

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEVADA

SmarterSwipe, Inc. v. Carlos Navarrete, Carem Arrhimi, and Ethan Belloli-Ramos, et al.

SmarterSwipe · No. 2:24-cv-00299-CDS-MDC · Decided January 8, 2026

SUMMARY

The United States District Court for the District of Nevada granted in part SmarterSwipe, Inc.’s motion for default judgment against Carlos Navarrete, Carem Arrhimi, and Ethan Belloli-Ramos. The court entered judgment on claims for civil conspiracy, breach of contract, breach of the covenant of good faith and fair dealing, conversion, tortious interference with contractual relations, and accounting, awarding \$5,815,538.14. The court declined to enter judgment on the unjust enrichment, fraud, and misappropriation of trade secrets claims.

CASE DETAILS

COURT	United States District Court for the District of Nevada
WRITING FOR THE COURT	Cristina D. Silva
JURISDICTION	United States District Court for the District of Nevada
DECIDED	January 8, 2026
DOCKET	2:24-cv-00299-CDS-MDC
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff/counterdefendant moved for default judgment under Federal Rule of Civil Procedure 55 after defendants' answer was stricken as a discovery sanction and the clerk entered defaults.
STANDARD OF REVIEW	The court exercised discretion under Federal Rule of Civil Procedure 55 and evaluated the seven Eitel factors.
PRECEDENTIAL VALUE	unpublished district court order; nonprecedential

TOPICS

default judgment sanctions civil procedure breach of contract misappropriation of trade secrets

PRACTICE AREAS

civil procedure commercial litigation contracts torts intellectual property remedies

QUESTIONS PRESENTED

1. Whether the procedural requirements for default judgment under Federal Rule of Civil Procedure 55 were satisfied.
2. Whether the Eitel factors supported entry of default judgment.
3. Whether SmarterSwipe's well-pleaded allegations stated legally sufficient claims for civil conspiracy, breach of contract, breach of the covenant of good faith and fair dealing, conversion, tortious interference with contractual relations, accounting, unjust enrichment, fraud, and misappropriation of trade secrets.
4. Whether judgment should be entered for the requested amount of \$5,815,538.14.

HOLDINGS

1. The procedural requirements for default judgment were satisfied because the clerk had entered defaults against the defendants and SmarterSwipe timely sought default judgment.
2. The Eitel factors weighed in favor of entering default judgment because SmarterSwipe would otherwise lack an effective means to litigate its claims, the defendants failed to defend, the well-pleaded allegations supported several claims, and the defendants' default was not shown to result from excusable neglect.
3. The complaint's well-pleaded allegations were sufficient to state claims for civil conspiracy, breach of contract, breach of the covenant of good faith and fair dealing, conversion, tortious interference with contractual relations, and accounting, supporting entry of default judgment on those claims.
4. Default judgment was not available on the unjust enrichment claim because the complaint alleged express written contracts with each defendant.
5. Default judgment was not available on the fraud claim because the complaint alleged false representations to SmarterSwipe's customers rather than to SmarterSwipe itself, failing to establish the required representation, reliance, and related elements as to the plaintiff.
6. Default judgment was not available on the misappropriation-of-trade-secrets claim because the complaint did not specifically identify the alleged trade secrets or establish their existence.

KEY QUOTATIONS

“Obtaining a default judgment under Federal Rule of Civil Procedure 55 is a two-step process.” (Discussion)

“These allegations in the FAC are sufficient to states claims for civil conspiracy, breach of a contract, breach of the covenant of good faith and fair dealing, conversion, tortious interference with contractual relations, and accounting, but not for unjust enrichment, fraud, or misappropriation of trade secrets.” (Discussion, section B)

FACTUAL BACKGROUND

SmarterSwipe, a Nevada corporation providing electronic payment services, alleged that the defendants entered contracts to solicit merchant applications and agreements for its payment-related services. SmarterSwipe alleged

that defendants conspired to breach those contracts, retained company equipment and commissions, misappropriated company information, and interfered with its contractual relations. The defendants failed to comply with discovery orders, their answer was stricken, and they did not oppose the motion for default judgment.

