

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

Devi Rajshri Sethumadhava Menon v. Ward Corbett and Catalyst Partners Management LLC

Menon v. Corbett · No. 21-08384 (ES) (JBC) · Decided December 30, 2025

SUMMARY

The United States District Court for the District of New Jersey granted in part Plaintiff Devi Rajshri Sethumadhava Menon’s motion for default judgment against Ward Corbett and Catalyst Partners Management LLC. The Court found viable claims for conversion against Corbett and common-law fraud against both defendants, but rejected the conversion claim against Catalyst and the breach-of-contract claims. The Court awarded \$100,000 in compensatory damages, prejudgment interest from April 6, 2021, and \$200,000 in punitive damages.

CASE DETAILS

COURT	United States District Court for the District of New Jersey
WRITING FOR THE COURT	Esther Salas
JURISDICTION	United States District Court for the District of New Jersey
DECIDED	December 30, 2025
DOCKET	21-08384 (ES) (JBC)
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff moved for default judgment after the Clerk entered defaults against Defendants, who failed to appear or respond. The Court granted the motion in part, entered default judgment on conversion and common-law fraud claims, awarded compensatory, prejudgment, and punitive damages, dismissed the remaining claims as duplicative or inadequately established, and directed the Clerk to close the case.
STANDARD OF REVIEW	Entry of default judgment is committed primarily to the district court’s discretion. The court considers personal and subject-matter jurisdiction, sufficiency of service, whether a sufficient cause of action was stated, and whether default judgment is proper, including the defendant’s possible meritorious defense, prejudice to the plaintiff, and culpability. Well-pleaded factual allegations, other than those concerning damages, are accepted as true upon default; damages must be supported by the record.

PRECEDENTIAL VALUE	unpublished
PARTIES	Devi Rajshri Sethumadhava Menon v. Ward Corbett, Catalyst Partners Management LLC

TOPICS

default judgment service of process subject matter jurisdiction personal jurisdiction fraud

PRACTICE AREAS

civil procedure commercial litigation torts contracts remedies

QUESTIONS PRESENTED

1. Whether the Court had subject-matter jurisdiction based on diversity of citizenship and the amount in controversy.
2. Whether the Court had personal jurisdiction over Defendants.
3. Whether Plaintiff properly served Defendants through court-authorized alternative methods.
4. Whether Plaintiff stated sufficient claims for conversion, common-law fraud, and breach of contract for purposes of default judgment.
5. Whether default judgment was appropriate under the applicable factors.
6. Whether Plaintiff was entitled to compensatory damages, prejudgment interest, and punitive damages.

HOLDINGS

1. The Court had original diversity jurisdiction because Plaintiff and Defendants were citizens of different states and the amount in controversy exceeded \$75,000.
2. The Court could exercise specific personal jurisdiction over Defendants.
3. Plaintiff properly served both Defendants through the alternative methods authorized by the Magistrate Judge's order.
4. Plaintiff sufficiently established a conversion claim against Corbett.
5. Plaintiff did not establish a sufficient conversion claim against Catalyst.
6. Plaintiff sufficiently established common-law fraud claims against both Corbett and Catalyst.
7. Plaintiff did not establish a viable breach-of-contract claim against either Defendant.
8. Default judgment was appropriate because Defendants had not appeared, Plaintiff was prejudiced by their nonparticipation, and the record indicated culpable conduct.
9. Plaintiff was entitled to \$100,000 in compensatory damages, prejudgment interest from April 6, 2021 through judgment as permissible under New Jersey law, and \$200,000 in punitive damages.

KEY QUOTATIONS

“To establish common law fraud, a plaintiff must prove: (i) a material misrepresentation of a presently existing or past fact; (ii) knowledge or belief by the defendant of its falsity; (iii) an intention that the other person rely on it; (iv) reasonable reliance thereon by the other person; and (v) resulting damages.” (Section IV.C)

“For the foregoing reasons, the Court GRANTS Plaintiff’s motion for default judgment against the Defendants IN-PART.” (Section V)

FACTUAL BACKGROUND

Plaintiff alleged that Ward Corbett repeatedly urged her to invest in Catalyst Partners Management LLC while they were in a romantic relationship. She transferred a total of \$100,000 believing the funds would be invested, but Corbett allegedly retained and used the money for personal expenses, misrepresented the status of the investment, and failed to return the funds despite repeated requests. The Court relied on these allegations in determining liability and damages, while also considering Plaintiff’s evidence supporting the \$100,000 loss.

