UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA

PromiseOne Bank v. Nehal, LLC

Case No. 25cv2948 W (DEB) (S.D. Cal. Feb. 4, 2026) · No. 25cv2948 W (DEB) · Decided February 4, 2026

SUMMARY

The United States District Court for the Southern District of California granted PromiseOne Bank's motion to remand a Texas forcible detainer action removed by Nehal, LLC. The court held that the state-law forcible detainer claim did not present a federal question and that removal to the Southern District of California was improper. The court awarded $4,049 in attorneys' fees and costs jointly and severally against Nehal and its counsel, while denying without prejudice sanctions related to Nehal's separate bankruptcy proceeding.

CASE DETAILS

COURT	United States District Court for the Southern District of California
WRITING FOR THE COURT	Thomas J. Whelan
JURISDICTION	United States District Court for the Southern District of California
DECIDED	February 4, 2026
DOCKET	25cv2948 W (DEB)
DISPOSITION	remanded
PROCEDURAL POSTURE	Plaintiff moved to remand a removed Texas forcible-detainer action and sought sanctions against the defendant and its counsel. The district court decided the motion on the papers without oral argument.
STANDARD OF REVIEW	The removing party bears the burden of establishing removal jurisdiction, and removal statutes are strictly construed with a strong presumption against removal jurisdiction. A motion to remand for lack of subject-matter jurisdiction must be granted whenever the court determines before final judgment that jurisdiction is lacking. Attorney-fee sanctions under 28 U.S.C. § 1447(c) depend on whether the removing party had an objectively reasonable basis for removal; Rule 11 applies an objective reasonableness standard, and § 1927 requires subjective bad faith or recklessness.
PRECEDENTIAL VALUE	Unknown

TOPICS

eviction | subject matter jurisdiction | sanctions | venue | civil procedure

PRACTICE AREAS

civil procedure | commercial litigation | real estate | bankruptcy | remedies

QUESTIONS PRESENTED

1. Whether the removed Texas forcible-detainer action arose under federal law or otherwise presented a substantial federal question sufficient to establish federal-question jurisdiction.
2. Whether removal to the Southern District of California was proper when the underlying action was pending in Bexar County, Texas.
3. Whether PromiseOne was entitled to attorney fees and costs under 28 U.S.C. § 1447(c), Federal Rule of Civil Procedure 11, and 28 U.S.C. § 1927 for the removal.
4. Whether sanctions could be awarded in this action for fees and costs incurred in Nehal's separate bankruptcy proceeding.
5. What amount of sanctions was properly attributable to the removal and filings in the federal action.

HOLDINGS

1. The action did not arise under federal law and did not present a substantial federal question. The state-law forcible-detainer claim could not be removed based on an anticipated defense or an asserted federal issue concerning the Small Business Administration loan.
2. Removal to the Southern District of California was improper because Bexar County, Texas, is served by the Western District of Texas, not the Southern District of California.
3. PromiseOne was entitled to attorney fees and just costs incurred as a result of Nehal's objectively unreasonable and frivolous removal under 28 U.S.C. § 1447(c), Rule 11, and § 1927.
4. The court declined to award sanctions for fees and costs incurred in Nehal's separate bankruptcy proceeding and denied that portion of the request without prejudice.
5. The proper sanction was $4,049 in attorney fees and costs, awarded jointly and severally against Nehal and Attorney Marc Steven Applbaum.

KEY QUOTATIONS

> *"federal question jurisdiction is not established by an anticipated defense which is invalidated by some federal law; a suit only arises under the laws of the United States when the plaintiff's "well pleaded" statement of his own cause of action shows that it is based upon those laws."* (Discussion III.A)

> *"The only thing Nehal has effectively demonstrated is that its removal of this case is frivolous and objectively unreasonable."* (Discussion III.B.1)

> *"Sanctions are awarded to PromiseOne Bank in the amount of $4,049.00 against Attorney Mare Steven Applbaum and Defendant Nehal, LLC, jointly and severally."* (Conclusion)

FACTUAL BACKGROUND

PromiseOne Bank loaned Nehal, LLC $2,079,000 to purchase San Antonio real property, secured by a deed of trust. After Nehal defaulted, PromiseOne foreclosed, acquired the property, and filed a Texas forcible-detainer action after Nehal failed to vacate following notice. Nehal filed for bankruptcy shortly before the first hearing, obtained relief from the automatic stay, and then removed the forcible-detainer action to the Southern District of California minutes before a scheduled state-court hearing, asserting federal-question jurisdiction based on the federal Small Business Administration loan.

PROCEDURAL HISTORY

PromiseOne Bank filed a forcible-detainer action in the Justice Court, Precinct 2, Place 1, Bexar County, Texas. After Nehal, LLC filed for bankruptcy and obtained dismissal of the bankruptcy case following relief from the automatic stay, Nehal removed the forcible-detainer action to the Southern District of California on October 31, 2025. PromiseOne moved to remand and requested sanctions. The court remanded the case, awarded $4,049 in sanctions jointly and severally against Nehal and its counsel, and denied without prejudice sanctions attributable to the bankruptcy proceeding.

DISPOSITION

remanded

REMAND INSTRUCTIONS

Remand the case to the Justice Court, Precinct 2, Place 1, Bexar County, Texas. Award $4,049.00 in sanctions jointly and severally against Attorney Marc Steven Applbaum and Nehal, LLC. Deny without prejudice sanctions for fees and costs related to the bankruptcy proceeding.

CASES CITED

- Sparta Surgical Corp. v. National Association of Securities Dealers, Inc., 159 F.3d 1209, 1211 (9th Cir. 1998)
- Vaden v. Discover Bank, 556 U.S. 49, 60 (2009)
- Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992)
- Martin v. Franklin Capital Corp., 546 U.S. 132, 140-141 (2005)
- Lake v. Gates, 130 F.4th 1064, 1068 (9th Cir. 2025)
- In re Keegan Management Co., Securities Litigation, 78 F.3d 431, 436-437 (9th Cir. 1996)
- Louisville & Nashville Railroad Co. v. Mottley, 211 U.S. 149, 152 (1908)
- Beneficial National Bank v. Anderson, 539 U.S. 1, 8 (2003)
- Litton Loan Servicing, L.P. v. Villegas, No. C 10-05478 PJH, 2011 WL 204322, at *2 (N.D. Cal. Jan. 21, 2011)
- Operating Engineers Pension Trust v. A-C Co., 859 F.2d 1336, 1345 (9th Cir. 1988)
- New Alaska Development Corp. v. Guetschow, 869 F.2d 1298 (9th Cir. 1989)
- Council of Southern California v. FBI, 757 F.3d 870, 872 (9th Cir. 2014)

- United States v. Blodgett, 709 F.2d 608, 610 (9th Cir. 1983)
