

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Operating Engineers Health and Welfare Trust Fund v. Mercoza

No. 24-cv-03007-LB (N.D. Cal. May 7, 2025) · No. 24-cv-03007-LB · Decided May 7, 2025

SUMMARY

The document is an order reassigning the case and a report and recommendation addressing the plaintiffs' motion for default judgment in an ERISA action. The court recommends awarding \$21,398.49 in liquidated damages, interest, attorney's fees, and costs, along with injunctive relief requiring the defendants to submit to a payroll audit. The recommendation is based on the defendants' failure to appear, their delinquent benefit-plan contributions, and their failure to comply with audit requests.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Laurel Beeler
JURISDICTION	United States District Court for the Northern District of California
DECIDED	May 7, 2025
DOCKET	24-cv-03007-LB
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs moved for default judgment after the defendants failed to appear, the Clerk entered default, and the defendants were properly served. The magistrate judge reassigned the dispositive matter to a district judge because the nonappearing defendants had not consented to magistrate-judge jurisdiction, and issued a report and recommendation to grant default judgment.
STANDARD OF REVIEW	Default judgment under Federal Rule of Civil Procedure 55(b)(2) is discretionary. After default, well-pleaded allegations concerning liability are taken as true, but damages must be established. Before entering default judgment, the court must independently determine subject-matter jurisdiction, personal jurisdiction, and adequacy of service.
PRECEDENTIAL VALUE	nonprecedential

TOPICS

default judgment

service of process

subject matter jurisdiction

personal jurisdiction

erisa

PRACTICE AREAS

ERISA

employee benefits

civil procedure

remedies

QUESTIONS PRESENTED

1. Whether the court had subject-matter jurisdiction and personal jurisdiction sufficient to consider default judgment.
2. Whether service of process on Mercoza and Martinez was adequate.
3. Whether the Eitel factors favored entry of default judgment.
4. Whether the plaintiffs established entitlement to \$21,398.49 in liquidated damages, interest, attorney's fees, and costs.
5. Whether the court should recommend equitable relief requiring the defendants to submit to a payroll audit.

HOLDINGS

1. The court had federal-question subject-matter jurisdiction under ERISA and the Labor Management Relations Act and personal jurisdiction over the California defendants based on their location, status as employers, and execution of the relevant agreements.
2. Service on Mercoza and Martinez was adequate for purposes of default judgment.
3. The Eitel factors favored entry of default judgment because the plaintiffs would otherwise lack a remedy, the complaint stated meritorious and sufficient claims, the requested amount was reasonable, no material factual dispute or excusable neglect appeared, and the defendants' failure to participate made adjudication on the merits impossible.
4. The plaintiffs were entitled to recover the contractual and statutory relief arising from Mercoza's late contributions, including liquidated damages, interest, attorney's fees, and costs, subject to entry of judgment by the district judge.
5. The plaintiffs were entitled to an order requiring the defendants to submit to an audit of payroll records from July 1, 2022 through June 30, 2023.

KEY QUOTATIONS

“Because the defendants have not appeared and consented, the matter must be reassigned to a district judge.”
(at 1)

“The undersigned reassigns the case and recommends granting default judgment in the form of the proposed order and judgment, including \$21,398.49 in monetary relief and the requested injunction.” (at 8)

FACTUAL BACKGROUND

The plaintiffs are employee benefit plans and trustees whose governing agreements required Mercoza and Martinez to make monthly contributions and submit payroll records to audit. The defendants failed to make required contributions for March through May 2023 and September through November 2024, paid the contributions late, and did not respond to audit requests. Martinez personally guaranteed the amounts owed. The plaintiffs sought liquidated damages, interest, attorney's fees, costs, and an order compelling an audit.

PROCEDURAL HISTORY

The employee benefit plans and trustees sued Mercoza and Jason A. Duran Martinez under ERISA and related agreements for delinquent contributions, liquidated damages, interest, attorney's fees, costs, and an audit. The defendants did not appear. After service by personal service, substituted service through the California Secretary of State, and publication, default was entered on December 20, 2024. The magistrate judge recommended default judgment for \$21,398.49 plus the requested audit injunction and directed reassignment to a district judge.

DISPOSITION

other

CASES CITED

- Williams v. King, 875 F.3d 500, 503-05 (9th Cir. 2017)
- Fair Hous. of Marin v. Combs, 285 F.3d 899, 906 (9th Cir. 2002)
- PepsiCo, Inc. v. Cal. Sec. Cans, 238 F. Supp. 2d 1172, 1174 (C.D. Cal. 2002)
- Draper v. Coombs, 792 F.2d 915, 924-25 (9th Cir. 1986)
- In re Tuli, 172 F.3d 707, 712 (9th Cir. 1999)
- Timbuktu Educ. v. Alkaraween Islamic Bookstore, No. C 06-03025 JSW, 2007 WL 1544790, at *2 (N.D. Cal. May 25, 2007)
- Eitel v. McCool, 782 F.2d 1470, 1471-72 (9th Cir. 1986)
- Mohanna v. Bank of Am., N.A., No. 16-cv-01033-HSG, 2017 WL 976015, at *3 (N.D. Cal. Mar. 14, 2017)
- Craigslist, Inc. v. Naturemarket, Inc., 694 F. Supp. 2d 1039, 1054 (N.D. Cal. 2010)
- Kloepping v. Fireman's Fund, No. C 94-2684 TEH, 1996 WL 75314, at *2-3 (N.D. Cal. Feb. 13, 1996)
- Danning v. Lavine, 572 F.2d 1386, 1388 (9th Cir. 1978)
- Tragni v. Souther Elec. Inc., No. C 09-32 JF (RS), 2009 WL 3052635, at *5 (N.D. Cal. Sept. 22, 2009)
- Bd. of Trs. v. RBS Wash. Blvd., LLC, No. C 09-00660 WHA, 2010 WL 145097, at *3 (N.D. Cal. Jan. 8, 2010)
- Shanghai Automation Instrument Co. v. Kuei, 194 F. Supp. 2d 995, 1005 (N.D. Cal. 2001)
- Bay Area Painters v. Alta Specialty, 2008 WL 114931, at *4 (N.D. Cal. Jan. 10, 2008)
- Trustees of Bricklayers Local No. 3 Pension Trust v. Huddleston, 2013 WL 2181532, at *4 (N.D. Cal. May 20, 2013)
- Credit Managers Ass'n of S. Calif. v. Kennesaw Life & Accident Ins. Co., 25 F.3d 743, 750 (9th Cir. 1994)
- Welch v. Metro. Life Ins. Co., 480 F.3d 942, 946 (9th Cir. 2007)

- *Cabrales v. County of Los Angeles*, 864 F.2d 1454, 1464 (9th Cir. 1988)
- *Cent. States, Se. & Sw. Areas Pension Fund v. Cent. Transp., Inc.*, 472 U.S. 559, 581-82 (1985)

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