PROCEDURAL HISTORY

Plaintiff filed the action on April 6, 2021. After the Court denied an initial default-judgment motion because of venue and service concerns and allowed amendment, Plaintiff filed an Amended Complaint, obtained authorization for alternative service, served Defendants by email, Facebook Messenger, and WhatsApp Messenger, and obtained renewed entries of default. The Court denied or terminated earlier default-judgment motions without prejudice and considered Plaintiff’s March 6, 2025 motion.

DISPOSITION

other

CASES CITED

- Barrett v. Tri-Coast Pharmacy, Inc., 518 F. Supp. 3d 810, 820 (D.N.J. 2021)
- Nationwide Mut. Ins. Co. v. Starlight Ballroom Dance Club, Inc., 175 F. App’x 519, 521 n.1 (3d Cir. 2006)
- Hritz v. Woma Corp., 732 F.2d 1178, 1180 (3d Cir. 1984)
- Prudential Ins. Co. of Am. v. Bramlett, No. 08-0119, 2010 WL 2696459, at *1 (D.N.J. July 6, 2010)
- Teamsters Health & Welfare Fund of Phila. & Vicinity v. Dubin Paper Co., No. 11-7137, 2012 WL 3018062, at *2 (D.N.J. July 24, 2012)
- DIRECTV, Inc. v. Pepe, 431 F.3d 162, 165 n.6 (3d Cir. 2005)
- Comdyne I, Inc. v. Corbin, 908 F.2d 1142, 1149 (3d Cir. 1990)
- Days Inns Worldwide, Inc. v. Panchal, No. 15-1459, 2015 WL 5055318, at *2 (D.N.J. Aug. 25, 2015)
- Lincoln Ben. Life Co. v. AEI Life, LLC, 800 F.3d 99, 104-05 (3d Cir. 2015)
- Lampe v. Xouth, Inc., 952 F.2d 697, 700-01 (3d Cir. 1991)
- Burger King Corp. v. Rudzewicz, Burger King Corp. v. Rudzewicz, 471 U.S. 462, 476 (1985)
- Bondi v. Citigroup, Inc., 32 A.3d 1158, 1190 (N.J. Super. Ct. App. Div. 2011)

- First Nat'l Bank v. N. Jersey Tr. Co., 14 A.2d 765, 767 (N.J. Sup. Ct. 1940)
- Gennari v. Weichert Co. Realtors, 691 A.2d 350, 367 (N.J. 1997)
- Coyle v. Englander's, 488 A.2d 1083, 1088 (N.J. Super. Ct. App. Div. 1985)
- Doug Brady, Inc. v. N.J. Bldg. Laborers Statewide Funds, 250 F.R.D. 171, 177 (D.N.J. 2008)
- Malibu Media, LLC v. Deleon, No. 15-3855, 2016 WL 3452481, at *3 (D.N.J. June 20, 2016)
- Gowan v. Cont'l Airlines, Inc., No. 10-1858, 2012 WL 2838924, at *2 (D.N.J. July 9, 2012)
- Prudential Ins. Co. of Am. v. Taylor, No. 08-2108, 2009 WL 536403, at *1 (D.N.J. Feb. 27, 2009)
- Kotzian v. Barr, 408 A.2d 131, 133 (N.J. 1979)
- Bestherb, Inc. v. Yinlink Int'l Inc., No. 22-6548, 2024 WL 3898039, at *7 (D.N.J. Aug. 22, 2024)
- Vibra-Tech Eng'rs, Inc. v. Kavalek, 849 F. Supp. 2d 462, 500 (D.N.J. 2012)
- Stanhope v. Bank of Am., N.A., No. 16-2040, 2016 WL 6645770, at *5 (D.N.J. Nov. 9, 2016)
- BMW of North America, Inc. v. Gore, 517 U.S. 559, 575, 580-83 (1996)
- Pac. Mut. Life Ins. Co. v. Haslip, 499 U.S. 1, 23-24 (1991)
- TXO Prod. Corp. v. All. Res. Corp., 509 U.S. 443, 460, 481 (1993)
- Jarvis v. Johnson, 668 F.2d 740, 746 (3d Cir. 1982)

