UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

Ameris Bank v. Gibson's Landscape Management, LLC

Ameris Bank · No. 8:24-cv-01836-FLA (JDEx) · Decided May 5, 2025

SUMMARY

The United States District Court for the Central District of California issued an order directing Ameris Bank to show cause why Gibson’s Landscape Management, LLC, STL Grading LLC, and Michael Wayne Gibson should not be held jointly and severally liable. The court identified a potential improper double recovery because a related default judgment had already been entered against STL Grading and Gibson based on the same agreements and events. The court also directed Plaintiff to explain whether the prior default judgment should be modified to account for payments made under the guaranty.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	Fernando L. Aenlle-Rocha
JURISDICTION	United States District Court for the Central District of California
DECIDED	May 5, 2025
DOCKET	8:24-cv-01836-FLA (JDEx)
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff moved for default judgment against Defendant Gibson's Landscape Management, LLC after the clerk entered default. Rather than immediately granting or denying the motion, the court issued an order to show cause concerning potential joint and several liability and double recovery.
STANDARD OF REVIEW	For default judgment, the court considers whether entry of judgment is appropriate under Federal Rule of Civil Procedure 55 and whether the requested relief would result in an improper double recovery.
PRECEDENTIAL VALUE	Unpublished federal district court order; precedential status unknown and generally nonprecedential.

TOPICS

default judgment · default · damages · civil procedure · breach of contract

PRACTICE AREAS

civil procedure · commercial litigation · contracts · remedies

QUESTIONS PRESENTED

1. Whether the court should grant default judgment against Gibson's Landscape Management, LLC for breach of the corporate guaranty.
2. Whether granting the requested default judgment would create an improper double recovery because of the prior judgment in the related action.
3. Whether STL Grading LLC, Michael Wayne Gibson, and Gibson's Landscape Management, LLC should be found jointly and severally liable for any default judgment.
4. Whether the prior default judgment should be modified to account for payments made by Gibson's Landscape Management, LLC under the guaranty.

HOLDINGS

1. A plaintiff is not entitled to an improper double recovery for the same harm; before entering judgment, the court must account for overlapping liability and payments arising from the same agreements and events.

KEY QUOTATIONS

> *"Here, if the court were to grant the Motion, Plaintiff would secure what appears to be an improper double recovery since Ameris Bank I and the instant action arise from the same events and agreements."* (at 3)

> *"Accordingly, the court ORDERS Plaintiff to SHOW CAUSE in writing, within fourteen (14) days from the date of this Order, why the court should not find STL Grading, Michael Wayne Gibson, and GLM jointly and severally liable for any potential default judgment owed to Plaintiff."* (at 3-4)

FACTUAL BACKGROUND

STL Grading LLC entered into an equipment financing agreement with Ameris Bank for a loan of $137,813.73, and Gibson's Landscape Management, LLC executed a guaranty to induce the financing and ensure payment. STL Grading stopped making payments in February 2024, after which Gibson's Landscape made several payments under the guaranty but left a balance unpaid. Ameris Bank had already obtained a default judgment in a related action against STL Grading and Michael Wayne Gibson arising from the same agreements and events, creating a potential overlap in recoverable damages.

PROCEDURAL HISTORY

Ameris Bank filed this diversity action on August 20, 2024, asserting a claim for breach of corporate guaranty. The clerk entered default against Gibson's Landscape Management, LLC on November 18, 2024, and Ameris Bank moved for default judgment on November 25, 2024. The court issued an order requiring Plaintiff to explain why the defendant should not be jointly and severally liable with nonparties STL Grading LLC and Michael Wayne Gibson and why the prior default judgment in the related action should not be modified.

DISPOSITION

other

CASES CITED

- Ameris Bank v. STL Grading, LLC, et al., Case No. 8:24-cv-00588-FLA (JDEx), Dkt. 15
- M&T Cap. and Leasing Corp. v. Freon Logistics, Case No. 2:23-cv-01171-WBS-CSK, 2025 WL 1100889 (E.D. Cal. Mar. 21, 2025)
- Sorayama v. Robert Bane Ltd. Inc., 380 F. App'x 707, 709 (9th Cir. 2010)

OPINION

Ameris Bank v. Gibson's Landscape Management, LLC

PER CURIAM.

