Cueto v. Wo <mark>rl</mark> d Savings Bank, FSB et al			Doc. 7
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF CALIFORNIA PATRICIA CUETO, Plaintiff, V. WORLD SAVINGS BANK, FSB; WORLD SAVINGS BANK FSB, THE BANK OF NEW YORK MELLON AS TRUSTEE FOR SECURITIZED TRUST WORLD SAVINGS BANK TRUSTEE FOR SECURITIZED TRUST WORLD SAVINGS BANK [Doc. No. 3]		
19	CERTFICATES REMIC 23 TRUST		
20	WORLD SAVINGS BANK, FSB; and DOES 1 through 100, inclusive,		
21	Defendants.		
22	0 1 10 2017 D 6 1 1 1 1 1 1		
23	On June 12, 2017, Defendants Wells Fargo Bank, N.A., successor by merger to		
24	Wells Fargo Bank Southwest, N.A., f/k/a Wachovia Mortgage, FSB f/k/a World Savings		
25	Bank, FSB and The Bank of New York Mellon ("Defendants") filed a motion to dismiss		
26	Plaintiff Patricia Cueto's ("Plaintiff") complaint. (Doc. No. 3.) On June 28, 2017, the		
27	Court submitted the motion on the papers. (Doc. No. 6.) In that same order, the Court		
28	noted that Plaintiff's opposition had not yet	been filed, and ordered the opposition to be	e

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filed on or before July 3, 2017, with Defendant's reply, if any, due by July 10, 2017. (<u>Id.</u>) To date, Plaintiff has yet to file an opposition. For the reasons below, the Court grants Defendant's motion to dismiss the complaint without prejudice.

Background

This action arises out of Plaintiff's mortgage. On March 15, 2006, Plaintiff borrowed \$420,000.00 from World Savings Bank, FSB ("World Savings") and executed a Deed of Trust to real property commonly known as 4944 Chateau Dr., San Diego, CA, as a security for the loan. (Doc. No. 4, Request for Judicial Notice ("RJN") Ex. A.)¹ In January 2008, World Savings changed its name to Wachovia Mortgage, FSB ("Wachovia Mortgage"). (Doc. No. 4, RJN Ex. C.) In November 2009, Wachovia Mortgage changed its name to Wells Fargo Bank Southwest, N.A., and merged into Wells Fargo Bank, N.A. ("Wells Fargo"). (Doc. No.4, RJN Ex. E.)

On May 29, 2013, there was a Notice of Default and Election to Sell under the Deed of Trust. (Doc. No. 4, RJN Ex. F.) On November 16, 2016, there was a Notice of Trustee's Sale as to Plaintiff's property. (Doc. No. 4, RJN Ex. G.) On April 7, 2017, Plaintiff filed for bankruptcy pursuant to Chapter 13 of the United States Bankruptcy Code. (Doc. No. 4, RJN Ex. H.) On April 25, 2017, the bankruptcy court dismissed Plaintiff's Chapter 13

The Court takes judicial notice under Federal Rule of Evidence 201, of the following public documents: Deed of Trust executed on March 3, 2006 and recorded on March 15, 2006 in the official records of San Diego County as Document 2006-0178417 (Doc. No. 4, RJN Ex. A); Certificate of Corporate Existence dated April 21, 2006 (Id. Ex. B); Notice of Amendment of Charter and Bylaws dated November 19, 2007 (Id. Ex. C); Charter of Wachovia Mortgage, FSB dated March 16, 2009 (Id. Ex. D); Official Certification of the Comptroller of the Currency stating that Wachovia Mortgage, FSB, converted to Wells Fargo Bank Southwest, N.A., which then merged with Wells Fargo Bank, N.A., dated November 1, 2009 (Id. Ex. E); Notice of Default and Election to Sell Under Deed of Trust recorded on May 29, 2013 in the official records of San Diego County as Document No. 2013-0333621 (Id. Ex. F); Notice of Trustee's Sale recorded on November 16, 2016 in the official records of San Diego County as Document No. 2016-0625225 (Id. Ex. G); Voluntary Petition for Bankruptcy dated and filed on April 7, 2017 with the United States Bankruptcy Court, Southern District of California, as Case No. 17-02070-LT13 (Id. Ex. H); Order Dismissing Chapter 13 Case without Prejudice entered on April 24, 2017 by the United States Bankruptcy Court, Southern District of California, as Case No. No. 17-02070-LT13 (<u>Id.</u> Ex. I). See Lee v. City of Los Angeles, 250 F. 3d 668, 688-89 (9th Cir. 2001) ("[U]nder Fed. R. Evid. 201, a court may take judicial notice of 'matters of public record.'").