OPINION

Not for Publication UNITED STATES DISTRICT COURT DISTRICT OF NEW JERSEY DEVI RAJSHRI SETHUMADHAVA MENON, Plaintiff, Civil Action No.: 21-08384 (ES) (JBC) v. OPINION WARD CORBETT and CATALYST PARTNERS MANAGEMENT LLC, Defendants. SALAS, DISTRICT JUDGE Before the Court is Plaintiff Devi Rajshri Sethumadhava Menon's ("Plaintiff") motion for default judgment against Defendants Ward Corbett ("Corbett") and Catalyst Partners Management LLC ("Catalyst").

(D.E. No. 27). The motion is unopposed. The Court has carefully considered Plaintiff's submissions, as well as the balance of the record, and decides the matter without oral argument. See Fed. R. Civ. P. 78(b); L. Civ. R. 78.1(b).

For the following reasons, the Court GRANTS Plaintiff's motion IN-PART. I. BACKGROUND1 Plaintiff, an individual who resided in Jersey City at the time of the events giving rise to this action, invested with Defendants Corbett and Catalyst after Corbett repeatedly urged her to do so. (Am. Compl. ¶¶ 5–8). Plaintiff alleges that Corbett is the principal of Catalyst.

(Id. ¶ 6). Plaintiff further alleges that both Corbett and Catalyst are domiciled in New York. (Id. ¶ 7). 1 The Court has drawn the background described herein from Plaintiff's Amended Complaint, (D.E. No. 8 ("Am. Compl.")), as it must accept Plaintiff's factual allegations—other than those related to damages—as true by virtue of Defendants' default. *Barrett v. Tri-Coast Pharmacy, Inc.*, 518 F. Supp. 3d 810, 820 (D.N.J.

2021). Plaintiff and Corbett began a romantic relationship in 2019. (Id. ¶ 8). In July 2019, Corbett began asking Plaintiff to invest in his hedge fund, Defendant Catalyst, and Plaintiff initially resisted his overtures. (Id. ¶¶ 11–12). Corbett pressured her to invest multiple times over the following months, (id. ¶¶ 13–20), and that “constant pressure” eventually led Plaintiff to give Corbett \$10,000 on September 23, 2019.

(Id. ¶ 21). Plaintiff ultimately gave Corbett a total of \$100,000. (Id.). She believed those funds were for investment with Catalyst, but Corbett instead kept them for use on personal expenses. (Id. ¶ 22). Plaintiff inquired about her investment on three separate occasions: January 16, 2020, February 4, 2020, and March 6, 2020. (Id. ¶¶ 23–25).

In response to each request, Corbett reassured her that her investment was doing well. (Id.). In October 2020, Plaintiff “asked to withdraw her money, and Corbett continually demurred,” (id. ¶ 27), before asking for more money. (Id. ¶ 27). Corbett also repeatedly represented that he would return Plaintiff’s money, but he never actually did so. (Id. ¶ 28).² II.

PROCEDURAL HISTORY Plaintiff filed the original Complaint on April 6, 2021, (D.E. No. 1), asserting seven counts against Defendants: (i) Securities Fraud; (ii) violations of the New Jersey Uniform Securities Law; (iii) Common Law Conversion; (iv) Accounting; (v) Common Law Fraud; (vi) Breach of a Special Relationship; (vii) and Breach of Contract. (See generally id.).

On July 15, 2021, the Clerk of the Court entered defaults against Defendants at Plaintiff’s request. (D.E. No. 5). Plaintiff then filed an initial motion for default judgment against Defendants on August 20, 2021. (D.E. No. 6). By Order dated October 8, 2021, the Hon. Kevin McNulty, U.S.D.J., denied that motion, citing 2 Plaintiff also alleges that Corbett charged business expenses “to a shared American Express Card, with the understanding that Corbett would pay the full card.” (Am.

