

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA

Paul Henreid v. Raymond Neal Haynes, David Sotelo, and Richard
Skaggs

Henreid v. Haynes · No. 2:23-cv-2797-DJC-SCR · Decided October 10, 2025

SUMMARY

The United States District Court for the Eastern District of California recommends denying Plaintiff Paul Henreid’s motion to amend the judgment under Federal Rule of Civil Procedure 59(e). The court concludes that Plaintiff identified no newly discovered evidence, clear error, manifest injustice, or intervening change in controlling law, and reiterates the bases for dismissal, denial of leave to amend, and the \$10,000 sanctions award.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
WRITING FOR THE COURT	Sean C. Riordan
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	October 10, 2025
DOCKET	2:23-cv-2797-DJC-SCR
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff moved under Federal Rule of Civil Procedure 59 to amend the judgment entered after the district judge adopted findings and recommendations granting defendants' motions to dismiss and awarding sanctions. The magistrate judge recommended denying the motion.
STANDARD OF REVIEW	A Rule 59(e) motion may be granted for newly discovered evidence, clear error or manifest injustice, or an intervening change in controlling law. Relief under Rule 59(e) is extraordinary and should be used sparingly; the motion may not be used to relitigate old matters or raise arguments or evidence that could have been presented before judgment.
PRECEDENTIAL VALUE	Nonprecedential district court findings and recommendations; not a final disposition unless adopted by the district judge.

PARTIES

Paul Henreid v. Raymond Neal Haynes, David Sotelo, Richard Skaggs

TOPICS

motion for reconsideration

motion to amend

sanctions

motions to dismiss

civil procedure

PRACTICE AREAS

civil procedure

federal civil litigation

postjudgment motions

sanctions

pleading and amendment

QUESTIONS PRESENTED

1. Whether Plaintiff satisfied the requirements for altering or amending the judgment under Federal Rule of Civil Procedure 59(e).
2. Whether the court clearly erred in dismissing the claims, denying leave to amend as futile, or imposing sanctions.
3. Whether Plaintiff's newly offered arguments and evidence warranted reconsideration of the judgment.

HOLDINGS

1. The judgment should not be amended because Plaintiff did not present newly discovered evidence, demonstrate clear error or manifest injustice, or identify an intervening change in controlling law.
2. Plaintiff did not establish clear error in the prior dismissal because he failed to address the reasons the court dismissed his claims, including the absence of a private cause of action for tax fraud and the application of the litigation privilege.
3. Plaintiff did not establish grounds to amend the sanctions award because his arguments about vexatious-litigant status, service of process, financial hardship, and alleged punitive intent did not address the basis for the sanctions.
4. Plaintiff did not establish that the court erred in denying leave to amend because the proposed second amended complaint did not materially cure the defects in the First Amended Complaint, making further amendment futile.

KEY QUOTATIONS

“Amendment or alteration of judgment “is appropriate under Rule 59(e) if (1) the district court is presented with newly discovered evidence, (2) the district court committed clear error or made an initial decision that was manifestly unjust, or (3) there is an intervening change in controlling law.”” (at 1)

“Amendment under Rule 59(e), however, is an “extraordinary remedy, to be used sparingly in the interests of finality and conservation of judicial resources.”” (at 1)

“Overall, none of the arguments Plaintiff raises show amendment of the judgment is warranted.” (at 4)

FACTUAL BACKGROUND

Plaintiff's First Amended Complaint asserted claims arising from alleged misconduct involving defendants, state-court proceedings, defamation, tax fraud, and related matters. The court previously dismissed the action, denied leave to amend as futile, and imposed \$10,000 in sanctions because Plaintiff was on notice before filing the amended complaint that his arguments lacked merit. In the Rule 59(e) motion, Plaintiff repeated or reframed prior arguments, challenged the sanctions, asserted financial hardship, and argued that a proposed second amended complaint could cure the pleading defects.

PROCEDURAL HISTORY

On August 13, 2025, District Judge Daniel J. Calabretta adopted findings and recommendations granting defendants' motions to dismiss the First Amended Complaint and awarding \$10,000 in sanctions against Plaintiff. Judgment was entered on September 8, 2025. Plaintiff then moved to amend the judgment, and the motion was referred to Magistrate Judge Sean C. Riordan, who issued findings and recommendations recommending denial.

