UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF MISSOURI, EASTERN DIVISION

Deborah Malloy v. Trileaf Corporation, et al.

Malloy · No. 4:24 CV 506 CDP · Decided January 14, 2026

SUMMARY

The court granted in part defendants' motion for sanctions based on plaintiff Deborah Malloy's discovery misconduct. It awarded defendants attorney's fees caused solely by Malloy's false or misleading sworn discovery responses and incorrect information on a Social Security Administration form, assessing the sanctions jointly and severally against Malloy and her attorney. The request to strike pleadings and dismiss the case was denied as moot because the court had already granted summary judgment to defendants.

CASE DETAILS

COURT	United States District Court for the Eastern District of Missouri, Eastern Division
WRITING FOR THE COURT	Catherine D. Perry
JURISDICTION	United States District Court for the Eastern District of Missouri, Eastern Division
DECIDED	January 14, 2026
DOCKET	4:24 CV 506 CDP
DISPOSITION	other
PROCEDURAL POSTURE	Defendants moved for sanctions based on plaintiff's discovery misconduct, seeking attorney's fees and the striking of plaintiff's pleadings with dismissal with prejudice. The district court granted sanctions in the form of attorney's fees under its inherent authority, denied the request to strike pleadings and dismiss the action as moot, and ordered defendants to submit a verified fee statement.
STANDARD OF REVIEW	Abuse-of-discretion framework for sanctions imposed under the court's inherent authority; the court exercised broad discretion but limited compensatory attorney's fees to fees incurred solely because of the misconduct.
PRECEDENTIAL VALUE	unpublished district court memorandum and order; precedential status unknown

TOPICS

sanctions · discovery dispute · attorney fees · civil procedure · employment law

PRACTICE AREAS

civil procedure · discovery sanctions · attorney fees · employment law

QUESTIONS PRESENTED

1. Whether the district court could impose sanctions under its inherent authority for Malloy's repeated false and misleading discovery responses and incorrect information on a Social Security Administration form.
2. Whether defendants were entitled to recover attorney's fees incurred solely because of Malloy's misconduct.
3. Whether the court should strike Malloy's pleadings and dismiss the action with prejudice as a discovery sanction after summary judgment had been granted on all remaining claims.

HOLDINGS

1. A federal court may invoke its inherent authority to sanction bad-faith discovery misconduct even when the conduct could also fall within the Federal Rules of Civil Procedure's sanctioning provisions.
2. Attorney's fees may be awarded as a compensatory sanction when a party acts in bad faith and the fees were incurred solely because of the misconduct; the fees may include reasonable fees incurred in preparing and litigating the sanctions motion.
3. The request to strike Malloy's pleadings and dismiss the action with prejudice was denied as moot because the court had already granted defendants summary judgment on all remaining claims and terminated the case.
4. The attorney's-fee sanctions were properly assessed jointly and severally against Malloy and her attorney, Matthew Ghio, based on the nature of the misconduct and counsel's admitted practice concerning the Social Security Administration authorization form.

KEY QUOTATIONS

> *"The inherent power of a court [to impose sanctions] can be invoked even if procedural rules exist which sanction the same conduct."* (at 3)

> *"Because of their very potency, inherent powers must be exercised with restraint and discretion."* (at 4)

> *"The power to award attorney's fees for bad-faith conduct "depends not on which party wins the lawsuit, but on how the parties conduct themselves during the litigation.""* (at 5)

FACTUAL BACKGROUND

During discovery, Malloy provided sworn interrogatory answers and deposition testimony concerning her employment and earnings history, criminal history, bankruptcy history, and educational background that the court found false or misleading. She also signed a Social Security Administration form under penalty of perjury containing an incorrect date of birth; her attorney admitted that Malloy signed the form blank and that he completed it later. Defendants asserted that the misconduct required extensive investigation, prejudiced their ability to obtain relevant information, and delayed their efforts in connection with summary judgment and trial.

PROCEDURAL HISTORY

Malloy filed the action in April 2024 alleging, among other claims, that defendants unlawfully terminated her employment in violation of the Fair Labor Standards Act. During discovery, defendants alleged that Malloy supplied false sworn answers, deposition testimony, and information on a Social Security Administration form. Defendants moved for summary judgment and sanctions; on January 8, 2026, the court granted summary judgment on all remaining claims, terminating the case, while the sanctions motion remained pending. The court then granted the sanctions motion in part and denied the dismissal-related relief as moot.

