

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

Stephen Speregen v. Southern Glazer’s Wine and Spirits LLC, et al.

Speregen · No. 2:24-cv-07198-FLA (BFMx) · Decided April 3, 2025

SUMMARY

The United States District Court for the Central District of California remanded the action to the Los Angeles County Superior Court for lack of subject matter jurisdiction. The court held that Defendant failed to respond to the order to show cause and failed to establish the amount-in-controversy requirement for diversity jurisdiction, and it vacated the March 31, 2025 order.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	Fernando L. Aenlle-Rocha
JURISDICTION	United States District Court for the Central District of California
DECIDED	April 3, 2025
DOCKET	2:24-cv-07198-FLA (BFMx)
DISPOSITION	remanded
PROCEDURAL POSTURE	Defendant removed the action from Los Angeles County Superior Court based on asserted diversity jurisdiction. The federal court issued an order to show cause regarding the amount in controversy and, after Defendant failed to respond, remanded the action for lack of subject matter jurisdiction.
STANDARD OF REVIEW	The federal court independently examined subject matter jurisdiction sua sponte; the removing defendant bore the burden of establishing that removal was proper, including by a preponderance of the evidence when the amount in controversy was contested or questioned.
PRECEDENTIAL VALUE	unpublished district court order

TOPICS

- subject matter jurisdiction
- civil procedure

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the court had subject matter jurisdiction over the removed action based on diversity jurisdiction.
2. Whether Defendant established that the amount in controversy exceeded \$75,000 and that removal was proper.
3. Whether the action should be remanded after Defendant failed to respond to the order to show cause.

HOLDINGS

1. Defendant failed to meet its burden to establish that removal was proper because the record did not establish that the amount in controversy exceeded \$75,000 or that diversity jurisdiction existed.
2. Defendant's failure to timely respond to the order to show cause was independently sufficient grounds to remand the action.

KEY QUOTATIONS

“Federal courts are courts of “limited jurisdiction,” possessing “only that power authorized by the Constitution and statute[.]” (at 1)

“District courts are presumed to lack jurisdiction unless the contrary appears affirmatively from the record.” (at 1)

“The ‘strong presumption’ against removal jurisdiction means that the defendant always has the burden of establishing that removal is proper.” (at 1)

“This, in and of itself, is a sufficient basis to remand the action.” (at 2)

FACTUAL BACKGROUND

Defendant removed the action to federal court, asserting diversity jurisdiction. The court could not determine from the Notice of Removal that the amount-in-controversy requirement was satisfied or that diversity jurisdiction existed. After the court issued an order to show cause, Defendant failed to file any response.

PROCEDURAL HISTORY

Plaintiff originally filed the action in Los Angeles County Superior Court, and Defendant removed it to the Central District of California. The court issued an order to show cause why the action should not be remanded because the amount in controversy appeared insufficient. Defendant did not respond, and the court remanded the action to the Los Angeles County Superior Court, vacated all federal dates and deadlines, and ordered the federal action administratively closed. The court also vacated an erroneous March 31, 2025 order.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The action was remanded to the Los Angeles County Superior Court, Case No. 24VECV02749. All dates and deadlines in the federal court were vacated, and the clerk was directed to close the federal action administratively. The March 31, 2025 order was vacated as erroneously issued.

CASES CITED

- Kokkonen v. Guardian Life Insurance Co. of America, 511 U.S. 375, 377 (1994)
- DaimlerChrysler Corp. v. Cuno, 547 U.S. 332, 342 n. 3 (2006)
- Ruhrgas AG v. Marathon Oil Co., 526 U.S. 574, 583 (1999)
- Dart Cherokee Basin Operating Co. v. Owens, 574 U.S. 81, 88-89 (2014)
- Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992)

OPINION

1 2 3 4 5 6 7 8 UNITED STATES DISTRICT COURT 9 CENTRAL DISTRICT OF
CALIFORNIA 10 11 STEPHEN SPEREGEN, Case No. 2:24-cv-07198-FLA (BFMx) 12 Plaintiff,
CORRECTED ORDER REMANDING 13 v. ACTION FOR LACK OF SUBJECT MATTER
JURISDICTION [DKT. 33] 14 AND ORDER VACATING MARCH SOUTHERN GLAZER’S
WINE AND 15 31, 2025 ORDER [DKT. 35]1 SPIRITS LLC, et al., 16 Defendants. 17 18 19 20
21 22 23 24 25 26 27 1 The March 31, 2025 Order, Dkt.

