

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF
OKLAHOMA

Thomas Towns v. State Farm Fire and Casualty Company; and
Kevin Murphy Insurance Agency, Inc.

Towns · No. CIV-25-1102-D · Decided April 10, 2026

SUMMARY

The United States District Court for the Western District of Oklahoma grants Plaintiff Thomas Towns’s motion to remand an insurance dispute to the District Court of Grady County, Oklahoma. The court concludes that State Farm failed to establish fraudulent joinder of the nondiverse insurance agency, either because Towns could not state a claim against the agency or because he committed actual fraud in pleading jurisdictional facts.

CASE DETAILS

COURT	United States District Court for the Western District of Oklahoma
WRITING FOR THE COURT	Timothy D. DeGiusti
JURISDICTION	United States District Court for the Western District of Oklahoma
DECIDED	April 10, 2026
DOCKET	CIV-25-1102-D
DISPOSITION	remanded
PROCEDURAL POSTURE	Plaintiff moved to remand a removed diversity action, arguing that the nondiverse insurance agency was not fraudulently joined. The district court granted the motion and remanded the action to state court.
STANDARD OF REVIEW	On a motion to remand involving alleged fraudulent joinder, the removing party bears a heavy burden to establish either actual fraud in the pleading of jurisdictional facts or the inability of the plaintiff to establish any cause of action against the nondiverse defendant in state court. Factual and legal issues are resolved in favor of the plaintiff, and the standard is more exacting than the Rule 12(b)(6) dismissal standard.
PRECEDENTIAL VALUE	Nonprecedential district-court order
PARTIES	Thomas Towns v. State Farm Fire and Casualty Company, Kevin Murphy Insurance Agency, Inc.

TOPICS

subject matter jurisdiction

civil procedure

insurance coverage

negligent misrepresentation

pleadings

PRACTICE AREAS

Civil procedure

Insurance law

Insurance procurement

Removal and remand

QUESTIONS PRESENTED

1. Whether State Farm established that Murphy Insurance Agency, the nondiverse defendant, was fraudulently joined because Towns had no possible cause of action against it under Oklahoma law.
2. Whether State Farm established actual fraud in Towns's pleading of jurisdictional facts.
3. Whether the case should be remanded for lack of subject-matter jurisdiction.

HOLDINGS

1. State Farm did not establish with complete certainty that Towns could not establish a claim against Murphy Agency in Oklahoma state court; therefore, Murphy Agency was not shown to have been fraudulently joined.
2. State Farm did not establish that Towns lied in his pleadings or otherwise committed actual fraud in pleading jurisdictional facts.
3. Because State Farm failed to establish fraudulent joinder, complete diversity was not shown and the federal court lacked subject-matter jurisdiction.

KEY QUOTATIONS

"To establish fraudulent joinder, the removing party must demonstrate either: 1) actual fraud in the pleading of jurisdictional facts, or 2) inability of the plaintiff to establish a cause of action against the non-diverse party in state court."

"The nonliability of a defendant alleged to have been fraudulently joined must be "established with complete certainty.""

"This standard is more exacting than that for dismissing a claim under FED. R. CIV. P. 12(b)(6)."

FACTUAL BACKGROUND

Towns alleged that hail damaged his home and that State Farm failed to provide the full insurance benefits he expected under his homeowners policy. He alleged that State Farm characterized roof damage as cosmetic, changed the date of loss, stopped payment on an issued check, and later withheld benefits. Towns also alleged that Murphy Agency promised to procure broad, full-replacement hail coverage and made representations and omissions concerning coverage limitations and State Farm's claim-handling practices.

PROCEDURAL HISTORY

Towns filed an action in the District Court of Grady County, Oklahoma, alleging insurance-related claims against State Farm and the nondiverse Murphy Agency. State Farm removed the case under 28 U.S.C. § 1332, asserting complete diversity through fraudulent joinder and an amount in controversy exceeding the jurisdictional threshold. The federal district court concluded that State Farm failed to establish fraudulent joinder and actual fraud in the pleadings, found that subject-matter jurisdiction was lacking, granted the motion to remand, and directed the clerk to send a certified copy of the order to the state court.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The case is remanded to the District Court of Grady County, Oklahoma. The clerk must mail a certified copy of the order to the clerk of that court. Each side bears its own attorney fees, costs, and expenses incurred as a result of removal and remand.

CASES CITED

- Dutcher v. Matheson, 733 F.3d 980, 988 (10th Cir. 2013)
- McPhail v. Deere & Co., 529 F.3d 947, 955 (10th Cir. 2008)
- Fajen v. Found. Rsrv. Ins. Co., 683 F.2d 331, 333 (10th Cir. 1982)
- Sanelli v. Farmers Ins. Co., No. CIV-23-263-SLP, 2023 WL 3775177, at *2 (W.D. Okla. June 2, 2023)
- Montano v. Allstate Indem., No. 99-2225, 2000 WL 525592, at *1-*2 (10th Cir. Apr. 14, 2000) (unpublished)
- Brazell v. Waite, 525 F. App'x 878, 881 (10th Cir. 2013)
- Dodd v. Fawcett Publications, Inc., 329 F.2d 82, 85 (10th Cir. 1964)
- Smoot v. Chicago, Rock Island & Pac. R.R. Co., 378 F.2d 879, 881-82 (10th Cir. 1967)
- Kutz v. State Farm Fire & Cas. Co., 189 P.3d 740, 744-45 (Okla. 2008)
- Rotan v. Farmers Ins. Grp. of Companies, Inc., 83 P.3d 894, 895 (Okla. 2003)
- McDow v. State Farm Fire & Cas. Co., No. CIV-22-927-F, 2022 WL 17960457, at *2 (W.D. Okla. Dec. 27, 2022)
- Foster v. State Farm Fire & Cas. Co., No. CIV-24-222-PRW, 2025 WL 392728, at *3 (W.D. Okla. Feb. 4, 2025)
- Specialty Beverages, L.L.C. v. Pabst Brewing Co., 537 F.3d 1165, 1180-81 (10th Cir. 2008)
- Nerad v. AstraZeneca Pharmaceuticals, Inc., 203 F. App'x 911, 913 (10th Cir. 2006)
- Coover v. State Farm Fire and Cas. Co., No. CIV-25-334-PRW, 2025 WL 3470868
- Pruitt v. State Farm Fire & Cas. Co., No. CIV-25-43-D, 2025 WL 1030353, at *4 (W.D. Okla. Apr. 7, 2025)