

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

Shepardson v. U.S. Bank Trust National Association, as Trustee for Bungalow Series IV Trust

Shepardson · No. 23-cv-05497-NC · Decided April 7, 2025

SUMMARY

The United States District Court for the Northern District of California granted defendants’ motion for summary judgment in John Shepardson’s remaining claim under California’s Unfair Competition Law and False Advertising Law. Although the court had previously found that a notice provided approximately 30 days rather than the required 90 days to cure a balloon-loan default, it held that Shepardson could not establish entitlement to injunctive relief or restitution. The court entered judgment for defendants because Shepardson failed to show a continuing threat, unjust enrichment, or evidence tying the claimed charges to the notice violation.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Nathanael M. Cousins
JURISDICTION	United States District Court for the Northern District of California
DECIDED	April 7, 2025
DOCKET	23-cv-05497-NC
DISPOSITION	other
PROCEDURAL POSTURE	Defendants moved for summary judgment on the plaintiff's remaining claim under California's Unfair Competition Law and False Advertising Law.
STANDARD OF REVIEW	Summary judgment is proper when, drawing all inferences and resolving all doubts in favor of the nonmoving party, there is no genuine dispute as to any material fact and the moving party is entitled to judgment as a matter of law. The nonmoving party must identify specific facts supported by affidavits or discovery showing a genuine issue for trial.
PRECEDENTIAL VALUE	Unknown

PARTIES

U.S. Bank Trust National Association, as Trustee for Bungalow Series IV Trust, SN Servicing Corporation v. John Shepardson

TOPICS

summary judgment

consumer protection

deceptive trade practices

injunctions

restitution

PRACTICE AREAS

civil procedure

consumer protection

real estate

remedies

trusts

QUESTIONS PRESENTED

1. Whether defendants were entitled to summary judgment because Shepardson could not establish a right to injunctive relief under the UCL or FAL.
2. Whether Shepardson could establish entitlement to restitution under the UCL or FAL based on the returned payment, alleged interest, late fees, collection costs, and other charges.
3. Whether Shepardson raised a genuine dispute of material fact concerning the causal connection between the defective notice and the monetary relief he sought.

HOLDINGS

1. Shepardson was not entitled to injunctive relief because he presented no evidence that defendants were likely to commit further violations against him.
2. Shepardson was not entitled to restitution because he did not show that defendants were unjustly enriched by the alleged notice violation or establish a measurable amount of restitution supported by evidence.
3. Defendants were entitled to summary judgment because Shepardson failed to raise a genuine dispute of material fact showing that he was entitled to either injunctive relief or restitution.

KEY QUOTATIONS

“As discussed below, the Court GRANTS Defendants’ motion for summary judgment because it finds that Plaintiff cannot establish a right to remedy under the UCL or FAL.” (at 1)

“Injunctive relief is appropriate only when there is a threat of continuing misconduct.” (at 4)

“Because Plaintiff was unable to raise a genuine issue of material fact showing that he was entitled to injunctive relief or restitution, the Court finds that Plaintiff does not have a right to remedy under the UCL or FAL.” (at 8)

FACTUAL BACKGROUND

In 2007, John Shepardson executed a note and second deed of trust requiring monthly payments and payment of the remaining principal and interest by the May 1, 2017 maturity date. On December 23, 2022, U.S. Bank, through SN Servicing, sent Shepardson a notice seeking payment of the outstanding balance but providing

approximately 30 days rather than the statutorily required 90-day cure period. Shepardson later received a returned payment and a notice of default, and ultimately paid off the loan in April or May 2023. He sought injunctive relief and restitution under the UCL and FAL.

PROCEDURAL HISTORY

The court dismissed the plaintiff's initial, first amended, and second amended complaints. It dismissed all claims in the third amended complaint except part of the claim alleging that defendants violated the UCL and FAL by sending a December 23, 2022 notice that provided approximately 30 days rather than at least 90 days to cure the default. After denying leave to file a fourth amended complaint, the court granted defendants' motion for summary judgment.

