

1 RSWL(AGRx), 2013 WL 3168269, at *1 (C.D. Cal. June 19, 2013). Courts should
2 consider the following factors when ruling upon a motion to withdraw as counsel: (1) the
3 reasons why withdrawal is sought; (2) the prejudice withdrawal may cause to other
4 litigants; (3) the harm withdrawal might cause to the administration of justice; and (4) the
5 degree to which withdrawal will delay the resolution of the case. *Curtis v. Illumination*
6 *Arts, Inc.*, No. C12-0991JLR, 2014 WL 556010, at *4 (W.D. Wash. Feb. 12, 2014); *Deal*
7 *v. Countrywide Home Loans*, No. C09-01643 SBA, 2010 WL 3702459, at *2 (N.D. Cal.
8 Sept. 15, 2010).

9 Courts routinely permit counsel to withdraw when a client refuses to pay attorneys'
10 fees. *See, e.g., Holandez v. Ent., LLC*, No. EDCV 21-1755 JGB (SHKx), 2023 WL
11 8114882, at *3 (C.D. Cal. Sept. 7, 2023) (“[I]t is true that the failure of a client to pay
12 attorney's fees will serve as grounds for an attorney to withdraw.”); *see also Medina v.*
13 *Boeing Co.*, No. SACV20304JVSJEMX, 2022 WL 16949670, at *3 (C.D. Cal. May 9,
14 2022) (“[T]he Court cannot require [counsel] to continue representation when . . . a client
15 is not paying her bills.”).

16 Here, Atlas Defendants have not paid GRSM. (ECF No. 259-1 at 3:13-28.) GRSM
17 was retained by Vela Insurance to represent Atlas Defendants, and the insurance policy
18 paying fees to GRSM has eroded. (*Id.*) GRSM made numerous efforts to enter into an
19 agreement with Atlas Defendants for payment of outstanding invoices—which Atlas
20 Defendants have refused. (*Id.*) Thus, good cause exists for GRSM to withdraw.

21 In addition, withdrawal is unlikely to cause harm to other litigants and the
22 administration of justice. *See Deal*, 2010 WL 3702459, at *2. Plaintiff states:

23 Neither Plaintiff nor the Ace Defendants (Defendants Ace Business
24 Solutions, LLC and Sandra Barnes together) [who are the remaining
25 litigants in this action] take any position on the withdrawal request
26 itself, except Plaintiff notes that any withdrawal by GRSM should
27 not prevent it from being found responsible for paying Plaintiff's
28 attorney's fees in connection with spoliation sanctions, and that . . .
Atlas Defendants would need to engage new counsel to represent
them in this case if GRSM withdraws.

1 (ECF No. 263 at 2:10-15.) As pointed out by Plaintiff, this Court has adopted Judge
2 Crawford’s Report and Recommendation, which explains that Rule 37(b)(2)(C) provides
3 for “the disobedient party, the attorney advising that party, or both to pay the reasonable
4 expenses, including attorney’s fees, caused by the failure.” (See ECF No. 263 at 9:1-11
5 (quoting ECF No. 256 at 19).) The Court agrees and further finds that—as a matter of
6 law—granting withdrawal does not relieve GRSM of any obligation to pay attorney’s fees
7 in connection with sanctions issued prior to GRSM’s withdrawal. See *Holgate v. Baldwin*,
8 425 F.3d 671, 677 (9th Cir. 2005) (“The fact that [an attorney] was allowed to withdraw as
9 counsel ... does not protect him from sanctions based on a filing that he made before that
10 withdrawal.”) Since GRSM is still liable for paying fees associated with sanctions
11 regardless of withdrawal, allowing GRSM to withdraw is unlikely to cause harm to other
12 litigants and the administration of justice.

13 The Court is also aware that withdrawal of counsel at this late stage (with pending
14 motions for summary judgment) could delay the resolution of the case and cause prejudice
15 to other litigants in this action. However, given that other litigants in this action have
16 indicated that they do not have a position on GRSM’s request to withdraw and that the
17 Court separately evaluates other litigants’ interests in deciding on Atlas Defendants’
18 request to stay the action below, “this is a situation where the good cause for withdrawal
19 outweighs other considerations.” *Medina*, 2022 WL 16949670, at *3 (finding the same
20 despite attorney withdrawal at late stage in proceeding). Thus, the Court **GRANTS**
21 GRSM’s request to withdraw. (ECF No. 259.)

