

Sec. 2—Judicial Power and Jurisdiction

Cl. 1—Cases and Controversies

the members, in this respect, can be exercised in their corporate name.” Nevertheless, the Court upheld diversity jurisdiction in the case because the members of the bank as a corporation were citizens of one state and *Deveaux* was a citizen of another. The holding that corporations were citizens of the states where their stockholders lived was reaffirmed a generation later,¹⁰⁸¹ but pressures were building for change. While corporations were assuming an ever more prominent economic role, the *Strawbridge* rule, which foreclosed diversity suits if any plaintiff had common citizenship with any defendant,¹⁰⁸² was working to close the doors of the federal courts to corporations with stockholders in many states.

Deveaux was overruled in 1844, when, after elaborate argument, a divided Court held that “a corporation created by and doing business in a particular state, is to be deemed to all intents and purposes as a person, although an artificial person, an inhabitant of the same state, for the purposes of its incorporation, capable of being treated as a citizen of that state, as much as a natural person.”¹⁰⁸³ Ten years later, the Court abandoned this rationale, but it achieved the same result by “indulg[ing] in the fiction that, although a corporation was not itself a citizen for diversity purposes, its shareholders would be conclusively presumed citizens of the incorporating State.”¹⁰⁸⁴ “State of incorporation” remained the guiding rule for determining the place of corporate citizenship until Congress amended the jurisdictional statute in 1958. Concern over growing dockets and companies incorporating in states of convenience then led to a dual citizenship rule whereby “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.”¹⁰⁸⁵ The

¹⁰⁸¹ *Commercial & Railroad Bank v. Slocumb*, 39 U.S. (14 Pet.) 60 (1840).

¹⁰⁸² *Strawbridge v. Curtiss*, 7 U.S. (3 Cr.) 267 (1806).

¹⁰⁸³ *Louisville, C. & C.R.R. v. Letson*, 43 U.S. (2 How.) 497, 558 (1844).

¹⁰⁸⁴ *United Steelworkers v. R.H. Bouligny, Inc.*, 382 U.S. 145, 148 (1965), citing *Marshall v. Baltimore & Ohio R.R.*, 57 U.S. (16 How.) 314 (1854). See *Muller v. Dows*, 94 U.S. 444 (1877); *St. Louis & S.F. Ry. v. James*, 161 U.S. 545 (1896); *Carden v. Arkoma Associates*, 494 U.S. 185, 189 (1990).

¹⁰⁸⁵ 28 U.S.C. § 1332(c)(1). In *Hertz Corp. v. Friend*, 559 U.S. ___, No. 08–1107, slip op. (2010), the Court recounted the development of the rules on corporate jurisdictional citizenship in deciding that a corporation’s “principal place of business” under the statute is its “nerve center,” the place where the corporation’s officers direct, control, and coordinate the corporation’s activities.

The jurisdictional statute additionally deems the place of an insured’s citizenship as an additional place of citizenship of an insurer being sued in a direct action case.