

MICHIGAN COURT OF APPEALS

Steven Jackson, Laura Jackson, and WMT & D, Inc. v. Bulk Ag Innovations, LLC, doing business as West Michigan Tool & Die, and O. Victor Mowatt

Steven Jackson · No. No. 356935 · Decided June 16, 2022

SUMMARY

The Michigan Court of Appeals affirmed a default judgment awarding plaintiffs \$207,587.14 for an unpaid earn-out payment, attorney fees, and costs. The court held that the plaintiffs failed to prove damages for an alleged loan of cash and accounts receivable by a preponderance of the evidence and that the trial court did not abuse its discretion by denying reconsideration. The court also upheld the refusal to award treble damages for statutory conversion.

CASE DETAILS

COURT	Michigan Court of Appeals
WRITING FOR THE COURT	Christopher P. Yates; Amy Ronayne Krause, P.J.; M. J. Kelly, J.; Christopher P. Yates, J.
JURISDICTION	Michigan
DECIDED	June 16, 2022
DOCKET	No. 356935
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiffs appealed a default judgment awarding them \$207,587.14 and the denial of their motion for reconsideration. They challenged the trial court's refusal to award additional damages for an alleged unpaid loan and treble statutory-conversion damages.
STANDARD OF REVIEW	An award of damages is reviewed for clear error. A trial court's decision on a motion for reconsideration is reviewed for an abuse of discretion; an abuse occurs when the decision falls outside the range of reasonable and principled outcomes.
PRECEDENTIAL VALUE	Published Michigan Court of Appeals opinion; precedential under Michigan law unless subsequently altered or overruled.
PARTIES	Steven Jackson, Laura Jackson, WMT & D, Inc., formerly known as West Michigan Tool & Die, Co. v. Bulk Ag Innovations, LLC, doing

TOPICS

default judgment

breach of contract

damages

motion for reconsideration

appellate procedure

PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether the trial court clearly erred in awarding no damages for the alleged unpaid loan of cash and accounts receivable.
2. Whether the trial court abused its discretion by denying plaintiffs' motion for reconsideration and refusing to reopen the record for additional damages evidence.
3. Whether plaintiffs were entitled to treble damages under MCL 600.2919a(1) for statutory conversion.

HOLDINGS

1. The trial court did not clearly err by refusing to award damages for the alleged loan because plaintiffs failed to prove the amount of their breach-of-contract damages with reasonable certainty.
2. The trial court did not abuse its discretion by denying reconsideration and refusing to reopen the record to receive evidence that plaintiffs could have presented before entry of the original judgment.
3. The trial court properly declined to award treble damages under MCL 600.2919a(1).

KEY QUOTATIONS

“But “a default is merely an admission of liability and not an admission regarding the proper amount of damages,”” (at 2)

“so “‘uncertainty as to the fact of the amount of damage caused by the breach of contract is fatal[.]’ ”” (at 3)

“The term ‘may’ is permissive and indicates discretionary activity.” (at 4)

FACTUAL BACKGROUND

In 2018, Steven and Laura Jackson sold the assets of their manufacturing company, WMT & D, Inc., to Bulk Ag Innovations, LLC under an asset-purchase agreement that included earn-out payments and other consideration. The Jacksons agreed that defendants could temporarily retain cash and accounts receivable as a loan, but defendants allegedly failed to repay that loan and failed to make the earn-out payments. After defendants defaulted, the trial court awarded plaintiffs the first year's \$180,000 earn-out payment, attorney fees, and costs, but found the evidence insufficient to establish damages from the alleged loan or to support treble damages for statutory conversion.

PROCEDURAL HISTORY

Plaintiffs sued defendants for breach of contract, conversion, and other claims. After neither defendant answered, the clerk entered defaults, establishing liability but leaving damages for determination by the trial court. The trial court entered a \$207,587.14 default judgment for the first earn-out payment, attorney fees, and costs, but denied damages for the alleged loan and declined to award treble damages. Plaintiffs moved for reconsideration with additional evidence, but the trial court denied the motion; the Michigan Court of Appeals affirmed.

DISPOSITION

affirmed

CASES CITED

- Epps v 4 Quarters Restoration LLC, 498 Mich 518, 554-555; 872 NW2d 412 (2015)
- Hannay v Dep't of Transp, 497 Mich 45, 79; 860 NW2d 67 (2014)
- Triple E Produce Corp v Mastronardi Produce, Ltd, 209 Mich App 165, 177; 530 NW2d 772 (1995)
- Woods v SLB Prop Mgt, LLC, 277 Mich App 622, 629-630; 729 NW2d 228 (2008)
- People v Duncan, 494 Mich 713, 723; 835 NW2d 399 (2013)
- Van Buren Charter Twp v Visteon Corp, 319 Mich App 538, 550-551; 904 NW2d 192 (2017)
- Aroma Wines & Equip, Inc v Columbian Distrib Servs, Inc, 303 Mich App 441, 449; 844 NW2d 727 (2013), aff'd 497 Mich 337 (2015)