

SUPREME JUDICIAL COURT OF MAINE

Tucker J. Cianchette et al. v. Peggy A. Cianchette et al.

Tucker J. Cianchette v. Peggy A. Cianchette, 2019 ME 87 (2019) · No. Cum-18-252 · Decided June 4, 2019

SUMMARY

The Maine Supreme Judicial Court affirmed a judgment following a jury verdict in favor of Tucker J. Cianchette on claims for breach of contract, fraudulent misrepresentation, and breach of fiduciary duty. The court held that a promise made with an intent not to perform can support a fraudulent misrepresentation claim under the Restatement (Second) of Torts, expressly overruling contrary language in *Shine v. Dodge*. The court also rejected challenges concerning a jury instruction on personal-guarantee releases and the viability of the fiduciary-duty claim under Maine's Limited Liability Company Act.

CASE DETAILS

COURT	Supreme Judicial Court of Maine
WRITING FOR THE COURT	Jabar, J.; Mead, J.; Gorman, J.; Hjelm, J.; Humphrey, J.
JURISDICTION	Maine
DECIDED	June 4, 2019
DOCKET	Cum-18-252
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from a judgment of the Cumberland County Superior Court denying motions for judgment as a matter of law and a new trial after a jury verdict for Tucker on claims for breach of contract, breach of fiduciary duty, and fraudulent misrepresentation.
STANDARD OF REVIEW	Denial of judgment as a matter of law is reviewed de novo to determine whether any reasonable view of the evidence and justifiable inferences supports the jury verdict. Denial of a motion for a new trial is reviewed for abuse of discretion. Statutory interpretation is reviewed de novo.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Eric L. Cianchette, Peggy A. Cianchette, PET, LLC, Cianchette Family, LLC v. Tucker J. Cianchette, CBF Associates, LLC

TOPICS

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breach of contract

breach of fiduciary duty

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether a party's intention not to perform contractual obligations at the time of contracting can constitute a false representation of material fact supporting a fraudulent-misrepresentation claim.
2. Whether the Superior Court erred by refusing to give a requested jury instruction that the Ford Credit draft release was legally insufficient to satisfy the contract's release condition.
3. Whether Maine's Limited Liability Company Act or PET's operating agreement precluded Tucker from pursuing a breach-of-fiduciary-duty claim against PET's manager in addition to a claim for breach of the operating agreement.

HOLDINGS

1. Under Maine law, a party's false representation of an intention to perform a contract is actionable as fraudulent misrepresentation when the party lacked that intention at the time of contracting and the other elements of fraudulent misrepresentation are proved. The court expressly adopted Restatement (Second) of Torts §§ 525 and 530 and overruled the contrary rule stated in *Shine v. Dodge*.
2. The Superior Court did not abuse its discretion in denying a new trial based on its refusal to give a more specific instruction concerning the Ford Credit draft release because the instructions, viewed as a whole, correctly explained the contractual release condition, and the defendants failed to show prejudice.
3. A member or manager may pursue an independent breach-of-fiduciary-duty claim when the LLC operating agreement does not expressly address, modify, or eliminate the fiduciary duties imposed by the Maine Limited Liability Company Act, even if the fiduciary-duty claim is based on conduct also supporting a breach-of-contract claim.

KEY QUOTATIONS

"We take this opportunity to explicitly adopt the Restatement's formulation of fraudulent misrepresentation and overrule the contrary rule stated in Shine." (¶ 23)

"A representation of the maker's own intention to do or not to do a particular thing is fraudulent if he does not have that intention." (¶ 24)

"In the absence of provisions within the agreement addressing fiduciary duties, the default rules of the Act control, see 31 M.R.S. § 1559(1), and are not contractual in nature" (¶ 36)

FACTUAL BACKGROUND

Tucker, Peggy, and Eric formed PET, LLC, to purchase and operate a Ford dealership, with Tucker serving as dealer principal and holding a one-third ownership interest. The parties later entered into agreements for Tucker to purchase Peggy and Eric's interests, but Peggy and Eric purported to terminate those agreements after Tucker

obtained financing and other required approvals. Evidence also showed that Peggy, as PET's manager, increased rent, transferred company funds, made an interest-free loan to an affiliated entity, and took other actions allegedly adverse to PET and Tucker. The jury found that Peggy and Eric entered into the membership agreement without intending to perform it and that Peggy breached fiduciary duties owed as PET's manager.

PROCEDURAL HISTORY

Tucker sued Peggy, Eric, PET, and Cianchette Family alleging breach of contract, fraudulent misrepresentation, securities fraud, breach of fiduciary duty, and breach of PET's operating agreement. The Superior Court granted partial summary judgment to Tucker on most counterclaims, granted summary judgment to Peggy and Eric on the securities-fraud claim, and denied summary judgment on the remaining claims. After a two-week trial, the jury found for Tucker and awarded damages, including punitive damages; the Superior Court denied the defendants' post-trial motions. The defendants timely appealed.

DISPOSITION

affirmed

CASES CITED

- Hansen v. Sunday River Skiway Corp., 1999 ME 45, 726 A.2d 220
- Russell v. ExpressJet Airlines, Inc., 2011 ME 123, 32 A.3d 1030
- Drilling & Blasting Rock Specialists, Inc. v. Rheaume, 2016 ME 131, 147 A.3d 824
- Shine v. Dodge, 130 Me. 440, 157 A. 318 (1931)
- Boivin v. Jones & Vining, Inc., 578 A.2d 187 (Me. 1990)
- Arbour v. Hazelton, 534 A.2d 1303 (Me. 1987)
- Letellier v. Small, 400 A.2d 371 (Me. 1979)
- Mariello v. Giguere, 667 A.2d 588 (Me. 1995)
- Clewley v. Whitney, 2002 ME 61, 794 A.2d 87
- Morey v. Stratton, 2000 ME 147, 756 A.2d 496
- Seabury-Peterson v. Jhamb, 2011 ME 35, 15 A.3d 746
- Caruso v. Jackson Lab., 2014 ME 101, 98 A.3d 221
- Perry v. Dean, 2017 ME 35, 156 A.3d 742
- Lee v. Pincus, No. 8458-CB, 2014 Del. Ch. LEXIS 229
- PT China LLC v. PT Korea LLC, No. 4456-VCN, 2010 Del. Ch. LEXIS 38
- deNourie & Yost Homes, LLC v. Frost, 893 N.W.2d 669 (Neb. 2017)