

SUPREME COURT OF HAWAII

Glenn Taniguchi v. Association of Apartment Owners of King Manor, Inc.

155 P.3d 1138 (Haw. 2007) · No. No. 27500 · Decided April 12, 2007

SUMMARY

The Supreme Court of Hawai‘i affirmed summary judgment for the Association of Apartment Owners of King Manor and the individual defendants. The court held that a statutory prohibition on condominium resident managers serving on the board did not apply to an association whose bylaws were recorded before the prohibition was enacted, and that inclusion of the prohibition in a restated set of bylaws exceeded the statutory authority for restatement. The court also rejected the plaintiff’s fiduciary-duty, proxy-solicitation, and challenge to the validity of the second restated bylaws.

CASE DETAILS

COURT	Supreme Court of Hawai‘i
WRITING FOR THE COURT	Acoba, J.; Moon, C.J.; Levinson, J.; Nakayama, J.; Duffy, J.
JURISDICTION	Hawaii
DECIDED	April 12, 2007
DOCKET	No. 27500
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiff appealed from a circuit court judgment granting defendants' motion for summary judgment and denying plaintiff's motion to set aside an earlier order and motion for partial summary judgment.
STANDARD OF REVIEW	Summary judgment is reviewed de novo under the same standard applied by the circuit court. Summary judgment is proper when the record shows no genuine issue of material fact and the moving party is entitled to judgment as a matter of law, with evidence and reasonable inferences viewed in the light most favorable to the nonmoving party.
PRECEDENTIAL VALUE	published opinion
PARTIES	Glenn Taniguchi v. Association of Apartment Owners of King Manor, Inc., Irvin King, Betty Takahashi, Henry Kennedy, Lynn Schneider, Audrey Asahina

TOPICS

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QUESTIONS PRESENTED

1. Whether HRS § 514A-82(a)(14), prohibiting a condominium resident manager from serving on the board, applied to an association created and governed by bylaws recorded before enactment of the provision.
2. Whether inclusion of the resident-manager restriction in the Association's First Restated Bylaws was authorized by HRS § 514A-82.2(b).
3. Whether the Association's Board breached a fiduciary duty of disclosure to its members in connection with the proposed ratification of the First Restated Bylaws.
4. Whether the claim that the Board president solicited proxies in violation of HRS § 514A-82(b)(4) remained justiciable.
5. Whether the Association's Second Restated Bylaws were defective because of alleged procedural defects, conflicts of interest, or lack of statutory authority.

HOLDINGS

1. HRS § 514A-82(a)(14), originally enacted as former HRS § 514-20(15), did not apply to the Association because its condominium regime and original bylaws were established and recorded before the provision was enacted.
2. The inclusion of a provision barring resident managers from serving on the Board in the First Restated Bylaws exceeded the authority granted by HRS § 514A-82.2(b) and could not be treated as part of a valid statutory restatement.
3. The alleged disclosure omissions did not create a genuine issue of material fact supporting the fiduciary-duty claim, and the claim was moot because no effective remedy remained.
4. The claim that King solicited proxies in violation of HRS § 514A-82(b)(4) was moot because no effective remedy remained.
5. The challenge to the Second Restated Bylaws did not establish a genuine issue of material fact warranting relief.

KEY QUOTATIONS

“Accordingly, because the Association was created and its bylaws recorded prior to the enactment of the former HRS § 514-20, the bylaw requirements of HRS § 514A-82(a) cannot be said to apply to the Association.” (1150)

“The addition of Section 3.01 in the First Restated Bylaws exceeded the purview of the plain language of HRS § 514A-82.2(b) and, thus, cannot be deemed to be included in the restatement.” (1150)

“Applying the foregoing in the instant case, subsequent events have “so affected the relations between the parties” that there is no longer an effective remedy for Appellant’s claims.” (1153)

FACTUAL BACKGROUND

The Association was created and its original bylaws were recorded in 1968, before Hawai‘i enacted a statutory provision barring condominium resident managers from serving on the association’s board. In 2001, the Association adopted and recorded First Restated Bylaws that included such a restriction, although the Association later hired board members Irvin King and Ruby Clairmont as resident managers while they remained on the Board. After members rejected the disputed provisions at an October 2002 meeting, the Association recorded Second Restated Bylaws in 2004 removing the restriction; by then, King was no longer board president, Clairmont had left the Board and Association, and a new resident manager had been hired.

