

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA

Treehouse California Almonds LLC v. Tram Bar Co-Packing LLC

Treehouse California Almonds · No. 1:24-cv-00992-JLT-SKO · Decided March 3, 2025

SUMMARY

The court ordered Defendant Tram Bar Co-Packing LLC to show cause why the action should not be remanded to state court because the Notice of Removal did not adequately establish the citizenship of the parties' LLC members for purposes of diversity jurisdiction. The court continued the mandatory scheduling conference and required Defendant to submit competent jurisdictional proof within fourteen days.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
WRITING FOR THE COURT	Sheila K. Oberto
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	March 3, 2025
DOCKET	1:24-cv-00992-JLT-SKO
DISPOSITION	other
PROCEDURAL POSTURE	Defendant removed the action from Tulare County Superior Court based on diversity jurisdiction. The federal district court issued an order to show cause because the removal notice did not adequately establish the citizenship of the parties' LLC members, and continued the scheduling conference.
STANDARD OF REVIEW	The removing defendant bears the burden of establishing federal subject matter jurisdiction, and removal jurisdiction is strictly construed against removal. The court has an independent obligation to examine subject matter jurisdiction sua sponte.
PRECEDENTIAL VALUE	Unpublished federal district court order; precedential status not identified in the source.
PARTIES	Tram Bar Co-Packing LLC v. Treehouse California Almonds LLC

TOPICS

subject matter jurisdiction

civil procedure

commercial litigation

breach of contract

PRACTICE AREAS

civil procedure

commercial litigation

contracts

QUESTIONS PRESENTED

1. Whether Defendant established complete diversity of citizenship between the parties for purposes of removal under 28 U.S.C. § 1332.
2. Whether the court should require Defendant to provide competent proof of the citizenship of all members of the LLC parties and show cause why the case should not be remanded.
3. Whether the scheduling conference should be continued while the jurisdictional issue is resolved.

HOLDINGS

1. Defendant failed to meet its burden of establishing complete diversity because the notice of removal did not identify the members of the LLC parties or the citizenship of those members.
2. The court may and must independently examine its subject matter jurisdiction, regardless of whether the parties raise the issue.
3. The scheduling conference was properly continued to May 6, 2025, while the parties addressed the unresolved jurisdictional issue.

KEY QUOTATIONS

“Federal courts are courts of limited jurisdiction.” (at 1)

“The ‘strong presumption’ against removal jurisdiction means that the defendant always has the burden of establishing that removal is proper.” (at 1)

“An LLC is a citizen of every state of which its owners/members are citizens.” (at 2)

FACTUAL BACKGROUND

Treehouse California Almonds LLC filed claims for breach of contract, trespass to chattels, violation of California Penal Code § 496(c), unjust enrichment, and promissory estoppel in California state court. Tram Bar Co-Packing LLC removed the action, asserting diversity jurisdiction and identifying each LLC's state of organization and principal place of business. Neither the complaint nor the notice of removal identified the members or owners of either LLC or their citizenship at the outset of the case.

PROCEDURAL HISTORY

Plaintiff commenced the action in Tulare County Superior Court on July 17, 2024. Defendant removed the case to the Eastern District of California on August 21, 2024, invoking diversity jurisdiction under 28 U.S.C. § 1332. The court found the notice of removal deficient, ordered Defendant to show cause within fourteen days why the action should not be remanded, allowed Plaintiff ten days to respond, and continued the scheduling conference.

DISPOSITION

other

REMAND INSTRUCTIONS

Defendant must file, within fourteen days of issuance of the order, a response establishing by competent proof why diversity jurisdiction exists. Plaintiff may respond within ten days after service of Defendant's filing. If Defendant does not respond, the magistrate judge will recommend that the assigned district judge remand the case sua sponte without further notice.

