

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.

OPINION

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 20 GLM, as set forth under the Guaranty Agreement, and Defendant made five (5) 21 additional full monthly payments of \$3,215.19 on February 6, March 6, April 6, May 22 6, and June 6, 2024, and one (1) partial monthly payment of \$2,144.81 on July 6, 23 2024.

Mot. at 8. 24 Plaintiff initiated this action against Defendant on August 20, 2024, asserting a 25 single cause of action for breach of corporate guaranty. See Compl. ¶¶ 9–23. In sum, 26 27 1 The court cites documents by the page numbers added by the CM/ECF system rather 28 than any page numbers listed on the documents natively. 1 Plaintiff alleges Defendant breached its contract by failing to pay the debt owed to 2 Plaintiff under the EFA and Guaranty Agreement.

Id. The court clerk entered default 3 against GLM on November 18, 2024. Dkt. 12. Plaintiff filed the instant Motion on 4 November 25, 2024, seeking default judgment in the amount of \$177,817.22, 5 comprising of \$155,785.32 in compensatory damages, \$14,511.20 in pre-judgment 6 interest, \$6,715.70 in attorney's fees, and \$905.00 in costs. Mot. at 9. 7 Previously, on July 18, 2024, the court granted default judgment in Plaintiff's 8 favor in a related case involving the same facts against STL Grading and Gibson.

9 Ameris Bank v. STL Grading, LLC, et al., Case No. 8:24-cv-00588-FLA (JDEx) 10 ("Ameris Bank I"), Dkt. 15. The default judgment was for \$187,361.93 in total, 11 comprising of \$174,006.08 in compensatory damages, \$5,672.73 in pre-judgment 12 interest, \$7,080.12 in attorney's fees, and \$603.00 in costs. Id. at 8–9.

The awarded 13 compensatory damages were equal to the amount that remained unpaid under the 14 EFA, excluding the additional payments Defendant made under the Guaranty 15 Agreement. See Ngo Decl. ¶¶ 6–7. 16 Under California law, contractual damages are presumed to be joint and several. 17 See Cal. Civ. Code §§ 1659, 1660.

Here, if the court were to grant the Motion, 18 Plaintiff would secure what appears to be an improper double recovery since Ameris 19 Bank I and the instant action arise from the same events and agreements. See M&T 20 Cap. and Leasing Corp. v. Freon Logistics, Case No. 2:23-cv-01171-WBS-CSK, 21 2025 WL 1100889 (E.D. Cal. Mar. 21, 2025) (denying a motion for default judgment 22 due to the possibility of double recovery); see also Sorayama v. Robert Bane Ltd. Inc., 23 380 F. App'x 707, 709 (9th Cir.

2010) (recognizing plaintiff is not entitled to recover 24 twice for the same harm). 25 Accordingly, the court ORDERS Plaintiff to SHOW CAUSE in writing, within 26 fourteen (14) days from the date of this Order, why the court should not find STL 27 Grading, Michael Wayne Gibson, and GLM jointly and severally liable for any 28 potential default judgment owed to Plaintiff.

Plaintiff also should explain why the 1 | default judgment in Ameris I should not be modified to
account for the additional 2 || payments Defendant made under the Guaranty Agreement.
Plaintiff's response shall 3 | be limited to ten (10) pages in length.

As Plaintiff is the party seeking default 4 | judgment, Plaintiff's failure to respond timely and
adequately to this Order may result 5 | in denial of the Motion. 6 7 IT IS SO ORDERED. 8 9 |
Dated: May 5, 2025 10 FERNANDO L. AENLLE-ROCHA 4 United States District Judge 12 13
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