

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA

Valentina F. Correa et al. v. General Motors LLC et al.

Correa v. General Motors LLC · No. 8:25-cv-02640-DOC-DFM · Decided December 9, 2025

SUMMARY

The United States District Court for the Central District of California sua sponte remanded this Song-Beverly Consumer Warranty Act action to California state court. The court held that General Motors had not shown by a preponderance of the evidence that the amount in controversy exceeded \$75,000, relying on asserted actual damages of \$58,535.04 and declining to include speculative civil penalties or attorneys’ fees. The order also discussed the effects of inflation and the federal diversity-jurisdiction threshold.

CASE DETAILS

COURT	United States District Court for the Central District of California
JURISDICTION	United States District Court for the Central District of California
DECIDED	December 9, 2025
DOCKET	8:25-cv-02640-DOC-DFM
DISPOSITION	remanded
PROCEDURAL POSTURE	Plaintiffs filed a California state-law warranty action in California state court. Defendant removed the action based on alleged diversity jurisdiction, and the federal district court sua sponte remanded the case for lack of subject matter jurisdiction.
STANDARD OF REVIEW	The removing defendant bears the burden of establishing federal subject matter jurisdiction by a preponderance of the evidence when the complaint does not clearly or unambiguously allege more than \$75,000 in controversy. The district court may examine subject matter jurisdiction sua sponte at any time before final judgment.
PRECEDENTIAL VALUE	unpublished district court opinion
PARTIES	Valentina F. Correa, Ronald M. Correa v. General Motors LLC, Does 1 through 10

TOPICS

- subject matter jurisdiction
- civil procedure
- consumer protection
- federalism

PRACTICE AREAS

civil procedure

removal and remand

federal jurisdiction

consumer warranty law

federalism

QUESTIONS PRESENTED

1. Whether the district court had diversity subject matter jurisdiction over the removed Song-Beverly Consumer Warranty Act action.
2. Whether Defendant established by a preponderance of the evidence that the amount in controversy exceeded \$75,000 when the complaint did not expressly allege an amount above that threshold.
3. Whether speculative civil penalties and attorney fees could be included in the amount-in-controversy calculation on the record presented.

HOLDINGS

1. Defendant failed to show by a preponderance of the evidence that more than \$75,000 was in controversy because the actual damages it identified were \$58,535.04 and the complaint did not expressly allege an amount exceeding \$75,000.
2. On the record presented, the court would not include speculative civil penalties or attorney fees in the amount-in-controversy calculation, leaving Defendant with only \$58,535.04 in demonstrated damages.
3. The case had to be remanded to the Superior Court of California, County of Orange, because the district court lacked diversity subject matter jurisdiction.

KEY QUOTATIONS

“If at any time before final judgment it appears that the district court lacks subject matter jurisdiction, the case shall be remanded.” (2)

“Because Defendant has not satisfied its burden to show that more than \$75,000 is at issue in this case, the Court lacks diversity jurisdiction.” (4)

FACTUAL BACKGROUND

Plaintiffs alleged that General Motors violated California's Song-Beverly Consumer Warranty Act through breach of express warranty, breach of the implied warranty of merchantability, and violation of California Civil Code section 1793.2(b) concerning the purchase of a 2024 Chevrolet Blazer. The complaint did not expressly allege that more than \$75,000 was in controversy. Defendant asserted that actual damages, civil penalties, and attorney fees placed more than \$75,000 at issue, but represented that actual damages were \$58,535.04 after applicable deductions.

PROCEDURAL HISTORY

Plaintiffs filed suit in the Superior Court of California, County of Orange, on October 21, 2025. Defendant answered in state court on November 21, 2025, then removed the case to the Central District of California on November 24, 2025. The district court determined that Defendant failed to establish the amount-in-controversy requirement for diversity jurisdiction and remanded the case sua sponte.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The Clerk shall serve the minute order on the parties, and the case is remanded to the Superior Court of California, County of Orange.

