

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
VIRGINIA, ALEXANDRIA DIVISION

Joshua Newlon v. Anton Sagan and Juicy Brewing, LLC

Newlon · No. 1:25-cv-1940-AJT-WEF · Decided May 26, 2026

SUMMARY

This Report and Recommendation addresses Joshua Newlon’s motion for default judgment against Juicy Brewing, LLC, arising from alleged investment fraud involving a \$350,000 investment. The magistrate judge recommends granting default judgment on the common-law fraud claim, dismissing the fraudulent-conveyance and federal-securities-fraud claims, and awarding \$373,309.52 plus post-judgment interest. The document also addresses service of process, subject-matter and personal jurisdiction, arbitration and choice-of-law provisions, and venue.

CASE DETAILS

COURT	United States District Court for the Eastern District of Virginia, Alexandria Division
WRITING FOR THE COURT	William E. Fitzpatrick
JURISDICTION	United States District Court for the Eastern District of Virginia, Alexandria Division
DECIDED	May 26, 2026
DOCKET	1:25-cv-1940-AJT-WEF
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff moved for default judgment against Juicy Brewing, LLC under Federal Rule of Civil Procedure 55(b)(2). The magistrate judge issued a Report and Recommendation recommending default judgment on the common-law fraud claim, dismissal with prejudice of the fraudulent-conveyance and federal-securities-fraud claims, an award of damages, attorney's fees and costs, and post-judgment interest.
STANDARD OF REVIEW	On default judgment, well-pleaded, nonconclusory factual allegations are deemed admitted, but the court must determine whether those facts state a facially valid claim under the standards applicable to Federal Rule of Civil Procedure 12(b)(6). Damages are not admitted and must be established independently through admissible evidence. Entry of default judgment is committed to the court's sound judicial discretion.

PRECEDENTIAL VALUE	nonprecedential
PARTIES	Joshua Newlon v. Anton Sagan, Juicy Brewing, LLC

TOPICS

default judgment fraud personal jurisdiction subject matter jurisdiction civil procedure

PRACTICE AREAS

civil procedure commercial litigation fraud securities remedies

QUESTIONS PRESENTED

1. Whether Juicy Brewing was timely and properly served.
2. Whether the court had subject-matter and personal jurisdiction over Juicy Brewing and whether venue was proper.
3. Whether the mandatory arbitration provision barred adjudication of the claims despite Juicy Brewing's failure to invoke arbitration before default.
4. Whether the agreement's Florida choice-of-law provision applied to Newlon's tort claims.
5. Whether the well-pleaded allegations established common-law fraud by Juicy Brewing for purposes of default judgment.
6. Whether Newlon, as an equity investor rather than a creditor, could state a fraudulent-conveyance claim under Virginia law.
7. Whether Newlon's 55% membership interest in Juicy South was a security under the Exchange Act as an investment contract or stock.
8. Whether Newlon established entitlement to compensatory damages, attorney's fees and costs, and post-judgment interest.

HOLDINGS

1. Juicy Brewing was timely and properly served under Federal Rule of Civil Procedure 4(h), and service occurred within the 90-day period required by Rule 4(m).
2. A defaulting defendant admits well-pleaded, nonconclusory factual allegations, but the court must determine whether those facts state a valid claim and must independently determine damages.
3. Juicy Brewing was liable for common-law fraud on the admitted allegations because Sagan acted on behalf of Juicy Brewing and in the ordinary course of its business, and the allegations established false material representations, intent to mislead, reliance, and resulting damages.
4. Newlon failed to state a fraudulent-conveyance claim because he was an equity investor in Juicy South rather than a creditor with a legal entitlement to the invested funds.
5. Newlon's Juicy South membership interest was not an investment contract or stock under the Exchange Act, so the private federal securities-fraud claim failed.

6. The recommended judgment was \$350,000 in compensatory damages, \$23,309.52 in attorney's fees and costs, and post-judgment interest under 28 U.S.C. § 1961.

