UNITED STATES DISTRICT COURT FOR THE DISTRICT OF SOUTH CAROLINA, CHARLESTON DIVISION

# Devan Chokshi, individually and as personal representative of the estate of Freni Hazare, deceased Estate of Freni Hazare, and Vatsal Chokshi, individually and as personal representative of the estate of Dhruv Chokshi, deceased Estate of Dhruv Chokshi v. JMG Realty, Inc. also known as Allied Property and Casualty Insurance Company also known as Depositors Insurance Company also known as Liberty Surplus Insurance Corp.

Chokshi · No. 2:25-cv-05446-DCN · Decided January 16, 2026

## SUMMARY

The United States District Court for the District of South Carolina addresses plaintiffs' motion to remand, alternative motion for leave to amend, request to stay or extend the response deadline, and defendants' motion to dismiss in a declaratory judgment action involving insurance coverage and corporate succession. The court concludes that complete diversity and the amount-in-controversy requirement are satisfied, declines Colorado River abstention, denies leave to amend as futile because plaintiffs lack standing to enforce insurance contracts to which they are not parties, and grants the insurance defendants' motion to dismiss. The document text ends before the court's full analysis of the motion to dismiss and final disposition is reproduced.

## CASE DETAILS

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| COURT | United States District Court for the District of South Carolina, Charleston Division |
| WRITING FOR THE COURT | David C. Norton |
| JURISDICTION | United States District Court for the District of South Carolina, Charleston Division |
| DECIDED | January 16, 2026 |
| DOCKET | 2:25-cv-05446-DCN |
| DISPOSITION | dismissed |
| PROCEDURAL POSTURE | Plaintiffs filed a declaratory judgment action in South Carolina state court. The insurance defendants removed it to federal court based on |

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| | diversity jurisdiction and moved to dismiss under Federal Rule of Civil Procedure 12(b)(6). Plaintiffs moved to remand, sought leave to amend, requested a stay or extension of time, and later sought leave to file supplemental argument. |
| **STANDARD OF REVIEW** | On remand, the removing party bears the burden of establishing federal jurisdiction, and the court may consider evidence outside the pleadings. For a Rule 12(b)(6) motion, the court accepts well-pleaded allegations as true and asks whether the complaint states a facially plausible claim. Leave to amend may be denied when the proposed amendment would be futile. An extension under Federal Rule of Civil Procedure 6(b)(1) requires good cause and excusable neglect. |
| **PRECEDENTIAL VALUE** | unpublished district court order |
| **PARTIES** | Devan Chokshi, individually and as personal representative of the estate of Freni Hazare, Vatsal Chokshi, individually and as personal representative of the estate of Dhruv Chokshi v. JMG Realty, Inc., also known as Allied Property and Casualty Insurance Company, also known as Depositors Insurance Company, also known as Liberty Surplus Insurance Corp. |

## TOPICS

motions to dismiss · subject matter jurisdiction · motion to amend · declaratory judgment · corporate veil piercing

## PRACTICE AREAS

civil procedure · insurance · corporate law · remedies

## QUESTIONS PRESENTED

1. Whether the federal court had diversity subject-matter jurisdiction over the removed declaratory judgment action.
2. Whether the amount in controversy exceeded $75,000 when plaintiffs sought declaratory relief concerning insurance coverage.
3. Whether Colorado River abstention was appropriate because of the pending underlying state-court litigation.
4. Whether plaintiffs should receive leave to amend their complaint.
5. Whether plaintiffs established good cause and excusable neglect for a stay or extension of time to respond to the motion to dismiss.
6. Whether the amended complaint plausibly alleged that the insurance defendants were alter-egos of JMG Realty under South Carolina law.

## HOLDINGS

1. The court had diversity jurisdiction because the parties were completely diverse and the amount in controversy exceeded $75,000.
2. Colorado River abstention was unavailable because the underlying state-court action and the federal action were not parallel proceedings.
3. Leave to amend was properly denied because the proposed amendment would be futile.
4. The request for a stay or extension of time was denied because plaintiffs did not show good cause or excusable neglect.
5. The amended complaint failed to state a plausible claim that the insurance defendants were alter-egos of JMG Realty because it alleged no facts showing that the insurers exercised total domination and control over JMG Realty.

## KEY QUOTATIONS

> *"At the outset, "[a]bstention from the exercise of federal jurisdiction [under Colorado River] is the exception, not the rule.""*

> *"In short, the amended complaint contains no factual allegations that would allow the court to draw the reasonable inference that the insurance defendants exerted near total control over JMG Realty—a necessary element to succeed in piercing the corporate veil under an alter-ego theory."*

## FACTUAL BACKGROUND

A fire at Summerville Station Apartments in Summerville, South Carolina, killed Freni Hazare and her son Dhruv Chokshi on September 29, 2022. Plaintiffs alleged in an underlying state-court action that JMG Realty negligently performed exterior construction that contributed to the fire. JMG Realty, LLC later changed its name to Asset Living Southeast, LLC, and plaintiffs sued the insurers that had issued policies to JMG Realty, alleging that the insurers were alter-egos of JMG Realty and had to assume its liabilities.