CASES CITED

- Ethridge v. Harbor House Rest., 861 F.2d 1389, 1393 (9th Cir. 1988)
- Exxon Mobil Corp. v. Allapattah Servs., Inc., 545 U.S. 546, 553 (2005)
- Guglielmino v. McKee Foods Corp., 506 F.3d 696, 699 (9th Cir. 2007)
- St. Paul Mercury Indem. Co. v. Red Cab Co., 303 U.S. 283, 288-89 (1938)
- Crum v. Circus Enters., 231 F.3d 1129, 1131 (9th Cir. 2000)
- Gaus v. Miles, Inc., 980 F.2d 564, 567 (9th Cir. 1992)
- Sanchez v. Monumental Life Ins. Co., 102 F.3d 398, 403-04 (9th Cir. 1996)
- Richmond v. Allstate Ins. Co., 897 F. Supp. 447, 450 (S.D. Cal. 1995)
- Coleman v. Estes Express Lines, Inc., 730 F. Supp. 2d 1141, 1148-49 (C.D. Cal. 2010)
- Matheson v. Progressive Specialty Ins. Co., 319 F.3d 1089, 1090-91 (9th Cir. 2003)
- Singer v. State Farm Mut. Auto. Ins. Co., 116 F.3d 373, 377 (9th Cir. 1997)
- Gonzalez v. Crosby, 545 U.S. 524, 534 (2005)
- Steel Co. v. Citizens for a Better Env't, 523 U.S. 83, 94, 101-02 (1998)
- Snell v. Cleveland, Inc., 316 F.3d 822, 826 (9th Cir. 2002)

OPINION

Valentina F. Correa et al v. General Motors LLC et al

PER CURIAM.

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. 8:25-cv-02640-DOC-DFM Date: December 9, 2025 Title: Valentina F. Correa et al v. General Motors LLC et al

PRESENT: THE HONORABLE DAVID O. CARTER, JUDGE

Maria Barr for Not Present Karlen Dubon Courtroom Clerk Court Reporter

ATTORNEYS PRESENT FOR ATTORNEYS PRESENT FOR

PLAINTIFF: DEFENDANT: None Present None Present

PROCEEDINGS (IN CHAMBERS): ORDER REMANDING CASE TO
STATE COURT SUA SPONTE

On the Court's own motion, the Court hereby REMANDS this case to the Superior Court of California, County of Orange. I. Background Plaintiffs Valentina F. Correa and Ronald M. Correa ("Plaintiffs") asserted causes of action against Defendants General Motors LLC ("Defendant") and Does 1 through 10 under the Song-Beverly Consumer Warranty Act for breach of express warranty, breach of the implied warranty of merchantability, and violation of California Civil Code section 1793.2(b) regarding the purchase of a 2024 Chevrolet Blazer. See generally Complaint ("Compl.") (Dkt. 1-1). Plaintiffs originally filed suit in the Superior Court of California, County of Orange, on October 21, 2025. Notice of Removal ("Notice" or "Not.") (Dkt. 1) at 1. On November 21, 2025 Defendant filed its Answer in state court. *Id.* Then on November 24, 2025, Defendant removed the case to this Court. *Id.*

