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UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

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FAIZ A. JAHANI, an individual;  
and KHADIJA JAHANI, an  
individual,

NO. CIV. 2:11-577 WBS JFM

ORDER OF REMAND

Plaintiffs,

v.

JPMORGAN CHASE BANK, N.A;  
QUALITY LOAN SERVICE  
CORPORATION,

Defendants.

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Plaintiffs Faiz A. Jahani and Khadija Jahani filed this  
action in the Sacramento County Superior Court on February 1,  
2011, against defendants JPMorgan Chase Bank, N.A., as successor  
in interest to, and d/b/a, Washington Mutual Bank, FA, and d/b/a  
Chase Home Finance, LLC ("JPMorgan Chase"); Federal Home Loan  
Mortgage Corporation ("Freddie Mac"); Quality Loan Service  
Corporation ("Quality Loan"); Jeffery Scott Strachan; and Rudolfo  
Tan Omega. Plaintiffs alleged nine state law claims arising from

1 a residential loan: (1) fraud, (2) civil conspiracy, (3)  
2 negligence, (4) breach of fiduciary duty, (5) violations of  
3 California's Unfair Competition Law ("UCL"), Cal. Bus. & Prof.  
4 Code §§ 17200-17210, (6) violation of California Civil Code  
5 section 2923.5, (7) breach of oral contract, (8) breach of  
6 implied covenant of good faith and fair dealing, and (9)  
7 declaratory and injunctive relief.

8           On March 2, 2011, Freddie Mac removed the action to  
9 this court pursuant to 28 U.S.C. §§ 1331, 1442, and 12 U.S.C. §  
10 1452(f). See 28 U.S.C. § 1331 (federal courts have original  
11 jurisdiction over civil actions arising under federal law); 28  
12 U.S.C. § 1442(a) (agencies of the United States may remove  
13 actions against them); 12 U.S.C. § 1452(f) (deeming Freddie Mac a  
14 federal agency and all actions involving Freddie Mac as arising  
15 under federal law, and providing that Freddie Mac may remove  
16 action from state court).

17           Plaintiffs filed their First Amended Complaint ("FAC")  
18 on April 25, 2011, removing all claims against defendants Freddie  
19 Mac, Jeffery Scott Strachan, and Rudolfo Tan Omega. (Docket No.  
20 5.) Plaintiffs' FAC retained only state law claims against  
21 remaining defendants JPMorgan Chase and Quality Loan. Because  
22 Freddie Mac is no longer a defendant and because jurisdiction was  
23 based solely on Freddie Mac being a party to the action, no  
24 ground for original jurisdiction over the case remains. See  
25 Sabater v. Lead Indus. Ass'n, No. 00 CIV. 8026, 2001 WL 1111505,  
26 at \*6-7 (S.D.N.Y. Sept. 21, 2001) (declining to exercise  
27 supplemental jurisdiction following dismissal of Freddie Mac).  
28 The court must now determine whether to exercise supplemental

1 jurisdiction over the remaining state law claims.

2           A district court "may decline to exercise supplemental  
3 jurisdiction . . . [if] the district court has dismissed all  
4 claims over which it has original jurisdiction." 28 U.S.C. §  
5 1367(c); see also Acri v. Varian Assocs., Inc., 114 F.3d 999,  
6 1001 n.3 (9th Cir. 1997) (en banc) (explaining that a district  
7 court may decide sua sponte to decline to exercise supplemental  
8 jurisdiction). The court's decision is informed by the values of  
9 judicial economy, fairness, comity, and convenience. Acri, 114  
10 F.3d at 1001. "[I]n the usual case in which all federal-law  
11 claims are eliminated before trial, the balance of factors to be  
12 considered . . . will point toward declining to exercise  
13 jurisdiction over the remaining state-law claims." Carnegie-  
14 Mellon Univ. v. Cohill, 484 U.S. 343, 350 n.7 (1988).

15           The court finds no reason that this is not such a usual  
16 case. The sole basis for federal jurisdiction was disposed of  
17 well in advance of trial and retaining jurisdiction over the  
18 state law claims would not affect judicial economy. Comity and  
19 fairness concerns also weigh in favor of remanding the action to  
20 state court: all remaining claims arise under California law, the  
21 state court is competent to hear the case and would provide an  
22 equally fair forum, and the state court may have a better  
23 understanding of state law. Finally, the state and federal fora  
24 are equally convenient for the parties. Accordingly, the court  
25 will decline to exercise supplemental jurisdiction over the  
26 remaining claims and will remand this action to state court.

27           IT IS THEREFORE ORDERED that the entire action be, and  
28 the same hereby is, REMANDED to the Superior Court of the State

1 of California, in and for the County of Sacramento.

2 IT IS FURTHER ORDERED that all dates pending before  
3 this court are hereby VACATED.

4 DATED: July 7, 2011

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6 WILLIAM B. SHUBB

7 UNITED STATES DISTRICT JUDGE

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