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UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
FRESNO DIVISION

FILED

August 2, 2024

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UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA

In re ) Case No. 23-10457-B-11  
)  
**MADERA COMMUNITY HOSPITAL,** )  
)  
Debtor. )  
)  
\_\_\_\_\_)  
)  
ANTONIO RUBIO, on behalf of ) Adv. Proc. No. 23-01024-B  
themselves and those similarly )  
situated, )  
)  
Plaintiff, ) Docket Control No. PSJ-1  
)  
)  
v. )  
)  
)  
MADERA COMMUNITY HOSPITAL, )  
)  
Defendant. )  
\_\_\_\_\_)

**RULING ON LIQUIDATING TRUSTEE'S MOTION TO  
COMPEL ARBITRATION AND FOR OTHER RELIEF**

\_\_\_\_\_  
Eileen B. Goldsmith, Danielle E. Leonard, ALTSHULER BERZON LLP,  
San Francisco, CA and J. Gerard Stranch, IV and Michael C.  
Iadevaia, STRANCH, JENNINGS 7 GARVEY, PLLC, Nashville, TN for  
Antonio Rubio, Plaintiff.

Paul S. Jasper and Matthew L. Goldberg, PERKINS COIE LLP, San  
Francisco, CA for Nicholas Rubin, liquidation Trustee of the MCH  
Liquidation Trust, Defendant.

\_\_\_\_\_  
RENÉ LASTRETO II, Bankruptcy Judge:

Nicholas Rubin, in his capacity as the Liquidation Trustee ("the  
Liquidation Trustee" or "Rubin") of the MCH Liquidation Trust and as  
the representative of the estate of Madera Community Hospital ("MCH")

1 moves, pursuant to the Federal Arbitration Act ("FAA"), 9 U.S.C. §§ 1-  
2 16, for an order:

- 3 a. compelling Antonio Rubio ("Plaintiff" or "Rubio"), plaintiff and  
4 putative class representative in in Adv. Proc. 2023-01024 ("the  
5 Adversary Proceeding"), to arbitrate some of his claims;
- 6 b. staying the Adversary Proceeding as to those claims raised by  
7 Rubio that are subject to arbitration pending the arbitration but  
8 not staying the Private Attorney General ("PAGA") claims.
- 9 c. dismissing Rubio's putative class claims without prejudice (both  
10 as to the Adversary Proceeding and the Proofs of Claim) on the  
11 grounds that the arbitration agreement in question does not allow  
12 for arbitration of class claims.

13 AP at Doc. #73.<sup>1</sup> On July 17, 2024, Rubio filed a response  
14 consisting of a *Memorandum of Points and Authorities* and a brief  
15 *Declaration* by Rubio's counsel. AP at Doc. #80-81.

16 This motion was set for hearing on 28 days' notice as required by  
17 Local Rule of Practice ("LBR") 9014-1(f)(1). Thus, pursuant to LBR  
18 9014-1(f)(1)(B), the failure of any party in interest (including but  
19 not limited to creditors, the debtor, the U.S. Trustee, or any other  
20 properly-served party in interest) to file written opposition at least  
21 14 days prior to the hearing may be deemed a waiver of any such  
22 opposition to the granting of the motion. *Cf. Ghazali v. Moran*, 46 F.3d  
23 52, 53 (9th Cir. 1995). When there is no opposition to a motion, the  
24 defaults of all parties in interest who failed to timely respond will  
25 be entered, and, in the absence of any opposition, the movant's factual  
26 allegations will be taken as true (except those relating to amounts of

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27 <sup>1</sup> References to the docket of this adversary proceeding will be denoted by "AP  
28 at Doc. #XX." References to the docket of the underlying Chapter 11 proceeding  
will be denoted by "Main at Doc. #XX."

1 damages). *Televideo Sys., Inc. v. Heidenthal*, 826 F.2d 915, 917 (9th  
2 Cir. 1987).

3 Other than Rubio, no party in interest timely filed written  
4 opposition, and the defaults of all non-responding parties in interest  
5 are entered.

