

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO BAR PILOTS
BENEVOLENT AND PROTECTIVE
ASSOCIATION,

Plaintiff,

v.

PILOT VESSEL GOLDEN GATE,
OFFICIAL NUMBER 990713, et al.,

Defendants.

Case No. [25-cv-04413-AGT](#)

REPORT AND RECOMMENDATION

Re: Dkt. No. 27

Plaintiff has moved for default judgment. The undersigned cannot “order the entry of judgment” because the only remaining Defendant hasn’t appeared and consented to magistrate jurisdiction. 28 U.S.C. § 636(c)(1). The undersigned, however, issues this report and recommends that a district judge grant the motion. The Clerk shall reassign the case.

I. BACKGROUND

A. Factual Background¹

Plaintiff holds title to the Pilot Vessel Golden Gate (no. 990713), referred to in this report and recommendation as “the Vessel.” Dkt. 14, FAC ¶ 3 & Ex. 1. In 1992, Plaintiff entered into a \$1.5 million loan agreement with AT&T Commercial Finance Corp. to fund the Vessel’s construction. *Id.* ¶ 8. The loan was secured by a preferred mortgage, which was

¹ On a motion for default judgment, the moving party’s well-pleaded factual allegations are taken as true. *Cripps v. Life Ins. Co. of N. Am.*, 980 F.2d 1261, 1267 (9th Cir. 1992).

recorded with the U.S. Coast Guard’s National Vessel Documentation Center (NVDC). *Id.* & Ex. 3. Under the loan agreement, Plaintiff was required to repay the loan over a ten-year period. *Id.* ¶ 8. Plaintiff made all the required principal and interest payments. *Id.* ¶ 9. But for unknown reasons, AT&T Commercial Finance Corp. or its successors failed to notify NVDC that the loan had been satisfied and the mortgage, by its terms, was terminated. *Id.* ¶¶ 5, 10–11.

At some point after 1993, AT&T Commercial Finance Corp. ceased to exist. *Id.* ¶ 5. First Newcourt Commercial Finance Corp. and then CIT Lending Services Corp. succeeded in interest to AT&T. *Id.* Then in or around 2022, First-Citizens Bank & Trust Co. (“First-Citizens”) acquired CIT Lending Services, including the portion of CIT’s lending business originated under AT&T Commercial Finance Corp. *Id.*; Dkt. 28, Ronan Decl. ¶ 7.²

For thirty years, an unincorporated association controlled by Plaintiff operated the Vessel. *See* FAC ¶¶ 3–4. Then in late 2023, the Vessel became commercially inoperable in California due to changes in the State’s emissions regulations. *Id.* ¶ 13. At that point, Plaintiff decided to donate the Vessel to the Sea Scouts for use as a training vessel. *Id.* The Sea Scouts is a non-profit organization that “promot[es] seafaring skills for youth.” *Id.* ¶ 4. The Vessel is now moored in Alameda, California, in the possession of the Sea Scouts. *Id.*

The certificate of ownership provided by NVDC still lists AT&T Commercial Finance Corp. as a mortgagee and the holder of a lien on the Vessel. *Id.* ¶ 14, Ex. 1. As a result, although the Sea Scouts possess the Vessel, clear title hasn’t been transferred. *Id.* ¶ 15.

² Kevin Ronan is the Managing Director of First-Citizens. Although First-Citizens chose not to appear in this action, it agreed to assist Plaintiff “in the effort to clarify title to the [Vessel].” Dkt. 29, Baldwin Decl. ¶ 9.

B. Procedural Background

Plaintiff initiated this civil action in 2025, styling the action as a petitory action to try title under Rule D of the Supplemental Rules for Admiralty and Maritime Claims. *See id.* ¶ 17; *see also* Dkt. 1, Compl. ¶ 17. Initially, Plaintiff named six Defendants: the Vessel (*in rem*); and AT&T Commercial Finance Corp., Newcourt Commercial Finance Corp., CIT Lending Services Corp., NewRez LLC, and First-Citizens (*in personam*). Compl. ¶¶ 4–5. After none of the Defendants appeared, however, and Plaintiff moved for default judgment against First-Citizens, the Court explained that it wouldn’t enter judgment against First-Citizens “until the matter has been adjudicated with regard to all defendants.” Dkt. 22 at 1 (quoting *Garamendi v. Henin*, 683 F.3d 1069, 1082 (9th Cir. 2012)). Plaintiff then voluntarily dismissed all Defendants except the Vessel and First-Citizens (dks. 23–26) and moved for default judgment against First-Citizens again (dkt. 27).

