UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

# Hain Capital Holdings, LLC v. Paulette D. Marquis, Individually and as Trustee of the Paulette D. Marquis Revokable Living Trust

Hain Capital Holdings v. Marquis · No. Civil Action No. 25-17629 (SRC) · Decided March 12, 2026

## SUMMARY

The United States District Court for the District of New Jersey granted Hain Capital Holdings, LLC's motion for default judgment against Paulette D. Marquis, individually and as trustee of the Paulette D. Marquis Revokable Living Trust. The court found liability on claims for breach of contract, fraud, and declaratory judgment based on the alleged prior sale of bankruptcy claim rights. The court referred the issue of damages to a magistrate judge for a proof hearing.

## CASE DETAILS

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| COURT | United States District Court for the District of New Jersey |
| WRITING FOR THE COURT | Stanley R. Chesler |
| JURISDICTION | United States District Court for the District of New Jersey |
| DECIDED | March 12, 2026 |
| DOCKET | Civil Action No. 25-17629 (SRC) |
| DISPOSITION | other |
| PROCEDURAL POSTURE | Plaintiff moved for default judgment under Federal Rule of Civil Procedure 55(b)(2) after Defendants were personally served and the Clerk entered default. |
| STANDARD OF REVIEW | On a motion for default judgment, well-pleaded factual allegations are accepted as true, except allegations concerning the amount of damages; damages must still be proven. |
| PRECEDENTIAL VALUE | unpublished district court opinion |

## TOPICS

default judgment · default · breach of contract · declaratory judgment · damages

## PRACTICE AREAS

civil procedure · contracts · commercial litigation · remedies

## QUESTIONS PRESENTED

1. Whether default judgment should be entered against Marquis individually and as trustee on Plaintiff's breach-of-contract claim.
2. Whether default judgment should be entered on Plaintiff's fraud claim based on Marquis's alleged concealment of the prior sale of the claim rights.
3. Whether default judgment should be entered on Plaintiff's declaratory-judgment claim based on the Participation Agreement's indemnification provision.
4. Whether Plaintiff had sufficiently proven the amount of damages for entry of a damages judgment.

## HOLDINGS

1. Because Defendants defaulted, the well-pleaded allegations concerning liability were accepted as true, and default judgment was entered for Plaintiff on its breach-of-contract, fraud, and declaratory-judgment claims.
2. Default established liability but did not establish the amount of damages; Plaintiff was required to prove damages to a reasonable degree of certainty.
3. The allegations concerning the Participation Agreement's indemnification provision established Marquis's liability for damages stemming from her breach, including the losses covered by that provision.

## KEY QUOTATIONS

> *"A consequence of the entry of a default judgment is that the factual allegations of the complaint, except those relating to the amount of damages, will be taken as true."* (908 F.2d at 1149)

> *"This leaves only the question of damages."*

## FACTUAL BACKGROUND

Paulette D. Marquis filed a creditor claim in a bankruptcy case in the District of New Jersey. She then entered into a written Participation Agreement transferring to Plaintiff Hain Capital Holdings, LLC her exclusive rights to that claim, and Plaintiff received an initial bankruptcy distribution. A prior purchaser subsequently informed Plaintiff that Marquis had already sold those rights to the prior purchaser before entering into the Participation Agreement with Plaintiff.

## PROCEDURAL HISTORY

Plaintiff filed a three-count Complaint on November 17, 2025. Defendants were personally served on December 17, 2025; Plaintiff requested entry of default on January 7, 2026; and the Clerk entered default against Defendant Paulette D. Marquis individually and as trustee. The Court granted default judgment on liability on all three claims but referred damages to the Magistrate Judge for a proof hearing.

## DISPOSITION

other

REMAND INSTRUCTIONS

The damages issue is referred to the Magistrate Judge for a proof hearing.

CASES CITED

- Comdyne I, Inc. v. Corbin, 908 F.2d 1142, 1149 (3d Cir. 1990)
- Lightning Lube v. Witco Corp., 4 F.3d 1153, 1176 (3d Cir. 1993)

OPINION

UNITED STATES DISTRICT COURT DISTRICT OF NEW JERSEY ______________________________________ HAIN CAPITAL HOLDINGS, LLC,: Plaintiff,:: Civil Action No. 25-17629 (SRC) v.:: OPINION & ORDER PAULETTE D. MARQUIS, Individually: and as Trustee of the PAULETTE D.: MARQUIS REVOKABLE: LIVING TRUST,: Defendants.: ______________________________________: CHESLER, U.S.D.J. This matter comes before the Court on Plaintiff's motion for default judgment as to Defendants Paulette D. Marquis, individually and as Trustee of the Paulette D. Marquis Revokable [sic] Living Trust ("the Trust") (jointly, "Defendants.").

