

**WORKERS' COMPENSATION APPEALS BOARD  
STATE OF CALIFORNIA**

**EDUARDO MAGALLON, *Applicant***

**vs.**

**PEOPLE READY/TRUE BLUE;  
AIU INSURANCE, administered by GALLAGHER BASSETT, *Defendants***

**Adjudication Number: ADJ16777493  
Oxnard District Office**

**OPINION AND ORDER  
GRANTING PETITION FOR  
RECONSIDERATION  
AND DECISION AFTER RECONSIDERATION**

We previously issued an Opinion and Order on August 21, 2023 dismissing applicant's Petition for Reconsideration as premature, and returned this matter to the trial level for the WCJ to adjudicate applicant's petition as one seeking to set aside the May 23, 2023 Order Approving Compromise and Release.

Applicant now seeks reconsideration of the Findings and Order (Order) issued on February 19, 2025 by a workers' compensation administrative law judge (WCJ), wherein the WCJ found, in pertinent part, that there was no fraud, mistake or duress in this case that induced applicant to sign the settlement agreement, the WCJ has no jurisdiction over disputes with the EDD or Bank of America, there are no grounds to correct or augment the record, applicant's Exhibits A through Z, a second set of A & B and Exhibits A1 and A2 are inadmissible in evidence, and all other issues are moot or were resolved in the Compromise and Release (C&R). The WCJ issued an order that applicant take nothing, and the parties adjust the amount of the medical legal liens and costs, if any remain.

Applicant contends that he was unable to make decisions about his own claim, including those related to accessing documents and information, when he entered into the approved C&R, and that said agreement should be set aside.

We have received an Answer by defendant. The WCJ prepared a Report and Recommendation on Petition for Reconsideration (Report), recommending that the Petition be denied.

Applicant filed a supplemental pleading dated February 27, 2025, and a second supplemental pleading dated March 3, 2025. Pursuant to WCAB Rule 10964(a), we have accepted and considered applicant's supplemental pleadings. (Cal. Code Regs., tit. 8, § 10964(a).)

We have considered the allegations of the Petition, the Answer, the supplemental pleadings and the contents of the Report of the WCJ with respect thereto. Based on our review of the record, and for the reasons stated in the WCJ's Report, which we adopt and incorporate, we will grant the Petition for Reconsideration solely to clarify that applicant's petition to set aside the C&R is denied. (Finding of Fact 4; Order 1.) We will otherwise affirm the F&O.

## I.

Former Labor Code section 5909<sup>1</sup> provided that a petition for reconsideration was deemed denied unless the Appeals Board acted on the petition within 60 days from the date of filing. (Lab. Code, § 5909.) Effective July 2, 2024, section 5909 was amended to state in relevant part that:

(a) A petition for reconsideration is deemed to have been denied by the appeals board unless it is acted upon within 60 days from the date a trial judge transmits a case to the appeals board.

(b)

(1) When a trial judge transmits a case to the appeals board, the trial judge shall provide notice to the parties of the case and the appeals board.

(2) For purposes of paragraph (1), service of the accompanying report, pursuant to subdivision (b) of Section 5900, shall constitute providing notice.

Under section 5909(a), the Appeals Board must act on a petition for reconsideration within 60 days of transmission of the case to the Appeals Board. Transmission is reflected in Events in the Electronic Adjudication Management System (EAMS). Specifically, in Case Events, under Event Description is the phrase "Sent to Recon" and under Additional Information is the phrase "The case is sent to the Recon board."

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<sup>1</sup> All further references are to the Labor Code unless otherwise noted.

Here, according to Events, the case was transmitted to the Appeals Board on March 11, 2025 and 60 days from the date of transmission is Saturday, May 10, 2025. The next business day that is 60 days from the date of transmission is Monday, May 12, 2025. (See Cal. Code Regs., tit. 8 § 10600(b).)<sup>2</sup> This decision was issued by or on May 12, 2025, so that we have timely acted on the petition as required by section 5909(a).

