P Floor 4590	1 2 3 4 5	MATTHEW N. FALLEY (SBN 192493) MFalley@GreenbergGlusker.com GREENBERG GLUSKER FIELDS CLA MACHTINGER LLP 1900 Avenue of the Stars, 21st Floor Los Angeles, California 90067-4590 Telephone: 310.553.3610 Fax: 310.553.0687  Attorneys for Defendant	AMAN &	
	6	BARRY GOLD		
	7			
	8	UNITED STATES DISTRICT COURT		
	9	CENTRAL DISTRICT OF CALIFORNIA		
	10			
	11	STEVEN ("LASER") HAAS,	Case No. CV 13-07738 SVW (AGR)	
	12	Plaintiff,	NOTICE OF MOTION AND MOTION TO DISMISS FIRST	
R LL S, 21st 90067	13	v.	AMENDED COMPLAINT	
INGE INGE Te Star fornia	14	WILLARD MITT ROMNEY, PAUL	Assigned To: Hon. Stephen V. Wilson	
CHT Le of the s, Calit	15	WILLARD MITT ROMNEY, PAUL TRAUB, BAIN CAPITAL, JOHN & JANE "DOES" 1 THROUGH 10, MORRIS, NICHOLS, ARSHT &	Date: April 14, 2014 Time: 1:30 p.m.	
& MACHTINGER LLP 1900 Avenue of the Stars, 21st Floor Los Angeles, California 90067-4590	16	TUNNELL, GREG WERKHEISER, BARRY GOLD, MICHAEL GLAZER,	Ctrm: 6	
1900 Los	17	COLM F. CONNOLLY, GOLDMAN SACHS, JOHANN HAMERSKI,		
	18	Defendants.		
	19	Defendants.		
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58446-00002/2135499.1

NOTICE OF MOTION AND MOTION TO DISMISS FIRST AMENDED COMPLAINT

### TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

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PLEASE TAKE NOTICE THAT on April 14, 2014 at 1:30 p.m. or as soon thereafter as counsel may be heard in Courtroom 6 of the above-entitled Court, located at the United States Courthouse, 312 North Spring Street, Los Angeles, CA 90012, defendant Barry Gold ("Mr. Gold") will, and hereby does, move (the "Motion") the Court to dismiss the First Amended Complaint [D.I. 6] (the "Complaint") of Steven ("Laser") Haas ("Plaintiff"), with prejudice, pursuant to Rules 8 and 12(b)(1), (2), (3), (4), (5) and (6) of the Federal Rules of Civil Procedure. This Motion joins in part the motion (the "MNAT Motion") filed by Defendants Morris, Nichols, Arsht & Tunnel LLP and Gregory W. Werkheiser.

The Motion is made on the grounds that:

- (1) The Complaint should be dismissed as to Mr. Gold pursuant to Fed. R. Civ. P. 12(b)(1) because this Court lacks subject matter jurisdiction over the claims asserted against Mr. Gold.
- (2) The Complaint should be dismissed as to Mr. Gold under Fed. R. Civ. P. 12(b)(2) for lack of personal jurisdiction over Mr. Gold.
- (3) The Complaint should be dismissed as to Mr. Gold pursuant to Fed. R. Civ. P. 8 because it fails to provide a short and plain statement of the claim showing that the pleader is entitled to relief.
- (4) The Complaint should be dismissed as to Mr. Gold pursuant to Fed. R. Civ. P. 12(b) because it fails to state a claim upon which relief can be granted in that:
  - the Complaint is barred by the doctrine of res judicata; (a)
- (b) the Complaint is barred by the statute of limitations governing civil claims under the Racketeer Influenced and Corrupt Organizations Act ("RICO"), codified as Title IX of the Organized Crime Control Act of 1970, 18 U.S.C. §§ 1961-68 claims;

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- the Complaint fails to allege facts sufficient to support a claim (c) under the RICO statute; and
- to the extent that Haas's civil RICO claim is based on alleged (d) predicate acts involving fraud, Haas has failed to plead fraud with particularity as required by Fed. R. Civ. P. 9(b).
- (5) The Complaint should be dismissed pursuant to Fed. R. Civ. P. 12(b)(3) because venue of this action in this District is improper.
- (6) The Complaint should be dismissed as to Mr. Gold pursuant to Fed. R. Civ. P. 12(b)(4) for insufficiency of process.
- (7) The Complaint should be dismissed as to Mr. Gold pursuant to Fed. R. Civ. P. 12(b)(5) for insufficient service of process.

