

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

Karen Marlatt v. Walmart Inc. et al.

Marlatt · No. 5:25-cv-01562-SPG-JC · Decided August 14, 2025

SUMMARY

The United States District Court for the Central District of California granted Plaintiff Karen Marlatt’s motion to remand an employment-discrimination action removed by Walmart. The court held that diversity jurisdiction must be assessed based on the citizenship of all named parties, regardless of service, and that Defendant Lucy Sanchez was domiciled in California when the complaint was filed, defeating complete diversity.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	Sherilyn Peace Garnett
JURISDICTION	United States District Court for the Central District of California
DECIDED	August 14, 2025
DOCKET	5:25-cv-01562-SPG-JC
DISPOSITION	remanded
PROCEDURAL POSTURE	Plaintiff moved to remand an employment-discrimination action removed from state court on the asserted basis of diversity jurisdiction.
STANDARD OF REVIEW	The removing party bears the burden of establishing federal subject-matter jurisdiction, and removal statutes are strictly construed with doubts resolved in favor of remand.
PRECEDENTIAL VALUE	unpublished district court opinion
PARTIES	Karen Marlatt v. Walmart Inc., Walmart Associates, Inc., Lucy Sanchez

TOPICS

- subject matter jurisdiction
- civil procedure
- ada / disability
- disability discrimination

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the citizenship of an allegedly unserved defendant must be considered when determining complete diversity for purposes of removal.
2. Whether a defendant's change in citizenship after the complaint was filed affects diversity jurisdiction.
3. Whether sanctions should be imposed under 28 U.S.C. § 1447(c) for the removal.

HOLDINGS

1. When federal jurisdiction in a removal case depends on complete diversity, diversity is determined from the citizenship of all parties named in the complaint, not from which defendants were properly served.
2. Diversity of citizenship is measured at the time the complaint is filed, and a subsequent change in citizenship by an existing party does not cure a lack of complete diversity.
3. Sanctions were not warranted because the record did not establish that Walmart acted in bad faith in making representations about Sanchez's residency and contact information.

KEY QUOTATIONS

“The removal statute is strictly construed, and any doubt about the right of removal requires resolution in favor of remand.” (at 2)

“Whenever federal jurisdiction in a removal case depends upon complete diversity, the existence of diversity is determined from the fact of citizenship of the parties named and not from the fact of service.” (at 2)

FACTUAL BACKGROUND

Karen Marlatt brought alleged disability-discrimination claims arising from her former employment with Walmart against Walmart entities and her former supervisor, Lucy Sanchez. Marlatt and Sanchez were domiciled in California when the complaint was filed in June 2024, although Walmart asserted that Sanchez later relocated outside California. Walmart removed the case in June 2025, and Marlatt sought remand because Sanchez's California citizenship defeated complete diversity.

PROCEDURAL HISTORY

Plaintiff filed her complaint in California state court on June 17, 2024. Walmart removed the action to federal court on June 17, 2025, asserting diversity jurisdiction. Plaintiff moved to remand on July 10, 2025, and the district court granted the motion because complete diversity was lacking. The court declined to impose sanctions under 28 U.S.C. § 1447(c).

DISPOSITION

remanded

REMAND INSTRUCTIONS

The action is remanded to the California state court from which it was removed. The court did not impose sanctions under 28 U.S.C. § 1447(c).

CASES CITED

- Kokkonen v. Guardian Life Ins. Co. of Am., 511 U.S. 375, 377 (1994)
- Kanter v. Warner-Lambert Co., 265 F.3d 853, 857 (9th Cir. 2001)
- Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992)
- Moore-Thomas v. Alaska Airlines, Inc., 553 F.3d 1241, 1244 (9th Cir. 2009)
- Emrich v. Touche Ross & Co., 846 F.2d 1190, 1195 (9th Cir. 1988)
- Clarence E. Morris, Inc. v. Vitek, 412 F.2d 1174, 1176 (9th Cir. 1969)
- Lam Sing v. Sunrise Senior Mgmt., Inc., No. C 23-00733 WHA, 2023 WL 3686251, at *3 (N.D. Cal. May 26, 2023)
- Mimbs v. Northrop Grumman Sys. Corp., No. 2:21-CV-06685-SVW-JEM, 2021 WL 12336651, at *4 (C.D. Cal. Oct. 27, 2021)
- Farrell by & Through Tr. of Farrell Living Tr. v. JP Morgan Chase Bank, N.A., No. 4:20-CV-03709 YGR, 2020 WL 6318717, at *3 (N.D. Cal. Oct. 28, 2020)
- James v. S & A Cap. Partners, Inc., No. 117CV01164LJOBAM, 2017 WL 4844389, at *2 (E.D. Cal. Oct. 25, 2017)
- In re Digimarc Corp. Derivative Litig., 549 F.3d 1223, 1236 (9th Cir. 2008)
- Grupo Dataflux v. Atlas Global Grp., L.P., 541 U.S. 567, 571 (2004)
- In re Hawaii Fed. Asbestos Cases, 960 F.2d 806, 809-10 (9th Cir. 1992)