UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO

Robert O. Carr, Twenty on 23rd, LLC, Townhomes on Conejos, LLC, Four on Lowell Blvd, LLC, and Sixteen on Irving Street, LLC v. Ricki Wells, Rise Development LLC, and Advanced Equity, LLC

Carr v. Wells · No. 20-cv-03319-NYW-JPO · Decided February 26, 2026

SUMMARY

The United States District Court for the District of Colorado granted Plaintiffs' motion to reopen the case for the limited purpose of entering a consent judgment. The court held that it retained ancillary jurisdiction over the parties' settlement agreement, rejected Defendants' challenges based on good faith and fair dealing and unenforceable liquidated damages, and directed entry of the proposed $2.5 million consent judgment.

CASE DETAILS

COURT	United States District Court for the District of Colorado
WRITING FOR THE COURT	Nina Y. Wang
JURISDICTION	United States District Court for the District of Colorado
DECIDED	February 26, 2026
DOCKET	20-cv-03319-NYW-JPO
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs moved to reopen the voluntarily dismissed diversity action for the limited purpose of entering and enforcing a proposed consent judgment under the parties' settlement agreement. Defendants opposed enforcement and sought either reformation of the settlement agreement or entry of judgment for a lower amount.
STANDARD OF REVIEW	The court exercised discretion in deciding whether to approve the proposed consent judgment. Contract issues were analyzed under Colorado law. The court also considered the extraordinary-relief standard applicable to Rule 60(b), but concluded that ancillary jurisdiction supplied a sufficient basis for enforcement and therefore did not need to decide whether Rule 60(b)(6) relief was available.
PRECEDENTIAL VALUE	unpublished, nonprecedential district court memorandum opinion

PARTIES	Robert O. Carr, Twenty on 23rd, LLC, Townhomes on Conejos, LLC, Four on Lowell Blvd, LLC, Sixteen on Irving Street, LLC v. Ricki Wells, Rise Development LLC, Advanced Equity, LLC

TOPICS

civil procedure · motion for reconsideration · contracts · liquidated damages · commercial litigation

PRACTICE AREAS

civil procedure · contracts · commercial litigation · remedies · real estate

QUESTIONS PRESENTED

1. Whether the court retained ancillary jurisdiction to enforce the settlement agreement and enter the incorporated consent judgment after the action had been voluntarily dismissed.
2. Whether defendants' failure to make the required settlement payment was excused by plaintiffs' alleged breach of the implied covenant of good faith and fair dealing.
3. Whether defendants could obtain reformation or forbearance of the settlement agreement despite requesting that relief in a response brief.
4. Whether the $2.5 million liquidated-damages amount was an unenforceable penalty.
5. Whether the proposed consent judgment was fair, adequate, reasonable, legal, noncollusive, and consistent with the public interest.

HOLDINGS

1. A federal court retains ancillary jurisdiction to enforce a settlement agreement after dismissal when its dismissal order expressly retains jurisdiction over the agreement. Because the court's dismissal order expressly retained jurisdiction, the court had authority to enforce the settlement agreement and the incorporated consent judgment.
2. Defendants' failure to pay was not excused by an alleged breach of the implied covenant of good faith and fair dealing because the settlement agreement gave plaintiffs no discretion to alter the expressly bargained-for payment due date, and the covenant does not require a party to accept a material change in the contract's terms.
3. The $2.5 million liquidated-damages amount was enforceable because defendants failed to prove that it was an unreasonable estimate of anticipated damages at the time of contracting.
4. The court approved and entered the proposed consent judgment because it was fair, adequate, and reasonable and was not illegal, collusive, or against the public interest.

