

SUPREME COURT OF CONNECTICUT

William C. Styslinger III v. Brewster Park, LLC, et al., 321 Conn. 312

138 A.3d 257 (2016) · No. SC 19489 · Decided May 17, 2016

SUMMARY

The Connecticut Supreme Court held that an assignee of a membership interest in a Connecticut limited liability company lacks standing to seek a judicial winding up of the company's affairs in the absence of a dissolution. The court concluded that the Connecticut Limited Liability Company Act links winding up to dissolution and does not permit an assignee to trigger that process independently. The court affirmed dismissal of the plaintiff's complaint, including because the complaint did not specifically request other relief such as money damages.

CASE DETAILS

COURT	Supreme Court of Connecticut
WRITING FOR THE COURT	Vertefeuille, J.; Rogers, C. J.; Palmer, J.; Zarella, J.; McDonald, J.; Espinosa, J.; Robinson, J.
JURISDICTION	Connecticut
DECIDED	May 17, 2016
DOCKET	SC 19489
DISPOSITION	affirmed
PROCEDURAL POSTURE	The plaintiff, an assignee of a membership interest in a Connecticut limited liability company, appealed from the trial court's dismissal of his complaint for lack of standing to seek dissolution and winding up of the LLC's affairs.
STANDARD OF REVIEW	The grant of a motion to dismiss based on subject matter jurisdiction and the interpretation of the Connecticut Limited Liability Company Act are reviewed de novo; statutory construction is reviewed plenary.
PRECEDENTIAL VALUE	Published Connecticut Supreme Court opinion; precedential
PARTIES	William C. Styslinger III v. Brewster Park, LLC, Michael Weinshel

TOPICS

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether an assignee of a membership interest in a Connecticut limited liability company has standing under the Connecticut Limited Liability Company Act to seek a court-ordered winding up of the LLC's affairs when no dissolution has occurred.
2. Whether an assignee may rely on common-law or equitable principles to obtain a winding up despite statutory provisions limiting the assignee's role.
3. Whether the plaintiff's general request for such other and further relief sufficiently pleaded a claim for money damages or other relief apart from dissolution and winding up.

HOLDINGS

1. An assignee of a membership interest in a Connecticut LLC lacks standing to seek a court-ordered winding up of the LLC's affairs unless an event of dissolution has occurred.
2. Common-law and equitable principles do not confer standing to seek winding up when the Connecticut Limited Liability Company Act displaces those principles by expressly limiting the rights of assignees.
3. A general request for such other and further relief is too amorphous to constitute a specific claim for money damages where the complaint expressly seeks dissolution and winding up.

KEY QUOTATIONS

"We conclude that the assignee does not have standing to do so."

"The act provides only a single mechanism for triggering a winding up of an LLC's affairs: an event of dissolution."

"We therefore conclude that the act does not provide an assignee such as the plaintiff with standing to seek the winding up of the affairs of an LLC in the absence of a dissolution of that LLC."

FACTUAL BACKGROUND

Joyce Styslinger assigned her membership interest in Brewster Park, LLC, to her former spouse, William C. Styslinger III, as part of a marriage dissolution settlement. The plaintiff obtained the right to receive distributions but was not admitted as a member by the LLC's other member, Michael Weinshel. The plaintiff alleged that Weinshel breached fiduciary duties by refusing to make distributions and by denying access to the LLC's books and records, and he sought dissolution and judicial winding up of the LLC.

PROCEDURAL HISTORY

The plaintiff sued Brewster Park, LLC, and Michael Weinshel, alleging breach of fiduciary duties and seeking dissolution, appointment of a receiver to wind up the LLC's affairs, and other relief. The trial court granted the defendants' motion to dismiss, concluding that the plaintiff, as an assignee rather than a member, lacked standing to seek dissolution or winding up, and denied reconsideration. The plaintiff appealed to the Appellate Court, and

the Connecticut Supreme Court transferred the appeal pursuant to General Statutes § 51-199 (c) and Practice Book § 65-1.

DISPOSITION

affirmed

CASES CITED

- Wilcox v. Webster Ins., Inc., 294 Conn. 206, 213-14, 982 A.2d 1053 (2009)
- Hartford/Windsor Healthcare Properties, LLC v. Hartford, 298 Conn. 191, 197-98, 3 A.3d 56 (2010)
- Mukon v. Gollnick, 151 Conn. App. 126, 131-32, 92 A.3d 1052 (2014)
- Solomon v. Hall-Brooke Foundation, Inc., 30 Conn. App. 129, 134, 619 A.2d 863 (1993)
- Stern v. Connecticut Medical Examining Board, 208 Conn. 492, 501, 545 A.2d 1080 (1988)
- In re Carlisle Etcetera LLC, 114 A.3d 592 (Del. Ch. 2015)

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