CIVIL MINUTES – GENERAL

Case No. 8:25-cv-02640-DOC-DFM Date: December 9, 2025 Page 2 II. Legal Standard "If at any time before final judgment it appears that the district court lacks subject matter jurisdiction, the case shall be remanded." 28 U.S.C. § 1447(c). Removal of a case from state court to federal court is governed by 28 U.S.C. § 1441, which provides in relevant part that "any civil action brought in a State court of which the district courts of the United States have original jurisdiction, may be removed . . . to the district court of the United States for the district and division embracing the place where such action is pending." 28 U.S.C. § 1441. This statute "is strictly construed against removal jurisdiction," and the party seeking removal "bears the burden of establishing federal jurisdiction." *Ethridge v. Harbor House Rest.*, 861 F.2d 1389, 1393 (9th Cir. 1988) (emphasis added) (citations omitted). Federal diversity jurisdiction requires that the parties be citizens of different states and that the amount in controversy exceed \$75,000. 28 U.S.C. § 1332(a). For diversity jurisdiction purposes, a corporation is "deemed to be a citizen of every State and foreign state by which it has been incorporated and of the State or foreign state where it has its principal place of business." 28 U.S.C. § 1332(c)(1). The presence of any single plaintiff from the same state as any single defendant destroys "complete diversity" and strips the federal courts of original jurisdiction over the matter. *Exxon Mobil Corp. v. Allapattah Servs., Inc.*, 545 U.S. 546, 553 (2005). Generally, a removing defendant must prove by a preponderance of the evidence that the amount in controversy satisfies the jurisdictional threshold. *Guglielmino v. McKee Foods Corp.*, 506 F.3d 696, 699 (9th Cir. 2008). If the complaint affirmatively alleges an amount in controversy greater than \$75,000, the jurisdictional requirement is "presumptively satisfied." *Id.* In that situation, a plaintiff who then tries to defeat removal must prove to a "legal certainty" that a recovery of more than \$75,000 is impossible. *St. Paul Mercury Indem. Co. v. Red Cab Co.*, 303 U.S. 283, 288-89 (1938); *Crum v. Circus Enters.*, 231 F.3d 1129, 1131 (9th Cir. 2000). This framework applies equally to situations where the complaint leaves the amount in controversy unclear or ambiguous. See *Gaus v. Miles, Inc.*, 980 F.2d 564, 567 (9th Cir. 1992); *Sanchez v. Monumental Life Ins. Co.*, 102 F.3d 398, 403-04 (9th Cir. 1996). A removing defendant "may not meet [its] burden by simply reciting some 'magical incantation' to the effect that 'the matter in

controversy exceeds the sum of [\$75,000],’ but instead, must set forth in the removal petition the underlying facts supporting its assertion that the amount in controversy exceeds [\$75,000].” Richmond v.

CIVIL MINUTES – GENERAL

Case No. 8:25-cv-02640-DOC-DFM Date: December 9, 2025 Page 3 Allstate Ins. Co., 897 F. Supp. 447, 450 (S.D. Cal. 1995) (quoting Gaus, 980 F.2d at 567). If the plaintiff has not clearly or unambiguously alleged \$75,000 in its complaint or has affirmatively alleged an amount less than \$75,000 in its complaint, the burden lies with the defendant to show by a preponderance of the evidence that the jurisdictional minimum is satisfied. Geographic Expeditions, Inc. v. Estate of Lhotka ex rel. Lhotka, 599 F.3d 1102, 1106-07 (9th Cir. 2010); Guglielmino, 506 F.3d at 699. While the defendant must “set forth the underlying facts supporting its assertion that the amount in controversy exceeds the statutory minimum,” the standard is not so taxing so as to require the defendant to “research, state, and prove the plaintiff’s claims for damages.” Coleman v. Estes Express Lines, Inc., 730 F. Supp. 2d 1141, 1148 (C.D. Cal. 2010) (emphases added). In short, the defendant must show that it is “more likely than not” that the amount in controversy exceeds the statutory minimum. Id. Summary judgment-type evidence may be used to substantiate this showing. Matheson v. Progressive Specialty Ins. Co., 319 F.3d 1089, 1090–91 (9th Cir. 2003); Singer v. State Farm Mut. Auto. Ins. Co., 116 F.3d 373, 377 (9th Cir. 1997). For example, defendants may make mathematical calculations using reasonable averages of hourly, monthly, and annual incomes of comparable employees when assessing the amount in controversy in a wrongful termination suit. Coleman, 730 F. Supp. 2d. at 1148–49. If the court lacks subject matter jurisdiction, any action it takes is ultra vires and void. See Gonzalez v. Crosby, 545 U.S. 524, 534 (2005); Steel Co. v. Citizens for a Better Env’t, 523 U.S. 83, 94, 101–02 (1998). The lack of subject matter jurisdiction may be raised at any time by either the parties or the court. Fed. R. Civ. P. 12(h)(3). If subject matter jurisdiction is found to be lacking, the court must dismiss the action, id., or remand pursuant to 28 U.S.C. § 1447(c). A court may raise the question of subject matter jurisdiction sua sponte. See Snell v. Cleveland, Inc., 316 F.3d 822, 826 (9th Cir. 2002). III. Discussion Here, Plaintiff does not expressly allege an amount in controversy over \$75,000. See generally FAC. Accordingly, Defendant must show by a preponderance of the evidence that the jurisdictional minimum is satisfied. See Geographic Expeditions, Inc., 599 F.3d at 1106-07; Guglielmino, 506 F.3d at 699. Defendant has not met its burden to show that the amount in controversy requirement is satisfied. Defendant asserts that the Complaint plausibly states an amount in controversy over \$75,000 based on actual damages plus civil penalties and attorneys’ fees. Not. at 4-6. However, Defendant also asserts that Plaintiffs’ actual damages should