DISPOSITION

other

CASES CITED

- Chambers v. NASCO, Inc., 501 U.S. 32 (1991)
- Schlafly v. Eagle F., 970 F.3d 924 (8th Cir. 2020)
- Chrysler Corp. v. Carey, 186 F.3d 1016 (8th Cir. 1999)
- Goodyear Tire & Rubber Co. v. Haeger, 581 U.S. 101 (2017)
- Lutzeier v. Citigroup Inc., No. 4:14CV183 RLW, 2015 WL 1853820, at *2 (E.D. Mo. Apr. 22, 2015)

OPINION

UNITED STATES DISTRICT COURT EASTERN DISTRICT OF MISSOURI EASTERN DIVISION DEBORAH MALLOY,)) Plaintiff,)) v.) No. 4:24 CV 506 CDP) TRILEAF CORPORATION, et al.,)) Defendants.) MEMORANDUM AND ORDER Presently before the Court is defendants Trileaf Corporation and T. Scott Muschany's Joint Motion for Sanctions Based on Plaintiff's Discovery Misconduct, wherein defendants seek to recover attorney's fees they incurred because of plaintiff Deborah Malloy's deliberate misconduct committed during the discovery process in this case.

Defendants also request that I strike Malloy's pleadings and dismiss the case with prejudice. Upon careful consideration of the parties' positions on the motion and the exhibits submitted, I will grant defendants' motion for sanctions in the form of attorney's fees caused by the misconduct and will direct defendants to file a verified statement of those fees.

I will deny as moot defendants' request to strike pleadings and dismiss the case as I recently granted defendants summary judgment on all of Malloy's remaining claims. Relevant Background Plaintiff Malloy filed this action in April 2024 claiming inter alia that defendants unlawfully terminated her employment with Trileaf in violation of the Fair Labor Standards Act.

During the period relevant to defendants' motion for sanctions, discovery was scheduled to close on March 28, 2025; summary judgment motions were due April 18, 2025; and jury trial was set for August 18, 2025. Defendants timely filed motions for summary judgment on April 18 and filed the instant motion for sanctions on May 9. Given the pendency of the motions and the issues raised, I removed the case from the August 18 trial docket.

On January 8, 2026, I granted defendants summary judgment on all of Malloy's remaining claims, terminating the case. The motion for sanctions remains pending. With evidentiary support, defendants have established that during the course of discovery, Malloy provided false, sworn interrogatory answers and deposition testimony regarding her employment and earnings history, criminal history, bankruptcy history, and educational background; and she provided an incorrect date of birth under penalty of perjury on a Social Security Administration form, which defendants requested in order to obtain an accurate earnings statement.

Defendants contend that Malloy's deceitful conduct caused them to expend extensive time and effort investigating Malloy's background to secure accurate information and prejudiced them by impeding their ability to obtain information relevant to their defense. Regarding the SSA form particularly, defendants aver that the SSA's rejection of the form in April 2025 because of the inaccurate birthdate thwarted their ability to timely obtain relevant information for purposes of summary judgment and trial.

In response, Malloy argues that sanctions are not warranted here because she was not deliberately offering falsehoods in her interrogatory answers and deposition testimony, but rather simply forgot some information.

Moreover, Malloy contends that none of the information that forms the basis of defendants' motion was relevant to the case because she did not intend to introduce any related evidence at trial and defendants had other evidence to present in their defense.

As to the SSA form, Malloy's attorney, Matthew Ghio, admits that he provided a blank form to Malloy to sign under penalty of perjury and that Ghio merely committed a scrivener's error when he completed the form later. Discussion As an initial matter, I will deny defendants' motion to the extent it asks me to strike Malloy's complaint and dismiss the case with prejudice as a sanction for Malloy's misconduct.

On January 8, 2026, I granted defendants summary judgment on the remaining claims in the case, thereby mooting their request to dismiss. As to defendants' request for attorney's fees, defendants invoke Federal Rule of Civil Procedure 26(g)(3) as authority for imposing sanctions on the signer of a discovery response who improperly certifies compliance with Rule 26(g)(1); as well as Rule 37(b)(2)(A) as authority for imposing sanctions for failure to comply with a court's discovery order.

Defendants also invoke the court's inherent authority to impose sanctions for bad-faith conduct, regardless of whether the conduct is sanctionable under the Federal Rules of Civil Procedure. "The inherent power of a court [to impose sanctions] can be invoked even if procedural rules exist which sanction the same conduct." Chambers v. NASCO, Inc., 501 U.S. 32, 49 (1991) (citation modified).

Invoking inherent authority "is plainly the case where the conduct at issue is not covered by one of the other sanctioning provisions." Id. at 50. "But neither is a federal court forbidden to sanction bad-faith conduct by means of the inherent power simply because that conduct could also be sanctioned under... the Rules." Id. A "court may safely rely on its inherent power" if in its "informed discretion... the Rules are [not] up to the task." Id. See also Schlafly v. Eagle F., 970 F.3d 924, 936 (8th Cir.

2020). "Because of their very potency, inherent powers must be exercised with restraint and discretion. A primary aspect of that discretion is the ability to fashion an appropriate sanction for conduct which abuses the judicial process." Chambers, 501 U.S. at 44-45 (citation modified). Abuse of the judicial process includes discovery abuses such as a party's "engaging in a pattern of deceit by presenting false and misleading answers and testimony under oath in order to prevent their opponent from fairly presenting its case." Chrysler Corp. v. Carey, 186 F.3d 1016, 1022 (8th Cir.