Section 5909(b)(1) requires that the parties and the Appeals Board be provided with notice of transmission of the case. Transmission of the case to the Appeals Board in EAMS provides notice to the Appeals Board. Thus, the requirement in subdivision (1) ensures that the parties are notified of the accurate date for the commencement of the 60-day period for the Appeals Board to act on a petition. Section 5909(b)(2) provides that service of the Report and Recommendation shall be notice of transmission.

Here, according to the proof of service for the Report and Recommendation by the workers' compensation administrative law judge, the Report was served on March 11, 2025, and the case was transmitted to the Appeals Board on March 11, 2025. Service of the Report and transmission of the case to the Appeals Board occurred on the same day. Thus, we conclude that the parties were provided with the notice of transmission required by section 5909(b)(1) because service of the Report in compliance with section 5909(b)(2) provided them with actual notice as to the commencement of the 60-day period on March 11, 2025.

## II.

Stipulations are binding on the parties unless, on a showing of good cause, the parties are given permission to withdraw from their agreements. (*County of Sacramento v. Workers' Comp. Appeals Bd. (Weatherall)* (2000) 77 Cal.App.4th 1114, 1121 [65 Cal.Comp.Cases 1].) As defined in *Weatherall*, "A stipulation is 'An agreement between opposing counsel . . . ordinarily entered into for the purpose of avoiding delay, trouble, or expense in the conduct of the action,' (Ballentine, Law Dict. (1930) p. 1235, col. 2) and serves 'to obviate need for proof or to narrow range of litigable issues' (Black's Law Dict. (6th ed. 1990) p. 1415, col. 1) in a legal proceeding." (*Weatherall, supra*, 77 Cal.App.4th at p. 1119.)

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<sup>2</sup> WCAB Rule 10600(b) (Cal. Code Regs., tit. 8, § 10600(b)) states that:

Unless otherwise provided by law, if the last day for exercising or performing any right or duty to act or respond falls on a weekend, or on a holiday for which the offices of the Workers' Compensation Appeals Board are closed, the act or response may be performed or exercised upon the next business day.

“Good cause” to set aside an order or stipulations depends upon the facts and circumstances of each case. “Good cause” includes mutual mistake of fact, duress, fraud, undue influence, and procedural irregularities. (*Johnson v. Workmen’s Comp. Appeals Bd.* (1970) 2 Cal.3d 964, 975 [35 Cal.Comp.Cases 362]; *Santa Maria Bonita School District v. Workers’ Comp. Appeals Bd.* (2002) 67 Cal.Comp.Cases 848, 850 (writ den.); *City of Beverly Hills v. Worker’s Comp. Appeals Bd. (Dowdle)* (1997) 62 Cal.Comp.Cases 1691, 1692 (writ den.); *Smith v. Workers’ Comp. Appeals Bd.* (1985) 168 Cal.App.3d 1160, 1170 [50 Cal.Comp.Cases 311] (writ den.).) To determine whether there is good cause to rescind a stipulation, the circumstances surrounding its execution and approval must be assessed. (See § 5702; *Weatherall, supra*, 77 Cal.App.4th at pp. 1118-1121; *Robinson v. Workers’ Comp. Appeals Bd. (Robinson)* (1987) 199 Cal.App.3d 784, 790-792 [52 Cal.Comp.Cases 419]; *Huston v. Workers’ Comp. Appeals Bd. (Huston)* (1979) 95 Cal.App.3d 856, 864-867 [44 Cal.Comp.Cases 798].)

Applicant testified as to the circumstances surrounding his execution of the settlement document and his actions after the Order Approving Compromise and Release issued as follows:

[O]n 18 April 2023, he received a \$27,000 offer from the Samuelson firm. He did remember that amount. He agreed to the \$27,000 and a voucher. He twice signed the C and R. The second C and R occurred on 9 May. He did not understand the changes, but he did understand the agreement. The C and R was explained to him by Michael Avila, the information and assistance officer who went over the documents with him. Witness did understand the C and R, adding, “It was kind of obvious.”

No one forced him or threatened him bodily harm to sign the C and R.

