

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA

Engel v. Paragon Systems, Inc., et al.

No. 2:24-cv-02479-DJC-CKD PS · No. No. 2:24-cv-02479-DJC-CKD PS · Decided April 21, 2025

SUMMARY

The document is an order denying the plaintiff’s motion for sanctions and findings and recommendations addressing motions to dismiss in a removed civil action brought by Julius M. Engel against Paragon Systems, Inc., federal agencies, and individual defendants. The court recommends granting the defendants’ motions to dismiss, denying the plaintiff’s motions for summary judgment and default as moot, and dismissing the claims, including claims concerning employment discrimination, constitutional violations, torts, contract, and retaliation. The court also addresses sovereign immunity, FTCA exhaustion, pleading standards, and the status of unserved defendants.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
WRITING FOR THE COURT	Carolyn K. Delaney
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	April 21, 2025
DOCKET	No. 2:24-cv-02479-DJC-CKD PS
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff's state-court action was removed to federal court by federal defendants under 28 U.S.C. § 1442(a)(1). The magistrate judge denied plaintiff's motion for sanctions and issued findings and recommendations addressing defendants' motions to dismiss, plaintiff's motions for summary judgment and default judgment, and dismissal of non-served defendants.
STANDARD OF REVIEW	Under Rule 12(b)(6), the court accepts well-pleaded factual allegations as true and construes them in the light most favorable to the plaintiff, but disregards conclusory allegations and requires facts making relief plausible. Under Rule 12(b)(1), a facial jurisdictional attack is evaluated from the pleadings, with factual allegations accepted as true. Rule 11 sanctions require a showing that a filing was improper, frivolous, unsupported, or unwarranted.

PRECEDENTIAL VALUE	unpublished, nonprecedential magistrate judge order and findings and recommendations
PARTIES	Julius M. Engel v. Paragon Systems, Inc., Debra Harris, Steven O'Connor, Federal Protective Service, Department of Homeland Security, Social Security Administration, Richard Castellon, Robert Marquez, Sheila Sharma, John Hodek, Darin Biggers, Fidel Realyvasquez, Jr., Sacramento Occupational Medical Group

TOPICS

motions to dismiss

summary judgment

default judgment

sanctions

employment law

PRACTICE AREAS

civil procedure

employment law

civil rights

federal employment law

torts

contracts

QUESTIONS PRESENTED

1. Whether the complaint stated viable claims against the federal defendants under the FTCA, the Constitution, 42 U.S.C. §§ 1983, 1985, and 2000d, the ADEA, and related federal and state-law theories.
2. Whether sovereign immunity and failure to exhaust administrative remedies deprived the court of jurisdiction over plaintiff's tort claims against federal defendants.
3. Whether plaintiff adequately alleged that the Paragon defendants acted under color of state law for purposes of his constitutional claims.
4. Whether plaintiff adequately pleaded claims for age discrimination, breach of contract, tortious interference with contract, constructive wrongful discharge, conspiracy, fraud, elder abuse, assault and battery, interference with economic advantage, whistleblower retaliation, and ratification.
5. Whether plaintiff's motions for summary judgment and default judgment were moot and whether Rule 11 sanctions were warranted.

HOLDINGS

1. The federal defendants were protected by sovereign immunity, and plaintiff could not proceed under the FTCA without first presenting his tort claims to the appropriate federal agency and receiving a final written denial. Because plaintiff did not allege or show that he satisfied that prerequisite, the court lacked subject-matter jurisdiction over the tort claims.
2. Plaintiff's constitutional damages claims against the federal agencies and federal officials in their official capacities were barred by sovereign immunity.
3. Plaintiff failed to state § 1983 claims because he did not adequately allege that the federal defendants acted under color of state law or that the Paragon defendants were state actors.
4. Plaintiff failed to state a Title VI claim against the federal agencies, federal officials, or Paragon defendants.

5. Plaintiff failed to state an ADEA claim against the federal defendants because he did not establish that he was an employee of FPS or DHS.
6. Plaintiff's ADEA claim against the Paragon defendants was inadequately pleaded, but leave to amend was appropriate if plaintiff could allege facts showing satisfactory performance and replacement by a substantially younger employee or comparable circumstances supporting an inference of age discrimination.
7. Plaintiff failed to adequately plead breach of contract because he did not sufficiently allege the existence of an enforceable contract with the defendants, although leave to amend was recommended.
8. Plaintiff failed to state conspiracy claims under federal or California law because he did not allege a racial or class-based discriminatory animus, a constitutional violation, or an underlying tort.
9. Plaintiff's HIPAA and CARES Act claims failed because neither statute provides a private right of action.
10. Plaintiff failed to state a claim under the Whistleblower Protection Act because Paragon was not a federal employer and plaintiff was not a federal employee.
11. Rule 11 sanctions were unwarranted because plaintiff did not demonstrate that defendants' filings were improper, frivolous, unsupported, or unwarranted.

