

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF
INDIANA

Jonathan Padilla v. Hugo Diaz, et al.

Padilla · No. 4:23-cv-00170-SEB-KMB · Decided February 27, 2026

SUMMARY

The United States District Court for the Southern District of Indiana denies Plaintiff Jonathan Padilla's motion for default judgment against Hugo Diaz because the complaint does not adequately support personal liability or veil piercing. The court grants default judgment as to liability against Huge Music Group, LLC on breach of contract and account stated claims, while denying recovery under unjust enrichment because an express contract governs. The court refers the matter for an evidentiary hearing to determine damages.

CASE DETAILS

COURT	United States District Court for the Southern District of Indiana
WRITING FOR THE COURT	Sarah Evans Barker
JURISDICTION	United States District Court for the Southern District of Indiana
DECIDED	February 27, 2026
DOCKET	4:23-cv-00170-SEB-KMB
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff moved for default judgment against both defendants after the Clerk entered defaults for failure to respond or defend.
STANDARD OF REVIEW	On default judgment, well-pleaded allegations relating to liability are taken as true, but the plaintiff must independently establish entitlement to relief and prove damages to a reasonable certainty. A damages hearing is required unless the amount is liquidated or ascertainable from definite documentary figures or detailed affidavits.
PRECEDENTIAL VALUE	Unknown; unpublished district-court order.
PARTIES	Jonathan Padilla v. Hugo Diaz, Huge Music Group, LLC

TOPICS

- default judgment
- breach of contract
- corporate veil piercing
- damages
- unjust enrichment

PRACTICE AREAS

civil procedure

contracts

corporate law

remedies

commercial litigation

QUESTIONS PRESENTED

1. Whether default judgment should be entered against Hugo Diaz personally based on the alleged agreements and a corporate-veil-piercing theory.
2. Whether the well-pleaded allegations established Huge Music Group's liability for breach of contract.
3. Whether the allegations established Huge Music Group's liability on an account-stated theory.
4. Whether Padilla could recover against Huge Music Group under unjust enrichment in addition to breach of contract.
5. Whether the evidence established damages with sufficient certainty to support a final default judgment without an evidentiary hearing.

HOLDINGS

1. Default judgment against Diaz was denied because the complaint did not allege facts sufficient to pierce the corporate veil or otherwise establish that Diaz was personally liable for the LLCs' debts.
2. The well-pleaded allegations established Huge Music Group's liability for breach of contract, and default judgment was granted as to liability on Count III.
3. The allegations established a prima facie account-stated claim against Huge Music Group, and default judgment was granted as to liability on Count II.
4. Padilla was not entitled to recover against Huge Music Group under unjust enrichment because the parties' rights were controlled by an express contract.
5. A final damages award could not be entered on the submitted materials because the requested amounts were not supported by definite figures or adequately detailed calculations; an evidentiary hearing was required.

KEY QUOTATIONS

“Upon default, the well-pleaded allegations of a complaint relating to liability are taken as true.”

“The standard for showing that the corporate form was disregarded is exacting.”

“Once the default has been established, and thus liability, the plaintiff still must establish his entitlement to the relief he seeks.”

FACTUAL BACKGROUND

Padilla entered into an October 30, 2019 financing agreement with Huge Music Group, LLC, investing \$20,000 to help complete a recording studio in exchange for repayment with specified returns, interest, and a share of net profits. The studio opened in March 2020, but Padilla alleged that he was never paid. Padilla also alleged that he invested \$50,000 under a December 8, 2021 agreement with Huge Music Recording Studios, LLC, but was not

repaid. Diaz signed the agreements on behalf of the respective entities, and Padilla sought to impose personal liability on Diaz and recover damages from Huge Music Group.

PROCEDURAL HISTORY

Padilla filed a third amended complaint asserting unjust enrichment, account stated, and breach of contract claims arising from alleged failed business investments. The Court entered default against Diaz on February 28, 2024, and against Huge Music Group on February 12, 2026. The Court denied Padilla's second motion for default judgment against Diaz, granted default judgment against Huge Music Group as to liability, and directed an evidentiary hearing on damages.

DISPOSITION

other

REMAND INSTRUCTIONS

The matter was not remanded. Magistrate Judge Kellie M. Barr was designated under 28 U.S.C. § 636(b)(1)(B) to conduct an evidentiary hearing and issue proposed findings and recommendations concerning the damages award against Huge Music Group, LLC.

CASES CITED

- VLM Food Trading Int'l, Inc. v. Ill. Trading Co., 811 F.3d 247, 255 (7th Cir. 2016)
- Dundee Cement Co. v. Howard Pipe & Concrete Prods., Inc., 722 F.2d 1319, 1323 (7th Cir. 1983)
- WaterFurnace Int'l, Inc. v. B&S Sheet Metal Mechanical, Inc., No. 1:15-CV-008 JD, 2015 WL 6510446, at *3 (N.D. Ind. Oct. 28, 2015)
- Meridian N. Invs. LP v. Sondhi, 26 N.E.3d 1000, 1004 (Ind. 2015)
- Pazmino v. Bose McKinney & Evans, LLP, 989 N.E.2d 784, 786 (Ind. Ct. App. 2013)
- Smith v. Isaacs, 777 S.W.2d 912, 913 (Ky. 1989)
- Morgan v. O'Neil, 652 S.W.2d 83, 85 (Ky. 1983)
- Escobedo v. BHM Health Assocs., Inc., 818 N.E.2d 930, 934-35 (Ind. 2004)
- Inter-Tel Techs., Inc. v. Linn Station Properties, LLC, 360 S.W.3d 152, 165 (Ky. 2012)
- Delange v. Curbow, No. 2:06-CV-379-PPS-APR, 2010 WL 1936202, at *3 (N.D. Ind. May 12, 2010)
- Nat'l Soffitt & Escutcheons, Inc. v. Superior Sys., Inc., 98 F.3d 262, 265 (7th Cir. 1996)
- Collins v. McKinney, 871 N.E.2d 363, 370 (Ind. Ct. App. 2007)
- MHC Surgical Center Assocs., Inc. v. State Office of Medicaid Policy and Planning, 699 N.E.2d 306, 309 (Ind. Ct. App. 1998)
- American Seeds, LLC v. Daily Feed & Grain, Inc., No. 1:16-cv-00371-MPB-JMS, 2018 WL 397238, at *4 (S.D. Ind. Jan. 12, 2018)
- Jasper Corp. v. Manufacturers' Appraisal Co., 287 N.E.2d 781, 782 (Ind. App. Ct. 1972)
- Auffenberg v. Bd. of Trustees of Columbus Reg. Hosp., 646 N.E.2d 328, 331 (Ind. Ct. App. 1995)

- Zoeller v. East Chicago Second Century, Inc., 904 N.E.2d 213, 220-21 (Ind. 2009)
- Keystone Carbon Co. v. Black, 599 N.E.2d 213, 216 (Ind. Ct. App. 1992)
- In re Catt, 368 F.3d 789, 793 (7th Cir. 2004)
- e360 Insight v. The Spamhaus Project, 500 F.3d 594, 602 (7th Cir. 2007)

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