6 After reviewing the facts and the parties' submissions, and  
7 neither party having reserved any material factual dispute to be  
8 determined after an evidentiary hearing, the court GRANTS THE MOTION IN  
9 PART AND DENIES IT IN PART.

#### 10 11 **BACKGROUND**

12 MCH filed for Chapter 11 bankruptcy on March 10, 2023. Main at  
13 Doc. #1. *The Modified Second Amended Chapter 11 Plan of Liquidation*  
14 *Proposed by the Official Committee of Unsecured Creditors* ("the Plan")  
15 was confirmed on April 17, 2024. Main at Doc. #1707.

16 The adversary complaint alleges that, prior to filing the  
17 petition, the hospital permanently and without notice laid off  
18 approximately 772 employees, including Rubio, at its Madera, California  
19 facilities. AP at Doc. #1. The affected employees were told of their  
20 terminations on the same day that they were laid off, directed to pick-  
21 up their last checks, and denied any severance or payment for  
22 accumulated personal leave ("PTO"). *Id.* The complaint alleges that this  
23 mass employment action under these circumstances violated provisions of  
24 29 U.S.C. § 2101 *et seq.* ("the WARN Act") and Cal Lab. Code § 1401  
25 ("the California WARN Act") as to Rubio and the other terminated  
26 employees. *Id.* The complaint also alleges that the circumstances of the  
27 mass lay-off for so many affected employees satisfies the requirements  
28 ///

1 for a class action under Federal Rule of Civil Procedure ("Federal  
2 Rule") 23. *Id.*

3 On February 17, 2023, Rubio filed an action against the hospital  
4 in the U.S. District Court for the Eastern District of California,  
5 *Rubio v. Madera Cmty. Hospital, Inc.*, No. 1:23-cv-00262-SAB (E.D.  
6 Cal.) ("the District Court Case"). AP at Doc. #80; *see the District*  
7 *Court Case docket, generally.* According to Rubio's filings, counsel for  
8 the hospital advised Rubio's counsel of the bankruptcy petition on the  
9 day it was filed, March 10, 2023. AP at Doc. #80. The District Court  
10 Case is apparently still pending, having been paused by the imposition  
11 of the automatic stay. *Id.*

12 Rubio filed this adversary complaint on May 11, 2023, bringing  
13 claims, on behalf of Rubio individually and as representative of the  
14 class, for (1) violation of the WARN Act, (2) violation of the  
15 California WARN Act, (3) violation of California Labor Code § 227.3 for  
16 failure to pay vested vacation pay upon termination, and (4) penalties  
17 under the Labor Code Private Attorneys General Act ("PAGA") (Cal. Lab.  
18 Code §§ 2698-2699 *et seq.*), which provides for civil penalties and  
19 attorneys' fees for violation of § 227.3. *Id.*

20 On July 3, 2024, MCH filed the instant motion seeking to compel  
21 arbitration by virtue of an arbitration agreement which Rubio signed as  
22 part of his onboarding process. AP at Doc. #73 *et seq.* Rubin argues  
23 that Rubio, under the arbitration agreement, must submit his WARN Act  
24 and California WARN Act claims to arbitration; that the adversary  
25 proceeding must be dismissed to the extent that it purports to be a  
26 class action suit because the terms of the arbitration agreement  
27 preclude Rubio from being a class representative; and that the  
28 ///

1 remaining non-PAGA claims must be stayed pending resolution of the  
2 arbitration. *Id.*

3 On July 17, 2024, Rubio responded. AP at Doc. #80. The response  
4 does not challenge the applicability or enforceability of the  
5 arbitration agreement on any substantive grounds. *Id.* Rather, the sole  
6 argument presented is that MCH waived any rights under the arbitration  
7 agreement by waiting approximately ten months after the filing of the  
8 District Court Action before even raising the existence of the  
9 agreement, during which time MCH (according to Rubio's interpretation)  
10 fully participated in litigation and proceeded as if this court was the  
11 proper forum for resolution of this dispute. *Id.*

## 12 13 **JURISDICTION**

### 14 **I**

15 The United States District Court for the Eastern District of  
16 California has jurisdiction over this matter under 28 U.S.C. § 1334(b)  
17 because this is a civil proceeding both arising under and arising in a  
18 case under Title 11 of the United States Code. The District Court has  
19 referred this matter to this court under 28 U.S.C. § 157(a). This is a  
20 "core" proceeding under 28 U.S.C. § 157(b) (2) (A) (B) and (O).