PROCEDURAL HISTORY

SmarterSwipe sued the defendants on contract, tort, equitable, and trade-secret claims. After defendants failed to comply with discovery-related court orders, the court adopted a magistrate judge's recommendation and struck their answer, directing SmarterSwipe to seek default. The clerk entered defaults, and SmarterSwipe moved for default judgment. The court granted the motion in part and directed entry of judgment on six claims for \$5,815,538.14, while declining relief on unjust enrichment, fraud, and misappropriation of trade secrets.

DISPOSITION

other

CASES CITED

- Eitel v. McCool, 782 F.2d 1470, 1471-72 (9th Cir. 1986)
- PepsiCo, Inc. v. California Security Cans, 238 F. Supp. 2d 1172, 1174, 1176-77 (C.D. Cal. 2002)
- Warner Bros. Entertainment Inc. v. Caridi, 346 F. Supp. 2d 1068, 1071 (C.D. Cal. 2004)
- Pena v. Seguros La Comercial, S.A., 770 F.2d 811, 814 (9th Cir. 1985)
- Fair Housing of Marin v. Combs, 285 F.3d 899, 906 (9th Cir. 2002)
- Cripps v. Life Insurance Co. of North America, 980 F.2d 1261, 1267 (9th Cir. 1992)
- Danning v. Lavine, 572 F.2d 1386, 1389 (9th Cir. 1978)
- Bernard v. Rockhill Development Co., 734 P.2d 1238, 1240 (Nev. 1987)
- Rivera v. Peri & Sons Farms, Inc., 735 F.3d 892, 899 (9th Cir. 2013)
- State, Department of Transportation v. Eighth Judicial District Court, 402 P.3d 677, 683 (Nev. 2017)
- Nelson v. Heer, 163 P.3d 420, 427 (Nev. 2007)
- Perry v. Jordan, 900 P.2d 335, 923 (Nev. 1995)
- Edwards v. Emperor's Garden Restaurant, 130 P.3d 1280, 1287 (Nev. 2006)
- Blige v. Terry, 540 P.3d 421, 431 (Nev. 2023)
- G. K. Las Vegas, Ltd. Partnership v. Simon Property Group, Inc., 460 F. Supp. 2d 1246 (D. Nev. 2006)
- Foley v. Morse & Mowbray, 848 P.2d 519 (Nev. 1993)
- Consolidated Generator-Nevada, Inc. v. Cummins Engine Co., 971 P.2d 1251, 1255 (Nev. 1998)
- Collins v. Union Federal Savings & Loan Association, 662 P.2d 610, 622 (Nev. 1983)
- Cadle Co. v. Woods & Erickson, LLP, 345 P.3d 1049, 1052 (Nev. 2015)
- Certified Fire Protection, Inc. v. Precision Construction, 283 P.3d 250, 257 (Nev. 2012)
- Leasepartners Corp. v. Robert L. Brooks Trust, 942 P.2d 182, 187 (Nev. 1997)
- Bulbman, Inc. v. Nevada Bell, 825 P.2d 588, 592 (Nev. 1992)

- Lubbe v. Barba, 540 P.2d 115, 117 (Nev. 1975)
- Imax Corp. v. Cinema Technologies, Inc., 152 F.3d 1161, 1164 (9th Cir. 1998)
- MAI Systems Corp. v. Peak Computer, Inc., 991 F.2d 511, 522 (9th Cir. 1993)
- Curtis v. Illumination Arts, Inc., 33 F. Supp. 3d 1200, 1212 (W.D. Wash. 2014)
- Landstar Ranger, Inc. v. Parth Enterprises, Inc., 725 F. Supp. 2d 916, 921 (C.D. Cal. 2010)
- United States v. High Country Broadcasting Co., 3 F.3d 1244, 1245 (9th Cir. 1993) (per curiam)
- Nevada Property 1, LLC v. Kiwibank Ltd., 2020 WL 5633048, at *2 (D. Nev. Sept. 21, 2020)

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