

Verdicts & Settlements

Business owner said he was oppressed by 40% member

Arbitrator ordered defendant to sell his full interest to plaintiff

\$3,125,000

Plaintiff, who owned 60 percent of a thriving business, turned over day-to-day management to the defendant, the 40 percent member.

Plaintiff contended that defendant manager began to take a series of oppressive actions designed to force plaintiff into selling his ownership interest at a diminished price.

Defendant barred plaintiff from entering the company's premises; locked plaintiff out of the company's computer server; denied plaintiff financial information; denied plaintiff involvement in



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decision-making at the company; and prevented plaintiff from communicating with the company's employees and clients.

After an eight-day arbitration hearing, including the examination of various witnesses and experts, the arbitrator determined that defendant's actions constituted "willfully unfair and oppressive" conduct, and that defendant was therefore liable for member oppression under

Type of action: Member oppression under MCL 450.4515, breach of fiduciary duty	Arbitration award: Acquisition of member interest so that plaintiff acquired 100 percent of the company (valued by the expert in excess of \$2.7 million) and damages of \$425,000, totaling \$3,125,000 in benefits to plaintiff
Type of injuries: Loss of member interest value, improper use of company funds	Most helpful expert: Thomas A. Frazee, CPA, Sterling Heights
Name of case: Confidential	Attorneys for plaintiff: Gerard V. Mantese, David Hansma
Court/Case no./Date: Confidential; confidential; Jan. 20, 2015	Attorney(s) for defendant: Withheld
Tried before: Arbitration	
Name of judge: Withheld	
Name of arbitrator: Withheld	

MCL 450.4515.

After further briefing and argument, the arbitrator granted plaintiff the remedy he requested, ordering defendant to sell his entire membership interest to plaintiff, effectively returning sole control of the company to plaintiff.

In addition, as damages, the arbitrator ordered defendant to reimburse the company for \$425,000 in attorneys' fees he caused the company to pay on his behalf.

Gerard V. Mantese, co-counsel for plaintiff, provided case information.