

UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA
CIRCUIT

Yueh-Lan Wang, by and through her Attorney-in-Fact, Winston
Wen-Young Wong v. New Mighty U.S. Trust, et al.

841 F.3d 487 (D.C. Cir. 2016) · No. 12-7038

SUMMARY

The D.C. Circuit held that for diversity subject-matter jurisdiction under 28 U.S.C. § 1332(a), a “traditional trust”—one lacking juridical person status under state law—assumes the citizenship of its trustees, not its beneficiaries. Applying **Americold Realty Trust v. ConAgra Foods, Inc.**, the court distinguished traditional trusts from business trusts or other unincorporated entities subject to the “all members” rule of **Carden v. Arkoma Associates**. Because the New Mighty U.S. Trust was a donative trust governed by D.C. law that could not sue or be sued as an entity, it was a traditional trust, and its citizenship was determined by its trustee, Clearbridge LLC, resulting in complete diversity. The court reversed the district court’s dismissal for lack of subject-matter jurisdiction and remanded.

CASE DETAILS

COURT	United States Court of Appeals for the District of Columbia Circuit
WRITING FOR THE COURT	Henderson, Circuit Judge; Henderson; Kavanaugh; Millett
JURISDICTION	Federal
DOCKET	12-7038
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from the United States District Court for the District of Columbia's dismissal of the complaint for lack of subject-matter jurisdiction, and motions on appeal to substitute parties and to dismiss.
STANDARD OF REVIEW	De novo review of subject-matter jurisdiction upon a Rule 12(b)(1) dismissal; facts alleged in the complaint taken as true.
PRECEDENTIAL VALUE	Published
PARTIES	Yueh-Lan Wang, by and through her Attorney-in-Fact, Winston Wen-Young Wong v. New Mighty U.S. Trust, Clearbridge, LLC, New Mighty Foundation

TOPICS

trusts

civil procedure

appellate procedure

PRACTICE AREAS

Civil Procedure

Federal Courts

Trusts and Estates

QUESTIONS PRESENTED

1. How is citizenship determined for a 'traditional trust' for purposes of diversity subject-matter jurisdiction under 28 U.S.C. § 1332(a)?
2. Whether the district court had subject-matter jurisdiction over this lawsuit, given that New Mighty U.S. Trust is a named defendant.
3. Whether Winston Wen-Young Wong and the joint executors of Yueh-Lan Wang's will should be substituted as parties on appeal.

HOLDINGS

1. A traditional trust carries the citizenship of its trustees, not its beneficiaries.
2. The district court erred because it applied the membership test from Carden to a traditional trust; under the correct standard, complete diversity exists.
3. The motion to substitute is granted; the substitution is without prejudice to the defendants' ability to renew their arguments in the district court.

KEY QUOTATIONS

“Traditionally, a trust was not considered a distinct legal entity, but a 'fiduciary relationship' between multiple people. Such a relationship was not a thing that could be haled into court; legal proceedings involving a trust were brought by or against the trustees in their own name. And when a trustee files a lawsuit or is sued in her own name, her citizenship is all that matters for diversity purposes. For a traditional trust, therefore, there is no need to determine its membership, as would be true if the trust, as an entity, were sued.”
(at 11-12)

FACTUAL BACKGROUND

Yueh-Lan Wang married Yung-Ching Wang (founder of Formosa Plastics Group) in 1935. Y.C. allegedly made certain distributions and stock transfers before his 2008 death to reduce Yueh-Lan's share of the marital estate, including creating the New Mighty U.S. Trust, formed under D.C. law. Winston Wen-Young Wong, asserting he is Yueh-Lan's attorney-in-fact and adoptive son, filed suit to account for and recover assets allegedly belonging to Yueh-Lan's marital estate. The original complaint focused on the legitimacy of the pre-2008 distributions.

PROCEDURAL HISTORY

Winston Wen-Young Wong, acting on behalf of Yueh-Lan Wang (a Taiwanese citizen), sued several defendants including the New Mighty U.S. Trust, its trustee Clearbridge LLC, and the New Mighty Foundation in the U.S. District Court for the District of Columbia. The district court determined that a trust's citizenship includes its beneficiaries, and because New Mighty had beneficiaries that were citizens of the British Virgin Islands,

diversity was defeated, so it dismissed the case. Wang appealed. After filing the appeal, Wang died and her executors moved to substitute, while defendants argued the case should be dismissed.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The district court should consider the defendants' arguments regarding the substitution motion and the propriety of the representation, and continue with further proceedings consistent with the opinion.

CASES CITED

- Americold Realty Trust v. ConAgra Foods, Inc., Americold Realty Trust v. ConAgra Foods, Inc., 136 S. Ct. 1012 (2016)
- Navarro Savings Association v. Lee, 446 U.S. 458 (1980)
- Carden v. Arkoma Associates, 494 U.S. 185 (1990)
- United States ex rel. Oliver v. Philip Morris USA Inc., 826 F.3d 466 (D.C. Cir. 2016)
- Am. Freedom Law Ctr. v. Obama, 821 F.3d 44 (D.C. Cir. 2016)
- Saadeh v. Farouki, 107 F.3d 52 (D.C. Cir. 1997)
- Lee v. Navarro Sav. Ass'n, 597 F.2d 421 (5th Cir. 1979)
- Emerald Investors Tr. v. Gaunt Parsippany Partners, 492 F.3d 192 (3d Cir. 2007)
- Zoroastrian Ctr. & Darb-E-Mehr of Metro. Wash., D.C. v. Rustam Guiv Found. of N.Y., 822 F.3d 739 (4th Cir. 2016)
- ConAgra Foods, Inc. v. Americold Logistics, LLC, 776 F.3d 1175 (10th Cir. 2015)
- Bullard v. City of Cisco, Tex., 290 U.S. 179 (1933)
- Bonnafee v. Williams, 44 U.S. 574 (1845)
- Cabaniss v. Cabaniss, 464 A.2d 87 (D.C. 1983)
- Juarez v. DHI Mortg. Co., No. CV H-15-3534, 2016 WL 3906296 (S.D. Tex. July 19, 2016)
- Wells Fargo Bank, N.A. v. Transcon. Realty Investors, Inc., No. 3:14-CV-3565-BN, 2016 WL 3570648 (N.D. Tex. July 1, 2016)
- Sutter Ranch Corp. v. Cabot Oil & Gas Corp., No. CIV-16-42-M, 2016 WL 3945834 (W.D. Okla. July 19, 2016)
- Matijkiw v. Strauss, 139 Daily Wash. L. Rptr. 1345 (D.C. Super. Ct. July 1, 2011)
- In re Nat'l Student Mktg. Litig., 413 F. Supp. 1159 (D.D.C. 1976)
- Pollack v. Hogan, 703 F.3d 117 (D.C. Cir. 2012)
- Roosevelt v. E.I. Du Pont de Nemours & Co., 958 F.2d 416 (D.C. Cir. 1992)