## 21 22 **ANALYSIS**

### 23 **I.**

24 To establish waiver, the party asserting waiver must demonstrate  
25 (1) knowledge of an existing right to compel arbitration and (2)  
26 intentional acts inconsistent with that existing right. *Armstrong v.*  
27 *Michael's Stores, Inc.*, 59 F. 4th 1011, 1015 (9th Cir. 2023). The  
28 ///

1 knowledge element is not substantially developed by the Plaintiff nor  
2 seriously disputed by Rubin.<sup>2</sup>

3 Rubio does not oppose the applicability of the arbitration  
4 agreement on any grounds other than waiver, arguing the actions and  
5 inactions of MCH and Rubin since the filing of the bankruptcy were  
6 inconsistent with MCH's right to arbitration, including but not limited  
7 to:

- 8 1. MCH's failure to even raise the Arbitration Agreement as an issue  
9 prior to December 2023, at least nine months after the filing of  
10 the petition and at least ten months after the filing of the  
11 District Court Case;
- 12 2. MCH's decision to pursue a 12(b)(6) motion to dismiss; and
- 13 3. MCH's failure to assert the Arbitration Agreement as an  
14 affirmative defense in its Answer filed in the adversary  
15 proceeding, which MCH filed after the court denied its motion to  
16 dismiss.

17 AP at Doc. #80.

18 When a party who has agreed to arbitrate a dispute instead  
19 brings a lawsuit, the Federal Arbitration Act (FAA) entitles  
20 the defendant to file an application to stay the litigation.  
21 See 9 U. S. C. §3. But defendants do not always seek that  
22 relief right away. Sometimes, they engage in months, or even  
23 years, of litigation—filing motions to dismiss, answering  
complaints, and discussing settlement—before deciding they  
would fare better in arbitration. When that happens, the  
court faces a question: Has the defendant's request to  
switch to arbitration come too late?

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24 <sup>2</sup> Though Rubin insists that counsel for the Debtor was unaware of the  
25 Arbitration Agreement because of the press of business relating to this  
26 complex chapter 11 case, the court does not agree. The evidence submitted by  
27 Rubin in support of this motion includes the declaration of a long-term human  
28 resources employee who testifies that that Mr. Rubio's onboarding process and  
those of other employees included the signing of an Arbitration Agreement and  
that new employees were given substantial opportunities to discuss the  
Arbitration Agreement as part of the orientation process. The issue is not  
whether counsel knew of the agreement but whether MCH did.

1        *Morgan v. Sundance, Inc.*, 596 U.S. 411, 413, 142 S. Ct.  
2        1708, 1710-11 (2022).

3        There is no concrete test to determine whether a party has  
4        engaged in acts that are inconsistent with its right to  
5        arbitrate. We have stated, however, that a party's extended  
6        silence and delay in moving for arbitration may indicate a  
7        "conscious decision to continue to seek judicial judgment on  
8        the merits of [the] arbitrable claims," which would be  
9        inconsistent with a right to arbitrate.  
10       *Martin v. Yasuda*, 829 F.3d 1118, 1125-26 (9th Cir. 2016) (quoting  
11       *Van Ness Townhouses v. Mar Indus. Corp.*, 862 F.2d 754, 759 (9th  
12       Cir. 1988)).

13       "Acting inconsistently" with asserting arbitration requires  
14       more than passivity.

