

SUPREME COURT OF ALABAMA

Wainwright ex rel. Sterne Agee Grp., Inc. v. Holbrook (In re Sanderson)

263 So. 3d 681 (Ala. 2018) · No. 1160824; 1160832 · Decided February 9, 2018

SUMMARY

The Alabama Supreme Court denied petitions for a writ of mandamus challenging a trial court order that vacated a prior judgment and reinstated claims arising from a shareholder-derivative action. The court held that a release executed before the plaintiff initiated the relevant claims did not moot those claims or implicate subject-matter jurisdiction, and that the petitioners had an adequate remedy by appeal after final judgment.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Bryan, Justice; Stuart, C.J.; Bolin, J.; Parker, J.; Shaw, J.; Main, J.; Wise, J.; Sellers, J.
JURISDICTION	Alabama
DECIDED	February 9, 2018
DOCKET	1160824; 1160832
DISPOSITION	writ_denied
PROCEDURAL POSTURE	The Holbrooks appealed from a postjudgment order reinstating Wainwright's claims after the trial court had dismissed some claims and entered summary judgment on others. The Supreme Court of Alabama treated the appeal as a petition for a writ of mandamus and consolidated it with the non-Holbrook directors' mandamus petition.
STANDARD OF REVIEW	Mandamus is an extraordinary remedy available only when the petitioner has a clear legal right to relief, the respondent has an imperative duty to perform, the petitioner lacks another adequate remedy, and proper invocation is made. Denials of motions to dismiss and motions for summary judgment generally are not reviewable by mandamus, subject to narrow exceptions.
PRECEDENTIAL VALUE	Published opinion of the Supreme Court of Alabama; precedential.

PARTIES

James S. Holbrook, Jr., William K. Holbrook, Jon S. Sanderson, Eric B. Needleman, Sal A. Nunziata, Robert G. Nunziata, Walter S. Robertson III, Walter A. Ruch III, Henry S. Lynn, Jr., Linda M. Daniel, Jay W. Carter, Joe W. Roberts, Jr. v. Harold Lowell Wainwright

TOPICS

subject matter jurisdiction

appellate procedure

motions to dismiss

summary judgment

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QUESTIONS PRESENTED

1. Whether a release executed before the releasor initiates litigation moots post-release claims and thereby deprives the trial court of subject-matter jurisdiction.
2. Whether the trial court's order reinstating claims after denying motions to dismiss and for summary judgment was reviewable by petition for a writ of mandamus.
3. Whether the defendants demonstrated that a future appeal would be an inadequate remedy because the release allegedly barred Wainwright's claims.

HOLDINGS

1. A release executed before litigation does not moot post-release claims or divest the trial court of subject-matter jurisdiction. The release may be asserted as an affirmative defense, but its validity and applicability must be resolved in the litigation.
2. The order reinstating Wainwright's claims was not reviewable by mandamus because it operated as a denial of the defendants' motions to dismiss and for summary judgment, and no recognized exception applied.
3. The defendants had an adequate remedy by appeal after final judgment, so mandamus relief was unavailable.

KEY QUOTATIONS

“On the other hand, in a case such as the one before us, when a releasor executes a release before initiating legal proceedings against the releasee, there are no pending claims to be mooted by the release, and the release does not “moot” any post-release claims the releasor might elect to bring.” (at 686-687)

“However, aside from the limited exceptions recognized by this Court and those cases in which it is clear from the face of the complaint that a defendant is entitled to a dismissal or a judgment in its favor, the drastic and extraordinary remedy of a writ of mandamus is not available merely to alleviate the inconvenience and expense of litigation for a defendant whose motion to dismiss or motion for a summary judgment has been denied.” (at 688)

FACTUAL BACKGROUND

Wainwright was a shareholder of Sterne Agee Group, Inc., a Delaware corporation, when it merged with Stifel Financial Corp. Before the merger was completed, Wainwright executed a broad release covering claims against SAG, its directors, Stifel, and Saban, and received cash and Stifel stock as merger consideration. After the merger, Wainwright asserted derivative and direct claims alleging fiduciary misconduct and fraud, while the defendants argued that the release barred the claims and that Wainwright lacked standing to pursue derivative claims because he was no longer a SAG shareholder.

PROCEDURAL HISTORY

The Jefferson Circuit Court entered a January 2017 judgment dismissing Wainwright's derivative claims for lack of standing after a merger and entering judgment for the defendants on the remaining claims based on a release agreement. The trial court later granted Wainwright's Rule 59(e) postjudgment motion, vacated the judgment, reinstated the claims, and ordered discovery to proceed. The defendants sought mandamus relief, arguing that the release mooted the claims and deprived the trial court of subject-matter jurisdiction.

DISPOSITION

writ_denied

CASES CITED

- F.L. Crane & Sons, Inc. v. Malouf Construction Corp., 953 So. 2d 366 (Ala. 2006)
- Ex parte University of South Alabama, 183 So. 3d 915, 918 (Ala. 2016)
- Drummond Co. v. Alabama Department of Transportation, 937 So. 2d 56, 57 (Ala. 2006)
- Ex parte Haralson, 853 So. 2d 928, 931 n. 2 (Ala. 2003)
- Ex parte Watters, 212 So. 3d 174, 181-182 (Ala. 2016)
- Ex parte Jackson, 780 So. 2d 681, 684 (Ala. 2000)
- Ex parte U.S. Bank National Ass'n, 148 So. 3d 1060, 1064-1065 (Ala. 2014)
- Pharmacia Corp. v. Suggs, 932 So. 2d 95, 99 (Ala. 2005)
- Hasting v. Roberts, 230 So. 3d 391, 396 (Ala. 2017)
- American Homes & Land Corp. v. C.A. Murren & Sons Co., 990 So. 2d 871 (Ala. 2008)
- Newburn v. Dobbs Mobile Bay, Inc., 657 So. 2d 849 (Ala. 1995)
- Cleghorn v. Scribner, 597 So. 2d 693 (Ala. 1992)
- McCrary v. Butler, 540 So. 2d 736, 740 (Ala. 1989)
- Russell v. Fuqua, 176 So. 3d 1224, 1227 (Ala. 2015)
- Atkinson v. State, 986 So. 2d 408 (Ala. 2007)
- Ex parte Hodge, 153 So. 3d 734, 748-749 (Ala. 2014)
- Ex parte Alamo Title Co., 128 So. 3d 700, 716 (Ala. 2013)
- Regional Health Services, Inc. v. Hale County Hospital Board, 565 So. 2d 109 (Ala. 1990)
- Ex parte Ingalls Shipbuilding Corp., 32 Ala. App. 609, 28 So. 2d 808 (1947)

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