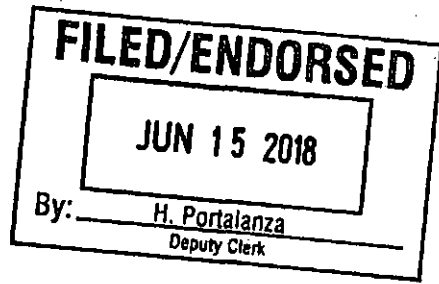


BY FAX

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

C.D. Michel – S.B.N. 144258  
Scott M. Franklin – S.B.N. 240254  
Sean A. Brady – S.B.N. 262007  
MICHEL & ASSOCIATES, P.C.  
180 East Ocean Blvd., Suite 200  
Long Beach, CA 90802  
Telephone: (562) 216-4444  
Facsimile: (562) 216-4445  
Email: [cmichel@michellawyers.com](mailto:cmichel@michellawyers.com)



Attorneys for Plaintiffs

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SACRAMENTO

DAVID GENTRY, JAMES PARKER,  
MARK MIDLAM, JAMES BASS, and  
CALGUNS SHOOTING SPORTS  
ASSOCIATION,

Plaintiffs and Petitioners,

v.

XAVIER BECERRA, in His Official  
Capacity as Attorney General For the State  
of California; STEPHEN LINDLEY, in  
His Official Capacity as Acting Chief for  
the California Department of Justice,  
BETTY T. YEE, in Her Official Capacity  
as State Controller, and DOES 1 - 10,

Defendants and Respondents.

Case No. 34-2013-80001667

**PLAINTIFFS' REPLY IN SUPPORT OF  
MOTION FOR LEAVE TO FILE A SECOND  
AMENDED COMPLAINT FOR  
DECLARATORY AND INJUNCTIVE RELIEF  
AND SECOND AMENDED PETITION FOR  
WRIT OF MANDAMUS**

Hearing Date: June 22, 2018  
Hearing Time: 10:00 a.m.  
Department: 28  
Judge: Hon. Richard K. Sueyoshi

Trial Date: August 24, 2018  
Action Filed: October 16, 2013

**TABLE OF CONTENTS**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Table of Authorities .....3

Memorandum of Points and Authorities .....5

    I. Introduction .....5

    II. Defendants’ “Legal and Factual Background” is Misleading .....5

    II. Argument .....5

        A. The Opposition Misstates the Relevant Standard and Lacks Any  
            Authority Supporting Defendants’ Novel Legal Assertions .....5

        B. Delay Alone Does Not Justify Denying Leave, and Regardless,  
            Defendants’ Claims of Untimeliness Ring Hollow .....6

            1. As to statements made during the depositions of Messieurs Harper  
                and Lindley, Defendants are wrong in (a) trying to have a disputed  
                fact resolved before trial and (b) misrepresenting a coded budgetary  
                document .....9

                a. Information obtained from David Harper .....9

                b. Information obtained from Stephen Lindley .....11

                c. Defendants’ “Ample Authority” weighs in favor of leave .....11

        C. Defendants’ Bootstrapped Arguments Should Not Be Considered at  
            This Time .....12

        D. No Prejudice Will Result from Granting the Motion .....13

    IV. Conclusion .....14

**TABLE OF AUTHORITIES**

	<b>Page(s)</b>
<b>Cases</b>	
<i>Cal. Cas. Gen. Ins. Co. v. Superior Court</i> , 173 Cal. App. 3d 274 (1985).....	13
<i>Del Mar Beach Club Owners Assn. v. Imperial Contracting Co.</i> , 123 Cal. App. 3d 898 (1981).....	12
<i>Dye v. Caterpillar, Inc.</i> , 195 Cal. App. 4th 1366 (2011) .....	8
<i>Green v. Rancho Santa Margarita Mortgage Co.</i> , 28 Cal. App. 4th 686 (1998) .....	7
<i>Hirsa v. Super. Ct.</i> , 118 Cal. App. 3d 486 (1981).....	6
<i>Howard Jarvis Taxpayers Ass'n v. City of La Habra</i> , 25 Cal. 4th 809 (2001) .....	7
<i>Howard v. County of San Diego</i> , 184 Cal. App. 4th 1422 (2010) .....	6
<i>Kittredge Sports Co. v. Superior Court</i> , 213 Cal. App. 3d 1045 (1989).....	7, 13
<i>Kransco v. Am. Empire Surplus Lines Ins. Co.</i> , 23 Cal. 4th 390 (2000) .....	13
<i>Mabie v. Hyatt</i> , 1 Cal. App. 4th 581 (1998) .....	6
<i>Magpali v. Farmers Grp., Inc.</i> , 47 Cal. App. 4th 1024 (1996) .....	11, 12
<i>Mesler v. Bragg Mgmt. Co.</i> , 39 Cal. 3d 290 (1985) .....	5, 8
<i>Estate of Murphy</i> , 82 Cal. App. 3d 304 (Ct. App. 1978).....	12
<i>N. 7th St. Assocs. v. Constante</i> , 92 Cal. App. 4th Supp. 7 (2001) .....	14
<i>Nestle v. Santa Monica</i> , 6 Cal. 3d 920 (1972) .....	6