Later, the Court called into question whether the Vessel, *in rem*, was an appropriate defendant. The Court observed that Plaintiff hadn’t moved for default judgment against the Vessel, wasn’t seeking relief from the Vessel, and hadn’t served the Vessel with process. Dkt. 33 at 1–2; *see also* Fed. R. Civ. P. D, Supplemental Rules for Admiralty and Maritime Claims (explaining that “[i]n all actions . . . to try title . . . with respect to a vessel, . . . the process shall be by a warrant of arrest of the vessel . . .”). Plaintiff responded by voluntarily dismissing the Vessel from the case. Dkt. 35.

The only remaining defendant is First-Citizens. The Clerk entered First-Citizens’ default last year. Dkt. 20. Although Plaintiff styled this action as a petitory action to try title, what Plaintiff functionally seeks is a declaration that the preferred mortgage held by First-Citizens’ predecessor is no longer in force because Plaintiff paid off the loan that the

mortgage secured. *See* FAC, Prayer for Relief ¶ 1 (seeking “judgment exonerating the Vessel of any . . . lien which might be or is claimed under the mortgage on file with the [NVDC], and establishing the sole ownership of Plaintiff to said vessel, in order that title thereto may be duly transferred to Sea Fox Nautical Foundation”); Supp. Brief, Dkt. 31 at 4 (“Plaintiff seeks an uncontested declaration/quieting of title (or equivalent petitory relief) to remove a recorded encumbrance . . .”).

II. DEFAULT JUDGMENT STANDARD

District courts must have personal and subject-matter jurisdiction over a dispute before granting default judgment. *See In re Tuli*, 172 F.3d 707, 712 (9th Cir. 1999). If the court has jurisdiction, it considers the seven *Eitel* factors: (1) the possibility of prejudice to the plaintiff if judgment isn’t entered, (2) the merits of the plaintiff’s claims, (3) the sufficiency of the complaint, (4) the sum of money at stake, (5) the possibility of a dispute concerning material facts, (6) whether the default was due to excusable neglect, and (7) the strong policy in favor of obtaining a decision on the merits. *See NewGen, LLC v. Safe Cig, LLC*, 840 F.3d 606, 616 (9th Cir. 2016) (quoting *Eitel v. McCool*, 782 F.2d 1470, 1471–72 (9th Cir. 1986)).

If these factors support default judgment, judgment may be entered in an amount that is supported by the evidence and that doesn’t “differ in kind from, or exceed in amount, what is demanded in the pleadings.” Fed. R. Civ. P. 54(c).

III. DISCUSSION

Plaintiff has satisfied the requirements for default judgment.

A. Subject-Matter Jurisdiction

Plaintiff seeks a declaration that First-Citizens’ predecessor’s preferred mortgage on the Vessel is no longer in force.

To decide whether federal jurisdiction exists to entertain a claim for declaratory relief, courts follow *Skelly Oil*'s approach to conceptually realign the declaratory judgment parties and claims and analyze them as they would appear in a coercive suit. Thus, if the defendant in a declaratory suit could have sued in federal court, seeking non-declaratory relief on the same claims pressed in the declaratory suit, then federal courts have jurisdiction over the declaratory action.

Leopard Marine & Trading, Ltd. v. Easy St. Ltd., 896 F.3d 174, 182 (2d Cir. 2018) (citation modified); *see also Skelly Oil Co. v. Phillips Petroleum Co.*, 339 U.S. 667, 672 (1950)).

When *Skelly Oil*'s test is applied here, it supports federal subject-matter jurisdiction. If First-Citizens brought an action against Plaintiff to enforce the preferred mortgage, the Court would have jurisdiction to adjudicate that claim under the Commercial Instruments and Maritime Liens Act (CIMLA), 46 U.S.C. §§ 31301–31343. Under § 31325(c), district courts have original jurisdiction over claims brought by mortgagees to enforce preferred ship mortgages against mortgagors.

Because First-Citizens “could have sued in federal court, seeking non-declaratory relief on the same claims pressed in the declaratory suit, then federal courts have jurisdiction over the declaratory action.” *Leopard*, 896 F.3d at 182.

B. Personal Jurisdiction

The Court has personal jurisdiction over First-Citizens. Plaintiff served First-Citizens with process, a prerequisite for personal jurisdiction, *Direct Mail Specialists, Inc. v. Eclat Computerized Techs., Inc.*, 840 F.2d 685, 688 (9th Cir. 1988), by delivering a copy of the summons and complaint to First-Citizens' designated agent for service in California, dkt. 18; Cal. Civ. Proc. Code § 416.10(a).

