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The $0 Judgment

Why Winning Doesn’t Mean Getting Paid — and How to Protect Yourself

Most people assume that winning a lawsuit means getting paid. It does not. A judgment is a piece of paper that says you are owed money—it is not the money itself. Collecting on that judgment is a separate process, and against the wrong defendant, it can be impossible. Every year, businesses spend tens or hundreds of thousands of dollars winning judgments they never collect a dollar on, because the defendant has no attachable assets, has hidden them, or has simply disappeared. The good news: collectability is largely predictable—and protectable—if you address it before you file, not after you win. These are the five things every business owner should understand about turning a judgment into actual money.

1 A Judgment Is Not a Check — Understand What You Actually Won

When a court enters judgment in your favor, it is declaring that the defendant owes you a specific sum. But the court does not collect that sum for you. There is no government agency that shows up at the defendant’s door with an invoice. Enforcement is entirely your responsibility, and it requires a second set of legal procedures—writs of execution, levies, garnishments, liens, and debtor examinations—that come after the judgment and often cost additional time and money. A defendant who is unwilling or unable to pay can force you to chase every dollar through these mechanisms, and a defendant with no reachable assets can make the entire judgment worthless.

What it costs you: A supplier won a $240,000 breach-of-contract judgment against a customer after an 18-month lawsuit. The supplier celebrated—then discovered the customer had dissolved the operating entity, moved on to a new LLC, and had no assets in the judgment debtor’s name. Three years later, the supplier had collected nothing and had spent an additional $35,000 on enforcement efforts that went nowhere.

What to do:

Understand from the outset that litigation has two phases: getting the judgment and collecting it. Budget and plan for both. Before you celebrate a win, have a collection strategy ready—and before you file at all, make sure the defendant is actually collectable (see the next section). A judgment you cannot collect is an expensive moral victory.

2 Assess Collectability BEFORE You File — Not After You Win

The most important collection decision happens before the lawsuit even begins. Is the defendant collectable? An operating business with real revenue, equipment, receivables, and real property is collectable. An individual with a home, wages, and bank accounts is collectable. A dissolved shell entity, an individual who has structured their life to be judgment-proof, or a defendant already buried in senior creditors may not be. This analysis should happen during your initial case evaluation—because the answer should shape whether you sue at all, who you name as defendants, and what kind of resolution you pursue.

What it costs you: A contractor was owed $90,000 by a developer. He sued the single-purpose LLC that signed the contract without investigating its assets. The LLC turned out to be a shell with no bank accounts and no property—the real money sat in affiliated entities and the principals’ personal holdings, none of which were named as defendants. By the time the contractor understood the structure, the statute of limitations had run on the alter-ego and fraudulent-transfer claims that could have reached the real assets.

What to do:

Before filing, investigate the defendant’s collectability: business filings, property records, UCC liens, prior judgments, and corporate structure. Identify whether there are alter-ego, successor-liability, or guarantor theories that let you reach the people and entities with actual assets. Name the right defendants from the start. If the only defendant is judgment-proof, you may be better off negotiating a secured settlement than spending money to win an uncollectable judgment.

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3 Lock In Leverage Early — Prejudgment Remedies

If you wait until you win to think about collection, the defendant has had the entire lawsuit to move, hide, or spend their assets. California law provides prejudgment remedies that can freeze a defendant's assets before judgment—most notably the prejudgment writ of attachment (Code Civ. Proc. § 483.010 et seq.), available in many contract claims for a fixed or readily ascertainable sum. An attachment can tie up bank accounts, receivables, and property while the case proceeds, dramatically increasing your leverage and preserving assets for collection. These remedies have strict requirements and deadlines, and they are routinely overlooked by attorneys who do not handle collection.

What it costs you: A wholesaler sued a distributor for $400,000 in unpaid invoices but never sought a writ of attachment. During the 14-month case, the distributor quietly wound down operations, distributed its cash to its owners, and let its lease lapse. The wholesaler won the judgment—against an empty company. A timely attachment could have frozen the distributor's receivables at the start and preserved them for collection.

