

Opinion of the Court

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SUPREME COURT OF THE UNITED STATES

No. 02–306

BENEFICIAL NATIONAL BANK, ET AL., PETITIONERS
v. MARIE ANDERSON ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF
APPEALS FOR THE ELEVENTH CIRCUIT

[June 2, 2003]

JUSTICE STEVENS delivered the opinion of the Court.

The question in this case is whether an action filed in a state court to recover damages from a national bank for allegedly charging excessive interest in violation of both “the common law usury doctrine” and an Alabama usury statute may be removed to a federal court because it actually arises under federal law. We hold that it may.

I

Respondents are 26 individual taxpayers who made pledges of their anticipated tax refunds to secure short-term loans obtained from petitioner Beneficial National Bank, a national bank chartered under the National Bank Act. Respondents brought suit in an Alabama court against the bank and the two other petitioners that arranged the loans, seeking compensatory and punitive damages on the theory, among others, that the bank’s interest rates were usurious. App. 18–30. Their complaint did not refer to any federal law.

Petitioners removed the case to the United States District Court for the Middle District of Alabama. In their notice of removal they asserted that the National Bank

Opinion of the Court

Act, Rev. Stat. §5917, as amended, 12 U. S. C. §85,¹ is the exclusive provision governing the rate of interest that a national bank may lawfully charge, that the rates charged to respondents complied with that provision, that §86 provides the exclusive remedies available against a national bank charging excessive interest,² and that the

¹ Title 12 U. S. C. §85 provides:

“Rate of interest on loans, discounts and purchases

“Any association may take, receive, reserve, and charge on any loan or discount made, or upon any notes, bills of exchange, or other evidences of debt, interest at the rate allowed by the laws of the State, Territory, or District where the bank is located, or at a rate of 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal reserve bank in the Federal reserve district where the bank is located, whichever may be the greater, and no more, except that where by the laws of any State a different rate is limited for banks organized under state laws, the rate so limited shall be allowed for associations organized or existing in any such State under title 62 of the Revised Statutes. When no rate is fixed by the laws of the State, or Territory, or District, the bank may take, receive, reserve, or charge a rate not exceeding 7 per centum, or 1 per centum in excess of the discount rate on ninety day commercial paper in effect at the Federal reserve bank in the Federal reserve district where the bank is located, whichever may be the greater, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run. The maximum amount of interest or discount to be charged at a branch of an association located outside of the States of the United States and the District of Columbia shall be at the rate allowed by the laws of the country, territory, dependency, province, dominion, insular possession, or other political subdivision where the branch is located. And the purchase, discount, or sale of a bona fide bill of exchange, payable at another place than the place of such purchase, discount, or sale, at not more than the current rate of exchange for sight drafts in addition to the interest, shall not be considered as taking or receiving a greater rate of interest.”

²Section 86 provides:

“Usurious interest; penalty for taking; limitations

“The taking, receiving, reserving, or charging a rate of interest greater than is allowed by section 85 of this title, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill,

Opinion of the Court

removal statute, 28 U. S. C. §1441, therefore applied. App. 31–35. The District Court denied respondents’ motion to remand the case to state court but certified the question whether it had jurisdiction to proceed with the case to the Court of Appeals pursuant to 28 U. S. C. §1292(b).

A divided panel of the Eleventh Circuit reversed. *Anderson v. H&R Block, Inc.*, 287 F. 3d 1038 (2002). The majority held that under our “well-pleaded complaint” rule, removal is generally not permitted unless the complaint expressly alleges a federal claim and that the narrow exception from that rule known as the “complete preemption doctrine” did not apply because it could “find no clear congressional intent to permit removal under §§85 and 86.” *Id.*, at 1048. Because this holding conflicted with an Eighth Circuit decision, *Krispin v. May Dept. Stores Co.*, 218 F. 3d 919 (2000), we granted certiorari. 537 U. S. ____ (2003).

II

A civil action filed in a state court may be removed to federal court if the claim is one “arising under” federal law. §1441(b). To determine whether the claim arises under federal law, we examine the “well pleaded” allegations of the complaint and ignore potential defenses: “a suit arises under the Constitution and laws of the United States only when the plaintiff’s statement of his own cause of action shows that it is based upon those laws or that Constitution. It is not enough that the plaintiff alleges

or other evidence of debt carries with it, or which has been agreed to be paid thereon. In case the greater rate of interest has been paid, the person by whom it has been paid, or his legal representatives, may recover back, in an action in the nature of an action of debt, twice the amount of the interest thus paid from the association taking or receiving the same: *Provided*, That such action is commenced within two years from the time the usurious transaction occurred.”