First-Citizens is also connected to California and this case by the loan that its predecessor made to Plaintiff to construct the Vessel. Plaintiff's claim “arises out of or relates to”

that forum-related activity. *Briskin v. Shopify, Inc.*, 135 F.4th 739, 751 (9th Cir. 2025) (quoting *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 802 (9th Cir. 2004)). First-Citizens hasn’t otherwise demonstrated that the exercise of jurisdiction wouldn’t “comport with fair play and substantial justice.” *Id.* (quoting *Schwarzenegger*, 374 F.3d at 802).

C. Eitel Factors

All seven *Eitel* factors support the entry of default judgment.

1. Possibility of Prejudice

Plaintiff will suffer prejudice if the Court doesn’t enter default judgment because Plaintiff will have no other judicial remedy and won’t be able to transfer clear title to the Vessel to the Sea Scouts.

2. Merits of Plaintiff’s Claim

Plaintiff contends that the preferred mortgage held by First-Citizens’ predecessor is no longer in force. Plaintiff’s claim has merit. The mortgage states that “if the Owner or its permitted successors and assigns shall punctually pay, perform, observe and comply with the Secured Obligations, then this Mortgage and the estate and rights hereunder shall cease, terminate and be void” FAC ¶ 10 & Ex. 3 at 3. Plaintiff repaid the loan that the mortgage secured in 120 equal monthly installments, as the loan agreement required. FAC ¶¶ 8–9. By its terms, then, the mortgage is no longer in effect.

Also, although First-Citizens chose not to appear, the company’s Managing Director executed a declaration in which he confirmed that the mortgage no longer encumbers the Vessel. He corroborated the chain of ownership between First-Citizens and the initial lender and mortgagee, AT&T Commercial Finance Corp. *See* Ronan Decl. ¶ 7 (“First-Citizens . . . or an affiliated entity acquired CIT Lending Services, LLC in or around 2022, including the

portion of its lending business originated under its former names, Newcourt Commercial Finance Corporation and AT&T Commercial Finance Corporation.”). And he verified that neither First-Citizens nor its affiliates holds any right, title, mortgage, or other interest in the Vessel, nor is owed any money by Plaintiff or its affiliates. *Id.* ¶¶ 3–5.

3. Sufficiency of the Complaint

Plaintiff’s complaint is sufficient. When its well-pleaded factual allegations are accepted as true, *Cripps*, 980 F.2d at 1267, they support Plaintiff’s right to relief.

4. Sum of Money at Stake

There isn’t any money at stake—Plaintiff seeks only a declaration that the mortgage is no longer in effect. This isn’t a case, then, in which a large demand for damages may counsel against default judgment. *See Bd. of Trs. v. Core Concrete Const., Inc.*, No. C 11-2532 LB, 2012 WL 380304, at *4 (N.D. Cal. Jan. 17, 2012) (“When the money at stake in the litigation is substantial or unreasonable, default judgment is discouraged.” (citing *Eitel*, 782 F.2d at 1472)).

5. The Possibility of a Dispute of Material Facts

Nothing in the record indicates a possible dispute concerning material facts.

6. Excusable Neglect

Plaintiff successfully served First-Citizens with process, but First-Citizens chose not to appear. *See Baldwin Decl.* ¶ 8 (“[Counsel] indicated that [First-Citizens] intended not to appear in this action”). First-Citizens’ considered decision not to appear cannot be framed as neglect, much less excusable neglect.

7. Policy in Favor of a Merits Decision

Even though there is a strong policy favoring decisions on the merits, First-Citizens’

failure to answer the complaint renders a decision on the merits unfeasible.

D. Remedies

Plaintiff seeks only a declaration that the preferred mortgage between Plaintiff and First-Citizens' predecessor AT&T Commercial Finance Corp. is no longer in effect because Plaintiff paid off the loan that the mortgage secured. FAC ¶ 17 & Prayer for Relief ¶ 1. Based on the mortgage's terms and what Plaintiff has alleged about payment of the underlying loan, the declaration is warranted and the Court may enter it. *See* 28 U.S.C. § 2201(a) ("In a case of actual controversy within its jurisdiction . . . any court of the United States . . . may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.").

IV. CONCLUSION

On reassignment, the undersigned recommends that the district judge grant Plaintiff's motion, enter default judgment, and declare that the July 9, 1993, preferred mortgage between Plaintiff and First-Citizen's predecessor AT&T Commercial Finance Corp. has been satisfied and is no longer in effect.

Plaintiff must serve First-Citizens with a copy of this report, by any means reasonably calculated to provide actual notice, and file proof of service by July 13, 2026. Any party may object to this report within fourteen days of receiving it. 28 U.S.C. § 636(b)(1)(C); Fed. R. Civ. P. 72(b)(2).

IT IS SO ORDERED.

Dated: July 9, 2026



Alex G. Tse
United States Magistrate Judge