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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES, SAN FERNANDO COURTHOUSE

CREDIT CORP SOLUTIONS, INC.,

Plaintiff,

v.

LISA NEVILLE,

Defendant.

LISA NEVILLE,

Cross-Complainant,

v.

CREDIT CORP SOLUTIONS, INC.; and ROES 1 through 10, inclusive,

Cross-Defendants.

Case No. 25CHLC17110

REPLY IN SUPPORT OF DEFENDANT'S MOTION FOR LEAVE TO FILE CROSS-COMPLAINT

Date: February 4, 2026
Time: 8:30 a.m.
Department: K

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Under Code of Civil Procedure section 426.50, courts are required to liberally permit late compulsory cross-complaints "in the interest of justice" upon a showing of oversight, inadvertence, mistake, neglect, or other cause and good faith. (Motion at 4:7).

While Plaintiff's Opposition claims Ms. Neville's motion is in bad faith, it fails to identify any substantial evidence of bad faith. *See Silver Organizations Ltd. V. Frank* 217 Cal.App.3d 94, 99–100 (1990) (interpreting § 426.50 to require leave absent a showing of bad faith supported by substantial evidence). Instead, Plaintiff argues that Ms. Neville permanently waived her right to file a cross-complaint for two reasons, neither of which is supported by the evidence or law.

First, Plaintiff argues that Ms. Neville's period of self-representation, limited resources, timing, and use of legal-aid assistance are inconsistent with good faith. Yet, Plaintiff cites no authority converting those circumstances into substantial evidence of bad faith, as section 426.50 would require. **Second**, Plaintiff claims that allowing a cross-complaint would cause substantial prejudice; but prejudice is not a basis to deny mandatory leave absent bad faith under section 426.50. And in any event, Plaintiff cannot credibly claim burden from new discovery or litigation where it has conducted no discovery to date.

Defendant Lisa Neville has satisfied the section 426.50 requirements and respectfully submits that leave should be granted.

II. ARGUMENT

A. Ms. Neville Properly Seeks Leave to Assert a Compulsory Cross-Complaint by Motion

Plaintiff asserts that granting Ms. Neville's Motion would "circumvent Civil Procedure rules" because Ms. Neville's cross-complaint is compulsory in nature. (Opp. At 3:6; 6:6). That gets the statute backward. Section 426.50 expressly authorizes a party, like Ms. Neville, to move for leave to file a cross complaint *at any time* during the course of the action, so long as the party

acted in good faith. Ms. Neville is thus complying with the procedural scheme and not circumventing it by bringing this Motion under the exact mechanism the Legislature provided (See. Opp. At 3:6; 6:6 (characterizing circumvention).)

B. Plaintiff Fails to Show Substantial Evidence of Bad Faith

Where forfeiture of claims would result because a party failed to plead them through oversight, inadvertence, neglect, mistake or other cause, courts must grant leave to file a compulsory cross-complaint, unless there is *substantial evidence* the moving party acted in bad faith. *Silver Organizations Ltd., supra,* 217 Cal.App.3d at pp. 98–99 (1990) (emphasis added). Bad faith is "not simply bad judgment or negligence, but rather…the conscious doing of a wrong because of dishonest purpose or moral obliquity." *Pugh v. See's Candies, Inc.,* 203 Cal.App.3d 743, 764 (1988). For example, courts have upheld denial where a party waited until the first day of trial and the timing would deprive the opponent of a jury right. *Gherman v. Colburn,* 72 Cal.App.3d 544, 559 (1977). By contrast, delay alone does not establish bad faith under § 426.50. *Silve*r, 217 Cal.App.3d at 100–01; *Foot's Transfer & Storage Co. v. Superior Court,* 114 Cal.App.3d 897, 903–04 (1980).

Here, Plaintiff identifies no substantial evidence that Ms. Neville acted in bad faith. In fact, Plaintiff does not even squarely argue bad faith; but instead, Plaintiff merely argues Ms. Neville acted "inconsistent" with good faith or with a "lack of good faith." (Opp. At 4:14-21). That is not the statutory test. Plaintiff's contention that Ms. Neville's lack of knowledge or period of self-representation falls outside "oversight, inadvertence, neglect, mistake or other cause" is unavailing. The two cases Plaintiff cites are misplaced. Neither case applies section 426.50's broader text or its bad faith limiter, and instead they interpret different statutes with narrower standards (e.g. "excusable neglect" under § 473).

First, *Harrison v. County of Del Norte,* 168 Cal.App.3d 1, 7 (1985) concerns Government Code section 911.6, which governs the process for public entities (not courts) to grant or deny applications for filing late government tort claims due to excusable neglect. That unique statutory

scheme relating to pre-litigation claims against public entities is very different than the instant issue. Moreover, section 426.50 does not require "excusable neglect," and instead expressly provides relief for "oversight, inadvertence, mistake, neglect, or other cause," with an additional inquiry into bad faith, which *Harrison* does not even address.

Second, *Goodson v. Bogerts, Inc.*, 252 Cal. App. 2d 32, 40 (1967) is a section 473 default relief case about "excusable neglect," involving a defaulted party who claimed he did not understand the need to answer. The court rejected "excusable neglect" on the facts there but said nothing about section 426.50's standard or bad faith.

