV45773**

**PLAINTIFF'S MOTION FOR INTERPLEADER DISCHARGE**

This case involves a nonjudicial tax lien sale of real property. After the satisfaction of fees, costs and encumbrances, there remained a surplus of \$51,219.06. Plaintiff received two competing Revenue & Tax Code §4675 claims to the surplus funds:

1. On 02/03/20, County received a claim from John Patrick Egan, as a qualified heir of the owner of record.
2. On 05/22/20, County received a claim from Global Discoveries, as assignee of Stephen Alongi, a party in interest.

Based on the information provided, County rejected the claim from Global Discoveries, concluding that the information provided did not establish that Stephen Alongi was in fact a party in interest as defined by R&T Code §4675. Global Discoveries modified its claim, contending that its assignee was at least entitled to a 1/3 intestate succession interest in the property. County did not respond to the modified claim, prompting Global Discoveries to file suit on 04/30/21 (see 21CV45313). That suit took the form of a petition for a writ of mandate, asserting that the County had a ministerial duty to accept its claim. Global Discoveries never served John Patrick Egan, and eventually dismissed the action on County's representation that it would file an interpleader action which was filed on 01/07/22.

Before the Court is County's motion to be discharged, as well as a request for reimbursement of fees/costs. Interpleader is a procedure whereby a party holding money or property concerning which conflicting claims are being made, can join the adverse claimants and force them to litigate their claims among themselves. Once the stakeholder's right to interplead is established, and he or she deposits the money or property in court, he or she may be discharged from liability to any of the claimants. This enables the stakeholder to step away from the litigation and leave the competing claimants to fight it out. (See CCP §386(b); in accord, *Hood v. Gonzales* (2019) 43 Cal.App.5<sup>th</sup> 57, 73-74; *Southern Calif. Gas Co. v. Flannery* (2016) 5 Cal.App.5<sup>th</sup> 476, 484-485; *Shopoff & Cavallo LLP v. Hyon* (2008) 167 Cal.App.4<sup>th</sup> 1489, 1499-1501; *City of Morgan Hill v. Brown* (1999) 71 Cal.App.4<sup>th</sup> 1114, 1126-1127.)

County is entitled to the equivalent of a discharge from liability since it makes no claim of ownership in the funds, and because it runs the risk of conflicting judgments if it is sued by both claimants. That portion of the motion is GRANTED. However, an anomaly exists since in most interpleader actions the stakeholder is a defendant, which avoids realignment and substitution of the parties. (See CCP §§ 386(a), §386.5.) There is no clear alignment in this instance given that John Patrick Egan was first to claim, but Global Discoveries was first to file suit. Since County determined that John Patrick Egan

was the rightful claimant, he shall be realigned as plaintiff with regard to further proceedings.

County's request for fees and costs is DENIED. Although CCP §386.6 provides that "in ordering the discharge of such party, the court may, in its discretion, award such party his costs and reasonable attorney fees from the amount in dispute which has been deposited with the court," there was no need for an interpleader action. County made a determination that John Patrick Egan had the superior right to the surplus funds, that Global Discoveries had no right, and that the funds belonged to Egan. Upon making that determination, "the excess proceeds shall be distributed on order of the board of supervisors." (R&T Code §4675(e)(1).) County had an obligation to disburse the funds, and deal with any claim by Global Discoveries thereafter. (R&T Code §4675(g); in accord, *Azadozy v. Nikoghosian* (2005) 128 Cal.App.4<sup>th</sup> 1369, 1373; *Fjaeran v. Board of Supervisors* (1989) 210 Cal.App.3d 434, 439.) Proceeding via interpleader is not specifically authorized as an option under R&T §4675 (as it is for other surplus funds matters – see Civil Code §2924j), and thus reflects a choice of remedies by County to avoid direct litigation.

The Clerk shall provide notice of this Ruling to the parties forthwith. No further formal Order is required.