UNITED STATES DISTRICT COURT FOR THE DISTRICT OF ARIZONA

John Tenneson, et al. v. Mark A. Russell, et al.

Tenneson v. Russell · No. CV-23-02131-PHX-DJH · Decided March 24, 2026

SUMMARY

The United States District Court for the District of Arizona denied remaining defendants Mark A. Russell and Michael Lohscheller's motion to stay a securities class action arising from Nikola Corporation's bankruptcy. The court held that the automatic stay under 11 U.S.C. § 362(a) did not extend to the individual defendants and that neither the unusual-circumstances exception nor the court's inherent authority justified a stay. The court reset the Rule 16 scheduling conference for May 21, 2026.

CASE DETAILS

COURT	United States District Court for the District of Arizona
WRITING FOR THE COURT	Diane J. Humetewa
JURISDICTION	United States District Court for the District of Arizona
DECIDED	March 24, 2026
DOCKET	CV-23-02131-PHX-DJH
DISPOSITION	other
PROCEDURAL POSTURE	Individual defendants in a securities class action moved to stay proceedings against them after the corporate defendant filed for Chapter 11 bankruptcy, arguing that the automatic stay under 11 U.S.C. § 362(a) should be extended to them or, alternatively, that the court should issue a discretionary stay under its inherent authority.
STANDARD OF REVIEW	The court exercised its discretion in determining whether to issue a stay under its inherent authority, applying the Landis factors. The court also considered whether the automatic stay under 11 U.S.C. § 362(a) extended to the non-debtor individual defendants.
PRECEDENTIAL VALUE	unpublished district court order; persuasive authority only
PARTIES	John Tenneson, et al. v. Mark A. Russell, et al.

TOPICS

automatic stay · chapter 11 · class actions · bankruptcy · civil procedure

PRACTICE AREAS

bankruptcy | civil procedure | securities litigation | commercial litigation

QUESTIONS PRESENTED

1. Whether the automatic stay under 11 U.S.C. § 362(a) should be extended to non-debtor individual defendants whose alleged securities-law liability is based on statements separately attributable to them.
2. Whether the court should stay the proceedings against the individual defendants under its inherent authority using the Landis factors.
3. Whether the individual defendants established sufficient hardship or inequity, or other circumstances, to warrant a discretionary stay.

HOLDINGS

1. The automatic stay under 11 U.S.C. § 362(a) generally protects only the debtor, property of the debtor, and property of the bankruptcy estate, and the unusual-circumstances exception did not justify extending the stay to Russell and Lohscheller because plaintiffs separately identified statements attributable to each individual defendant.
2. The court denied a stay under its inherent authority because the Landis factors did not establish sufficient hardship or inequity, and the possible prejudice to plaintiffs from delay outweighed the asserted benefits of a stay.

KEY QUOTATIONS

> *"There is such identity between the debtor and the third-party defendant that the debtor may be said to be the real party in interest and that a judgment against the third-party defendant will in effect be a judgment or finding against the debtor."* (at 2)

> *"being required to defend a suit, without more, does not constitute a "clear case of hardship or inequity" within the meaning of Landis."* (at 8)

FACTUAL BACKGROUND

Nikola Corporation became publicly traded and later experienced financial and operational difficulties after its founder was convicted and its electric vehicles began combusting. Plaintiffs, public stockholders, alleged that Nikola and former CEOs Mark A. Russell and Michael Lohscheller made materially misleading statements in violation of the federal securities laws. Nikola subsequently filed for Chapter 11 bankruptcy, while plaintiffs alleged that Russell and Lohscheller made separate statements during identified conference calls.

PROCEDURAL HISTORY

Plaintiffs brought a putative class action alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5(b) against Nikola Corporation and its former chief executive officers, Mark A. Russell and Michael Lohscheller. After Nikola filed for bankruptcy and notified the district court, Russell and Lohscheller sought a stay of the proceedings. The district court denied the motion and reset the Rule 16 scheduling conference.

DISPOSITION

other

CASES CITED

- In re Chugach Forest Prods., Inc., 23 F.3d 241, 246-47 (9th Cir. 1994)
- A.H. Robins Co. v. Piccinin (In re A.H. Robins Co.), 788 F.2d 994, 999 (4th Cir. 1986), cert. denied, 479 U.S. 876 (1986)
- In re Excel Innovations, Inc., 502 F.3d 1086, 1096 (9th Cir. 2007)
- Ernest Bock, LLC v. Steelman, 76 F.4th 827, 842 (9th Cir. 2023), cert. denied, 144 S. Ct. 554 (2024)
- Mediterranean Enters., Inc. v. Ssangyong Corp., 708 F.2d 1458, 1465 (9th Cir. 1983)
- In re PG&E Corp. Sec. Litig., 100 F.4th 1076, 1085, 1087 (9th Cir. 2024)
- Landis v. N. Am. Co., 299 U.S. 248, 255 (1936)
- Tuller v. Tintri, Inc., 2018 WL 4385652, at *1-*3 (N.D. Cal. Sept. 14, 2018)
- Duval v. Gleason, 1990 WL 261364, at *3-*4 (N.D. Cal. Oct. 19, 1990)
- Dish Network, LLC v. Jadoo TV, Inc., 2019 WL 4544423, at *5-*6 (C.D. Cal. Aug. 14, 2019)
- Quarrato v. Madison Glob. LLC, 2023 WL 7212173, at *2 (S.D.N.Y. Nov. 2, 2023)
- In re Boginsky, 658 B.R. 209, 212 (Bankr. S.D. Fla. 2024)
- Al-Shara v. Wal-Mart Stores, Inc., 2012 WL 1119339, at *4 (E.D. Mich. Apr. 3, 2012)
- J & J Sports Prods., Inc. v. Brar, 2012 WL 4755037, at *1 (E.D. Cal. Oct. 3, 2012)
- Lockyer v. Mirant Corp., 398 F.3d 1098, 1110-13 (9th Cir. 2005)
- Dempsey v. Smith’s Food & Drug Centers, Inc., 2025 WL 326644, at *3 (D. Nev. Jan. 28, 2025)
- Nken v. Holder, 556 U.S. 418, 433-34 (2009)
- Percy v. United States, 2016 WL 7187129, at *2 (D. Ariz. 2016)
- Dependable Highway Exp., Inc. v. Navigators Ins. Co., 498 F.3d 1059, 1066 (9th Cir. 2007)