Opinion of the Court

some anticipated defense to his cause of action and asserts that the defense is invalidated by some provision of the Constitution of the United States.” *Louisville & Nashville R. Co. v. Mottley*, 211 U. S. 149, 152 (1908); see *Taylor v. Anderson*, 234 U. S. 74 (1914). Thus, a defense that relies on the preclusive effect of a prior federal judgment, *Rivet v. Regions Bank of La.*, 522 U. S. 470 (1998), or the preemptive effect of a federal statute, *Franchise Tax Bd. of Cal. v. Construction Laborers Vacation Trust for Southern Cal.*, 463 U. S. 1 (1983), will not provide a basis for removal. As a general rule, absent diversity jurisdiction, a case will not be removable if the complaint does not affirmatively allege a federal claim.

Congress has, however, created certain exceptions to that rule. For example, the Price-Anderson Act contains an unusual pre-emption provision, 42 U. S. C. §2014(hh), that not only gives federal courts jurisdiction over tort actions arising out of nuclear accidents but also expressly provides for removal of such actions brought in state court even when they assert only state-law claims. See *El Paso Natural Gas Co. v. Neztosie*, 526 U. S. 473, 484–485 (1999).

We have also construed §301 of the Labor Management Relations Act, 1947 (LMRA), 29 U. S. C. §185, as not only preempting state law but also authorizing removal of actions that sought relief only under state law. *Avco Corp. v. Machinists*, 390 U. S. 557 (1968). We later explained that holding as resting on the unusually “powerful” preemptive force of §301:

“The Court of Appeals held, 376 F. 2d, at 340, and we affirmed, 390 U. S., at 560, that the petitioner’s action ‘arose under’ §301, and thus could be removed to federal court, although the petitioner had undoubtedly pleaded an adequate claim for relief under the state law of contracts and had sought a remedy available

Opinion of the Court

only under state law. The necessary ground of decision was that the pre-emptive force of §301 is so powerful as to displace entirely any state cause of action ‘for violation of contracts between an employer and a labor organization.’ Any such suit is purely a creature of federal law, notwithstanding the fact that state law would provide a cause of action in the absence of §301. *Avco* stands for the proposition that if a federal cause of action completely pre-empts a state cause of action any complaint that comes within the scope of the federal cause of action necessarily ‘arises under’ federal law.” *Franchise Tax Bd.*, 463 U. S., at 23–24 (footnote omitted).

Similarly, in *Metropolitan Life Ins. Co. v. Taylor*, 481 U. S. 58 (1987), we considered whether the “complete pre-emption” approach adopted in *Avco* also supported the removal of state common-law causes of action asserting improper processing of benefit claims under a plan regulated by the Employee Retirement Income Security Act of 1974 (ERISA), 29 U. S. C. §1001 *et seq.* For two reasons, we held that removal was proper even though the complaint purported to raise only state-law claims. First, the statutory text in §502(a), 29 U. S. C. §1132, not only provided an express federal remedy for the plaintiffs’ claims, but also in its jurisdiction subsection, §502(f), used language similar to the statutory language construed in *Avco*, thereby indicating that the two statutes should be construed in the same way. 481 U. S., at 65. Second, the legislative history of ERISA unambiguously described an intent to treat such actions “as arising under the laws of the United States in similar fashion to those brought under section 301 of the Labor-Management Relations Act of 1947.” *Id.*, at 65–66 (internal quotation marks and emphasis omitted).

Thus, a state claim may be removed to federal court in

Opinion of the Court

only two circumstances—when Congress expressly so provides, such as in the Price-Anderson Act, *supra*, at 4, or when a federal statute wholly displaces the state-law cause of action through complete pre-emption.³ When the federal statute completely pre-empts the state-law cause of action, a claim which comes within the scope of that cause of action, even if pleaded in terms of state law, is in reality based on federal law. This claim is then removable under 28 U. S. C. §1441(b), which authorizes any claim that “arises under” federal law to be removed to federal court. In the two categories of cases⁴ where this Court has found complete pre-emption—certain causes of action under the LMRA and ERISA—the federal statutes at issue provided the exclusive cause of action for the claim asserted and also set forth procedures and remedies governing that cause of action. See 29 U. S. C. §1132 (setting forth procedures and remedies for civil claims under ERISA); §185 (describing procedures and remedies for suits under the LMRA).

III

Count IV of respondents’ complaint sought relief for “usury violations” and claimed that petitioners “charged . . . excessive interest in violation of the common law usury doctrine” and violated “Alabama Code. §8–8–1, et seq. by charging excessive interest.” App. 28. Respondents’ com-

³Of course, a state claim can also be removed through the use of the supplemental jurisdiction statute, 28 U. S. C. §1367(a), provided that another claim in the complaint is removable.