The Motion is based on this Notice of Motion, the attached Memorandum of Points and Authorities, the records, pleadings and papers on file in this action, any reply papers that may be filed in connection herewith, the declaration of Barry Gold dated March 5, 2014 submitted herewith, the declaration of Fredrick B. Rosner, dated March 5, 2014 submitted herewith, the MNAT Motion and the memorandum of points and authorities and declaration and request for judicial notice filed in support of that Motion, and on such other evidence and argument as may be presented to the Court at or before the hearing on this matter.

This Motion is made following an e-mail conference pursuant to Local Rule 7-3 between Plaintiff and counsel for Mr. Gold, which took place on February 27 and 28, 2014.

DATED: March 5, 2014

GREENBERG GLUSKER FIELDS CLAMAN & MACHTINGER LLP

By: /s/ *Matthew N. Falley* MATTHEW N. FALLEY Attorneys for Defendant BARRY GOLD

# GREENBERG GLUSKER FIELDS CLAMAN & MACHTINGER LLP 1900 Avenue of the Stars, 21st Floor Los Angeles, California 90067-4590

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1900 Avenue of the Stars, 21st Floor Los Angeles, California 90067-4590

## MEMORANDUM OF POINTS AND AUTHORITIES

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### I. <u>INTRODUCTION</u>

Section I of the MNAT Motion is an accurate summary of the various litigations brought by Plaintiff and the various prior proceedings in other courts that may be relevant to this Motion. Accordingly, Mr. Gold adopts and incorporates Section I of the MNAT Motion as though fully set forth herein.

The grounds for this Motion include the following:

- (1) The Complaint should be dismissed as to Mr. Gold pursuant to Fed. R. Civ. P. 12(b)(1) for the reasons stated and the authorities cited in the MNAT Motion.
- (2) The Complaint should be dismissed as to Mr. Gold pursuant to Fed. R. Civ. P. 12(b)(2) for the reasons set forth in this Motion.
- (3) The Complaint should be dismissed as to Mr. Gold pursuant to Fed. R. Civ. P. 8 for the reasons stated and the authorities cited in the MNAT Motion.
- (4) The Complaint should be dismissed pursuant to Fed. R. Civ. P. 12(b)(6) for the reasons stated and the authorities cited in the MNAT Motion.
- (5) The Complaint should be dismissed pursuant to Fed. R. Civ. P. 12(b)(3) for the reasons stated and the authorities cited in the MNAT Motion.
- (6) The Complaint should be dismissed as to Mr. Gold pursuant to Fed. R.
- Civ. P. 12(b)(5) for insufficiency of process for the reasons set forth in this Motion.

For the reasons stated and the authorities cited in the MNAT Motion, the dismissal of the Complaint should be with prejudice.

### II. STATEMENT OF RELEVANT FACTS

A. <u>Incorporation of the MNAT Motion's Summary of the Bankruptcy</u>
Case

Section II of the MNAT Motion is an accurate summary of the relevant

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proceedings in the eToys, Inc., n/k/a EBC I, Inc., bankruptcy case (the "Bankruptcy Case"), and Plaintiff's case before this Court. Accordingly, Mr. Gold adopts and incorporates Section II of the MNAT Motion as though fully set forth herein.

### Relevant Allegations in the Complaint Relating to Mr. Gold В.

The Complaint alleges that Mr. Gold "utilize[s] offices in California. See Compl. ¶ 1 ("Defendant Barry Gold, Goldman Sachs and Bain Capital utilize offices in California."). The Complaint makes several statements that may arguably reference California and Mr. Gold. See Compl. ¶ 287 ("Then, perhaps this court can find a way to order Barry Gold out and claimant back where litigant belongs (being that Barry Gold is illegally sitting in plaintiff's seat right here in Irvine, California.)" (emphasis in original)); Compl. ¶ 350 (alleging that all "Defendants have engaged in immoral, unethical and illegal conduct in the states of DE, New York, Pennsylvania, Texas and California"); Compl. ¶ 622 ("This court can throw out . . . Barry Gold who sits in eToys chair - in the SoCal district."). Other than the foregoing, the Complaint makes no other allegations relating to Mr. Gold's supposed relationship with California. See Compl. In particular, the Complaint does not identify any act Mr. Gold allegedly perpetrated in California or an act Mr. Gold directed toward California. See Compl.

