

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF  
CALIFORNIA

Ernedina Madrigal v. Commissioner of Social Security

No. 1:24-cv-0415 JLT SKO, United States District Court for the Eastern District of California (September 8, 2025)

SUMMARY

The United States District Court for the Eastern District of California adopted in part the magistrate judge’s findings and recommendations and granted the Commissioner’s unopposed motion to dismiss. The court held that the plaintiff had not established exhaustion of administrative remedies or a final decision subject to judicial review under 42 U.S.C. § 405(g). The court further concluded that, because the overpayment resulted from fraud, regulations precluded reducing the withholding below the full benefit amount, making amendment futile; the action was dismissed without prejudice for lack of jurisdiction.

CASE DETAILS

|                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COURT              | United States District Court for the Eastern District of California                                                                                                                                                                                                                                                                                                                                                                                                                              |
| JURISDICTION       | United States District Court for the Eastern District of California                                                                                                                                                                                                                                                                                                                                                                                                                              |
| DECIDED            | September 8, 2025                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| DOCKET             | 1:24-cv-0415 JLT SKO                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| DISPOSITION        | dismissed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| PROCEDURAL POSTURE | Plaintiff sought judicial review and relief concerning the Social Security Administration's withholding of her full monthly benefits to recover a fraud-related overpayment. The magistrate judge recommended dismissal with leave to amend. After de novo review and the absence of objections, the district court adopted the findings and recommendations in part, granted the motion to dismiss without leave to amend, and dismissed the action without prejudice for lack of jurisdiction. |
| STANDARD OF REVIEW | De novo review of the magistrate judge's findings and recommendations under 28 U.S.C. § 636(b)(1).                                                                                                                                                                                                                                                                                                                                                                                               |
| PRECEDENTIAL VALUE | unpublished                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| PARTIES            | Ernedina Madrigal v. Commissioner of Social Security                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## TOPICS

subject matter jurisdiction

exhaustion of remedies

judicial review of agency action

motions to dismiss

administrative law

## PRACTICE AREAS

Social Security

administrative law

civil procedure

## QUESTIONS PRESENTED

1. Whether the district court had jurisdiction to review Madrigal's challenge to the withholding of her full Social Security benefits when she had not alleged exhaustion of the administrative review process or a final decision by the Commissioner.
2. Whether amendment would be futile because the Social Security Act and regulations preclude judicial review of the full withholding of benefits to recover a fraud-related overpayment and do not permit a reduction of the withholding percentage in such circumstances.

## HOLDINGS

1. The court lacked jurisdiction because Madrigal did not allege that she pursued the administrative review process through a final decision by the Commissioner.
2. Leave to amend was properly denied because, even if Madrigal alleged exhaustion, she could not state a claim challenging the withholding of 100 percent of her benefits to recover a fraud-related overpayment.

## KEY QUOTATIONS

*“If the individual to whom an overpayment was made is at the time of a determination of such overpayment entitled to a monthly benefit or a lump sum under title II of the Act..., no benefit for any month ... is payable to such individual.”*

*“will not be available if the overpayment was caused by the individual’s intentional false statement or representation...”*

## FACTUAL BACKGROUND

Madrigal alleged that the Social Security Administration was withholding all of her monthly benefits to recover an overpayment but did not challenge the underlying overpayment determination or her obligation to repay it. She had pleaded guilty to theft of government property after admitting that she received Social Security retirement benefits using a fraudulent name and Social Security number, resulting in at least \$113,435.54 in benefits for which she was not legally entitled. The Administration was withholding 100 percent of her monthly retirement benefits, and she sought an order requiring it to withhold less.

## PROCEDURAL HISTORY

Madrigal filed an action alleging that the Social Security Administration was improperly withholding all of her disability or retirement benefits to recover an overpayment. The Commissioner moved to dismiss. The

magistrate judge concluded that Madrigal had not alleged presentation of her claim to the Commissioner or exhaustion of administrative remedies and recommended dismissal with leave to amend. The district court conducted de novo review, agreed that jurisdiction was lacking, but held that amendment would be futile because the challenged full withholding was not reviewable and was required by the governing regulations in fraud cases.

