

# Sarah Reid Victorious in U.S. Supreme Court: Unanimous decision in favor of JPMC confirms federal subject matter jurisdiction

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In a unanimous decision, the U.S. Supreme Court adopted the arguments set forth by Litigation Partner [Sarah L. Reid](#) on behalf of J.P. Morgan Chase & Co., ruling that companies incorporated in the British Virgin Islands and other U.K. overseas territories can resolve disputes with American firms in U.S. federal courts.

This opinion has broad impact on thousands of corporations incorporated in the U.K. overseas territories, and on the stability of commercial dealings between those corporations and American companies.

The case stemmed from JPMC's allegations that British Virgin Islands company Traffic Stream (BVI) Infrastructure Ltd. defaulted on a \$119 million debt issue to build and operate toll roads in China. Traffic Stream was ultimately unable to collect income from the road projects or meet the repayment terms of its notes. A New York federal trial judge ordered Traffic Stream to forfeit collateral worth \$49 million and pay an additional \$98 million. The Second Circuit subsequently reversed that decision, finding that the trial court did not have jurisdiction over Traffic Stream.

Disagreeing, the Supreme Court noted the U.K. "exercises pervasive authority" over its territories. Justice David H. Souter said the statutes which permit incorporation in the British Virgin Islands were "enacted in the exercise of the political authority of the United Kingdom, and it seems fair to regard a BVI company as a citizen or subject of this ultimate political authority."