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8 UNITED STATES DISTRICT COURT  
9 SOUTHERN DISTRICT OF CALIFORNIA  
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11 LOAN RESOLUTION CORPORATION.  
12 et al.,

13 Plaintiffs,

14 v.

15 U.S. BANK NATIONAL  
16 ASSOCIATION,

17 Defendant.

Case No.: 17cv1691-L(VWG)

**ORDER DISMISSING COMPLAINT  
WITH LEAVE TO AMEND**

18 In this breach of contract action under California law, Plaintiffs claim federal  
19 jurisdiction based on diversity of citizenship under 28 U.S.C. §1332. (Compl. at 2.)  
20 Because the complaint does not sufficiently allege citizenship of all the parties, the action  
21 is dismissed with leave to amend.

22 Unlike state courts,

23 Federal courts are courts of limited jurisdiction. They possess  
24 only that power authorized by Constitution and statute, which is  
25 not to be expanded by judicial decree. It is to be presumed that  
26 a cause lies outside this limited jurisdiction, and the burden of  
27 establishing the contrary rests upon the party asserting  
28 jurisdiction.

1 *Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 377 (1994) (citations omitted).  
2 Federal courts are constitutionally required to raise issues related to federal subject matter  
3 jurisdiction and may do so *sua sponte*. *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 514  
4 (2006). A federal court must satisfy itself of its jurisdiction over the subject matter  
5 before proceeding to the merits of the case. *Ruhrgas AG v. Marathon Oil Co.*, 526 U.S.  
6 574, 577, 583 (1999).

7 The plaintiff bears the burden of demonstrating that jurisdiction is properly before  
8 the Court. *See Thornhill Publ'g Co. v. General Tel. & Elec. Corp.*, 594 F.2d 730, 733  
9 (9th Cir. 1979). Plaintiffs rely on 28 U.S.C. §1332, which requires complete diversity of  
10 citizenship between plaintiffs and defendants. The complaint must affirmatively allege  
11 the state of citizenship of each party. *Bautista v. Pan Am. World Airlines, Inc.*, 828 F.2d  
12 546, 552 (9th Cir.1987); *see also Kanter v. Warner-Lambert, Co.*, 265 F.3d 853 (9th Cir.  
13 2001).

14 The complaint names LRC Asset Management LLC ("LRCAM") as one of the  
15 Plaintiffs. For diversity purposes, the citizenship of a non-corporate business entity is  
16 determined by the citizenship of each of its members. *Carden v. Arkoma Assoc.*, 494  
17 U.S. 185, 195-96 (1990). Plaintiffs do not adequately allege LRCAM's membership and  
18 the citizenship of each member. (*See Compl. at 2.*) The complaint is therefore  
19 insufficient to establish that the parties meet all the requirements of diversity jurisdiction.

20 Because Plaintiffs do not allege the facts necessary to establish diversity, the  
21 complaint is dismissed for lack of subject matter jurisdiction. Plaintiffs are granted leave  
22 to file an amended complaint to supplement the jurisdictional allegations. *See 28 U.S.C.*

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1 §1653. If Plaintiffs choose to file an amended complaint, they must do so no later than  
2 **September 7, 2017.**

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4 **IT IS SO ORDERED.**

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6 Dated: August 24, 2017

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8 Hon. M. James Lorenz  
9 United States District Judge

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