

**UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA**

State of California v. Phillip Del Rosa, et al.

No. 2:23-cv-00743-KJM-SCR (E.D. Cal. May 16, 2025) · No. No. 2:23-cv-00743-KJM-SCR · Decided May 19,
2025

SUMMARY

The United States District Court for the Eastern District of California denies defendants’ motion to stay proceedings pending their interlocutory appeal concerning qualified immunity. The court holds that the automatic stay applies only to the PACT Act claims implicated by the appeal, not to the CCTA and civil RICO claims against defendants in their personal capacities. The court also directs the clerk to remove Wendy Del Rosa from the caption and orders the parties to file a joint pretrial scheduling statement.

OPINION

1 2 3 4 5 6 7 8 UNITED STATES DISTRICT COURT 9 FOR THE EASTERN DISTRICT OF
CALIFORNIA 10 11 State of California, No. 2:23-cv-00743-KJM-SCR 12 Plaintiff, ORDER 13
v. 14 Phillip Del Rosa, et al., 15 Defendants. 16 17 Defendants move the court to stay the district
court proceedings in this action, excluding 18 | proceedings to supervise compliance with the
standing preliminary injunction, pending an order 19 | on the interlocutory appeal now before the
Ninth Circuit.

California opposes the motion. As 20 | explained below, the court denies the motion to stay and
addresses the scope of the automatic 21 | stay herein. 22 | I. BACKGROUND 23 The court
explained the relevant factual background in multiple previous orders and 24 | therefore explains
the facts here only to the extent necessary. See Order (Sept. 8, 2024), ECF 25 | No. 43; Order (Jan.

24, 2024), ECF No. 58; Order (Nov. 18, 2024), ECF No. 97. Defendants 1 Phillip Del Rosa and
Daren Rose¹ are tribal officers of the federally recognized Indian Tribe, 2 Alturas Indian
Rancheria (the Tribe). First Am. Compl. ¶¶ 1, 7, 8, 68, ECF No. 68.

The Tribe 3 owns Azuma Corporation (Azuma), which sells cigarettes in California allegedly in
violation the 4 federal Contraband Cigarette Tax Act (CCTA), Prevent All Cigarette Trafficking
Act (PACT 5 Act) and Racketeer Influenced and Corrupt Organizations Act (RICO). See generally
id. 6 On January 24, 2024, the court granted in part and denied in part defendants’ first motion 7 to
dismiss California’s then–operative complaint, Compl., ECF No. 1, and granted California 8 leave
to amend certain claims, see generally Order (Jan.

24, 2024). The court found defendants, 9 sued in their personal capacities for alleged violations of the PACT Act and state law, are not 10 shielded under a theory of qualified immunity. *Id.* at 9–10. The court explained, “[d]efendants 11 do not cite, nor can the court find, any authority extending qualified immunity to tribal officers 12 sued in their personal capacities for violating federal and state laws....

[California’s] PACT 13 Act claim and state law claims brought against [Phillip Del Rosa and Darren Rose] in their 14 personal capacities may proceed.” *Id.* Defendants filed an interlocutory appeal to the Ninth 15 Circuit and at the time of this order, the appeal remained pending. Notice Interlocutory Appeal, 16 ECF No. 65.2 17 California amended its CCTA claim, which the civil RICO claim is predicated upon, and 18 defendants moved again under Rule 12(b)(6) to dismiss those claims to the extent California 19 asserted it against defendants in their official capacities.

Defs.’ Mot. Dismiss (Mot. Dismiss) at 6, 20 9, ECF No. 81. In their briefs, the parties disagreed about the scope of the automatic stay in place 21 as a result of defendants’ interlocutory appeal. Defendants’ motion asserted: 22 [A]ll personal capacity claims implicate [d]efendants’ assertion of qualified 23 immunity. Defendants therefore limit their response to the matters that are not 1 At hearing, counsel indicated the third tribal official named as a defendant, Wendy Del Rosa, is no longer a party to the case.

See Mins. Mot. Hr’g, ECF No. 115. The clerk of court is directed to correct the caption of the case and terminate Wendy Del Rosa as a party to the case. 2 Defendants previously moved for a stay pending appeal of this court’s preliminary injunction. Mot., ECF No. 73; Notice Appeal (U.S. Court of Appeals Mem No. 23-16200), ECF No. 44.

