UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA

Carrea Christopher v. Santander Consumer USA Inc.

Christopher · No. 3:23-cv-01608-JAH-DEB · Decided September 29, 2025

SUMMARY

The United States District Court for the Southern District of California denied without prejudice the plaintiff’s motion to lift a stay and denied two motions for sanctions, one with prejudice and one without prejudice. The court ordered the parties to initiate arbitration by November 25, 2025, meet and confer regarding arbitration procedures, and file a joint status report by December 2, 2025. The order concerns the parties’ failure to commence arbitration after the court compelled arbitration and stayed the action.

CASE DETAILS

COURT	United States District Court for the Southern District of California
WRITING FOR THE COURT	John A. Houston
JURISDICTION	United States District Court for the Southern District of California
DECIDED	September 29, 2025
DOCKET	3:23-cv-01608-JAH-DEB
DISPOSITION	other
PROCEDURAL POSTURE	After compelling arbitration and staying the civil action, the court considered the plaintiff's motion to lift the stay and two motions for sanctions under Federal Rule of Civil Procedure 11.
STANDARD OF REVIEW	Whether a party has defaulted in proceeding with arbitration is a factual matter within the district court's discretion. The court also exercised its inherent authority to address bad-faith conduct and supervise a stayed action.
PRECEDENTIAL VALUE	unpublished district court order
PARTIES	Carrea Christopher v. Santander Consumer USA Inc.

TOPICS

arbitration · sanctions · civil procedure · breach of contract · insurance coverage

PRACTICE AREAS

civil procedure · arbitration · contracts · insurance · sanctions

QUESTIONS PRESENTED

1. Whether the stay pending arbitration should be lifted because the party that obtained the stay defaulted in proceeding with arbitration.
2. Whether the plaintiff was entitled to sanctions based on the defendant's alleged failure to meet a briefing deadline.
3. Whether sanctions should be imposed based on the defendant's alleged harassing communications and threatened repossession while the action was stayed.

HOLDINGS

1. The court declined to lift the stay at that time, but ordered both parties to initiate and participate in arbitration in good faith by specified deadlines. The defendant, which obtained the stay and was the party initiating arbitration under the contract, could not avoid all responsibility for facilitating arbitration.
2. Sanctions were not warranted because Santander timely filed its response in opposition to the motion to lift the stay.
3. The second sanctions motion was denied without prejudice because Santander had not yet responded to the allegations, and the court deferred consideration while directing the parties back to arbitration.

KEY QUOTATIONS

> *"After arbitration has been ordered, the Federal Arbitration Act permits federal courts "to retain control over the case to the extent necessary to prevent a complete breakdown of the process.""* (at 5)

> *"The Court ORDERS the parties to initiate arbitration by November 25, 2025, and the parties shall file a Joint Status Report by December 2, 2025 on the status of the arbitration."* (at 6-7)

> *"Before determining "that the requisite bad faith exists," courts must allow the opposing party notice and the opportunity to respond."* (at 8)

FACTUAL BACKGROUND

Christopher alleged that an insurance-related contract was breached after his vehicle was damaged in a collision and that Santander pressured him to declare the vehicle a total loss while representing that it would pay off the vehicle. The court had compelled arbitration and stayed the action, but no arbitration had begun for more than a year. Christopher claimed that Santander failed to respond to his attempts to arrange arbitration while continuing to demand payment and threatening repossession. Santander argued that Christopher alone was responsible for initiating arbitration because he had not submitted the required arbitration demand form.

PROCEDURAL HISTORY

The court previously granted Santander's motion to compel arbitration and stayed the action under 9 U.S.C. § 3. More than a year passed without arbitration being initiated. Christopher moved to lift the stay based on alleged delay and moved for sanctions based on the defendant's alleged failure to meet a briefing deadline and alleged harassing communications. The court denied the motion to lift the stay without prejudice, denied the first sanctions motion, denied the second sanctions motion without prejudice, and ordered the parties to meet and confer and initiate arbitration by specified dates.

DISPOSITION

other

CASES CITED

- Smith v. Spizzirri, 601 U.S. 472, 477 (2024)
- Sink v. Aden Enterprises, Inc., 352 F.3d 1197, 1199-1200 (9th Cir. 2003)
- Woods v. Saturn Distribution Corp., 78 F.3d 424, 427 (9th Cir. 1996)
- Morris v. Morgan Stanley & Co., 942 F.2d 648, 653-654 (9th Cir. 1991)
- In re Tre Scalini, Inc., 178 B.R. 237, 240 (Bankr. C.D. Cal. 1995)
- Miller v. Aaacon Auto Transportation, Inc., 545 F.2d 1019, 1020 (5th Cir. 1977)
- Chambers v. NASCO, Inc., 501 U.S. 32, 46, 50-51 (1991)