The second C and R was amended after the suspension. He read the settlement documents, and they were pretty much the same as the first C and R. He received an order approving the C and R and understood it. He got a check for \$22,950, which was mailed to him. He deposited the check and opened an account with it. When asked whether the check said it was for the settlement, [applicant] says that the check did not say that on the face of the check.

He received \$2,800 for division of the attorney’s fee with his prior attorney. It was direct deposited into this same account. He thinks he got it in July. He also received a check for \$1,500 for a voucher used to buy a computer. This was supposed to be a voucher for tools.

It was direct deposited as well. Applicant was aware that this amount was for the voucher.

On 23 May 2023, he filed a Petition for Reconsideration. When asked whether he returned the money that he obtained from the Compromise and Release, he responded that he did not know it was required to return the money. He received a total of \$27,250. This is accurate. He did not return any of this amount.

(01/02/2025 MOH/SOE at p. 7:1-18.)

While applicant subsequently testified that he did not understand the C&R (*id.* at p. 7:25), he ultimately testified that he knew the C&R resolved all aspects of his workers' compensation claim including future medical treatment. (*Id.* at p. 8:19-20.)

Thus, we agree with the findings of the WCJ that there were no grounds to set aside the C&R, however, we grant the Petition for Reconsideration solely to clarify that applicant's petition to set aside the C&R is denied. (Finding of Fact 4; Order 1.) We otherwise affirm the F&O.

For the foregoing reasons,

**IT IS ORDERED** that the Petition for Reconsideration is **GRANTED**.

**IT IS FURTHER ORDERED** as the Decision After Reconsideration of the Workers' Compensation Appeals Board that the February 19, 2025 Findings & Order is **AFFIRMED** except that it is **AMENDED** as follows:

**FINDING OF FACT**

4. There are no grounds to set aside the Amended Compromise and Release and Order Approving the Amended Compromise and Release issued on May 23, 2023.

**ORDERS**

1. IT IS ORDERED THAT the Petition to Set Aside the Amended Compromise & Release and the Order Approving the Amended Compromise and Release issued on May 23, 2023 is denied.

**WORKERS' COMPENSATION APPEALS BOARD**

**/s/ ANNE SCHMITZ, DEPUTY COMMISSIONER**

**I CONCUR,**

**/s/ JOSEPH V. CAPURRO, COMMISSIONER**

**/s/ JOSÉ H. RAZO, COMMISSIONER**



**DATED AND FILED AT SAN FRANCISCO, CALIFORNIA**

**May 12, 2025**

**SERVICE MADE ON THE ABOVE DATE ON THE PERSONS LISTED BELOW AT THEIR ADDRESSES SHOWN ON THE CURRENT OFFICIAL ADDRESS RECORD.**

**EDUARDO MAGALLON  
SAMUELSEN, GONZALEZ, VALENZUELA & BROWN**

**SL/abs**

I certify that I affixed the official seal of the Workers' Compensation Appeals Board to this original decision on this date.  
*abs*

**REPORT AND RECOMMENDATION**  
**ON PETITION FOR RECONSIDERATION AND NOTICE OF TRANSMITTAL**  
**TO THE WORKERS COMPENSATION APPEALS BOARD**

**I**

**INTRODUCTION**

**This Report & Recommendation and Notice of Transmittal is sent to the Appeals Board on the date noted at the end of this document.**

