NOT PRECEDENTIAL

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

No. 24-2385

SHANTHI R. HEJAMADI AND RICARDO VARELA

v.

MIDLAND FUNDING, LLC, MIDLAND CREDIT MANAGEMENT, INC., AND JOHN DOES 1 TO 10

Shanthi Hejamadi,
Appellant

On Appeal from the United States District Court
for the District of New Jersey
(D.C. No. 2:18-cv-13203)
District Judge: Hon. Katharine S. Hayden

Submitted under Third Circuit L.A.R. 34.1(a)
September 11, 2025

Before: CHAGARES, *Chief Judge*, PORTER, and ROTH, *Circuit Judges.*

(Filed: August 19, 2026)

OPINION*

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* This disposition is not an opinion of the full Court and pursuant to I.O.P. 5.7 does not constitute binding precedent.

ROTH, *Circuit Judge*.

Shanti R. Hejamadi appeals the District Court's decision to grant the motion to compel arbitration requested by Appellees Midland Fund, LLC (Midland) and Midland Credit Management, Inc. (MCM). Hejamadi asserts that motions filed by Midland in New Jersey state court, and by both Midland and MCM in federal court, waived Appellees' right to compel arbitration in the instant action.

This case comes to us on appeal for the second time. We previously remanded this matter to the District Court to consider the impact of a recent Supreme Court decision which changed the standard we use to evaluate whether a party waived their right to arbitrate.[1] Today, however, we will not reach the merits because Hejamadi never had standing to bring her claim in the first place. Accordingly, because we lack subject matter jurisdiction over this action, we will vacate the District Court's order compelling arbitration and remand with instructions to dismiss the complaint.

I.

In 2017, Midland purchased a pool of credit card accounts from Citibank, N.A. which included accounts belonging to Hejamadi. In April 2018, Midland initiated a debt collection against Hejamadi in New Jersey state court to collect money she allegedly owed on her account. In response, Hejamadi brought a class action under the Fair Debt Collection Practices Act (FDCPA), alleging that Midland violated the statute by including a false statement in its debt collection letters to Hejamadi. Specifically, Hejamadi alleged

[1] *Morgan v. Sundance, Inc.*, 596 U.S. 411, 416 (2022) (abrogating *PaineWebber Inc. v. Faragalli*, 61 F.3d 1063, 1068–69 (3d Cir. 1995)).

that the letters stated that flexible payment options may no longer be available, even though Midland continued to offer those options. Aside from that purportedly false statement, Hejamadi did not allege that she suffered any harm or that the statement affected her conduct in any way. Midland thereafter dismissed its debt collection claim and removed the FDCPA action to federal court.

On November 6, 2018, Midland filed a motion to compel arbitration and dismiss Hejamadi's complaint, citing a provision in the credit card agreement that allowed Midland to initiate arbitration once the account holder asserted a claim against it. Later that month, Hejamadi filed an amended complaint that added Ricardo Varela, another account holder, as a plaintiff and MCM, an entity affiliated with Midland, as a defendant. In response, Midland and MCM filed a second motion to compel arbitration. Hejamadi and Varela opposed that motion, arguing that the parties needed to conduct discovery to determine whether an arbitration agreement existed. The District Court agreed with Hejamadi and Varela—it denied the motion to compel arbitration without prejudice and ordered limited discovery on arbitrability.

After the parties completed discovery, Midland and MCM filed a renewed motion to compel arbitration. This time, the District Court granted their motion, which Hejamadi and Varela appealed. While the appeal was pending, the Supreme Court decided *Morgan v. Sundance, Inc.*, which held that courts may not create "arbitration-specific variants of federal procedural rules."[2] Our Court then adopted a revised framework for arbitration

[2] 596 U.S. at 417.

waiver in *White v. Samsung Elecs. Am., Inc.*,[3] and we remanded Hejamadi and Varela's appeal for the District Court to consider whether Midland and MCM waived their right to arbitrate. Following another round of briefing from the parties, the District Court applied the *White* framework to find that Midland and MCM did not waive their right to arbitrate. Accordingly, the court granted Appellees' motion to compel arbitration and dismissed Hejamadi and Varela's amended complaint. Hejamadi appealed for the second time.[4]

II.

Article III standing is a fundamental requirement, rooted in the bedrock constitutional principle that our jurisdiction is limited to actual "[c]ases" or "[c]ontroversies."[5] Despite the many years of litigation in this case—including a review by a prior panel of our Court and a remand to District Court—the passage of time alone cannot confer the jurisdiction Article III requires. We have an "independent obligation" to ensure that Hejamadi has standing before reaching the merits, and we conclude that Hejamadi lacks standing because she has not alleged the requisite injury-in-fact.[6] This jurisdictional defect precludes us from reaching the arbitration issue for which we previously remanded the case.