For the reasons that follow, the motion will be granted. On November 17, 2025, Plaintiff filed a Complaint against Defendants, asserting three claims. On December 17, 2025, Plaintiff filed proofs of personal service to Defendants, followed by a request for entry of default on January 7, 2026.

The Clerk of the Court entered default against Marquis, both in her individual capacity and as Trustee of the Trust. Plaintiff now moves for default judgment against both Defendants on all three claims. On a motion for default judgment, the well-pleaded facts in the Complaint are accepted as true. "A consequence of the entry of a default judgment is that the factual allegations of the complaint, except those relating to the amount of damages, will be taken as true." Comdyne I, Inc. v. Corbin, 908 F.2d 1142, 1149 (3d Cir.

1990). Damages must still be proven. The Complaint alleges, in brief, that Marquis filed a claim as a creditor in a debtor's bankruptcy case, filed in the District of New Jersey, and that Plaintiff entered into a written purchase agreement ("The Participation Agreement") with Marquis that stated that, for valuable consideration, Marquis transferred to Plaintiff all her exclusive rights to her claim in the debtor's bankruptcy.

Pursuant to this agreement, Plaintiff received an initial distribution from the bankruptcy Liquidation Trustee. Subsequently, a first purchaser contacted Plaintiff with the news that Marquis had previously sold the rights in question to the first purchaser, prior to the purchase transaction with Plaintiff. Count I of the Complaint asserts a claim for breach of contract, based on The Participation Agreement between Plaintiff and Marquis.

Taking as true the well-pleaded factual allegations in the Complaint, the Court finds that Marquis is liable to Plaintiff for breach of contract. Count II of the Complaint asserts a claim for fraud, alleging that, when entering The Participation Agreement. Marquis fraudulently concealed her prior sale of the rights to her claim to the first purchaser, with subsequent reliance by Plaintiff and injury therefrom.

Taking as true the well-pleaded factual allegations in the Complaint, the Court finds that Marquis is liable to Plaintiff for fraud. Count III of the Complaint asserts a claim for declaratory judgment, based on The Participation Agreement between Plaintiff and Marquis. Count III alleges that, in the Participation Agreement, Marquis agreed to indemnify and hold Plaintiff harmless “from and against any and all expenses, losses, claims, damages or liabilities which are incurred by [Plaintiff], including but not limited to reasonable attorneys’ fees and expenses, caused by” any breach of the Agreement.

(Compl. ⁋ 42.) Taking as true the well-pleaded factual allegations in the Complaint, the Court finds that Marquis is liable to Plaintiff for all damages stemming from her breach of the Participation Agreement, pursuant to this indemnification provision.

Because Defendant Marquis, both individually and in her capacity as Trustee for the Trust, has defaulted, this Court finds that the allegations in the Complaint as to liability on each of the three claims are determined to be true.

The motion for default judgment will be granted to the extent that a Judgment by default in favor of Plaintiff and against Defendants shall be entered. This leaves only the question of damages. Under New Jersey law, contract damages must be proven “to a reasonable degree of certainty.” Lightning Lube v. Witco Corp., 4 F.3d 1153, 1176 (3d Cir. 1993). Plaintiff has not yet met this standard, and the question of damages shall be referred to the Magistrate Judge for determination at a proof hearing.

For these reasons, IT IS on this 12th day of March, 2026, ORDERED that Plaintiff’s motion for entry of default judgment (Docket Entry No. 8), pursuant to Federal Rule of Civil Procedure 55(b)(2), is GRANTED, and Judgment by default in favor of Plaintiff is hereby entered on all three claims in the Complaint against Defendants Paulette D. Marquis, individually and as Trustee of the Paulette D. Marquis Revokable Living Trust; and it is further ORDERED that the matter of judgment damages shall be referred to the Magistrate Judge for a proof hearing. s/ Stanley R. Chesler Stanley R. Chesler United States District judge