KEY QUOTATIONS

> *"And because the Court has ancillary jurisdiction to enforce the Settlement Agreement (and, by extension, the incorporated Consent Judgment), the Court need not consider whether Plaintiffs could also obtain relief*

> *under the more stringent Rule 60(b)(6) standard."* (Analysis § I)

> *"Plaintiffs' refusal to deviate from the bargained-for due date of December 31, 2024 did not breach their implied duty of good faith and fair dealing."* (Analysis § II.A)

> *"The Court finds that Defendants have failed to carry their burden to establish that the $2.5 million liquidated damages amount was unreasonable at the time the Parties executed the Settlement Agreement."* (Analysis § II.B)

> *"The Court has independently reviewed the judgment and concludes that it "is fair, adequate, and reasonable" and "is not illegal, a product of collusion, or against the public interest.""* (Analysis § II.C)

FACTUAL BACKGROUND

The parties disputed revenues and other amounts arising from the development of residential properties. They entered into a settlement agreement requiring defendants to pay $2 million plus 6% interest in installments over five years, with the first payment due December 31, 2024. Defendants made no payments despite receiving notices of default, and the parties agreed that the settlement agreement permitted plaintiffs to seek a consent judgment imposing a $2.5 million liquidated-damages amount.

PROCEDURAL HISTORY

The parties stipulated to dismissal with prejudice after reaching a settlement and requested that the court retain jurisdiction to enforce the settlement agreement. The court dismissed the action and expressly retained jurisdiction. After defendants failed to make the first required payment, plaintiffs moved to reopen the case and enter a consent judgment for $2.5 million. The court granted the motion, reopened the case for the limited purpose of entering judgment, awarded plaintiffs costs, and directed the clerk to terminate the case.

DISPOSITION

other

CASES CITED

- Shoels v. Klebold, 375 F.3d 1054, 1060 (10th Cir. 2004)
- United States v. McCall, 235 F.3d 1211, 1215 (10th Cir. 2000)
- Montez v. Hickenlooper, 640 F.3d 1126, 1131 n.1 (10th Cir. 2011)
- FTC v. American Entertainment Distributors, Inc., 433 F. App'x 816, 817 (11th Cir. 2011) (per curiam)
- United States v. Colorado, 937 F.2d 505, 509-10 (10th Cir. 1991)
- Johnson v. Lodge No. 93 of Fraternal Order of Police, 393 F.3d 1096, 1102 (10th Cir. 2004)
- Arbaugh v. Y & H Corp., 546 U.S. 500, 514 (2006)
- Kokkonen v. Guardian Life Insurance Co. of America, 511 U.S. 375, 378, 380-81 (1994)
- De Leon v. Marcos, 659 F.3d 1276, 1283 (10th Cir. 2011)
- Smith v. Phillips, 881 F.2d 902, 904 (10th Cir. 1989)

- Zurich North America v. Matrix Service, Inc., 426 F.3d 1281, 1289, 1293 (10th Cir. 2005)
- Pierce v. Cook & Co., 518 F.2d 720, 722 (10th Cir. 1975)
- In re Centrix Financial, LLC, No. 09-cv-00088-PAB-CBS, 2019 WL 4242667, at *2 (D. Colo. Sept. 6, 2019)
- Morris v. City of Hobart, 39 F.3d 1105, 1110 (10th Cir. 1994)
- Satsky v. Paramount Communications, Inc., 7 F.3d 1464, 1468 (10th Cir. 1993)
- Grynberg v. Total S.A., 538 F.3d 1336, 1346 (10th Cir. 2008)
- Amoco Oil Co. v. Ervin, 908 P.2d 493, 498 (Colo. 1995)
- Soicher v. State Farm Mutual Automobile Insurance Co., 351 P.3d 559, 565 (Colo. App. 2015)
- Affordable Country Homes, LLC v. Smith, 194 P.3d 511, 515 (Colo. App. 2008)
- Wells Fargo Realty Advisors Funding, Inc. v. Uioli, Inc., 872 P.2d 1359, 1363 (Colo. App. 1994)
- Ravenstar, LLC v. One Ski Hill Place, LLC, 401 P.3d 552, 555 (Colo. 2017)
- Board of County Commissioners v. City & County of Denver, 40 P.3d 25, 29 (Colo. App. 2001)
- Rohauer v. Little, 736 P.3d 403, 410 (Colo. 1987)
- Resolution Trust Corp. v. Avon Center Holdings, Inc., 832 P.2d 1073, 1075 (Colo. App. 1992)

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