

Verdicts & Settlements

RESULT DATE: Nov. 22, 2022

Acres Bonusing Inc., et al v. Arla Ramsey, et al. (3:19-cv-05418-WHO)

USDC Northern District of California

23-JV_140596

TOPIC: Contracts

SUB TOPIC: Breach of Fiduciary Duty

FURTHER DESCRIPTION: Misuse of Process

Bench Decision: Dismissal

JUDGE:

William H. Orrick III

ATTORNEYS:

Plaintiff:

Ronald H. Blumberg (Blumberg Law Group LLP)

Defendant:

Allison L. Jones (Gordon & Rees LLP)

Casey C. Shaw (Gordon & Rees LLP)

Matthew G. Kleiner (Gordon & Rees LLP)

Margaret C. Rosenfeld (Forman, Shapiro & Rosenfeld LLP)

Jay B. Shapiro (Forman, Shapiro & Rosenfeld LLP)

FACTS: Blue Lake Casino & Hotel is owned by the Blue Lake Rancheria, a federally recognized tribe. James Acres owns Acres Bonusing, Inc., a gaming company (collectively, Acres). In 2010, Blue Lake entered into a contract with Acres to purchase iSlot, an iPad-based gaming platform, for \$250,000. The deal went south, however, and Blue Lake initiated a case in its judicial arm, the Tribal Court of the Blue Lake Rancheria, which alleged breach of contract, tortious breach of implied covenant of good faith and fair dealing, unjust enrichment, money had and received, and fraudulent inducement. The tribal court case was assigned to Lester John Marston. Marston eventually recused himself, and he was replaced with James Lambden, a retired California Court of Appeal justice.

In response to the tribal action, Acres subsequently filed suit in the Northern District of California against seventeen defendants in the original complaint, including Marston; Arla Ramsay, who was the CEO of Blue Lake, a Blue Lake tribal court judge, and vice-chair of the tribe's business council; and Thomas Franks, who was an executive of Blue Lake and, at times, an officer of the tribe. After several rounds of motions to dismiss, the only remaining actions were those against Ramsay and Frank.

PLAINTIFFS' CONTENTIONS: Plaintiffs contended that Marston's dual role as a judge of the Tribal Court and as personal legal counsel for Blue Lake Casino and other Blue Lake officials was a corrupt judicial scheme that benefited the tribe and its officials. Specifically, plaintiffs contended that Ramsey and the tribe gave Marston opportunities to be paid for both judicial and non-judicial work; that Marston sent invoices for both types of work; and that he did so on the same invoices to conceal the payment of bribes. Plaintiffs further contended that the defendants had wrongfully used civil proceedings; had aided and abetted breach of fiduciary duty owed to the plaintiffs; had aided and abetted constructive fraud; and had violated the Racketeer Influenced and Corrupt Organizations Act.

DEFENDANTS' CONTENTIONS: Defendants denied any wrongdoing and all of the plaintiffs' material allegations. Moreover, the defendants contended that, as tribal officers, they were entitled to qualified immunity, discretionary act immunity under common law, legislative immunity, and the litigation privilege.

RESULT: The court granted the defendants' motion to dismiss.

FILING DATE: Aug. 28, 2019