1999). Within a court's inherent power is an assessment of attorney's fees as a sanction "when a party has acted in bad faith, vexatiously, wantonly, or for oppressive reasons." Chambers, 501 U.S. at 45-46 (citation modified). Bad faith may be shown by a party's delay or disruption of the litigation or their hampering enforcement of a court order, thus warranting an assessment of attorney's fees.

Id. at 46. See also Schlafly, 970 F.3d at 936-37. The power to award attorney's fees for bad-faith conduct "depends not on which party wins the lawsuit, but on how the parties conduct themselves during the litigation." Chambers, 501 U.S. at 53. "A remedial award of attorney's fees as a sanction occurs when the fee is paid to the opposing party as compensation for the attorney's fees incurred as a direct result of the unethical behavior." Schlafly, 970 F.3d at 937 (citation modified).

While I have broad discretion in awarding such fees, the award must be limited to only those incurred solely because of the misconduct. Goodyear Tire & Rubber Co. v. Haeger, 581 U.S. 101, 103-04 (2017). Otherwise, the sanction may be considered punitive to which procedural guarantees applicable in criminal cases would apply. Id. at 108. I have carefully reviewed Malloy's deposition testimony, answers to interrogatories, SSA form, and all other documents filed by the parties on defendants' motion for sanctions.

On the evidence submitted and for the reasons set out in defendants' motion, Malloy's challenged deposition testimony and answers to certain interrogatories were plainly not credible and possibly perjurious. Malloy provides no defense for her false answers and testimony given under oath, other than she merely forgot about her criminal charge and conviction.

She provides no reason or explanation for her false and/or misleading answers and testimony regarding her employment history, employment references and contact information, educational history, and bankruptcy history.

Moreover, attorney Ghio admits that Malloy signed a blank SSA form despite declaring under penalty of perjury that she had "examined all the information on this form, and on any accompanying statements or forms, and it is true and correct to the best of my knowledge" (ECF 69-6, signed SSA form); that it was he who completed the form after Malloy signed it; and that that process has "always been" his practice in securing authorization forms from Malloy in this case.

(See ECF 82, Pltf's Opp. at p. 4.) Regardless of counsel's questionable practice and his claimed scrivener's error in his completing the form, his admission nevertheless shows that Malloy's declaration on the SSA form was false.

The repeated and consistent nature of Malloy's sworn falsehoods and misrepresentations during discovery threatened the integrity of this litigation particularly and the judicial process generally. See Chrysler Corp., 186 F.3d at 1021. Other than explaining her false testimony on past criminal convictions, Malloy does not deny that her pattern of deceit prejudiced defendants' ability to fully prepare and fairly present all their defenses to her claims.

Her claim of relevance is without merit, see Lutzeier v. Citigroup Inc., No. 4:14CV183 RLW, 2015 WL 1853820, at *2 (E.D. Mo. Apr. 22, 2015) (plaintiff's credibility and after- acquired evidence relevant to defense); and her red-herring complaint regarding defense counsel's role does not excuse or negate her own misconduct. Sanctions are therefore warranted.

Chrysler Corp., 186 F.3d at 1022. Therefore, pursuant to my inherent authority, I will grant defendants' motion for sanctions to the extent defendants seek to recover attorney's fees that were incurred and caused solely because of Malloy's false and misleading answers to interrogatories and deposition testimony regarding her employment and earnings history, criminal history, bankruptcy history, and educational background; and by the provision of incorrect information on Social Security Administration form SSA- 7050-F4 (11-2022), signed under penalty of perjury on December 16, 2024.

Those attorney's fees may include reasonable fees incurred in preparing and litigating the motion for sanctions. Given the nature of the misconduct, including counsel's practice in securing Malloy's authorizations in the case, I will impose the sanctions jointly and severally upon plaintiff

Deborah Malloy and her attorney, Matthew Ghio. I will deny as moot defendants' motion to the extent defendants seek to strike Malloy's pleadings and to dismiss this action with prejudice as a sanction.

Accordingly, IT IS HEREBY ORDERED that defendants' Joint Motion for Sanctions Based on Plaintiff's Discovery Misconduct [68] is GRANTED in part and DENIED AS MOOT in part as set out above. IT IS FURTHER ORDERED that sanctions in the form of attorney's fees are awarded to defendants Trileaf Corporation and T. Scott Muschany and assessed against plaintiff Deborah Malloy and her attorney, Matthew Ghio, jointly and severally.

IT IS FURTHER ORDERED that within fourteen (14) days of the date of this Order, defendants shall filed a verified statement of the attorney's fees they reasonably incurred that were caused because of plaintiff Deborah Malloy's false and misleading answers to interrogatories and deposition testimony regarding her employment and earnings history, criminal history, bankruptcy history, and educational background; and by the provision of incorrect information on Social Security Administration form SSA-7050-F4 (11-2022), signed under penalty of perjury on December 16, 2024.

CATHERINE D.PERRY // UNITED STATES DISTRICT JUDGE Dated this 14th day of January, 2026. -8&-