action. (Doc. No. 4, RJN Ex. I.)

On May 25, 2017, following the dismissal of her bankruptcy action, Plaintiff, proceeding *pro se*, filed a complaint in the San Diego County Superior Court against Defendants Wells Fargo² and The Bank of New York Mellon ("Bank of New York"), alleging causes of action for (1) wrongful foreclosure; (2) fraud in the concealment; (3) fraud in the inducement; (4) unconscionable contract; (5) breach of contract; (6) breach of fiduciary duty; (7) quiet title; (8) temporary restraining order and injunctive relief; and (9) declaratory relief. (Doc. 1-2, Compl.) On June 6, 2017, Defendants removed the action pursuant to 28 U.S.C. § 1441 to this Court on the basis of diversity jurisdiction. (Doc. No. 1, Notice of Removal.) By the present motion, Defendants move to dismiss all of the causes of action in Plaintiff's complaint pursuant to Federal Rule of Civil Procedure 12(b)(6) for failure to state a claim. (Doc. No. 3-1.)

Discussion

I. Legal Standards for a Rule 12(b)(6) Motion to Dismiss

A motion to dismiss under Federal Rule of Civil Procedure 12(b)(6) tests the legal sufficiency of the pleadings and allows a court to dismiss a complaint if the plaintiff has failed to state a claim upon which relief can be granted. See Conservation Force v. Salazar, 646 F.3d 1240, 1241 (9th Cir. 2011). Federal Rule of Civil Procedure 8(a)(2) requires that a pleading stating a claim for relief contain "a short and plain statement of the claim showing that the pleader is entitled to relief." The function of this pleading requirement is to "give the defendant fair notice of what the . . . claim is and the grounds upon which it rests." Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555 (2007).

A complaint will survive a motion to dismiss if it contains "enough facts to state a claim to relief that is plausible on its face." Twombly, 550 U.S. at 570. "A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the

In her complaint, Plaintiff refers to the defendant as "World Savings Bank," but World Savings Bank has merged into Wells Fargo.

1 reasonable inference that the defendant is liable for the misconduct alleged." Ashcroft v. 2 3 4 5 6 7

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Igbal, 556 U.S. 662, 678 (2009). "A pleading that offers 'labels and conclusions' or 'a formulaic recitation of the elements of a cause of action will not do." Id. (quoting Twombly, 550 U.S. at 555). "Nor does a complaint suffice if it tenders 'naked assertion[s]" devoid of 'further factual enhancement." Id. (quoting Twombly, 550 U.S. at 557). Accordingly, dismissal for failure to state a claim is proper where the claim "lacks a cognizable legal theory or sufficient facts to support a cognizable legal theory." Mendiondo v. Centinela Hosp. Med. Ctr., 521 F.3d 1097, 1104 (9th Cir. 2008).

