UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF CALIFORNIA

Henry v. Central Freight Lines, Inc.

Henry · No. 2:16-cv-0280-DAD-JDP · Decided March 14, 2025

SUMMARY

The document contains findings and recommendations on plaintiffs' renewed motion for default judgment in an employment misclassification action against Central Freight Lines, Inc. The court recommends granting default judgment in part on claims involving unpaid wages, wage statements, expense reimbursement, unlawful deductions, unfair competition, and PAGA penalties, with specified damages for each named plaintiff. The court recommends denying attorney's fees and costs without prejudice because plaintiffs did not establish that their requested hourly rates were reasonable in the Eastern District of California.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
WRITING FOR THE COURT	Jeremy D. Peterson
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	March 14, 2025
DOCKET	2:16-cv-0280-DAD-JDP
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs renewed a motion for default judgment after the defendant's answer was stricken and the Clerk entered default. The magistrate judge issued findings and recommendations recommending that the motion be granted in part and denied in part.
STANDARD OF REVIEW	A motion for default judgment under Federal Rule of Civil Procedure 55 is discretionary and is evaluated under the seven Eitel factors. Default establishes the well-pleaded factual allegations, except allegations concerning damages, but does not establish legally insufficient claims or the amount of damages. Damages must be supported by admissible evidence.
PRECEDENTIAL VALUE	nonprecedential

PARTIES	Rickey Henry, Kawaski Corley, Fernando Garcia, Jose de Jesus Moreno, Michael Waldman v. Central Freight Lines, Inc.

TOPICS

default judgment · wage and hour · employment law · attorney fees · civil procedure

PRACTICE AREAS

employment law · civil procedure · remedies

QUESTIONS PRESENTED

1. Whether the Eitel factors supported entry of default judgment against Central Freight Lines.
2. Whether the second amended complaint adequately pleaded California Labor Code, Unfair Competition Law, and Private Attorneys General Act claims based on alleged employee misclassification.
3. Whether plaintiffs proved the amount of damages and penalties sought through declarations and an accountant's calculations.
4. Whether plaintiffs established that their requested attorney's fees and costs were reasonable under the lodestar method and applicable local market rates.

HOLDINGS

1. The Eitel factors favored entry of default judgment because plaintiffs would be prejudiced without relief, the complaint sufficiently pleaded potentially meritorious claims, the amount at stake was not excessive, there was little likelihood of a dispute concerning material facts, the default was not attributable to excusable neglect, and the policy favoring decisions on the merits could not be effectuated while defendant refused to participate.
2. The complaint sufficiently alleged that Central Freight willfully misclassified plaintiffs as independent contractors and that the misclassification resulted in violations of California wage, wage-statement, waiting-time, expense-reimbursement, unlawful-deduction, unfair-competition, and PAGA provisions.
3. Plaintiffs established damages and penalties through their declarations and the declaration of a certified public accountant, and the recommendations awarded individual amounts to each named plaintiff.
4. The requests for attorney's fees and costs should be denied without prejudice because plaintiffs failed to provide sufficient evidence that the requested hourly rates were consistent with prevailing rates in the Eastern District of California for comparable work.

KEY QUOTATIONS

> *"In applying this discretionary standard, default judgments are more often granted than denied."* (at 3)

> *"Accordingly, the second and third Eitel factors weigh in favor of granting plaintiffs' motion."* (at 6)

> *"Given that this evidence is unrefuted, the court finds it sufficient to establish plaintiffs' damages."* (at 8)

> *“Thus, the court finds that plaintiffs have failed to satisfy their burden of demonstrating that the requested fees are reasonable.”* (at 9)

FACTUAL BACKGROUND

Plaintiffs were former workers for Central Freight Lines who alleged that the company intentionally misclassified them as independent contractors. They alleged that the misclassification resulted in unpaid minimum and overtime wages, inadequate wage statements, unpaid waiting time, unreimbursed business expenses, unlawful wage deductions, and nonpayment of payroll taxes and mandatory insurance contributions. Central Freight's answer was stricken after it failed to obtain replacement counsel, and it did not respond to the second amended complaint after plaintiffs properly served it at its last known address.

