

Corporate & Financial Weekly Digest

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Illinois District Court Dismisses Action Based on Lack of Personal Jurisdiction Over Individual Corporate Officers

The U.S. District Court for the Northern District of Illinois dismissed certain claims against individual defendants in a fraud suit, holding that it lacked personal jurisdiction over those defendants. The plaintiffs brought several claims under state consumer protection laws and the common law against the defendants in connection with the refinancing of a property loan. Several of the defendants were individual officers of an investment company that allegedly had defrauded the plaintiffs. The officers (Individual Defendants) moved to dismiss the plaintiffs' suit against them for lack of personal jurisdiction. The court rejected Plaintiffs' arguments that the court had jurisdiction over the Individual Defendants based on exceptions to the fiduciary shield doctrine and/or based on a veil-piercing theory. The court held that in order for there to be an exception to the fiduciary shield doctrine, which generally protects corporate officers from being sued in connection with their corporate duties, a plaintiff must assert that an individual defendant undertook acts within the relevant jurisdiction that were primarily meant to serve their personal interests. The plaintiffs had failed to allege any actions that warranted the use of the exception to fiduciary shield doctrine. The plaintiffs had also failed to demonstrate that the investment company at issue was a shell corporation that served as the alter ego of the Individual Defendants. Similarly, since the plaintiffs had not shown that there was a unity of ownership and interest between the Individual Defendants and the investment company, the court declined to pierce the corporate veil to assert jurisdiction over the Individual Defendants. Accordingly, the court dismissed all claims against the Individual Defendants.

Kouakou, et. al. v. Sutton Funding, LLC, et. al., No. 09 C 7132, 2012 WL 581179 (N.D. Ill. February 22, 2012).

Katten Muchin Rosenman LLP
Charlotte Chicago Irving London Los Angeles New York Washington, DC