

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA

XL Specialty Insurance Company v. Godfather Express, Inc.

XL Specialty · No. 1:24-cv-01451-KES-BAM · Decided November 20, 2025

SUMMARY

The document contains Findings and Recommendations in an insurance subrogation action arising from the alleged theft of cargo by Godfather Express, Inc. The court recommends granting XL Specialty Insurance Company’s motion for default judgment after finding proper service, sufficient claims, and no excusable neglect. It recommends an award of \$833,204.07 in damages and closure of the action.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
WRITING FOR THE COURT	Barbara A. McAuliffe
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	November 20, 2025
DOCKET	1:24-cv-01451-KES-BAM
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff moved for default judgment after Defendant failed to answer or otherwise appear. The magistrate judge issued findings and recommendations recommending that the motion be granted, damages of \$833,204.07 be awarded, and the action be closed, subject to objections and review by the assigned district judge.
STANDARD OF REVIEW	Default judgment is discretionary under Federal Rule of Civil Procedure 55(b)(2), with consideration of the Eitel factors: prejudice to the plaintiff, merits of the substantive claims, sufficiency of the complaint, amount at stake, possibility of a dispute concerning material facts, excusable neglect, and the policy favoring decisions on the merits. Upon default, well-pleaded allegations concerning liability are accepted as true, but conclusions of law and facts that are not well pleaded are not admitted.
PRECEDENTIAL VALUE	nonprecedential

TOPICS

default judgment service of process breach of contract subrogation civil procedure

PRACTICE AREAS

civil procedure contracts insurance subrogation commercial litigation remedies

QUESTIONS PRESENTED

1. Whether Defendant was properly served so that the court could consider Plaintiff's motion for default judgment.
2. Whether the Eitel factors favored entry of default judgment.
3. Whether Plaintiff's well-pleaded allegations adequately stated claims for breach of contract, conversion, violation of California Civil Code section 2194, and bailment.
4. Whether Plaintiff established entitlement to \$833,204.07 in principal damages.

HOLDINGS

1. Defendant was properly served under Federal Rule of Civil Procedure 4(h) through substituted service complying with California law.
2. The Eitel factors favored entry of default judgment against Defendant.
3. The well-pleaded allegations adequately stated claims for breach of contract, conversion, violation of California Civil Code section 2194, and bailment.
4. Plaintiff established entitlement to \$833,204.07 in principal damages, representing the invoice value of the lost or stolen cargo.

KEY QUOTATIONS

“Upon default, the well-pleaded allegations of a complaint relating to liability are taken as true.” (at 2)

“Notably a “defendant is not held to admit facts that are not well-pleaded or to admit conclusions of law.””
(at 8)

“Cases should be decided upon their merits whenever reasonably possible.” (at 10)

FACTUAL BACKGROUND

XL Specialty insured XPO Logistics and reimbursed XPO for losses involving seven shipments of electronic and household goods that were allegedly lost or stolen while being transported by Godfather Express. XPO had a broker/carrier agreement with Defendant, and Plaintiff alleged that Defendant obtained the cargo through a fraudulent carrier scheme, removed cargo from the shipments, and used fraudulent bills of lading. Plaintiff paid \$833,204.07 in covered losses and sought reimbursement from Defendant, which did not pay.

PROCEDURAL HISTORY

Plaintiff filed this diversity insurance-subrogation action on November 26, 2024. Defendant was served by substituted service on February 21, 2025, failed to respond, and had its default entered by the Clerk on May 6, 2025. Plaintiff later moved for default judgment, and the court recommended granting the motion and awarding the documented invoice value of the lost cargo.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand was ordered. The magistrate judge recommended that default judgment be entered, that Plaintiff receive \$833,204.07 in damages, and that the action be closed. The parties were given fourteen days to file objections under 28 U.S.C. § 636(b)(1).

CASES CITED

- Dundee Cement Co. v. Howard Pipe & Concrete Prods., Inc., 722 F.2d 1319, 1323 (7th Cir. 1983)
- TeleVideo Sys., Inc. v. Heidenthal, 826 F.2d 915, 917-18 (9th Cir. 1987)
- Eitel v. McCool, 782 F.2d 1470, 1471-72 (9th Cir. 1986)
- PepsiCo, Inc. v. Cal. Sec. Cans, 238 F. Supp. 2d 1172, 1174-77 (C.D. Cal. 2002)
- Trujillo v. Harsarb, Inc., No. 1:21-cv-00342-NONE-SAB, 2021 WL 3783388, at *4 (E.D. Cal. Aug. 26, 2021)
- Coach, Inc. v. Diva Shoes & Accessories, No. 10-5151 SC, 2011 WL 1483436, at *2 (N.D. Cal. Apr. 19, 2011)
- Katzakian v. Check Resolution Service, Inc., No. 1:10-cv-00716-AWI-GSA, 2010 WL 5200912, at *2 (E.D. Cal. Dec. 15, 2010)
- MoroccanOil, Inc. v. Allstate Beauty Prods., 847 F. Supp. 2d 1197, 1200-01 (C.D. Cal. 2012)
- DIRECTV, Inc. v. Hoa Huynh, 503 F.3d 847, 854 (9th Cir. 2007)
- Fudy Printing Co., 2019 WL 2180221, at *3-*5
- Oasis West Realty, LLC v. Goldman, 51 Cal. 4th 811, 821 (2011)
- Chubb Custom Ins. Co. v. Space Sys./Loral, Inc., 710 F.3d 946, 957 (9th Cir. 2013)
- Paramount Citrus Co-op., Inc. v. H & M Produce Inc., No. 1:08-cv-01210-AWI-SMS, 2008 WL 4716764, at *5 (E.D. Cal. Oct. 24, 2008)
- Freedom Mortg. Corp. v. Madariaga, No. 2:19-CV-2432-DC-SCR, 2025 WL 750600, at *5 (E.D. Cal. Mar. 10, 2025)
- Interstate Fire & Cas. Ins. Co. v. Cleveland Wrecking Co., 182 Cal. App. 4th 23, 32 (2010)
- Joe Hand Promotions, Inc. v. Singh, No. 1:13-CV-01484-LJO-SK, 2014 WL 1275712, at *3 (E.D. Cal. Mar. 27, 2014)
- Whitcombe v. Stevedoring Servs. of Am., 2 F.3d 312, 316 (9th Cir. 1993), as amended (Aug. 16, 1993)
- US Airline Servs., LLC v. Elec. Com., LLC, No. 8:21-CV-01436-JLS-KES, 2022 WL 19914519, at *4 (C.D. Cal. Aug. 22, 2022)

- Philip Morris USA, Inc. v. Castworld Prods., Inc., 219 F.R.D. 494, 500 (C.D. Cal. 2003)
- Bd. of Trs. v. Core Concrete Constr., Inc., No. 11-02532 LB, 2012 WL 380304, at *4 (N.D. Cal. Jan. 17, 2012)
- Elektra Entm't Grp. Inc. v. Crawford, 226 F.R.D. 388, 393 (C.D. Cal. 2005)
- Shanghai Automation Instrument Co. v. Kuei, 194 F. Supp. 2d 995, 1005 (N.D. Cal. 2001)
- Craigslist, Inc. v. Naturemarket, Inc., 694 F. Supp. 2d 1039, 1061 (N.D. Cal. 2010)
- Wilkerson v. Wheeler, 772 F.3d 834, 838-39 (9th Cir. 2014)
- Baxter v. Sullivan, 923 F.2d 1391, 1394 (9th Cir. 1991)

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