DISPOSITION

other

CASES CITED

- Tolan v. Cotton, 572 U.S. 650, 651 (2014)
- Celotex Corp. v. Catrett, 477 U.S. 317, 322-23, 325 (1986)
- Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248, 255 (1986)
- Galen v. County of Los Angeles, 477 F.3d 652, 658 (9th Cir. 2007)
- Barthelemy v. Air Lines Pilots Ass'n, 897 F.2d 999, 1004 (9th Cir. 1990)
- Steckl v. Motorola, Inc., 703 F.2d 392, 393 (9th Cir. 1983)
- CZ Services, Inc. v. Express Scripts Holding Co., Case No. 3:18-cv-04217-JD, 2020 WL 4368212, at *3 (N.D. Cal. July 30, 2020)
- Pfizer Inc. v. Superior Court, 182 Cal. App. 4th 622, 631 (2010)
- Madrid v. Perot Systems Corp., 130 Cal. App. 4th 440, 463 (2005)
- Gafcon, Inc. v. Ponsor & Associates, 98 Cal. App. 4th 1388, 1403 n.6 (2002)
- Freeman v. ABC Legal Services, 877 F. Supp. 2d 919, 924 (N.D. Cal. 2012)
- Becton, Dickinson & Co. v. Cytex Biosciences Inc., Case No. 18-cv-00933-MMC, 2019 WL 3220244, at *5 (N.D. Cal. July 17, 2019)
- Hangarter v. Provident Life & Accident Insurance Co., 373 F.3d 998, 1022 (9th Cir.)
- Ghirardo v. Antonioli, 14 Cal. 4th 39, 51 (1996)
- Pulaski & Middleman, LLC v. Google, Inc., 802 F.3d 979, 988 (9th Cir. 2015)
- Colgan v. Leatherman Tool Group, Inc., 135 Cal. App. 4th 663, 698 (2005)

OPINION

1 2 3 4 5 6 7 UNITED STATES DISTRICT COURT 8 NORTHERN DISTRICT OF
CALIFORNIA 9 10 JOHN SHEPARDSON, Case No. 23-cv-05497-NC 11 Plaintiff, ORDER
GRANTING 12 v. DEFENDANTS’ MOTION FOR SUMMARY JUDGMENT 13 U.S. BANK

TRUST NATIONAL ASSOCIATION, AS TRUSTEE FOR Re: ECF 69 14 BUNGALOW SERIES IV TRUST, et al., 15 Defendants. 16 17 Defendants U.S. Bank Trust National Association (U.S.

Bank) and SN Servicing 18 Corporation (SN) move for summary judgment as to Plaintiff John Shepardson's third 19 amended complaint. Plaintiff's remaining claim alleges that U.S. Bank violated the Unfair 20 Competition Law (UCL), Bus. & Prof. Code § 17200, and the False Advertising Law 21 (FAL), Bus. & Prof. Code § 17500, when SN sent a notice to Plaintiff on behalf of U.S. 22 Bank on December 23, 2022, that improperly did not provide Plaintiff a 90-day time 23 period to cure his default on his "balloon note." As discussed below, the Court GRANTS 24 Defendants' motion for summary judgment because it finds that Plaintiff cannot establish a 25 right to remedy under the UCL or FAL.

26 I. BACKGROUND 27 In 2007, Plaintiff entered into a note and second deed of trust secured by his 1 maturity date of May 1, 2017. TAC, Ex. A (Note). The Note required Plaintiff to make 2 monthly payments, with any remaining principal and interest due in full on the maturity 3 date. TAC, Ex. A. 4 On December 23, 2022, U.S. Bank, through its agent SN, sent Plaintiff a "Notice of 5 Attempt to Collect Debt" for the full outstanding loan balance.