Applicant, EDUARDO MAGALLON, in pro per, has filed a timely Petition for Reconsideration challenging the Findings and Order of 19 February 2025. In the Petition dated 26 February 2025, Mr. MAGALLON argues that the undersigned failed to compel the defendant to produce an investigative report that he believed would help him win. He also complained that the undersigned created confusion in withholding documents in his case to his detriment. He has also filed two supplemental petitions for reconsideration dated 27 February 2025 and 03 March 2025. In the first supplemental petition he seems to argue that he did not agree to the fee split where applicant settled his prior attorney's claim for attorneys' fees. He also denied that he granted his prior attorneys the authority to act on his behalf and accuses the defense attorneys, the Samuelson Gonzalez firm, of fraud. In the second supplemental petition of 03 March 2025, he argues that his lack of education in the law makes it difficult to meet deadlines so that he files more documents than necessary in order to cover all points of fact. He also argues that the employer never filed a doctors first report, nor did they serve applicant with a DWC – 1 form. He also complained about communication problems with his prior attorneys and denied giving his ex-girlfriend authority to act on his behalf. Many of the points raised in the second supplemental petition are not comprehensible and appear to have run afoul of a grammar/spell-check program and so will not be summarized here. However, based on his prior statements, the undersigned can infer that these arguments refer to his view that he was under duress to sign Compromise and Release due to his financial difficulties. He also argues that the claims adjuster would not return his calls and that neither the claims adjuster nor his prior attorney would answer these questions. He also alleges that the claims adjuster obtained access to his financial and X-Box accounts and that he was not provided with the full compromise and release. Applicant concludes that whether he understood the contract was not the issue but that the real issue was the defense not communicating with him about, "anything that had to do with my benefits." He also argues that he was not provided with the first \$ 10,000.00 in medical coverage.

To date, no answer to the Petition has been received.

It is recommended that reconsideration be denied.

## II FACTS

Applicant, EDUARDO MAGALLON, aged 42 on the date of injury while employed by PEOPLE READY / TRUE BLUE, insured by AIU INSURANCE COMPANY administered by GALLAGHER BASSETT, claims to have sustained injury arising out of and in the course of employment on 29 June 2022. Applicant hired an attorney at the Perona Langer firm to assist him in the case. It appears that the communications between Mr. Magallon and his attorney were not clear or that one side or the other of the attorney – client relationship was not listening. In any event, the Perona Langer firm filed a Petition to be Relieved as Attorneys of Record on 23 January 2023. This Petition to be Relieved resulted in a Notice of Intent to issue an Order Relieving signed by another judge on 28 February 2023 but no final Order Relieving appears in the Board file. Thereafter, Applicant did sign and the Perona Langer firm did file a Dismissal of Attorney on or about 07 February 2023. However, on or about 10 February 2023, the Perona Langer firm filed a Petition to Change Venue from Long Beach to Oxnard. The Presiding Judge of Long Beach then issued an Order Changing Venue on 21 April 2023. There is no evidence of any dismissal of applicant's case as mentioned in the Petition for 132a Benefits. Also, there does not appear to be any 132a Petition filed prior to that point in time.

Mr. Magallon and Gallagher Bassett then entered into a settlement of this case by way of a Compromise & Release (C&R) on 27 April 2023. In response to numerous problems with the C & R, the undersigned issued an Order Suspending Action on 02 May 2023. The terms of this agreement included many pages of outdated addenda and citations to out-of-date law, so the undersigned issued an Order Suspending Action on 02 May 2023. The settlement also failed to contain either a notarization of applicant's signature or witness signatures as required by the en banc panel decision of 23 March 2023. The parties then submitted an Amended C&R on 17 May 2023 which addressed the problems and resulted in an Order Approving C&R on 23 May 2023. Both the original C&R and the Amended C&R provided that the 132a Petition was also being resolved.

Shortly after approval of the C&R on 23 May 2023, the applicant filed his first Petition for Reconsideration. In response, on 21 August 2023, the Appeals Board issued an Opinion and Order Dismissing the Petition for Reconsideration as premature and remanded the case back to the undersigned to try the issue as to whether the Applicant had good cause to be relieved of the settlement.

The case returned to the undersigned and eventually was tried on that issue. At trial, the applicant admitted that he understood the settlement agreement when he signed it and that there was no duress where any party sought to compel him to sign it. He argued that his financial situation constituted duress. He claimed at trial that the settlement was not adequately explained yet he also admits that he understood the terms of the settlement agreement.

The undersigned then issued a decision on 19 February 2025 finding that there was no fraud, duress or mutual mistake. Also, the lack of a doctor's first report, or deficiencies in the service of the claim form or the problems in providing medical care became moot once the settlement was signed and approved.

