

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. LA CV11-01315 JAK (CWx)

Date March 9, 2020

Title Kenneth Eade v. Investorshub.com, Inc., et al.

#

Present: The Honorable JOHN A. KRONSTADT, UNITED STATES DISTRICT JUDGE

Cheryl Wynn

Lisa Gonzalez

Deputy Clerk

Court Reporter / Recorder

Attorney Present for Plaintiff *pro se*:

Attorney Present for Defendant:

Azuoma Anugom, *specially appearing*

Christopher B. Good

Proceedings: SHOW CAUSE HEARING RE CONTEMPT

The hearing on the order to show cause re contempt is held.

Kenneth Eade ("Eade," or "Plaintiff") is not present, although he was directed to appear. Eade was also advised that his appearance could be excused if he had retained counsel to appear on his behalf with respect to the merits of the issues presented. Dkt. 269. However, Eade did not retain any counsel who entered an appearance as counsel of record. Eade requested that a counsel be permitted to make a special appearance on his behalf. In general, a counsel who makes a special appearance is not there to address the merits. Therefore, Eade was advised that the Standing Orders would not permit such a special appearance. See Dkts. 262, 263, 267, 268, 269, 272. Further, Eade filed a more recent report that states that he is incarcerated. Dkt. 272. That report does not state where he is incarcerated or the reason for his detention. Finally, at no time during the hearing did any counsel arrive and seek to enter a special appearance on behalf of Eade.

The Court inquires of defense counsel whether he has heard anything from Eade or any special counsel. Defense counsel states that the only information he has is from the public docket. He has not been contacted by Eade or anyone acting on his behalf.

The Court inquires of defense counsel whether Defendant has any views about the proceeding. Defense counsel states that Defendant's position is described in its earlier report. Dkt. 264. Defense counsel adds that Eade's most recent monthly report (Dkts. 270 (original), 271 (amended)) simply repeats the same information that was presented in earlier reports.

The Court states a summary of the procedural history of these proceedings. It includes that, on July 11, 2013, a hearing was held as to whether Eade should be held in civil contempt for a failure to meet his obligations to pay certain attorney's fees to Defendant as previously ordered. Dkt. 112. The Court did not do so, but instead required Eade to file monthly financial reports including income and expense declarations for the purpose of monitoring his ability to comply with the earlier order as to the payment of attorney's fees. *Id.* at 2-3. A later order clarified that Eade was to submit copies of his federal tax returns. Dkt. 119 at 2. On July 18, 2016, Eade was held in civil contempt for his failure to appear, and his failure to comply with monthly reporting requirements. Dkt. 194. In part, it was determined that Eade's reports included copy-and-pasted language without updating dates, descriptions, or amounts of

#

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. LA CV11-01315 JAK (CWx)

Date March 9, 2020

Title Kenneth Eade v. Investorshub.com, Inc., et al.

income and expenses; that Eade's reports stated very significant changes in income without adequate explanation; that Eade did not provide tax returns for 2013, 2014, and 2015; and that Eade had failed to disclose certain changes in his financial condition associated with an SEC judgment, a matter that involved the Department of Justice, and certain IRS-related proceedings. *Id.* at 6-7.

The Court states its views that since the July 18, 2016 order in which Eade was found to be in civil contempt, Eade has remained in that status. While in contempt, he has filed deficient monthly financial reports. In April 2017, Eade erroneously refiled a previous report filed in May 2014. Dkt. 213-1. In May 2017, Eade did not file a report. Eade did not file reports for July 2017, November 2017, and December 2017 until being ordered to do so. Dkts. 224, 229, 231. Eade did not provide his 2016 or 2017 tax returns. Eade did not file his 2018 tax return until January 28, 2020. Dkt. 266-2. Between 2016 and 2019, Eade has filed certain reports stating claimed, actual expenses and others with estimated ones, without explaining the reason for doing so. When the reports stated claimed, actual expenses, they were often copied and pasted from the prior month's report. This raises serious questions as to the accuracy of the reports, which were filed under penalty of perjury. Reports that included changes to previously-stated expenses, did not explain those changes.

The reports have continued to have arithmetic errors. Although the income and expense declarations require Eade to provide both actual income and average income over the preceding 12 months, Eade has not provided his actual income since June 2018, and his reported average income values are not consistent with the actual income that was previously reported. The reports reflect substantial changes in the claimed value of Eade's real property interests that are not explained. These facially obvious deficiencies confirm that, notwithstanding the previous finding of civil contempt, Eade remains in that status.

According to the California Bar website, Eade remains an active member of the California Bar. State Bar of California, Attorney Licensee Profile: Kenneth G. Eade #93774, <http://members.calbar.ca.gov/fal/Licensee/Detail/93774>. He is also admitted to practice in the Central District of California. U.S. District Court for the Central District of California, Attorney Admissions Search, <https://www.cacd.uscourts.gov/attorneys/admissions/attorney-admissions-search>. In light of the discussion in this Order, forwarding a copy of it to the Standing Committee on Discipline of the U.S. District Court of the Central District of California is appropriate. That Committee reviews conduct by members of the Central District Bar. Its disciplinary procedures are stated in L.R. 83-3. L.R. 83-3.1.2 states that attorneys in the Central District of California "shall be familiar with and comply with the standards of professional conduct required of members of the State Bar of California and contained in the State Bar Act, the Rules of Professional Conduct of the State Bar of California, and the decisions of any court applicable thereto." Notification of the California State Bar is also appropriate. See Cal. Bus. & Prof. Code § 6086.7 (requiring state court judges in California to report certain attorney conduct to the California State Bar). By making these references, the Court takes no position on whether any of the matters identified in this Order raises an issue under the Rules of Professional Conduct, whether any investigation should proceed, and if so, its scope or outcome.

Defendant may be entitled to seek post-judgment interest and attorney's fees with respect to its collection efforts in connection with the award of attorney's fees that was made on July 12, 2011 that have not already been awarded. On or before March 23, 2020, Defendant shall file an application for any further relief, with citations to authority supporting such an award. Alternatively, Defendant shall file

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**CIVIL MINUTES – GENERAL**

Case No. LA CV11-01315 JAK (CWx)

Date March 9, 2020

Title Kenneth Eade v. Investorshub.com, Inc., et al.

#

a notice by that date that it will not seek any such award or other relief.

Approximately 90 minutes after the hearing had concluded, and counsel for Defendant had left the courtroom, the Court recalls the case. It does so because attorney Azuoma Anugom (“Anugom”) seeks specially to appear on behalf of Eade. The Court advises her that the hearing already concluded, and that a transcript is available. The Court also asks Anugom whether she was prepared to provide any input on the merits of the matters that were scheduled for hearing. Anugom states that she is not prepared or able to do so. Instead, she came to request an extension of time for Eade to retain counsel. Anugom states that she has no information about Eade’s statement that he is presently incarcerated. The Court refers Anugom to the transcript of the hearing and to a previous order that addresses the subject of special appearances. Dkt. 269. The Court also states that in connection with the earlier hearing, had Anugom timely appeared, she could have spoken then as to her request specially to appear. The Court would have considered it based on her ability to address the matters at issue. The Court then concludes this separate proceeding.

IT IS SO ORDERED.

_____ : _____ 18

Initials of Preparer cw _____

#