KEY QUOTATIONS

“For the reasons set forth below, the complaint fails to state a claim against the moving defendants.” (at 2)

“A lawsuit filed prior to the exhaustion of a claimant’s administrative claim is premature and must be dismissed.” (at 10)

“Defendants are entitled to make arguments and litigate their case, and presenting arguments contrary to plaintiff’s does not make them “frivolous” or improper.” (at 25)

FACTUAL BACKGROUND

Plaintiff alleged that he worked as a protective service officer through Paragon, a contractor providing services for federal agencies, and that he won a position at a Social Security office in Yuba City, California. After filing an EEOC complaint against federal officers in October 2022, he was placed on unpaid administrative leave and required to undergo fitness-for-duty examinations. He alleged that examination results were improperly administered or falsified and that Paragon breached an agreement to return him to work if he passed the examination.

PROCEDURAL HISTORY

Plaintiff filed the action in Sacramento Superior Court on July 11, 2024. Federal defendants removed it on September 11, 2024. Paragon defendants and federal defendants separately moved to dismiss; plaintiff moved for summary judgment, default judgment, and sanctions. The court denied sanctions and recommended granting the dismissal motions, dismissing the non-served defendants, and denying plaintiff's summary-judgment and default-judgment motions as moot.

DISPOSITION

other

CASES CITED

- United States v. Ritchie, 342 F.3d 903, 908 (9th Cir. 2003)
- Balistreri v. Pacifica Police Department, 901 F.2d 696, 699 (9th Cir. 1990)
- Hishon v. King & Spalding, 467 U.S. 69, 73 (1984)
- Love v. United States, 915 F.2d 1242, 1245 (9th Cir. 1990)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 555, 570 (2007)
- Lopez v. Smith, 203 F.3d 1122, 1130-31 (9th Cir. 2000) (en banc)
- Hebbe v. Pliler, 627 F.3d 338, 342 & n.7 (9th Cir. 2010)
- Huffman v. Lindgren, 81 F.4th 1016, 1020-21 (9th Cir. 2023)
- Sprewell v. Golden State Warriors, 266 F.3d 979, 988 (9th Cir. 2001)
- Savage v. Glendale Union High School, 343 F.3d 1036, 1039-40 (9th Cir. 2003)
- Warren v. Fox Family Worldwide, Inc., 328 F.3d 1136, 1139 (9th Cir. 2003)
- White v. Lee, 227 F.3d 1214, 1242 (9th Cir. 2000)
- Safe Air for Everyone v. Meyer, 373 F.3d 1035, 1039 (9th Cir. 2004)
- Whisnant v. United States, 400 F.3d 1177, 1179 (9th Cir. 2005)
- Cato v. United States, 70 F.3d 1103, 1105-06 (9th Cir. 1995)
- California Architectural Building Products v. Franciscan Ceramics, Inc., 818 F.2d 1466, 1472 (9th Cir. 1987)
- Whidbee v. Pierce County, 857 F.3d 1019, 1023 (9th Cir. 2017)
- Abagninin v. AMVAC Chemical Corp., 545 F.3d 733, 742-43 (9th Cir. 2008)
- Gomez v. Toledo, 446 U.S. 635, 638 (1980)
- Lindke v. Freed, 601 U.S. 187, 194 (2024)
- Keates v. Koile, 883 F.3d 1228, 1242-43 (9th Cir. 2018)
- Sierra Club v. Whitman, 268 F.3d 898, 901 (9th Cir. 2001)
- Balser v. Department of Justice, 327 F.3d 903, 907 (9th Cir. 2003)
- United States v. Mitchell, 463 U.S. 206, 212 (1983)
- Plater v. United States, 359 F. Supp. 3d 930, 937 (C.D. Cal. 2018)
- Hassel v. DHCS Medi-Cal Program Beneficiary Services, 2015 WL 4940833, at *3-4 (N.D. Cal. Aug. 19, 2015)
- Thomas-Lazear v. FBI, 851 F.2d 1202, 1207 (9th Cir. 1988)
- Cabrera v. Martin, 973 F.2d 735, 742 (9th Cir. 1992)
- Gibson v. United States, 781 F.2d 1334, 1343 (9th Cir. 1986)
- Bivens v. Six Unknown Named Agents of Federal Bureau of Narcotics, 403 U.S. 388 (1971)

