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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,
Plaintiff,
v.
GREGORY E. GRANTHAM, et al.,
Defendants.

Case No.: 17-cv-01104-JLB

**ORDER GRANTING IN PART AND
DENYING IN PART JOINT
MOTION TO STAY**

[ECF No. 54]

Before the Court is the parties’ Joint Motion to Stay in Light of Settlement Agreement. (ECF No. 54.) For the reasons stated below, the Court **GRANTS in part and DENIES in part** the parties’ Joint Motion.

In this federal income tax dispute, the United States brought suit against Defendants Gregory Grantham, Silvia Alvarado, and the Pacific Forster Irrevocable Trust for outstanding tax liabilities. (ECF No. 1.) On April 13, 2018, the parties filed a Joint Motion to Approve Stipulation between the United States and Defendants. (ECF No. 53.) This motion indicated that the parties had reached a settlement agreement and requested the Court enter the parties’ attached stipulation (“Stipulation”). (*Id.*) The Stipulation provided that Defendants would satisfy their agreed upon liabilities for the tax years of 1998-2002 and 2004. (ECF No. 53-1.) In the event that Defendants failed to satisfy these liabilities, the United States would be entitled to seek foreclosure of Defendants’ property to satisfy

1 the outstanding liabilities. (*Id.*) The United States agreed, however, that it would not move
2 for entry of judgment or for an order of sale before March 26, 2019 to provide Defendants
3 with a year to satisfy their liabilities. (*Id.*) The parties also filed a notice of consent to
4 jurisdiction by magistrate judge. (ECF No. 55.) On April 16, 2018, the Honorable Larry
5 Alan Burns granted the parties' motions for entry of the Stipulation and consent to
6 magistrate judge jurisdiction, and referred the instant Motion to the undersigned. (ECF
7 No. 56.)

8 In the instant Motion, the parties request a one-year stay of this action in order to
9 allow Defendants until March 26, 2019 to satisfy their liabilities in full. (ECF No. 54-1 at
10 2.) Thus, the parties represent, if Defendants pay the liabilities as contemplated by the
11 Stipulation before that date, the United States would not foreclose on Defendants' property.
12 (*Id.* at 4.) The parties further represent that there is little risk of extended litigation after
13 the stay terminates because in the event that Defendants fail to satisfy their liabilities under
14 the Stipulation by March 26, 2019, the United States may take prompt action to foreclose
15 on the property. (*Id.* at 6.)

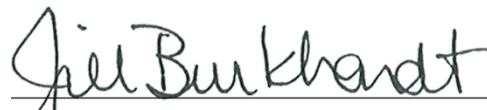
16 Courts have the discretionary power to stay proceedings. *Ali v Trump*, 241 F. Supp.
17 3d 1147, 1152 (W.D. Wash. 2017) (citing *Landis v. N. Am. Co.*, 299 U.S. 248, 254 (1936)).
18 In determining whether to grant a motion to stay, "the competing interests [that] will be
19 affected by the granting or refusal to grant a stay must be weighed." *Lockyer v. Mirant*
20 *Corp.*, 398 F.3d 1098, 1110 (9th Cir. 2005) (citing *CMAX, Inc. v. Hall*, 300 F.2d 265, 268
21 (9th Cir. 1962)). Those interests include: (1) "the possible damage which may result from
22 the granting of a stay," (2) "the hardship or inequity which a party may suffer in being
23 required to go forward," and (3) "the orderly course of justice measured in terms of the
24 simplifying or complicating of issues, proof, and questions of law which could be expected
25 to result from a stay." *Id.*

26 Here, a one-year stay is not warranted. There is little to no damage that may result
27 from granting the requested stay because the parties have reached a settlement agreement
28 and jointly seek a stay. The parties fail to establish, however, that they will suffer hardship

1 or inequity in being required to go forward without a one year stay. The parties represent
2 that a stay would save the parties resources because, if the case were to go forward on the
3 merits, it would require extensive discovery. (ECF No. 54-1 at 5.) This argument carries
4 little weight as the parties' settlement agreement, entered by Judge Burns, resolves the
5 merits of this case. (See ECF Nos. 53, 55.) Further, the parties reassure the Court that
6 "there is little risk of extended litigation after the stay terminates, because the taxpayers
7 have agreed to the liabilities and have further agreed that if they do not pay in full, the
8 United States may take prompt action to foreclose on the property in Trust." (ECF No. 54-
9 1 at 6.) The parties contemplate that the remaining litigation on the horizon, then, is limited
10 to enforcement of the Stipulation and the potential foreclosure of Defendants' property.
11 Lastly, the Court has an interest in managing judicial resources by preventing inactive cases
12 from remaining indefinitely on its docket. The Court finds, however, that a shorter stay of
13 three months is warranted in the interest of potentially simplifying, or eliminating, the
14 outstanding issues in this case. Accordingly, the parties' Motion is **GRANTED in part**
15 **and DENIED in part** as follows: This action is hereby stayed until August 31, 2018. The
16 Court hereby **SETS** a telephonic Status Conference for August 16, 2018 at 2:00 PM. For
17 purposes of the Conference, the parties and counsel shall place a joint call to Judge
18 Burkhardt's chambers with all participants already on the line.

19 **IT IS SO ORDERED.**

20 Dated: June 1, 2018

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22 Hon. Jill L. Burkhardt
23 United States Magistrate Judge
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