

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Rey v. Bristol Hospice, LLC

No. 24-cv-04039-JD (N.D. Cal. May 28, 2025) · No. 24-cv-04039-JD · Decided May 28, 2025

SUMMARY

The United States District Court for the Northern District of California granted plaintiff's renewed request to remand the class action to California state court under the local controversy exception to the Class Action Fairness Act. The court held that a prior class action did not bar remand because its class allegations had been dismissed at the outset and it therefore did not qualify as an earlier class action under 28 U.S.C. § 1332(d)(4)(A)(ii). The court remanded the case to the California Superior Court for Alameda County and ordered each side to bear its own fees and costs.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	James Donato
JURISDICTION	United States District Court for the Northern District of California
DECIDED	May 28, 2025
DOCKET	24-cv-04039-JD
DISPOSITION	remanded
PROCEDURAL POSTURE	Plaintiff renewed a motion to remand a putative class action removed from California state court, invoking CAFA's local controversy exception. The court previously denied remand without prejudice and granted leave to amend the complaint. After considering the amended complaint and defendants' opposition, the court granted remand.
PRECEDENTIAL VALUE	unpublished
PARTIES	Dianna Rey, et al. v. Bristol Hospice, LLC, et al.

TOPICS

- class actions
- subject matter jurisdiction
- statutory interpretation
- plain meaning rule
- civil procedure

PRACTICE AREAS

- civil procedure
- class actions
- federal jurisdiction

QUESTIONS PRESENTED

1. Whether the amended complaint plausibly established the CAFA local controversy exception's requirements that Optimal Health's conduct form a significant basis of the claims and relief sought and that more than two-thirds of the proposed class members be California citizens.
2. Whether the prior Olmos action barred remand under 28 U.S.C. § 1332(d)(4)(A)(ii) as another class action filed within the preceding three years asserting the same or similar factual allegations.

HOLDINGS

1. A prior action does not qualify as an 'other class action' under 28 U.S.C. § 1332(d)(4)(A)(ii) when its class allegations were dismissed at the very start of the litigation and the case proceeded only as an individual arbitration matter.
2. The amended complaint plausibly satisfied the uncontested requirements that Optimal Health's conduct formed a significant basis of the claims and relief sought and that more than two-thirds of the proposed class members were California citizens; with no qualifying prior class action, the local controversy exception applied.

KEY QUOTATIONS

“This is not a record that satisfies the plain language of Section 1332(d)(4)(A)(ii).” (at 2)

“Olmos does not fit the bill as an “other class action” within the meaning of Section 1332(d)(4)(A)(ii) because the class allegations were dismissed at the very start of the litigation.” (at 2-3)

“In light of this conclusion and the allegations in the amended complaint, there is “every practical reason why the local action rule should apply” here.” (at 3)

FACTUAL BACKGROUND

Plaintiff alleged that defendant Optimal Health Services' conduct formed a significant basis of the claims and relief sought and that more than two-thirds of the proposed class members were California citizens. Defendants argued that a prior class action, *Olmos v. Bristol Hospice-Inland Valley, LLC*, involved similar facts and claims and had been filed within the statutory three-year period. In *Olmos*, the plaintiff's individual claims were ordered to arbitration and the class claims were dismissed at the outset of the case.

PROCEDURAL HISTORY

The action was removed to the Northern District of California under CAFA. The court initially denied plaintiff's remand request without prejudice because the state-court complaint lacked sufficient CAFA-specific allegations, then allowed amendment. Plaintiff filed an amended complaint and renewed the remand request. The court rejected defendants' argument that the prior *Olmos* class action barred application of the local controversy exception and remanded the case to Alameda County Superior Court.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The case was remanded to the California Superior Court for the County of Alameda. Each side was ordered to bear its own attorney's fees and costs.

CASES CITED

- Benko v. Quality Loan Service Corp., 789 F.3d 1111, 1117 (9th Cir. 2015)
- Olmos v. Bristol Hospice-Inland Valley, LLC et al., Case No. 5:23-cv-02374-SVW (C.D. Cal. 2023)
- Smith v. Spizzirri, 601 U.S. 472, 473-74 (2024)
- Kendrick v. Conduent State & Loc. Sols., Inc., 910 F.3d 1255, 1260-61 (9th Cir. 2018)
- Bridewell-Sledge v. Blue Cross of California, 798 F.3d 923, 932 (9th Cir. 2015)

OPINION

1 2 3 4 UNITED STATES DISTRICT COURT 5 NORTHERN DISTRICT OF CALIFORNIA 6
DIANNA REY, et al., on behalf of 7 themselves and all others similarly situated, Case No. 24-cv-
04039-JD 8 Plaintiffs, SECOND ORDER RE REMAND 9 v. 10 BRISTOL HOSPICE, LLC, et
al., 11 Defendants. 12 13 The Court denied without prejudice a request by plaintiff Rey to remand
the case to 14 California state court on the basis of the local controversy exception to CAFA
jurisdiction with 15 respect to defendant Optimal Health Services.

