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BLOGS

Class Actions

Minnesota Federal Court Denies Class Certification in Suit Brought on Behalf of Financial Advisor Franchisees

In *Good, et al. v. Ameriprise Financial, Inc.*, 2008 WL 185714 (D. Minn. Jan. 18, 2008), the United States District Court for the District of Minnesota denied class certification to the plaintiffs, two Ameriprise financial advisors who brought an action on behalf of a putative class of over 10,000 advisors – a class that would include franchisees. The plaintiffs alleged that Ameriprise failed to pay its financial advisors the full amount of the commissions to which they were entitled under their contracts.

Ameriprise argued that the case did not present a question of law or fact common to potential class members, as required for class certification. Ameriprise contended that its obligation to pay advisors was limited by the manuals accompanying the franchise agreements, and that the agreements authorized Ameriprise to change the manuals from time to time. The court agreed with Ameriprise, and found that different members of the putative class might have different contractual terms governing their claims against Ameriprise, depending on which manuals and other documentation applied to each member of the class. Plaintiffs' theory of the case hinged on general discussions of the pay rate that appeared in documents that were distributed to the individual class members. The court found that determining the pay to which each class member was entitled would depend on a case-by-case analysis of each advisor's dealings with Ameriprise. As a result, there were no questions of law or fact common to each class member.

Because the court denied the motion for class certification, it then examined whether the lack of a class destroyed the court's subject-matter jurisdiction over the two named plaintiffs' claims. The court found that the Class Action Fairness Act provided the only possible basis for federal jurisdiction over the claims. Because the courts are split on whether the denial of class certification destroys subject-matter jurisdiction, the court invited the parties to submit supplemental briefs addressing this issue.