

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

Lowell Dunlap, Jr. et al. v. Episource LLC

Dunlap v. Episource LLC · No. 2:25-cv-09719-SB-MBK; related case 2:25-cv-05330-SB-MBK · Decided
December 15, 2025

SUMMARY

The United States District Court for the Central District of California granted Plaintiffs' motion to remand a putative class action arising from the Episource data breach. The Court held that the Class Action Fairness Act's minimal-diversity requirement was not satisfied because all parties were California citizens, and it rejected the argument that overlapping federal class actions could supply jurisdiction. The Court denied Plaintiffs' request for attorney's fees and costs and ordered the action removed from the consolidated federal litigation and remanded to Sacramento County Superior Court.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	Stanley Blumenfeld, Jr.
JURISDICTION	United States District Court for the Central District of California
DECIDED	December 15, 2025
DOCKET	2:25-cv-09719-SB-MBK; related case 2:25-cv-05330-SB-MBK
DISPOSITION	remanded
PROCEDURAL POSTURE	Plaintiffs moved to remand a putative class action removed from Sacramento County Superior Court under the Class Action Fairness Act. Defendant also sought consolidation with a related federal multidistrict or consolidated data-breach action. The district court granted remand, sustained Plaintiffs' objection to consolidation, and denied attorney's fees and costs.
STANDARD OF REVIEW	The court examined de novo whether subject-matter jurisdiction existed under CAFA; an award of removal-related fees under 28 U.S.C. § 1447(c) was discretionary and governed by whether removal lacked an objectively reasonable basis.
PRECEDENTIAL VALUE	nonprecedential

TOPICS

subject matter jurisdiction

class actions

statutory interpretation

civil procedure

attorney fees

PRACTICE AREAS

civil procedure

class actions

privacy and data breach litigation

federal jurisdiction

removal and remand

QUESTIONS PRESENTED

1. Whether CAFA conferred federal subject-matter jurisdiction when the putative class action contained only California plaintiffs and a California defendant.
2. Whether allegations and plaintiffs in overlapping federal class actions could be considered to establish CAFA jurisdiction in the removed action despite the absence of minimal diversity in the operative complaint.
3. Whether Plaintiffs were entitled to attorney's fees and costs incurred because of the removal under 28 U.S.C. § 1447(c).

HOLDINGS

1. The court lacked CAFA jurisdiction because the removed civil action did not include a class member who was a citizen of a state different from the defendant; all parties were California citizens.
2. The court could not use policy considerations, overlapping federal lawsuits, or the artful-pleading doctrine to expand CAFA jurisdiction beyond the statute's clear minimal-diversity requirement.
3. The court denied Plaintiffs' request for attorney's fees and costs under 28 U.S.C. § 1447(c).

KEY QUOTATIONS

“In matters of statutory interpretation, however, plain text trumps policy.”

“A plaintiff, however, is the master of his complaint.”

“A court, however, cannot invoke policy considerations to expand the reach of a statute.”

FACTUAL BACKGROUND

Episource, a California company providing risk-adjustment services and medical-coding tools, experienced a data breach between January 27 and February 6, 2025, potentially exposing health-related and other personal information. Plaintiffs Lowell Dunlap, Jr. and Loleetia Harper filed a putative class action asserting California statutory privacy and consumer-protection claims on behalf of California citizens. Episource removed the action under CAFA and sought consolidation with a related federal data-breach litigation involving overlapping claims and proposed classes.

PROCEDURAL HISTORY

Plaintiffs filed a putative California class action in Sacramento County Superior Court on July 30, 2025. Episource removed the action under CAFA, after which the case was transferred to the Central District of California and consolidation was initiated with *In re Episource LLC Data Breach Litigation*. The court

concluded that CAFA jurisdiction was absent because all parties were California citizens and remanded the case to Sacramento County Superior Court.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The clerk was ordered to remove Case No. 2:25-cv-09719-SB-MBK from the consolidated action In re Episource LLC Data Breach Litigation and remand the case to Sacramento County Superior Court, Case No. 25CV018214. Plaintiffs' objection to consolidation was sustained, and their request for fees and costs was denied.

CASES CITED

- The Fair v. Kohler Die & Specialty Co., 228 U.S. 22, 25 (1913)
- Federated Department Stores, Inc. v. Moitie, 452 U.S. 394, 398 (1981)
- Lippitt v. Raymond James Financial Services, Inc., 340 F.3d 1033, 1041 (9th Cir. 2003)
- Tanoh v. Dow Chemical Co., 561 F.3d 945, 955-56 (9th Cir. 2009)
- Mississippi ex rel. Hood v. AU Optronics Corp., 571 U.S. 161, 174 (2014)
- Mondragon v. Capital One Auto Finance, 736 F.3d 880, 885 (9th Cir. 2013)
- Ehrman v. Cox Communications, Inc., 932 F.3d 1223, 1227 (9th Cir. 2019)
- Badgerow v. Walters, 596 U.S. 1, 11 (2022)
- Greenwood v. Federal Aviation Administration, 28 F.3d 971, 977 (9th Cir. 1994)
- Sanders v. Kia America, Inc., 2023 WL 3974966 (C.D. Cal. June 13, 2023)
- Simon v. Marriott International, Inc., 2019 WL 4573415 (D. Md. Sept. 20, 2019)
- Freeman v. Blue Ridge Paper Products, Inc., 551 F.3d 405, 406-07 (6th Cir. 2008)
- Gregg v. Superior Court, 194 Cal. App. 3d 134, 136 (1987)
- Royalty Alliance, Inc. v. Tarsadia Hotel, No. 09-CV-2739, 2010 WL 3339202 (S.D. Cal. Aug. 23, 2010)
- Federal National Mortgage Association v. Lemon, 2011 WL 3204344, at *3 (C.D. Cal. July 26, 2011)
- Martin v. Franklin Capital Corp., 546 U.S. 132, 140-41 (2005)

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