22 **B. Request to Indefinitely Stay Proceedings**

23 The decision to grant a stay is “generally left to the sound discretion of district
24 courts.” *Ryan v. Gonzales*, 568 U.S. 57, 74 (2013) (quoting *Schriro v. Landrigan*, 550 U.S.
25 465, 473 (2007)). A court’s power to “stay proceedings is incidental to the power inherent
26 in every court to control the disposition of the causes on its docket with economy of time
27 and effort for itself, for counsel, and for litigants.” *Landis v. N. Am. Co.*, 299 U.S. 248,
28 254 (1936). When a party seeks to stay the proceedings, the court must weigh “the

1 competing interests which will be affected by the granting or refusal to grant a stay,’ ”
2 including:

3 (1) the possible damage which may result from the granting of a stay,

4 (2) the hardship or inequity which a party may suffer in being required to go forward,
5 and

6 (3) the orderly course of justice measured in terms of the simplifying or complicating of
7 issues, proof, and questions of law which could be expected to result from a stay.

8 *Lockyer v. Mirant Corp.*, 398 F.3d 1098, 1110 (9th Cir. 2005) (quoting *CMAX, Inc. v. Hall*,
9 300 F.2d 265, 268 (9th Cir. 1962)). “The proponent of a stay bears the burden of
10 establishing its need.” *Clinton v. Jones*, 520 U.S. 681, 708 (1997) (citing *Landis*, 299 U.S.
11 at 255). A stay must be of a fixed duration unless a “pressing need” for a more indefinite
12 period is demonstrated. *Landis*, 299 U.S. at 255.

13 Here, the request for stay in the Motion implies that, absent the Court staying this
14 action, Atlas Defendants may suffer hardship or inequity if the case were to proceed and
15 they are unable to retain successor counsel in the event the attorney withdrawal request is
16 granted (ECF No. 259-1 at 4–5). *See Lockyer*, 398 F.3d at 1110 (courts must consider the
17 “hardship or inequity” the movant may suffer in being required to go forward).

18 On the other hand, Plaintiff’s opposition points out that stay will hurt other
19 litigants—as Plaintiff could be delayed in obtaining monetary and injunctive relief, other
20 Defendants in the case wish to resolve the case (*e.g.*, by filing their motion for summary
21 judgment early and opposing Defendants’ motions to extend briefing schedule), and both
22 Plaintiff and other Defendants have invested considerable resources into pursuing this
23 litigation for years (ECF No. 263 at 6:10–7:9). *See Lockyer*, 398 F.3d at 1110 (courts must
24 consider the “possible damage” that would result from granting stay); *see also Perez v.*
25 *Cnty. of Los Angeles*, No. CV1509585SJOFFMX, 2016 WL 10576622, at *3 (C.D. Cal.
26 May 3, 2016) (“Plaintiffs have a significant interest in obtaining resolution of their claims
27 and receiving compensation if they prove they are entitled to it.”).

28

1 In addition, Atlas Defendants have not presented any reasoning why the “orderly
2 course of justice” would require staying the present action. *See Lockyer*, 398 F.3d at 1110.
3 Atlas Defendants have made clear their request to stay is primarily driven by a need to find
4 a successor counsel, not to simplify legal or evidentiary issues in the case or to conserve
5 judicial resources.

6 Relatedly, staying the present action—especially an indefinite stay—would hinder
7 judicial efficiency. *Cf Fed. Sav. & Loan Ins. Corp. v. Molinaro*, 889 F.2d 899, 903 (9th
8 Cir. 1980)) (the district court “ha[s] an interest in clearing its docket.”); *see also Landis*,
9 299 U.S. at 254 (“[T]he power to stay proceedings is incidental to the power inherent in
10 every court to control the disposition of the causes on its docket with economy of time and
11 effort for itself, for counsel, and for litigants.”).

12 In sum, the Court finds that the only factor favoring stay is hardship suffered by
13 Atlas Defendants due to lack of counsel. However, staying the action does not outweigh
14 the possible damage to other litigants that may result from granting stay and does not serve
15 the orderly or efficient administration of justice.

16 As such, the Court denies Atlas Defendants’ request for infinite stay and instead,
17 **GRANTS IN PART** stay for two weeks until **March 27, 2026** to permit Atlas Defendants
18 to retain successor counsel. (ECF No. 259.)

19 **II. CONCLUSION**

20 For the reasons above, the Court **GRANTS IN PART** and **DENIES IN PART** Atlas
21 Defendants’ Motion. (ECF No. 259.)

22 GRSM’s request to withdraw as counsel is **GRANTED**. (*Id.*) Additionally, Atlas
23 Defendants’ request for staying the case is **GRANTED IN PART** until **March 27, 2026**
24 to permit Atlas Defendants to retain successor counsel.

25 **IT IS SO ORDERED.**

26
27 **DATED: March 13, 2026**

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Hon. Cynthia Bashant, Chief Judge
United States District Court