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**Healthy Minds, Inc. and House of Hope of Bastrop, LLC, a Single Integrated Enterprise, and Angela Nichols, James Garland Smith, and Jerry Brown and Kimberly R. Defrese-Reese.** Case 15-Ca-231767

March 4, 2026

SUPPLEMENTAL DECISION AND ORDER

BY MEMBERS PROUTY, MURPHY, AND MAYER

The General Counsel seeks a partial default judgment<sup>1</sup> in this case on the ground that the Respondents have failed to file timely answers, or in the case of Respondent James Garland Smith a legally sufficient answer, to paragraphs 1(a), 1(b), 1(c), 2, 3(a) through 3(f), 4 through 22, and Appendices 1-3 of the compliance specification. For the reasons that follow, we grant the motion.

On July 15, 2021, the National Labor Relations Board issued a Decision and Order<sup>2</sup> that, inter alia, ordered Respondent Healthy Minds, Inc. (Healthy Minds) to make whole discriminatee Kimberly Defrese-Reese for any loss of earnings and other benefits that she may have suffered as a result of her discharge by Healthy Minds in violation of Section 8(a)(1) of the Act; mail the attached Notice to Employees to its former employees; and distribute that notice to them electronically, if applicable.

A controversy having arisen regarding the amounts of backpay and benefits due under the Board's Order, and the mailing/electronic distribution of the Notice to Employees, the Regional Director for Region 15 issued a compliance specification and notice of hearing on November 14, 2024, naming as Respondents not only Healthy Minds, but also House of Hope of Bastrop, LLC (House of Hope) and Individuals Angela Nichols (Nichols), James Garland Smith (Smith), and Jerry Brown (Brown). The compliance specification alleges the amounts due Defrese-Reese under the Board's Order; that Healthy Minds and House of Hope are a single-integrated business enterprise and a single employer within the meaning of the National Labor Relations Act, jointly and severally liable for the unfair labor practices of Healthy Minds; and that Respondents Nichols, Smith, and Brown are personally and jointly liable for remedying the unfair labor practices of Healthy Minds. Specifically, the compliance specification alleges that Healthy Minds and House of Hope have been

affiliated business enterprises with common officers, ownership, directors, management, and supervision; have formulated and administered a common labor policy; have provided services for each other; have interchanged personnel with each other; and have held themselves out to the public as a single-integrated business enterprise. As for the individuals alleged liable, the compliance specification alleges that Nichols, Smith, and Brown were officers and equity owners of both Healthy Minds and House of Hope; that Nichols commingled and used corporate assets of Healthy Minds for her personal use; that Nichols and Smith diverted assets of Healthy Minds with the intent to hinder, delay or defraud the Board; that Nichols, Smith, and Brown engaged in transactions with Healthy Minds that were not made for reasonably equivalent value; and that Nichols, Smith, and Brown received diverted assets of Healthy Minds.

The compliance specification notified the Respondents that they should file a timely answer by December 5, 2024, which all Respondents failed to do. By letter dated December 6, 2024, the Region advised the Respondents that no answer to the compliance specification had been received and that unless an answer was filed by December 13, 2024, a motion for default judgment would be filed. On December 13, 2024, Respondent Smith filed an answer, denying his personal liability for the debts of Healthy Minds and denying that Healthy Minds and House of Hope operated as a single-integrated enterprise. The remaining Respondents failed to file an answer.

On December 20, 2024, the General Counsel filed with the Board a Motion for Default Judgment and Partial Default Judgment, with exhibits attached. On January 3, 2025, the Board issued an order transferring the proceeding to the Board and Notice to Show Cause why the motion should not be granted. In response, Respondent Smith filed a brief opposition to default judgment, arguing that his answer to the compliance specification was timely filed. The additional Respondents did not respond to the Notice to Show Cause.

Ruling on Motion for Default Judgment and for Partial Default Judgment

Section 102.56(a) of the Board's Rules and Regulations provides that a respondent shall file an answer within 21 days from service of a compliance specification. Section 102.56(b) requires that an answer shall specifically admit, deny, or explain each and every allegation of the specification, including obligations to "fairly meet the substance

<sup>1</sup> Although styled as a motion for default judgment and partial default judgment (and in the body of the motion as one for partial summary judgment), it appears the General Counsel is only seeking partial default judgment with respect to the unanswered paragraphs of the compliance

specification: 1(a), 1(b), 1(c), 2, 3(a) through 3(f), 4 through 22, and Appendices 1-3.

<sup>2</sup> 371 NLRB No. 6 (2021).

of the allegations” and to provide specific information within the respondent’s knowledge regarding “the computation of gross backpay.” Section 102.56(c), in turn, provides:

***Failure to answer or to plead specifically and in detail to backpay allegations of specification.*** If the Respondent fails to file an answer to the specification within the time prescribed by this section, the Board may, either with or without taking evidence in support of the allegations of the specification and without further notice to the Respondent, find the specification to be true and enter such order as may be appropriate. If the Respondent files an answer to the specification but fails to deny any allegation of the specification in the manner required by paragraph (b) of this section, and the failure to deny is not adequately explained, such allegation will be deemed admitted as true, and may be so found by the Board without the taking of evidence supporting such allegation, and the Respondent will be precluded from introducing any evidence controverting the allegation.

