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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

PAUL SINGH,

Plaintiff,

v.

BHUPINDER BAIDWAN,

Defendant.

No. CIV. S-14-00603 LKK/CKD

ORDER

The court has determined that this matter may be decided based upon the papers currently before the court, and without the need for oral argument. The hearing on this motion, currently scheduled for June 23, 2014, is therefore **VACATED**.

For the reasons set forth below, plaintiff's breach of contract claim will be dismissed, with prejudice, under the unclean hands doctrine, and the remainder of his claims will be dismissed, with prejudice, for failure to prosecute.

I. BACKGROUND

The allegations of the Complaint are set forth in this court's order of May 13, 2014. ECF No. 21. In short, the Complaint alleges that plaintiff Paul Singh and defendant

1 Bhupinder Baidwan sought to deceive a lender into financing
2 Singh's purchase of a gas station, and to deceive BP Corporation
3 into "assigning" the gas station (or the franchise) to plaintiff.
4 They sought to do this by making defendant a straw buyer, since
5 plaintiff did not qualify for the financing or the assignment on
6 his own. Under the scheme, once the financing and assignment
7 were complete, defendant would transfer the gas station to
8 plaintiff, upon plaintiff's demand.

9 Plaintiff asserts that defendant reneged on this scheme,
10 refusing to turn over the gas station to him. Plaintiff now
11 comes here, asking a federal district court to enforce the
12 scheme.

13 II. PROCEDURAL HISTORY

14 Defendant moved to dismiss all the claims as barred by the
15 statute of limitations and the statute of frauds, and for failure
16 to state a claim. Defendant does not raise the defense of the
17 "unclean hands" doctrine by name, although that doctrine fairly
18 leaps from the allegations of the Complaint. The court
19 nevertheless interprets defendant's following argument to raise
20 the issue of unclean hands:

21 Singh has openly admitted that the purpose of
22 the agreement was not only to defraud BP, but
23 also lenders. Providing false financial
24 information to a franchisor and lender to
induce them into a contract is clearly an
illegal purpose and against public policy.

25 ECF No. 6 at 13. Under that doctrine, this court would "leave
26 the parties as [it] found them." Wong v. Tenneco, Inc., 39
27 Cal. 3d 126, 138 (1985).

28 Plaintiff filed an "opposition" (ECF No. 16), that contained

1 no opposition of any kind to defendant's motion to dismiss for
2 failure to state a claim. Although plaintiff argued that his
3 claims were not barred by the statute of limitations or the
4 statute of frauds, he did not respond to defendant's arguments
5 that the Complaint failed to state a claim for breach of
6 contract, "libel per se," unjust enrichment, or any of the other
7 claims in the Complaint. The court accordingly ordered plaintiff
8 to address defendant's arguments, and also to show why the court
9 should not dismiss the complaint under the unclean hands
10 doctrine. See Wong, 39 Cal. 3d at 134 ("[t]he trial court
11 properly declined to involve our courts in this flagrant effort
12 to circumvent Mexican law"); California Crane School, Inc. v.
13 National Commission for Certification of Crane Operators, 226
14 Cal. App. 4th 12 (5th Dist. 2014) (discussing the doctrine).

15 Plaintiff has now filed an amended opposition. ECF No. 22.
16 The amended opposition argues that the court should not dismiss
17 the complaint under the unclean hands doctrine, in order to avoid
18 unjust enrichment of defendant. It also argues that the court
19 should not dismiss the breach of contract claim.

20 III. ANALYSIS

21 A. Unclean Hands.

22 Plaintiff argues that the courts can enforce an illegal
23 contract when necessary to avoid unjust enrichment of the
24 defendant.¹ Even assuming this is so under California law,
25 plaintiff has not asserted that any of its cited cases authorizes

26
27 ¹ Plaintiff has labeled the claim one for breach of contract. However, the
28 relief sought is equitable in nature, namely, the compelled return of property
and profits, rather than contract damages.

1 the court to enforce a scheme designed, as is apparently the case
2 here, to defraud innocent third parties.

3 According to the Complaint, plaintiff hatched this
4 fraudulent scheme, recruited defendant and another to participate
5 in it, and then found himself to be the victim when the defendant
6 turned on him. This court will "leave the parties as [it] found
7 them," and will not participate in plaintiff's attempt to defraud
8 innocent third parties. See Wong, 39 Cal. 3d at 138; California
9 Crane School ___ Cal. App. 4th ___, 2014 WL 1848297. The breach
10 of contract claim will be dismissed in its entirety, with
11 prejudice.

12 **B. Other Claims.**

13 Plaintiff has not defended any of his other claims against
14 defendant's assertions that they each fail to state a claim.
15 Plaintiff asserts that it would be "a waste of time" for him to
16 do so since he does not know whether the court will find the
17 contract to be enforceable. See ECF No. 22 at 7. The court
18 rejects this excuse, as plaintiff has not explained, nor does it
19 appear from the Complaint, why his "libel per se" claim, for
20 example, is dependent on the outcome of the breach of contract
21 claim. Plaintiff has simply failed to respond to defendant's
22 motion to dismiss his individual claims, once again.

23 The court stated in its prior order that failure to address
24 these arguments would result in a dismissal for failure to state
25 a claim, with prejudice. Accordingly, those claims will be
26 dismissed with prejudice, for lack of prosecution.

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III. CONCLUSION

For the reasons set forth above:

1. The breach of contract claim ("First Cause of Action") is dismissed in its entirety, with prejudice, under the "unclean hands" doctrine;

2. The remainder of this lawsuit is dismissed in its entirety, with prejudice, for lack of prosecution; and

3. The Clerk is directed to close this case.

IT IS SO ORDERED.

DATED: June 4, 2014.



LAWRENCE K. KARLTON
SENIOR JUDGE
UNITED STATES DISTRICT COURT