TAC ¶¶ 8, 10, 90, Ex. C. 6 On March 10, 2023, SN returned a payment of \$2,273.12 to Plaintiff that Plaintiff had 7 previously paid but SN did not credit to his account. TAC ¶ 94, Ex. E.1 On April 4, 2023, 8 SN notified Plaintiff that a Notice of Default was recorded against his property the day 9 prior based on his failure to pay the unpaid principal and interest that became due on the 10 maturity date.

TAC ¶ 96, Ex. F.2 The Notice of Default stated that as of March 30, 2023, 11 the amount due including permitted costs and expenses was \$39,756.29, and that the 12 amount would increase until his account became current. Id. The attached Debt 13 Validation Notice also stated that as of April 4, 2023, the amount due was \$35,060.57 plus 14 interest, late charges, negative escrow, and attorney and/or trustee's fees and costs that 15 may have been incurred.

Id. 16 The Court dismissed Plaintiff's initial, first amended, and second amended 17 complaints. ECF 18; ECF 32; ECF 46. It then dismissed all causes of actions in Plaintiff's 18 third amended complaint except for part of his Second Cause of Action that alleged that 19 U.S. Bank violated the UCL and FAL when it sent its December 23, 2022, notice. ECF 20 53.

The Court found that this notice violated California Civil Code §§ 2924i and 2966 21 when it gave Plaintiff approximately 30 days instead of at least 90 to cure his default. Id. 22 at 7. The Court denied Plaintiff's request to file a fourth amended complaint. ECF 68. 23 Defendants filed a motion for summary judgment as to Plaintiff's remaining claim 24 under Federal Rule of Civil Procedure 56.

ECF 69 (Mot.). Plaintiff opposed the motion. 25 ECF 72 (Opp'n). Defendants replied. ECF 73 (Reply). The Court held a hearing on the 26 motion via Zoom. ECF 79 (Hr'g). 27 1 All parties have consented to magistrate judge jurisdiction under 28 U.S.C. § 2 636(c). ECF 8; ECF 9. 3 II. LEGAL STANDARD 4 Summary judgment may be granted only when, drawing all inferences and 5 resolving all doubts in favor of the nonmoving party, there is no genuine dispute as to any 6 material fact.

Fed. R. Civ. P. 56(a); *Tolan v. Cotton*, 572 U.S. 650, 651 (2014); *Celotex 7 Corp. v. Catrett*, 477 U.S. 317, 322 (1986). A fact is material when, under governing 8 substantive law, it could affect the outcome of the case. *Anderson v. Liberty Lobby, Inc.*, 9 477 U.S. 242, 248 (1986). A dispute about a material fact is genuine if “the evidence is 10 such that a reasonable jury could return a verdict for the nonmoving party.” *Id.* Bald 11 assertions that genuine issues of material fact exist are insufficient.

Galen v. Cnty. of L.A., 12 477 F.3d 652, 658 (9th Cir. 2007). 13 The moving party bears the burden of identifying those portions of the pleadings, 14 discovery, and affidavits that demonstrate the absence of a genuine issue of material fact. 15 *Celotex*, 477 U.S. at 323.

The moving party may initially establish the absence of a 16 genuine issue of material fact by “pointing out to the district court that there is an absence 17 of evidence to support the nonmoving party’s case.” *Celotex Corp.*, 477 U.S. at 325. 18 Once the moving party meets its initial burden, the nonmoving party must go beyond the 19 pleadings, and, by its own affidavits or discovery, set forth specific facts showing that a 20 genuine issue of fact exists for trial.

Fed. R. Civ. P. 56(c); *Barthelemy v. Air Lines Pilots 21 Ass’n*, 897 F.2d 999, 1004 (9th Cir. 1990) (citing *Steckl v. Motorola, Inc.*, 703 F.2d 392, 22 393 (9th Cir. 1983)). It is not the Court’s responsibility to root through the record to 23 establish the absence of factual disputes or to look for evidence on the nonmoving parties’ 24 behalf. *CZ Servs., Inc. v. Express Scripts Holding Co.*, Case No. 3:18-cv-04217-JD, 2020 25 WL 4368212, at *3 (N.D.

