

A yellow right-angled triangle pointing downwards and to the right.

BLOGS

Class Actions

California Federal Court Grants Remand to State Court

In *Ganezer, et al. v. DirectBuy, Inc, et al.*, 2009 WL 363908 (C.D. Cal. Feb. 11, 2009), a California federal court granted the plaintiffs' motion to remand the case back to state court. The plaintiffs had filed a class action suit in California state court against DirectBuy, a franchisor of outlets marketing a direct-buying service to the public through club membership programs. DirectBuy removed the action to federal court under the provisions of the Class Action Fairness Act (CAFA). The plaintiffs moved to remand to state court claiming that the CAFA amount in controversy and minimal diversity requirements had not been met.

CAFA provides that the federal district courts have original jurisdiction of a civil action in which the amount in controversy exceeds \$5,000,000 and is a class action in which any member of a class of plaintiffs is a citizen of a state different from any defendant. According to the court, because the burden was on DirectBuy to establish federal jurisdiction, it had the burden of proving that its "place of operations"—the state in which it conducts a substantial predominance of its business—was in a state other than California. While DirectBuy argued that it had no other place of business outside of Indiana, its state of incorporation, the court found that DirectBuy ignored the operation of its franchise locations and failed to provide the court with information to compare its business activity in California to its business activity in other states.