1	<i>Rainer v. Buena Cmty. Mem'l Hosp.</i> ,	
2	18 Cal. App. 3d 240 (1971).....	5, 7
3	<i>Shin v. Ahn</i> ,	
4	42 Cal. 4th 482 (2007) .....	11
5	<i>Weitzenkorn v. Lesser</i> ,	
6	40 Cal. 2d 778 (1953) .....	10
7	<i>Williamson v. Super. Ct.</i> ,	
8	21 Cal. 3d 829 (1978) .....	10
9	<b>Statutes</b>	
10	Code Civ. Proc. § 631.7 .....	6
11	Code Civ. Proc. § 607 .....	6
12	Penal Code § 28225 .....	5
13	<b>Other Authorities</b>	
14	Cal. R. Ct. 3.1113(d).....	12
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 I. INTRODUCTION

3 The Opposition fails to cogently identify any prejudice that would flow from Plaintiffs’  
4 Motion for Leave to File a Second Amended Complaint (“Motion”) being granted, even though  
5 prejudice, or lack thereof, is the most important factor under consideration.<sup>1</sup> Instead, Defendants’  
6 strategy is to argue that the alleged untimeliness of the Motion somehow trumps the “strong  
7 policy in favor of liberal allowance of amendments.”<sup>2</sup> Granting leave will require Defendants to,  
8 at most, file one short supplemental brief and argue two additional causes of action at trial. That is  
9 not prejudice sufficient to defeat the Motion, and thus, Plaintiffs request the Motion be granted.

10 II. DEFENDANTS’ “LEGAL AND FACTUAL BACKGROUND” IS MISLEADING

11 Defendants’ claim that Plaintiffs’ “efforts have been frustrated at every turn[; a]nd rightly  
12 so” (Opp’n at 5:8-9) is simply wrong. (Dkt. 150, Order after Hearing, at 11.) The groundwork for  
13 that assertion is Defendants’ disingenuous contention that although this Court granted Plaintiffs’  
14 motion for adjudication of the fifth and ninth causes of action in full (*id.*), “the Court did not issue  
15 any writ or award any other relief.” (Opp’n at 7:3-8.) It seems Defendants are implying that the  
16 Court decided no such relief was necessary. In actuality, the Court did not grant any relief at that  
17 time because the relevant order was interlocutory. (Suppl. Franklin Decl. in Sup. Leave Mot. ¶ 2.)

18 Though the Opposition is focused on painting Plaintiffs as unreasonably litigating a lost  
19 cause, the Order of August 7, 2017, plainly shows Defendants’ characterization is meritless.  
20 Plaintiffs obtained two major victories in this action when the Court held that: (a) the California  
21 Department of Justice (“Department”) had failed to perform its ministerial duty to timely analyze  
22 the amount of the DROS Fee charged for the last 13 years; and (b) Penal Code section 28225’s  
23 scope is narrower than Defendants contended. (Dkt. 150, Order after Hearing, at 11.)

24 III. ARGUMENT

25 A. The Opposition Misstates the Relevant Standard and Lacks Any Authority  
26 Supporting Defendants’ Novel Legal Assertions

27 Defendants claim that, in response to a motion for leave, “denial is justified if [(1)] the

28 <sup>1</sup> *Rainer v. Buena Cmty. Mem’l Hosp.*, 18 Cal. App. 3d 240, 254 (1971).

<sup>2</sup> *Mesler v. Bragg Mgmt. Co.*, 39 Cal. 3d 290, 296 (1985).

