

Electronic Payments Case Study

Global Legal Law Firm recently scored a big win for its electronic payments client in a lawsuit filed in federal court. A dispute arose between two equal owners of an electronic payments company regarding the business and future for the company. One owner, aka “Bad Guy” or BG, filed a lawsuit in federal court to pressure the other owner, “Good Guy” or GG, as leverage to sell the company for less than it is worth.

GG turned to Global Legal Law Firm for help defending against the lawsuit. Global’s attorneys, using a team approach, determined that BG’s attorneys made a critical error when it named the company, a Limited Liability Company, as a nominal defendant. Global immediately attacked by moving to dismiss the lawsuit, and won. The court dismissed the lawsuit with prejudice, meaning BG cannot file another lawsuit in federal court with the same facts and parties.



Federal courts have limited jurisdiction, meaning that there must be subject matter jurisdiction for the court to hear the lawsuit. The court must dismiss a lawsuit if it determines at any time that it lacks subject matter jurisdiction, including diversity jurisdiction. A federal court has diversity jurisdiction if: (1) the controversy is between “citizens of different States,” and (2) the amount in controversy exceeds \$75,000. Diversity jurisdiction requires complete diversity, meaning that no plaintiff can be from the same state as any defendant.

For diversity purposes, an LLC is a citizen of every state where its members are citizens. The company has two members, GG and BG, who are citizens of California and Florida, respectively. Therefore, the company is a citizen of both California and Florida. Recognizing that the lawsuit was fatally flawed because it involved citizens of the same States, Global filed a motion to dismiss the lawsuit for lack of diversity jurisdiction.

The court issued a lengthy Order that examined the issue from many sides, but ultimately concluded that Global's superior legal arguments were the correct application of facts and law. The court adopted Global's legal reasoning in its Order, finding that the inclusion of the company destroyed diversity jurisdiction, no matter whether it was a plaintiff or a defendant.

While the motion to dismiss was pending in court, BG and GG began discussions with Global's advice about BG buying GG's ownership stake, and developed an initial framework. Once the court ordered the lawsuit dismissed with prejudice, it drastically changed the parties' negotiating power in favor of the Good Guy. Global helped Good Guy negotiate a much better deal and ensure victory over his opponent.



About Global Legal Law Firm

Global's ability to harness the unique strengths of its attorneys proved to be the winning combination for the company and Good Guy. Global's attorneys are trusted partners for their clients who develop practical solutions to unique situations. Whether it involves complex litigation, electronic payments law, cryptocurrency, or business advice, electronic payments companies regularly turn to Global Legal Law Firm to meet their specific needs.

Streamline Collections with Global Legal Today

Our talented team of experienced lawyers can guide you through the commercial collections process and help you collect the funds your company is owed.

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