

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

Michael Powasnick v. Beitzel Corp., et al.

Powasnick · No. 3:20-cv-12775 (ZNQ) (JTD) · Decided March 3, 2026

SUMMARY

The United States District Court for the District of New Jersey holds that diversity jurisdiction was absent because the plaintiff and one defendant were both citizens of New Jersey. The court rejects the defendant's reliance on snap removal, vacates its prior opinion and order, and remands the action to the Superior Court of New Jersey, Law Division, Ocean County.

CASE DETAILS

COURT	United States District Court for the District of New Jersey
WRITING FOR THE COURT	Zahid N. Quraishi
JURISDICTION	United States District Court for the District of New Jersey
DECIDED	March 3, 2026
DOCKET	3:20-cv-12775 (ZNQ) (JTD)
DISPOSITION	vacated
PROCEDURAL POSTURE	On an order to show cause, the federal district court reconsidered its subject-matter jurisdiction over an action removed from New Jersey state court and determined that complete diversity was absent.
STANDARD OF REVIEW	Independent review of subject-matter jurisdiction; a federal court must remand if, at any time before final judgment, it lacks subject-matter jurisdiction.
PRECEDENTIAL VALUE	Unpublished and not for publication; nonprecedential district-court opinion.

TOPICS

- subject matter jurisdiction
- civil procedure
- federalism

PRACTICE AREAS

- civil procedure
- removal jurisdiction
- diversity jurisdiction

QUESTIONS PRESENTED

1. Whether the federal court had diversity subject-matter jurisdiction when the plaintiff and one defendant were citizens of New Jersey, notwithstanding that the New Jersey defendant had not been properly joined and served when the action was removed.
2. Whether the Third Circuit's decision in *Encompass Insurance Co. v. Stone Mansion Restaurant, Inc.* permitted snap removal where complete diversity under 28 U.S.C. § 1332(a) was absent.

HOLDINGS

1. All parties' citizenship must be considered when determining whether diversity jurisdiction exists under 28 U.S.C. § 1332(a). Because Plaintiff and Phoenix were both citizens of New Jersey, complete diversity was absent and the federal court lacked original subject-matter jurisdiction.
2. Snap removal does not permit a defendant to remove an action lacking complete diversity merely because a forum-state defendant had not yet been served.

KEY QUOTATIONS

“The citizenship of all parties must be considered when evaluating whether diversity jurisdiction exists.”
(Discussion)

“Section 1332(a) requires complete diversity among all parties, which is not present here.” (Discussion)

FACTUAL BACKGROUND

Michael Powasnick, a New Jersey resident, was severely and permanently injured in 2019 while cleaning a mining conveyor belt and/or sand roller. He sued Beitzel Corp., a Maryland citizen; H&H Millwright Services, Inc., a Pennsylvania citizen; Phoenix Pinelands Corporation, a New Jersey citizen; and fictitious defendants in New Jersey state court. Beitzel removed the action before Phoenix had been properly joined and served, contending that snap removal allowed the court to disregard Phoenix's New Jersey citizenship.

PROCEDURAL HISTORY

Plaintiff filed a personal-injury action in the Superior Court of New Jersey, Law Division, Ocean County. Beitzel removed the action to federal court before New Jersey defendant Phoenix had been properly joined and served, asserting that snap removal was permissible. The district court ordered Beitzel to show cause why the case should not be dismissed for lack of subject-matter jurisdiction and its prior opinion and order vacated; the court then vacated its prior opinion and order and remanded the case to state court.

DISPOSITION

vacated

REMAND INSTRUCTIONS

Vacate the prior Opinion and Order at ECF Nos. 59 and 60 and remand the matter to the Superior Court of New Jersey, Law Division, Ocean County.

CASES CITED

- Hampton v. Speedway, LLC, Civ. No. 20-6279, 2021 WL 1339953 (E.D. Pa. Apr. 9, 2021)
- Encompass Ins. Co. v. Stone Mansion Rest., Inc., 902 F.3d 147 (3d Cir. 2018)
- Gibbons v. Bristol-Myers Squibb Co., 919 F.3d 699 (2d Cir. 2019)
- Texas Brine Co., L.L.C. v. Am. Arbitration Ass'n, Inc., 955 F.3d 482 (5th Cir. 2020)
- Keyser v. Toyota Material Handling Northeast, Inc., Civ. No. 20-10584, 2020 WL 7481598 (D.N.J. Dec. 18, 2020)
- Stanley v. Lowe's Companies, Inc., et al., Civ. No. 19-15436, 2020 WL 1531387 (D.N.J. Mar. 31, 2020)
- Reyes v. Sheika, Civ. No. 19-20388, 2020 WL 2735710 (D.N.J. May 7, 2020), report and recommendation adopted, 2020 WL 2732069 (D.N.J. May 26, 2020)
- Mecca v. Ecosphere, LLC, 2020 WL 6580855 (D.N.J. Nov. 10, 2020)

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