

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)

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