

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA

Barry Stuart Halajian v. JP Morgan Chase Bank, NA, et al.

No. 2:23-cv-01522-DJC-SCR (E.D. Cal. Dec. 1, 2025) · No. No. 2:23-cv-01522-DJC-SCR · Decided December 1, 2025

SUMMARY

The document contains findings and recommendations by a United States magistrate judge recommending dismissal with prejudice of the remaining claims against Bay Advance, LLC. The court concludes that a Connecticut court-approved settlement agreement, affirmed on appeal, precludes the plaintiff’s claims concerning the same dispute under res judicata principles. The recommendations also direct entry of judgment and closure of the case.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
WRITING FOR THE COURT	Sean C. Riordan
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	December 1, 2025
DOCKET	No. 2:23-cv-01522-DJC-SCR
DISPOSITION	other
PROCEDURAL POSTURE	Findings and recommendations by a magistrate judge recommending dismissal with prejudice of the sole remaining defendant, Bay Advance, and entry of judgment closing the case.
STANDARD OF REVIEW	The magistrate judge applied the preclusion law of the state in which the prior judgment was rendered and considered whether the Connecticut judgment enforcing the settlement agreement had preclusive effect. The findings and recommendations were subject to de novo review by the assigned district judge upon timely objection under 28 U.S.C. § 636(b)(1).
PRECEDENTIAL VALUE	nonprecedential
PARTIES	Barry Stuart Halajian v. JP Morgan Chase Bank, NA, Bay Advance, LLC, Elizabeth Ostrowski, Hassett & George, PC, James Trudell

TOPICS

res judicata

civil procedure

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether the Connecticut judgment enforcing the settlement agreement had preclusive effect while an appeal was pending.
2. Whether the enforced settlement agreement barred Halajian's claims against Bay Advance in this action.
3. Whether the sole remaining defendant, Bay Advance, could be dismissed even though it had not appeared or filed a motion to dismiss.

HOLDINGS

1. Under Connecticut law, a prior judgment retains its preclusive effect while an appeal is pending; therefore, the Connecticut judgment enforcing the settlement could have supported dismissal on res judicata grounds before the appeal concluded.
2. The Connecticut settlement agreement, having been found valid and enforceable by the Connecticut courts, precluded Halajian's action against Bay Advance because it resolved claims asserted or that could have been asserted relating to the contract and the California action.
3. A court may dismiss claims in favor of a defendant that has not appeared when the dismissal is based on facts presented by appearing defendants and otherwise supported by the record.

KEY QUOTATIONS

“Court approved settlement agreements have res judicata effect.” (at 3)

“The Settlement Agreement between Bay Advance and Halajian has been found valid and enforceable by the Connecticut courts. Plaintiff cannot challenge that conclusion here, and that settlement bars the instant action against Bay Advance.” (at 4)

FACTUAL BACKGROUND

Halajian entered into a combined receivables purchase and loan agreement with Bay Advance and later challenged the agreement and related collection proceedings. Bay Advance and Halajian entered into a Connecticut settlement agreement requiring withdrawal or dismissal of the California action and resolving claims asserted or that could have been asserted relating to the contract. The Connecticut Superior Court found the settlement clear, unambiguous, and enforceable, and the Connecticut Appellate Court affirmed, rejecting Halajian's challenge to the California-action provision. Halajian nevertheless continued this action, which asserted declaratory and injunctive relief, a due-process claim, breach of the covenant of good faith and fair dealing, and cancellation of instruments.

PROCEDURAL HISTORY

Halajian filed this action in July 2023 concerning a Connecticut state-court proceeding and an agreement with Bay Advance. The appearing defendants moved to dismiss, and the court granted dismissal with leave to amend. Halajian filed an amended complaint adding Bay Advance. The district judge later adopted findings and recommendations granting the appearing defendants' motions to dismiss, leaving Bay Advance as the sole remaining defendant and staying the case pending resolution of a Connecticut appeal concerning enforcement of the parties' settlement agreement. After the Connecticut appellate court affirmed enforcement of the settlement, the magistrate judge recommended dismissal of Bay Advance and entry of judgment with prejudice.

DISPOSITION

other

CASES CITED

- Abagninin v. AMVAC Chemical Corp., 545 F.3d 733, 742 (9th Cir. 2008)
- Tritz v. U.S. Postal Service, 721 F.3d 1133, 1141 (9th Cir. 2013)
- Lee v. City of Los Angeles, 250 F.3d 668, 690 (9th Cir. 2001)
- Barash v. Lembo, 348 Conn. 264, 277 (2023)
- Eichman v. Fotomat Corp., 759 F.2d 1434, 1437, 1439 (9th Cir. 1985)
- Marrese v. American Academy of Orthopedic Surgeons, 470 U.S. 373 (1985)
- Bay Advance, LLC v. Halajian, 236 Conn. App. 228 (Nov. 4, 2025)
- Martinez v. Yist, 951 F.2d 1153 (9th Cir. 1991)

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