Cal. July 30, 2020) (citations omitted). 26 All justifiable inferences, however, must be drawn in the light most favorable to the 27 nonmoving party. *Tolan*, 572 U.S. 651 (citing *Liberty Lobby*, 477 U.S. at 255). 1 III. DISCUSSION 2 Defendants argue that they are entitled to summary judgment on Plaintiff’s 3 remaining claim alleging U.S. Bank’s violation of UCL and FAL because (1) Plaintiff 4 cannot establish a violation of California Civil Code section 2924(i) and 2966, the 5 predicate violations of the UCL and FAL, (2) Plaintiff cannot establish proximate cause for 6 his purported damages, and (3) Plaintiff cannot establish a right to remedy under the UCL 7 and FAL.

Mot. at 1. 8 The Court first examines Plaintiff’s right to remedy under the UCL and FAL. 9 Remedies in a UCL or FAL action are generally limited to restitution and injunctive relief; 10 damages cannot be recovered. *Pfizer Inc. v. Superior Ct.*, 182 Cal. App. 4th 622, 631 11 (2010).

For the reasons below, the Court finds that Plaintiff cannot pursue either remedy. 12 A. Plaintiff is not entitled to injunctive relief. 13 First, the Court finds that Plaintiff is not entitled to injunctive relief because he has 14 not presented any evidence that the Defendants are likely to commit further violations of 15 California Civil Code §§ 2924i and 2966 against him.

16 Injunctive relief is appropriate only when there is a threat of continuing misconduct. 17 *Madrid v. Perot Sys. Corp.*, 130 Cal. App. 4th 440, 463 (2005) (citing Code Civ. Proc. § 18 525; *Gafcon, Inc. v. Ponsor & Assocs.*, 98 Cal. App. 4th 1388, 1403 n.6 (2002)). 19 Here, Plaintiff did not provide any evidence that Defendants are likely to continue 20 to send him notices that do not comply with the requirements of California Civil Code §§ 21 2924i and 2966.

Plaintiff has not shown that Defendants have sent him more notices about 22 balloon payments, much less any that violate the California Civil Code. In fact, because 23 Plaintiff is no longer in a contractual relationship with Defendants after paying off his 24 loan, does not claim he is involved in other loan transactions with Defendants, and has not 25 produced any evidence that he intends to be in one in the future, he cannot be realistically 26 threatened by a repetition of Defendants' conduct.

Hr'g (both parties agreeing that the 27 loan has been paid in full); see *Freeman v. ABC Legal Servs.*, 877 F. Supp. 2d 919, 924 1 WL 481267, at *14 (N.D. Cal. Feb. 24, 2009)) (finding that a plaintiff who has no contract 2 with a defendant and no evidence that he intends to obtain one in the future cannot show 3 he is realistically threatened by a repetition of the defendant's conduct).

While Plaintiff 4 points to Defendants' past alleged violations of notice requirements against him, the Court 5 finds this irrelevant because the violations have already occurred and do not look forward 6 to whether Plaintiff will be threatened in the future. Opp'n at 6; see *Becton, Dickinson & 7 Co. v. Cytek Biosciences Inc.*, Case No. 18-cv-00933-MMC, 2019 WL 3220244, at *5 8 (N.D. Cal. July 17, 2019) (finding that injunctive relief "cannot be used... to enjoin an 9 event which has already transpired; a showing of threatened or future harm or continuing 10 violation is required"). 11 Plaintiff also attempts to argue that he is entitled to injunctive relief because he has 12 shown that Defendants are likely to send noncompliant notices to other people by pointing 13 out that (1) Defendants' briefing disregarded statutory language and that (2) there is no 14 evidence that Defendants' practices have stopped.

