

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

Shay Smart v. US LBM, LLC, et al.

Smart v. US LBM · No. 24-cv-04416-KAW · Decided January 26, 2026

SUMMARY

The United States District Court for the Northern District of California denied Plaintiff Shay Smart’s motion to enforce a settlement agreement. The court concluded that no final settlement agreement existed because the parties had not mutually agreed on terms for distributing settlement funds subject to the former attorney’s lien. The court directed the parties to file a joint status report regarding resolution of the dispute and whether the case could be closed.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Kandis A. Westmore
JURISDICTION	United States District Court for the Northern District of California
DECIDED	January 26, 2026
DOCKET	24-cv-04416-KAW
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff moved to enforce an alleged settlement agreement and to require that disputed settlement funds be secured in defendants' counsel's IOLTA accounts or the Court Registry. The court denied the motion because the parties had not mutually consented to terms concerning distribution of the settlement funds and had not signed a final settlement agreement.
STANDARD OF REVIEW	The court considered de novo whether a complete and enforceable settlement agreement existed under principles of contract law; enforcement of a settlement agreement is within the district court's equitable power.
PRECEDENTIAL VALUE	unpublished federal district court order; nonprecedential
PARTIES	Shay Smart v. US LBM, LLC, Pilot IT, LLC

TOPICS

contract formation

contract interpretation

mediation

equitable relief

civil procedure

PRACTICE AREAS

civil procedure

contracts

commercial litigation

remedies

QUESTIONS PRESENTED

1. Whether the court could enforce a settlement when the parties had not mutually agreed to terms governing distribution of settlement funds and had not signed a final settlement agreement.
2. Whether the court could impose terms requiring immediate payment of undisputed settlement funds and securing disputed funds pending resolution of an attorney-lien and fee dispute.

HOLDINGS

1. A district court may summarily enforce a settlement agreement pending before it, but only a complete settlement agreement may be enforced; because the parties had not mutually consented to terms concerning distribution of the settlement funds and had not signed a final agreement, there was no enforceable settlement agreement.
2. The court could not impose the requested terms requiring immediate distribution of undisputed funds or placement of disputed funds in defendants' counsel's account or the Court Registry because Plaintiff identified no authority permitting the court to add such terms to an incomplete settlement agreement.

KEY QUOTATIONS

“It is well settled that a district court has the equitable power to enforce summarily an agreement to settle a case pending before it.” (at 2)

“To summarize, the Court DENIES Plaintiff's motion to enforce the settlement agreement because there is no final settlement agreement signed by the parties to enforce.” (at 3)

FACTUAL BACKGROUND

The parties attended mediation on June 17, 2025 and settled the case in principle, but had not finalized or signed a long-form settlement agreement. After Plaintiff terminated his attorney, Rissell Law asserted a lien on any recovery, and a mandatory fee arbitration between Plaintiff and the attorney remained pending. The parties disagreed over whether disputed funds should be held by Rissell Law, defendants' counsel, or the Court Registry, and whether the former attorney had to approve or sign the settlement arrangement.

PROCEDURAL HISTORY

Plaintiff filed the action on July 22, 2024. The parties reached a settlement in principle at mediation on June 17, 2025, but continued negotiating a long-form agreement after Plaintiff terminated his attorney, whose law firm asserted a lien on the settlement proceeds. The parties reached an impasse over distribution of disputed funds related to a pending mandatory fee arbitration. Plaintiff moved to enforce the settlement, and the court denied the motion after a January 15, 2026 hearing.

DISPOSITION

other

CASES CITED

- Callie v. Near, 829 F.2d 888, 890 (9th Cir. 1987)
- TNT Mktg., Inc. v. Agresti, 796 F.2d 276, 278 (9th Cir. 1986)
- Rosen v. Urb. Commons, LLC, No. 8:20-cv-01973-JLS-DFM, 2023 U.S. Dist. LEXIS 83204, at *6-*7 (C.D. Cal. May 10, 2023)
- Jeff D. v. Andrus, 899 F.2d 753, 759 (9th Cir. 1990)
- Fletcher v. Davis, 33 Cal. 4th 61, 69 (2004)
- Jackson v. State Bar, 25 Cal. 3d 398, 403-04 (1979)

OPINION

Smart

PER CURIAM.