In reviewing a Rule 12(b)(6) motion to dismiss, a district court must accept as true all facts alleged in the complaint, and draw all reasonable inferences in favor of the plaintiff. See Retail Prop. Trust v. United Bhd. of Carpenters & Joiners of Am., 768 F.3d 938, 945 (9th Cir. 2014). But a court need not accept "legal conclusions" as true. Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009). Further, it is improper for a court to assume the plaintiff "can prove facts which it has not alleged or that the defendants have violated the . . . laws in ways that have not been alleged." Associated Gen. Contractors of Cal., Inc. v. Cal. State Council of Carpenters, 459 U.S. 519, 526 (1983). In addition, a court may consider documents incorporated into the complaint by reference and items that are proper subjects of judicial notice. See Coto Settlement v. Eisenberg, 593 F.3d 1031, 1038 (9th Cir. 2010).

If the court dismisses a complaint for failure to state a claim, it must then determine whether to grant leave to amend. See Doe v. United States, 58 F.3d 494, 497 (9th Cir. 1995). "A district court may deny a plaintiff leave to amend if it determines that 'allegation of other facts consistent with the challenged pleading could not possibly cure the deficiency,' or if the plaintiff had several opportunities to amend its complaint and repeatedly failed to cure deficiencies." Telesaurus VPC, LLC v. Power, 623 F.3d 998, 1003 (9th Cir. 2010) (internal quotation marks and citations omitted).

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II.

Plaintiff's Complaint

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Lack of Standing/Wrongful Foreclosure

Plaintiff alleges a cause of action for lack of standing/wrongful foreclosure against both Defendants. (Doc. No. 1-2, Compl. ¶ 37.) Defendants argue that this claim should be dismissed because Plaintiff's allegations are conclusory, and because Plaintiff lacks standing to challenge Defendants' right to foreclose. (Doc. No. 3-1 at 4-5.)

In order to state a claim for wrongful foreclosure, Plaintiff must allege that "(1) the trustee or mortgagee caused an illegal, fraudulent, or willfully oppressive sale of real property pursuant to a power of sale in a mortgage or deed of trust; (2) she was prejudiced or harmed; and (3) she tendered the amount of the secured indebtedness or was excused from tendering." Lona v. Citbank, N.A., 202 Cal. App. 4th 89, 103 (2011); accord Miles v. Deutsche Bank Nat'l Trust Co., 236 Cal. App. 4th 394, 408 (2015). Because the first element of a claim for wrongful foreclosure requires that the defendant caused an illegal, fraudulent, or willfully oppressive sale, a plaintiff "cannot state a claim for wrongful foreclosure . . . until a sale has occurred." Williams v. Bank of America, N.A., No. 15-17335, 2017 WL 2983055, at *1 (9th Cir. July 13, 2017) (citing Miles, 236 Cal. App. 4th at 408); see Jacinto v. Ditech Fin. LLC, No. 16-CV-02815-MMC, 2016 WL 6248901, at *2 (N.D. Cal. Oct. 26, 2016) (citing Jenkins v. JP Morgan Chase Bank, N.A., 216 Cal. App. 4th 497, 511 (2013)).

Here, Plaintiff has not alleged that her house has been sold through a foreclosure sale. Indeed, a review of the judicially noticeable documents does not reflect that her house has been sold. (See Doc. No. 4, RJN Ex. A-I.) Thus, Plaintiff has failed to adequately allege sufficient facts to state a cause of action for wrongful foreclosure. See Williams, 2017 WL 2983055, at *1; Jacinto, 2016 WL 6248901, at *2. Accordingly, the Court grants Defendants' motion to dismiss Plaintiff's claim for lack of standing/wrongful foreclosure.

B. Fraud in the Inducement

Plaintiff alleges a cause of action for fraud in the inducement against both Defendants. (Doc. No. 1-2, Compl. ¶¶ 59-66.) Defendants argue Plaintiff's claim does not

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satisfy Federal Rule of Civil Procedure 9's requirement of particularity. (Doc. No. 3-1 at 7-9.)

