

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

Iniguez v. ONTRAC LOGISTICS, INC.

No. 24-cv-05854-JD (N.D. Cal. Apr. 10, 2025) · No. 24-cv-05854-JD · Decided April 10, 2025

SUMMARY

The United States District Court for the Northern District of California remands Maritza Iniguez’s employment-law action against OnTrac Logistics and individual defendants to Alameda County Superior Court. The court concludes that defendants did not establish fraudulent joinder of the nondiverse individual defendants by clear and convincing evidence, but denies Iniguez’s request for attorney fees and sanctions.

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	April 10, 2025
DOCKET	24-cv-05854-JD
DISPOSITION	remanded
PROCEDURAL POSTURE	Defendants removed plaintiff's California state-law employment action to federal court on the basis of diversity jurisdiction. Plaintiff moved to remand, arguing that the individual California defendants were not fraudulently joined and therefore destroyed complete diversity.
STANDARD OF REVIEW	On a motion to remand, the removing party bears the burden of establishing federal jurisdiction. Alleged fraudulent joinder must be shown by clear and convincing evidence, and the court asks whether there is any nontrivial possibility that a state court could find that the complaint states a claim against a nondiverse defendant.
PRECEDENTIAL VALUE	unpublished district court order; persuasive authority only

TOPICS

- subject matter jurisdiction
- civil procedure
- wage and hour
- flsa
- employment law

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the individual California defendants were fraudulently joined so that their citizenship could be disregarded for purposes of diversity jurisdiction.
2. Whether the record established that there was no possibility that Iniguez could state a wage-and-hour claim against any nondiverse individual defendant under California Labor Code section 558.1.
3. Whether Iniguez was entitled to attorney fees under 28 U.S.C. § 1447(c) because of the removal.
4. Whether sanctions were warranted under Federal Rule of Civil Procedure 11.

HOLDINGS

1. The individual California defendants were not shown to have been fraudulently joined because the complaint alleged a nontrivial possibility that at least Mendoza could be liable under California Labor Code section 558.1. Their citizenship therefore could not be disregarded, complete diversity was absent, and remand was required.
2. Iniguez was not entitled to attorney fees incurred in connection with removal and remand because the record did not show that defendants lacked an objectively reasonable basis for removal.
3. Rule 11 sanctions were not warranted on the record.

KEY QUOTATIONS

“There is a “strong presumption against removal jurisdiction,”” (Opinion at 2)

“short of proving that the plaintiff committed actual fraud in pleading jurisdictional facts, a defendant urging fraudulent joinder must show that the non-diverse party who was joined in the action cannot be liable on any theory.” (Opinion at 2-3)

“If there is any possibility above the trivial or frivolous that the plaintiff can state a claim against the non-diverse defendant, “the federal court must find that the joinder was proper and remand the case to the state court.”” (Opinion at 3)

“The jurisdictional inquiry is not the same as a Rule 12(b)(6) review.” (Opinion at 4)

“Removal is not objectively unreasonable solely because the removing party’s arguments lack merit” (Opinion at 5)

FACTUAL BACKGROUND

Iniguez, a California resident, sued her former employer OnTrac and seven OnTrac employees, all alleged to be California residents. Her wage-and-hour claims against the individual defendants arose under California Labor Code sections 201, 203, 226, and 226.7, and she alleged that at least one individual defendant, Mendoza, was a managing agent or otherwise personally involved in policies resulting in the alleged violations. Defendants submitted a conclusory declaration stating that the individual defendants were not owners, officers, directors, or managing agents and did not participate in creating or developing OnTrac's meal- and rest-break policies.

PROCEDURAL HISTORY

Maritza Iniguez filed suit in Alameda County Superior Court against OnTrac Logistics, Inc. and seven OnTrac employees, asserting disability discrimination, retaliation, wrongful termination, and wage-and-hour claims. Defendants removed the action under 28 U.S.C. § 1332(a)(1), asserting that the individual California defendants were sham defendants whose citizenship should be disregarded. The district court granted remand to the Alameda County Superior Court, denied attorney fees, and declined to impose Rule 11 sanctions.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The action is remanded to the Superior Court of the State of California, County of Alameda. Each side shall bear its own costs and fees connected with the removal and remand proceedings.

CASES CITED

- Kokkonen v. Guardian Life Ins. Co. of Am., 511 U.S. 375, 377 (1994)
- Dole v. Verisk Analytics, Inc., No. 22-cv-06625-JD, 2023 WL 2985116, at *1 (N.D. Cal. Apr. 17, 2023)
- Hansen v. Grp. Health Coop., 902 F.3d 1051, 1057 (9th Cir. 2018)
- Hawaii ex rel. Louie v. HSBC Bank Nev., N.A., 761 F.3d 1027, 1034 (9th Cir. 2014)
- California v. AbbVie Inc., 390 F. Supp. 3d 1176, 1180 (N.D. Cal. 2019)
- Shamrock Oil & Gas Corp. v. Sheets, 313 U.S. 100, 109 (1941)
- Geisse v. Bayer HealthCare Pharms. Inc., No. 17-cv-07026-JD, 2019 WL 1239854, at *2 (N.D. Cal. Mar. 18, 2019)
- Grancare, LLC v. Thrower by and Through Mills, 889 F.3d 543, 548-50 (9th Cir. 2018)
- Hunter v. Philip Morris USA, 582 F.3d 1039, 1046 (9th Cir. 2009)
- Hamilton Materials, Inc. v. Dow Chem. Corp., 494 F.3d 1203, 1206 (9th Cir. 2007)
- White v. Ultramar, Inc., 21 Cal. 4th 563, 573 (1999)
- Usher v. White, 64 Cal. App. 5th 883, 886 (2021)
- Martin v. Franklin Capital Corp., 546 U.S. 132, 141 (2005)
- Lussier v. Dollar Tree Stores, Inc., 518 F.3d 1062, 1065 (9th Cir. 2008)
- Jordan v. Nationstar Mortg. LLC, 781 F.3d 1178, 1184 (9th Cir. 2015)