## DISPOSITION

dismissed

## CASES CITED

- Bass v. Social Security Administration, 872 F.2d 832, 833 (9th Cir. 1989)
- Wilkerson v. Wheeler, 772 F.3d 834, 839 (9th Cir. 2014)
- Lopez v. Smith, 203 F.3d 1122, 1130 (9th Cir. 2000)
- Taylor v. Soc. Sec., 2013 WL 1098103, at \*1 (E.D. Va. Mar. 14, 2013), aff'd, 528 F. App'x 375 (4th Cir. 2013)
- Cooper v. Saul, 2019 WL 4024790, at \*3-4 (E.D. Va. July 19, 2019)

## OPINION

1 2 3 4 5 6 7 8 UNITED STATES DISTRICT COURT 9 EASTERN DISTRICT OF  
CALIFORNIA 10 11 ERNEDINA MADRIGAL, Case No. 1:24-cv-0415 JLT SKO 12 Plaintiff,  
ORDER ADOPTING IN PART THE FINDINGS AND RECOMMENDATIONS, 13 v.  
GRANTING DEFENDANT’S MOTION TO DISMISS, DISMISSING THE ACTION 14  
COMMISSIONER OF SOCIAL WITHOUT PREJUDICE, AND DIRECTING SECURITY, THE  
CLERK OF COURT TO CLOSE THE 15 CASE Defendants.

16 (Docs. 11, 13) 17 18 Ernedina Madrigal proceeds pro se in this matter, asserting the Social  
Security 19 Administration is wrongfully withholding the entirety of her disability benefits “and  
putting them 20 towards an over payment.” (Doc. 1 at 2.) Plaintiff does not challenge the  
overpayment 21 determination, or the finding that she must repay the overpayment.

(See generally Doc. 1.) 22 Rather, Plaintiff requests the Court “order[] social security to not take  
the full benefit payments.” 23 (Id. at 2.) 24 Defendant seeks dismissal, asserting “Plaintiff does not  
have a claim upon which relief 25 may be granted, and the Court should dismiss Plaintiff’s  
Complaint without leave to amend.” 26 (Doc. 11 at 2.) Defendant reports that “[i]n May 2024,  
Plaintiff pled guilty to one count of 27 violating 18 U.S.C. § 641 - Theft of Government Property.”  
(Id., citing United States v. Ernedina 28 Madrigal, Case No. 1:13-cr-00341-AWI-BAM (E.D.

Cal.) [Doc. 16].) Defendant notes: 1 As part of her plea, Plaintiff admitted to applying for, and  
receiving, Social Security retirement benefits using a fraudulent name and 2 Social Security  
number. Id. at 10. For approximately 15 years, Plaintiff collected Supplemental Security Income

benefits in her own 3 name and fraudulent Social Security retirement benefits in someone else's name.

Id. As a result, the Social Security Administration paid 4 Plaintiff at least \$113,435.54 in benefits that she was not legally entitled to receive. Id. 5 6 (Doc. 11 at 2.) Defendant reports that "[t]he Social Security Administration is currently 7 withholding 100% of Plaintiff's monthly retirement benefit payments to repay her fraud 8 overpayment." (Id., citing Delgado Decl. ¶ 5 [Doc.

11-1 at 2].) Defendant acknowledges 9 Plaintiff's request that the Court order the Administration to not take her full benefits but argues 10 "the amount that the SSA withholds from a claimant's benefits to recover an overpayment is not 11 an 'initial determination' that is subject to further administrative or judicial review." (Id. at 3, 12 citing 20 C.F.R. § 404.902.)

Defendant asserts that "the Social Security Act bars Plaintiff's 13 requested relief" because the "regulations require full withholding in fraud cases." (Id. at 2, 4; see 14 also 20 C.F.R. §§ 404.502(a)(1)(a), 404.502(c)(2).) Consequently, Defendant contends that 15 "Plaintiff's issue is not subject to review and her requested relief is unavailable." (Id. at 4.)

16 Plaintiff did not oppose, or otherwise respond to, the motion to dismiss. 17 The magistrate judge found that Plaintiff failed to state a claim upon which relief may be 18 granted. (Doc. 13 at 4.) Specifically, the magistrate judge found Plaintiff did not "allege[] that 19 she requested the SSA reconsider its initial determination to suspend, reduce or terminate her 20 benefits." (Id. at 5.)

As a result, the magistrate judge found "Plaintiff has not established that she 21 presented her claim to the Commissioner, let alone that she exhausted her administrative 22 remedies." (Id.) The magistrate judge noted that "[w]ithout a final decision from the 23 Commissioner, this court is without jurisdiction to hear Plaintiff's claim." (Id., citing *Bass v. 24 Social Security Admin.*, 872 F.2d 832, 833 (9th Cir.

1989).) The magistrate judge found leave to 25 amend was appropriate because it was unclear whether Plaintiff could "allege facts suggesting she 26 presented her claim to the Commissioner or otherwise exhausted her administrative remedies." 27 (Id. at 6.) Consequently, the magistrate judge recommended the Court grant the motion to 28 dismiss with leave to amend.