Under California law, the general elements of fraud are: "(1) a misrepresentation, which includes a concealment or nondisclosure; (2) knowledge of the falsity of the misrepresentation, i.e., scienter; (3) intent to induce reliance on the misrepresentation; (4) justifiable reliance; and (5) resulting damages." Cadlo v. Owens-Illinois, Inc., 125 Cal. App. 4th 513, 519 (2004). In addition, a claim for fraud against a corporation "requires the plaintiff to allege the names of the persons who made the allegedly fraudulent representations, their authority to speak, to whom they spoke, what they said or wrote, and when it was said or written." Tarmann v. State Farm Mut. Auto. Ins. Co., 2 Cal. App. 4th 153, 157 (1991).

Further, under Federal Rule of Civil Procedure 9, a plaintiff must plead fraud with particularity. Fed. R. Civ. P. 9(b). "Rule 9(b)'s particularity requirement applies to statelaw causes of action." Vess v. Ciba-Geigy Corp. USA, 317 F.3d 1097, 1103 (9th Cir. 2003). This means that Plaintiff must allege the "who, what, when, where, and how of the misconduct charged." United States v. United Healthcare Ins. Co., 848 F.3d 1161, 1180 (9th Cir. 2016). To this end, "mere conclusory allegations of fraud are insufficient." Id. "Broad allegations that include no particularized supporting detail do not suffice, but 'statements of the time, place and nature of the alleged fraudulent activities are sufficient." Id. (internal citations omitted.)

The allegations in support of Plaintiff's cause of action for fraud in the inducement consist only of conclusory allegations of fraud, and do not contain the particularity necessary to satisfy Rule 9(b). (See Doc. No. 1-2, Compl. ¶¶ 59-66.) Plaintiff alleges that Defendants misrepresented certain provisions of the contract. (Id. at ¶ 61.) Plaintiff does not provide the name of the person who allegedly made the fraudulent representation, their authority to speak, when it occurred, or what specifically was said. Thus, Plaintiff has failed to adequately allege sufficient facts to satisfy Rule 9(b)'s particularity requirement or to state a claim for fraud in the inducement. See Tarmann, 2 Cal. App. 4th at 157; United

<u>Healthcare Ins.</u>, 848 F.3d at 1180. Accordingly, the Court grants Defendants' motion to dismiss Plaintiff's claim for fraud in the inducement.

C. Fraud in the Concealment

Plaintiff alleges a cause of action for fraud in the concealment against Defendant Wells Fargo. (Doc. No. 1-2, Compl. ¶¶ 48-58). Plaintiff alleges that Wells Fargo concealed certain aspects of the contract from them, and also did not reveal that they were not a Federal Reserve Depository Bank. (Id at ¶ 50.) Defendants argue that fraud based on concealment requires a fiduciary duty between Plaintiff and Defendant, which does not exist here. (Doc. No. 3-1 at 7-9.)

To state a claim for fraud in the concealment, "the defendant must have been under a duty to disclose the [relevant material] fact to the plaintiff." <u>Bank of Am. Corp. v. Superior Court</u>, 198 Cal. App. 4th 862, 870 (2011). "Absent a fiduciary relationship, non-disclosure is not fraudulent concealment." <u>Long v Walt Disney Co.</u>, 116 Cal. App. 4th 868, 874 (2004).

Here, Plaintiff has failed to allege any facts supporting the existence of a fiduciary relationship between herself and either Defendant. "[A]bsent special circumstances . . . a loan transaction is at arm's length and there is no fiduciary relationship between the borrower and lender." Perlas v. GMAC Mortg., LLC, 187 Cal. App. 4th 429, 436 (2010); see also Nymark v. Heart Fed. Sav. & Loan Assn., 231 Cal. App. 3d 1089, 1096 (1991) ("[A]s a general rule, a financial institution owes no duty of care to a borrower when the institution's involvement in the loan transaction does not exceed the scope of its conventional role as a mere lender of money."). Thus, Plaintiff has failed to adequately allege a cause of action for fraud in the concealment. See Bank of Am., 198 Cal. App. 4th at 870. Accordingly, the Court grants Defendants' motion to dismiss Plaintiff's claim for fraud in the concealment.

