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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

MOMENTUM COMMERCIAL FUNDING,
LLC, a California limited
liability company,

Plaintiff,

v.

MICHAEL P. BEASLEY, JR., aka
MICHAEL PAUL BEASLEY, JR.,

Defendant.

MICHAEL P. BEASLEY, JR., aka
MICHAEL PAUL BEASLEY, JR.,

Counter Claimant,

v.

MOMENTUM COMMERCIAL FUNDING,
LLC, a California limited
liability company,

Counter Defendant.

No. 2:16-cv-02085-JAM-CKD

**ORDER GRANTING COUNTER
DEFENDANT'S MOTION TO DISMISS**

A 2012 Rolls-Royce Ghost EWB spawned this litigation. Plaintiff-Counter Defendant Momentum Commercial Funding, LLC ("Momentum") leased the luxury vehicle to a professional basketball player, Defendant-Counter Claimant Michael P. Beasley,

1 Jr. ("Beasley"). Believing Beasley shortchanged it, Momentum
2 sued him for breach of contract. ECF No. 1. Then Beasley sued
3 Momentum, arguing that the contract violated California's Vehicle
4 Leasing Act ("VLA"). ECF No. 7. Momentum now moves to dismiss
5 Beasley's Counterclaim under Rule 12(b)(6). ECF No. 10. Beasley
6 opposes. ECF No. 13.¹

7
8 I. FACTUAL ALLEGATIONS AND PROCEDURAL BACKGROUND

9 Momentum leased a Rolls-Royce to Beasley. See Equipment
10 Lease Agreement ("Lease"), attached to Counterclaim as Exh. A.
11 Beasley agreed to make monthly payments during the 37-month lease
12 term and to return the Rolls-Royce once the term expired. Id. at
13 1. After receiving the Rolls-Royce, Beasley also signed three
14 addenda to the Lease. See Addendum to Equipment Lease Agreement,
15 attached to Counterclaim as Exh. B; Addendum #2 to Equipment
16 Lease Agreement, attached to Counterclaim as Exh. C; TRAC Lease
17 Addendum to Equipment Lease Agreement, attached to Counterclaim
18 as Exh. D.

19 Over time, Momentum and Beasley's contractual relationship
20 soured. Beasley failed to make several payments, and he returned
21 the Rolls-Royce in "horrible condition." Compl. ¶¶ 10-11. After
22 Beasley refused to pay the \$122,810.76 Momentum alleges he owes,
23 Momentum sued Beasley for breaching the Lease. Id. ¶ 14.
24 Beasley responded by suing Momentum for violating the VLA's
25 disclosure requirements, contending that these violations

26
27 ¹ This motion was determined to be suitable for decision without
28 oral argument. E.D. Cal. L.R. 230(g). The hearing was
scheduled for February 7, 2017. In deciding this motion, the
Court takes as true all well-pleaded facts in the Counterclaim.

1 rendered the Lease unenforceable. Countercl. ¶ 28.

2
3 II. OPINION

4 A. Judicial Notice

5 Beasley requests "the Court take judicial notice that the
6 business of being a professional basketball player does not
7 require, nor is it in any way aided or assisted by, the driving
8 of a luxury vehicle." Opp'n at 2. A court may take judicial
9 notice of a fact that is not reasonably disputed if the fact
10 "can be accurately and readily determined from sources whose
11 accuracy cannot be reasonably questioned." Fed. R. Evid.
12 201(b)(2). The court "must take judicial notice if a party
13 requests it and the court is supplied with the necessary
14 information." Fed. R. Evid. 201(c)(2).

15 The Court denies Beasley's request because he did not
16 supply it with the necessary information. Merely including a
17 one-sentence request in an opposition brief, without more, does
18 not suffice under federal evidentiary rules.

19 B. Discussion

20 1. Vehicle Leasing Act

21 California's VLA regulates the leasing of automobiles. See
22 Cal. Civ. Code § 2985.7 et seq. See also LaChapelle v. Toyota
23 Motor Credit Corp., 102 Cal. App. 4th 977, 982 (2002). The VLA
24 applies to a "lease contract," defined as "any contract for or
25 in contemplation of the lease or bailment for the use of a motor
26 vehicle . . . primarily for personal, family or household
27 purposes" Cal. Civ. Code § 2985.7(d). A lease
28 contract, however, "does not include a lease for . . . business

1 or commercial purposes” Id.