DISPOSITION

other

CASES CITED

- Zimmerman v. City of Oakland, 255 F.3d 734, 740 (9th Cir. 2001)
- Kona Enters., Inc. v. Est. of Bishop, 229 F.3d 877, 890 (9th Cir. 2000)
- Exxon Shipping Co. v. Baker, 554 U.S. 471, 485 (2008)
- Bianchi v. Rylaarsdam, 334 F.3d 895, 898 (9th Cir. 2003)
- In re Marriage of Anka & Yeager, 31 Cal. App. 5th 1115, 1121 (Cal. Ct. App. 2019)
- In re Marriage of Davenport, 194 Cal. App. 4th 1507, 1527 (Cal. Ct. App. 2011)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555 (2007)
- Papasan v. Allain, 478 U.S. 265, 286 (1986)
- United States v. Palma, 473 F.3d 899, 902 (8th Cir. 2007)
- Akhtar v. Mesa, 698 F.3d 1202, 1213 (9th Cir. 2012)
- Martinez v. Yist, 951 F.2d 1153 (9th Cir. 1991)

OPINION

Haynes

PER CURIAM.

1 2 3 4 5 6 7

8 UNITED STATES DISTRICT COURT

9 FOR THE EASTERN DISTRICT OF CALIFORNIA

10

11 PAUL HENREID, No. 2:23-cv-2797-DJC-SCR

12 Plaintiff,

13 v. FINDINGS AND RECOMMENDATIONS

14 RAYMOND NEAL HAYNES, DAVID

SOTELO, and RICHARD SKAGGS,

15 Defendants. 16

17 18 On August 13, 2025, District Judge Calabretta adopted the undersigned's Findings and 19
Recommendations to grant Defendants' Motions to Dismiss the First Amended Complaint 20
("FAC") in this action (ECF Nos. 17, 19) and to award sanctions against Plaintiff in the amount 21
of \$10,000. ECF No. 44. Judgement was entered on September 8, 2025. ECF No. 47. Plaintiff 22
now moves to amend the judgment under Fed. R. Civ. P. 59. ECF No. 48. District Judge 23
Calabretta referred Plaintiff's Motion to Amend to the undersigned. ECF No. 49. 24 While
Plaintiff cites to provisions of Rule 59 concerning post-trial relief, ECF 48-1 at 1, 25 the Court
construes his motion to fall under Rule 59(e), which allows for a motion to amend a 26 judgment.
Amendment or alteration of judgment "is appropriate under Rule 59(e) if (1) the 27 district court is
presented with newly discovered evidence, (2) the district court committed clear 28 error or made
an initial decision that was manifestly unjust, or (3) there is an intervening change 1 in controlling
law." *Zimmerman v. City of Oakland*, 255 F.3d 734, 740 (9th Cir. 2001). 2 Amendment under Rule
59(e), however, is an "extraordinary remedy, to be used sparingly in the 3 interests of finality and
conservation of judicial resources." *Kona Enters., Inc. v. Est. of Bishop*, 4 229 F.3d 877, 890 (9th
Cir. 2000) (citation omitted). The moving party may not "relitigate old 5 matters, or...raise
arguments or present evidence that could have been raised prior to the entry of 6 judgment."
Exxon Shipping Co. v. Baker, 554 US 471, 485 (2008) (internal quotes omitted). 7 Amendment is
not appropriate because Plaintiff has not presented newly discovered 8 evidence, shown legal
error, or shown a change in the law. For example, the Findings and 9 Recommendations granted
Judge David Sotelo's motion to dismiss in part based on the Rooker- 10 Feldman doctrine, which
prohibits relitigating in federal court any claims that are "inextricably 11 intertwined" with a state
court decision. ECF No. 42 at 18 (quoting *Bianchi v. Rylaarsdam*, 334 12 F.3d 895, 898 (9th Cir.
2003)). Plaintiff instead discusses res judicata and collateral estoppel, 13 ECF No. 48-1 at 16-19,
doctrines that the Court explicitly determined it "need not address" in 14 ruling against Plaintiff.
ECF Nos. 42 at 17. Plaintiff similarly argues that sanctions are not 15 appropriate because a single
lawsuit cannot render him a vexatious litigant, and because any 16 procedural issues with service
of process were waived by Defendants Haynes and Skaggs' 17 appearances. ECF No. 48-1 at 2,
14-15. Neither of these arguments address why sanctions were 18 awarded. The Court did not
sanction Plaintiff because it found him to be a vexatious litigant or 19 because of service issues.
Rather, the Court sanctioned Plaintiff because he was on notice before 20 filing his FAC that none
of his arguments had merit. See ECF No. 42 at 23, 25.1 21 Other of Plaintiff's arguments in the
Motion to Amend fail to address key points in the 22 Court's analysis. The Court dismissed
Plaintiff's claim for tax fraud before considering the 23 arguments generally applicable to