In the caption of the Complaint, Plaintiff provides an address for Mr. Gold: "Barry Gold C/O Frederick Rosner, 824 Market St., Suite 810, Wilmington, DE 19801." See Complaint. Nowhere does the Complaint allege any relationship between Mr. Gold and Mr. Rosner.

### Other Facts Relevant to This Motion C.

Mr. Gold submits two declarations in support of this Motion: that of himself, dated March 5, 2014 (the "Gold Declaration") and that of Fredrick B. Rosner, dated March 5, 2014 (the "Rosner Declaration").

For over two decades, Mr. Gold has been a resident of Pennsylvania. Gold Decl. ¶ 5. He has never resided in California, has not travelled to California in the

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past four years other than to change airplanes, has never maintained an office in California, has never owned real property in California, has never had a bank account in California, has never maintained a phone number or fax number in California, has never entered into any material contracts with a California person or entity, and does not otherwise direct his activities toward California. See Gold Decl. ¶¶ 6–13.

Fredrick Rosner is an attorney in Wilmington, Delaware. Rosner Decl. ¶ 3. Neither Mr. Rosner or anyone from Mr. Rosner's firm has ever represented Mr. Gold. See Rosner Decl. ¶ 5; Gold Decl. ¶ 3. Neither Mr. Rosner nor anyone from Mr. Rosner's firm has ever been authorized to accept service on Mr. Gold's behalf. See Rosner Decl. ¶ 6; Gold Decl. ¶ 4.

### **ARGUMENT** III.

### A. This Action Should Be Dismissed For Lack Of Subject Matter Jurisdiction

For the reasons stated in Section III.A of the MNAT Motion, Mr. Gold respectfully submits that this Court is without subject matter jurisdiction over Plaintiff's allegations against Mr. Gold. Accordingly, Mr. Gold hereby moves the Court to dismiss the Complaint under Fed. R. Civ. P 12(b)(1).

### This Action Against Mr. Gold Should Be Dismissed For Lack Of В. Personal Jurisdiction

Under the due process clause of the Constitution, courts may exercise general or specific jurisdiction. See generally, e.g., Helicopteros Nacionals de Columbia, S.A. v. Hall, 466 U.S. 408, 414–18 (1984). General personal jurisdiction is established where a defendant's activities in the forum state are "continuous and systematic." Int'l Shoe Co. v. Wash., 326 U.S. 310, 317 (1945). If general jurisdiction is established, a court may exercise jurisdiction over the nonresident even if the cause of action is unrelated to the nonresident's activities in the forum.

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Data Disc, Inc. v. Systems Tech. Assocs., Inc., 557 F.2d 1280, 1287 (9th Cir. 1977). If the nonresident's activities in the forum are not so pervasive as to subject him to general jurisdiction, jurisdiction will turn "on an evaluation of the nature and quality of the defendant's contacts in relation to the cause of action." Id.

Specific personal jurisdiction is established if the plaintiff can meet three requirements. First, the "nonresident defendant must do some act or consummate some transaction within the forum." Taylor v. Portland Paramount Corp., 383 F.2d 634, 641 (9th Cir. 1967). Second, the plaintiff's claim must arise out of or result from the defendant's alleged act in the forum. Id. If the first two requirements are met, then the Court is to turn to the final inquiry: whether the assumption of jurisdiction over the nonresident defendant would be "consonant with the due process tenents of fair play and substantial justice." Id.