1 motion is not timely or the moving party has been dilatory, [(2)] granting the motion will cause  
2 prejudice to the opposing party, or [(3)] the proposed amendment fails to state a cause of  
3 action[.]” (Opp’n at 8:1-6 (bolding added) [citing, proceeded by a “see generally” signal, *Nestle v.*  
4 *Santa Monica*, 6 Cal. 3d 920, 939 (1972); *Howard v. County of San Diego*, 184 Cal. App. 4th  
5 1422, 1428 (2010); *Mabie v. Hyatt*, 1 Cal. App. 4th 581, 596 (1998); *Hirsa v. Super. Ct.*, 118 Cal.  
6 App. 3d 486, 490 (1981)].) In fact, these cases seem to largely support *Plaintiffs’* position, and  
7 provide little to aid defendants. *See Nestle*, 6 Cal. 3d at 938-39; *Howard*, 184 Cal. App. 4th at  
8 1428; *Mabie*, 61 Cal. App. 4th at 596; *Hirsa*, 118 Cal. App. 3d at 490.

9 Third, Defendants do not provide a shred of authority for the heart of their opposition,  
10 which is basically that, in Defendants’ eyes, Plaintiffs do not deserve any further access to the  
11 courts on issues related to the calculation and imposition of the DROS Fee. (Opp’n at 8:13-19.)  
12 That position is based on: (a) this case having been filed in 2013, and (b) that Plaintiffs’ counsel  
13 represented a different set of Plaintiffs in a prior *federal* case concerning the DROS Fee. (*Id.*) But  
14 because the length of this action was not the result of unreasonable conduct (*see infra* at 7:13-  
15 9:10); and because the prior federal case was brought by different plaintiffs; and because the  
16 federal case and this case are based on different bodies of law (federal and state, respectively, (*see*  
17 Dkt.181, Opp’n Br. at 18:18-25), Defendants’ position fails factually as well as legally.

18 Fourth, Defendants’ characterization that Plaintiffs seek to amend their complaint  
19 “effectively during the trial of this matter” (Opp’n at 9:19-23), is incorrect as a matter of law. For  
20 the first part of a bench trial has yet to occur. Code Civ. Proc. §§ 631.7 (stating bench trial  
21 proceed under the rules stated in Code of Civil Procedure section 607), 607 (stating “trial must  
22 proceed in the following order[, and then listing, first, t]he plaintiff may state the issues and the  
23 case”). Here, trial will not start before its calendared date: August 24, 2018.

24 B. Delay Alone Does Not Justify Denying Leave, and Regardless, Defendants’  
25 Claims of Untimeliness Ring Hollow

26 To begin with, the Court does not even have to consider *either* side’s characterizations  
27 regarding timeliness of the Motion; it is within the Court’s discretion to grant leave to amend “at  
28 the outset of the trial even though the neglect was not excusable but no prejudice resulted to the

1 opposing party.” *Rainer*, 18 Cal. App. 3d at 254. *See also Kittredge Sports Co. v. Superior Court*,  
2 213 Cal. App. 3d 1045, 1048 (1989) Defendants have failed to demonstrate not only undue  
3 prejudice to them, but even that the timing of the motion was unreasonable.

4 Defendants allege “[t]he timing of the motion is fundamentally unfair” and then argue  
5 “this Court should deny the motion on that basis alone.” (Opp’n at 8:22-23.) But the authority  
6 cited for this assertion does not mention, let alone explain, a standard of review concerning  
7 whether leave to amend is “fundamentally unfair[.]” (Opp’n at 8:22-9:2 [citing *Green v. Rancho*  
8 *Santa Margarita Mortgage Co.*, 28 Cal. App. 4th 686, 693-94 (1998). Rather, the *Green River*  
9 court found that *prejudice* would have occurred if leave to amend was granted because an  
10 “amendment . . . required further discovery, requiring the [opposing party] to substantially redo  
11 their trial strategy.” *Green River*, 28 Cal. App. 4th at 693. No such problems would arise here.  
12 Untimeliness does not per se establish prejudice, and it is wrong to argue otherwise.

