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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

UNITED STATES OF AMERICA, Plaintiff, v. CASSIE WILL-DARNALL, Defendant. SANDRA WILL, Third Party Petitioner.	CASE NO. CR-24-00292-PCP GOVERNMENT'S REPLY IN SUPPORT OF ITS MOTION TO DISMISS OR FOR SUMMARY JUDGMENT Date: October 15, 2025 Time: 10:00 a.m. Courtroom: Courtroom 8, 4th Floor Judge: Honorable P. Casey Pitts

INTRODUCTION

The ancillary proceeding presents one question for this Court: Does Sandra Will have an ownership interest in the Belwood Property? The pleadings, evidence, and the law before the Court all resoundingly support one answer: No.

In answering this question, it helps to imagine that Will's claim to the Belwood Property were in fact a claim submitted by a third-party lender, such as a bank. This hypothetical bank admits it has been repaid in full for a loan secured by the property by a deed of trust. This hypothetical bank stopped receiving any payments related to the property five years ago. This hypothetical bank has allowed the owner to continue profiting from the property without seeking any portion of those profits. And this hypothetical bank and the owner have an undisputed record of clouding the title to real properties.

If such a bank were to submit a claim, it would be dismissed summarily. And correctly so. The Court might even impose sanctions.

Will is not a bank, of course. She is a mother whose sole heir, Cassie Will-Darnall, defrauded victims of $2,833,554. And yet all the above considerations are present in Will's claim. She admits she was repaid in full for the loan secured by the 2019 Deed of Trust. It is uncontested that, once repaid, Will stopped receiving any payments related to the Belwood Property five years ago. It is uncontested that Will-Darnall has since profited from her ownership of the Belwood Property and Will has never sought any portion of that profit. And it is not seriously contested that Will and Will-Darnall have a history of clouding title with paper transfers that lack economic substance.

Sympathy cannot alter the sole legal outcome compelled by the pleadings, the evidence, and the law—forfeiture of the Belwood Property. Nothing in Third Party Claimant Sandra Will's Opposition to Government's Motion to Dismiss or for Summary Judgment, Dkt. 83 (the "Opposition"), alters that outcome. The Court should grant the government's Motion to Dismiss or For Summary Judgment. Dkt. 77 (the "Motion).

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I. Argument

a. Because Will Has Not Adequately Pled An Interest In The Belwood Property, Her Claim Should Be Dismissed.

Will persists in asserting that she has a superior interest to Will-Darnall in the Belwood Property. The specifics of that claim are unclear. Will initially predicated her claim on the 2019 Deed of Trust.[1] *See* Petition at 16[2] ("It is the 2019 recording of the deed of trust that gave Ms. Will an interest in the home superior to Ms. Will-Darnall . . . ."). But Will now appears to predicate the claim on unsecured loans made to Will-Darnall before the 2019 Deed of Trust. *See* Opposition at 11 ("Ms. Will's interest in the home stemmed from the money she put into the house to buy out Ms. Will-Darnall's ex-wife's share of the home, and then from the money used to pay off the mortgage on the home, all of which took place *before the deed was recorded in 2019*." (emphasis added)); *see also id.* at 12, n.1 (abandoning any argument that the 2019 Deed of Trust gave Will a vested interested in the Belwood Property).

The uncertainty of Will's claim should be fatal to it. *See Lee v. Foothill-De Anza Cmty. Coll. Dist.*, 733 F. Supp. 3d 815, 823 (N.D. Cal. 2024) ("A pleading cannot be "so vague or ambiguous" that an opponent 'cannot reasonably prepare a response.'" (citing FED. R. CIV. P. 12(e))).

First, as detailed in the Motion, California law is unequivocal: A beneficiary to a deed of trust (a secured lender) does not have a superior interest to the trustor or settlor (the homeowner). Motion, at 17–18. Will nowhere contests this point. Thus, if her claim is predicated on the 2019 Deed of Trust, as a matter of law, the 2019 Deed of Trust does not provide Will with a superior interest to Will-Darnall in the Belwood Property. And the claim should be dismissed.