PROCEDURAL HISTORY

Taniguchi filed a verified complaint seeking declaratory and injunctive relief concerning the Association’s restated bylaws, alleged fiduciary-duty violations, and alleged improper proxy solicitation. The circuit court denied Taniguchi’s motions for partial summary judgment, later granted defendants’ motion for summary judgment, denied Taniguchi’s motion to set aside the prior order and for partial summary judgment, and entered final judgment for defendants on all claims. The Supreme Court of Hawai‘i affirmed.

DISPOSITION

affirmed

CASES CITED

- French v. Hawai‘i Pizza Hut, Inc., 105 Hawai‘i 462, 466, 99 P.3d 1046, 1050 (2004)
- Amfac, Inc. v. Waikiki Beachcomber Investment Co., 74 Haw. 85, 104, 839 P.2d 10, 22 (1992)
- Bremer v. Weeks, 104 Hawai‘i 43, 51, 85 P.3d 150, 158 (2004)
- Federal Credit Union v. Keka, 94 Hawai‘i 213, 221, 11 P.3d 1, 9 (2000)
- Graham Construction Supply, Inc. v. Schrader, 63 Haw. 540, 545-46, 632 P.2d 649, 652-53 (1981)
- Chang v. Employees’ Retirement System, 42 Haw. 532, 534 (1958)
- Robinson v. Bailey, 28 Haw. 462, 464, 467 (1925)
- In re Medeiros Testamentary Trust & Life Insurance Trust, 105 Hawai‘i 284, 293, 96 P.3d 1098, 1107 (2004)
- Yamaguchi v. Queen’s Medical Center, 65 Haw. 84, 89, 648 P.2d 689, 693 (1982)
- Kepo’o v. Kane, 106 Hawai‘i 270, 285, 103 P.3d 939, 954 (2005)
- Hawaiian International Finance v. Pablo, 53 Haw. 149, 153, 488 P.2d 1172, 1175 (1971)
- Williams v. Queen Fisheries, 2 Wash. App. 691, 469 P.2d 583, 585 (1970)
- Courts at Beachgate v. Bird, 226 N.J. Super. 631, 545 A.2d 243, 248 (Ch. Div. 1988)

- Han v. Yang, 84 Hawai'i 162, 173, 931 P.2d 604 (App. 1997)
- Property House, Inc. v. Kelley, 68 Haw. 371, 377, 715 P.2d 805 (1986)
- Matsuda v. Wada, 101 F. Supp. 2d 1315, 1324 (D. Haw. 1999)
- Lanai Co. v. Land Use Commission, 105 Hawai'i 296, 309 n.31, 97 P.3d 372, 385 n.31 (2004)
- Okada Trucking Co. v. Board of Water Supply, 99 Hawai'i 191, 195-96, 53 P.3d 799, 803-04 (2002)
- Adams v. Meyers, 250 Ill. App. 3d 477, 190 Ill. Dec. 37, 620 N.E.2d 1298 (1993)
- Kohan v. Rimland School for Autistic Children, 102 Ill. App. 3d 524, 58 Ill. Dec. 197, 430 N.E.2d 139, 141-42 (1981)
- Shamrock Holdings, Inc. v. Polaroid Corp., 709 F. Supp. 1311, 1327 (D. Del. 1989)
- State v. Moses, 102 Hawai'i 449, 456, 77 P.3d 940, 947 (2003)
- Tauese v. State, Department of Labor & Industrial Relations, 113 Hawai'i 1, 26, 147 P.3d 785, 810 (2006)
- Norton v. Administrative Director of the Court, 80 Hawai'i 197, 200, 908 P.2d 545, 548 (1995)
- Leslie v. Board of Appeals of the County of Hawai'i, 109 Hawai'i 384, 393, 126 P.3d 1071, 1080 (2006)