1 2 3

4 UNITED STATES DISTRICT COURT

5 NORTHERN DISTRICT OF CALIFORNIA

6 7 SHAY SMART, Case No. 24-cv-04416-KAW 8 Plaintiff,

ORDER DENYING MOTION TO

9 v. ENFORCE SETTLEMENT

AGREEMENT

10 US LBM, LLC, et al., Re: Dkt. No. 68 11 Defendants. 12 13 On July 22, 2024, Plaintiff Shay Smart filed the instant case against Defendants US LBM, 14 LLC and Pilot IT, LLC. (Dkt. No. 1.) The case subsequently settled at mediation. (Dkt. No. 62.) 15 Thereafter, Plaintiff terminated his attorney, Melody Rissell Leonard of Rissell Law, APC 16 (“Rissell Law”). (See Dkt. Nos. 63, 64.) Rissell Law now has a lien on the settlement proceeds. 17 (See 12/16/25 Leonard Decl., Exh. A, Dkt. No. 75-1.) 18 Pending before the Court is Plaintiff’s motion to enforce the settlement agreement and 19 compel the securing of the disputed funds at issue. (Pl.’s Mot. to Enforce, Dkt. No. 68.) Having 20 considered the parties’ filings, the relevant legal authorities, and the arguments made at the

21 January 15, 2026 hearing, the Court DENIES Plaintiff’s motion.

22 I. BACKGROUND

23 On June 17, 2025, the parties attended mediation, at which the case settled in principle. 24 (See Dkt. Nos. 61 at 5; 62.) Per the September 18, 2025 case management conference statement, 25 the parties stated that they were finalizing the long-form settlement agreement. (Dkt. No. 61 at 5.) 26 On October 10, 2025, Plaintiff filed a letter stating that he had terminated Attorney 27 Leonard,

and that he would be proceeding as a pro se litigant. (Dkt. No. 63.) On October 13, 1 Leonard also notified all parties that Rissell Law had a valid lien on any recovery in the case. 2 (10/13/25 Leonard Decl. ¶ 6, Dkt. No. 64-1.) On October 17, 2025, Plaintiff was substituted in 3 place of Rissell Law. (Dkt. No. 65 at 1.) 4 Plaintiff and Defendants proceeded to work on finalizing the long-form settlement 5 agreement but came to an impasse regarding the distribution of funds given Rissell Law's lien and 6 the pending mandatory fee arbitration between Plaintiff and Attorney Leonard. (See Smart Decl., 7 Exh. A, Dkt. No. 68.) Specifically, Defendants proposed that the disputed funds be held by 8 Rissell Law, and that Attorney Leonard distribute the disputed funds once the mandatory fee 9 arbitration was resolved. (Smart Decl., Exh. A at 4.) Defendants also requested that Attorney 10 Leonard sign the settlement agreement so that she would be contractually bound to follow the 11 arrangement. (Smart Decl., Exh. A at 4.) Plaintiff declined and instead sought to require that 12 Defendants' counsel hold the disputed funds, which Defendants' counsel refused to do. (Smart 13 Decl., Exh. A at 3.) Defendants then proposed that with Attorney Leonard's approval, Defendants 14 would pay the undisputed portion of the settlement to Plaintiff and hold the disputed portion until 15 the fee dispute was resolved. (Smart Decl., Exh. B at 1.) Plaintiff again refused, stating that 16 Attorney Leonard should have no approval role in the settlement. (Smart Decl., Exh. B at 1.) 17 On December 2, 2025, Plaintiff filed the instant motion, seeking to enforce the settlement 18 agreement and require that Defendants deposit the disputed funds into Defendants' counsel's 19 IOLTA accounts or the Court Registry, to be distributed following resolution of the mandatory fee 20 arbitration. (Pl.'s Mot. to Enforce at 3.) On December 16, 2025, Defendants and Rissell Law 21 filed their oppositions. (US LBM Opp'n, Dkt. No. 73; Pilot Opp'n, Dkt. No. 74; Rissell Law 22 Opp'n, Dkt. No. 75.) In Rissell Law's opposition, Rissell Law sought a court order requiring that 23 the settlement funds be disbursed and placed into either the trust account of Rissell Law or Koss 24 Firm APC, the firm representing Rissell Law in this matter. (Rissell Law Opp'n at 3.) On 25 December 23, 2025, Plaintiff filed his reply, requesting that the Court order the immediate release

26 of the undisputed funds to Plaintiff and that the disputed funds be deposited into the Court 27 Registry. (Pl.'s Reply at 4.)