Second, Will fares even worse under her newly alleged theory. Unsecured creditors lack standing to contest forfeiture in the ancillary proceeding. *E.g.*, *DSI Assocs. LLC v. United States*, 496 F.3d 175, 184 (2d Cir. 2007) ("As a general creditor . . . [claimant] does not possess a 'legal right, title, or interest in the property' that was forfeited as required for standing under section 853(n)(6)(A) . . . ."); *United States v. Butt*, 930 F.3d 410, 414 (5th Cir. 2019) (defendant's sister was unsecured creditor because of lack of a written, signed security agreement and lacked standing to contest forfeiture); *United States v.*

[1] Defined terms retain the definitions provided in the Application or the Motion.

[2] Citations to ECF-filed documents refer to the ECF-provided page number.

White, 675 F.3d 1073, 1080–81 (8th Cir. 2012) (petitioner lacking a secured interest in property lacks standing to contest its forfeiture); *United States v. Watkins*, 320 F.3d 1279, 1283–84 (11th Cir. 2003) (unsecured creditors lack standing to contest the forfeiture in ancillary proceeding because they have no interest in the particular assets subject to forfeiture); *but see United States v. Reckmeyer*, 836 F.2d 200, 205–06 (4th Cir. 1987) (holding that in cases where the debtor's entire estate has been forfeited to the government, concerns sounding in the deprivation of the due process rights of the debtor's unsecured creditors compelled the conclusion that such creditors were eligible to recover under § 853(n)(6)(B)). If Will is permitted to revise her claim and predicate it on unsecured loans, then that claim, too, should be dismissed because, as pled, it does not confer Will with standing to contest the forfeiture of the Belwood Property.

b. Because Will Has Not Identified A Genuine Dispute As To Any Material Fact, The Government Is Entitled To Judgment As A Matter of Law.

The Parties agree that Will-Darnall repaid Will's $1,000,000 Loan, which was secured by the 2019 Deed of Trust. Will Decl. ¶ 24 ("In May 2020, [Will-Darnall] sent me [Sandra Will] a check that covered the outstanding balance on the Bank of America loan."); *see also* Ex. AA (check dated June 15, 2020, to Will "for 111 Bell payoff"); Application at 11. As established in the Motion and nowhere contested by Will, repayment of a loan extinguishes the obligation. Motion at 18 (collecting citations). In other words, upon repayment, a debt is forgiven and the security released. As such, the uncontested evidence establishes that Will lacks a cognizable legal interest in the Belwood Property, and the government should be granted summary judgment.

Will raises a host of alleged issues with the government's motion for summary judgment, though all amount to little more than sound and fury.

First, Will argues that the Court cannot adjudicate a motion for summary judgment without first adjudicating a motion to dismiss and potentially allowing for additional discovery. Opposition at 8–9. The significance of this check-the-box exercise is unclear. Indeed, Will has not established what would be meaningfully accomplished by having the Court first resolve a motion to dismiss before addressing a motion for summary judgment. Nor has Will claimed that additional discovery is needed to resolve any fact issue. As such, this argument favors process at the expense of substance. It also ignores the law and

precedent. *E.g.*, *In re Mortg. Elec. Registration Sys., Inc.*, 754 F.3d 772, 781 (9th Cir. 2014) ("The Federal Rules provide for sua sponte conversion of a Rule 12(b)(6) motion to dismiss to a Rule 56 motion for summary judgment 'if . . . matters outside the pleadings are presented to and not excluded by the court.'" (citing FED. R. CIV. P. 12(d))).

Second, after arguing that summary judgment is premature, Will paradoxically argues that the government has waived its ability to obtain summary judgment because it has not provided the Court with any law or analysis by which to make a ruling. Opposition at 9–10. This argument misses the point. The government argues that Will cannot predicate a claim to the Belwood Property on the 2019 Deed of trust because Will admits that Will-Darnall repaid her the amounts owed under Will's $1,000,000 Loan. *E.g.* Motion at 18. That argument is uncontested and dispositive of the motion for summary judgment.

Third, Will argues that there is no genuine dispute as to any material fact concerning her superior interest in the Belwood Property before Will-Darnall's crimes. Opposition at 10–11. The government submits that Will did not have a superior interest to Will-Darnall in the Belwood Property at any point in time. Motion at 17–18. But, even if that argument were legally correct (which it is not), it is still deficient because it requires completely ignoring the first prong of 21 U.S.C. § 853(n)(6)(A). Indeed, the first prong requires that the petitioner "*has*" a legal interest in the property presently. 21 U.S.C. § 853(n)(6)(A). Because it is universally conceded that—whatever interest Will may have had in the Belwood Property before Will-Darnall's crimes—the interest embodied by the 2019 Deed of Trust is gone, the government, not Will, is plainly entitled to summary judgment.

c. The Government Reserves All Rights If Will Attempts To Assert Yet Another New Theory Under 853(n)(6)(A) Or (n)(6)(B).