15       Under Ninth Circuit precedent, "a party generally 'acts  
16       inconsistently with exercising the right to arbitrate when  
17       it (1) makes an intentional decision not to move to compel  
18       arbitration and (2) actively litigates the merits of a case  
19       for a prolonged period of time in order to take advantage of  
20       being in court.'"

21       *Fgi Indus., Inc. v. Tangshan Ayers Bath Equip. Co., Ltd.*, No.  
22       2:14-cv-00188-HDV-RZx, 2024 U.S. Dist. LEXIS 50402, at \*15-16  
23       (C.D. Cal. Feb. 13, 2024).

24       In *Martin*, the Ninth Circuit drew a distinction between a motion  
25       to dismiss which did not address the merits of the case (and so was not  
26       an "inconsistent act") and a motion to dismiss which did seek dismissal  
27       of the case on the merits, "which may satisfy this element." *Martin*,  
28       829 F.3d at 1125-26. Compare *Lake Commc'ns, Inc. v. ICC Corp.*, 738 F.2d  
29       1473, 1476-77 (9th Cir. 1984) (finding defendant did not act  
30       inconsistently with right to arbitrate by filing a motion to dismiss  
31       for lack of personal jurisdiction), overruled on other grounds by  
32       *Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc.*, 473 U.S. 614,  
33       632-35, 105 S. Ct. 3346, 87 L. Ed. 2d 444 (1985) with *Hooper v. Advance*  
34       *Am. Cash Advance Ctrs. Of Missouri, Inc.* 589 F.3d 917,922 (8th Cir.  
35       2009) (holding that defendant acted inconsistently by seeking a decision  
36       ///

on the merits, which resulted in a game of "heads I win, tails you lose").

Considering the positions taken by the parties, the scope of the court's analysis is surprisingly limited, as the only issue that matters is whether MCH and the Liquidating Trustee waived any rights under the Arbitration Agreement. This, in turn, may be reduced to just three sub-issues: (1) How long did MCH and/or the Liquidating Trustee wait to assert arbitration rights? (2) If the delay was long enough *In Toto* to constitute waiver, should that delay be attributable to the Liquidating Trustee, who entered the litigation later in the process? (3) Was MCH's filing of a motion to dismiss inconsistent with assertion of arbitration rights?

With those questions clarified, the court turns to the timeline of events.

February 17, 2023	Rubio files the District Court Case.
March 10, 2023	MCH files for Chapter 11 which triggers the automatic stay and stops all action in the District Court Case. By this point, MCH's response time for filing an Answer in the District Court Case had not yet run.
May 11, 2023	Rubio files the Adversary Proceeding.
June 9, 2023	MCH files the Motion to Dismiss AP at Doc. #11 which is based solely on lack of subject matter jurisdiction and lack of a justiciable controversy due to Rubio's failure to file a claim and proceed through the claims process. No answer has been filed by this point or will be required during the pendency of the dismissal motion.
September 1, 2023	The court denies the Motion to Dismiss and directs MCH to file an Answer within 14 days. AP at Doc. #36.
September 9, 2023	MCH files its Answer, which does not raise arbitration as an affirmative defense. AP at Doc. #40.
December 13 or 14, 2023	MCH advises Rubio's counsel of existence of Arbitration Agreement. There is an inconsistency in the date on which this occurred. <i>Compare AP at Doc. #51 and AP at Doc. #66.</i>
December 29, 2023	Joint stipulation to stay all proceedings during mediation. AP at Doc. #51. Parties agree that