He also claims that there were discrepancies in the number of pages of the compromise & release served on him, but these discrepancies were not established at trial. In other words, his



other arguments in his Petition for Reconsideration and in the two supplemental petitions were either irrelevant or not proven at trial.

### III

#### DISCUSSION

Generally speaking, settlements are final. The exceptions to this rule include fraud, duress, mutual mistake or that the subject matter or the terms of the contract are against public policy. Additionally, there are circumstances where a unilateral mistake can form the basis for rescission of the contract. See M.F. Kemper Co. v. City of Los Angeles (1951) 37 Cal.2d 696 and see Restatement 2d of Contracts at § 153. There are, in fact, a number of other defenses to the enforcement of a contract which are not material in this case.

The burden of proof is on the person who seeks relief from the settlement.

In seeking to sustain this burden and to be relieved of the settlement, the applicant in this case claims that he was subjected to fraud and duress. However, he testified at trial that he understood the terms of the settlement and that he was not subjected to duress.

The fact that he testified that he understood the settlement effectively negates fraud. Fraud requires misrepresentation and there is no evidence on this record that the defendant misrepresented the terms of the settlement. If the applicant understood the terms, then there could be no misrepresentation. Applicant knew the issues of 132a and S&W were being settled with the case-in-chief in the Compromise & Release. He admitted this in his testimony at the most recent trial.

There is no doubt that he was either misinformed or did not understand a great many things at the beginning of his case, but the key issue is not that he did not understand his rights at the beginning of his case but whether he understood the terms of the settlement at the time he settled his case.

One interesting twist is that he seems to have never understood the nature of a 132a claim. He claims that his attorney was guilty of discrimination prohibiting by Labor Code section 132a. However, that Labor Code section prohibits discrimination by an “employer” or an “insurer.” It does not regulate the behavior of attorneys whose actions are regulated by the State Bar Act and other laws and regulations. Thus, even if one could say he did not understand section 132a at the time of settlement, this misunderstanding was not material as he has alleged no facts to support the proposition that the employer or the carrier discriminated against him.

At the time of the settlement, no one misrepresented any facts to the applicant. To the contrary, he testified that he read and understood the settlement agreement. No fact was relayed to him upon which he relied to his detriment.

Also, he admitted that no one subjected him to duress. There is no evidence in this case that anyone either used force or threatened force or other harm to obtain this settlement. He made it quite clear at trial the economic circumstances of his life constituted the duress.

The crux of the applicant’s problem with the settlement is that he states that the settlement was not adequately explained. Yet he insists that he understood the settlement when he read it which creates an inconsistency in his argument. Also, he also had the opportunity for the

Information and Assistance officer to explain the settlement to him. The undersigned does not doubt that he understood that he was giving up his rights in the settlement.

One of the most important rules of civilization is the rule of finality of settlements. The importance of this rule cannot be overstated. Parties must be able to rely on settlements in order to plan their future activities. Insurance companies need to plan their costs and expenses just as much as injured workers need to be able to rely on receiving the proceeds of settlements. If one cannot rely on settlements, more cases go to trial, delays occur to other cases and the system breaks down. One cannot use a settlement as a steppingstone to a higher settlement later. If a settlement is meant to be final, it is supposed to be final, not subject to further negotiation later.

There are cases where a party may be relieved of his or her obligations under a settlement. However, the applicant has failed to establish that this is one of those rare cases.

Lastly, applicant makes a number of other arguments in his Petition for Reconsideration and the supplemental petitions that have nothing to do with the grounds for rescission of a compromise & release. He negotiated the settlement after dismissing his attorney so the argument that his attorney lacked authority is not an excuse. Similarly, his ex-girlfriend was not involved in the negotiations. The discovery disputes regarding alleged lack of service of documents and the disputes over the provision of medical care also became moot upon signature and approval of the settlement.

#### **IV**

#### **RECOMMENDATION**

It is recommended that the Petition for Reconsideration be denied.

Respectfully submitted,

**ROGER A. TOLMAN, JR.**  
Workers' Compensation Judge

3/11/2025