

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF
CALIFORNIA

Taft v. Salinas

No. 3:22-cv-697-RSH-DEB (S.D. Cal. July 15, 2025) · No. 3:22-cv-697-RSH-DEB · Decided July 15, 2025

SUMMARY

The United States District Court for the Southern District of California declines to stay proceedings against defendants other than Red Rock Enterprises of Utah, Inc., whose Chapter 11 bankruptcy triggered the automatic stay under 11 U.S.C. § 362(a). The court concludes that fairness and efficiency favor allowing claims against the remaining defendants to proceed and notes that the bankruptcy court denied Red Rock’s request to enjoin the district court action.

OPINION

1 2 3 4 5 6 7 8 UNITED STATES DISTRICT COURT 9 SOUTHERN DISTRICT OF
CALIFORNIA 10 11 HEATHER TAFT et al. Case No.: 3:22-cv-697-RSH-DEB 12 Plaintiffs,
ORDER DECLINING TO STAY 13 v. PROCEEDINGS AS TO DEFENDANTS OTHER THAN
RED 14 DAVID SALINAS et al., ROCK 15 Defendants. 16 17 18 On May 21, 2025, defendant
Red Rock Enterprises of Utah, Inc. (“Red Rock”), filed 19 a notice informing the Court that it has
commenced voluntary bankruptcy proceedings 20 under Chapter 11 of Title 11 of the U.S. Code
in the U.S. Bankruptcy Court for the District 21 of Utah.

ECF No. 128. Pursuant to 11 U.S.C. § 362(a), the filing of a bankruptcy petition 22 automatically
stays a judicial action against the debtor. See *Gruntz v. Cnty. of Los 23 Angeles*, 202 F.3d 1074,
1081-82 (9th Cir. 2000) (en banc). “The automatic stay is self- 24 executing” and “sweeps
broadly, enjoining the commencement or continuation of any 25 judicial, administrative, or other
proceedings against the debtor.” *Id.* However, “[a]s a 26 general rule, ‘the automatic stay of
[Section 362(a)] protects only the debtor,’” not non- 27 debtor co-defendants.

In *re Chugach Forest Prods., Inc.*, 23 F.3d 241, 246 (9th Cir. 1994) 28 (quoting In *re Advanced
Ribbons & Off. Prods.*, 125 B.R. 259, 263 (9th Cir. BAP 1991)); 1 see *Parker v. Bain*, 68 F.3d
1131, 1137 (9th Cir. 1995) (“All proceedings in a single case 2 are not lumped together for
purposes of automatic stay analysis.... Within a single case, 3 some actions may be stayed, others
not.

Multiple claim and multiple party litigation must 4 be disaggregated so that particular claims,
counterclaims, cross-claims and third-party 5 claims are treated independently when determining
which of their respective proceedings 6 are subject to the bankruptcy stay.”). 7 “[E]ven if the

automatic stay does not extend to all... co-defendants, the Court has inherent authority to stay this litigation in its entirety.” *Beardsley v. All Am.*

Heating, Inc., 9 No. 05-cv-1962, 2007 WL 1521225, at *2 (W.D. Wash. May 22, 2007); *J & J Sports 10 Prods., Inc. v. Brar*, 2:09-cv-3394, 2012 WL 4755037, at *2 (E.D. Cal. Oct. 3, 2012) 11 (same); *Zurich Am. Ins. Co. v. Trans. Cal Assocs.*, 10-cv-01957, 2011 WL 6329959, at *2 12 (E.D. Cal. Dec. 16, 2011) (same). Indeed, “[w]hether the entire action should be stayed 13 under the Court’s inherent authority pending the conclusion of the bankruptcy proceedings 14 is a separate issue” from whether it should be stayed as an extension of the automatic stay 15 under Section 362.

Rosen v. Urban Commons, LLC, No. 20-cv-01973, 2021 WL 3264146, 16 at *3 (C.D. Cal. July 23, 2021). 17 On June 5, 2025, the Court issued an order to show cause regarding whether the 18 action should be stayed in its entirety pending the conclusion of Red Rock’s bankruptcy 19 proceedings. ECF No. 132. Defendants filed a response urging that the case be stayed as 20 to all Parties, while Plaintiffs disagreed.

ECF Nos. 137, 138. The Parties thereafter filed 21 additional submissions. ECF Nos. 138, 139. 22 A “trial court may, with propriety, find it is efficient for its own docket and the fairest 23 course for the parties to enter a stay of an action before it, pending resolution of 24 independent proceedings which bear upon the case.” *Mediterranean Enters., Inc. v. 25 Ssangyong Corp.*, 708 F.2d 1458, 1465 (9th Cir.1983) (quoting *Levy v. Certified Grocers 26 of Cal., Ltd.*, 593 F.2d 857, 863-64 (9th Cir.1979)).

The Court determines that fairness and 27 efficiency favor declining to stay this case as to any party other than Red Rock. This case 28 has been pending for over three years. Plaintiffs in this case allege that Red Rock is merely 1 ||a shell company — sandwiched between the operating entities on one hand, and the owners 2 ||Mr. and Mrs. Salinas on the other.

Plaintiffs’ claims against the operating entities, the 3 ||owners, and the other defendants can proceed effectively while the claims against Red 4 ||Rock are stayed. Additionally, the docket in Red Rock’s bankruptcy case, *In re Red Rock 5 || Enterprises, Inc.*, No. 25-22857 (Bankr. D. Utah), Dkt. No. 6, reflects that on July 9, 2025, 6 || the bankruptcy court denied motion by Red Rock to enjoin this Court from proceeding with 7 || this action.

8 The Court declines to stay the proceedings against any party other than Red Rock. 9 || The order to show cause entered on June 5, 2025 is hereby discharged. 10 IT IS SO ORDERED. 11 Dated: July 15, 2025 febut c Eh sree Hon. Robert S. Huie 13 United States District Judge 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28

