

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

Nancy Paley v. Saks and Company LLC, et al.

Paley · No. 2:24-cv-00527-FLA (PVCx) · Decided April 8, 2025

SUMMARY

The United States District Court for the Central District of California orders the parties to show cause why the action should not be remanded for lack of subject-matter jurisdiction. The court questions whether Defendant has established by a preponderance of the evidence that the amount in controversy exceeds \$75,000 for diversity jurisdiction and warns that failure to respond timely and adequately will result in remand.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	Fernando L. Aenlle-Rocha
JURISDICTION	United States District Court for the Central District of California
DECIDED	April 8, 2025
DOCKET	2:24-cv-00527-FLA (PVCx)
DISPOSITION	other
PROCEDURAL POSTURE	After removal to federal court, the district court sua sponte questioned whether diversity jurisdiction existed and ordered the parties to show cause why the action should not be remanded for lack of subject matter jurisdiction.
STANDARD OF REVIEW	The court independently examines subject matter jurisdiction sua sponte. When jurisdictional allegations concerning the amount in controversy are contested or questioned, the party asserting jurisdiction must establish the amount in controversy by a preponderance of the evidence.
PRECEDENTIAL VALUE	Unknown; interlocutory order to show cause with no reporter citation identified.

TOPICS

- subject matter jurisdiction
- civil procedure
- federalism

PRACTICE AREAS

civil procedure

removal jurisdiction

QUESTIONS PRESENTED

1. Whether the Notice of Removal adequately established federal diversity jurisdiction under 28 U.S.C. § 1332(a), particularly whether the amount in controversy exceeds \$75,000.
2. Whether the action should be remanded for lack of subject matter jurisdiction.

HOLDINGS

1. A federal district court must examine its subject matter jurisdiction sua sponte and is presumed to lack jurisdiction unless jurisdiction affirmatively appears from the record.
2. The Notice of Removal did not presently demonstrate by a preponderance of the evidence that the amount in controversy exceeds \$75,000, so the parties were required to show cause why the action should not be remanded.

KEY QUOTATIONS

“Federal courts are courts of “limited jurisdiction,” possessing “only that power authorized by the Constitution and statute[.]” (Order at 1)

“The parties are ORDERED TO SHOW CAUSE, in writing only, within fourteen (14) days from the date of this Order, why this action should not be remanded for lack of subject matter jurisdiction because the amount in controversy does not exceed the jurisdictional threshold.” (Order at 2)

FACTUAL BACKGROUND

Defendant removed the action to federal court. The Notice of Removal apparently relied on diversity jurisdiction under 28 U.S.C. § 1332(a), but the district court found that it did not demonstrate by a preponderance of the evidence that the amount in controversy exceeded \$75,000. The court therefore required the parties, particularly the removing defendant, to provide evidence or judicially noticeable facts addressing the jurisdictional threshold.

PROCEDURAL HISTORY

Defendant removed the action to the Central District of California, invoking federal jurisdiction based on diversity and asserting that the amount in controversy exceeded \$75,000. Upon reviewing the Notice of Removal, the district court could not conclude that the jurisdictional amount was established by a preponderance of the evidence. The court issued an order to show cause requiring written responses within fourteen days and warning that failure by the removing defendant to respond adequately would result in remand.

DISPOSITION

other

REMAND INSTRUCTIONS

The parties must submit written responses within fourteen days explaining why the action should not be remanded for lack of subject matter jurisdiction. Responses may include evidence or judicially noticeable facts and are limited to ten pages. The defendant's failure to respond timely and adequately will result in remand without further notice.

