

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO

Schneider v. Cate

405 F. Supp. 2d 1254 (D. Colo. 2005) · No. No. 05 CV 1185 LTB OES · Decided December 13, 2005

SUMMARY

The court grants the defendant's motion to dismiss for lack of personal jurisdiction in a dispute concerning trust assets, estate planning documents, and alleged interference with inheritance expectations. It concludes that the defendant lacked sufficient minimum contacts with Colorado to support either general or specific jurisdiction, and that the alleged injuries did not establish an adequate Colorado connection. The court does not reach subject matter jurisdiction or venue-transfer arguments.

CASE DETAILS

COURT	United States District Court for the District of Colorado
WRITING FOR THE COURT	Chief Judge Babcock
JURISDICTION	Colorado
DECIDED	December 13, 2005
DOCKET	No. 05 CV 1185 LTB OES
DISPOSITION	dismissed
PROCEDURAL POSTURE	Defendant moved under Federal Rules of Civil Procedure 12(b)(1) and 12(b)(2) to dismiss the plaintiffs' declaratory, tort, and equitable claims for lack of subject matter and personal jurisdiction, or alternatively to transfer venue to Wyoming. The court granted dismissal for lack of personal jurisdiction and did not reach subject matter jurisdiction or venue.
STANDARD OF REVIEW	On a Rule 12(b)(2) motion, the court analyzed whether the plaintiffs established personal jurisdiction under Colorado's long-arm statute and the Due Process Clause. Because Colorado's long-arm statute extends jurisdiction to the full constitutional limit, the inquiry reduced to whether the defendant had sufficient minimum contacts and whether exercising jurisdiction would comport with traditional notions of fair play and substantial justice. The court accepted well-pleaded facts as true, but not conclusory allegations.

PRECEDENTIAL VALUE

Published federal district court memorandum opinion; persuasive authority within the District of Colorado and elsewhere, subject to controlling Tenth Circuit and Supreme Court precedent.

TOPICS

personal jurisdiction

interpleader

motions to dismiss

trusts

probate procedure

PRACTICE AREAS

civil procedure

trusts

probate

estate litigation

torts

QUESTIONS PRESENTED

1. Whether the defendant's contacts with Colorado were sufficiently continuous and systematic to support general personal jurisdiction.
2. Whether the defendant purposefully directed activities toward Colorado and whether the plaintiffs' claims arose from those contacts sufficiently to support specific personal jurisdiction.
3. Whether the plaintiffs' interpleader claim independently established personal jurisdiction through nationwide service of process under 28 U.S.C. §§ 1335 and 2361.
4. Whether the court should address the defendant's arguments concerning subject matter jurisdiction or transfer of venue after determining that personal jurisdiction was lacking.

HOLDINGS

1. The defendant's Colorado contacts, including his marriage in Colorado, intermittent visits, use of a Colorado residence and vehicles, an old Colorado bank loan, limited business activity, and indirect connections to Colorado trust entities, were not continuous and systematic enough to support general personal jurisdiction.
2. The trustees' claims concerning trust property and estate obligations did not support specific personal jurisdiction because the claims were not sufficiently connected to Colorado and there was no evidence that the defendant himself purposefully directed activities toward Colorado.
3. The beneficiaries' claims for intentional interference with inheritance or expectancy were legally cognizable, but the alleged Wyoming conduct and resulting injury did not establish specific jurisdiction in Colorado.
4. Even assuming sufficient minimum contacts, exercising specific jurisdiction over the defendant in Colorado would offend traditional notions of fair play and substantial justice.
5. The plaintiffs' second claim was not a valid statutory interpleader because they did not deposit the disputed property, its monetary equivalent, or a sufficient bond into the court registry.

