

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Severs v. Garcia

Severs v. Garcia · No. 24-cv-01456-EMC · Decided August 25, 2025

SUMMARY

The United States District Court for the Northern District of California ruled on Carlos Garcia’s Rule 12(b)(6) motion in an action seeking to enforce a Canadian default judgment and challenge alleged transfers of assets from HYP3R to HYP3R MEDIA. The court dismissed the alter-ego enforcement, conspiracy, and aiding-and-abetting counts with leave to amend, but allowed the actual and constructive fraudulent-transfer claims to proceed. The order was dated August 25, 2025.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Edward M. Chen
JURISDICTION	United States District Court for the Northern District of California
DECIDED	August 25, 2025
DOCKET	24-cv-01456-EMC
DISPOSITION	other
PROCEDURAL POSTURE	Defendant Garcia moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss all counts of Plaintiff’s action seeking enforcement of a domesticated Canadian default judgment and relief concerning allegedly fraudulent transfers. The court granted dismissal of Counts I, IV, and V with leave to amend and denied dismissal of Counts II and III.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepted factual allegations as true and construed the pleadings in the light most favorable to the nonmoving party, while requiring sufficient factual allegations to state a facially plausible claim. The court applied the plausibility standard from <i>Ashcroft v. Iqbal</i> and <i>Bell Atlantic Corp. v. Twombly</i> .
PRECEDENTIAL VALUE	Unknown; the opinion is a federal district court order and the provided metadata lists its precedential status as Unknown.

TOPICS

motions to dismiss

enforcement of foreign judgments

corporate veil piercing

asset protection

commercial litigation

PRACTICE AREAS

civil procedure

judgment enforcement

fraudulent transfer

corporate law

commercial litigation

QUESTIONS PRESENTED

1. Whether Severs plausibly alleged that Garcia was an alter ego of HYP3R or HYP3R MEDIA and could be subjected to enforcement of the existing judgment under California Code of Civil Procedure section 187.
2. Whether Severs plausibly pleaded actual and constructive fraudulent-transfer claims under the California Uniform Voidable Transactions Act.
3. Whether Garcia could conspire with or aid and abet the corporate defendants under the agent-immunity rule.
4. Whether the complaint adequately stated claims against Garcia under the pleaded theories.

HOLDINGS

1. A judgment creditor seeking to enforce a judgment against an alleged alter ego must plausibly establish control or virtual representation in the underlying litigation, unity of interest and ownership, and that an inequitable result would follow from treating the acts as those of the entity alone. Severs adequately pleaded unity of interest and inequity but did not allege that Garcia controlled the underlying Canadian action or had the opportunity to prevent the default judgment; Count I was therefore dismissed with leave to amend.
2. Severs plausibly alleged an actual fraudulent-transfer claim by alleging transfers to an insider, transfers after the debtor had been sued, transfers of substantially all assets, insolvency, and transfers occurring near the incurrence of a substantial debt. Count II survived the motion to dismiss.
3. Severs plausibly alleged a constructive fraudulent-transfer claim by alleging that HYP3R transferred assets without receiving reasonably equivalent value and believed or reasonably should have believed that it would incur debts beyond its ability to pay. Count III survived the motion to dismiss.
4. Under the agent-immunity rule, a corporate agent acting within the scope of authority on behalf of a corporation is legally the same as the corporation and ordinarily cannot conspire with it or aid and abet its conduct. Because Severs alleged that Garcia was CEO and the alter ego of the corporate defendants, Counts IV and V were dismissed without prejudice, with leave to amend.

KEY QUOTATIONS

“Accordingly, to add a judgment debtor under Section 187, a judgment creditor must show, by a preponderance of the evidence, that “(1) the parties to be added as judgment debtors had control of the underlying litigation and were virtually represented in that proceeding; (2) there is such a unity of interest

and ownership that the separate personalities of the entity and the owners no longer exist; and (3) an inequitable result will follow if the acts are treated as those of the entity alone.”” (II.B)

“Plaintiff has plausibly pled actual intent to hinder, delay, or defraud a creditor.” (II.C)

“The agent-immunity rule provides that “where an agent is acting within the scope of its authority on behalf of a corporation, the agent is ‘one and the same’ as the corporation” and therefore “cannot form a conspiracy.”” (II.D)

“Defendant’s motion to dismiss Counts I, IV, and V is GRANTED. Dismissal is with leave to amend. Defendant’s motion to dismiss Counts II and III is DENIED.” (Conclusion)

FACTUAL BACKGROUND

Severs obtained a Canadian default judgment totaling \$21,170,775 against HYP3R INC, which was later domesticated in the Northern District of California. She alleges that, after the Canadian action and default proceedings began, Garcia—HYP3R’s CEO, director, and majority shareholder—created or controlled HYP3R MEDIA and caused HYP3R to transfer substantially all of its assets, including intellectual property, to that entity. The alleged transfers left HYP3R insolvent and were made to frustrate enforcement of the judgment.

