

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

Cherie Norton v. SF Markets, LLC

No. 8:23-cv-00851-JWH-ADS, United States District Court for the Central District of California (August 3, 2023)

SUMMARY

The United States District Court for the Central District of California remanded the action to Orange County Superior Court for lack of diversity jurisdiction. The court held that removing defendant SF Markets, LLC failed to establish the citizenship of all of its members and did not comply with Federal Rule of Civil Procedure 7.1 or the court's order to show cause. The court also vacated the scheduled hearing and scheduling conference.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	John W. Holcomb
JURISDICTION	United States District Court for the Central District of California
DECIDED	August 3, 2023
DOCKET	8:23-cv-00851-JWH-ADS
DISPOSITION	remanded
PROCEDURAL POSTURE	SF Markets, LLC removed the action from Orange County Superior Court on diversity-jurisdiction grounds. The federal court issued an order to show cause concerning subject matter jurisdiction and remanded the action after SF Markets failed to adequately disclose the names and citizenship of all of its members.
STANDARD OF REVIEW	The removing defendant bears the burden of establishing subject matter jurisdiction and proper removal; removal jurisdiction is strictly construed against removal.
PRECEDENTIAL VALUE	Unpublished district court order; precedential status unknown
PARTIES	SF Markets, LLC dba Sprouts Farmers Market v. Cherie Norton

TOPICS

- subject matter jurisdiction
- civil procedure
- commercial litigation

PRACTICE AREAS

civil procedure

commercial litigation

QUESTIONS PRESENTED

1. Whether SF Markets established federal subject matter jurisdiction based on diversity of citizenship.
2. Whether SF Markets complied with Federal Rule of Civil Procedure 7.1 by identifying every individual or entity whose citizenship is attributed to the LLC.
3. Whether the action had to be remanded when the removing defendant failed to meet its burden to establish diversity jurisdiction.

HOLDINGS

1. A defendant invoking federal removal jurisdiction bears the burden of demonstrating that subject matter jurisdiction exists and that removal is proper.
2. A party proceeding in federal court on the basis of diversity jurisdiction must file a disclosure statement naming and identifying the citizenship of every individual or entity whose citizenship is attributed to that party, including when the party is an LLC.
3. The action must be remanded to state court when the removing defendant fails to establish diversity jurisdiction.

KEY QUOTATIONS

“The strong presumption against removal jurisdiction means that the defendant always has the burden of establishing that removal is proper.” (at 2)

“We strictly construe the removal statute against removal jurisdiction.” (at 2)

FACTUAL BACKGROUND

SF Markets, LLC dba Sprouts Farmers Market removed the action to federal court under the diversity-jurisdiction statute. Because SF Markets is a limited liability company, the court required information identifying each member and the citizenship attributed to the LLC. SF Markets initially omitted the members' citizenship, then disclosed purported citizenship information in response to the order to show cause while concealing the names of several members.

PROCEDURAL HISTORY

SF Markets removed the action on May 15, 2023, invoking diversity jurisdiction under 28 U.S.C. § 1332(a). The court issued an order to show cause requiring disclosure of the names and citizenship of each LLC owner or member. SF Markets provided purported citizenship information but concealed the names of several members and failed to establish complete diversity, so the court remanded the action to Orange County Superior Court and vacated the scheduled hearing and scheduling conference.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The action was remanded to Orange County Superior Court for lack of diversity jurisdiction. The August 4, 2023 in-person order-to-show-cause hearing and scheduling conference were vacated.

CASES CITED

- Nguyen v. Cache Creek Casino Resort, 2021 WL 22434, at *2 (E.D. Cal. Jan. 4, 2021)
- Hung Nguyen v. Cache Creek Casino Resort, 2021 WL 568212 (E.D. Cal. Feb. 16, 2021)
- Kokkonen v. Guardian Life Ins. Co., 511 U.S. 375, 377 (1994)
- Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992)

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