KEY QUOTATIONS

“Minimum contacts can be satisfied either through the doctrines of specific or general jurisdiction.” (1259)

“specific jurisdiction must be based on “actions by the defendant himself that create a substantial connection with the forum state.”” (1263)

“ “[W]hen both the tortious conduct and the injury occur in another state, the fact that plaintiff resides in Colorado and experiences some economic consequences here is insufficient to confer jurisdiction on a Colorado court.”” (1264)

“the making of the deposit or the giving of the bond is a condition precedent to the acquisition of jurisdiction.” (1267)

“Even under the modern liberal trend, the Trustees have not satisfied 28 U.S.C. § 1335(a)(2).” (1268)

FACTUAL BACKGROUND

Janet Schneider Cate created and amended a revocable trust that held substantial personal and real property located primarily in Wyoming, with some connections to Colorado and California. After Janet married Henry Cate, she transferred or arranged for substantial assets and benefits for him, and the plaintiffs later challenged those transactions and trust amendments as trustees and beneficiaries. Janet died in May 2005, after which disputes arose concerning her will, a Wyoming probate proceeding, ownership of trust-related property, and alleged interference with the beneficiaries' inheritance expectancy. The defendant was a Wyoming resident whose alleged conduct occurred principally in Wyoming.

PROCEDURAL HISTORY

The plaintiffs filed the federal action in Colorado seeking declarations concerning trust and estate property and asserting tort and equitable claims against the defendant. The defendant moved to dismiss or transfer the case. After a hearing, the district court dismissed all claims for lack of personal jurisdiction and directed that judgment enter for the defendant with costs.

DISPOSITION

dismissed

CASES CITED

- Benton v. Cameco Corp., 375 F.3d 1070, 1075, 1081 (10th Cir. 2004)
- Trierweiler v. Croxton and Trench Holding Corp., 90 F.3d 1523, 1543-1544 (10th Cir. 1996)
- Wenz v. Memery Crystal, 55 F.3d 1503, 1505, 1507-1508 (10th Cir. 1995)
- Archangel Diamond Corp. v. Lukoil, No. 04SC455, 2005 WL 3097588, at *14 (Colo. Nov. 21, 2005)
- Ten Mile Industrial Park v. Western Plains Service Corp., 810 F.2d 1518, 1527 (10th Cir. 1987)
- OMI Holdings, Inc. v. Royal Insurance Co. of Canada, 149 F.3d 1086, 1091-1092, 1095-1097 (10th Cir. 1998)
- Lindberg v. United States, 164 F.3d 1312, 1319 (10th Cir. 1999)
- Pepper v. Bennett, 523 F.2d 1323, 1325-1326 (4th Cir. 1975)
- Spear v. Nicholson, 882 P.2d 1237, 1240 (Wyo. 1994)

- National Union Fire Insurance Co. of Pittsburgh, Pennsylvania v. Kozeny, 115 F. Supp. 2d 1231, 1236 (D. Colo. 2000)
- State Farm Fire & Casualty Co. v. Tashire, 386 U.S. 523, 530-533 (1967)
- Network Solutions, Inc. v. Clue Computing, Inc., 946 F. Supp. 858, 860 (D. Colo. 1996)
- General Atomic Co. v. Duke Power Co., 553 F.2d 53, 56-57 (10th Cir. 1977)
- United States v. Major Oil Corp., 583 F.2d 1152, 1158 (10th Cir. 1978)
- Rubinbaum LLP v. Related Corporate Partners V, L.P., 154 F. Supp. 2d 481, 486 (S.D.N.Y. 2001)
- NYLife Distributors, Inc. v. Adherence Group, Inc., 72 F.3d 371, 382 (3d Cir. 1995)
- Indianapolis Colts v. Mayor and City Council of Baltimore, 733 F.2d 484, 486-487 (7th Cir. 1984)
- Truck-A-Tune, Inc. v. Re, 856 F. Supp. 77, 81 (D. Conn. 1993)
- Gannon v. American Airlines, Inc., 251 F.2d 476, 481 (10th Cir. 1957)
- John v. Sotheby's, Inc., 141 F.R.D. 29, 33 (S.D.N.Y. 1992)
- Oxy USA Inc. v. Panhandle Eastern Pipe Line Co., 771 F. Supp. 337, 339 (D. Kan. 1991)
- Guy v. Citizens Fidelity Bank & Trust Co., 429 F.2d 828, 829 (6th Cir. 1970)