

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
OHIO, EASTERN DIVISION

Zachrich Small Business Investments, LLC, et al. v. Carl Pallini, et
al.

Zachrich · No. 1:25 CV 1228 · Decided December 22, 2025

SUMMARY

The United States District Court for the Northern District of Ohio considered a motion to dismiss claims arising from the plaintiffs’ purchase of a business. The court held that the plaintiffs adequately pleaded negligent misrepresentation, fraudulent inducement, and civil conspiracy, including satisfying Federal Rule of Civil Procedure 9(b) for the fraud claim. The court dismissed the unjust-enrichment claim because the plaintiffs did not allege that they directly conferred a benefit on the defendants.

CASE DETAILS

COURT	United States District Court for the Northern District of Ohio, Eastern Division
WRITING FOR THE COURT	Donald C. Nugent
JURISDICTION	United States District Court for the Northern District of Ohio, Eastern Division
DECIDED	December 22, 2025
DOCKET	1:25 CV 1228
DISPOSITION	other
PROCEDURAL POSTURE	Defendants Carl Pallini and Tri State Business Authority, LLC moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss Plaintiffs' First Amended Complaint for failure to state a claim.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court construes the complaint in the light most favorable to the plaintiff, accepts factual allegations as true, and draws reasonable inferences in the plaintiff's favor, but does not accept legal conclusions or unwarranted factual inferences. The complaint must contain sufficient factual matter to state a plausible claim for relief. Fraud allegations are subject to Rule 9(b)'s particularity requirement, although intent, knowledge, and other conditions of mind may be alleged generally.

TOPICS

motions to dismiss

negligent misrepresentation

fraud

unjust enrichment

civil procedure

PRACTICE AREAS

civil procedure

torts

commercial litigation

remedies

QUESTIONS PRESENTED

1. Whether Plaintiffs adequately pleaded a negligent misrepresentation claim by alleging that Defendants owed a duty under Restatement (Second) of Torts § 552.
2. Whether Plaintiffs pleaded fraudulent inducement with the particularity required by Federal Rule of Civil Procedure 9(b).
3. Whether the civil conspiracy claim could survive when its alleged predicate tort was fraudulent inducement.
4. Whether Plaintiffs could state an unjust enrichment claim when they did not directly pay Defendants' commission or allege that they conferred a benefit directly on Defendants.

HOLDINGS

1. Plaintiffs sufficiently pleaded a negligent misrepresentation claim by alleging that Defendants supplied false financial information for the guidance of specifically identified prospective buyers, had a pecuniary interest in the transaction, and failed to exercise reasonable care or competence in obtaining or communicating the information.
2. Plaintiffs adequately pleaded fraudulent inducement under Rule 9(b) by identifying the time, place, and content of the alleged misrepresentations, the alleged fraudulent scheme, facts supporting fraudulent intent or recklessness, and resulting injury.
3. The civil conspiracy claim survives the motion to dismiss because Plaintiffs adequately pleaded the underlying fraudulent inducement tort.
4. Plaintiffs failed to state an unjust enrichment claim because they did not allege that they directly conferred a benefit on Defendants or that an economic transaction occurred between Plaintiffs and Defendants.

KEY QUOTATIONS

“The Restatement clearly indicates that liability may be imposed for negligent misrepresentation only if the disseminator of the information intends to supply it to a specific person or to a limited group of people.” (at 5)

“These allegations, if taken as true, based on specific facts, dates, documents and amounts permit a plausible inference of scienter as permitted by Rule 9(b).” (at 8)

“The purpose of the doctrine “is not to compensate the plaintiff for any loss or damage suffered by him but to compensate him for the benefit he has conferred on the defendant.”” (at 10)

FACTUAL BACKGROUND

Plaintiffs purchased Glass Block Headquarters, Inc. for approximately \$1.2 million in a transaction that closed on September 17, 2021. Defendants acted as the sellers' business broker, and Plaintiffs alleged that Pallini supplied and interpreted financial information, including representations that the business generated approximately \$650,000 in annual Seller's Discretionary Earnings and that more than \$300,000 in expenses were personal expenses that could be added back. Plaintiffs alleged that the information overstated profitability, that Pallini failed to verify the figures, and that his percentage-based commission gave him a financial incentive to increase the purchase price.

PROCEDURAL HISTORY

Plaintiffs filed a First Amended Complaint asserting professional negligence/negligent misrepresentation, fraudulent inducement, civil conspiracy to commit fraudulent inducement, and unjust enrichment arising from their acquisition of Glass Block Headquarters, Inc. Defendants moved to dismiss all claims under Rules 12(b)(6) and 9(b). The court granted the motion as to unjust enrichment and denied it as to negligent misrepresentation, fraudulent inducement, and civil conspiracy.

DISPOSITION

other

CASES CITED

- Yuhasz v. Brush Wellman, Inc., 341 F.3d 559, 566 (6th Cir. 2003)
- Directv, Inc. v. Treesh, 487 F.3d 471, 476 (6th Cir. 2007)
- Gregory v. Shelby County, 220 F.3d 433, 446 (6th Cir. 2000)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555, 570 (2007)
- Amini v. Oberlin College, 259 F.3d 493, 502 (6th Cir. 2001)
- Association of Cleveland Fire Fighters v. City of Cleveland, No. 06-3823, 2007 WL 2768285, at *2 (6th Cir. Ohio Sept. 25, 2007)
- Delman v. City of Cleveland Heights, 41 Ohio St. 3d 1, 4, 534 N.E.2d 835, 838 (Ohio 1989)
- Gutter v. Dow Jones, Inc., 22 Ohio St. 3d 286, 288-89, 490 N.E.2d 898, 900 (Ohio 1986)
- Amann v. Clear Channel Communications, 165 Ohio App. 3d 291, 297, 846 N.E.2d 95, 100 (Ohio Ct. App. 2006)
- In re Nat'l Century Fin. Enters., Inc., Inv. Litig., 580 F. Supp. 2d 630, 647-48 (S.D. Ohio 2008)
- U.S. ex rel. Marlar v. BWXT Y-12, LLC, 525 F.3d 439, 444 (6th Cir. 2008)
- U.S. ex rel. SNAPP, Inc. v. Ford Motor Co., 532 F.3d 496, 503-04 (6th Cir. 2008)
- Bunta v. Superior VacuPress, LLC, 171 Ohio St. 3d 464, 474 (2022)

- Johnson v. Microsoft Corp., 2005-Ohio-4985, ¶¶ 21-22, 106 Ohio St. 3d 278, 286, 834 N.E.2d 791, 799

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