Plaintiff's timing argument likewise fails. The negligible gap between Ms. Neville filing her answer and the instant motion for leave to file a cross-complaint reflects, at most, the kind of oversight, inadvertence, mistake or neglect encompassed by section 426.50, not bad faith gamesmanship. Ms. Neville filed her answer on July 11, 2025, and on October 31, 2025, she requested Plaintiff stipulate to the filing of the subject cross-complaint. When Plaintiff refused, Ms. Neville promptly filed the instant motion for leave roughly two weeks later. (Opp. At 2:4-9 [Plaintiff acknowledges defendant requested a stipulation on October 31, 2025 and filed Motion on November 18, 2025].) In the interim, there was virtually no activity in the case—no motions and no discovery.

Finally, Plaintiff's argument that Ms. Neville's "had access to legal assistance at the time her Answer was filed" and thus did not lack knowledge (Opp. At 4:14-4:21) does not constitute substantial evidence of conscious dishonesty or moral obliquity. *See Foot's Transfer & Storage Co. v. Superior Court* 114 Cal.App.3d 897, 903–904 (1980) (finding no bad faith for delay alone without prejudice or "unusually reprehensible" conduct); *Sidney v. Superior Court* 198 Cal.App.3d 710, 718 (1988) (finding no bad faith where omission stemmed from mistake/neglect and the denial rested on an erroneous limitations rationale; denial required a "strong showing of bad faith" under § 426.50). In *Foot's Transfer,* the Appellate Court found delay alone without prejudice or "unusually reprehensible" conduct did not constitute "bad faith"

such that leave to file a cross-complaint should be denied. Here, like in *Foot's Transfer*, Plaintiff did not, and cannot, demonstrate Ms. Neville acted in bad faith.

Limited pro per assistance to facilitate an initial responsive pleading does not transform ordinary oversight or neglect into bad faith, and, consistent with *Silver* and *Foot's Transfer*, delay alone without unusually reprehensible conduct does not defeat section 426.50's mandatory relief. (Opp. At 4:14–21.)

C. Plaintiff's Claim of Substantial Prejudice is Meritless

Plaintiff's argument that granting leave would cause substantial prejudice because it will need to conduct additional discovery and file motions on an accelerated timeline is unavailing. (Opp. At 4:25-5:14). Section 426.50 does not authorize denial based on "prejudice" alone; the statute is mandatory absent a substantial showing of bad faith. *See Silver Organizations Ltd. V. Frank*, 217 Cal.App.3d at 99-100.

Here, not only has Plaintiff failed to show bad faith, but it has failed to prosecute the action to date. For example, since Ms. Neville's response on July 11, 2025, Plaintiff has not propounded any discovery. Moreover, Plaintiff declined to stipulate to allow Ms. Neville to file her cross-complaint further delaying progress in this action.

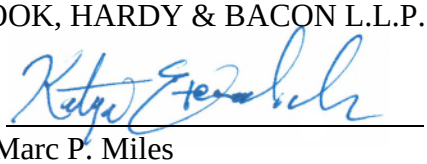
Any case-management impact can be addressed by modest schedule adjustments, not by forfeiting compulsory claims. Plaintiff also cannot claim surprise where it admits the cross-claims overlap issues raised in Ms. Neville's affirmative defenses, which put Plaintiff on notice from the outset. (Opp. At 3:3-4).

III. CONCLUSION

Defendant Lisa Neville satisfied the elements for relief provided in section 426.50 to allow her cross-complaint to be filed. Plaintiff failed to show substantial evidence of bad faith to overcome the mandatory standard of CCP section 426.50. Accordingly, Ms. Neville respectfully requests that the Court grant her Motion for Leave to File Cross-Complaint.

Dated: January 28, 2026

SHOOK, HARDY & BACON L.L.P.

By: 

Marc P. Miles
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PROOF OF SERVICE

I am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action. My business address is 5 Park Plaza, Suite 1600, Irvine, California 92614.

On January 28, 2026, I served on the interested parties in said action the within:

REPLY IN SUPPORT OF DEFENDANT'S MOTION FOR LEAVE TO FILE CROSS-COMPLAINT

☐ (MAIL) I am readily familiar with this firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. postal service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than 1 day after date of deposit for mailing in affidavit.

☒ (E-MAIL) I caused such document(s) to be served via email on the interested parties at their e-mail addresses listed.

☐ **(**HAND DELIVERY) By placing a true and correct copy of the above document(s) in a sealed envelope addressed as indicated above and causing such envelope(s) to be delivered by hand to the addressee(s) designated.

☐ **(**BY FEDERAL EXPRESS, AN OVERNIGHT DELIVERY SERVICE) By placing a true and correct copy of the above document(s) in a sealed envelope addressed as indicated above and causing such envelope(s) to be delivered to the FEDERAL EXPRESS Service Center, and to be delivered by their next business day delivery service to the addressee designated.

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

Executed on January 28, 2026, at Irvine, California.

Heather Keresztes
(Type or print name)

Heather Keresztes
(Signature)

SERVICE LIST

Credit Crop Solutions, Inc. v. Lisa Neville
Case No: 25CHLC17110

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