***Derivative Liability.*** According to the undisputed allegations of the General Counsel’s motion, Respondents Healthy Minds, House of Hope, Nichols, and Brown failed to file an answer to the compliance specification, despite having been advised and reminded of the filing requirements. Accordingly, per Section 102.56(c), we grant the General Counsel’s motion and deem paragraphs 2 and 4, alleging Nichols’ and Brown’s personal liability for Healthy Minds’ unfair labor practices, admitted. Their failures to adhere to corporate formalities in conveying funds justify piercing the corporate veil and holding the individual respondents personally and jointly liable for the backpay at issue in this case. See *White Oak Coal*, 318 NLRB 732, 735 (1995), enfd. mem. 81 F.3d 150 (4th Cir. 1996) (Board will pierce corporate veil “when: (1) there is such a unity of interest, and lack of respect given to the separate identity of the corporation by its shareholders, that the personalities and assets of the corporation and the individuals are indistinct, and (2) adherence to the corporate form would sanction a fraud, promote injustice, or lead to an evasion of legal obligations.”).

<sup>3</sup> Although the General Counsel does not seek default judgment for par. 1(d), which states that Healthy Minds and House of Hope “constitute a single-integrated business enterprise and a single employer within the meaning of the Act,” that paragraph constitutes a legal conclusion based on the facts alleged in pars. 1(a)–1(c).

<sup>4</sup> Paragraphs 3(g)–(i) allege that: by the monetary transactions set forth in pars. 3(b)–(f), Smith diverted the assets of Respondent Healthy Minds with the intent to hinder, delay or defraud the Board; those transactions were not made for reasonably equivalent value; and Smith individually received diverted assets and is therefore an individual respondent personally liable, jointly for the unfair labor practices of Healthy Minds.

As for the derivative liability of House of Hope and Smith, the General Counsel asserts that Smith’s answer is legally insufficient with respect to the underlying facts supporting Healthy Minds and House of Hope’s alleged single-employer status (paragraphs 1(a)–(c)) and the transactions supporting Smith’s alleged individual liability for Healthy Minds’ unfair labor practices (paragraphs 3(a)–(f)). We agree that his answer does not “fairly meet the substance of” those allegations, Section 102.56(c), and deem paragraphs 1 and 3(a)–(f) admitted.<sup>3</sup> In contrast, the General Counsel’s motion appears to concede that Smith’s answer is a legally sufficient response to the allegations in paragraphs 3(g)–(i) of the compliance specification.<sup>4</sup> As the General Counsel does not seek default judgment with respect to those paragraphs, we shall order a hearing, limited to the issues alleged in those paragraphs.<sup>5</sup>

***Backpay Amount.*** According to the uncontroverted allegations of the General Counsel’s motion, Respondents Healthy Minds, House of Hope, Nichols, and Brown failed to answer, or in the case of Respondent Smith failed to file a legally sufficient answer to, the compliance specification’s allegations regarding the amounts owed to Defrese-Reese and the attendant backpay reporting obligations (paragraphs 5–21 and appendices 1–3). In the absence of good cause for the Respondents’ failure to respond to these allegations, we grant the General Counsel’s motion and deem them to be admitted as true. Accordingly, we conclude that the amount due the discriminatee is as stated in the compliance specification, plus interest accrued to the date of payment.<sup>6</sup>

***Notice.*** As noted above, the compliance specification (paragraph 22) also alleged that the Respondent Healthy Minds failed to mail a copy of the notice to employees to the last known addresses of former employees and to distribute that notice electronically, if applicable, as ordered by the Board, and that Respondents Healthy Minds and House of Hope are obligated to comply with the notice mailing and electronic distribution requirements. By failing to file an answer to those allegations, the Respondents have effectively admitted them, and we therefore grant default judgment on the allegations in paragraph 22.

<sup>5</sup> Our ruling does not, however, permit Respondents Healthy Minds, House of Hope, Nichols, and Brown to participate in that hearing. See *Kolin Plumbing Corp.*, 337 NLRB 234, 236 fn. 9 (2001).

<sup>6</sup> As set forth in the Board’s Decision and Order, Healthy Minds and those Respondents found derivatively liable are also liable for any adverse tax consequences of Defrese-Reese receiving a lump-sum backpay award and Healthy Minds and House of Hope are required to file a report with the Social Security Administration allocating backpay to the appropriate quarters. Although the compliance specification calculated the adverse tax consequences, that amount will be updated to reflect the actual date of payment.

Nevertheless, we find it unnecessary in this proceeding to order the Respondents to take the actions described above, as those actions are included in our previous Order against Respondent Healthy Minds. See *Bryan Adair Construction Co.*, 341 NLRB 247, 247 fn. 4 (2004).

ORDER

IT IS ORDERED that the General Counsel's Motion for Partial Default Judgment is granted as to the allegations contained in paragraphs 1, 2, 3(a) through 3(f), 4 through 22, and Appendices 1–3 of the compliance specification.

IT IS FURTHER ORDERED that this proceeding is remanded to the Regional Director for Region 15 for the purpose of arranging a hearing before an administrative law judge on the remaining allegations contained in the compliance specification.

IT IS FURTHER ORDERED that the administrative law judge shall prepare and serve on the parties a decision containing findings, conclusions, and recommendations based on all the record evidence. Following the service of the

administrative law judge's decision on the parties, the provisions of Section 102.46 of the Board's Rules and Regulations shall apply.

Dated, Washington, D.C. March 4, 2026

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David M. Prouty, Member

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James R. Murphy, Member

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Scott A. Mayer, Member

(SEAL) NATIONAL LABOR RELATIONS BOARD