Compl ¶ 29). Plaintiff contends that Corbett failed to repay a significant portion of those charges, thereby incurring “substantial interest” on the account. Plaintiff no longer seeks recovery with regard to the American Express charges, however. (D.E. No. 27-8 (“Mov. Br.”) at 2 (ECF pagination)). concerns regarding the propriety of venue and the adequacy of service, and granted Plaintiff leave to amend her pleading to allege additional venue-related facts.

(See generally D.E. No. 7). On October 25, 2021, Plaintiff filed an Amended Complaint asserting the same seven causes of action. (Am. Compl.). While the salient facts underlying her claims remained largely unchanged, Plaintiff provided additional information relevant to venue. (See generally Am. Compl.).

For instance, Plaintiff clarified that the fraudulent statements and the wiring of funds at issue in the case took place in her Jersey City apartment and that she never went to Defendant Corbett’s New

York home. (Am. Compl. ¶¶ 4, 10). Additionally, Plaintiff alleged that Defendant Corbett lived in Mount Vernon, rather than New York City. (Id. ¶ 6).

On February 14, 2022, amidst ongoing issues with locating Defendants, Plaintiff filed both (i) an affidavit of diligent inquiry in accordance with New Jersey Court Rule 4:4-4(b); and (ii) a motion for leave to effectuate service by alternate means. (D.E. Nos. 9 & 10).

The Hon. James B. Clark, U.S.M.J., denied that motion by Order dated September 1, 2022, finding that Plaintiff had failed to establish that her proposed means of alternative service—e-mail, Facebook Messenger, and Whatsapp Messenger—were likely to provide Defendants with notice of this litigation. (See generally D.E. No. 11). Plaintiff filed a renewed motion for alternative service on March 27, 2023, (D.E.

No. 16), which Magistrate Judge Clark granted by Order dated August 3, 2023. (D.E. No. 17). On September 15, 2023, Plaintiff's counsel filed a Certification representing that he served Defendants via each of the means Magistrate Judge Clark authorized in His Honor's August 3, 2023 Order (i.e., email, Facebook Messenger, Whatsapp Messenger). (D.E. No. 18). At Plaintiff's request, the Clerk of the Court entered defaults against Defendants on November 27, 2023.

Plaintiff filed motions for default judgment on December 7, 2023, (D.E. No. 21), and August 26, 2024, (D.E. No. 23), which this Court terminated, without prejudice, so as to allow Plaintiff to file a new application addressing the various, necessary factors. (D.E. Nos. 22 & 24). Plaintiff filed the instant motion on March 6, 2025. (D.E. No. 27).

To date, neither Defendant has responded to that motion or otherwise participated in this case. III. LEGAL STANDARD A district court may enter default judgment against a party who has failed to plead or otherwise respond to the action filed against him. Fed. R. Civ. P. 55(b)(2).

To obtain a default judgment, a plaintiff must first request entry of default by the Clerk of Court. See *Nationwide Mut. Ins. Co. v. Starlight Ballroom Dance Club, Inc.*, 175 F. App'x 519, 521 n.1 (3d Cir. 2006). Once default is entered, a plaintiff seeking default judgment must then file a motion with the district court requesting such relief. "[E]ntry of a default judgment is left primarily to the discretion of the district court." *Hritz v. Woma Corp.*, 732 F.2d 1178, 1180 (3d Cir.

1984). "Before entering default judgment, the Court must address the threshold issue of whether it has personal jurisdiction and subject matter jurisdiction over the parties." *Prudential Ins. Co. of Am. v. Bramlett*, No. 08-0119, 2010 WL 2696459, at *1 (D.N.J. July 6, 2010). Then, "the Court must determine (1) whether there is sufficient proof of service; (2) whether a sufficient cause of action was stated; and (3) whether default judgment is proper." *Teamsters Health & Welfare Fund of Phila. & Vicinity v. Dubin Paper Co.*, No. 11-7137, 2012 WL 3018062, at *2 (D.N.J.

July 24, 2012) (citations omitted). In making these determinations, “the factual allegations of the complaint, except those relating to the amount of damages, will be taken as true.” *DIRECTV, Inc. v. Pepe*, 431 F.3d 162, 165 n.6 (3d Cir. 2005) (quoting *Comdyne I, Inc. v. Corbin*, 908 F.2d 1142, 1149 (3d Cir. 1990)). “While the court may conduct a hearing to determine the damages amount, Fed.