The appeal at issue here is a second appeal concerning this court’s order on defendants’ motion to dismiss. Notice Appeal (U.S. Court of Appeals Mem No. 24-00698), ECF No. 67. 1 before the Court of Appeal and reserve their right to respond further to the [First 2 Amended Complaint] as may be appropriate following resolution of the appeal. 3 *Id.* at 6–7. Defendants did not otherwise address the CCTA or civil RICO claims and did not 4 invoke qualified immunity in response to those claims.

5 The court declined to address the scope of the pending appeal and its effect on “this 6 court[’s] jurisdiction over other disputes, such as defendants’ assertion of immunity,” because the 7 parties did not fully brief the issue, and a resolution of the issue did not impact the then–pending 8 motion to dismiss. Order (Nov. 18, 2024) at 3–4, ECF No. 97.

The court dismissed the official- 9 capacity CCTA claim without leave to amend. *Id.* at 4. 10 On December 17, 2024, defendants filed a motion the court construed as a request to stay 11 the entirety of the case, excluding enforcement of the standing preliminary injunction. Mot. 12 Scheduling Conference, (Dec. 17, 2024), ECF No. 100.

The court directed parties to brief the 13 issue. Order (Jan. 8, 2025), ECF No. 102. Defendants filed a motion to stay as ordered. 14 See generally, Mot., ECF No. 106. The motion is fully briefed. See Opp'n, ECF No. 110; Reply, 15 ECF No. 114.

The court held a hearing on the matter on February 13, 2025. See Mins. Mot. 16 Hr'g, ECF No. 115.3 Peter Nascenzi and David Goodwin appeared for California. Id. John 17 Peebles, Tim Hennessy and Gregory Narvaez appeared for defendants. Id. 18 II. LEGAL STANDARD 19 Circuit courts generally lack jurisdiction to hear an interlocutory appeal from an order 20 denying a motion to dismiss, but an exception exists for district court denials of qualified 21 immunity.

Mitchell v. Forsyth, 472 U.S. 511, 530 (1985). The judge-made doctrine of qualified 22 immunity creates “an immunity from suit rather than a mere defense to liability,” and as 23 interpreted by the Supreme Court, qualified immunity “is effectively lost if a case is erroneously 24 permitted to go to trial.” Id. at 526 (emphasis in original). 3 At hearing the court also heard argument on California’s Notice of Violation, ECF No. 108, and defendants’ Response, ECF No. 113.

Min. Order (Feb. 7, 2025), ECF No. 111. The court addresses the issue of alleged violations of the standing preliminary injunction in a separate order. 1 It is well established that an appeal “confers jurisdiction on the court of appeals and 2 divests the district court of its control over those aspects of the case involved in the appeal.” 3 Griggs v. Provident Consumer Discount Co., 459 U.S. 56, 58 (1982).

But the district court 4 “retains jurisdiction to address aspects of the case that are not the subject of the appeal.” United 5 States v. Pitner, 307 F.3d 1178, 1183 n.5 (9th Cir. 2002) (citing Plotkin v. Pac. Tel. & Tel. Co., 688 F.2d 1291, 1293 (9th Cir. 1982)); see also Alice L. v. Dusek, 492 F.3d 563, 564-65 7 (5th Cir. 2007) (district court divested of jurisdiction of only “those aspects of the case on 8 appeal”).

Determining what is and is “not the subject of the appeal,” Pitner, 307 F.3d at 1183 9 n.5, may “require[] some consideration.” See, e.g., Andrade Rico v. Beard, No. 17-1402, 2019 10 WL 4127206, at *2 (E.D. Cal. Aug. 30, 2019); see also Cabral v. Cnty. of Glenn, No. 0800029, 11 2009 WL 1911692, at *1 (E.D. Cal. July 1, 2009) (“[I]nterlocutory appeal on the issue of 12 qualified immunity... does not deprive this court of jurisdiction to address other, unrelated, 13 matters still pending before it.” (internal citations omitted)).

