



Dissolved Corporation Is Citizen of Its State of Incorporation

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In a recently decided case, the United States Court of Appeals for the Eleventh Circuit addressed the issue of what status a dissolved corporation has when deciding if diversity jurisdiction exists. *Holston Investments, Inc. B.V.I. v. LanLogistics Corp*, 2012 WL 1293469 (11th Cir. 2012). The Court noted that circuits across the country were divided on this issue.

The facts are simple. LanLogistics sold two subsidiary corporations without first offering Holston its contractual right of first refusal. Holston, a Florida citizen, alleged diversity and sued LanLogistics in the Florida District Court. LanLogistics was a recently dissolved Delaware corporation that had maintained its principal place of business in Florida. Chapter 28 U.S.C. § 1332(c)(1) states that “a corporation shall be deemed to be a citizen of every State and foreign state by which it has been incorporated and of the State or foreign state where it has its principal place of business” LanLogistics argued that both parties were citizens of Florida and not diverse as required by 28 U.S.C. § 1332.

The Court sought the Supreme Court’s guidance to resolve for itself the conflicting statuses that various other circuits had given to dissolved corporations. In *Hertz Corp. v. Friend*, the Supreme Court held that simple jurisdictional tests were preferred. 130 S.Ct. 1181, 1193–94, 175 L.Ed.2d 1029 (2010). *Hertz* ruled that a corporation’s principal place of business is where its “nerve center is located.” The Court tried to emulate this simple approach in formulating its decision. The Court stated,

Considering the jurisdictional tests in the various circuits and the guidance of the Supreme Court in *Hertz*, we join the Third Circuit in holding a dissolved corporation has no principal place of business. This bright-line rule may open federal courts to an occasional corporation with a lingering local presence, but undeserved access to a fair forum is a small price to pay for the clarity and predictability that a bright-line rule provides.

Holston Investments, Inc. B.V.I. at p. 1071.

As a Delaware corporation now dissolved, the Court found LanLogistics a citizen of Delaware and affirmed the District Court’s decision that diversity of citizenship was present.