R. Civ. P. 55(b)(2), a damages determination may be made without a hearing as long as the court ensures that there is a basis for the damages specified in the default judgement.” *Days Inns Worldwide, Inc. v. Panchal*, No. 15- 1459, 2015 WL 5055318, at *2 (D.N.J. Aug. 25, 2015) (citation modified). IV. DISCUSSION A. Jurisdiction i. Subject Matter Jurisdiction The Court is satisfied that it has subject matter jurisdiction over this case.

District courts have original jurisdiction over all civil actions in which the amount in controversy exceeds \$75,000, exclusive of interest and costs, and that are between citizens of different States. 28 U.S.C. § 1332(a). A limited liability company maintains the citizenship of each of its members. *Lincoln Ben. Life Co. v. AEI Life, LLC*, 800 F.3d 99, 105 (3d Cir.

2015). The citizenship of a natural person is determined by the state in which the person is domiciled. *Id.* at 104. The record indicates that the Plaintiff is an individual residing in New Jersey, with an address at 110 1st St. in Jersey City. (Am. Compl. ¶ 5).

The Defendants, Corbett and Catalyst, of which Corbett is the sole member, are both domiciled in New York. (Am. Compl. ¶¶ 6–7). There is, therefore, complete diversity between Plaintiff and all Defendants. Plaintiff alleges that the amount in controversy is at least \$100,000. (*Id.* ¶ 21). Given that there is complete diversity of citizenship between Plaintiff and both defendants, and that the amount in controversy exceeds \$75,000, the Court finds that it has original subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1332(a). ii.

Personal Jurisdiction The Court next finds that it may exercise personal jurisdiction over Defendants. Effective service of process is the mechanism by which the court itself obtains personal jurisdiction over a defendant. *Lampe v. Xouth, Inc.*, 952 F.2d 697, 700–01 (3d Cir. 1991) (“A court obtains personal jurisdiction over the parties when the complaint and summons are properly served upon the defendant.”).

As shown below, the Court finds that Plaintiff properly effected personal service on both Corbett in his personal capacity and in his role as the principal of Catalyst. (D.E. No. 18 & Exs. A–C). Additionally, Defendants’ connections with New Jersey constitute sufficient minimum contacts with this forum. “[W]here the defendant deliberately has engaged in significant activities within a state.... it is presumptively not unreasonable to require him to submit to the burdens of litigation in that forum as well.” *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 476 (1985).

Here, the activities giving rise to the action occurred in New Jersey, as Defendant Corbett came to this State (both literally and via text message) to meet with Plaintiff and solicit her investment in Defendant Catalyst. (Am. Compl. ¶ 4).

Moreover, Plaintiff wired funds to Defendants from her home in Jersey City, New Jersey, at Defendant Corbett's request. (Id.). Defendants are, therefore, subject to "specific" personal jurisdiction in this forum. B. Proper Service The Court finds that Plaintiff properly effectuated service on Defendants. Relevant here is Federal Rule of Civil Procedure 4(e)(1), which incorporates methods for service under the New Jersey Rules of Court.

New Jersey Court Rule 4:4-4(b)(3), in turn, authorizes service in accordance with court orders, consistent with due process of law. Here, given Plaintiff's multiple, diligent attempts to locate Defendants, Magistrate Judge Clark granted her leave to serve Defendants by alternative methods—specifically through Facebook Messenger, WhatsApp Messenger, and e-mail.

(D.E. No. 17). Plaintiff's counsel filed a Certification representing that he effectuated service in accordance with Magistrate Judge Clark's Order. (D.E. No. 18). Plaintiff therefore successfully served Defendants in accordance with Rule 4(e)(1). C. Sufficient Cause of Action Plaintiff seeks default judgment on three counts of the Amended Complaint: Count Three (Conversion), Count Five (Common Law Fraud), and Count Seven (Breach of Contract).

(Mov. Br. at 5–7 (ECF pagination)). Plaintiff represents that she "does not seek judgment on the other counts, as recovery on those counts would be duplicative of the fraud, conversion and breach of contract claims." (Id. at 2 (ECF pagination)).

