

SUPREME COURT OF WYOMING

Wallop Canyon Ranch, LLC v. Goodwyn

Wallop Canyon Ranch, 2015 WY 81 (Wyo. 2015) · No. S-14-0139; S-14-0140 · Decided June 9, 2015

SUMMARY

The Wyoming Supreme Court affirmed the district court in two consolidated appeals arising from disputes over the Wallop Family Limited Partnership and Wallop Canyon Ranch, LLC. The court held that Scott Goodwyn prevailed in part on derivative claims and was therefore eligible for reasonable attorney’s fees under Wyo. Stat. Ann. § 17-14-1104. The court also upheld the district court’s interpretation of the partnership agreement concerning the transfer of French Wallop’s partnership interests pursuant to a divorce decree.

CASE DETAILS

COURT	Supreme Court of Wyoming
WRITING FOR THE COURT	Davis, J.; Fox, J.; Tyler, D.J.; Sullins, D.J.; Brooks, D.J.
JURISDICTION	Wyoming
DECIDED	June 9, 2015
DOCKET	S-14-0139; S-14-0140
DISPOSITION	affirmed
PROCEDURAL POSTURE	Cross-appeals from a judgment after a five-day bench trial in which the district court ruled partly for Goodwyn on gifting and partnership-loan-interest issues, rejected his fiduciary-duty claims, and awarded him reasonable attorney's fees and costs on derivative claims.
STANDARD OF REVIEW	Following a bench trial, factual findings are reviewed for clear error and legal conclusions de novo. The legal authority to award attorney's fees is reviewed de novo, while the amount of the fee award is reviewed for abuse of discretion. Contract interpretation is reviewed de novo.
PRECEDENTIAL VALUE	published Wyoming Supreme Court opinion
PARTIES	Wallop Canyon Ranch, LLC, Scott Madison Goodwyn v. Scott Madison Goodwyn, Paul Stebbins Wallop, as personal representative of the Estate of Malcolm Wallop, Paul Stebbins Wallop, as successor trustee under the Malcolm Wallop Revocable Trust, Paul Stebbins

Wallop, individually, Wallop Canyon Ranch, LLC, Wallop Family
Limited Partnership

TOPICS

appellate procedure

limited liability companies

fiduciary duty

contract interpretation

remedies

PRACTICE AREAS

appellate procedure

limited partnerships

contract interpretation

fiduciary duty

attorney's fees

QUESTIONS PRESENTED

1. Whether Goodwyn was successful in whole or in part on a derivative claim so as to authorize an award of reasonable expenses and attorney's fees under Wyo. Stat. Ann. § 17-14-1104.
2. Whether the transfer of French Wallop's interest in the Wallop Family Limited Partnership to Malcolm Wallop under the divorce decree was an authorized estate-planning transfer under the partnership agreement.
3. Whether Wyoming's statutory fiduciary-duty provisions applicable to general partners also impose fiduciary duties on limited partners.
4. Whether Wallop Canyon Ranch, LLC, as general partner, breached fiduciary duties through transactions with related entities and alleged diversion of partnership opportunities.
5. Whether the court needed to pierce Wallop Canyon Ranch, LLC's veil to impose liability on Malcolm and Paul Wallop.

HOLDINGS

1. A plaintiff who succeeds in part on a claim that is derivative in nature may receive reasonable expenses, including attorney's fees, under Wyo. Stat. Ann. § 17-14-1104. Goodwyn's successful gifting claims affected the limited partnership as a whole and were derivative rather than personal claims.
2. The transfer of French Wallop's interest in the WFLP to Malcolm Wallop pursuant to the divorce decree was an authorized estate-planning transfer under Article XVIII of the WFLP Agreement and did not breach the agreement.
3. The Wyoming Uniform Limited Partnership Act does not impose express statutory fiduciary duties on limited partners, and the court declined to import the Wyoming Uniform Partnership Act's fiduciary-duty provisions into the limited-partner context.
4. A general partner of a Wyoming limited partnership owes the partnership and limited partners duties of loyalty, care, and good faith and fair dealing under Wyo. Stat. Ann. § 17-21-404, but the evidence did not establish that WCR breached those duties.
5. Veil piercing is not required to impose personal liability on an officer, director, manager, or other agent who personally participates in tortious conduct, but the issue need not be reached here because the

complaint asserted no direct tort claims against Malcolm or Paul and no underlying liability was established.

KEY QUOTATIONS

“Accordingly, the final relief for the derivative claims belongs to the WFLP, and not to Goodwyn individually.” (¶ 31)

“Accordingly, the WULPA imposes no explicit statutory duties or responsibilities upon a limited partner.” (¶ 44)

“Thus, in Wyoming, a general partner of a limited partnership has a fiduciary duty of loyalty to the limited partnership, as well as a duty of good faith and fair dealing.” (¶ 49)

“The threshold requirement for piercing—underlying liability—has not been met.” (¶ 66)

FACTUAL BACKGROUND

Malcolm and French Wallop created an estate plan centered on the Wallop Family Limited Partnership, which owned and operated the Canyon Ranch, and Wallop Canyon Ranch, LLC, which served as the partnership's general partner. During and after the Wallops' divorce, French's interests in the partnership and LLC were transferred to Malcolm pursuant to the divorce decree. Goodwyn, a limited partner, challenged ownership and gifting issues, partnership-loan accounting, and alleged fiduciary breaches arising from management of the ranch and transactions involving related entities. The district court found for Goodwyn on the gifting and loan-interest issues but found no fiduciary-duty breach by the defendants.

