

INSIGHTS + NEWS

Lou Ciavarra Quoted in “Jurisdictional issue jeopardizes eight-figure verdict” in Massachusetts Lawyers Weekly

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A recent 1st U.S. Circuit Court of Appeals ruling is a reminder of the extreme consequences that can be faced if one is not scrupulous when invoking diversity of citizenship to get a case heard in federal court when the matter involves limited liability companies or trusts. In *BRT Management LLC v. Malden Storage, LLC, et al.*, the plaintiff-in-counterclaim won an eight-figure judgment against the plaintiff and a third-party defendant after six years of litigation, however; the award is now in jeopardy because the parties never demonstrated to the 1st Circuit’s satisfaction that there was complete diversity between them. The issue was on the defendants’ side, where there were dozens of members, including individuals, corporations and trusts, nested within the defendant LLCs.

Lou Ciavarra spoke with *Massachusetts Lawyers Weekly* about the case:

Lou stated that BRT “sends a loud message to practitioners not to make assumptions about diversity, or you can waste a lot of time and money only to find out everything was for naught.” He noted that when corporations were the primary business entity that existed in the world, establishing diversity of citizenship was much easier. “The disclosure required by Rule 7.1 should provide this information, but you are relying on the accuracy of it, and if the information is wrong, you could still be dismissed because subject matter jurisdiction can’t be waived.” He added, “As a practical matter, it is best to do as much due diligence as possible on your own.”

Continue reading “[Jurisdictional issue jeopardizes eight-figure verdict](#)” on the *Massachusetts Lawyers Weekly* website (subscription required).