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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

PATRIOT RAIL CORP.,

Plaintiff,

v.

SIERRA RAILROAD CO.,

Defendant.

AND RELATED COUNTERCLAIMS

No. 2:09-cv-0009-TLN-AC

**ORDER DENYING SIERRA'S MOTION
FOR SANCTIONS (ECF NO. 528)**

This matter is before the Court pursuant to Counter-Plaintiff Sierra Railroad Company's ("Sierra") motion for sanctions (ECF No. 528). For the reasons stated below, Sierra's motion is hereby DENIED.

The Court has broad discretion to impose sanctions under two different, non-exclusive legal bases: (1) 28 U.S.C. § 1927, which penalizes unreasonable and vexatious litigation tactics; and (2) the Court's "inherent authority to impose sanctions for a broad range of willful improper conduct." *Fink v. Gomez*, 239 F.3d 989, 992 (9th Cir. 2001).

The Court is authorized under 28 U.S.C. § 1927 ("Section 1927") to require an attorney "who so multiplies the proceedings in any case unreasonably and vexatiously . . . to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct." Section 1927 gives the Court authority to impose sanctions on the responsible

1 attorneys. *Id.*

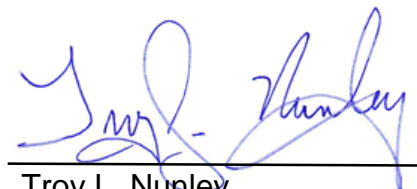
2 The Court may also exercise its inherent authority to order sanctions to penalize conduct
3 that abuses the judicial process. The Court may exercise its inherent power independent of, or in
4 addition to, any available statutory scheme. *Chambers v. NASCO, Inc.*, 501 U.S. 32, 46 (1991)
5 (“These other mechanisms, taken alone or together, are not substitutes for the inherent power, for
6 that power is both broader and narrower than other means of imposing sanctions.”). The Court
7 may impose sanctions under its inherent authority if a party or counsel has demonstrated by clear
8 and convincing evidence to have “acted in bad faith, vexatiously, wantonly, or for oppressive
9 reasons.” *Chambers*, 501 U.S. at 45 (internal quotations omitted).

10 Sierra is asking the Court to impose sanctions against Patriot and its counsel. Sierra
11 asserts that during the punitive damages phase, Patriot and its counsel disregarded the truth and
12 the law, and directly violated their prior assurances to the Court and Sierra, by trying to
13 improperly keep key financial evidence from the jury, shielding Patriot’s assets and unjustifiably
14 evading punitive damages. (ECF No. 528 at 1.) Sierra further contends that Patriot brought
15 frivolous motions to stop Sierra from presenting evidence of Patriot Rail Company LLC’s net
16 worth because, they said, “Patriot Rail Company LLC was a separate legal entity from Patriot
17 Rail Corp., was not a party to this litigation, and subjecting it to punitive damages would violate
18 due process.” (ECF No. 528 at 1.)

19 The Court agrees that Patriot’s legal stances throughout litigating this matter have been
20 attenuated at times and that some of the conduct has walked the fine line between vigorously
21 litigating this case and being vexatious. However, the Court declines to make a finding of bad
22 faith and thus DENIES Sierra’s motion for sanctions (ECF No. 528).

23 IT IS SO ORDERED.

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25 Dated: August 5, 2015



26
27 Troy L. Nunley
28 United States District Judge