As noted above, she also does not seek relief regarding Defendant Corbett's alleged failure to pay for purchases on a shared American Express credit card. (Id.). The Court finds that Plaintiff has sufficiently stated claims for conversion and common law fraud against Defendant Corbett. She has also alleged a plausible fraud claim against Defendant Catalyst.

She has not, however, established a sufficient conversion claim against Catalyst or a viable breach of contract claim against either Defendant. The Court addresses each cause of action in turn. Conversion is defined as the "intentional exercise of dominion or control over a chattel which so seriously interferes with the right of another to control it that the actor may justly be required to pay the other the full value of the chattel." *Bondi v. Citigroup, Inc.*, 32 A.3d 1158, 1190 (N.J.

Super Ct. App. Div. 2011) (internal quotation marks omitted). The elements of conversion are: (i) "the property and right to immediate possession thereof belong to the plaintiff;" and (ii) "the wrongful act of interference with that right by the defendant." *First Nat'l Bank v. N. Jersey Tr. Co.*, 14 A.2d 765, 767 (N.J. Sup. Ct. 1940).

Here, Plaintiff's allegations support a claim of conversion against Defendant Corbett. Specifically, she contends that Defendant Corbett misleadingly induced her to give him funds under the guise of making an investment with Defendant Catalyst. (Am. Compl. ¶¶ 17–21). She further alleges that Defendant Corbett thereafter stole those funds for his personal use, lied to her about the status of her "investment," and "continually" ignored her requests that he return the money.

(Id. ¶¶ 22–28). Given Plaintiff's explicit allegation that Corbett stole the money himself, without investing it with Catalyst, (id. ¶ 22), however, she has not alleged a plausible conversion claim against Catalyst.

The Court next finds that Plaintiff has established a sufficient claim of common law fraud against both Defendants. To establish common law fraud, a plaintiff must prove: (i) a material misrepresentation of a presently existing or past fact; (ii) knowledge or belief by the defendant of its falsity; (iii) an intention that the other person rely on it; (iv) reasonable reliance thereon by the other person; and (v) resulting damages.

Gennari v. Weichert Co. Realtors, 691 A.2d 350, 367 (N.J. 1997). Plaintiff alleges that Defendant Corbett intentionally misrepresented both the nature and potential risk of the Plaintiff's investment, as well as the status of her funds post-"investment." (Am. Compl. ¶¶ 9–20 & 23–25). Plaintiff alleges that she relied on Corbett's representations when she initially gave him the funds, thereby suffering damages.

(Id. ¶¶ 21 & 56). Plaintiff has therefore alleged a plausible fraud claim against Defendant Corbett. Moreover, given Corbett's status as the "principal" of Defendant Catalyst, the Court may reasonably infer from Plaintiff's allegations that Corbett made those representations both in his personal capacity and on behalf of Catalyst.

Finally, the Court finds that Plaintiff has not alleged a sufficient breach of contract claim against Defendants with regard to her investment funds.³ The elements of a cause of action for breach of contract under New Jersey law are: (i) a valid contract; (ii) a breach by the defendant; and (iii) resulting damages. See, e.g., *Coyle v. Englander's*, 488 A.2d 1083, 1088 (N.J.

Super. Ct. App. Div. 1985). Here, Plaintiff alleges that she "understood the transaction to be akin to a loan" ³ In her Amended Complaint, Plaintiff based her breach of contract claim on both (i) her investment with Defendants; and (ii) Defendant Corbett's alleged failure to repay charges that he incurred on a specific American Express account. (Id. ¶¶ 69–75).

As Plaintiff does not pursue judgment on the American Express-related claim, the Court will not analyze it herein. and that Defendants breached a duty by "taking the money and failing to return it upon demand." (Am. Compl. ¶ 69). Putting aside the fact that these conclusory allegations are obviously at odds with Plaintiff's allegations that she believed she had invested money with

Defendants, (compare *id.* with *id.* at ¶¶ 9–26), the Court finds that Plaintiff has nevertheless failed to establish that she entered into any specific agreement with Defendants.