14 III. ANALYSIS 15 The scope of the stay effected by the interlocutory appeal is at issue here. The parties do 16 not dispute that California’s PACT Act claim is automatically stayed, but they disagree as to the 17 scope of the stay as it relates to California’s CCTA and civil RICO claims against defendants in 18 their personal capacities. California contends the only claim subject to appeal is the PACT Act 19 claim, and this court therefore retains jurisdiction over the CCTA and the civil RICO claims.

20 Opp’n at 5, 8–9; see also Pl.’s Opp’n Mot. Dismiss First Am. Compl. (Opp’n Mot. Dismiss) at 5– 21 6, ECF No. 84. It explains that the Ninth Circuit will address only the “threshold question of 22 whether qualified immunity could apply to statutory claims” as related to the PACT Act claims. 23 Opp’n Mot. Dismiss at 10–11. 24 Defendants assert the entire case is stayed pending appeal because “all personal capacity 25 claims implicate [d]efendants’ assertion of qualified immunity.” Mot.

Dismiss at 6, 9. 26 Defendants contend this court rejected tribal officials’ qualified immunity assertions broadly 27 when it wrote “[d]efendants do not cite, nor can the court find, any authority extending qualified 28 immunity to tribal officers sued in their personal capacities for violating federal and state laws.” 1 Order (Jan. 1, 2024) at 9–10.

Because the court previously dismissed the CCTA and civil RICO 2 claims on different grounds, the court explained its ruling on the qualified immunity assertions as 3 they related to the PACT Act claims. Id. at 10 (“The PACT Act claim and state law claims 4 brought against them in their personal capacities may proceed.”). 5 California opposes the motion, contending that the circuit court will reach only the PACT 6 Act claims and not the defendants’ qualified immunity defense as to the CCTA and civil RICO 7 claims.

Opp’n at 8–9. California also correctly explains defendants could have asserted qualified 8 immunity to the CCTA and civil RICO claims in their motion to dismiss the first amended 9 complaint. If the court denied qualified immunity on those claims, “[d]efendants could have 10 immediately appealed the decision.” Id. at 11.

In so doing, defendants would have foreclosed 11 any questions about the scope of the appeal and the automatic stay and preserved the court’s 12 resources. 13 At present, defendants have not asserted qualified immunity in response to plaintiffs’ 14 claims under the CCTA or the civil RICO statute alleged in the first amended complaint. While a 15 decision from the circuit court may offer guidance as to the availability generally of qualified 16 immunity to tribal officers, it is patently obvious that the only claims subject to defendants’ 17 appeal are California’s PACT Act claims.

The court recognizes that qualified immunity “is 18 effectively lost if a case is erroneously permitted to go to trial.” *Mitchell v. Forsyth*, 19 472 U.S. 511, 526 (1985). But qualified immunity must be pled as a defense, and decided upon 20 by a district court before defendants can appeal. *Behrens v. Pelletier*, 516 U.S. 299, 312 (1996) 21 (“[W]hen immunity with respect to those claims has been finally denied, appeal must be 22 available.”).

23 Here, the question raised by defendants in their motion is not what questions the circuit 24 court may answer, but what questions the circuit court must answer. The latter question 25 determines the scope of the automatic stay in effect in this court.

Here, because the defendants 26 appealed this court's order on the motion to dismiss the original complaint, only those questions 27 related to the PACT Act are subject to the automatic stay. While California suggests defendants' 28 motion to stay the case could be argued under the Landis analysis applicable to discretionary 1 stays, Opp'n at 12–13 (citing *Landis v. N. Am.*

Co., 299 U.S. 248, 254–55 (1936)), defendants 2 themselves contend the Landis factors “are irrelevant” to their pending motion, see Mot. at 6. 3 The court therefore declines to address the merits of a discretionary stay. 4 IV. CONCLUSION 5 The motion to stay is denied. 6 The clerk of court is directed to correct the caption of this matter. Wendy Del Rosa 7 shall be removed as a defendant to the case.

8 The parties are ordered to file a joint pretrial scheduling statement within thirty days 9 of the filing date of this order. The court will set an initial pretrial scheduling conference if 10 necessary before issuing a scheduling order under Federal Rule of Civil Procedure 16. 11 This order resolves ECF Nos. 100 & 106. 12 IT IS SO ORDERED. 13 DATED: May 16, 2025.