CIVIL MINUTES – GENERAL

Case No. 8:25-cv-02640-DOC-DFM Date: December 9, 2025 Page 4 be \$58,535.04 which is the value of the vehicle less estimates for statutorily required deductions for mileage offset, third-party service contracts, manufacturer’s rebate, and negative equity. Not. at 5.1 This amount is below the

\$75,000 amount in controversy jurisdictional threshold required for diversity. The Court will not include speculative civil penalties or attorneys' fees when calculating the amount in controversy. See *Galt G/S v. JSS Scandinavia*, 142 F.3d 1150, 1156 (9th Cir. 1998) ("We hold that where an underlying statute authorizes an award of attorneys' fees, either with mandatory or discretionary language, such fees may be included in the amount in controversy."). Therefore, Defendant has only shown damages of \$58,535.04. Because Defendant has not satisfied its burden to show that more than \$75,000 is at issue in this case, the Court lacks diversity jurisdiction. The Court's decision not to include speculative awards in the amount in controversy is reinforced by the fact that Congress has not raised the amount in controversy since 1996—nearly three decades ago.² See The Federal Courts Improvement Act of 1996, 110 Stat. 3850. Since then, the inflation rate is over 100% (i.e., prices have more than doubled). Thus, adjusted for inflation, the amount in controversy should be over \$150,000 today. Stated conversely, a case worth \$75,000 in 1996 is worth less than \$37,500 in today's dollars. Because inflation has plainly decreased the "real" value of the amount in controversy, more and more cases are able to meet the jurisdictional threshold and can be brought in federal court. As federal diversity jurisdiction expands, state court jurisdiction to decide purely state law issues and develop state law correspondingly decreases. Thus, the federal jurisdictional creep is incompatible with the most basic principles of federalism. Federalism is not the only loser in Congress's failure to increase the amount in controversy. When a case is improperly removed, as happened here, ultimate resolution is delayed. Moreover, if a court does not immediately remand a case sua sponte, a plaintiff may move to remand. Because cases subject to motion to remand are typically small dollar cases, this increased motion work can quickly cause attorneys' fees to outrun any potential recovery and places an immense burden on a plaintiff's lawyer working on contingency. In this respect, the current low jurisdictional threshold reduces access to justice. Therefore, the Court respectfully encourages Congress to reconsider the amount in controversy minimum. ¹ Without these deductions, the value of the car is still \$60,557.28 which is its purchase price. Not. at 5. ² For reference, in 1996, the minimum wage was \$4.75 per hour, and only 16% of Americans had cell phones. Indeed, the current amount-in-controversy is older than both of my law clerks.

CIVIL MINUTES – GENERAL

Case No. 8:25-cv-02640-DOC-DFM Date: December 9, 2025 Page 5 IV. Disposition For the reasons set forth above, the Court hereby REMANDS this case to the Superior Court of Orange County. The Clerk shall serve this minute order on the parties. MINUTES FORM 11 Initials of Deputy Clerk: mba
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