KEY QUOTATIONS

“A court confronted with a motion for default judgment is required to exercise sound judicial discretion in determining whether the judgment should be entered, and the moving party is not entitled to default judgment as a matter of right.” (Section I)

“Any use of the investment funds for any other purpose is prima facie evidence of fraud.” (Section VII.A)

“The key question, therefore, is whether “an investor, as a result of the investment agreement itself or the factual circumstances that surround it, is left unable to exercise meaningful control over his investment.”” (Section VII.C)

FACTUAL BACKGROUND

Newlon invested \$350,000 in Juicy South, LLC after Sagan represented that the money would fund and launch Juicy South's brewery operations. Newlon received a 55% membership interest and transferred the money to Juicy Brewing's bank account. The funds were instead diverted to other businesses associated with Sagan and to personal expenses; Juicy South never commenced operations, became insolvent, and did not repay Newlon. Juicy Brewing was served but failed to appear or defend.

PROCEDURAL HISTORY

Newlon filed the complaint on November 3, 2025, against Juicy Brewing, LLC and Anton Sagan. Juicy Brewing was served on December 2, 2025, but failed to plead or otherwise defend. The Clerk entered default on March 3, 2026. After a hearing on April 10, 2026, the magistrate judge took the motion under advisement and issued this Report and Recommendation. Sagan had not been served and was not the subject of the default-judgment motion.

DISPOSITION

other

CASES CITED

- Microsoft Corp. v. Doe, Civil Action No. 1:13-cv-139, 2014 U.S. Dist. LEXIS 48398, at *5-*7 (E.D. Va. Jan. 6, 2014)
- City of New York v. Mickalis Pawn Shop, LLC, 645 F.3d 114, 128 (2d Cir. 2011)
- JTH Tax, Inc. v. Grabert, 8 F. Supp. 3d 731, 736, 739 (E.D. Va. 2014)
- GlobalSantaFe Corp. v. Globalsantafe.com, 250 F. Supp. 2d 610, 613 n.3 (E.D. Va. 2003)
- Ryan v. Homecomings Financial Network, 253 F.3d 778, 780 (4th Cir. 2001)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Burbach Broadcasting Co. of Delaware v. Elkins Radio Corp., 278 F.3d 401, 406 (4th Cir. 2002)

