

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF SOUTH
DAKOTA, SOUTHERN DIVISION

Next Level Technology Group, LLC v. Wehde Enterprises, LLC and
Brandon Wehde

No. 4:24-CV-04199-KES (D.S.D. Jan. 13, 2026) · No. 4:24-CV-04199-KES · Decided January 13, 2026

SUMMARY

The United States District Court for the District of South Dakota grants Brandon Wehde’s motion to dismiss all claims asserted against him individually, finding that the amended complaint plausibly alleged neither grounds to pierce Wehde Enterprises, LLC’s corporate veil nor conduct by Wehde outside his role as an LLC member. The court denies Wehde Enterprises’ motion to dismiss claims for unjust enrichment, Stored Communications Act violations, and Defend Trade Secrets Act misappropriation based on the independent tort doctrine. The court also denies dismissal of the punitive-damages claim because an unchallenged tortious-interference claim remained.

CASE DETAILS

COURT	United States District Court for the District of South Dakota, Southern Division
WRITING FOR THE COURT	Karen E. Schreier
JURISDICTION	United States District Court for the District of South Dakota, Southern Division
DECIDED	January 13, 2026
DOCKET	4:24-CV-04199-KES
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff brought federal and state-law claims arising from an alleged oral subcontracting agreement, alleged misuse of confidential information, and alleged interference with plaintiff's business operations. After plaintiff filed a first amended complaint, defendant Brandon Wehde moved to dismiss all claims asserted against him individually, and defendant Wehde Enterprises, LLC moved to dismiss specified claims under Federal Rule of Civil Procedure 12(b)(6).
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts the complaint's factual allegations as true and construes reasonable inferences in the plaintiff's

	favor. The complaint must state a claim for relief that is plausible on its face.
PRECEDENTIAL VALUE	unpublished district court order
PARTIES	Next Level Technology Group, LLC v. Wehde Enterprises, LLC, Brandon Wehde

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QUESTIONS PRESENTED

1. Whether the complaint plausibly alleged grounds to pierce Wehde Enterprises' limited-liability veil and impose personal liability on Brandon Wehde.
2. Whether plaintiff's unjust-enrichment claim could be pleaded in the alternative to its breach-of-contract claim.
3. Whether the independent tort doctrine barred plaintiff's Stored Communications Act and Defend Trade Secrets Act claims.
4. Whether plaintiff plausibly pleaded fraudulent misrepresentation with the required particularity and alleged a duty independent of the subcontracting agreement.
5. Whether the independent tort doctrine barred plaintiff's conversion claim.
6. Whether plaintiff plausibly stated a claim for rescission based on alleged fraud or failure of consideration.
7. Whether plaintiff's punitive-damages claim should be dismissed when defendants did not challenge the underlying tortious-interference claim.

HOLDINGS

1. The complaint did not plausibly allege the first prong of South Dakota's corporate-veil-piercing test or specific individual conduct outside Wehde's role as a member of Wehde Enterprises. The court therefore dismissed all claims against Brandon Wehde individually.
2. The independent tort doctrine did not require dismissal of plaintiff's unjust-enrichment claim because the Federal Rules permit alternative pleading.
3. The independent tort doctrine did not bar plaintiff's Stored Communications Act or Defend Trade Secrets Act claims because those claims were based on alleged unauthorized access, exceeding authorization, and trade-secret misappropriation distinct from the alleged breach of contract.

4. Plaintiff plausibly stated a fraudulent-misrepresentation claim with sufficient particularity, and the independent tort doctrine did not bar the claim at the pleading stage.
5. The independent tort doctrine did not bar plaintiff's conversion claim because the alleged misuse and withholding of the phone, laptop, vehicle, and access codes involved conduct beyond the parties' contractual terms.
6. Plaintiff plausibly stated a rescission claim by alleging that its consent to the oral agreement was obtained through fraud and that consideration failed or became void.
7. The court denied the request to dismiss the punitive-damages claim because defendants did not challenge plaintiff's tortious-interference claim, which could support punitive damages.