Opp'n at 5–6. The Court finds this 15 argument irrelevant as well. What matters in this case is not whether other people may 16 continue to be threatened by Defendants' conduct, but whether Plaintiff himself is 17 threatened by Defendants' conduct. *Freeman*, 877 F. Supp. 2d 919, 924 (N.D. Cal. 2012) 18 (citing *Hangarter v. Provident Life & Acc. Ins. Co.*, 373 F.3d 998, 1022 (9th Cir.)) (finding 19 that a plaintiff has no standing to seek injunctive relief if he is not personally threatened by 20 the defendant's conduct).

As analyzed above, Plaintiff was unable to show that he himself 21 was personally threatened by Defendants' conduct because he is no longer, and does not 22 plan to be, in a contractual relationship with Defendants. 23 Thus, the Court finds that Plaintiff is not entitled to injunctive relief. 24 B. Plaintiff is not entitled to restitution. 25 Second, the Court finds that Plaintiff is not entitled to restitution because he did not 26 show that Defendants were unjustly enriched by the violation of the notice or that the 27 amount of restitution was supported by evidence.

1 another. *Ghirardo v. Antonioli*, 14 Cal. 4th 39, 51 (1996). A defendant is unjustly 2 enriched if it receives some form of benefit or advantage at the plaintiff's expense. *Id.* 3 Restitution under the UCL and FAL "must be of a measurable amount to restore to the 4 plaintiff what has been acquired by violations of the statutes, and that measurable amount 5 must be supported by evidence." *Pulaski & Middleman, LLC v. Google, Inc.*, 802 F.3d 6 979, 988 (9th Cir.

2015) (quoting *Colgan v. Leatherman Tool Grp., Inc.*, 135 Cal. App. 4th 7 663, 698 (2006)). 8 Here, Plaintiff alleges that he should be afforded restitution for the "imposed 9 charges" and "wrongfully kept" charges stemming from (1) when U.S. Bank failed to 10 include interest on the funds it had returned, and (2) when U.S. Bank added late fees 11 and/or collection costs to the loan balance.

Opp'n at 6–7; Mot., Ex. 1 ¶ 96; TAC ¶ 113. 12 The Court finds that Plaintiff is not entitled to restitution for either. 13 1. Plaintiff is not entitled to restitution due to Defendants' alleged 14 failure to include interest on the March 10, 2023, repayment. 15 Plaintiff first argues that he is afforded restitution because Defendants were unjustly 16 enriched when SN received \$2,273.12 from Plaintiff, did not credit it to Plaintiff's account, 17 and returned it to Plaintiff without interest.

Opp'n at 6; Hr'g; TAC, Ex. E. Plaintiff's 18 argument fails because he is unable to show that Defendants were unjustly enriched (or 19 how much they were enriched by) or that the interest was caused by the Defendants' 20 violation of notice requirements. 21 To start, Plaintiff did not point to any evidence that Defendants were unjustly 22 enriched by failing to include interest when returning Plaintiff's \$2,273.12.

As an initial 23 matter, Plaintiff is unable to point to facts that Defendants even received a benefit from 24 Plaintiff's payment of \$2,273.12. There is no evidence in the record that Defendants 25 cashed Plaintiff's check or that Defendant even received interest by putting the money into 26 an interest-bearing account. Plaintiff's lack of evidence is highlighted by the fact that he 27 was unable to tell the Court how much interest he is allegedly owed, or point it to any 1 Further, Plaintiff has also not shown that SN's repayment of \$2,273.12 without 2 interest was a result of Defendants' violation of notice requirements.

While Plaintiff 3 argued at the hearing that it is inequitable to return payments without interest because the 4 notice's deficiency caused confusion for the Plaintiff, he did not point to any

evidence that 5 showed what the confusion was, how the confusion affected Plaintiff's payment, or how 6 the confusion affected Defendants' repayment. Hr'g. Without any evidence, SN's 7 repayment without interest remains untethered to the alleged violations in the December 8 23, 2022, notice.