	stipulation is a waiver of neither MCH's right to amend its answer nor its right to move to compel arbitration. Parties agree to proceed with informal exchanges of information rather than formal discovery. All arguments pertaining to arbitration are preserved for the duration. Status conference set for January 10, 2024.
January 3, 2024	Rubio submits status report acknowledging that stipulation is for purposes of maintaining "status quo" while mediation continues. AP at Doc. #55. Rubio asks for January 10, 2024, status conference to be continued to April 24, 2024.
April 17, 2024	Rubio submits status report advising court that mediation is scheduled for June 4, 2024, with a new status update by June 11, 2024. AP at Doc. #59.
June 12, 2024	Rubio submits status report advising that mediation was unsuccessful and that Rubio will move to vacate the stay. AP at Doc. #64.
June 14, 2024	The Liquidating Trustee submits status report confirming that mediation was unsuccessful and advising that a motion to compel arbitration will be filed as soon as the stay is lifted. AP at Doc. #66
June 20, 2024	The court conducts a joint status conference. Subsequently, the court enters an order approving a joint stipulation that the stay remain in effect except as to the motion to compel arbitration and any response and/or reply. AP at Doc. #72.
July 3, 2024	The Liquidating Trustee files the instant motion. AP at Doc. #73.

Rubio argues persistently that MCH and/or the Liquidating Trustee delayed for ten months before moving for arbitration, which Rubio argues is support for a finding of waiver of arbitration rights. AP at Doc. #83 *et seq.* The court disagrees with this interpretation of the timeline. Instead, the court's inclination is that the operative dates for a waiver analysis are May 11, 2023 (the filing of the adversary proceeding) and December 14, 2023 (the latter of the two dates on which Rubio was advised of the arbitration agreement and MCH's intent to seek its enforcement), with all time after that passing while the arbitration issue was stayed pending mediation.

This span of time was only seven months and three days. Furthermore, that span of time included the duration between the filing

1 of the motion to dismiss (June 9, 2023) and its denial by the court  
2 (September 1, 2023), which was equal to two months and twenty-three  
3 days. Notably, the hearing date was continued *by stipulation* between  
4 the parties to accommodate counsel. AP at Doc. # 24. Thus, by the  
5 court's calculation, the total amount of time during which MCH  
6 supposedly dallied in pressing its arbitration rights was equal to 104  
7 days or about three and one-half months.<sup>3</sup>

8 Among the arbitration cases reviewed by the court, very few have  
9 found waiver after a delay of only seven months, and the court is aware  
10 of none which found waiver after as little as three and one-half  
11 months. Thus, the court does not consider the Liquidating Trustee to  
12 have been dilatory in asserting the arbitration defense or filing the  
13 motion when he did.

14 An implied waiver of arbitration must involve a strategic decision  
15 to actively litigate i.e. forgo the right to compel arbitration and  
16 take advantage of the judicial forum. *Newirth v. Aegis Senior Cmtys.,*  
17 *LLC*, 931 F. 3d 935, 941 (9th Cir. 2019) (cleaned up) (quoting *Britton v.*  
18 *Co-op Banking Grp.*, 916 F. 2d 1405, 1413 (9th Cir. 1990)). The court  
19 does not view the time excluded from its calculations for MCH's motion  
20 to dismiss as demonstrating actions inconsistent with its arbitration  
21 rights because the motion to dismiss did not seek resolution of the  
22 case on the merits. Instead, the motion to dismiss was based on lack of  
23 jurisdiction and justiciability arising from Rubio's then-failure to  
24

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25 <sup>3</sup> Somewhat startling was the reply declaration of MCH's primary counsel. AP at  
26 Doc. #84. In the declaration he stated the reason MCH filed the motion to  
27 dismiss was "in an effort to gain some needed breathing room." That suggests  
28 a conscious decision to utilize the judicial process to gain a tactical  
position. But the parties did stipulate to a lengthy delay between the  
originally scheduled hearing date on that motion to when the motion was  
finally heard. In addition, as noted, the motion to dismiss did not go to the  
merits of Plaintiff's claim.

1 avail himself of the claims process. See *Martin*, supra 829 F. 3d at  
2 1125.

3 Further, MCH engaged in no affirmative formal discovery before  
4 moving to compel arbitration. True enough, there was a preliminary  
5 exchange of documents and preparation of a joint discovery plan. But  
6 until early September 2023, MCH's position was the Plaintiff's claims  
7 here were not justiciable. See, *Armstrong* supra 59 F.4th at 1016 (9th  
8 Cir. 2016) ("Limited discovery requests did not evince a decision to  
9 take advantage of the judicial forum."), Add to that, the arbitration  
10 agreement itself provides for "reasonable discovery" between the  
11 parties.

