

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

Eva Montalvo v. Wal-Mart Associates, Inc.

Montalvo · No. 2:25-cv-09968-RGK-SK · Decided December 8, 2025

SUMMARY

The United States District Court for the Central District of California remands Eva Montalvo’s employment-law action against Wal-Mart Associates, Inc. for lack of subject-matter jurisdiction. The court held that the defendant did not establish by a preponderance of the evidence that the amount in controversy exceeded \$75,000, because the plaintiff’s \$350,000 settlement demand lacked a substantiated factual basis. The court vacated all deadlines and hearings and directed the Clerk to close the action.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	R. Gary Klausner
JURISDICTION	United States District Court for the Central District of California
DECIDED	December 8, 2025
DOCKET	2:25-cv-09968-RGK-SK
DISPOSITION	remanded
PROCEDURAL POSTURE	Defendant removed a California employment-law action from state court based on diversity jurisdiction. After issuing an order to show cause concerning the amount in controversy, the district court remanded the action for lack of subject matter jurisdiction.
STANDARD OF REVIEW	The removing defendant bears the burden of establishing federal jurisdiction, and removal statutes are strictly construed against removal. Where a notice of removal plausibly alleges jurisdiction, the court must give the defendant an opportunity to establish the jurisdictional facts by a preponderance of the evidence before remanding.
PRECEDENTIAL VALUE	nonprecedential
PARTIES	Eva Montalvo v. Wal-Mart Associates, Inc.

TOPICS

subject matter jurisdiction

civil procedure

employment law

PRACTICE AREAS

civil procedure

employment law

QUESTIONS PRESENTED

1. Whether Defendant established that the amount in controversy exceeded \$75,000 as required for diversity jurisdiction under 28 U.S.C. § 1332.
2. Whether Plaintiff's \$350,000 settlement demand plausibly established the amount in controversy when the demand lacked a factual basis and the asserted damages were speculative.

HOLDINGS

1. Defendant failed to plausibly allege that the amount in controversy exceeded \$75,000, so the district court lacked subject matter jurisdiction over the removed action.
2. When a notice of removal plausibly alleges a basis for federal jurisdiction, the court must give the removing defendant an opportunity to establish the jurisdictional requirements by a preponderance of the evidence before remanding.

KEY QUOTATIONS

“Courts must “strictly construe the removal statute against removal jurisdiction” and remand an action “if there is any doubt as to the right of removal in the first instance.”” (at 1)

“Accordingly, the Court finds that Defendant has not satisfied its burden of plausibly alleging that the amount in controversy meets the jurisdictional requirement.” (at 2)

FACTUAL BACKGROUND

Plaintiff asserted various employment-related violations of California law. Defendant removed the action based on diversity jurisdiction and relied principally on Plaintiff's \$350,000 settlement demand to support the amount-in-controversy requirement. The demand did not provide calculations or other factual substantiation showing that the amount represented a reasonable estimate of Plaintiff's claims.

PROCEDURAL HISTORY

Plaintiff filed the complaint in California state court on July 15, 2025. Defendant removed the action to the Central District of California on October 17, 2025. The court issued an order to show cause regarding the amount in controversy, reviewed Defendant's response, and remanded the action to state court, vacating all deadlines and hearings and directing the clerk to close the case.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The action is remanded to the Los Angeles Superior Court for all further proceedings. All deadlines and hearings before the federal court are vacated, and the clerk shall close the federal action.

CASES CITED

- Lowdermilk v. U.S. Bank Nat'l Ass'n, 479 F.3d 994, 998 (9th Cir. 2007)
- Dart Cherokee Basin Operating Co., LLC v. Owens, 574 U.S. 81, 89 (2014)
- Arias v. Residence Inn, 936 F.3d 920, 924 (9th Cir. 2019)
- Acad. of Country Music v. Cont'l Cas. Co., 991 F.3d 1059, 1068 (9th Cir. 2021)
- Babasa v. LensCrafters, Inc., 498 F.3d 972, 973-975 (9th Cir. 2007)
- Cohn v. Petsmart, Inc., 281 F.3d 837, 840 (9th Cir. 2002)
- Hanshaw v. Blazing Wings, Inc., 2016 WL 7489043, at *3 (D. Nev. Dec. 30, 2016)

OPINION

UNITED STATES DISTRICT COURT JS6 CENTRAL DISTRICT OF CALIFORNIA CIVIL MINUTES - GENERAL Case No. 2:25-cv-09968-RGK-SK Date December 8, 2025 Title Eva Montalvo v. Wal-Mart Associates, Inc. Present: The Honorable R. GARY KLAUSNER, UNITED STATES DISTRICT JUDGE Joseph Remigio Not Reported N/A Deputy Clerk Court Reporter / Recorder Tape No. Attorneys Present for Plaintiff: Attorneys Present for Defendant: Not Present Not Present Proceedings: (IN CHAMBERS) Order Re: Order to Show Cause [DE 13] On July 15, 2025, Eva Montalvo ("Plaintiff") filed a Complaint against Wal-Mart Associates, Inc. ("Defendant"), alleging various employment-related violations of California law.

