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Media Contact: Glenn Lammi | [glammi@wlf.org](mailto:glammi@wlf.org) | 202-588-0302

## WLF Asks Supreme Court to Restore Federal-Court Access for U.S. Businesses with Foreign Owners (*FS Medical v. Tanner*)

***“The Fourth Circuit had no right to ignore the U.S. citizenship of FS Medical and treat it as a wholly foreign firm.”***

— Zac Morgan, WLF Senior Litigation Counsel

WASHINGTON, DC—Washington Legal Foundation (WLF) today urged the U.S. Supreme Court to grant review of a Fourth Circuit decision that treated a foreign/domestic limited liability company (LLC) as a purely non-American entity for jurisdictional purposes.

The case arises from a federal case brought by FS Medical Supplies, an LLC with three members. Two of those members are American citizens, the other a foreign national. Those citizenships matter since FS Medical is suing a collection of North Carolina citizens and a British company. Under longstanding law, suits “between . . . citizens of different States and in which citizens or subjects of a foreign state are additional parties” belong in federal court. Two centuries of Supreme Court precedent instruct that district courts must evaluate the citizenship of every member of a business entity when assessing jurisdiction. Yet the Fourth Circuit counted only FS Medical’s foreign citizenship, and held the underlying case was not “between . . . citizens of different States.”

WLF’s brief explains why that is wrong. There is no caselaw allowing a federal court to delete a firm’s U.S. citizenship and treat it as a wholly alien entity. To reach that outcome, the court of appeals seriously misread a recent Supreme Court decision. Left to stand, the Fourth Circuit’s decision risks chilling international capital investment into the United States, especially through LLCs—a form increasingly used by millions to do business.

*Celebrating its 49th year, WLF is America’s premier public-interest law firm and policy center advocating for free-market principles, limited government, individual liberty, and the rule of law.*

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