KEY QUOTATIONS

“The court concludes that NLT’s conclusory allegations alone are insufficient to establish a prima facie case to pierce the corporate veil.” (Discussion I)

“At the pleading stage, the court finds that NLT has sufficiently alleged that WE owed a legal duty that arose independently from the duties it owed NLT under the subcontracting agreement.” (Discussion II.C)

FACTUAL BACKGROUND

Next Level Technology Group operated an information-technology business and secured data center in Sioux Falls, South Dakota. Wehde, through Wehde Enterprises, negotiated and entered an oral subcontracting arrangement under which Wehde Enterprises would continue providing services and transition Wehde's data-center access and knowledge to plaintiff's employees. Plaintiff alleged that Wehde Enterprises and Wehde withheld access codes and other property, transferred customer services to a competing company, accessed or misused confidential information, and failed to perform promised services. Plaintiff also alleged that Wehde Enterprises made misrepresentations concerning its ability and intent to provide data-center services.

PROCEDURAL HISTORY

Next Level Technology Group filed suit on October 31, 2024, and the court later denied its motion for an ex parte preliminary injunction after an evidentiary hearing. Plaintiff filed a first amended complaint on March 10, 2025, asserting ten counts, including breach of oral contract, unjust enrichment, fraudulent misrepresentation, conversion, tortious interference, Stored Communications Act and Defend Trade Secrets Act claims, rescission, punitive damages, and piercing the corporate veil. The defendants filed separate motions to dismiss on May 7, 2025. The court granted Wehde's motion as to all claims against him individually and denied Wehde Enterprises' motion.

DISPOSITION

other

CASES CITED

- *Schaaf v. Residential Funding Corp.*, 517 F.3d 544, 549 (8th Cir. 2008)

- Cathedral Square Partners Ltd. P'ship v. S.D. Hous. Dev. Auth., 966 F. Supp. 2d 862, 867 (D.S.D. 2013)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 570 (2007)
- Ashcroft v. Iqbal, 556 U.S. 662, 678-79 (2009)
- Epps v. Stewart Info. Servs. Corp., 327 F.3d 642, 649 (8th Cir. 2003)
- Brevet Int'l, Inc. v. Great Plains Luggage Co., 604 N.W.2d 268, 273-74 (S.D. 2000)
- Smith v. Rustic Home Builders, LLC, 826 N.W.2d 357, 359 (S.D. 2013)
- Kan. Gas & Electric Co. v. Ross, 521 N.W.2d 107, 112-15 (S.D. 1994)
- Hyde v. Hyde, 99 N.W.2d 788, 792 (S.D. 1959)
- Richardson v. BNSF Railway Co., 2 F.4th 1063, 1068 (8th Cir. 2021)
- Superior Homes, L.L.C. v. Comardelle, 2013 WL 6146051, at *4 (D.S.D. Nov. 21, 2013)
- N.L.R.B. v. Greater Kan. City Roofing, 2 F.3d 1047, 1052-53 (10th Cir. 1993)
- Paul v. Bathurst, 997 N.W.2d 644, 653 (S.D. 2023)
- Selle v. Tozser, 786 N.W.2d 748, 758 (S.D. 2010)
- McGreevy v. Daktronics, Inc., 156 F.3d 837, 843 (8th Cir. 1998)
- Schipporeit v. Khan, 775 N.W.2d 503, 504-08 (S.D. 2009)
- Grynberg v. Citation Oil & Gas Corp., 573 N.W.2d 493, 497-501 (S.D. 1997)
- Kunkel v. United Sec. Inc. Co. of N.J., 168 N.W.2d 723, 733 (S.D. 1969)
- Smith v. Weber, 16 N.W.2d 537, 538-39 (S.D. 1944)
- Rozzone Prods., LLC v. Raczkowski, 2012 WL 13172982, at *5-6 (D.S.D. June 4, 2012)
- Lundstrom v. Daniel M. Homolka P.A., 2020 WL 1891696, at *5 (D.S.D. Apr. 16, 2020)
- Anzaldua v. Ne. Ambulance & Fire Prot. Dist., 793 F.3d 822, 838-39 (8th Cir. 2015)
- Viet Family, Inc. v. Freidel, 754 F. Supp. 3d 840, 847 (D.S.D. 2024)
- Jim Hawk Truck-Trailers of Sioux Falls, Inc. v. Crossroads Trailer Sales & Serv., Inc., 655 F. Supp. 3d 825, 842 (D.S.D. 2023)
- Estate of Johnson ex rel. Johnson v. Weber, 898 N.W.2d 718, 729 (S.D. 2017)
- North American Truck & Trailer, Inc. v. M.C.I. Communications Services Inc., 751 N.W.2d 710, 713 (S.D. 2008)

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