(Id. at 6.) 1 The Court served the Findings and Recommendations on the parties and informed the 2 parties that any objections were due within 14 days. (Doc. 13 at 6.) In addition, the Court 3 advised the parties that "failure to file objections within the specified time may result in the 4 waiver of rights on appeal." (Id. at 6, citing *Wilkerson v. Wheeler*, 772 F.3d 834, 839 (9th Cir.

5 2014).) Neither Plaintiff nor Defendant filed objections, and the time to do so has expired. 6 According to 28 U.S.C. § 636(b)(1), this Court performed a de novo review of the entire 7 matter.

Having carefully reviewed the matter, the Court finds the determination that the Court 8 lacks jurisdiction is supported by the record and proper analysis.

However, the Court finds that 9 leave to amend is not warranted, because amendment is futile. See *Lopez v. Smith*, 203 F.3d 10 1122, 1130 (9th Cir. 2000). 11 As the magistrate judge observed, federal courts have limited jurisdiction to hear appeals 12 of Social Security Administration decisions and may only do so where the Commissioner of 13 Social Security makes a final decision.

42 U.S.C. § 405(g). A decision is not final unless: (1) the 14 agency makes an initial determination; (2) the claimant asks that the agency reconsider the initial 15 determination; (3) the claimant requests a hearing before an administrative law judge; and (4) the 16 claimant requests that the Appeals Council review the administrative law judge's decision. See 20 17 C.F.R. § 404.900(a)(1)-(5).

The decision to withhold full benefits—such as in cases of fraud—is 18 not identified in the list of agency actions considered an “initial determination.” See 20 C.F.R. § 19 404.902. In any event, because Plaintiff did not allege that she exhausted the administrative 20 review process, the Court lacks jurisdiction over her claim and the matter must be dismissed without 21 prejudice.

22 Moreover, even if Plaintiff alleged that she exhausted her administrative remedies, and as 23 difficult as it is, the federal court lacks jurisdiction to review the administrative decision to 24 withhold 100% of an individual's monthly benefits for overpayment. See, e.g., *Taylor v. Soc. Sec.*, 2013 WL 1098103, at \*1 (E.D. Va. Mar. 14, 2013) (adopting the magistrate judge's finding 26 that the district court lacked jurisdiction over the claimant's request for “judicial review of the 27 Social Security Administration's decision to withhold 100% of his monthly ... benefits to recover 28 an overpayment”), *aff'd*, 528 Fed.

App'x 375 (4th Cir. 2013); see also *Cooper v. Saul*, 2019 WL 1 | 4024790, at \*3-4 (E.D. Va. July 19, 2019) (finding the court lacked jurisdiction over a claim 2 | challenging the withholding of 100% of benefits where the overpayment was due to fraud). 3 As Defendant argues, the regulations indicate full benefits shall be withheld in cases of 4 | fraud when the individual who was overpaid is living.

Specifically, the regulations provide: “If 5 | the individual to whom an overpayment was made is at the time of a determination of such 6 | overpayment entitled to a monthly benefit or a lump sum under title II of the Act..., no benefit for 7 | any month... is payable to such individual.” 20 C.F.R. § 404.502(a)(1) (emphasis added).

The 8 | Regulations indicate that even if the individual would otherwise be entitled to an adjustment of 9 | the withholding percentage, an adjustment to less than the full amount “will not

be available if the 10 | overpayment was caused by the individual's intentional false statement or representation..." 20 11 | C.F.R. § 404.502(c)(2) (emphasis added).

Because it is undisputed that Plaintiff plead guilty to 12 | fraud related to the receipt of Social Security benefits, an adjustment to less than the full benefit is 13 | not available under the Regulations. Consequently, even if Plaintiff exhausted her administrative 14 | remedies, the Court finds she would be unable to state a claim and leave to amend is futile.

Based 15 || upon the foregoing, the Court has no choice and ORDERS: 16 1. The Findings and Recommendations (Doc. 13) are ADOPTED in part. 17 2. Defendant's unopposed motion to dismiss (Doc. 11) is GRANTED, without leave 18 to amend. 19 3.

The action is DISMISSED without prejudice for lack of jurisdiction. 20 4. The Clerk of Court is directed to close this case. 21 IT IS SO ORDERED. 23 | Dated: \_September 8, 2025 Charis [Tourn  
TED STATES DISTRICT JUDGE 24 25 26 27 28