D. Propriety of Default Judgment The Court next finds that it would be appropriate to enter default judgments against Defendants. To determine whether granting default judgment is proper, the Court must make factual findings as to “(1) whether the party subject to default has a meritorious defense, (2) the prejudice suffered by the party seeking default, and (3) the culpability of the party subject to default.” *Doug Brady, Inc. v. N.J.*

Bldg. Laborers Statewide Funds, 250 F.R.D. 171, 177 (D.N.J. 2008). Here, Defendants have never appeared, let alone responded to the Complaint or the Amended Complaint, and thus nothing in the record suggests that either might have a meritorious defense against Plaintiff’s claims. See *Malibu Media, LLC v. Deleon*, No. 15-3855, 2016 WL 3452481, at *3 (D.N.J. June 20, 2016) (“The Court may presume that a defendant who has failed to plead, defend, or appear has no meritorious defense.”).

Moreover, Defendants’ failure to participate in this case has prejudiced Plaintiff, as it has prevented her from otherwise resolving this case on the merits and significantly delayed her efforts to recover her funds. See *Gowan v. Cont’l Airlines, Inc.*, No. 10-1858, 2012 WL 2838924, at *2 (D.N.J. July 9, 2012) (finding that the plaintiff would suffer prejudice if the court did not enter default judgment because the plaintiff “has no other means of seeking damages for the harm caused by [the d]efendant”).

Finally, with respect to whether Defendants’ default was the result of their culpable conduct, the Court finds that nothing in the record indicates that Defendants’ failure to participate in this case has been due to anything other than their own willful conduct. See, e.g., *Prudential Ins. Co. of Am. v. Taylor*, No. 08-2108, 2009 WL 536403, at *1 (D.N.J. Feb.

27, 2009) (noting that the defendant is culpable when nothing suggests that anything other than the defendant’s willful negligence caused the failure to answer). Based upon the foregoing, the Court finds that it would be appropriate to issue a default judgment in this case. E. Damages The record reflects that Defendants caused Plaintiff actual damages of \$100,000, which is the amount Plaintiff gave to Mr. Corbett for the faux investment.

(D.E. No. 27-4 ¶ 9). The Court therefore finds that Plaintiff is entitled to compensatory damages in that principal amount. The Court further finds that, as Defendants cause those damages via intentional torts, Plaintiff is entitled to an award of prejudgment interest running from the date she commenced this action. See N.J. Ct. R. 4:42-11(b).⁴ While the Court has discretion to determine whether to impose prejudgment interest under New Jersey Court Rule 4:42-11(b), see e.g., *Kotzian v. Barr*, 408 A.2d 131, 133 (N.J.

1979), the Court finds that such an award would be equitable in this case. Prejudgment interest will be calculated—based on the \$100,000 principal amount—from April 6, 2021 (the date Plaintiff commenced this action), through the date of judgment. Plaintiff is also entitled to punitive damages regarding her conversion (as to Defendant Corbett) and fraud (as to both Defendants) claims.

New Jersey law authorizes punitive damages when a defendant's wrongful conduct was willful and wanton. N.J.S.A. § 2A:15-5.10 (punitive damages are appropriate when a defendant commits "a deliberate act or omission with knowledge of a high degree of probability of harm to another and reckless indifference to the consequences 4 As this case arises under the Court's diversity jurisdiction, the Court must apply state law when determining the propriety and amount of prejudgment interest.

See, e.g., *Jarvis v. Johnson*, 668 F.2d 740, 746 (3d Cir. 1982) (federal courts sitting in diversity should apply state law with respect to pre-judgment interest). of such act or omission"); see also *Bestherb, Inc. v. Yinlink Int'l Inc.*, No. 22-6548, 2024 WL 3898039, at *7 (D.N.J. Aug. 22, 2024) (collecting cases). Indeed, judges in this District have found it appropriate to award punitive damages in fraud cases, *Vibra-Tech Eng'rs, Inc. v. Kavalek*, 849 F. Supp. 2d 462, 500 (D.N.J.

2012) (awarding punitive damages in connection with a fraud claim after finding that N.J.S.A. §§ 2A:15-5.10 and 5.12 were met), including in the default judgment context, see *Stanhope v. Bank of Am., N.A.*, No. 16-2040, 2016 WL 6645770, at *5 (D.N.J. Nov. 9, 2016).