9 Because Plaintiff has not provided any evidence of Defendants' unjust enrichment 10 or that it was caused by Defendants' violation of notice requirements, the Court finds that 11 Plaintiff is not entitled to the interest on the \$2,273.12 he paid to SN as restitution. 12 2. Plaintiff is not entitled to restitution because of Defendants' 13 allegedly improper additional late fees, collection costs, and 14 interest on the loan balance.

15 Plaintiff next argues that he is afforded restitution because Defendants were 16 unjustly enriched by improperly adding late fees, collection costs, and interest. TAC ¶ 17 113. Plaintiff is unable to show how these additional charges were caused by the violation 18 in the December 23, 2022, notice, or that the restitution requested is supported by 19 evidence.

20 Plaintiff fails to point to evidence that shows that the additional charges were 21 caused by improper notice. Instead, California Civil Code 2966(b) states that a "[f]ailure 22 to provide notice as required... does not extinguish any obligation of payment by trustor" 23 and that interest would continue to accrue.

Thus, regardless of whether the December 23, 24 2022, notice met the notice requirements, the additional fees, costs, and interest would 25 have continued to occur, and Plaintiff would have continued to be obligated to pay them. 26 Plaintiff attempts to connect the additional charges to the notice by stating that 27 Defendants imposed these fees and costs because he failed to pay off the loan within 30 1 causation.

The Notice of Default stated that the increase in charges on the amount due is 2 hinged on whether Plaintiff's account was paid off—thus, it would not matter whether he 3 paid off the loan within 30 days after the December 23, 2022, notice, or within 90 days. 4 ECF 72-1, ¶ 7, Ex. A(F). It remains true that his loan matured on May 1, 2017, and he did 5 not pay off his debt until April or May 2023,3 which means that he was subject to the 6 increase in amount that occurred between those dates.

Plaintiff does not point to any 7 evidence that the additional charges were incurred because he did not adhere to the 8 incorrect 30-day deadline, and not because he simply had not paid off his balance by the 9 maturity date. 10 Further, Plaintiff is unable to tell the Court how much these collection costs, late 11 fees, and interest amount to, much less point the Court to where in the record it is.

Hr'g. 12 The Court is unclear conceptually as to what Plaintiff is even arguing for: the allegedly 13 improperly added late fees, collection costs, and interest added to the \$39,756.29 due on 14

March 30, 2023, such that Defendants were able to retain the full \$40,000 Plaintiff paid, or 15 the allegedly improperly added late fees, collection costs, and interest to the unpaid 16 principal amount of \$35,060.75 as of April 4, 2023.

Id. ¶¶ 113, 152; ECF 72-1, ¶ 7, Ex. 17 A(F). It is not enough, as Plaintiff argued at the hearing, to state that damages exist 18 because Defendants admitted it.⁴ At this stage of summary judgment, Plaintiff must set 19 forth evidence supporting his contention. Fed. R. Civ. P. 56. 20 Thus, the Court finds that Plaintiff is not entitled to restitution. 21 IV.

CONCLUSION 22 Because Plaintiff was unable to raise a genuine issue of material fact showing that 23 he was entitled to injunctive relief or restitution, the Court finds that Plaintiff does not have 24 a right to remedy under the UCL or FAL.

Accordingly, the Court GRANTS Defendants' 25 motion for summary judgment. 26 3 During the hearing, Plaintiff stated that he made two to four payments after the December 27 23, 2022, notice, the last of which occurred in April or May of 2023. 1 IT IS SO ORDERED. 2 3 || Dated: April 7, 2025 hie—_——_ NATHANAEL M. COUSINS 4 United States Magistrate Judge 5 6 7 8 9 10 11 12 13 «14 S 15 16 o 17 1g zZ 19 20 21 22 23 24 25 26 27 28