CASES CITED

- Kokkonen v. Guardian Life Ins. Co. of Am., 511 U.S. 375, 377 (1994)
- Abrego Abrego v. The Dow Chem. Co., 443 F.3d 676, 684 (9th Cir. 2006)
- Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992)
- Syngenta Crop Prot. v. Henson, 537 U.S. 28, 32 (2002)
- O'Halloran v. Univ. of Wash., 856 F.2d 1375, 1380 (9th Cir. 1988)
- Nishimoto v. Federman-Bachrach & Assoc., 903 F.2d 709, 712 n.3 (9th Cir. 1990)
- United Investors Life Ins. Co. v. Waddell & Reed Inc., 360 F.3d 960, 966 (9th Cir. 2004)
- Demery v. Kupperman, 735 F.2d 1139, 1149 n.8 (9th Cir. 1984)
- Grupo Dataflux v. Atlas Global Grp., L.P., 541 U.S. 567, 593 (2004)
- United States v. S. Cal. Edison Co., 300 F. Supp. 2d 964, 972 (E.D. Cal. 2004)
- Caterpillar Inc. v. Lewis, 519 U.S. 61, 68 (1996)
- Cohn v. Petsmart, Inc., 281 F.3d 837, 839 (9th Cir. 2002)
- Gould v. Mut. Life Ins. Co. of New York, 790 F.2d 769, 773 (9th Cir. 1986)
- Miller v. Grgurich, 763 F.2d 372, 373 (9th Cir. 1985)
- Self v. Gen. Motors Corp., 588 F.2d 655, 657 (9th Cir. 1978)
- Kanter v. Warner-Lambert Co., 265 F.3d 853, 857 (9th Cir. 2001)
- Johnson v. Columbia Properties Anchorage, LP, 437 F.3d 894, 899 (9th Cir. 2006)
- Lindley Contours, LLC v. AABB Fitness Holdings, Inc., 414 F. App'x. 62, 64–65 (9th Cir. 2011)
- Harris v. Bankers Life & Cas. Co., 425 F.3d 689, 694 (9th Cir. 2005)
- Grayson Serv., Inc. v. Crimson Res. Mgmt. Corp., No. 1:14-cv-01125-SAB, 2015 WL 6689261, at *3 (E.D. Cal. Oct. 28, 2015)
- Harris v. Rand, 682 F.3d 846, 851–52 (9th Cir. 2012)

OPINION

1 2 3 4 5 6 7 UNITED STATES DISTRICT COURT 8 EASTERN DISTRICT OF CALIFORNIA
9 10 TREEHOUSE CALIFORNIA Case No. 1:24-cv-00992-JLT-SKO ALMONDS, LLC, a
California Limited 11 Liability Company, ORDER TO SHOW CAUSE REGARDING SUBJECT

MATTER JURISDICTION AND 12 CONTINUING THE SCHEDULING Plaintiff, CONFERENCE 13 v. 14 (Doc. 1) TRAM BAR CO-PACKING LLC, a 15 Pennsylvania Limited Liability Company dba The Organic Snack Company, 16 17 Defendant.

18 On July 17, 2024, Plaintiff Treehouse California Almonds, LLC commenced this action in 19 Tulare County Superior Court asserting claims for breach of contract, trespass to chattels, 20 violation of California Penal Code 496(c), unjust enrichment, and promissory estoppel. (Doc. 1- 21 2.)

On August 21, 2024, Defendant Tram Bar Co-Packing, LLC removed this action to federal 22 court based on diversity of citizenship under 28 U.S.C. §1332. (Doc. 1.) 23 For the following reasons, the Court finds Defendant's Notice of Removal to be deficient 24 and orders Defendant to show cause why this action should not be remanded to Tulare County 25 Superior Court.

26 I. LEGAL STANDARD 27 "Federal courts are courts of limited jurisdiction." *Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 377 (1994). "They possess only that power authorized by Constitution and 1 statute, which is not to be expanded by judicial decree." *Id.* (internal citations omitted). "It is to 2 be presumed that a cause lies outside this limited jurisdiction, and the burden of establishing the 3 contrary rests upon the party asserting jurisdiction." *Id.* (internal citations omitted); see also 4 *Abrego Abrego v. The Dow Chem.*

Co., 443 F.3d 676, 684 (9th Cir. 2006). Consistent with the 5 limited jurisdiction of federal courts, the removal statute is strictly construed against removal 6 jurisdiction. *Gaus v. Miles, Inc.*, 980 F.2d 564, 566 (9th Cir. 1992); see also *Sygenta Crop Prot. 7 v. Henson*, 537 U.S. 28, 32 (2002); *O'Halloran v. Univ. of Wash.*, 856 F.2d 1375, 1380 (9th Cir. 8 1988). "The 'strong presumption' against removal jurisdiction means that the defendant always 9 has the burden of establishing that removal is proper." *Gaus*, 980 F.2d at 566 (citations omitted); 10 see also *Nishimoto v. Federman-Bachrach & Assoc.*, 903 F.2d 709, 712 n.3 (9th Cir.

1990); 11 *O'Halloran*, 856 F.2d at 1380. "Federal jurisdiction must be rejected if there is any doubt as to 12 the right of removal in the first instance." *Gaus*, 980 F.2d at 566. It is well-established that "a 13 district court's duty to establish subject matter jurisdiction is not contingent upon the parties' 14 arguments." See *United Investors Life Ins. Co. v. Waddell & Reed Inc.*, 360 F.3d 960, 966 (9th 15 Cir.

2004). Courts may consider the issue sua sponte. *Demery v. Kupperman*, 735 F.2d 1139, 16 1149 n.8 (9th Cir. 1984). Indeed, the Supreme Court has emphasized that "district courts have an 17 'independent obligation to address subject-matter jurisdiction sua sponte.'" *Grupo Dataflux v. 18 Atlas Global Grp., L.P.*, 541 U.S. 567, 593 (2004) (quoting *United States v. S. Cal. Edison Co.*, 19 300 F. Supp. 2d 964, 972 (E.D.