Here, taking Plaintiff's factual allegations as true, the record reflects that Defendants deliberately defrauded her, fully cognizant of the fact that she was fearful of the prospect of an investment (given her history of losing \$75,000 in a prior deal), took advantage of her romantic feelings for Defendant Corbett, and acted without any regard for the consequences Plaintiff would suffer.

(Am. Compl. ¶¶ 8–28). Defendant Corbett acted with similar malice when he converted Plaintiff's funds for his personal use. Having found that an award of punitive damages is appropriate here, the Court must next determine the appropriate amount for that award. Plaintiff proposes punitive damages in the amount of \$200,000, which would be a 2:1 ratio to her actual damages.

(Mov. Br. at 7 (ECF pagination)). In conducting this analysis, the Court remains mindful of the constitutional limits on punitive damages that the Supreme Court outlined in *BMW of North America, Inc. v. Gore*, 517 U.S. 559 (1996). Specifically, the Court notes the Supreme Court's guidance that the degree of reprehensibility of a defendant's conduct is seen as the "most important indicium" of the reasonableness of punitive damages.

(*Id.* at 575) (indicating that even a purely economic injury can justify punitive damages "when done intentionally through affirmative acts of misconduct" or "when the target is financially vulnerable"). The Supreme Court further noted that "[t]he second and perhaps most commonly

cited indicium of an unreasonable or excessive punitive damages award is its ratio to the actual harm inflicted on the plaintiff.” Id. at 580.

Considering its prior decisions, the BMW Court observed that, while there is no “simple mathematical formula” for determining an appropriate ratio, “[i]n most cases, the ratio will be within a constitutionally acceptable range, and remittitur will not be justified on this basis.” Id. at 582–83.

In providing that guidance, the Supreme Court cited with approval punitive damages awards with ratios of 4:1 and 10:1, respectively. Id. at 581 (first citing *Pac. Mut. Life Ins. Co. v. Haslip*, 499 U.S. 1, 23–24 (1991); then citing *TXO Prod. Corp. v. All. Res. Corp.*, 509 U.S. 443, 460 (1993)).

The BMW Court clarified, however, that “[w]hen the ratio is a breathtaking 500 to 1, however, the award must surely ‘raise a suspicious judicial eyebrow.’” Id. at 583 (citing *TXO Prod. Corp.*, 509 U.S. at 481)).⁵ Here, the Court finds that Defendants’ conduct was purposeful, involved ongoing misrepresentations and efforts of concealment, and preyed on Plaintiff’s affection for Defendant Corbett.

That conduct is plainly reprehensible. In turn, the Court finds that Plaintiff’s proposed punitive damages award of \$200,000—a 2:1 ratio vis-à-vis her actual damages—is both constitutionally sound and appropriate in the context of this case.

V. CONCLUSION For the foregoing reasons, the Court GRANTS Plaintiff’s motion for default judgment against the Defendants IN-PART. Specifically, the Court finds that Plaintiff is entitled to a default judgment against the Defendants on the conversion and common law fraud claims (Counts Three and Five).

The Court finds that Plaintiff is entitled to award of compensatory damages in the principal amount of \$100,000 (plus prejudgment interest on that amount as permissible under New 5 The BMW Court noted that the “third indicium of excessiveness” is the “civil penalties that could be imposed” under state law “for comparable misconduct.” Id. As noted above, New Jersey statutory law specifically permits awards of punitive damages in cases of willful and wanton behavior.

Having already found that an award of punitive damages is appropriate under New Jersey statutory law, the Court need not analyze this issue again. Jersey law from April 6, 2021—the date Plaintiff commenced this action—through the date of judgment), as well an award of punitive damages in the amount of \$200,000.

The Court will therefore enter judgment, in Plaintiff’s favor and against both Defendants, in that amount. As the Court agrees with Plaintiff’s representation that the damages associated with her other causes of action would be duplicative of the damages awarded herein, the Court will dismiss those claims and direct the Clerk of the Court to close this case.

An appropriate order follows. Date: December 30, 2025 s/ Esther Salas Esther Salas, U.S.D.J. Cc: Hon. James B. Clark, U.S.M.J.

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