2 2. Analysis

3 Beasley argues Momentum willfully violated the VLA by not
4 complying with the statute’s disclosure requirements. Countercl.
5 ¶¶ 21-28. Specifically, Beasley states Momentum violated section
6 2985.8(c)(1) by not disclosing in the Lease that Beasley was
7 responsible for the difference between the Rolls-Royce’s residual
8 value and realized value once the Lease expired. Id. ¶ 21.
9 Beasley also claims Momentum violated that same provision by not
10 accurately stating in the Lease the amount due before Beasley
11 received the car. Id. ¶ 25. And, finally, Beasley alleges
12 Momentum violated section 2985.8(a) by not disclosing all lease
13 terms in a single document. Id. ¶ 22.

14 Here, dismissal turns on whether the Lease constitutes a
15 “lease contract” under the VLA. Momentum argues it does not
16 because the parties executed the Lease for business and
17 commercial purposes and, so, the VLA does not apply. See Mot. at
18 3-5. Beasley disagrees, maintaining that he signed the Lease for
19 personal purposes, rendering the VLA applicable. See Opp’n at 5-
20 7.

21 The Court agrees with Momentum. The law makes clear the VLA
22 does not apply to business or commercial contracts. See Cal.
23 Civ. Code § 2985.7(d) (“Lease contract does not include a lease
24 for . . . business or commercial purposes”). Here, the
25 Lease plainly states that the Commercial Code governs the
26 contract and that this was not a consumer transaction. Exh. A
27 ¶ 27 (citing Division 10 of the California Commercial Code). And
28 the following language appeared right above Beasley’s signature

1 line: "[Beasley] warrants that [he] will use the Equipment
2 solely for commercial or business purposes." Exh. A at 3.
3 Lastly, Beasley certified "[he] intend[ed] that more than 50% of
4 the use of the [Rolls-Royce]" would relate to his "trade or
5 business" Exh. D.

6 Beasley claims he "did not understand the complex lease
7 documentation" Opp'n at 2. This explanation does not
8 suffice. The exhibits attached to Beasley's counterclaim contain
9 information contradicting the allegations supporting his
10 counterclaim: Beasley says he did not understand the documents,
11 yet he signed papers clearly indicating the Lease served business
12 and commercial purposes. In these situations, a court need not
13 accept as true the conclusory allegation. See Sprewell v. Golden
14 State Warriors, 266 F.3d 979, 988 (9th Cir. 2001) (citing
15 Steckman v. Hart Brewing, Inc., 143 F.3d 1293, 1295-96 (9th Cir.
16 1998) ("[W]e are not required to accept as true conclusory
17 allegations which are contradicted by documents referred to in
18 the complaint."). In other words, an individual can "plead
19 himself out of a claim by including unnecessary details contrary
20 to his claims." Sprewell, 266 F.3d at 988 (internal citation
21 omitted). Beasley has done just that. The exhibits attached to
22 his counterclaim show he agreed to lease the Rolls-Royce solely
23 for business and commercial purposes—purposes falling outside the
24 VLA's scope. Because these exhibits trump Beasley's conclusory
25 allegation, the Court dismisses Beasley's counterclaim. See id.

26 A court may dismiss with prejudice "only if it appears
27 beyond doubt that the plaintiff can prove no set of facts in
28 support of his claim which would entitle him to relief." Navarro

1 v. Block, 250 F.3d 729, 732 (9th Cir. 2001) (citations and
2 internal quotation marks omitted). The Court is not convinced
3 there is no set of facts to support Beasley's VLA claim and
4 therefore will give him one more opportunity to plead this
5 counterclaim. Accordingly, Beasley's counterclaim is dismissed
6 without prejudice.²

7
8 III. ORDER

9 For the reasons set forth above, the Court GRANTS WITHOUT
10 PREJUDICE Momentum's Motion to Dismiss Beasley's counterclaim.
11 If Beasley wants to file a first amended counterclaim, he shall
12 file it within twenty days from the date of this Order.
13 Momentum's responsive pleadings are due within twenty days
14 thereafter. If Beasley elects not to amend his counterclaim, the
15 case will proceed on Momentum's breach of contract claim.

16 IT IS SO ORDERED.

17 Dated: March 17, 2017

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19 
20 JOHN A. MENDEZ,
21 UNITED STATES DISTRICT JUDGE
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27 _____
28 ² Having granted dismissal, the Court need not address whether it
may consider Momentum's declarations.