13 Defendants’ position is that the motion was brought “after a prolonged period of  
14 inexcusable delay” (Opp’n at 5:13-14) and that such delay “prevents plaintiffs from advancing  
15 their new claims.” (*Id.* 10:12). To support their claim of “inexcusable delay,” Defendants make  
16 the following claims: (1) that Plaintiffs “have engaged in seemingly endless discovery and  
17 therefore have had ample opportunity to explore their claims[;]” (2) that Plaintiffs; “have already  
18 sought leave to amend once[;]” (3) “[t]he Court previously ordered this action bifurcated in the  
19 interest of managing it effectively[;]” and (4) that “plaintiffs (or at least their counsel and their  
20 privities) have had an opportunity to contemplate viable challenges to the DROS fee - as  
21 mentioned the *Bauer* litigation was commenced in 2011.” (Opp’n 10:12-21.).

22 Plaintiffs respond to each of these claims, but wish to make one overarching point first.  
23 The DROS Fee is collected every day, meaning any harm flowing therefrom is ongoing, and  
24 every time the fee is paid, the clock starts to run on a new claim. *See Howard Jarvis Taxpayers*  
25 *Ass’n v. City of La Habra*, 25 Cal. 4th 809, 821 (2001), as modified (July 18, 2001) (“we  
26 conclude that if, as alleged, the tax is illegal, its continued imposition and collection is an ongoing  
27 violation, upon which the limitations period begins anew with each collection”). Accordingly, all  
28 of the claims herein, including the proposed new claims, could be brought by a fee payer in a

1 separate action. Resolving all extant issues related to a particular ongoing harm in one action,  
2 even though multiple actions are possible, is clearly preferable from the standpoint of judicial  
3 economy, not to mention it prevents the possibility of inconsistent judgments—even if the one  
4 “combined” action takes longer than it might take if it raised just one set of issues.

5 First, if Plaintiff had really engaged in “seemingly endless discovery” (Opp’n at 10:13-  
6 14), Defendants would certainly have brought a protective order. They did not. also, Defendants  
7 avoid providing any details on this allegation because those details would show that Defendants  
8 contributed to the supposed delay. Plaintiffs were granted relief on several discovery disputes  
9 (See Dkt. 51, Dkt. 171), and the parties met and conferred, *extensively*, leading to Defendants  
10 repeatedly being given time to serve amended responses. (Suppl. Franklin Decl. ¶ 3, Ex. 1).

11 Second, Defendants seem to argue, without citation, that asking to amend a complaint a  
12 second time is somehow evidence of dilatory intent or negligent delay. It is not, and that assertion  
13 is directly contrary to the “strong policy in favor of liberal allowance of amendments.” *Mesler v.*  
14 *Bragg Mgmt. Co.*, 39 Cal. 3d 290, 296 (1985). Courts often grant leave to file multiple amended  
15 complaints. See, e.g., *Dye v. Caterpillar, Inc.*, 195 Cal. App. 4th 1366, 1372 (2011) (granting  
16 leave to file fifth amended complaint).

17 Third, Defendants fail to mention the highly relevant fact that the parties voluntarily  
18 agreed to bifurcation of this case. (Mot. at 6:1-3.) The idea behind the bifurcation was that, in  
19 Judge Michael P. Kenny’s mind, resolution of the two issues bifurcated to be heard first could  
20 resolve some or all aspects of the remaining claims. (Suppl. Franklin Decl. ¶ 4). Plaintiffs’  
21 counsel did not believe bifurcation would simplify the case, but agreed to it based on the  
22 understanding that the Court could bifurcate the case sua sponte. (*Id.*). But because both of the  
23 bifurcated issues were decided in Plaintiffs’ favor, as stated in the ruling on August 9, 2017, the  
24 potential benefit of the bifurcation that Judge Kenny envisioned never realized. So the delay  
25 resulting from the bifurcation was simply not caused by Plaintiffs.

26 Fourth, as discussed below in Section III.C., Defendants are putting the cart before the  
27 horse by making res judicata arguments in the Opposition. Defendants’ Opening Brief argues, as  
28 an element of a res judicata defense, that the instant case “Involves Parties in Privity with the



1 Parties in *Bauer v. Becerra*[.]” (Def’s. Opp’n Brief at 19:16). Plaintiffs argue otherwise (Plfs.’  
2 Reply ISO Opp’n Brief at 10-14), and the issue is teed up for trial. Unless the Court wants to  
3 effectively try this case in the context of a motion for leave, Defendants’ claims about *Bauer* are,  
4 at best, premature and should be ignored in the Court’s consideration of the Motion.

