

SUPREME COURT OF ARKANSAS

Muccio v. Hunt

2016 Ark. 178 (2016) · No. CV-15-636 · Decided April 21, 2016

SUMMARY

The Arkansas Supreme Court affirmed summary judgment for the appellees in a dispute among members of BioBased, LLC. The court held that the appellants failed to provide evidence creating a genuine issue of material fact on their fraud and civil-conspiracy claims arising from representations concerning the company’s bankruptcy, and therefore did not reach the law-of-the-case issue.

CASE DETAILS

COURT	Supreme Court of Arkansas
WRITING FOR THE COURT	Robin F. Wynne
JURISDICTION	Arkansas
DECIDED	April 21, 2016
DOCKET	CV-15-636
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from an order granting appellees' motion for summary judgment on appellants' claims for fraud, fraudulent inducement, and civil conspiracy.
STANDARD OF REVIEW	Summary judgment is proper only when no genuine issue of material fact exists requiring litigation and the moving party is entitled to judgment as a matter of law. Once the moving party establishes a prima facie entitlement to summary judgment, the burden shifts to the opposing party to demonstrate a material issue of fact. Summary judgment should be denied if reasonable minds could reach different conclusions from the same undisputed facts.
PRECEDENTIAL VALUE	Published Arkansas Supreme Court opinion; precedential.
PARTIES	Tom Muccio, Mike Muccio, Next Chapter Resources, LLC v. Johnelle Hunt, Phil Phillips, David Schumacher, Trey Trumbo, Johnelle Hunt, LLC, Phil and Judy Phillips Family Limited Partnership, LLLP, Big Horn Lodge Financing, LLC

TOPICS

summary judgment

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether genuine issues of material fact precluded summary judgment on appellants' fraud and fraudulent-inducement claims based on alleged misrepresentations concerning Smiley and BioBased's bankruptcy.
2. Whether genuine issues of material fact precluded summary judgment on appellants' civil-conspiracy claim.
3. Whether the circuit court properly granted summary judgment without reaching the alternative law-of-the-case issue.

HOLDINGS

1. Summary judgment was proper because appellants failed to provide proof that the alleged misrepresentations induced the required bankruptcy vote or caused compensable harm.
2. Summary judgment was proper because appellants offered allegations but no proof that appellees participated in a conspiracy to deprive appellants of their BioBased interests through fraud or other unlawful means.
3. The Supreme Court did not need to decide whether the circuit court erred in applying law of the case because summary judgment was independently proper on the merits.

KEY QUOTATIONS

“A trial court will grant summary judgment only when it is apparent that no genuine issues of material fact exist requiring litigation and that the moving party is entitled to judgment as a matter of law.” (at 3)

“Because appellants failed to provide proof on essential elements of their claims sufficient to create a question of fact to be determined at trial, the grant of summary judgment in favor of appellees was proper.” (at 6)

FACTUAL BACKGROUND

The parties were members of BioBased, LLC, with appellants collectively controlling 41.81 percent and appellees controlling 56.19 percent. After Walter Smiley became a business consultant and was later installed as CEO, he told the membership that BioBased's operating line of credit would expire and that the company's checks would bounce unless it filed for bankruptcy. The membership unanimously voted to place BioBased into Chapter 11 bankruptcy, and appellants alleged that appellees and others fraudulently induced that vote and later deprived appellants of their membership interests. The evidence showed that Tom Muccio voted for bankruptcy for strategic reasons and knew before the vote that Johnelle Hunt did not intend to include appellants in a reorganization plan.

PROCEDURAL HISTORY

Appellants sued appellees in Pulaski County Circuit Court after taking a voluntary nonsuit of claims against appellees in an earlier Washington County action. During the Pulaski County proceedings, appellants voluntarily dismissed their claims for intentional interference with a contractual relationship or business expectancy and violation of the Arkansas Deceptive Trade Practices Act. The circuit court granted summary judgment to appellees on the remaining fraud, fraudulent-inducement, and civil-conspiracy claims, relying on law of the case and its determination that appellees were factually entitled to judgment. The Supreme Court of Arkansas affirmed.

DISPOSITION

affirmed

CASES CITED

- Brock v. Townsell, 2009 Ark. 224, 309 S.W.3d 179
- Jewell v. Fletcher, 2010 Ark. 195, 377 S.W.3d 176
- Faulkner v. Arkansas Children's Hospital, 347 Ark. 941, 961, 69 S.W.3d 393, 406 (2002)