## PROCEDURAL HISTORY

Plaintiffs originally brought a wrongful-death and survival action in the Dorchester County Court of Common Pleas concerning a 2022 apartment-complex fire. They later filed this declaratory judgment action in state court, seeking to treat the insurers as alter-egos of JMG Realty and to impose liability under insurance policies issued to JMG Realty. The insurers removed the action on June 13, 2025. The district court denied remand, denied leave to amend and the requested stay or extension, denied supplemental briefing, and granted the insurers' motion to dismiss.

## DISPOSITION

dismissed

## CASES CITED

- Burrell v. Bayer Corp., 918 F.3d 372, 379 (4th Cir. 2019)
- Nordan v. Blackwater Security Consulting, LLC (In re Blackwater Security Consulting, LLC), 460 F.3d 576, 583 (4th Cir. 2006)
- Marshall v. Manville Sales Corp., 6 F.3d 229, 232 (4th Cir. 1993)
- Velasco v. Government of Indonesia, 370 F.3d 392, 398 (4th Cir. 2004)
- Middel v. Middel, 471 F. Supp. 3d 688, 692 (D. Md. 2020)
- Navy Federal Credit Union v. LTD Financial Services, LP, 972 F.3d 344, 352-53 (4th Cir. 2020)
- Navarro Savings Association v. Lee, 446 U.S. 458, 461 (1980)
- Hartford Fire Insurance Co. v. Harleysville Mutual Insurance Co., 736 F.3d 255, 260-61 (4th Cir. 2013)
- Francis v. Allstate Insurance Co., 709 F.3d 362, 367 (4th Cir. 2013)
- State Farm Automobile Insurance Co. v. McWhite, 2016 WL 1182436, at *3 (D.S.C. Mar. 28, 2016)
- Morgan v. Liberty Mutual Insurance Co., 261 F. Supp. 709, 712 (D.S.C. 1966)
- Colorado River Conservation District v. United States, 424 U.S. 800, 813 (1976)
- Gannett Co. v. Clark Construction Group, Inc., 286 F.3d 737, 741-42 (4th Cir. 2002)
- New Beckley Mining Corp. v. International Union, United Mine Workers of America, 946 F.2d 1072, 1073 (4th Cir. 1991)
- Foster v. Wintergreen Real Estate Co., 363 F. App'x 269, 276 (4th Cir. 2010)
- Katyle v. Penn National Gaming, Inc., 637 F.3d 462, 471 (4th Cir. 2011)
- Major v. National Indemnity Co., 229 S.E.2d 849, 850 (S.C. 1976)
- Nationwide Mutual Insurance Co. v. Tate, 438 S.E.2d 266, 268 (S.C. Ct. App. 1993)
- Park v. Safeco Insurance Co. of America, 162 S.E.2d 709, 710 (S.C. 1968)
- Auto-Owners Insurance Co. v. Travelers Casualty and Surety Co. of America, 2014 WL 3687338, at *6 (D.S.C. July 22, 2014)
- Sloan Construction Co. v. Central National Insurance Co. of Omaha, 236 S.E.2d 818, 189 (S.C. 1977)
- Clawson v. FedEx Ground Package System, Inc., 451 F. Supp. 2d 731, 734 (D. Md. 2006)
- United States v. Williams, 445 F.3d 724, 736 n.6 (4th Cir. 2006)
- Kirby v. Red Bull North America, Inc., 2021 WL 11879723, at *2 (D.S.C. Jan. 21, 2021)
- Thompson v. E.I. DuPont de Nemours & Co., 76 F.3d 530, 534 (4th Cir. 1996)
- Drury Development Corp. v. Foundation Insurance Co., 668 S.E.2d 798, 800 & n.1 (S.C. 2008)
- Colleton County Taxpayers Association v. School District of Colleton County, 638 S.E.2d 685, 692 (S.C. 2006)
- People's Federal Savings & Loan Association v. Myrtle Beach Golf & Yacht Club, 425 S.E.2d 764, 774 (S.C. Ct. App. 1992)
- Francis v. Giacomelli, 588 F.3d 186, 192 (4th Cir. 2009)
- Republican Party of North Carolina v. Martin, 980 F.2d 943, 952 (4th Cir. 1992)
- Ostrzenski v. Seigel, 177 F.3d 245, 251 (4th Cir. 1999)
- Ashcroft v. Iqbal, 556 U.S. 662, 678-79 (2009)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 557, 570 (2007)

- United States v. Williams, 445 F.3d 724, 736 n.6 (4th Cir. 2006)

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