5 I. As to statements made during the depositions of Messieurs Harper and  
6 Lindley, Defendants are wrong in (a) trying to have a disputed fact  
resolved before trial and (b) misrepresenting a coded budgetary document.

7 Defendants contend “plaintiffs give no explanation for waiting to raise the[ir] newfound  
8 claims until now.” (Opp’n at 10:21-22.) The Opposition itself proves otherwise: it clearly seeks  
9 to discredit Plaintiffs’ assertions as to why the Motion was filed when it was. (Opp’n at 8:19-21).

10 a. *Information obtained from David Harper.*

11 Defendants create a strawman when they argue that “plaintiffs attempt to paint [David  
12 Harper’s] testimony as endorsing some sort of ability of the Department to unilaterally raise *and*  
13 *spend* revenue, [but] that was hardly the nature of the testimony.” (Opp’n at 9:21-23 [emphasis  
14 added].) The quoted material is taken from the transcript of the Deposition of David Harper,  
15 Deputy Director of the Department’s Division of Administration,<sup>3</sup> and it is part of a series of  
16 questions and answers related to how the amount charged for the DROS Fee is and can be set.  
17 (Suppl. Franklin Decl. ¶ 5, Ex. 2). Before responding to the claim that Plaintiffs misstate Mr.  
18 Harper’s testimony (Opp’n at 9:16-21), Plaintiffs note that claim is made in a section titled “The  
19 Motion for Leave is Untimely[.]” but the claimed misstatement has nothing to do with timeliness.

20 Not surprisingly, Defendants make their claim without any citation as to where  
21 “Plaintiffs[’] attempt” was presented. *Id.* Plaintiffs have not alleged, in either the proposed  
22 Second Amended Complaint (Franklin Decl ¶ 2, Ex. 1) or in the Motion, that the Department has  
23 the power to *spend* DROS Fee money without a legislative appropriation. Clearly, Mr. Harper’s  
24 testimony is evidence of the Department’s belief that it can calculate the amount of the DROS  
25 Fee based on *both* the cost of regulatory activities *and* non-regulatory General Fund programs  
26 like APPS. Defendants’ contrary interpretation of Mr. Harper’s testimony should be ignored.

27 Even assuming Defendants had argued only that Mr. Harper’s testimony did not

28 <sup>3</sup> Mr. Harper is wrongly identified as the Director of the Bureau of Firearms in the Opposition.

1 “endors[e] some sort of ability of the Department to unilaterally raise revenue[.]” Defendants’  
2 argument would still not pass muster for three reasons. First, if Defendants actually believe that  
3 Plaintiffs are mischaracterizing the relevant testimony, they could have easily had Mr. Harper, a  
4 Department employee, execute a declaration to that effect. Defendants offer no such declaration.  
5 Clearly, Defendants do not want to make any further record of the fact that they are using the  
6 DROS Fee to fund activities Plaintiffs argue are unauthorized, while still trying to maintain a  
7 position regarding the Motion that Mr. Harper’s testimony is not factually sufficient to anchor one  
8 of the proposed claims. Defendants should not be allowed to sit on both sides of the fence.

9       Second, as the transcript of Mr. Harper’s deposition transcript makes clear, he recognized  
10 the Department’s belief that it could increase the DROS Fee based on “APPS-related law  
11 enforcement” activities without caveat. When asked if “the department could increase the amount  
12 of the [DROS F]ee because of that increase in APPS-based enforcement costs,” Mr. Harper  
13 replied “So my answer would be yes.” (Suppl. Franklin Decl. ¶ 5.) The material quoted by  
14 Defendants concerns something different. It concerns Mr. Harper’s conclusion that, just because  
15 the Department can raise the DROS Fee based on the cost of a certain program, that fact does not  
16 mean the legislature will actually provide an appropriation to pay for the cost of that program.  
17 (Suppl. Franklin Decl. at 930489 67:3-6 9 [“We could raise the fee theoretically. That doesn’t  
18 mean we’re going to get additional spending authority to spend that extra revenue”]); 68:11-19).

