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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

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DALE M. WALLIS, D.V.M., JAMES L.
WALLIS, and HYGIEIA BIOLOGICAL
LABORATORIES, INC., a California
Corporation,

NO. CIV. 08-02558 WBS GGH

Plaintiffs,

v.

ORDER TO SHOW CAUSE

CENTENNIAL INSURANCE COMPANY,
INC., a New York corporation,
ATLANTIC MUTUAL INSURANCE, CO.,
INC., a New York corporation,

Defendants, _____

AND RELATED COUNTERCLAIMS AND
THIRD-PARTY COMPLAINT.

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The court has an obligation to recuse itself from any case in which the judge might have a "financial interest," however small. 28 U.S.C. § 455(b)(4). To assist the court in carrying out this obligation, and because corporate parties are in the best position to identify their parent and subsidiary corporations, Federal Rule of Civil Procedure 7.1 and this court require all non-governmental corporate entities to submit

1 corporate disclosure statements. Without this information, the
2 court risks retaining a case in which it unknowingly has a
3 financial interest. Not only would the undersigned judge face
4 public criticism in such a circumstance, but the public's
5 confidence in an impartial judiciary would be eroded. Failure to
6 assist the court in protecting these and other interests advanced
7 by § 455(b)(4)--particularly in light of a direct request from
8 the court--amounts to sanctionable conduct. See Wong v. Regents
9 of Univ. of Cal., 410 F.3d 1052, 1060 (9th Cir. 2005) (explaining
10 that "[p]arties must understand that they will pay a price for
11 failure to comply strictly with scheduling and other orders, and
12 that failure to do so may properly support severe sanctions");
13 Fed. R. Civ. P. 16(f); see also F.J. Hanshaw Enters., Inc. v.
14 Emerald River Dev., Inc., 244 F.3d 1128, 1136 (9th Cir. 2001)
15 (providing that federal courts' inherent powers "to manage their
16 cases and courtrooms effectively and to ensure obedience to their
17 orders" includes the authority to impose sanctions).

18 In its Order Setting Status (Pretrial Scheduling)
19 Conference issued in this case on October 28, 2008, the court
20 unequivocally instructed any non-governmental corporate party to
21 include its corporate disclosures in the parties' Joint Status
22 Report:

23 In order to assist the court in meeting its recusal
24 responsibilities, any non-governmental corporate party to
25 this action shall submit a statement identifying all its
26 parent and subsidiary corporations and listing any
27 publicly held company that owns 10% or more [of] the
28 party's stock. Such statement shall be included in the
parties' Joint Status Report. If any non-governmental
corporate party has no parent or subsidiary corporations
or no public[ly] held companies owning 10% or more of its
stock, it shall so state in the Joint Stat[u]s Report.
Failure to comply with the foregoing requirements of this


1 **paragraph will result in the Joint Status Report being**
2 **stricken and such other sanctions as may be appropriate.**
3 Thereafter, if there is any change in the information,
4 the party shall file and serve a supplemental statement
5 within a reasonable time after such change occurs.

6 (Oct. 28, 2008 Order ¶ 6.)

7 Non-governmental corporate entities appear on both
8 sides of this litigation, but none of the parties included
9 corporate disclosures in the two Status Reports filed in
10 preparation for the status conference initially scheduled for
11 February 9, 2009. (Docket Nos. 14-15.) That status conference
12 was continued at the parties' request, and the parties again
13 failed to include their corporate disclosures in the parties'
14 updated status reports filed on June 16, 2009. (Docket Nos. 48-
15 49.) Ultimately, the parties did not submit the corporate
16 disclosures ordered by the October 28, 2008 Order until after
17 receiving a direct request from the clerk of this court following
18 the status conference held on June 29, 2009. (Docket No. 52.)

19 IT IS THEREFORE ORDERED that, within ten days from the
20 date of this Order, all corporate parties in this case shall
21 either send to the Clerk of the Court, as sanctions, their checks
22 in the amount of \$150.00 each, or shall show cause in writing why
23 sanctions in such amount should not be imposed for failure to
24 comply with this court's October 28, 2008 Order.

25 DATED: July 2, 2009

26 
27 WILLIAM B. SHUBB
28 UNITED STATES DISTRICT JUDGE