

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW MEXICO

Ike Beyale v. PHI Health, LLC, and John Doe

Civ. No. 25-1327 JFR/SCY (D.N.M. Jan. 6, 2026) · No. Civ. No. 25-1327 JFR/SCY · Decided January 6, 2026

SUMMARY

The United States District Court for the District of New Mexico sua sponte reviewed the sufficiency of a notice of removal based on diversity jurisdiction. The Court found that the notice inadequately alleged the plaintiff’s citizenship and did not trace the citizenship of the members of the defendant LLC through all required layers. It ordered the plaintiff and defendant to file Rule 7.1(a)(2) disclosure statements by January 20, 2026, warning that the case may be remanded if jurisdiction is not established.

CASE DETAILS

COURT	United States District Court for the District of New Mexico
WRITING FOR THE COURT	Steven C. Yarbrough
JURISDICTION	United States District Court for the District of New Mexico
DECIDED	January 6, 2026
DOCKET	Civ. No. 25-1327 JFR/SCY
DISPOSITION	other
PROCEDURAL POSTURE	After Defendant PHI Health, LLC removed the action from state court based on alleged diversity jurisdiction, the district court sua sponte reviewed the sufficiency of the jurisdictional allegations and ordered both parties to file Rule 7.1 citizenship disclosure statements.
STANDARD OF REVIEW	The court independently examined whether subject matter jurisdiction existed, recognizing its sua sponte duty to determine jurisdiction.
PRECEDENTIAL VALUE	Unknown; district court order addressing jurisdictional deficiencies

TOPICS

- subject matter jurisdiction
- limited liability companies
- civil procedure
- pleadings

PRACTICE AREAS

- civil procedure
- subject matter jurisdiction
- removal
- diversity jurisdiction
- limited liability companies

QUESTIONS PRESENTED

1. Whether the notice of removal adequately alleged Plaintiff's citizenship for purposes of diversity jurisdiction.
2. Whether the notice of removal adequately established the citizenship of PHI Health, LLC by identifying the citizenship of its members and tracing the citizenship of nested LLC members through all necessary ownership layers.
3. Whether the parties should be ordered to file Rule 7.1(a)(2) citizenship disclosure statements to facilitate determination of subject matter jurisdiction.

HOLDINGS

1. An allegation that the plaintiff is a resident of a state, without additional proof establishing domicile, is insufficient to establish citizenship for diversity jurisdiction.
2. An LLC is a citizen of every state in which any of its members is a citizen; corporate citizenship principles based on incorporation and principal place of business do not establish an LLC's citizenship.
3. The court ordered Plaintiff and Defendant to file disclosure statements fully complying with Federal Rule of Civil Procedure 7.1(a)(2), identifying the citizenship of every individual or entity whose citizenship is attributed to the party.

KEY QUOTATIONS

"Citizenship, or domicile, exists only when residence is coupled with an intention to remain in the state indefinitely."

"where an LLC has, as one of its members, another LLC, the citizenship of unincorporated associations must be traced through however many layers of partners or members there may be to determine the citizenship of the LLC."

FACTUAL BACKGROUND

Plaintiff Ike Beyale's action was removed to federal court by PHI Health, LLC on the asserted basis of diversity jurisdiction. The notice of removal described Beyale as a New Mexico resident rather than a citizen and described PHI Health, LLC using corporate citizenship terminology. The notice identified PHI Health's members as PHI Corporate, LLC and AM Equity Holdings, LLC, but did not identify the members or citizenship of those entities through all necessary ownership layers.

PROCEDURAL HISTORY

PHI Health, LLC filed a notice of removal on December 31, 2025, asserting diversity jurisdiction. The court determined that the notice did not adequately allege Plaintiff's citizenship or trace the citizenship of the LLC members through the required layers of ownership. Rather than immediately remanding, the court ordered Plaintiff and Defendant to file compliant Rule 7.1(a)(2) disclosure statements by January 20, 2026, warning that failure to provide facts sufficient to sustain diversity jurisdiction could result in remand.

DISPOSITION

other

REMAND INSTRUCTIONS

Plaintiff and Defendant were ordered to file Rule 7.1(a)(2) disclosure statements fully identifying the citizenship of every individual or entity whose citizenship is attributed to them by January 20, 2026. If the filings do not show facts sufficient to sustain diversity jurisdiction, the court may remand the case to state court without further notice.

CASES CITED

- Tuck v. United States Auto. Ass'n, 859 F.2d 842, 844 (10th Cir. 1988)
- ADA Carbon Sols. (Red River), LLC v. Atlas Carbon, LLC, 146 F.4th 1296, 1306 (10th Cir. 2025)
- Dutcher v. Matheson, 733 F.3d 980, 985 (10th Cir. 2013)
- Siloam Springs Hotel, L.L.C. v. Century Surety Co., 781 F.3d 1233, 1237-38 (10th Cir. 2015)
- Middleton v. Stephenson, 749 F.3d 1197, 1200 (10th Cir. 2014)
- Whitelock v. Leatherman, 460 F.2d 507, 514 n.14 (10th Cir. 1972)
- State Farm Mut. Auto. Ins. Co. v. Dyer, 19 F.3d 514, 520 (10th Cir. 1994)
- Vincent v. Nelson, 51 F.4th 1200, 1211-12 (10th Cir. 2022)
- McEntire v. Kmart Corp., No. 09cv567 JB/LAM, 2010 WL 553443, at *8 (D.N.M. Feb. 9, 2010)
- Gerson v. Logan River Acad., 20 F.4th 1263, 1269 n.2 (10th Cir. 2021)
- DCP Operating Co., LP v. Travelers Indem. Co., No. 24cv628 SMD/KRS, 2025 WL 404906, at *2 (D.N.M. Feb. 5, 2025)