Dkt. No. 34. Remand was denied because the 16 complaint had been drafted for state court
purposes and did not provide enough information for 17 the Court to evaluate CAFA-specific
issues such as the exception. Id. at 1 (citing Benko v. Quality 18 Loan Service Corp., 789 F.3d
1111, 1117 (9th Cir. 2015)). Rey was granted leave to file an 19 amended complaint to address the
local controversy exception, and to file a renewed remand 20 request.

Id. at 2. 21 The amended complaint added substantial new factual allegations about Optimal
Health. 22 See Dkt. No. 36. Rey filed a new request for remand on the basis of the amended
complaint. Dkt. 23 No. 37. 24 The amended complaint plausibly alleges that the conduct of
Optimal Health forms a 25 significant basis of the claims and relief plaintiff seeks, and that greater
than two-thirds of the 26 members of the proposed classes in the aggregate are citizens of
California.

See 28 U.S.C. 27 §§ 1332(d)(4)(A)(i)(I), (II)(bb). These are elements of the local controversy
exception that 1 remand motion, defendants contend only that a prior class action, Olmos v. Bristol
Hospice - 2 Inland Valley, LLC et al., Case No. 5:23-cv-02374-SVW (C.D. Cal. 2023), alleged
similar facts 3 and claims, and was filed within three years of the filing of this case.

See Dkt. No. 40 at 5-9. If 4 so, remand may be barred. See 28 U.S.C. § 1332(d)(4)(A)(ii) (permitting remand only if, “during 5 the 3-year period preceding the filing of that class action, no other class action has been filed 6 asserting the same or similar factual allegations against any of the defendants on behalf of the 7 same or other persons.”). Defendants do not challenge application of the local controversy 8 exception on any other basis.

9 Olmos does not do the work that defendants ask of it. The parties treat the claims and facts 10 in Olmos as similar to those here, and the Court will follow suit. The ECF docket maintained by 11 the Central District of California indicates that Olmos was removed to federal court on 12 November 20, 2023. Dkt. No. 1 (Case No. 5:23-cv-02374-SVW). Approximately eight weeks 13 later, on January 18, 2024, the parties filed a joint stipulation stating that “[p]laintiff’s individual 14 claims in this care [sic] are subject to binding arbitration” pursuant to an arbitration clause that 15 also contained a class action waiver.

Dkt. No. 18 at 3. On February 1, 2024, the district court 16 ordered plaintiff to arbitration on her individual claims, and dismissed the class claims in toto. Id., 17 Dkt. No. 19 at 2. The docket does not indicate that anything substantive happened in the way of 18 motions or discovery and the like during the eight-week life of the case.

The district court stayed 19 the case pending arbitration of the plaintiff’s individual claims, as the Federal Arbitration Act 20 requires. Id.; see *Smith v. Spizzirri*, 601 U.S. 472, 473-74 (2024). 21 This is not a record that satisfies the plain language of Section 1332(d)(4)(A)(ii). “[T]he 22 reason for the no prior class action prerequisite to remand is to ensure that controversies giving 23 rise to multiple class actions be heard in federal court in one proceeding.” *Kendrick v. Conduent* 24 State & Loc.

Sols., Inc., 910 F.3d 1255, 1261 (9th Cir. 2018) (citing *Bridewell-Sledge v. Blue* 25 Cross of California, 798 F.3d 923, 932 (9th Cir. 2015)). Olmos does not fit the bill as an “other 26 class action” within the meaning of Section 1332(d)(4)(A)(ii) because the class allegations were 27 dismissed at the very start of the litigation. It is certainly true, as defendants say, that Olmos was 1 at 1260.

Consequently, as in *Kendrick*, “we are dealing with a single case, not two different class 2 || actions proceeding on different tracks before different judges.” Id. at 1261. 3 In light of this conclusion and the allegations in the amended complaint, there is “every 4 || practical reason why the local action rule should apply” here. Id. The case is remanded to the 5 California Superior Court for the County of Alameda.

Each side will bear its own attorney’s fees 6 || and costs. 7 IT IS SO ORDERED. 8 Dated: May 28, 2025 9 JAMES\$PPONATO 10 Unitedgftates District Judge 11 a 12 15 16 it 4 18 19 20 21 22 23 24 25 26 27 28

