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Castillo v. United Fed. Credit Union, 134 Nev. Adv. Op. 3 (Feb. 1, 2018)

Jocelyn Murphy

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CIVIL PROCEDURE: SUBJECT MATTER JURISDICTION

Summary

The Court determined that (1) in a class action suit parties may not aggregate putative class member claims to reach the statutorily required jurisdictional amount for subject matter jurisdiction; (2) NRS § 104.9625(3)(b) permits an individual to combine the amount of sought statutory damages with the proposed deficiency amount in consumer transactions to obtain the jurisdictional amount for subject matter jurisdiction; and (3) district courts possess original jurisdiction over all claims for injunctive relief, even those that fail to meet the jurisdictional amount.

Background

In 2014, Lucia Castillo and a co-buyer entered into a vehicle and security agreement with United Federal Credit Union. Sometime after, United Federal Credit Union repossessed the vehicle, sold it, and issued a deficiency balance of \$6,841.55 to Castillo. In 2015, Castillo filed an individual complaint alleging that United Federal Credit Union had violated the Uniform Commercial Code (UCC) by issuing the notice of sale. Castillo later amended her complaint to a class action suit under NRCP 23(a).² She asserted that the district court had jurisdiction because (1) every class member was eligible to receive the deficiency balance and the statutory damages amount under NRS § 104.9625(3)(b),³ which together would exceed the amount in controversy needed for subject matter jurisdiction and (2) she had requested injunctive relief for United Federal Credit union to remove her deficiency balance and erase all adverse credit information unjustly reported on class members consumer reports.

United Federal Credit Union filed a motion to dismiss Castillo's complaint, arguing that the district court lacked subject matter jurisdiction because Castillo failed to prove that she was individually entitled to damages of over \$10,000. The district court did not reach a conclusion regarding whether it had jurisdiction based on Castillo's motion for injunctive relief. However, the court ultimately ruled that it did not have subject matter jurisdiction over the claims because Castillo was not permitted to aggregate the putative class member claims to reach the jurisdictional amount because the court had not yet ruled on whether the class could be maintained and that NRS § 104.9625(4)⁴ prevented Castillo from combining the deficiency amount with her statutory damages.

¹ By Jocelyn Murphy.

² Nev. R. Civ. P. 23(a) (2016).

³ NEV. REV. STAT. § 104.9625(3)(b) (2017).

⁴ NEV. REV. STAT. § 104.9625(4) (2017).

Discussion

Although many jurisdictions allow the aggregation of putative class member claims to promote the purposes of class action suits,⁵ Nevada courts have not adopted this view. Nevada provides forums for class action members with claims less than \$10,000 to litigate their claims, and thus aggregation to achieve the amount necessary for district court subject matter jurisdiction is not necessary. Conversely, the district court erred in disallowing Castillo from combining her claim for statutory damages with the deficiency amount requested. Under NRS § 104.9625(3)(b), Castillo is not prohibited from combining the two amounts.⁶ NRS § 104.9625(4) forbids a debtor from combining damages if they also seek to recover under NRS § 104.9625.2.⁷ However, Castillo never sought recovery under NRS § 104.9625(2),⁸ and thus, is not barred from combining her damages. The district court also erred in declining to assert original jurisdiction after Castillo sought injunctive relief. In Nevada, district courts have original jurisdiction for claims of injunctive relief.⁹ District courts maintain original jurisdiction even if the damages sought fail to meet the district court's jurisdictional amount for subject matter jurisdiction.

Conclusion

Because under NRS § 104.9625(3)(b), individuals can combine the sought amount of statutory damages with the deficiency amount to reach the jurisdictional amount, and because district courts have original jurisdiction of all claims for injunctive relief, the Court reversed the district court's order and remanded this case for further proceedings consistent with this opinion.

⁵ Galen of Fla., Inc. v. Arscott, 629 So.2d 856, 857 (Fla. Dist. Ct. App. 1993); Judson Sch. v. Wick, 494 P.2d 698, 699 (Ariz. 1972).

⁶ NEV. REV. STAT. § 104.9625(3)(b) (2017).

⁷ NEV. REV. STAT. § 104.9625(4) (2017).

⁸ NEV. REV. STAT. § 104.9625(2) (2017).

⁹ Edwards v. Emperor's Garden Rest., 122 Nev. 317, 324, 130 P.3d, 1280 1284 (2006).