CASES CITED

- Kokkonen v. Guardian Life Ins. Co. of Am., 511 U.S. 375, 377 (1994)
- DaimlerChrysler Corp. v. Cuno, 547 U.S. 332, 342 n. 3 (2006)
- Ruhrgas AG v. Marathon Oil Co., 526 U.S. 574, 583 (1999)
- Dart Cherokee Basin Operating Co. v. Owens, 574 U.S. 81, 88–89 (2014)
- Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992)
- Leite v. Crane Co., 749 F.3d 1117, 1122 (9th Cir. 2014)

OPINION

1 2 3 4 5 6 7 8 UNITED STATES DISTRICT COURT 9 CENTRAL DISTRICT OF
CALIFORNIA 10 11 NANCY PALEY, Case No. 2:24-cv-00527-FLA (PVCx) 12 Plaintiffs,
ORDER TO SHOW CAUSE WHY 13 v. ACTION SHOULD NOT BE REMANDED FOR LACK
OF 14 SUBJECT MATTER JURISDICTION SAKS AND COMPANY LLC, et al., 15
Defendants. 16 17 18 19 20 21 22 23 24 25 26 27 28 1 ORDER 2 Federal courts are courts of
“limited jurisdiction,” possessing “only that power 3 authorized by the Constitution and statute[.]”
Kokkonen v. Guardian Life Ins.

Co. of 4 Am., 511 U.S. 375, 377 (1994); U.S. Const. art. III, § 2, cl. 1. District courts are 5
presumed to lack jurisdiction unless the contrary appears affirmatively from the 6 record. See
DaimlerChrysler Corp. v. Cuno, 547 U.S. 332, 342 n. 3 (2006). 7 Additionally, federal courts have
an obligation to examine jurisdiction sua sponte 8 before proceeding to the merits of a case.

See Ruhrgas AG v. Marathon Oil Co., 526 9 U.S. 574, 583 (1999). 10 Federal courts have
jurisdiction where an action arises under federal law or 11 where each plaintiff’s citizenship is
diverse from each defendant’s citizenship and the 12 amount in controversy exceeds \$75,000,
exclusive of interest and costs. 28 U.S.C. 13 §§ 1331, 1332(a). A complaint filed in federal court
must contain “a plausible 14 allegation that the amount in controversy exceeds the jurisdictional
threshold.” Dart 15 Cherokee Basin Operating Co. v. Owens, 574 U.S. 81, 89 (2014).

Where a party 16 contests, or the court questions, a party’s allegations concerning the amount in
17 controversy, both sides shall submit proof, and the court must decide whether the 18 party
asserting jurisdiction has proven the amount in controversy by a preponderance 19 of the
evidence. Id. at 88–89; see Fed. R. Civ. P. 12(h)(3) (“If the court determines at 20 any time that it
lacks subject-matter jurisdiction, the court must dismiss the action.”).

21 “Federal jurisdiction must be rejected if there is any doubt as to the right of removal in 22 the first instance.” *Gaus v. Miles, Inc.*, 980 F.2d 564, 566 (9th Cir. 1992). 23 The court has reviewed the Notice of Removal and is presently unable to 24 conclude it has subject matter jurisdiction under 28 U.S.C. § 1332(a).

In particular, 25 and without limitation, the court finds that the allegations in the Notice of Removal do 26 not demonstrate by a preponderance of the evidence that the amount in controversy 27 exceeds \$75,000. 28 / / / 1 The parties are ORDERED TO SHOW CAUSE, in writing only, within 2 || fourteen (14) days from the date of this Order, why this action should not be remanded 3 | for lack of subject matter jurisdiction because the amount in controversy does not 4 | exceed the jurisdictional threshold.

The parties are encouraged to submit evidence 5 | and/or judicially noticeable facts in response to the court’s Order. Responses shall be 6 | limited to ten (10) pages in length. The parties should consider this Order to be a two- 7 || pronged inquiry into the facial and factual sufficiency of Defendant’s demonstration 8 | of jurisdiction. See *Leite v. Crane Co.*, 749 F.3d 1117, 1122 (9th Cir.

2014). 9 As Defendant is the party asserting federal jurisdiction, Defendant’s failure to 10 | respond timely and adequately to this Order shall result in remand of the action 11 | without further notice. 12 13 IT IS SO ORDERED. 14 15 | Dated: April 8, 2025 16 FERNAND L. AENL E-ROCHA United States District Judge 17 18 19 20 21 22 23 24 25 26 27 28