D. Unconscionable Contract

Plaintiff alleges a cause of action for unconscionable contract against Defendant Wells Fargo. (Doc. No. 1-2, Compl. ¶ 67.) Unconscionability is not an affirmative cause

of action; rather, it is a defense. Cal. Grocers Ass'n v. Bank of America, 22 Cal. App. 4th 205, 217 (1994). While there could be statutes that may provide affirmative causes of action for unconscionability, Plaintiff has not provided any basis to support such an affirmative cause of action. See id. Accordingly, the Court grants Defendants' motion to dismiss Plaintiff's claim for unconscionability. See e.g., Wyatt v. Lehman Brothers Bank, FSB, 2015 WL 12746234, at *8 (C.D. Cal. March 12, 2015) (dismissing claim asserting that the deed of trusts are unconscionable); Nava v. VirtualBank, 2008 WL 2873406, at *10 (E.D. Cal. July 16, 2008) ("[P]laintiff's allegation that defendants breached the Note because the Note was unconscionable does not create a recognized claim under California

law.").

E. Breach of Contract

Plaintiff alleges a cause of action for breach of contract against Defendant Wells Fargo. (Doc. No. 1-2, Compl. ¶ 79.) Plaintiff alleges that Wells Fargo "was obligated to satisfy, release and reconvey the beneficial security interest in Plaintiff's pledged Deed of Trust," and that Wells Fargo "failed to satisfy release and reconvey the security instrument." (Id. at ¶¶ 77, 79.) Defendants argue that this claim should be dismissed because Plaintiff has failed to adequately allege her performance of the contract. (Doc. No. 3-1 at 10-11.)

In California, the elements of a claim for breach of contract are "(1) the contract, (2) plaintiff's performance or excuse for nonperformance, (3) defendant's breach, and (4) damage to plaintiff therefrom." Wall St. Network, Ltd. V. New York Times Co., 164 Cal. App. 4th 1171, 1178 (2008).

Here, Plaintiff does not allege that she complied with the terms of the contract, nor does she allege any reasons for why her non-performance was excused. (See Doc. No. 1-2, Compl. ¶¶ 75-79.) Thus, Plaintiff has failed to adequately state a claim for breach of contract. Accordingly, the Court grants Defendants' motion to dismiss Plaintiff's claim for breach of contract.

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F. Breach of Fiduciary Duty

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Plaintiff alleges a cause of action for breach of fiduciary duty against both Defendants. (Doc. No. 1-2, Compl. ¶ 85.) To properly allege a claim for breach of fiduciary duty, "a plaintiff must show the existence of a fiduciary relationship, its breach, and damage caused by the breach." Apollo Capital Fund, LLC v. Roth Capital Partners, LLC, 158 Cal. App. 4th 226, 243 (2007). As discussed above in connection with Plaintiff's claim for fraud in the concealment, Plaintiff has failed to allege the existence of a fiduciary relationship between herself and either Defendant. See Perlas, 187 Cal. App. 4th at 435; Nymark, 231 Cal. App. 3d at 1096. Accordingly, the Court grants Defendants' motion to dismiss Plaintiff's claim of breach of fiduciary duty.

