

FILED

July 19, 2021

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

NOT FOR PUBLICATION

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

In re:

Case No. 20-25031-A-7

MATHEW DALE GOODWIN and SHANNON
MARIE GOODWIN,

Debtors.

JUSTIN LAWS and MARY LAWS,

Adv. No. 21-2011-A

Plaintiffs,

V.

MATHEW DALE GOODWIN and SHANNON
MARIE GOODWIN,

Defendants.

MEMORANDUM

1 Plaintiffs Justin Laws and Mary Laws seek to prove up a default
2 judgment against Mathew Dale Goodwin, arguing that an unconfirmed
3 California arbitrator's award is issue preclusive with respect to an
4 action for non-dischargeable fraud, 11 U.S.C. § 523(a)(2)(A), pending
5 before this court.

6 The standards for applying issue preclusion are well known. "In
7 federal courts, the preclusive effect of a state court judgment is
8 decided by the law of the state in which the judgment was rendered.
9 *Gayden v. Nourbakhsh (In re Nourbakhsh)*, 67 F.3d 798, 800 (9th Cir.
10 1995)." *In re Javahery*, No. 2:14-BK-33249-DS, 2017 WL 971780, at *5
11 (B.A.P. 9th Cir. Mar. 14, 2017), *aff'd*, 742 F. App'x 307 (9th Cir.
12 2018).

13 In California, "[c]ollateral estoppel precludes
14 relitigation of issues argued and decided in prior
15 proceedings." *Lucido v. Superior Court*, 51 Cal.3d 335, 272
16 Cal.Rptr. 767, 795 P.2d 1223, 1225 (1990) (in bank).
17 California courts will apply collateral estoppel only if
certain threshold requirements are met, and then only if
application of preclusion furthers the public policies
underlying the doctrine. See *id.* at 1225, 1226. There are
five threshold requirements:

18 First, the issue sought to be precluded from relitigation
19 must be identical to that decided in a former proceeding.
20 Second, this issue must have been actually litigated in the
21 former proceeding. Third, it must have been necessarily
22 decided in the former proceeding. *Fourth, the decision in*
the former proceeding must be final and on the merits.
Finally, the party against whom preclusion is sought must
be the same as, or in privity with, the party to the former
proceeding.

23 *In re Harmon*, 250 F.3d 1240, 1245 (9th Cir. 2001) (emphasis
24 added).

25 California does not recognize an arbitrator's award, not yet
26 confirmed by the state court, Cal. Code of Civ. Proc. § 1288, as
27 "final" for the purposes of issue preclusion. *Scott v. Snelling &*
28 *Snelling, Inc.*, 732 F. Supp. 1034, 1039 (N.D. Cal. 1990), citing *State*

1 *Farm Mutual Auto. Ins. Co. v. Super. Ct.*, 211 Cal.App.3d 5, 16 (1989);
2 *Sartor v. Super. Ct.*, 136 Cal.App.3d 322, 328 (1982).

3 Here, the plaintiffs concede that the arbitrator's award was not
4 reduced to judgment. Compl. 6:3-4, February 4, 2021, ECF No. 1.
5 Consequently, the finality element of issue preclusion has not been
6 satisfied. Issue preclusion is inapplicable.

7 The motion for entry of default judgment will be denied. The
8 court will issue an order from chambers.

9 Dated: July 19, 2021

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12 /s/
Fredrick E. Clement
13 United States Bankruptcy Judge
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Instructions to Clerk of Court

Service List - Not Part of Order/Judgment

The Clerk of Court is instructed to send the Order/Judgment or other court generated document transmitted herewith *to the parties below*. The Clerk of Court will send the document via the BNC or, if checked ☐, via the U.S. mail.

Attorney for the Plaintiff(s)	Mathew and Shannon Goodwin 16325 Tacoma Lane Anderson, CA 96007
Bankruptcy Trustee (if appointed in the case)	Office of the U.S. Trustee Robert T. Matsui United States Courthouse 501 I Street, Room 7-500 Sacramento, CA 95814