PROCEDURAL HISTORY

Henry filed a putative class action in Sacramento County Superior Court in October 2015, and Central Freight removed the action to federal court. After years of litigation, defense counsel withdrew because the defendant was closing its business and had stopped providing information and paying fees. When the defendant failed to obtain replacement counsel, the court struck its answer and the Clerk entered default. Plaintiffs later filed a second amended complaint adding four named plaintiffs; the court denied their first motion for default judgment without prejudice for inadequate service, after which plaintiffs renewed the motion based on service at the defendant's last known address.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand. The magistrate judge recommended that plaintiffs' renewed motion for default judgment be granted in part and denied in part; damages and penalties should be awarded to the named plaintiffs, while attorney's fees and costs should be denied without prejudice to renewal through a timely motion complying with Local Rules 292 and 293.

CASES CITED

- Brooks v. Morphe, LLC, No. 2:20-cv-1219 KJM DB, 2021 WL 1031973, at *1 (E.D. Cal. Feb. 16, 2021)
- Cortes v. National Credit Adjusters, L.L.C., No. 2:16-cv-0823 MCE EFB, 2017 WL 3284797, at *2 (E.D. Cal. Aug. 2, 2017)
- PepsiCo, Inc. v. California Security Cans, 238 F. Supp. 2d 1172, 1174, 1177 (C.D. Cal. 2002)
- Draper v. Coombs, 792 F.2d 915, 924-25 (9th Cir. 1986)
- Aldabe v. Aldabe, 616 F.2d 1089, 1092 (9th Cir. 1980)
- Eitel v. McCool, 782 F.2d 1470, 1471-72 (9th Cir. 1986)
- Philip Morris USA, Inc. v. Castworld Products, Inc., 219 F.R.D. 494, 498 (C.D. Cal. 2003)
- PepsiCo, Inc. v. Triunfo-Mex, Inc., 189 F.R.D. 431, 432 (C.D. Cal. 1999)

- TeleVideo Systems, Inc. v. Heidenthal, 826 F.2d 915, 917-18 (9th Cir. 1987)
- Geddes v. United Financial Group, 559 F.2d 557, 560 (9th Cir. 1977)
- Cripps v. Life Insurance Co. of North America, 980 F.2d 1261, 1267 (9th Cir. 1992)
- S.G. Borello & Sons, Inc. v. Department of Industrial Relations, 48 Cal. 3d 341, 350-51 (1989)
- Dynamex Operations West v. Superior Court, 4 Cal. 5th 903, 922 (2018)
- Marquez v. NLP Janitorial, Inc., No. 16-cv-06089-BLF, 2019 WL 652866, at *3 (N.D. Cal. Feb. 15, 2019)
- Culley v. Lincare Inc., 236 F. Supp. 3d 1184, 1191 (E.D. Cal. 2017)
- Amini Innovation Corp. v. KTY International Marketing, 768 F. Supp. 2d 1049, 1053-54 (C.D. Cal. 2011)
- Rodriguez v. Wallia, No. C-11-03854 EDL, 2012 WL 1831579, at *1 (N.D. Cal. Apr. 18, 2012)
- Amaral v. Cintas Corp. No. 2, 163 Cal. App. 4th 1157, 1189 (2008)
- McLaughlin v. Seto, 850 F.2d 586, 589 (9th Cir. 1988)
- Anderson v. Mt. Clemens Pottery Co., 328 U.S. 680, 688 (1946)
- Moreno v. City of Sacramento, 534 F.3d 1106, 1111 (9th Cir. 2008)
- Fischer v. SJB-P.D. Inc., 2124 F.3d 1115, 1119 (9th Cir. 2000)
- Van Skike v. Director, Office of Workers' Compensation Programs, 557 F.3d 1041, 1046 (9th Cir. 2009)
- Chalmers v. City of Los Angeles, 796 F.2d 1205, 1210 (9th Cir. 1986)
- Blum v. Stenson, 465 U.S. 886, 895 n.11 (1984)
- Mostajo v. Nationwide Mutual Insurance Co., No. 2:17-CV-00350-DAD-AC, 2023 WL 2918657, at *11 (E.D. Cal. Apr. 12, 2023)
- AT&T Mobility LLC v. Yeager, No. 2:13-cv-00007-KJM-DB, 2018 WL 1567819, at *3 (E.D. Cal. Mar. 30, 2018)
- Jordan v. Multnomah County, 815 F.2d 1258, 1263 (9th Cir. 1987)
- BP West Coast Products LLC v. Crossroad Petroleum, Inc., 2015 WL 13765371 (S.D. Cal. Aug. 27, 2015)
- Turner v. Duncan, 158 F.3d 449, 455 (9th Cir. 1998)
- Martinez v. Yist, 951 F.2d 1153 (9th Cir. 1991)