What to do:

At the very start of a collection-oriented case, evaluate whether a prejudgment writ of attachment or other provisional remedy is available. In qualifying contract cases, attachment can secure the defendant's assets while the case is pending—which often drives an early settlement because the defendant wants its accounts unfrozen. Make sure your litigator considers provisional remedies as part of the initial strategy, not as an afterthought.

4 Use the Enforcement Tools — Aggressively and in the Right Order

Once you have a judgment, California gives you a powerful toolkit to collect it: writs of execution to levy bank accounts and seize property, wage garnishments, judgment liens against real estate (by recording an abstract of judgment), tills taps and keeper levies on businesses, and the debtor examination—a court-ordered proceeding where you can compel the judgment debtor to appear and disclose their assets under oath. The debtor examination is one of the most underused tools: it forces transparency and can reveal hidden accounts, transfers, and assets. Judgments also accrue interest at 10% per year (Code Civ. Proc. § 685.010), and they are enforceable for 10 years and renewable, so a patient creditor with the right tools can collect long after the defendant assumes the matter is forgotten.

What it costs you: A creditor with a $150,000 judgment assumed the debtor was broke and gave up after one failed bank levy. Years later, he learned the debtor had bought commercial property and sold a business—assets a recorded judgment lien and a debtor examination would have captured. Because he never renewed the judgment, it expired, and the opportunity was gone permanently.

What to do:

Treat enforcement as an active campaign, not a single attempt. Record an abstract of judgment in every county where the debtor owns or might acquire real property—it creates an automatic lien. Conduct a debtor examination to uncover assets. Use writs of execution and garnishments against identified accounts and income. Monitor for new assets. Renew the judgment before it expires. Let the 10% interest work in your favor. The creditors who collect are the ones who stay persistent and use every tool.

5 Watch for Fraudulent Transfers — You Can Claw Assets Back

Defendants who see a judgment coming often try to put assets out of reach—transferring property to a spouse, moving money to a new entity, or "selling" assets to an insider for far less than they are worth. California's Uniform Voidable Transactions Act (Civ. Code § 3439 et seq.) lets creditors unwind these transfers. If a debtor transferred assets with the intent to hinder, delay, or defraud creditors—or received less than reasonably equivalent value while insolvent—a court can void the transfer and make the assets available to satisfy the judgment. The transferee who took the assets can even be held liable. These claims have deadlines, so recognizing a suspicious transfer early matters.

What it costs you: A debtor facing a $275,000 judgment transferred his interest in a rental property to his brother for $1 two months before trial. The creditor nearly wrote off the judgment as uncollectable—until a fraudulent-transfer claim under the Uniform Voidable Transactions Act voided the transfer, restored the property to the debtor's estate, and made it available for a lien and forced sale. The creditor ultimately collected in full.

What to do:

Watch for asset transfers before and during litigation—and especially right before a judgment. If a debtor moves property to an insider, sells assets below value, or suddenly appears insolvent, a fraudulent-transfer claim may let you void the transfer and reach the assets. Keep records of the debtor's holdings before the dispute escalates so you can spot what disappears. Raise suspicious transfers with your litigator promptly—these claims are time-sensitive and powerful.

The Bottom Line

Winning is only half the battle. The other half—collecting—is where most creditors lose. The difference between a meaningful recovery and a worthless piece of paper is almost always decided by decisions made early: assessing collectability before you file, naming the right defendants, locking in leverage with prejudgment remedies, and enforcing aggressively afterward. Before you spend a dollar suing anyone, ask the question that matters most: if I win, can I actually collect?

Holding a Judgment You Can't Collect? Let's Talk.

Kolmogorov Law, P.C. handles judgment enforcement, asset investigation, prejudgment remedies, and fraudulent-transfer litigation for California businesses. Whether you are deciding whether to sue or trying to collect on a judgment you already hold, we can help you turn a paper win into real money.

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