12 We cannot ignore what was going on in the bankruptcy case the last  
13 half of 2023. The Ninth Circuit requires the court to consider the  
14 totality of the parties' actions. *Armstrong*, supra, 59 F 4th at 1015.  
15 We must ask whether those actions, holistically, indicate a conscious  
16 decision to seek judicial judgment on the merits of the arbitrable  
17 claims which would be inconsistent with a right to arbitration. *Id.*  
18 The hospital had many post-petition challenges. Funding the monthly  
19 "burn rate" for the hospital to maintain its license required  
20 attention. There were executory contracts to evaluate and file motions  
21 concerning the administration of the contracts. There were numerous  
22 parties interested in buying assets and taking over hospital operations  
23 necessitating MCH's attention. There were applications for government  
24 loans to prepare. Patient records had to be administered properly.  
25 Almost monthly cash collateral hearings and accompanying budgets faced  
26 the hospital. Government regulators needed to be placated so the  
27 hospital could find its way out of reorganization. Just to name a few.  
28 ///

1 On balance, the court does not find MCH made a strategic decision to  
2 “actively litigate” the adversary proceeding.

3 MCH’s omission of the arbitration agreement as a defense in its  
4 answer to the complaint is problematic. But it is only one bit of  
5 evidence. It is outweighed, in the court’s view, by the other evidence  
6 noted above establishing the lack of a waiver.<sup>4</sup>

7 Plaintiff’s primary Ninth Circuit case relied upon to support its’  
8 waiver argument is *Hill v. Xerox Business Services, Inc.*, 59 F. 4th 457  
9 (9th Cir. 2023). The case is distinguishable because there Xerox  
10 engaged in formal discovery including third party discovery; filed,  
11 prosecuted, and appealed summary judgment motions; and generally  
12 availed itself of a lot of judicial intervention at the trial and  
13 appellate level. Many years passed before a motion to compel was  
14 prosecuted. Those strategic decisions are not before the court here.

15 Plaintiff had the burden to establish waiver. Plaintiff did not  
16 meet the burden to establish MCH or Rubin acted in a manner  
17 inconsistent with the assertion of a right to arbitration. Having  
18 determined neither MCH nor Rubin waived the right to compel  
19 arbitration, we turn to the enforceability of the arbitration agreement  
20 itself. Our discussion is truncated since Plaintiff raised no issue  
21 concerning the enforceability of the arbitration agreement except MCH’s  
22 waiver of its’ terms.

## 24 II

25 There is no dispute in this motion that the FAA applies. Our  
26 inquiry is then limited to two issues: whether a valid agreement to

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27 <sup>4</sup> It is worth mentioning again that the December 29, 2023, joint stipulation,  
28 AP at Doc. #51, provided among other things that MCH preserved its right to  
amend its answer.

1 arbitrate exists and if the agreement encompasses the disputes in  
2 issue. *Dean Witter Reynolds, Inc. v. Byrd*, 470 U.S. 213, 218 (1985).  
3 Plaintiff disputes neither issue here. In any other litigated case  
4 outside of bankruptcy, that would end the inquiry and arbitration would  
5 be compelled. But bankruptcy law requires slightly more exploration.

6  
7 **A.**

8 We first must determine if the disputes at issue are "core" or  
9 "non-core" under 28 U.S.C. § 157. Plaintiff admits the complaint raises  
10 "core" issues in paragraph one. The claims for WARN Act violations,  
11 failing to pay accrued time off, penalties under Cal. Labor Code PAGA  
12 provisions and penalties related to accrued time off all raise pre-  
13 petition claims. Claims adjudication (with some exceptions  
14 inapplicable here) are "core" issues. 28 U.S.C. §157 (b) (2) (B) (O).