- *Egbert v. Boule*, 596 U.S. 482, 490 (2022)
- *Miller v. Maxwell's International*, 991 F.2d 583, 587-88 (9th Cir. 1993)
- *Reeves v. Sanderson Plumbing Products, Inc.*, 530 U.S. 133, 142 (2000)
- *Rose v. Wells Fargo & Co.*, 902 F.2d 1417, 1421 (9th Cir. 1990)
- *Rabiech v. United States*, 2019 WL 5788673, at *2 (N.D. Cal. Nov. 6, 2019)
- *United Tactical Systems, LLC v. Real Action Paintball, Inc.*, 143 F. Supp. 3d 982, 1024 (N.D. Cal. 2015)
- *Lazar v. Superior Court*, 12 Cal. 4th 631, 638 (1996)
- *Von Mangoldt Hills v. Intensive Air, Inc.*, 2007 WL 521222, at *2 (N.D. Cal. Feb. 15, 2007)
- *Dizon v. City of South San Francisco*, 2018 WL 5023354, at *3 (N.D. Cal. Oct. 16, 2018)
- *Monell v. Department of Social Services of New York*, 436 U.S. 658, 694 (1978)
- *Gillette v. Delmore*, 979 F.2d 1342, 1346-47 (9th Cir. 1992)
- *Christie v. Iopa*, 176 F.3d 1231, 1239 (9th Cir. 1999)
- *Price v. Hawaii*, 939 F.2d 702, 707-08 (9th Cir. 1991)
- *Sutton v. Providence St. Joseph Medical Center*, 192 F.3d 826, 835-36 (9th Cir. 1999)
- *Florer v. Congregation Pidyon Shevuyim, N.A.*, 639 F.3d 916, 922 (9th Cir. 2011)
- *Lee v. Katz*, 276 F.3d 550, 554 (9th Cir. 2002)
- *O'Handley v. Weber*, 62 F.4th 1145, 1157 (9th Cir. 2023)
- *Armstrong Petroleum Corp. v. Tri-Valley Oil & Gas Co.*, 116 Cal. App. 4th 1375, 1390-91 n.6 (2004)
- *Tameny v. Atlantic Richfield Co.*, 27 Cal. 3d 167 (1980)
- *Haney v. Aramark Uniform Services, Inc.*, 121 Cal. App. 4th 623, 641 (2004)
- *Miklosy v. Regents of the University of California*, 44 Cal. 4th 876, 900 (2008)
- *Quelimane Co. v. Stewart Title Guaranty Co.*, 19 Cal. 4th 26, 55 (1998)
- *Youst v. Longo*, 43 Cal. 3d 64, 71 n.6 (1987)
- *Garcia v. City of Merced*, 637 F. Supp. 2d 731, 747 (E.D. Cal. 2008)
- *Tekle v. United States*, 511 F.3d 839, 855 (9th Cir. 2007)
- *Webb v. Smart Document Solutions, LLC*, 499 F.3d 1078, 1082 (9th Cir. 2007)
- *Saloojas, Inc. v. Aetna Health of California, Inc.*, 80 F.4th 1011, 1013 (9th Cir. 2023)
- *Kerr v. Jewell*, 836 F.3d 1048, 1053 (9th Cir. 2016)
- *Eitel v. McCool*, 782 F.2d 1470, 1472 (9th Cir. 1986)
- *Washington v. Young*, 2019 WL 950252, at *2 (E.D. Cal. Feb. 27, 2019)
- *Tom Growney Equipment, Inc. v. Shelley Irrigation Development, Inc.*, 834 F.2d 833, 837 (9th Cir. 1987)
- *Operating Engineers Pension Trust v. A-C Co.*, 859 F.2d 1336, 1345 (9th Cir. 1988)
- *Turner v. Duncan*, 158 F.3d 449, 455 (9th Cir. 1998)
- *Martinez v. Ylst*, 951 F.2d 1153, 1156-57 (9th Cir. 1991)