

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

OPINION

Taft v. Salinas

PER CURIAM.

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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 8 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 Levya 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
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