Plaintiff, as the person seeking to invoke the jurisdiction of this court, has the burden of establishing that jurisdiction exists. Data Disc, Inc. v. Systems Tech. Assocs., Inc., 557 F.2d at 1290. Plaintiff concludes that Mr. Gold has an office in California and obliquely suggests that Plaintiff's injury may have occurred in California. However, even assuming that Plaintiff's vague, general assertions can be interpreted as asserting facts relating to Plaintiff's contacts with California, this Court is not bound by the Complaint in determining Mr. Gold's contacts. See, e.g., Taylor v. Portland Paramount Corp., 383 F.2d at 639 (holding that a "trial court is not bound by the pleadings and . . . the party asserting jurisdiction has the burden of establishing it if his allegations are challenged in any appropriate manner" (citing McNutt v. Gen. Motors Acceptance Corp., 298 U.S. 178 (1936)). Plaintiff's vague allegations in the Complaint regarding jurisdiction are contradicted by the Gold Declaration, this Court should find that the Gold Declaration trumps the Complaint. The Taylor opinion is directly on point: "We do not think that the mere allegations of the complaint, when contradicted by affidavits, are enough to confer personal jurisdiction of a nonresident defendant. In

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Here, Plaintiff does not meet his burden to show general jurisdiction over Mr. Gold. Mr. Gold does not have "continuous and systematic" contacts with California to invoke general jurisdiction. See Gold Decl. ¶¶ 5-13; see, e.g., Int'l Shoe Co. v. Wash., 326 U.S. at 317. As to specific jurisdiction, Plaintiff does not make it past the first or second requirement. There is no allegation—even in the most generous reading of the Complaint—that Mr. Gold committed any act in California. See, e.g., Taylor v. Portland Paramount Corp., 383 F.2d at 642 (reversing trial court's exercise of jurisdiction over a nonresident where no act was committed in forum, alleged misconduct did not occur in forum, no contract had been made in forum, and nonresident had never been to forum). Because the first two requirements for specific jurisdiction are not met, the Court need to turn to the third requirement. See, e.g., id. at 641 (9th Cir. 1967) (holding that a court need only analyze the third element of "fair play and substantial justice" if the first two elements for specific jurisdiction are met). However, even if the Court concludes that the Complaint alleges an act by Mr. Gold within California (the first requirement for specific jurisdiction), and that the act within California created Plaintiff's claim (the second requirement for specific jurisdiction), or the Court is otherwise inclined to examine the third requirement, Mr. Gold should be protected against the burdens of litigating in this distant and inconvenient forum. The Court's exercise of jurisdiction over Mr. Gold, a long time Pennsylvania resident with no real connection to California, would not be consistent with "fair play" and "substantial justice" (the third requirement for specific jurisdiction).

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Accordingly, the Court should dismiss the Complaint under Fed. R. Civ. P. 12(b)(1).

C. The Complaint Should Be Dismissed Under Fed. R. Civ. P. 8(a).

For the reasons stated in Section III.B of the MNAT Motion, Mr. Gold hereby moves the Court to dismiss the Complaint under Fed. R. Civ. P. 8(a).

D. The Complaint Should Be Dismissed For Failure To State A Claim Upon Which Relief Can Be Granted.

It is difficult to glean from the 690-paragraph Complaint exactly what Plaintiff asserts against Mr. Gold. However, Plaintiff's allegations against Mr. Gold appear to fall into two general categories: first, Mr. Gold's alleged conduct in the Bankruptcy Case, see, e.g., Compl., ¶¶ 205, 216, 219, 222, 225, 240, 263, 269, 273, 274-78, 292, 294, 368, 370, 373, 376, 386, 670, 674, and second, Mr. Gold's alleged usurpation of some "seat" or business related to the Bankruptcy Case allegedly belonging to Plaintiff, see, e.g., Compl. ¶¶ 297, 365, 617, 622. It appears that Plaintiff's claims against Mr. Gold in the Complaint are essentially a repackaging of claims that have been determined by the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