G. Quiet Title

Plaintiff alleges a cause of action to quiet title in the property. (Doc. No. 1-2, Compl. ¶¶ 92, 93.) To state a claim for quiet title, a plaintiff must allege (1) a description of the property that is the subject of the action, (2) the title of the plaintiff as to which a determination is sought and the basis of the title, (3) the adverse claims to the title of the plaintiff against which a determination is sought, (4) the date as of which the determination is sought, and (5) a prayer for the determination of the title of the plaintiff against the adverse claims. See Cal. Code Civ. Pro. § 761.020; Lester v J.P. Morgan Chase Bank, 926 F. Supp. 2d 1081, 1095 (N.D. Cal. 2013). "A borrower may not, however, quiet title against a secured lender without first paying the outstanding debt on which the mortgage or deed of trust is based." Lueras v. BAC Home Loans Servicing, LP, 221 Cal. App. 4th 49, 86-87 (2013); see Watson v. Bank of Am., N.A., No. 16CV513-GPC (MDD), 2016 WL 3552061, at *19 (S.D. Cal. June 30, 2016) ("It is settled in California that a mortgagor cannot quiet his title against the mortgagee without paying the debt secured.""). Accordingly, "a 'plaintiff seeking to quiet title in the face of a foreclosure must allege tender or an offer of tender of the amount borrowed." Watson, 2016 WL 3552061, at *19; see Dahnken v. Wells Fargo Bank, NA, No. 4:13-cv-02838-PJH, 2017 WL 3049552, at *2 (9th Cir. 2017) ("Nor did [plaintiff] allege that he had paid his debt, which is a necessary

prerequisite to quiet title to the property.").

Here, Plaintiff has not alleged that she has paid or offered to pay her mortgage debt. Accordingly, Plaintiff has failed to adequately state a claim for quiet title, and the Court grants Defendants' motion to dismiss Plaintiff's claim of quiet title. See Boza v. U.S. Bank NA, 606 F. App'x 357, 358 (9th Cir. 2015) ("Because the FAC fails to allege that the Bozas paid or offered to pay their mortgage debt, the Bozas' claim to quiet title fails as a matter of law.").

H. Temporary Restraining Order and Injunctive Relief

Plaintiff alleges a cause of action for a temporary restraining order and for injunctive relief. (Doc. No. 1-2, Compl. ¶ 99.) "Injunctive relief is a remedy, not a cause of action." Guessous v. Chrome Hearts, LLC, 179 Cal. App. 4th 1177, 1187 (2009). Thus, a "cause of action must exist before injunctive relief may be granted." Shell Oil Co. v. Richter, 52 Cal. App. 2d 164, 168 (1942); accord Fenton v. Wells Fargo Home Mortg., No. 17-CV-0113 DMS (WVG), 2017 WL 1346672, at *5 (S.D. Cal. Apr. 12, 2017). Here, Plaintiff has failed to state any viable causes of action. Accordingly, the Court grants Defendants' motion to dismiss Plaintiff's claim for temporary restraining order and injunctive relief.

I. Declaratory Relief

Plaintiff alleges a cause of action for declaratory relief. (Doc. No. 1-2, Compl. ¶¶ 101-03.) Federal courts have the power to grant declaratory relief pursuant to the Declaratory Judgment Act. 28 U.S.C. §§ 2201, 2202. This power is discretionary, and courts consider various factors in deciding whether the relief is appropriate. 28 U.S.C. § 2201(a). However, a cause of action for declaratory relief does not state an independent action, but rather "merely seeks relief." Audette v. Int'l Longshoremen's and Warehousemen's Union, 195 F.3d 1107, 1111 (9th Cir. 1999); see Fenton, 2017 WL 1346672, at *4 ("A 'claim for declaratory relief is not a stand-alone claim, but rather depends upon whether or not Plaintiff states some other substantive basis for liability.""). Here, Plaintiff has failed to state any viable causes of action. Accordingly, the Court grants Defendants' motion to dismiss Plaintiff's claim for declaratory relief.

Conclusion

For the reasons above, the Court grants Defendants' motion to dismiss, and the Court dismisses Plaintiff's complaint without prejudice. In addition, the Court grants Plaintiff leave to amend. If Plaintiff wishes to proceed, she must file an amended complaint on or before **August 21, 2017**. Any first amended complaint must cure the deficiencies noted in this order and must comply with Federal Rule of Civil Procedure 8.

IT IS SO ORDERED.

DATED: July 24, 2017

MARILYN LYHUFF, District Unlige UNITED STATES DISTRICT COURT