- *Gunn v. Minton*, 568 U.S. 251, 257 (2013)
- *Newman-Green, Inc. v. Alfonso-Larrain*, 490 U.S. 826, 828 (1989)
- *Mitchell v. United States*, 88 U.S. (21 Wall.) 350, 352 (1874)
- *Cent. W. Virginia Energy Co. v. Mountain State Carbon, LLC*, 636 F.3d 101, 103 (4th Cir. 2011)
- *Caterpillar, Inc. v. Lewis*, 519 U.S. 61, 68 (1996)
- *International Shoe Co. v. State of Washington*, *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945)
- *Dmarcian, Inc. v. Dmarcian Eur. BV*, 60 F.4th 119, 133 (4th Cir. 2022)
- *UMG Recordings, Inc. v. Kurbanov*, 963 F.3d 344, 352 (4th Cir. 2020)
- *Barry v. Whalen*, 796 F. Supp. 885 (E.D. Va. 1992)
- *Dunham v. Hotelera Canco S.A. de C.V.*, 933 F. Supp. 543, 552-53 (E.D. Va. 1996)
- *Bassett Furn. Indus., Inc. v. Sexton*, 596 F. Supp. 454, 456 (W.D. Va. 1984)
- *Unidyne Corp. v. Aerolineas Argentinas*, 590 F. Supp. 391, 396 (E.D. Va. 1984)
- *Chedid v. Boardwalk Regency Corp.*, 756 F. Supp. 941, 943 (E.D. Va. 1991)
- *Farnsworth v. PublishAmerica, LLLP*, No. CV L-07-241, 2009 WL 10682047, at *2 (D. Md. Feb. 17, 2009)
- *Cherry, Bekaert & Holland v. Downs*, 640 F. Supp. 1096, 1102 (W.D.N.C. 1986)
- *Fasig-Tipton Kentucky, Inc. v. Michaelson*, 955 F.2d 40 (4th Cir. 1992)
- *Ford Motor Co. v. National Indem. Co.*, 972 F. Supp. 2d 850, 856 (E.D. Va. 2013)
- *LTD Mgmt. Co., LLC v. Holiday Hosp. Franchising, Inc.*, No. CIV.A. 2:07CV530, 2008 WL 7281926, at *10 (E.D. Va. Mar. 11, 2008)
- *Hitachi Credit America Corp. v. Signet Bank*, 166 F.3d 614, 623-24 (4th Cir. 1999)
- *Alexander v. Colston, Kickin Chicken Poultry & Game Bird Farm, LLC*, 92 Va. Cir. 84 (2015)
- *Jordan v. Commonwealth*, 36 Va. App. 270, 272 (2001)
- *Frazier v. Virginia Military Inst.*, 81 Va. 59, 61 (1885)
- *Mission Residential, LLC v. Triple Not Props., LLC*, 275 Va. 157, 161 (2008)
- *United States v. Kotzev*, No. 1:18-CV-1409, 2022 WL 212702, at *3 (E.D. Va. Jan. 24, 2022)
- *C.F. Trust v. Peterson*, No. 97-cv-2003, 1999 WL 33456231, at *7 (E.D. Va. Jan. 8, 1999)
- *Colin v. Wellford*, 102 Va. 581, 585 (1904)
- *Drewry-Hughes Co. v. Throckmorton*, 120 Va. 859, 865 (1917)
- *Dura Pharmaceuticals, Inc. v. Broudo*, 544 U.S. 336, 341 (2005)
- *Robinson v. Glynn*, 349 F.3d 166, 169-74 (4th Cir. 2003)
- *S.E.C. v. W.J. Howey Co.*, 328 U.S. 293, 298-99 (1946)
- *Gasner v. Bd. of Supervisors of the Cnty. of Dinwiddie*, 103 F.3d 351, 356 (4th Cir. 1996)
- *Landreth Timber Co. v. Landreth*, 471 U.S. 681, 693 (1985)
- *Credit Lyonnais Sec. (USA), Inc. v. Alcantara*, 183 F.3d 151, 155 (2d Cir. 1999)
- *Bd. of Trs. of the United Union of Roofers v. Dana Restoration, Inc.*, 2010 WL 3925115, at *2 (E.D.N.Y. Sept. 14, 2010)

- Prospect Dev. Co. v. Bershader, 258 Va. 75, 92-93 (1999)
- Gilmore v. Basic Industries, Inc., 233 Va. 485, 490, 357 S.E.2d 514, 517 (1987)
- Faustini v. Duke, No. 2750-99-2, 2001 WL 118409, at *5 (Va. Ct. App. Feb. 13, 2001)
- Graves v. Graves, 4 Va. App. 326, 333, 357 S.E.2d 554, 558 (1987)
- McGinnis v. McGinnis, 1 Va. App. 272, 277, 338 S.E.2d 159, 162 (1985)
- ExxonMobil Oil Corp. v. Black Stone Petroleum Inc., 221 F. Supp. 3d 755, 769 (E.D. Va. 2016)
- Quesinberry v. Life Ins. Co. of N. Am., 987 F.2d 1017, 1031 (4th Cir. 1993)
- PharMerica East, LLC v. Healthlink of Va. Shores, LLC, No. 2:19-CV-00456, 2020 WL 877983, at *3 (E.D. Va. Feb. 20, 2020)
- Barrella v. Village of Freeport, 43 F. Supp. 3d 136, 195 (E.D.N.Y. 2014)