⁴This Court has also held that federal courts have subject-matter jurisdiction to hear possessory land claims under state law brought by Indian tribes because of the uniquely federal “nature and source of the possessory rights of Indian tribes.” *Oneida Indian Nation of N. Y. v. County of Oneida*, 414 U. S. 661, 667 (1974). Because that case turned on the special historical relationship between Indian tribes and the Federal Government, it does not assist the present analysis.

Opinion of the Court

plaint thus expressly charged petitioners with usury. *Metropolitan Life, Avco*, and *Franchise Tax Board* provide the framework for answering the dispositive question in this case: Does the National Bank Act provide the exclusive cause of action for usury claims against national banks? If so, then the cause of action necessarily arises under federal law and the case is removable. If not, then the complaint does not arise under federal law and is not removable.

Sections 85 and 86 serve distinct purposes. The former sets forth the substantive limits on the rates of interest that national banks may charge. The latter sets forth the elements of a usury claim against a national bank, provides for a 2-year statute of limitations for such a claim, and prescribes the remedies available to borrowers who are charged higher rates and the procedures governing such a claim. If, as petitioners asserted in their notice of removal, the interest that the bank charged to respondents did not violate §85 limits, the statute unquestionably pre-empts any common-law or Alabama statutory rule that would treat those rates as usurious. The section would therefore provide the petitioners with a complete federal defense. Such a federal defense, however, would not justify removal. *Caterpillar Inc. v. Williams*, 482 U. S. 386, 393 (1987). Only if Congress intended §86 to provide the exclusive cause of action for usury claims against national banks would the statute be comparable to the provisions that we construed in the *Avco* and *Metropolitan Life* cases.⁵

⁵Because the proper inquiry focuses on whether Congress intended the federal cause of action to be exclusive rather than on whether Congress intended that the cause of action be removable, the fact that these sections of the National Bank Act were passed in 1864, 11 years prior to the passage of the statute authorizing removal, is irrelevant, contrary to respondents' assertions.

Opinion of the Court

In a series of cases decided shortly after the Act was passed, we endorsed that approach. In *Farmers' and Mechanics' Nat. Bank v. Dearing*, 91 U.S. 29, 32–33 (1875), we rejected the borrower's attempt to have an entire debt forfeited, as authorized by New York law, stating that the various provisions of §§85 and 86 “form a system of regulations . . . [a]ll the parts [of which] are in harmony with each other and cover the entire subject,” so that “the State law would have no bearing whatever upon the case.” We also observed that “[i]n any view that can be taken of [§86], the power to supplement it by State legislation is conferred neither expressly nor by implication.” *Id.*, at 35. In *Evans v. National Bank of Savannah*, 251 U.S. 108, 114 (1919), we stated that “federal law . . . completely defines what constitutes the taking of usury by a national bank, referring to the state law only to determine the maximum permitted rate.” See also *Barnet v. National Bank*, 98 U.S. 555, 558 (1879) (the “statutes of Ohio and Indiana upon the subject of usury . . . cannot affect the case” because the Act “creates a new right” that is “exclusive”); *Haseltine v. Central Bank of Springfield*, 183 U.S. 132, 134 (1901) (“[T]he definition of usury and the penalties affixed thereto must be determined by the National Banking Act and not by the law of the State”).

In addition to this Court's longstanding and consistent construction of the National Bank Act as providing an exclusive federal cause of action for usury against national banks, this Court has also recognized the special nature of federally chartered banks. Uniform rules limiting the liability of national banks and prescribing exclusive remedies for their overcharges are an integral part of a banking system that needed protection from “possible unfriendly State legislation.” *Tiffany v. National Bank of Mo.*, 18 Wall. 409, 412 (1874). The same federal interest that protected national banks from the state taxation that Chief Justice Marshall characterized as the “power to

Opinion of the Court

destroy,” *McCulloch v. Maryland*, 4 Wheat. 316, 431 (1819), supports the established interpretation of §§85 and 86 that gives those provisions the requisite pre-emptive force to provide removal jurisdiction. In actions against national banks for usury, these provisions supersede both the substantive and the remedial provisions of state usury laws and create a federal remedy for overcharges that is exclusive, even when a state complainant, as here, relies entirely on state law. Because §§85 and 86 provide the exclusive cause of action for such claims, there is, in short, no such thing as a state-law claim of usury against a national bank. Even though the complaint makes no mention of federal law, it unquestionably and unambiguously claims that petitioners violated usury laws. This cause of action against national banks only arises under federal law and could, therefore, be removed under §1441.

The judgment of the Court of Appeals is reversed.

It is so ordered.