

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF OREGON

Formtec, LLC v. James B. Wolff; Spherical IP, LLC; James B. Wolff and Kristine B. Wolff, as Trustees of the James B. Wolff and Kristine B. Wolff Revocable Living Trust; Kristine Wolff, as Trustee of the Elisabeth Wolff Irrevocable Trust; and Kristine Wolff, as Trustee of the Andrew Wolff Irrevocable Trust

Formtec v. Wolff · No. 3:25-cv-704-SI · Decided December 4, 2025

SUMMARY

The United States District Court for the District of Oregon grants Defendants’ Rule 12(b)(6) motion to dismiss claims brought by Formtec, LLC concerning collection of an arbitration-related judgment against Spherical IP, LLC. The court holds that Formtec inadequately pleaded the improper conduct and causation required to pierce the corporate veil under Oregon law, and insufficiently pleaded intentional and constructive fraudulent transfer claims under Oregon’s Uniform Voidable Transactions Act. The veil-piercing claim is dismissed with prejudice, while the excerpt does not show the disposition of the fraudulent-transfer claim.

CASE DETAILS

COURT	United States District Court for the District of Oregon
WRITING FOR THE COURT	Michael H. Simon
JURISDICTION	United States District Court for the District of Oregon
DECIDED	December 4, 2025
DOCKET	3:25-cv-704-SI
DISPOSITION	other
PROCEDURAL POSTURE	Defendants moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss the Second Amended Complaint, which asserted claims for piercing the corporate veil and intentional and constructive fraudulent transfer under Oregon law.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true, draws reasonable inferences for the plaintiff, disregards legal conclusions couched as facts, and determines whether the complaint states a facially plausible claim for relief. Fraud

allegations must satisfy Rule 9(b)'s particularity requirement when the claim is grounded in a fraudulent course of conduct.

QUESTIONS PRESENTED

1. Whether Formtec plausibly alleged the control, improper conduct, and causation required under Oregon law to pierce Spherical IP's limited-liability-company veil.
2. Whether Formtec pleaded intentional fraudulent transfer under Oregon's Uniform Voidable Transactions Act with the particularity required by Federal Rule of Civil Procedure 9(b).
3. Whether Formtec pleaded constructive fraudulent transfer under the UVTA, including facts concerning the transfers, reasonably equivalent value, the debtor's financial condition, and the timing of the transfers.
4. Whether the court could dismiss the same claims against nonmoving defendants sua sponte because their claims were integrally related to those against the moving defendants.

HOLDINGS

1. Under Oregon law, a plaintiff seeking to impose an LLC's debt on a controlling member must plausibly allege actual control, improper conduct in exercising that control, and a causal connection between the improper conduct and the plaintiff's inability to collect from the LLC. Formtec's allegations did not plausibly establish the required improper conduct or causation.
2. A claim for intentional fraudulent transfer based on a unified fraudulent course of conduct must allege the who, what, when, where, and how of the alleged transfers and concealment with particularity under Rule 9(b). Formtec's general allegations that funds were transferred to family members and that the bank account was closed did not satisfy that requirement.
3. Formtec failed to state a constructive fraudulent-transfer claim because it relied on the same inadequately particularized fraudulent course of conduct and did not allege facts showing a qualifying transfer, lack of reasonably equivalent value, or the required temporal relationship to the debtor's obligations.
4. A district court may sua sponte dismiss claims against nonmoving defendants when those defendants are similarly situated to the moving defendants or the claims against them are integrally related.

KEY QUOTATIONS

"The disregard of a legally established corporate entity is an extraordinary remedy which exists as a last resort, where there is no other adequate and available remedy to repair the plaintiff's injury."

"Formtec must allege improper conduct that has a causal connection to Formtec's specific harm of not being able to collect on its judgment."

FACTUAL BACKGROUND

Formtec and Spherical IP entered into the FOT Agreement concerning ownership of fiber-orientation and Venturi technology and related intellectual-property rights. After an arbitration concerning alleged disclosure of

Formtec's confidential information, Formtec obtained a confirmed judgment for \$1,552,443.71 in attorney's fees and costs, which Spherical IP allegedly did not satisfy. Formtec alleged that Wolff controlled Spherical IP, disregarded corporate formalities, transferred or diverted assets to himself and family trusts, closed Spherical IP's bank account, and engaged in conduct that allegedly rendered Spherical IP judgment proof. The court found the allegations of improper conduct, causation, and fraudulent transfers too conclusory and insufficiently particularized.

PROCEDURAL HISTORY

Formtec obtained an arbitration award against Spherical IP, and a federal court in the Eastern District of Wisconsin confirmed the award and entered a money judgment. Formtec domesticated the Wisconsin judgment in Oregon and filed a state-court action seeking to impose alter-ego liability and assert fraudulent-transfer claims against Wolff, Spherical IP, and related trusts and entities. Defendants removed the action, Formtec filed successive amended complaints, and the court dismissed the First Amended Complaint. On the Second Amended Complaint, the court accepted the untimely motion to dismiss, dismissed the veil-piercing claim with prejudice, dismissed the fraudulent-transfer claim without prejudice with leave to amend, and dismissed the same claims against nonmoving defendants sua sponte.

DISPOSITION

other

CASES CITED

- Shroyer v. New Cingular Wireless Servs., Inc., 622 F.3d 1035, 1041 (9th Cir. 2010)
- Wilson v. Hewlett-Packard Co., 668 F.3d 1136, 1140 (9th Cir. 2012)
- Daniels-Hall v. Nat'l Educ. Ass'n, 629 F.3d 992, 998 (9th Cir. 2010)
- Starr v. Baca, 652 F.3d 1202, 1216 (9th Cir. 2011)
- Ashcroft v. Iqbal, 556 U.S. 662, 678-79 (2009)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 556 (2007)
- Amfac Foods, Inc. v. Int'l Systems & Controls Corp., 294 Or. 94, 103, 106-10 (1982)
- Hambleton Bros. Lumber Co. v. Balkin Enters., Inc., 397 F.3d 1217, 1228 (9th Cir. 2005)
- State ex rel. Neidig v. Superior Nat. Ins. Co., 343 Or. 434, 460 (2007)
- Schlecht v. Equitable Builders, 272 Or. 92, 97 (1975)
- Oregon Pub. Employees' Ret. Bd. ex rel. Oregon Pub. Employees' Ret. Fund v. Simat, Helliesen & Eichner, 191 Or. App. 408, 429 (2004)
- Rice v. Oriental Fireworks Co., 75 Or. App. 627 (1985)
- Multi-Flex Cir. Pty Ltd. v. Emerson, 2025 WL 1993513, at *5 (N.D. Cal. July 16, 2025)
- Sandoval v. Ali, 34 F. Supp. 3d 1031 (N.D. Cal. 2014)
- Solterra Strata LLC v. Seabold Construction Co., 2024 WL 4475019 (D. Or. Oct. 11, 2024)

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