Cal. 2004)). 20 II. ANALYSIS 21 In order to invoke this Court's diversity jurisdiction, Defendant must demonstrate there is 22 complete diversity of citizenship between the parties and that the amount in controversy exceeds 23 \$75,000. *Caterpillar Inc. v. Lewis*, 519 U.S. 61, 68 (1996); *Cohn v. Petsmart, Inc.*, 281 F.3d 837, 24 839 (9th Cir. 2002); 28 U.S.C. § 1332. "When an action is removed based on diversity, complete 25 diversity must exist at removal." *Gould v. Mut.*

Life Ins. Co. of New York, 790 F.2d 769, 773 (9th 26 Cir. 1986) (citing *Miller v. Grgurich*, 763 F.2d 372, 373 (9th Cir. 1985)). "Federal courts look 27 only to a plaintiff's pleadings to determine removability." *Id.* (citing *Self v. Gen. Motors Corp.*, 28 588 F.2d 655, 657 (9th Cir. 1978)). "Diversity is generally determined from the face of the 1 complaint." *Id.* (citation omitted). "Absent unusual circumstances, a party seeking to invoke 2 diversity jurisdiction should be able to allege affirmatively the actual citizenship of the relevant 3 parties." *Kanter v. Warner-Lambert Co.*, 265 F.3d 853, 857 (9th Cir.

2001). 4 Here, Defendant has failed to meet its burden of demonstrating there is complete diversity 5 of citizenship. The citizenship of a limited liability company ("LLC") is determined by the 6 citizenship of all of its members. *Johnson v. Columbia Properties Anchorage, LP*, 437 F.3d 894, 7 899 (9th Cir. 2006). "[A]n LLC is a citizen of every state of which its owners/members are 8 citizens." *Id.*; see also *Lindley Contours, LLC v. AABB Fitness Holdings, Inc.*, 414 F. App'x.

62, 9 64–65 (9th Cir. 2011) (noting that if a member of an LLC is a limited partnership or LLC, 10 defendants must also identify the citizenship of each member of that limited partnership or LLC). 11 Neither the complaint nor the Notice of Removal identifies the owners or members of the 12 LLC parties, or the citizenship of their owners or members at the outset of the case.

See *Harris v. 13 Bankers Life & Cas. Co.*, 425 F.3d 689, 694 (9th Cir. 2005) ("Diversity jurisdiction is based on 14 the status of the parties at the outset of the case."). The Notice of Removal simply states Plaintiff 15 "identifies itself in the Complaint as a California limited liability company with its principal place 16 of business in Earlimart, California," and Defendant "is organized under the laws of the 17 Commonwealth of Pennsylvania and its principal place of business is in Bedford, Pennsylvania." 18 (Doc.

1 at 3.) Accordingly, Defendant has failed to meet its burden to establish this Court's 19 jurisdiction. See, e.g., *Grayson Serv., Inc. v. Crimson Res. Mgmt. Corp.*, No. 1:14-cv-01125- 20 SAB, 2015 WL 6689261, at *3 (E.D. Cal. Oct. 28, 2015) (granting motion to dismiss where 21 plaintiff's second amendment complaint was "devoid of any mention of the citizenship of the 22 owners of the LLC" because "failure to specify the state citizenship of the parties is fatal to the 23 assertion of diversity jurisdiction").

24 III. CONCLUSION AND ORDER 25 For the reasons states above, IT IS HEREBY ORDERED that Defendant show cause 26 why this action should not be remanded to Tulare

County Superior Court. Defendant has 27 fourteen (14) days from the date this Order is issued to demonstrate why diversity jurisdiction 28 exists. Defendant must submit competent proof establishing diversity.

See *Harris v. Rand*, 682 F.3d 846, 851–52 (9th Cir. 2012) (“[T]he district court may properly require a party asserting 2 federal subject matter jurisdiction to establish its jurisdictional allegations by competent proof.”). 3 Plaintiff thereafter has ten (10) days from the date of service of Defendant’s filing to 4 file a response, if it so chooses. Should Defendant fail to file a response to this Order to Show 5 Cause, the undersigned will recommend to the assigned district judge that the case be remanded 6 sua sponte without further notice to the parties.

7 The mandatory scheduling conference set for March 4, 2025, is HEREBY CONTINUED 8 to May 6, 2025, at 10:15 A.M. before the undersigned. The parties shall file their joint 9 scheduling report by no later than seven (7) days before the conference. 10 IT IS SO ORDERED. 11 12 Dated: March 3, 2025 /s/ Sheila K. Oberto. UNITED STATES MAGISTRATE JUDGE 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28