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Television Ads Can Be a Factor in Determining Minimum Contacts for Minnesota Jurisdiction Over a Business for Suit in Minnesota Courts

In a decision filed May 18, 2015, the Minnesota Court of Appeals upheld a district court decision involving the nature and degree of minimum contacts necessary to establish personal jurisdiction by Minnesota courts over an out-of-state corporation. [Scott Rilley, et. Al. v. Money Mutual LLC; File No. 19HA-CV-14-858]

Money Mutual, a Nevada corporation, operates a website to enable individuals to obtain “payday loans” through a network of lenders who make the loan and remit a fee for the referral to Money Mutual. Four Minnesota residents sued Money Mutual in Minnesota complaining that the website contained false and misleading statements, that the lender with whom they were matched were unlicensed in Minnesota, and that the loans were illegal under Minnesota law. Money Mutual moved for dismissal for lack of personal jurisdiction of the Minnesota court. The plaintiffs introduced evidence of Money Mutual’s television advertising in Minnesota and evidence that they accessed the Money Mutual website from computers in Minnesota.

Money Mutual argued that no personal jurisdiction existed because (a) its contacts were with potential applicants whose presence in Minnesota was “fortuitous;” (b) its television commercials, while received in Minnesota, were not targeted solely at Minnesota; and (c) its website, though accessible from Minnesota, was not targeted solely at Minnesota.

Regarding the “fortuitous” claim, the Court of Appeals noted that “Mere residency of the respondents is not the sole basis for personal jurisdiction here; rather Money Mutual’s efforts to reach respondents and conduct business with them are the bases.”

Regarding the argument that advertising was not targeted directly at Minnesota, the Court of Appeals spoke to both the television ads and the website ads. Money Mutual, the Court said, “appears to argue that advertising is not expressly aimed at Minnesota residents unless it specifically mentions Minnesota, airs only in Minnesota, or is customized to the Minnesota market.” Rejecting that argument the Court continued that Minnesota has previously affirmed a finding of personal jurisdiction based on national advertising and marketing where the intended market merely included Minnesota. Similarly, the Court rejected Money Mutual’s argument regarding the website stating: “The Money Mutual website contributes to the required minimum contacts because it is a commercial website that was visited

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repeatedly by customers known by Money Mutual to be Minnesotans to submit applications for payday loans. When considered alongside Money Mutual's advertising, acceptance of a profit from more than 1,000 loan applications from Minnesotans, and e-mail communications with Minnesota residents, we hold that the district court did not err when it denied Money Mutual's motion to dismiss for lack of personal jurisdiction.

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