PROCEDURAL HISTORY

Severs obtained a Canadian default judgment against HYP3R INC in a class action and later obtained an order from the Northern District of California domesticating that judgment. She then filed this action against HYP3R MEDIA INC. and Carlos Garcia, alleging alter ego liability and transfers of HYP3R assets to avoid collection. Garcia moved to dismiss all counts for failure to state a claim.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand. Counts I, IV, and V were dismissed with leave to amend; Counts IV and V were dismissed without prejudice.

CASES CITED

- Ashcroft v. Iqbal, 556 U.S. 662 (2009)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544 (2007)
- Levitt v. Yelp! Inc., 765 F.3d 1123, 1135 (9th Cir. 2014)
- Manzarek v. St. Paul Fire & Marine Ins. Co., 519 F.3d 1025, 1031 (9th Cir. 2008)
- In re Levander, 180 F.3d 1114, 1122 (9th Cir. 1999)
- Hernandez v. Vesme, Corp., No. 19-cv-01874-JST, 2024 U.S. Dist. LEXIS 62373, at *3 (N.D. Cal. Apr. 4, 2024)

- Highland Springs Conference & Training Ctr. v. City of Banning, 244 Cal. App. 4th 267, 280, 288 (Cal. App. 2016)
- McClellan v. Northridge Park Townhome Owners Assn., 89 Cal. App. 4th 746, 752 (Cal. App. 2001)
- Motores de Mexicali, S.A. v. Superior Court of Los Angeles County, 51 Cal. 2d 172, 176 (Cal. 1958)
- DEPCOM Power, Inc. v. CSUN Solar, Inc., No. 18-cv-00729-JST, 2020 U.S. Dist. LEXIS 160628, at *37 (N.D. Cal. July 27, 2020)
- Lopez v. Escamilla, 48 Cal. App. 5th 763, 765 (Cal. App. 2020)
- Lopez v. Escamilla, 79 Cal. App. 5th 646, 654, 295 Cal. Rptr. 3d 63, 70 (Cal. App. 2022)
- Kelleher v. Kelleher, No. 13-CV-05450-MEJ, 2014 WL 94197, at *5 (N.D. Cal. Jan. 9, 2014)
- Tomaselli v. Transamerica Ins. Co., 25 Cal. App. 4th 1269 (Cal. App. 1994)
- Leek v. Cooper, 194 Cal. App. 4th 399, 415, 417 (Cal. App. 2011)
- Katzir's Floor & Home Design, Inc. v. M-MLS.COM, 394 F.3d 1143, 1149 (9th Cir. 2005)
- Daewoo Elecs. Am. Inc. v. Opta Corp., No. C 13-1247 JSW, 2013 U.S. Dist. LEXIS 104603, at *16 (N.D. Cal. July 25, 2013)
- Paul v. Palm Springs Homes, Inc., 192 Cal. App. 2d 858, 863 (Cal. App. 1961)
- City & County of San Francisco v. Purdue Pharma L.P., 491 F. Supp. 3d 610, 635 (N.D. Cal. 2020)
- Philips N. Am. LLC v. KPI Healthcare, Inc., No. 8:19-cv-01765-JVS (JDEx), 2022 U.S. Dist. LEXIS 242064, at *6 (C.D. Cal. Aug. 15, 2022)
- Cadence Design Sys. v. Pounce Consulting, Inc., No. 17-cv-04732-PJH (SK), 2019 U.S.
- Uecker v. Uecker, 2018 Cal. App. 5th 1065, 1073 (Cal. App. 2018)
- Qwest Commc'ns Corp. v. Weisz, 278 F. Supp. 2d 1188, 1191 (S.D. Cal. 2003)
- Schechter v. 5841 Bldg. Corp. (In re Hansen), 341 B.R. 638, 645-46 (Bankr. N.D. Ill. 2006)
- Leaser v. Prime Ascot, L.P., No. 2:20-CV-02502-DJC-AC, 2024 U.S. Dist. LEXIS 104698, at *15 (E.D. Cal. June 11, 2024)