In the motion, the government established that Will could not adequately plead a claim based on a vested interested in the Belwood Property under 21 U.S.C. § 853(n)(6)(A) or as a bona fide purchaser for value under 21 U.S.C. § 853(n)(6)(B). Will claims she is not pursuing either theory. *See* Opposition at 11–13, 11 n.1. Based on this concession, the government does not reiterate its arguments as to either theory (or any additional theory Will might devise), though it reserves all rights if Will changes course yet again.

d. Because Will Lacks A Cognizable Legal Interest In The Belwood Property, She Lacks Standing From Asserting Constitutional Violations Concerning Its Forfeiture, Which Is Proportional To Will-Darnall's Crimes.

In the Petition, Will asserted forfeiture of the Belwood and Almaden Properties would constitute an excessive fine. Will persists in asserting this claim even though the Almaden Property has been removed from the scope of forfeiture in this matter.

First, Will attempts to distinguish the government's authority establishing that Will lacks standing to assert a constitutional violation on Will-Darnall's behalf. Will's argument and the distinctions she draws depend entirely on the assumption that Will has an ownership interest in the Belwood Property. *E.g.* Opposition at 13 (claiming "owners" have standing to challenge the forfeiture of their property[3]) (citing *United States v. $100,348.00 in U.S. Currency*, 354 F.3d 1110, 1119 (9th Cir. 2004)). But that assumption is insupportable for the reasons articulate above and in the Motion. Because Will lacks an ownership interest in the Belwood Property, her Eighth Amendment challenge is necessarily one asserted on the behalf of Will-Darnall, the property's owner, which is impermissible.

Second, Will attempts to establish that forfeiture of the Belwood Property would constitute an excessive fine by ignoring the weight of the government's authority in the Motion. Indeed, the government cited two cases standing for the proposition that imposition of restitution and forfeiture together in a single judgment does not constitute an excessive fine because requiring a defendant to disgorge no more than twice the proceeds of her crimes cannot be disproportionate to the harm inflicted on the defendant's victims. Motion at 24 (citing, *United States v. Shepherd*, 171 F. App'x 611 (9th Cir. 2006) and *United States v. Rosin*, 263 F. App'x 16, 36–7 (11th Cir. 2008)). Will ignores both, cherry-picking instead *United States v. Newman*¸ 659 F.3d 1235 (9th Cir. 2011), which the government cited with a see-also signal. The government believes that *Shepherd* and *Rosin* are sufficient to support the government's point, though there are additional cases that stand for the same proposition. *E.g.*, *United States v. Anthony Brown*, 23CR00021-HSG, Dkt. 115 (Aug. 26, 2025) ("It is hard for the Court to

[3] Will also asserts that claimants "who assert possessory interests in the forfeited property" have standing to raise an Eighth Amendment challenge. Opposition at 13. Will does not assert a possessory interest in the Belwood Property so the significance of this argument is unclear.

envision a circumstance in which forfeiture of the direct proceeds of a defendant's actual misappropriation could ever run afoul of the Eighth Amendment given well-established principles regarding that situation.").

Finally, in a footnote, Will makes plain her intention to argue on behalf of her daughter, stating "Ms. Will-Darnall was told personally in the Information (prepared by the government), the guilty plea application form (prepared by her attorney), and at her change of plea hearing (by the Court) that the maximum punishments were $1 million and $250,000 specifically; no one mentioned to her specifically that the law allowed a fine up to the greater of twice the gross gain or loss." Opposition at 15, n.2.

This argument, too, is unavailing, as both Will and Will-Darnall have always known the government intended to forfeiture the Belwood Property in this case. Indeed, such forfeiture was reflected in both the Information and the separately filed Bill of Particulars. Dkts. 1, 17. The government also placed lis pendens on both properties, reflecting an intention to forfeit the properties. Application at 14. And Will, represented by an attorney apparently shared by Will-Darnall (Motion at 10), filed a civil lawsuit in 2024 suing the government for the forfeiture of the Belwood Property, namely Will's Lawsuit.

CONCLUSION

The Court should grant the government's Motion and enter a final order of forfeiture including the Belwood Property.

DATED: September 12, 2025

Respectfully submitted,

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/s/
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