15  
16 **B.**

17 Since the claims are core, we must then discern whether  
18 arbitrating the claims would conflict with bankruptcy policies.  
19 *Continental Ins. Co. v. Thorpe Insulation Co. (In re Thorpe Insulation*  
20 *Co.)*, 671 F. 3d 1011, 1022-23 (9th Cir. 2012). Rubin is not seeking  
21 arbitration as to the PAGA claims. Also, as stated, Plaintiff did not  
22 argue compelling arbitration would conflict with bankruptcy policies.

23 One policy is that bankruptcy law issues should be decided by the  
24 bankruptcy court. *Id.* The claims being arbitrated here are not unique  
25 to bankruptcy law. Rather they are Federal or State statutory claims.

26 A second policy is centralization of bankruptcy disputes. *Id.*  
27 Here, the liquidating trustee is advocating arbitration. The  
28 liquidating trustee is pursuing his duties under a confirmed Plan.

1 Based on the claims filed and the ensuing litigation, this policy is  
2 not offended. There are not administrative issues that are of concern  
3 as would be the case at the "pre-confirmation" stage. This is a "pot  
4 plan" liquidation case. There are assets-either cash, claims, or other  
5 assets-which the liquidating trustee must administer under the Plan.

6 The third policy is protecting the parties (Debtors and Creditors)  
7 from piecemeal litigation. *Id.* The liquidating trustee has determined  
8 that any concerns about numerous litigations does not support opposing  
9 arbitration. No party has raised any reason the estate will be harmed  
10 by pursuing numerous arbitrations or claim litigations at this stage of  
11 the case.

12 So, the bankruptcy policies are not offended by compelling  
13 arbitration. Neither party has raised any objection to arbitration on  
14 these grounds. The motion to compel arbitration of the non-PAGA claims  
15 will be GRANTED.

### 17 **III.**

#### 18 **A.**

19 Next, the issue of staying the non-PAGA claims and Rubin's request  
20 to dismiss the class claims. This term, the Supreme Court in *Smith v.*  
21 *Spirrizzi*, 601 U.S. 472 (2024) held a court has no discretion to  
22 dismiss claims pending before the court because they are "sent" to  
23 arbitration. Rubin asks here that the non-PAGA claims be stayed.  
24 Based on *Smith v. Spirrizzi*, section 3 of the FAA (9 U.S.C. §3), and  
25 the lack of opposition on this issue from Plaintiff, the court will  
26 stay the further litigation of the non-PAGA claims pending arbitration.

27 ///

28 ///



1 configuration or facts may support class wide resolution of some of the  
2 issues raised in the complaint. That does not suggest dismissal now.

3  
4 **2.**

5 Mr. Rubio's class representative status likewise does not change  
6 the analysis. In *Smith v. Spirrizzi*, the Supreme Court removed trial  
7 court discretion to dismiss arbitrable claims. The only reason Mr.  
8 Rubio is not an appropriate class representative is because he signed  
9 the arbitration agreement.

10 In a footnote, the Court did state that a court "is not barred  
11 from dismissing the suit if there is a separate reason to dismiss,  
12 other than the fact that an issue is subject to arbitration." *Smith*,  
13 601 U.S. at 476 fn.2. The Court gave the example of lack of  
14 jurisdiction. *Id.* Mr. Rubio's status is far from lacking in  
15 jurisdictional standing. The class can easily be re-defined, or the  
16 complaint amended as appropriate should a class wish to litigate the  
17 issues.

18 The court will DENY the motion to dismiss. The court will GRANT  
19 the motion to compel individual arbitration of Mr. Rubio's claims.

20  
21 **CONCLUSION**

22 Based on the foregoing analysis, the court will GRANT THE MOTION  
23 IN PART AND DENY IN PART.

24 ///

25 ///

26 ///

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Counsel for MCH to prepare an order in conformance with this ruling. Counsel for Plaintiff to approve the form of the order.

Dated: August 2, 2024 By the Court

/s/ René Lastreto II  
René Lastreto II, Judge  
United States Bankruptcy Court