The facts, circumstances, and details of the Bankruptcy Court's October 4, 2005 decision (published as In re eToys, Inc., 331 B.R. 176 (Bankr. D. Del. 2005)) (the "October 4, 2005 Decision") are described more fully in Section II.E of the MNAT Motion, which Mr. Gold hereby incorporates as through fully set forth herein. In that decision the Bankruptcy Court determined (1) Mr. Gold did not breach a duty of loyalty as alleged, see In re eToys, Inc., 331 B.R. at 200 ("[T]he Court concludes that no beach has been established."), (2) that there was no basis to reduce Mr. Gold's compensation or otherwise sanction him, see id. ("[T]he Court concludes that there is no basis to reduce Gold's compensation or otherwise sanction him under the general equitable concepts of the Bankruptcy Code."), (3) that there was no bankruptcy crime, see id. (holding that Mr. Gold's conduct

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"cannot be considered perjury or any other bankruptcy crime"); and (4) that Mr. Gold's conduct was not a waste of estate assets, see id. 203 ("The Court further does not find that Gold committed any bankruptcy crime or wasted assets of the estate."). As described more fully in Section II.E of the MNAT Motion, the October 4, 2005 Decision was adjudicated to a final appeal. Accordingly, Plaintiff's claims against Mr. Gold in this action are barred by the doctrine of res judicata.

For these reasons, and the reasons and authorities stated in Section III.C of the MNAT Motion, the Complaint should be dismissed under Fed. R. Civ. P 12(b)(6) because, as to Mr. Gold, the Complaint is barred by the doctrine of res judicata, any RICO claim is brought beyond the statute of limitations, Plaintiff cannot establish standing under the RICO suit, and Plaintiff has failed to plead fraud against Mr. Gold with the requisite particularity.

### E. Venue Is Improper in this District.

Mr. Gold is not a resident of California. See Gold Decl. ¶¶ 5-6. For the reasons stated in Section III.D of the MNAT Motion, venue is not proper in this District.

### The Complaint Should Be Dismissed for Insufficient Process. F.

For the reasons stated in Section III.E of the MNAT Motion, the summons associated with the Complaint was defective. Accordingly, the Complaint should be dismissed as to Mr. Gold pursuant to Fed. R. Civ. P. 12(b)(4) and/or Fed. R. Civ. P. 4(m).

### G. The Complaint Should Be Dismissed for Insufficient Service of Process on Mr. Gold.

The procedural requirement of service of summons must be satisfied before a federal court can exercise personal jurisdiction over a defendant. Under Fed. R. Civ. P. 12(b)(5), a defendant may seek to dismiss the complaint on the basis of improper service of process. See J2 Global, Inc. v. FAX87.COM, No. CV 13-

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05353, 2014 WL 462832, at \*2 (C.D. Cal. February 5, 2014) (the failure to properly serve a defendant provides a basis for dismissal of the complaint); see also Omni Capital Int'l, Ltd. v. Rudolf Wolff & Co., Ltd., 484 U.S. 97, 104, 108 S.Ct. 404, 98 L.Ed.2d 415 (1987). "Before a federal court may exercise personal jurisdiction over a defendant, the procedural requirement of service of summons must be satisfied." "Once service is challenged, plaintiffs bear the burden of establishing that service was valid under Rule 4." Brockmeyer v. May, 383 F.3d 798, 801 (9th Cir. 2004) (citations and internal quotation marks omitted).

Fed. R. Civ. P. 4(e) states that personal service upon an individual within the United States shall be accomplished by (1) delivering a copy of the summons and complaint to the individual personally; (2) leaving a copy of the summons and complaint at the individual's dwelling or usual place of abode with someone of suitable age and discretion who also resides there; (3) delivering a copy of the summons and complaint to an agent authorized to receive service of process; or (4) following the law of the state of service with respect to serving a summons. Fed. R. Civ. P. 4(e)(1)-(2). The California Code of Civil Procedure, in turn, provides that service on a natural person shall be accomplished by (1) personal delivery of the summons; (2) delivering the summons and complaint to the person's dwelling house, usual place of abode, usual place of business, or usual mailing address, in the presence of a competent member of the household or a person apparently in charge of the business, and by mailing a copy of the summons and complaint to the person to be served at the place where a copy of the summons and complaint were left; (3) in the case of an out of state person, by sending a copy of the summons and complaint by first class mail, postage prepaid to the person to be served with a return receipt; or (4) by delivering a copy of the summons and the complaint to a person authorized to receive service of process. Cal.Civ.Proc.Code. § 415.10-40, 416.90.

