

Where is your Corporation's Nerve Center?

A recent unanimous opinion of the U.S. Supreme Court authored by Justice Breyer clarifies where corporations reside for purposes of diversity jurisdiction in Federal Courts. On February 23, 2010 the U.S. Supreme Court issued its opinion in the case of *Hertz v. Friend, et al.*, No. 2008-1107, and identified a corporation's place of residence wherever the "nerve center" of the corporation is located.

The United States Supreme Court adopted the "nerve center test" to determine a corporation's place of residence for cases brought to Federal Court on diversity jurisdiction grounds. Diversity jurisdiction cases are brought in or moved to Federal Court between citizens of different states while also exceeding \$75,000.00 at issue.

The "nerve center test" defines the "nerve center" as "the place where the corporation's officers direct, control and coordinate the corporation's activities." The court identified factors which evidence the "nerve center" of a corporation such as the location of the corporate office, the location of the leadership of the corporation and where the corporation conducts its core executive and administrative functions.

The Supreme Court held that there is a single "nerve center" of a corporation for diversity jurisdiction, as the diversity jurisdiction statute only refers to a principal place in the singular. This should restrict each corporation to one "nerve center" and not several principal places of business.

The Supreme Court examined various decisions by district and circuit courts using a variety of tests to determine a corporation's principal place of business and determined that while there is no perfect test, the "nerve center test" provides the best determination of a corporate residence for diversity purposes.

In many cases the "nerve center test" will simplify whether Federal Court is an available venue for diversity jurisdiction litigation, because each corporation now has only one principal place of business or "nerve center". The ruling may increase corporate access to Federal Court as a venue on diversity jurisdiction grounds.

If you have any questions regarding this alert, please contact [Neil Brunetz](#), any member of Miller & Martin's [Litigation Practice Group](#), or any other member of [Miller & Martin's Corporate Department](#).

The opinions expressed in this bulletin are intended for general guidance only. They are not intended as recommendations for specific situations. As always, readers should consult a qualified attorney for specific legal guidance. Should you need assistance from a Miller & Martin attorney, please call 1-800-275-7303.

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