1 2 3 4 5 6 7

8 UNITED STATES DISTRICT COURT

9 CENTRAL DISTRICT OF CALIFORNIA

10 11 AMERIS BANK, Case No. 8:24-cv-01836-FLA (JDEx) 12 Plaintiff,

ORDER TO SHOW CAUSE WHY

13 v. DEFENDANTS SHOULD NOT BE

14 HELD JOINTLY AND SEVERALLY

GIBSON’S LANDSCAPE LIABLE WITH NON-PARTIES STL

15 MANAGEMENT, LLC, GRADING LLC AND MICHAEL

16 Defendant. WAYNE GIBSON 17 18 19 20 21 22 23 24 25 26 27 28

1 RULING

2 On November 25, 2024, Plaintiff Ameris Bank (“Plaintiff”) filed its Motion for 3 Default Judgment (the “Motion”) against Defendant Gibson’s Landscape 4 Management, LLC (“Defendant” or “GLM”). Dkt 13. (“Mot.”). Plaintiff pleads the 5 following facts in the Complaint. 6 In or around June 2023, STL Grading LLC (“STL Grading”) sought to obtain 7 certain equipment for its business and entered into an Equipment Financing 8 Agreement (“EFA”) with Plaintiff to finance the purchase. Dkt. 1 (“Compl.”) ¶¶ 11– 9 12.1 Pursuant to the EFA, Plaintiff loaned $137,813.73 to STL Grading, which, in 10 turn, agreed to make 60 monthly payments of $3,215.19 to Plaintiff. Id. ¶ 12. 11 Concurrent with the execution of the EFA, and to induce Plaintiff to enter into the 12 EFA with STL Grading, GLM executed a Personal Guaranty Agreement (“Guaranty 13 Agreement”) to ensure the payment of the existing obligation to Plaintiff. Id. ¶ 18; see 14 also Dkt. 1-1 at 8. GLM has one member, Michael Wayne Gibson (“Gibson”). 15 Compl. ¶ 2. 16 The last payment Plaintiff received was credited toward the monthly payment 17 due on January 6, 2024. Id. ¶ 13. On or about February 6, 2024, STL Grading 18 breached the EFA by failing to make the monthly payment due on that date. Id. 19 Following

STL Grading's breach of the EFA, Plaintiff demanded payment from GLM, as set forth under the Guaranty Agreement, and Defendant made five (5) additional full monthly payments of $3,215.19 on February 6, March 6, April 6, May 6, and June 6, 2024, and one (1) partial monthly payment of $2,144.81 on July 6, 2024. Mot. at 8.

Plaintiff initiated this action against Defendant on August 20, 2024, asserting a single cause of action for breach of corporate guaranty. See Compl. ¶¶ 9–23. In sum, Plaintiff alleges Defendant breached its contract by failing to pay the debt owed to Plaintiff under the EFA and Guaranty Agreement. Id. The court clerk entered default against GLM on November 18, 2024. Dkt. 12. Plaintiff filed the instant Motion on November 25, 2024, seeking default judgment in the amount of $177,817.22, comprising of $155,785.32 in compensatory damages, $14,511.20 in pre-judgment interest, $6,715.70 in attorney's fees, and $905.00 in costs. Mot. at 9.

Previously, on July 18, 2024, the court granted default judgment in Plaintiff's favor in a related case involving the same facts against STL Grading and Gibson. Ameris Bank v. STL Grading, LLC, et al., Case No. 8:24-cv-00588-FLA (JDEx) ("Ameris Bank I"), Dkt. 15. The default judgment was for $187,361.93 in total, comprising of $174,006.08 in compensatory damages, $5,672.73 in pre-judgment interest, $7,080.12 in attorney's fees, and $603.00 in costs. Id. at 8–9. The awarded compensatory damages were equal to the amount that remained unpaid under the EFA, excluding the additional payments Defendant made under the Guaranty Agreement. See Ngo Decl. ¶¶ 6–7.

Under California law, contractual damages are presumed to be joint and several. See Cal. Civ. Code §§ 1659, 1660. Here, if the court were to grant the Motion, Plaintiff would secure what appears to be an improper double recovery since Ameris Bank I and the instant action arise from the same events and agreements. See M&T Cap. and Leasing Corp. v. Freon Logistics, Case No. 2:23-cv-01171-WBS-CSK, 2025 WL 1100889 (E.D. Cal. Mar. 21, 2025) (denying a motion for default judgment due to the possibility of double recovery); see also Sorayama v. Robert Bane Ltd. Inc., 380 F. App'x 707, 709 (9th Cir. 2010) (recognizing plaintiff is not entitled to recover twice for the same harm).

Accordingly, the court ORDERS Plaintiff to SHOW CAUSE in writing, within fourteen (14) days from the date of this Order, why the court should not find STL Grading, Michael Wayne Gibson, and GLM jointly and severally liable for any potential default judgment owed to Plaintiff. Plaintiff also should explain why the default judgment in Ameris I should not be modified to account for the additional payments Defendant made under the Guaranty Agreement. Plaintiff's response shall be limited to ten (10) pages in length. As Plaintiff is the party seeking default judgment, Plaintiff's failure to respond timely and adequately to this Order may result in denial of the Motion.

IT IS SO ORDERED.

Dated: May 5, 2025

FERNANDO L. AENLLE-ROCHA
United States District Judge

1 The court cites documents by the page numbers added by the CM/ECF system rather than any page numbers listed on the documents natively.