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Service through an agent requires that the purported agent have actual authority for service to be adequate. See Fed.R.Civ .P 4(e)(2)(C) (allowing for service on an agent who is "authorized by appointment or by law to receive service of process"); Pochiro v. Prudential Ins. Co. of Am., 827 F.2d 1246, 1248-49 (9th Cir.1987) (service on attorney is insufficient unless attorney had actual authority from client to accept service on client's behalf). The requirement of actual authority is strictly enforced. Even in the situation where the person says that he is authorized to accept service, it is not sufficient proof that the person indeed has actual authority. U.S. Commodity Futures Trading Comm'n v. Paron Capital Mgmt, LLC, No. C 11-4577 CW, 2012 WL 1156396, at \*2 (N.D. Cal. April 6, 2012) ("[E]ven if a person states that he or she is authorized to accept service, that is not proof that the person actually has authority to do so.").

Mr. Gold anticipates that Plaintiff will argue that he effected service on Mr. Gold through Mr. Rosner. However, as shown in the Gold Declaration and the Rosner Declaration, Mr. Rosner did not have authority to accept service on behalf of Mr. Gold. See Gold Decl. ¶¶ 3, 4; Rosner Decl. ¶¶ 5, 6. Therefore, any purported service of Mr. Gold through Mr. Rosner is ineffective. See, e.g., Pochiro v. Prudential Ins. Co. of Am., 827 F.2d at 1248-49 (service on attorney is insufficient unless attorney has actual authority from client to accept service on client's behalf). Therefore, since Plaintiff cannot contradict this fact, the Court should rule in Mr. Gold's favor. U.S. Commodity Futures Trading Comm'n v. Paron Capital Mgmt, LLC, 2012 WL 1156396, at \*2 (finding for defendant where plaintiff did not contradict evidence that office manager had actual authority to accept service of process).

Plaintiff may argue that Mr. Gold's actual knowledge of this matter constitutes service. However, the law is unambiguous: Actual notice of a proceeding does not cure defective service of process. See, e.g., United States v. Ligas, 549 F.3d 497, 500 (7th Cir. 2008) (finding that district court could not

exercise personal jurisdiction over defendant without proper service of process, and
that service requirement is not satisfied merely because a defendant is aware that he
has been named in lawsuit or has received copy of summons and complaint); <u>LSJ</u>
Inv. Co., Inc. v. O.L.D., Inc., 167 F.3d 320, 322 (6th Cir. 1999) (holding that actual
knowledge of lawsuit does not substitute for proper service under Federal Rule 4);
McGuire v. Sigma Coatings, Inc., 48 F.3d 902, 907 (5th Cir. 1995) (finding actual
notice of action obtained by in-house counsel for defendant corporation insufficient
to confer jurisdiction without proper service of summons); Mid-Continent Wood
Products, Inc. v. Harris, 936 F.2d 297, 301 (7th Cir. 1991) (explaining that actual
knowledge of lawsuit acquired during negotiations with opposing party was
insufficient to confer jurisdiction); Direct Mail Specialists, Inc. v. Eclat
Computerized Techs., Inc., 840 F.2d 685, 688 (9th Cir. 1988) (stating that party's
actual notice of action will not provide jurisdiction without service of process under
Federal Rule 4).

Thus, the Court should dismiss the Complaint under Fed. R. Civ. P. 12(b)(5) because Plaintiff has failed to satisfy his burden to establish proper service of process on Mr. Gold.

### Н. Dismissal of the Complaint Should Be with Prejudice.

For the reasons stated in Section III.F of the MNAT Motion, the Complaint against Mr. Gold should be dismissed with prejudice.

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# GREENBERG GLUSKER FIELDS CLAMAN & MACHTINGER I I P

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### IV. CONCLUSION

For the foregoing reasons, Mr. Gold respectfully requests that the Court dismiss of the Complaint with prejudice and grant Mr. Gold such other and further relief as is just and proper.

DATED: March 5, 2014

GREENBERG GLUSKER FIELDS CLAMAN & MACHTINGER LLP

By: /s/ Matthew N. Falley
MATTHEW N. FALLEY
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