Plaintiff's other claims. ECF No. 42 at 13-14. Plaintiff now 24 raises further arguments as to his tax fraud claim but fails to address the primary reason for 25 /// 26 27 1 This portion of the Findings and Recommendations also refutes Plaintiff's argument in reply that the undersigned did not "describe the sanctioned conduct and explain the basis for the 28 1 dismissing it—that no private cause of action exists for tax fraud. Id. at 13; ECF No. 48-1 at 10- 2 11, 19-20. 3 A similar problem plagues Plaintiff's arguments as to the litigation privilege. Plaintiff 4 repeats his prior citation to *In re Marriage of Anka & Yeager*, which the Findings and 5 Recommendations found inapplicable to this case. ECF No. 48-1 at 16-17 (quoting 31 Cal. App. 6 5th 1115, 1121 (Cal. Ct. App. 2019)). Plaintiff does not explain why the undersigned erred by 7 distinguishing between "contempt proceedings in the same action" (to which the litigation 8 privilege does not apply) and, as here, "separate actions for tort liability" (to which the privilege 9 does apply). ECF No. 42 at 17 (citing *In re Marriage of Davenport*, 194 Cal.App.4th 1507, 1527 10 (Cal. Ct. App. 2011)). Plaintiff similarly invokes California Civil Code sections 47(a) and 11 47(b)(5) as exceptions to the litigation privilege, but does not address the Court's findings that 12 those provisions are irrelevant to the communications at issue. ECF Nos. 42 at 15, 48-1 at 20. 13 Plaintiff also impermissibly revives his argument that the Court must treat the FAC's 14 claim that "[t]he defamation at issue in the Underlying Civil Action is not at issue in this 15 complaint" as true when ruling on a motion to dismiss this case. ECF No. 48-1 at 3-4. Courts 16 must take any factual allegations as true, but not "labels and conclusions" disguised as factual 17 allegations. See *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007) (citing 18 *Papasan v. Allain*, 478 U.S. 265, 286 (1986)). In any event, the undersigned noted that the FAC 19 specifically sought an order compelling the removal of "any damaging misrepresentations of 20 Plaintiff's past from the state-court record." ECF No. 42 at 19 (citing ECF No. 32 at 4 (citing 21 ECF No. 5 at 37)). The Court would therefore need to "review whether the language in such 22 orders was defamatory," despite Plaintiff alleging otherwise. ECF No. 42 at 19. The Court did 23 not err in reaching such a conclusion.² 24 2 Relatedly, Plaintiff argues that jurists should apply a so-called "golden rule" analysis to find 25 that Plaintiff was "blatantly defamed and attacked" by Defendants. ECF No. 48-1 at 12. Plaintiff cites *United States v. Palma*, which describes the "golden rule" as a party's request that jurors 26 "place themselves in the position of [the] party[.]" 473 F.3d 899, 902 (8th Cir. 2007). To the extent "golden rule" analysis has any role in our legal system, it clearly does not apply to legal 27 rulings. Moreover, *Palma* rejected "golden rule" analysis as "universally condemned" because it asks jurors to "decide the case on the basis of personal interest and bias rather than on the 28 1 Plaintiff then argues that the award of sanctions ignores evidence of financial hardship, 2 such as bank records and a declaration that he has no liquid assets, and is effectively a punitive 3 order that aims to silence Plaintiff to prevent him from "Exposing the Cabal Controlling the 4 Judiciary that Destroyed Plaintiff's Residence and Vehicle." ECF No. 48-1 at 4. The Court has 5 reviewed the docket, including the Proposed Second Amended Complaint ("Proposed SAC") 6 (ECF No. 38), and found no supporting bank records on file. Nor can