19       Third, by making an argument about the *factual* basis of a proposed claim—“plaintiffs  
20 misstate the evidence upon which [they] rely” (Opp’n ay 9:16-17)—Defendants, perhaps  
21 unknowingly, undermine their opposition to leave being granted. That is, “[t]he purpose of a *trial*  
22 is to arrive at the true facts.” *Williamson v. Super. Ct.*, 21 Cal. 3d 829, 836, 582 P.2d 126, 130  
23 (1978) (emphasis added). Defendants offer no authority indicating that a fact issue, e.g., whether  
24 the Department operates under the assumption “it can adjust the DROS Fee based on the costs of  
25 a general fund program, i.e., APPS,” can or should be resolved in the context of a motion for  
26 leave to amend. In comparison, this disputed fact could not have been resolved in Defendants’  
27 favor on demurrer or in a summary judgment motion. *Weitzenkorn v. Lesser*, 40 Cal. 2d 778, 785  
28 (1953) (holding “the well pleaded facts of her complaint must be taken as true for the purposes of

1 demurrer”); *Shin v. Ahn*, 42 Cal. 4th 482, 486 (2007) (confirming a “defendant’s summary  
2 judgment motion was properly denied” where it “depend[ed] on resolution of disputed material  
3 facts”). Any doubt should be resolved in favor of amendment. Because material fact issues exist  
4 and should be determined at trial, Defendants’ arguments related to Mr. Harper’s testimony fail.

5 *b. Information obtained from Stephen Lindley.*

6 As to Mr. Lindley’s deposition testimony, Defendants do not factually dispute that he was  
7 correct when he confirmed in his 2017 deposition that “the Department has spent millions of  
8 DROS Fee dollars to pay for *defense* attorneys.” (Opp’n at :1-2 [emphasis added].) Rather,  
9 Defendants claim that Plaintiffs knew of this information before that deposition and should have  
10 acted on it long ago, stating that “the details of how the Department expends funds is [sic] hardly  
11 new information.” (*Id.* at 10:3-9, citing documents produced in this action and *Bauer.*)

12 First, as explained above, Defendants are wrong in trying to treat this action and *Bauer* as  
13 effectively one in the same. Second, should the Court look at the budget documents Defendants  
14 cited—which are chock full of unclear accounting codes and many impenetrable shorthand  
15 references—it will become readily apparent that Defendants’ argument based on the phrase “AG  
16 DEPTL LEGAL SERVICE” (Opp’n 10:5-11) is meritless. There is nothing in that description  
17 indicating it solely concerns the cost of *litigation* services provided attorneys. And that is the  
18 relevant material fact. (Franklin Decl. ¶ 2, Ex. 1 ¶ 145.)

19 *c. Defendants’ “Ample Authority” weighs in favor of leave.*

20 Defendants claim there is “ample authority” to deny of the Motion, but the cases they cite  
21 are far off base. (Opp’n at 10:21-26). In *Magpali*, as Defendants recognize *id.*, the plaintiff “did  
22 not give an explanation for leaving the Act claim out of the original complaint or bringing the  
23 request to amend so late[.]” *Magpali v. Farmers Grp., Inc.*, 47 Cal. App. 4th 1024, 486, 55 Cal.  
24 Rptr. 2d 225 (1996), *as modified on denial of reh’g* (Aug. 20, 1996). Seeing as the Motion  
25 explains why Plaintiffs sought leave when they did, (Mot. at 6:14-22), *Magpali* is inapposite for  
26 that reason alone. Further, what Defendants do not tell this Court is that the plaintiff in *Magpali*  
27 sought leave to amend “only after trial ha[d] commenced” and “that prejudice to [the defendant in  
28 *Magpali*] was clearly shown because in preparing for trial . . . , [the defendant] had not discovered

1 or deposed many of the witnesses who would support the new allegations, and had not marshaled  
2 evidence to oppose the” newly proposed contention. *Magpali*, 47 Cal. App. 4th at 486-87.

3 Similarly, the plaintiff in *Del Mar* failed to provide “any excuse for [its] two-and-a-half-  
4 year delay.” *Del Mar Beach Club Owners Assn. v. Imperial Contracting Co.*, 123 Cal. App. 3d  
5 898, 915 (1981). Again, the Motion explains the reason for delay here, (Mot. at 6:14-22), so *Del*  
6 *Mar* provides no guidance for that reason alone. Further distinguishing *Del Mar* is the fact that  
7 the plaintiff there “sought to plead fraud, a disfavored plea, approximately five months before  
8 trial despite its knowledge of the facts giving rise to the cause of action [about three years earlier],  
9 when it took the depositions [that yielded the evidence plaintiff’s] request for leave was based  
10 upon.” *Id.* Here, the time between the relevant depositions (January 30, 2017, and May 24  
11 [Franklin Decl. ¶ 5, Ex. 3]) and Plaintiffs raising the desire to add causes of action to this case in  
12 their opening trial brief (filed January 30, 2018), was only twelve and seven months, respectively.  
13 And *Del Mar* is further distinguishable because the proposed amendment *did* prejudice the *Del*  
14 *Mar* “defendants[] for [] had they been aware of the [proposed] claim in a timely fashion, they  
15 could have properly prepared, as relevant evidence may no longer be available.” *Id.*

