UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, SHERMAN DIVISION

The State of Texas v. Community Capital Partners LP, et al.

State of Texas v. Community Capital Partners · No. 4:26-CV-29-SDJ · Decided February 24, 2026

SUMMARY

The United States District Court for the Eastern District of Texas grants the State of Texas’s motion to remand its Texas Securities Act action against Community Capital Partners LP and related defendants. The court holds that the defendants’ anticipated NSMIA preemption defense does not create federal-question jurisdiction under the Grable doctrine because the complaint asserts only state-law claims. The court remands the case to the 416th Judicial District Court of Collin County, Texas, but declines to award costs or attorney’s fees.

CASE DETAILS

COURT	United States District Court for the Eastern District of Texas, Sherman Division
JURISDICTION	United States District Court for the Eastern District of Texas, Sherman Division
DECIDED	February 24, 2026
DOCKET	4:26-CV-29-SDJ
DISPOSITION	remanded
PROCEDURAL POSTURE	Defendants removed Texas's state-law securities action to federal court on federal-question jurisdiction grounds, asserting that the claims necessarily raised a substantial federal issue under the Grable doctrine. Texas moved to remand.
STANDARD OF REVIEW	The removing party bears the burden of establishing federal subject-matter jurisdiction and proper removal. Removal and remand jurisdiction are evaluated under the well-pleaded complaint rule and the requirements of the Grable doctrine.
PRECEDENTIAL VALUE	Unknown
PARTIES	The State of Texas

TOPICS

remedies · subject matter jurisdiction · civil procedure · commercial litigation · equitable relief

PRACTICE AREAS

Federal jurisdiction | Removal and remand | Securities litigation | Federal preemption

QUESTIONS PRESENTED

1. Whether the defendants' removal of Texas's Texas Securities Act claims was proper under federal-question jurisdiction.
2. Whether Texas's anticipation and pleading of the inapplicability of an NSMIA preemption defense created federal-question jurisdiction under the Grable doctrine.
3. Whether Texas was entitled to costs and attorney fees under 28 U.S.C. § 1447(c) following remand.

HOLDINGS

1. The complaint did not present a federal question because it asserted only Texas Securities Act claims, none of which was created by federal law or premised on a federal duty.
2. The anticipated or pleaded NSMIA preemption defense did not create federal-question jurisdiction under Grable because it remained an ordinary federal defense rather than a federal issue necessarily embedded in the state-law claims.
3. Because the court lacked subject-matter jurisdiction, remand to state court was required.
4. Texas was not entitled to costs or attorney fees under § 1447(c) because the defendants had an objectively reasonable basis for removal.

KEY QUOTATIONS

> *"Federal courts are courts of limited jurisdiction, possessing only that power authorized by Constitution and statute."* (II)

> *"The "covered securities" preemption defense under NSMIA remains just that—a defense."* (III.A)

> *"As the Supreme Court has made clear, "it is now settled law that a case may not be removed to federal court on the basis of a federal defense, including the defense of pre-emption, even if the defense is anticipated in the plaintiff's complaint, and even if both parties concede that the federal defense is the only question truly at issue.""* (III.A)

> *"While unsuccessful, Defendants had an objectively reasonable basis for seeking removal—that the NSMIA potentially preempts Texas's state-law claims."* (III.B)

FACTUAL BACKGROUND

The State of Texas sued Community Capital Partners LP, East Plano Islamic Center, EPIC Real Properties, Inc., and individual defendants under the Texas Securities Act. The defendants allegedly marketed limited-partnership shares and warrants to accredited investors to raise equity for a planned community known as EPIC City. Texas alleged failures to register as a securities dealer, failures to obtain required permits and authorization for marketing campaigns, and fraudulent conduct. The complaint discussed a potential federal preemption defense under NSMIA and Regulation D, but Texas asserted only state-law claims and sought state-law remedies.

PROCEDURAL HISTORY

Texas filed claims under the Texas Securities Act in Texas state court against Community Capital Partners LP and related defendants. Defendants removed under 28 U.S.C. § 1441(a), asserting federal-question jurisdiction under 28 U.S.C. § 1331 based on potential preemption under the National Securities Markets Improvement Act. The federal district court granted Texas's motion to remand and returned the case to the 416th Judicial District Court, Collin County, Texas; it denied costs and attorney fees because removal had an objectively reasonable basis.

DISPOSITION

remanded

REMAND INSTRUCTIONS

Remand the case to the 416th Judicial District Court, Collin County, Texas. No costs or attorney fees are awarded to Texas.

CASES CITED

- Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg., 545 U.S. 308 (2005)
- Gunn v. Minton, 568 U.S. 251 (2013)
- Kokkonen v. Guardian Life Ins. Co. of Am., 511 U.S. 375 (1994)
- Caterpillar Inc. v. Williams, 482 U.S. 386 (1987)
- Manguno v. Prudential Prop. & Cas. Ins. Co., 276 F.3d 720, 723 (5th Cir. 2002)
- Gully v. First Nat'l Bank, 299 U.S. 109 (1936)
- Kramer v. Smith Barney, 80 F.3d 1080, 1082 (5th Cir. 1996)
- Franchise Tax Bd. v. Constr. Laborers Vacation Tr., 463 U.S. 1 (1983)
- La. Indep. Pharm. Ass'n v. Express Scripts, Inc., 41 F.4th 473, 478 (5th Cir. 2022)
- Manyweather v. Woodlawn Manor, Inc., 40 F.4th 237, 242 (5th Cir. 2022)
- Stump v. Potts, 322 F. App'x 379, 380 (5th Cir. 2009) (per curiam)
- Bernhard v. Whitney Nat'l Bank, 523 F.3d 546, 551 (5th Cir. 2008)
- The Lamar Co., L.L.C. v. Miss. Transp. Comm'n, 976 F.3d 524, 529 (5th Cir. 2020)
- Mitchell v. Advanced HCS, L.L.C., 28 F.4th 580, 585 n.2, 588 (5th Cir. 2022)
- Brown v. Earthboard Sports USA, Inc., 481 F.3d 901, 910-12 (6th Cir. 2007)
- Geier v. Am. Honda Motor Co., 529 U.S. 861, 884 (2000)
- Metro. Life Ins. Co. v. Taylor, 481 U.S. 58, 63 (1987)
- Rice v. Panchal, 65 F.3d 637, 640 (7th Cir. 1995)
- Torres v. Minnaar, No. 4:23-CV-486-SDJ, 2024 WL 778383, at *3 (E.D. Tex. Feb. 26, 2024)
- Medero v. Norada Cap. Mgmt., No. 8:25-cv-574-DOC-KES, 2025 WL 2630389, at *5 (C.D. Cal. Sept. 12, 2025)

- Martin v. Franklin Cap. Corp., 546 U.S. 132, 140-41 (2005)