

SUPREME COURT OF ALABAMA

Carroll v. Williams

6 So. 3d 463 (Ala. 2008) · No. 1060832 · Decided September 12, 2008

SUMMARY

The Alabama Supreme Court affirmed a default judgment entered in favor of Alton D. Williams on his cross-claims against John Trotman Carroll. The court held that Carroll failed to meet his initial burden under the Kirtland factors for setting aside a default judgment because he did not show lack of prejudice or absence of culpable conduct and offered only unsupported assertions of a meritorious defense. The court also concluded that the trial court was not required to apply the Kirtland analysis before the motion was denied by operation of law.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Bolin, Justice; Cobb, Chief Justice; Lyons, Justice; Woodall, Justice; Stuart, Justice
JURISDICTION	Alabama
DECIDED	September 12, 2008
DOCKET	1060832
DISPOSITION	affirmed
PROCEDURAL POSTURE	Carroll appealed from a default judgment entered in favor of Williams on Williams's cross-claim. Carroll also challenged the denial by operation of law of his motion to set aside the default judgment.
STANDARD OF REVIEW	The Supreme Court reviewed whether the trial court exceeded its broad discretion in refusing to set aside the default judgment. The court applied the Kirtland two-step balancing process and required the defaulting party initially to demonstrate a meritorious defense, lack of unfair prejudice to the opposing party, and absence of culpable conduct.
PRECEDENTIAL VALUE	Published precedential opinion
PARTIES	John Trotman Carroll v. Alton D. Williams

TOPICS

default judgment

default

standard of review

appellate procedure

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether the trial court abused its discretion by allowing Carroll's motion to set aside the default judgment to be denied by operation of law without conducting an evidentiary hearing or expressly applying the Kirtland factors.
2. Whether Carroll met his initial burden under Kirtland by presenting a meritorious defense, showing that Williams would not be unfairly prejudiced, and showing that the default was not the result of Carroll's culpable conduct.

HOLDINGS

1. A party seeking to set aside a default judgment bears the initial burden of demonstrating all three Kirtland factors: a meritorious defense, absence of unfair prejudice to the opposing party, and absence of culpable conduct causing the default.
2. Carroll failed to satisfy his initial burden because he neither addressed the unfair-prejudice and culpable-conduct factors nor presented a supported, plausible meritorious defense. The trial court therefore did not abuse its discretion by allowing the motion to set aside the default judgment to be denied by operation of law without applying the full Kirtland analysis.

KEY QUOTATIONS

"A trial court has broad discretion in deciding whether to grant or deny a motion to set aside a default judgment." (467)

"Carroll's assertion that he has a meritorious defense to Williams's claim is nothing more than a bare legal conclusion unsupported by affidavit or other evidence." (468)

FACTUAL BACKGROUND

Carroll and Williams were shareholders in Southern Sports, Inc., and both personally guaranteed the corporation's debts. Williams alleged that Carroll diverted corporate funds for personal use, failed to pay vendors and taxes, and excluded Williams from the corporation's banking activities. After Carroll failed to respond to Williams's cross-claim, the trial court entered a default judgment awarding Williams damages for breach of contract, breach of fiduciary relationship, conversion, and punitive damages. Carroll's motion to set aside the judgment was supported only by his assertions and a release showing that he had satisfied his separate obligation to Commercial Bank.

PROCEDURAL HISTORY

Commercial Bank obtained a default judgment against Carroll on a promissory-note obligation. Williams later filed a cross-claim against Carroll alleging breach of contract, breach of fiduciary relationship, and conversion. After Carroll failed to answer or defend, the trial court entered a default judgment awarding Williams compensatory and punitive damages. Carroll moved to set aside the judgment, but the motion was denied by operation of law under Rule 59.1, Ala. R. Civ. P. The Supreme Court of Alabama affirmed.

DISPOSITION

affirmed

CASES CITED

- Kirtland v. Fort Morgan Auth. Sewer Serv., Inc., 524 So. 2d 600 (Ala. 1988)
- Zeller v. Bailey, 950 So. 2d 1149, 1152-1153 (Ala. 2006)
- Ex parte Illinois Central Gulf R.R., 514 So. 2d 1283 (Ala. 1987)
- Ex parte Family Dollar Stores of Alabama, Inc., 906 So. 2d 892, 899-900 (Ala. 2005)
- Phillips v. Randolph, 828 So. 2d 269, 278 (Ala. 2002)
- Rudolph v. Philyaw, 909 So. 2d 200 (Ala. Civ. App. 2005)
- Ex parte Caterpillar, Inc., 708 So. 2d 142, 143 (Ala. 1997)