PROCEDURAL HISTORY

Goodwyn initially filed federal litigation asserting individual and derivative claims concerning the Wallop Family Limited Partnership. The federal court dismissed the action after requiring joinder of the partnership, which destroyed diversity jurisdiction. Goodwyn then filed in Wyoming district court, where the court granted partial summary judgment against his judicial-dissolution claim, conducted a bench trial, awarded relief on gifting and loan-interest issues, rejected his fiduciary-duty claims, and awarded attorney's fees under Wyo. Stat. Ann. § 17-14-1104. The Wyoming Supreme Court affirmed in both consolidated appeals.

DISPOSITION

affirmed

CASES CITED

- Wallop v. Wallop, 2004 WY 46, ¶¶ 19, 32, 35, 88 P.3d 1022, 1029, 1032
- Piroschak v. Whelan, 2005 WY 26, ¶ 7, 106 P.3d 887, 890
- Hansuld v. Lariat Diesel Corp., 2003 WY 165, ¶ 13, 81 P.3d 215, 218
- Rennard v. Vollmar, 977 P.2d 1277, 1279 (Wyo. 1999)
- Harber v. Jensen, 2004 WY 104, ¶ 7, 97 P.3d 57, 60

- Pennant Serv. Co. v. True Oil Co., LLC, 2011 WY 40, ¶ 7, 249 P.3d 698, 703
- Hofstad v. Christie, 2010 WY 134, ¶ 7, 240 P.3d 816, 818
- Evans v. Moyer, 2012 WY 111, ¶ 37, 282 P.3d 1203, 1214
- Thorkildsen v. Belden, 2011 WY 26, ¶ 8, 247 P.3d 60, 62
- Ultra Resources, Inc. v. Hartman, 2010 WY 36, ¶¶ 22, 149, 226 P.3d 889, 905, 935
- Breitenstine v. Breitenstine, 2006 WY 48, ¶ 12, 132 P.3d 189, 193
- Mueller v. Zimmer, 2007 WY 195, ¶ 11, 173 P.3d 361, 364
- Weiss v. Weiss, 2009 WY 124, ¶ 8, 217 P.3d 408, 410-11
- Forshee v. Delaney, 2005 WY 103, ¶ 7, 118 P.3d 445, 448
- GOB, LLC v. Rainbow Canyon, Inc., 2008 WY 157, ¶ 13, 197 P.3d 1269, 1272
- Lynch v. Patterson, 701 P.2d 1126, 1130 (Wyo. 1985)
- Centrella v. Morris, 597 P.2d 958, 962-63 (Wyo. 1979)
- Redco Constr. v. Profile Props., LLC, 2012 WY 24, ¶ 26, 271 P.3d 408, 415-16
- Whitney Holding Corp. v. Terry, 2012 WY 21, ¶ 36, 270 P.3d 662, 673
- Moncrief v. Louisiana Land Exploration Co., 861 P.2d 516, 524 (Wyo. 1993)
- Sinclair Oil Corp. v. Republic Ins. Co., 929 P.2d 535, 539 (Wyo. 1996)
- Arnold v. Ommen, 2009 WY 24, ¶ 40, 201 P.3d 1127, 1138
- Caballo Coal Co. v. Fidelity Exploration & Production Co., 2004 WY 6, ¶ 11, 84 P.3d 311, 314-15
- Scherer v. Laramie Regional Airport Board, 2010 WY 105, ¶ 11, 236 P.3d 996, 1003
- Stone v. Devon Energy Production Co., L.P., 2008 WY 49, ¶ 18, 181 P.3d 936, 942
- Amoco Production Co. v. EM Nominee Partnership Co., 2 P.3d 534, 540 (Wyo. 2000)
- Bevan v. Fix, 2002 WY 43, ¶ 46, 42 P.3d 1013, 1027
- Anderson v. State, 2014 WY 13, ¶ 14, 317 P.3d 1108, 1113
- Triple Five of Minnesota, Inc. v. Simon, 404 F.3d 1088, 1093-96 (8th Cir. 2005)
- Birnbaum v. Birnbaum, 539 N.E.2d 574, 576 (N.Y. 1989)
- GreenHunter Energy, Inc. v. Western Ecosystems Technology, Inc., 2014 WY 144, ¶ 3, 337 P.3d 454, 458
- Hoang v. Arbess, 80 P.3d 863, 867-68 (Colo. App. 2003)
- d'Elia v. Rice Development, Inc., 147 P.3d 515, 524-25 (Utah Ct. App. 2006)
- 16 Jade Street, LLC v. R. Design Construction Co., LLC, 747 S.E.2d 770, 773 (S.C. 2013)
- Gose v. Gose, 822 P.2d 848 (Wyo. 1991)