



For purposes of determining whether federal diversity jurisdiction exists, "a corporation shall be deemed to be a citizen of any State by which it has been incorporated and of the State where it has its principal place of business." 28 U.S.C. § 1332(c)(1). Accordingly, a corporation could potentially be a citizen of two states, i.e., where it is incorporated and where it has its principal place of business. See Dimmit & Owens Financial, Inc. v. U.S., 787 F.2d 1186, 1190 (1986) (explaining the purpose of dual citizenship under Section 1332(c)(1)). Here, there is no issue that Quintec is incorporated in Utah and therefore is a citizen of Utah. The issue is whether Quintec's principal place of business is in Utah, as claimed by Defendants, or in California, as claimed by Plaintiffs.

The Supreme Court recently defined a corporation's "principal place of business" as the place where "a corporation's officers direct, control, and coordinate the corporation's activities," in other words, the "corporation's nerve center." Hertz Corp. v. Friend, 130 S.Ct. 1181, 1192 (2010). The party asserting diversity of citizenship has the burden of proving, by a preponderance of the evidence, that it is a citizen of a particular state. See McCann v. The George V. Newman Irrevocable Trust, 458 F.3d 281 (3d Cir. 2006).

Quintec provides litigation consulting services to corporate clients and manages the asbestos cases brought against it, as a successor to a manufacturing company. (Pl.'s Mot. to Remand, doc. no. 5, at 11.) Quintec has only two employees, Mr. Lynn Poulson, President and Chief Financial Officer, and his wife, Ms. Ellina Poulson, Secretary. (doc. no. 10-2, at 4.) It is undisputed that Quintec's "one and only office" is in Salt Lake City, Utah. (doc. no. 5, at 18.) Mr. Poulson testified that Quintec's records are kept at his personal residence, in Lehi, Utah. (doc. no. 10-2, at 6.) Quintec's records consist of "litigation records, corporate minutes, correspondence." (doc. no. 9-5, at 32.)

However, Plaintiffs assert that Quintec's principal place of business is not the Utah office, but is in fact Mr. Poulson's office at the Los Angeles office of Johnson, Poulson & Coons, a law firm of which Mr. Poulson is a member. (doc. no. 9-5, at 20-21.) Regarding Mr. Poulson's relationship to the Los Angeles office, the following exchange is informative:

Q: So you live in Utah, but your firm is located in Century City?

A: And my secretary, and my office and my files, yes.

Q: Talk about the ultimate telecommuter.

A: Actually, these days, with the modern technology we have, it doesn't much matter where I am [ . . . ]

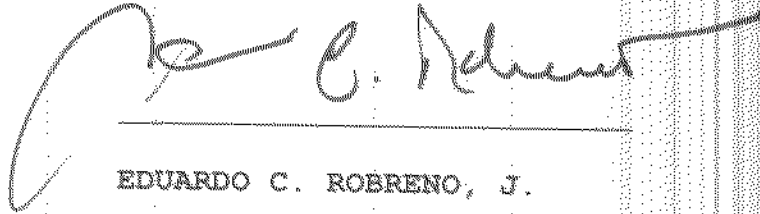
(doc. no. 9-5, at 32.)

Plaintiffs point out that Mr. Poulson's "files" are kept in California. Plaintiffs assert that the Salt Lake City office is merely a "shell" office, pointing out that the office is leased, is sparsely furnished, has no full-time employees working in it, or records housed in it, and bears Mr. Poulson's, not Quintec's, name on the door. (See generally doc. no. 10-2.) Plaintiffs also point to the testimony of Donald Michael Redfern, corporate representative for a company called Insulectro, who testified that he thought that Quintec's minutes may be kept in Mr. Poulson's office in Insulectro's Lake Forest, California office. (doc. no. 9-6.)

While it is true that Quintec's Salt Lake City office is not the bustling "nerve center" that one might envision as a corporate headquarters, it is the closest thing that Quintec has. The nature of Quintec, a corporation with two employees and one decision-maker, means that its nerve center is the place where Mr. Poulson has designated office space for Quintec. While Mr. Poulson apparently maintains two personal offices in separate California locations, and may have some Quintec records there, and some at his home in Utah, Quintec's only corporate office is in Utah, and this is where the "overall direction, control, and coordination" of Quintec occurs. Hertz, 130 S.Ct. at 1194. Indeed, the Supreme Court recognized that "in this era of telecommuting" there may be multiple centers of command, but that ultimately, there is a "single place," "usually [a corporation's] main headquarters" that can be considered the principal place of business. Id. at 1194, 1193.

In the instant case, Quintec's headquarters, and indeed its only office, is located in Utah, and this is its principal place of business for determining citizenship. Removing Defendants have met their burden of showing, by a preponderance of the evidence, that Quintec has its principal place of business in Utah. Therefore, given that all plaintiffs are citizens of California and that Quintec is incorporated in Utah and has its principal place of business in Utah, federal diversity jurisdiction exists

AND IT IS SO ORDERED.



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EDUARDO C. ROBRENO, J.

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in the instant case.

ENTERED  
JAN 20 2011  
CLERK OF COURT