

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

AIG Europe S.A. v. McCaughey

AIG Europe · No. 2:22-cv-00588-MWF-JEM · Decided March 9, 2023

SUMMARY

The United States District Court for the Central District of California ordered Defendants to show cause why a preliminary injunction should not issue to prevent further transfer, disposal, or encumbrance of assets, including real property allegedly transferred to Leaf House LLC. The court also authorized immediate post-judgment discovery concerning the property and grant deed and held that the judgment was immediately enforceable.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	Michael W. Fitzgerald
JURISDICTION	United States District Court for the Central District of California
DECIDED	March 9, 2023
DOCKET	2:22-cv-00588-MWF-JEM
DISPOSITION	other
PROCEDURAL POSTURE	After entering judgment for AIG Europe S.A., the court considered AIG's amended ex parte application for a preliminary injunction, post-judgment discovery, and immediate enforcement of the judgment.
PRECEDENTIAL VALUE	unknown

TOPICS

- injunctions
- discovery dispute
- civil procedure
- asset protection
- remedies

PRACTICE AREAS

- civil procedure
- remedies
- real estate
- asset protection
- commercial litigation

QUESTIONS PRESENTED

- Whether the circumstances surrounding the grant-deed transfer warranted an order to show cause concerning a preliminary injunction against further transfer, disposal, or encumbrance of defendants'

assets.

2. Whether AIG should be permitted to commence immediate post-judgment discovery concerning the property and the grant deed.
3. Whether the judgment should be immediately enforceable.

HOLDINGS

1. Property acquired by a married person during marriage while domiciled in California is presumptively community property, although the presumption may be rebutted by tracing the acquisition funds to separate property.
2. The court ordered defendants to show cause in writing why an injunction should not issue against further transfer, disposal, or encumbrance of assets, specifically requiring them to address the property's separate-property status and the reason for the transfer to Leaf House LLC.
3. AIG was authorized to immediately issue post-judgment discovery to Gerard McCaughey, Sophie McCaughey, and Leaf House LLC concerning the property and the grant deed.
4. The judgment was immediately enforceable.

KEY QUOTATIONS

“The presumption, . . . that property acquired during the marriage is community, is perhaps the most fundamental principle of California's community property law.” (2)

FACTUAL BACKGROUND

AIG Europe obtained a judgment against Gerard McCaughey and the community estate of Sophie McCaughey totaling €3,860,943.53 before post-judgment interest. The day after AIG filed its summary-judgment reply, Sophie McCaughey executed a grant deed purporting to convey Manhattan Beach property to Leaf House LLC, which shared an office with Gerard McCaughey's company. AIG contended that the property was community property subject to enforcement of the judgment and that the transfer was an attempt to conceal assets, while defendants asserted that the property was Sophie McCaughey's separate property.

PROCEDURAL HISTORY

The court entered judgment on March 7, 2023, against Gerard McCaughey and the community estate of Sophie McCaughey for €3,646,735.30 plus interest. AIG then sought to enjoin further transfers of assets after Sophie McCaughey executed a grant deed purporting to transfer property to Leaf House LLC. The court ordered defendants to show cause why an injunction should not issue, granted immediate post-judgment discovery concerning the property and deed, and ruled that the judgment was immediately enforceable.

DISPOSITION

other

CASES CITED

- In re Brace, 9 Cal. 5th 903, 914, 266 Cal. Rptr. 3d 298 (2020)

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