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[3] 61 F.4th 334, 340 (3d Cir. 2023).

[4] Before submitting her opening brief, Hejamadi moved to remand the case to the District Court, contending that our recent decision in *George v. Rushmore Serv. Ctr., LLC*, 114 F.4th 226 (3d Cir. 2024) established that she lacked standing. The motions panel denied the request for summary remand.

[5] U.S. Const. art. III, § 2; *see also Spokeo, Inc. v. Robins*, 578 U.S. 330, 337–38 (2016).

[6] *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 514 (2006).

Article III standing requires that "[t]he plaintiff must have (1) suffered an injury in fact, (2) that is fairly traceable to the challenged conduct of the defendant, and (3) that is likely to be redressed by a favorable judicial decision."[7] An injury-in-fact is "an invasion of a legally protected interest which is (a) concrete and particularized; and (b) actual or imminent, not conjectural or hypothetical."[8] One way for a plaintiff to establish a concrete injury is to allege an informational injury based on the denial of information to which the plaintiff is statutorily entitled, coupled with "adverse consequences related to the purpose of the statute."[9] An injury can also be sufficiently concrete if it bears a "close relationship" to a harm traditionally recognized as providing a basis for suit in American courts.[10] Applying those principles in *Huber v. Simon's Agency, Inc.*, we identified two ways a plaintiff bringing claims under the FDCPA could establish a concrete injury: (1) an informational injury resulting from the omission of information to which the plaintiff is entitled or (2) reliance on inaccurate information that caused harm, which parallels the common-law tort of fraudulent misrepresentation.[11]

In *George*, our Court vacated a district court order compelling arbitration in an FDCPA case for lack of standing.[12] The facts in *George* were similar to the facts here—the plaintiff brought suit under the FDCPA, asserting that a debt collection letter she received omitted information to which she was legally entitled, and that the letter was

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[7] *Spokeo*, 578 U.S. at 338.
[8] *George*, 114 F.4th at 234.
[9] *Kelly v. RealPage Inc.*, 47 F.4th 202, 212 (3d Cir. 2022).
[10] *TransUnion LLC v. Ramirez*, 594 U.S. 413, 417 (2021).
[11] 84 F.4th 132, 146, 148–49 (2023).
[12] *George*, 114 F.4th at 240.

"false, deceptive, and misleading."[13] However, because the complaint alleged neither adverse consequences flowing from the omitted information nor harm resulting from the allegedly misleading statements, we held that the plaintiff failed to allege a concrete injury.[14]

Turning to the case before us, we conclude that Hejamadi similarly does not have standing. Hejamadi's amended complaint only alleged that the debt collection letter she received contained a false statement. The complaint included no allegations whatsoever regarding any downstream consequences Hejamadi suffered as a result of the language she contends was misleading. Given our recent precedent, that fatal omission makes clear that Hejamadi lacks standing.

We recognize that the standing question presented here arises in an unusual procedural posture because Hejamadi raised her lack of standing only after the District Court ordered arbitration—an outcome she sought to avoid. As a result, Appellees argued in their response to the motion to remand that a determination that Hejamadi lacks standing would reward her gamesmanship. Appellees also pointed to a footnote in *George*, where we suggested that the standing requirements could be relaxed "in a case where gamesmanship is apparent—a case, perhaps, where a plaintiff deliberately submits an on-the-fence complaint and later argues she lacks standing in order to void an arbitration order."[15] But while we do not discount the equitable concerns raised by Appellees, those

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[13] *Id.* at 236.
[14] *Id.* at 236–38.
[15] *George*, 114 F.4th at 240 n.20.

concerns cannot displace our "independent obligation" to ensure that the requirements of Article III are satisfied before exercising jurisdiction.[16] We likewise conclude that Hejamadi's conduct does not rise to the level of gamesmanship contemplated in *George*. When Hejamadi filed her amended complaint, neither the Supreme Court nor our Court had yet clarified the requirements of Article III standing in a manner that would have put her on notice that she lacked standing. Consequently, this turn of events leaves us without jurisdiction to reach the merits of Hejamadi's claim.

III.

For the foregoing reasons, we will vacate the District Court's decision to grant Midland and MCM's motion to compel arbitration and remand with instructions to dismiss the case for lack of standing.

[16] *Hartig Drug Co. v. Senju Pharma Co. Ltd.*, 836 F.3d 261, 267 (3d Cir. 2016).