(ECF No. 1-1.) On October 17, 2025, Defendant removed the action to this Court on the basis of diversity jurisdiction. (ECF No. 1.) On December 2, 2025, the Court issued an Order to Show Cause ("OSC") regarding amount in controversy. Upon review of Defendant's Response to the OSC (ECF No. 18), the Court hereby REMANDS the action for lack of subject matter jurisdiction.

Pursuant to 28 U.S.C. § 1332, district courts shall have original jurisdiction over any civil action in which the parties are citizens of different states and the amount in controversy exceeds \$75,000. After a plaintiff files an action in state court, the defendant attempting to remove the action bears the burden of proving the amount in controversy requirement has been met.

Lowdermilk v. U.S. Bank Nat'l ☐☐☐☐☐☐ 479 F.3d 994, 998 (9th Cir. 2007). If the complaint does not allege that the amount in controversy has been met, the removing defendant must plausibly allege in its notice of removal that the amount in controversy exceeds the jurisdictional threshold. Dart Cherokee Basin Operating Co., LLC v. Owens, 574 US. 81, 89 (2014).

Courts must "strictly construe the removal statute against removal jurisdiction" and remand an action "if there is any doubt as to the right of removal in the first instance." *Jd.* at 566. However, a

notice of removal plausibly alleges a basis for federal court jurisdiction, a district court may not remand the case back to state court without first giving the defendant an opportunity to show by a preponderance of the evidence that the jurisdictional requirements are satisfied.” *Arias v. Residence Inn*, 936 F.3d 920, 924 (9th Cir.

2019). “A shortcoming in a notice of removal concerning the amount in controversy is not jurisdictional... until the movant has an opportunity to correct any perceived deficiency in the notice,” and the notice need not in and of itself prove that the district court has jurisdiction. *Acad. of Country Music v. Cont’l Cas. Co.*, 991 F.3d 1059, 1068 (9th Cir. 2021).

Defendant argues that Plaintiff’s \$350,000 settlement demand is evidence that the amount in controversy exceeds \$75,000. (Def.’s Response to OSC at 2, ECF No. 18.) UNITED STATES DISTRICT COURT JS6 CENTRAL DISTRICT OF CALIFORNIA CIVIL MINUTES - GENERAL Case No. 2:25-cv-09968-RGK-SK Date December 8, 2025 Title Eva Montalvo v. Wal-Mart Associates, Inc. Settlement offers may, in some instances, provide evidence of the amount in controversy, but only if they reflect a reasonable estimate of the plaintiffs claim.

See *Babasa v. LensCrafters, Inc.*, 498 F.3d 972, 975 (9th Cir. 2007); see also *Cohn v. Petsmart, Inc.*, 281 F.3d 837, 840 (9th Cir. 2022). In *Babasa*, the Ninth Circuit found a settlement letter sufficient to establish the amount in controversy. 498 F.3d at 974. That letter included detailed calculations based on the unpaid wages and civil penalties at issue. ‘Jd. at 973, 975.

In *Cohn*, the Ninth Circuit found a settlement letter in which Plaintiff asserted “the mark is worth more than \$100,000 to him,” as satisfying the amount in controversy because in suits for injunctive and other equitable relief, the amount in controversy is measured by the value of the object of the litigation. *Cohn*, 281 F.3d at 840. Other district courts in this Circuit have declined to rely on settlement demands when the demands lacked a clear factual basis.

See *Hanshew v. Blazing Wings, Inc.*, 2016 WL 7489043, at *3 (D. Nev. Dec. 30, 2016) (settlement demand inadequate to prove amount in controversy where there was no indication the pecuniary demand was reasonable). Unlike in *Babosa*, Plaintiff’s settlement demand does not substantiate the demanded figure. There is no indication from the settlement demand that \$350,000 would represent a reasonable estimate of Plaintiff’s claims.

Additionally, unlike *Co/m*, this suit is not for myunctive and other equitable relief, such that the amount in controversy could be measured by Plaintiff’s subjective value of the litigation. Furthermore, in an attempt to justify how Plaintiffs settlement demand is a reasonable estimate of her claims, Defendant merely repeats the figures for compensatory, emotional distress, and punitive damages, as well as attorney’s fees that the Court found to be too speculative in the first place.

Accordingly, the Court finds that Defendant has not satisfied its burden of plausibly alleging that the amount in controversy meets the jurisdictional requirement. The Court REMANDS the action to state court for all further proceedings. All deadlines and hearings before this Court are vacated.

The Clerk shall close this action. IT IS SO ORDERED. ce: LASC, 25STCV20882 Initials of Preparer JRE/sh! It is worth noting that the Babasa court also noted the amount in controversy was clear from the face of the complaint, even without considering the settlement letter. Babasa, 498 F.3d at 975 n.2.