16 Lastly, in *Estate of Murphy*, a certificate of readiness had been filed, and the jury had  
17 already been impaneled, when the plaintiff moved to amend her complaint with a new factual  
18 contention, a “proposed amendment open[ing] up an entirely new field of inquiry[.]” *Estate of*  
19 *Murphy*, 82 Cal. App. 3d 304, 310, 147 Cal. Rptr. 258 (Ct. App. 1978). Plaintiffs’ proposed  
20 amended complaint does not “open[] up an entirely new field of inquiry”—the extant factual  
21 record supports the new claims— meaning *Estate of Murphy* does not help Defendants.

22 C. Defendants’ Bootstrapped Arguments Should Not Be Considered at This Time

23 Defendants are counting chickens before they hatch inasmuch as their claim that “the  
24 proposed amendments do not state a cause of action” is based on arguments (*Id.* at 11:12-27) that  
25 will not be ruled upon until this case is tried. (*See* Opp’n at 11:8-27 [relying on arguments made  
26 in trial Defendants’ trial brief].) Further, by citing over ten pages of other briefing, Defendants’  
27 attempt to effectively incorporate by reference such a volume of material seems to run afoul of  
28 the relevant page limitation. Cal. R. Ct. 3.1113(d) (limiting oppositions to 15 pages).

1           It is true that Defendants' sole citation for their argument does indicate there is a general  
2 "rule" that "the failure of a proposed amendment to state facts sufficient to constitute a cause of  
3 action or defense may support an order denying a motion to amend." *Cal. Cas. Gen. Ins. Co. v.*  
4 *Superior Court*, 173 Cal. App. 3d 274, 280–81 (1985), *disapproved of by Kransco v. Am. Empire*  
5 *Surplus Lines Ins. Co.*, 23 Cal. 4th 390 (2000). But *Cal. Casualty* goes further and provides  
6 guidance clearly relevant to this action, guidance that supports granting leave here. *Cal. Casualty*  
7 states: "that rule would find its most appropriate application, however, in cases in which the  
8 insufficiency of the proposed amendment *is established by controlling precedent* and where the  
9 insufficiency could not be cured by further appropriate amendment." *Cal. Casualty*, 173 Cal.  
10 App. 3d at 280-281 (emphasis added). Here, Defendants' alleged "insufficiency of the proposed  
11 amendment is established by" nothing but untested arguments raised in Defendants' recently filed  
12 Opposition Brief, and not "controlling precedent." *Id.* Further, given the novel nature of the  
13 proposed claims and defenses, and in light of the barren jurisprudential landscape vis-à-vis cases  
14 concerning regulatory fees being used to collect taxes, "the preferable practice would be to permit  
15 the amendment and allow the parties to test its legal sufficiency" along with the rest of the case  
16 when it is tried. *Id.*; *accord Kittredge*, 213 Cal. App. 3d at 1048.<sup>4</sup>

17           In any event, Defendants should not be allowed to use the Motion as a vehicle for  
18 obtaining a merits ruling before trial. For reasons of practicality and fairness, the Court should  
19 grant leave and decide the fate of the proposed amended claims along with the extant claims.

20           D.     No Prejudice Will Result from Granting the Motion

21           The text of the Opposition at Section II.C. consists mostly of Defendants' characterization  
22 of the history of this case and another case that Defendants are trying to graft onto this case. (Mot.  
23 at 12:14-22.) Certainly, Defendants want to paint Plaintiffs in as poor a light as possible, but their  
24 efforts are for naught, as the analysis of *this* motion is "guided by two general principles" that  
25 Defendants' allegations do not affect: "(1) whether facts or legal theories are being changed and  
26 (2) whether the opposing party will be prejudiced by the proposed amendment." (Mot. at 7:21-25

27           <sup>4</sup> Section II.B. of the Opposition abruptly argues the proposed amended complaint presented  
28 by Plaintiffs is "fatally flawed because it lacks the required verification." (Opp'n at 12:12:1-2.)  
Plaintiffs can, and will file a verification once the Second Amended Complaint is on file.