1 II. DISCUSSION

2 "It is well settled that a district court has the equitable power to enforce summarily an 3 agreement to settle a case pending before it." *Callie v. Near*, 829 F.2d 888, 890 (9th Cir. 1987); 4 see also *TNT Mktg., Inc. v. Agresti*, 796 F.2d 276, 278 (9th Cir. 1986) ("The district court had 5 inherent power to enforce the agreement in settlement of litigation before it[.]"). A court, 6 however, "many enforce only complete settlement agreements." To determine whether the 7 settlement agreement is complete, "the construction and enforcement of settlement agreements are 8 governed by principles of local law which apply to interpretations of contracts generally." *Rosen* 9 v. *Urb. Commons, LLC*, No. 8:20-cv-01973-JLS-DFM, 2023 U.S. Dist. LEXIS 83204, at *6

(C.D. 10 Cal. May 10, 2023) (citing *Jeff D. v. Andrus*, 899 F.2d 753, 759 (9th Cir. 1989)). Under California law, Plaintiffs must demonstrate a valid contract by showing: “(1) parties capable of contracting; (2) their mutual consent; (3) a lawful object; and (4) sufficient consideration.” *Id.* at *7. As the Court explained at the hearing, to the extent Plaintiff requests that the Court “enforce” the settlement, it appears that there is no mutual consent because the parties have not agreed to terms regarding the distribution of funds. Rather, the dispute over the distribution of the settlement funds is preventing the settlement agreement from being finalized and signed. Thus, Plaintiff ultimately appears to be requesting that the Court order certain terms to the settlement agreement as to the distribution of the settlement funds. Plaintiff cites no authority that would permit the Court to order such terms, nor is the Court aware of any. For example, Plaintiff asks that the Court require that the undisputed funds be distributed immediately. (Pl.’s Reply at 4.) The California Supreme Court, however, has acknowledged that where there is an attorney lien, “the attorney can prevent the . . . settling party from remitting the recovery to the client until the dispute is resolved.” *Fletcher v. Davis*, 33 Cal. 4th 61, 69 (2004). Plaintiff cites no authority to the contrary. At the hearing, the Court was encouraged to hear that the parties were open to distributing the undisputed funds to Plaintiff and depositing the disputed funds to Rissell Law’s client trust account until the fee dispute was resolved. As the Court noted, funds held in a law firm’s client] unilaterally to determine the amount of his fee and withhold it from funds held in trust over his 2 || client’s objection.” *Jackson v. State Bar*, 25 Cal. 3d 398, 403-04 (1979) (finding that disbarment 3 || was warranted where the attorney allowed his trust account to fall below the amount due to his 4 || clients (thus constituting willful misappropriation), refused to account for the amounts due, and 5 || refused to respond to repeated demands by his clients for return of their money). To summarize, the Court DENIES Plaintiff’s motion to enforce the settlement agreement 7 || because there is no final settlement agreement signed by the parties to enforce. The Court, 8 || however, is optimistic that the parties will come to an agreement on their own.

9 I. CONCLUSION

For the reasons stated above, Plaintiff’s motion to enforce the settlement agreement is 11 DENIED. The parties shall file a joint status report by February 17, 2026 regarding whether they 12 || have resolved their dispute, whether the Court can close the case, and whether they need another 13 hearing or a referral to a magistrate judge or mediator for further settlement discussions. 14 IT IS SO ORDERED. 3 15 || Dated: January 26, 2026 . Kentek bet ☐☐ 47 United States Magistrate Judge 18 19 20 21 22 23 24 25 26 27 28