35, was issued erroneously and is hereby 28 VACATED. 1 Federal courts are courts of “limited jurisdiction,” possessing “only that power 2 authorized by the Constitution and statute[.]” Kokkonen v. Guardian Life Ins. Co. of 3 Am., 511 U.S. 375, 377 (1994); U.S. Const. art. III, § 2, cl. 1. District courts are 4 presumed to lack jurisdiction unless the contrary appears affirmatively from the 5 record.

See DaimlerChrysler Corp. v. Cuno, 547 U.S. 332, 342 n. 3 (2006). 6 Additionally, federal courts have an obligation to examine jurisdiction sua sponte 7 before proceeding to the merits of a case. See Ruhrgas AG v. Marathon Oil Co., 526 8 U.S. 574, 583 (1999). 9 Most commonly, federal courts have subject matter jurisdiction where: (1) an 10 action arises under federal law (federal question jurisdiction), 28 U.S.C. § 1331; or (2) 11 the amount in controversy exceeds \$75,000, exclusive of interest and costs, and the 12 citizenship of each plaintiff is diverse from that of each defendant (diversity 13 jurisdiction), 28 U.S.C. § 1332(a).

Except as otherwise provided by an act of 14 Congress expressly, “any civil action brought in a State court of which the district 15 courts of the United States have original jurisdiction[] may be removed by the 16 defendant or the defendants” to the district court for the district and division

where the 17 action is pending. 28 U.S.C. § 1441. 18 A defendant's notice of removal must include "a plausible allegation that the 19 amount in controversy exceeds the jurisdictional threshold." Dart Cherokee Basin 20 Operating Co. v. Owens, 574 U.S. 81, 89 (2014). "[W]hen the plaintiff contests, or 21 the court questions, the defendant's allegation," "both sides [must] submit proof," at 22 which point "the court decides, by a preponderance of the evidence, whether the 23 amount-in-controversy requirement has been satisfied." Id. at 88–89.

Courts "strictly 24 construe the removal statute against removal jurisdiction," and "[f]ederal jurisdiction 25 must be rejected if there is any doubt as to the right of removal in the first instance." 26 Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992). "The 'strong presumption' 27 against removal jurisdiction means that the defendant always has the burden of 28 establishing that removal is proper." Id. I On February 21, 2025, the court issued an Order to Show Cause ("OSC") why 2 | the action should not be remanded for lack of subject matter jurisdiction due to an 3 || insufficient amount in controversy.

Dkt. 33. The court provided the parties fourteen 4 | days to respond and cautioned Defendant Southern Glazer's Wine and Spirits LLC 5 | ("Defendant") that, as the party asserting federal jurisdiction, its "failure to respond 6 | timely and adequately to [the OSC] shall result in the remand of the action without 7 | further notice." Id. at 3. Defendant did not file a response to the court's OSC.

This, 8 || in and of itself, is a sufficient basis to remand the action. See id. 9 Furthermore, Defendant fails to meet its burden to establish that removal is 10 | proper. As stated in the OSC, the court has reviewed the Notice of Removal and is 11 | unable to conclude the amount in controversy is satisfied and that diversity 12 | jurisdiction exists here.

The court, therefore, REMANDS the action to the Los 13 | Angeles County Superior Court, Case No. 24VECV02749. All dates and deadlines in 14 | this court are VACATED. The clerk of the court shall close the action 15 | administratively. 16 17 IT IS SO ORDERED. 18 19 | Dated: April 3, 2025 0 FERNANDO L. AENLLE-ROCHA United States District Judge 22 23 24 25 26 27 28