Plaintiff submit such 7 evidence at this point without explaining why he failed to do so before entry of judgment. See 8 *Exxon Shipping Co.*, 554 U.S. at 485. Moreover, as the Court noted in finding that Plaintiff 9 should be sanctioned, he has not shown that he could not liquidate assets if necessary. 10 As to the Proposed SAC, Plaintiff argues the Court erred in denying him leave to file it as 11 a cure for the defects in his FAC. ECF No. 48-1 at 6-7. As the Court noted in its Findings and 12 Recommendations, denial of leave to amend is appropriate if the complaint's deficiencies cannot 13 be cured by amendment, rendering leave to amend futile. ECF No. 42 at 9, 21 (citing *Akhtar v. 14 Mesa*, 698 F.3d 1202, 1213 (9th Cir. 2012)). Plaintiff argues that the Proposed SAC included 15 new factual allegations postdating the FAC and asserted new causes of action under 42 U.S.C. § 16 1983 for violations of civil rights by persons acting under the color of law. ECF No. 48-1 at 6-7. 17 Plaintiff's arguments misrepresent the contents of the Proposed SAC. The motion seeking 18 leave to file the FAC alleges that "terrorists" started an electrical fire at Plaintiff's house the same 19 day that the California State Bar assigned a case number to complaints against Defendant Haynes. 20 ECF No. 38 at 2, 5. The Proposed SAC itself mentions this arson in a single footnote, without 21 substantially connecting it to any of the causes of action asserted therein. ECF No. 38-1 at 18, 22 n.1. Nor does Plaintiff explain how this arson provides any basis for a claim under 42 U.S.C. § 23 1983. Despite the FAC's allegation that Haynes is a veteran California litigator with many 24 government connections, Haynes himself is not a government official and there are no facts 25 showing that he plausibly acted under color of law. See ECF No. 5 at 35. 26 The Court therefore found that the Proposed SAC was identical to the FAC in all material 27 respects, including the causes of actions within the body of each document. ECF No. 42 at 21. 28 This led the Court to conclude that Plaintiff cannot amend the complaint to state a cause of action 1 | } on which relief could be granted. /d. at 21-22. Plaintiff has failed to adequately challenge the 2 || Court's justification for denying leave to amend. 3 More broadly, Plaintiff argues that dismissal of this action without leave to amend would 4 | violate his right to a jury trial under the U.S. Constitution. ECF No. 48-1 at 14. Dismissing an 5 || action prior to a jury trial does not interfere with the right to one when in accordance with law and 6 || the Federal Rules of Civil Procedure. Were that not the case, the numerous rules of procedure 7 || allowing for pre-trial dismissal under certain circumstances would be unconstitutional. See, e.g., 8 | Fed. R. Civ. P. 12, 37, 41, 56. 9 Overall, none of the arguments Plaintiff raises show amendment of the judgment is 10 | warranted. Some arguments are completely irrelevant to why judgment was entered against 11 | Plaintiff. Others repeat arguments that the Court previously rejected, with little to no explanation 12 || as to why the Court should reconsider its holding. Nor does Plaintiff explain why he could not 13 | make any of these arguments prior to the District Judge's order adopting the Findings and 14 | Recommendations. 15 Accordingly, IT IS HEREBY RECOMMENDED THAT the Motion to Amend 16 | Judgment be DENIED. 17 These findings and recommendations are submitted to the United States District Judge 18 | assigned to this case, pursuant to the provisions of 28 U.S.C. § 636(b)(1). Within fourteen (14) 19 | days after being served with these findings and

recommendations, Plaintiff may file written 20 | objections with the court. Such document should be captioned “Objections to Magistrate Judge’s 21 || Findings and Recommendations.” Local Rule 304(d). Plaintiff is advised that failure to file 22 || objections within the specified time may waive the right to appeal the District Court’s order. 23 || *Martinez v. Yist*, 951 F.2d 1153 (9th Cir. 1991).

24 SO ORDERED. 25 || DATED: October 9, 2025 26 /

27 SEAN C. RIORDAN

UNITED STATES MAGISTRATE JUDGE

28