1 [citing *N. 7th St. Assocs. v. Constante*, 92 Cal. App. 4th Supp. 7, 10 (2001).] Defendants fail to  
2 address the first principle, and provide only conclusory allegations on the second.

3 Tellingly, Defendants chose a footnote at the very end of their brief to discuss the portion  
4 of the Motion that gives strong practical evidence of why no prejudice will occur from the  
5 granting of the Motion. (Opp'n 13:27-28.) That is, Defendants agreed to a supplemental briefing  
6 schedule applicable if the Motion is granted, a schedule that does not change the trial date  
7 herein—the earliest available at the time it was scheduled—whether or not the Motion is granted.  
8 (Mot. at 8:3-13). Accordingly, Defendants' counsel impliedly admitted that: (1) drafting one short  
9 supplemental brief and (2) preparing for trial on two more causes of action is not so substantial as  
10 to prevent the parties from taking the first available trial date.

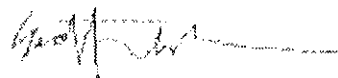
11 Defendants, however, assert that agreeing to the supplemental briefing “schedule reveals  
12 only an intention to be professional and cooperative, nothing more.” (Opp'n at 13:26-28.)  
13 Plaintiffs do not dispute that, in agreeing to the supplemental briefing schedule, Defendants'  
14 counsel intended to be, and was, professional and cooperative. But that is not, as Defendants  
15 suggest, mutually exclusive of it also evidencing that Defendants' counsel recognized that the  
16 filing of the proposed Second Amended Complaint would not create a prejudice requiring any  
17 trial delay. So unless Defendants' counsel's professional and cooperative agreement occurred at  
18 the cost of his clients' ability to fully respond to the new causes of action, the agreement does  
19 reflect that Defendants know they can fully address the new causes of action, and all of the other  
20 causes of action pleaded, while still having this matter tried on the first available date. In other  
21 words, Defendants implicitly concede they will suffer no prejudice if the Motion is granted.

22 IV. CONCLUSION

23 The Court should grant the Motion for the reasons stated in the motion and this brief.

24 Dated: June 15, 2018

**MICHEL & ASSOCIATES, P.C.**



25  
26  
27 Scott M. Franklin  
28 Attorney for Plaintiffs and Petitioners

1 **PROOF OF SERVICE**

2 STATE OF CALIFORNIA

3 COUNTY OF SACRAMENTO

4 I, Laura Palmerin, am employed in the City of Long Beach, Los Angeles County,  
5 California. I am over the age of eighteen (18) years and am not a party to the within action. My  
6 business address is 180 East Ocean Blvd., Suite 200, Long Beach, CA 90802.

7 On June 15, 2018, the foregoing document described as

8 **PLAINTIFFS' REPLY IN SUPPORT OF MOTION FOR LEAVE TO FILE A SECOND  
9 AMENDED COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF AND  
10 SECOND AMENDED PETITION FOR WRIT OF MANDAMUS**

11 on the interested parties in this action by placing

- 12  the original  
13  a true and correct copy

14 thereof enclosed in sealed envelope(s) addressed as follows:

15 Anthony R. Hakl  
16 anthony.hakl@doj.ca.gov  
17 Deputy Attorney General  
18 1300 I Street, Suite 125  
19 P.O. Box 944255  
20 Sacramento, CA 94244-2550

21 *Attorney for Defendants*

22  **(BY ELECTRONIC MAIL)** As follows: I served a true and correct copy by electronic  
23 transmission. Said transmission was reported and completed without error.  
24 Executed on June 15, 2018, at Long Beach, California.

25  **(BY MAIL)** As follows: I am "readily familiar" with the firm's practice of collection and  
26 processing correspondence for mailing. Under the practice it would be deposited with the  
27 U.S. Postal Service on that same day with postage thereon fully prepaid at Long Beach,  
28 California, in the ordinary course of business. I am aware that on motion of the party served,  
service is presumed invalid if postal cancellation date is more than one day after date of  
deposit for mailing an affidavit.  
Executed on June 15, 2018, at Long Beach, California.

**(STATE)** I declare under penalty of perjury under the laws of the State of California that the  
foregoing is true and correct.

  
LAURA PALMERIN