

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MINNESOTA

Fifth Side Lodging, LLC v. Rise Construction Services, LLC and Christian Lawrence; Fifth Side Lodging, LLC v. Jayshal Bhakta, Ravikumar Patel, and Balvant Patel

Fifth Side Lodging · No. 23-CV-2649 (JMB/ECW) · Decided March 30, 2026

SUMMARY

The United States District Court for the District of Minnesota addresses cross-motions for summary judgment arising from the termination of a construction contract for a hotel project. The court denies summary judgment on the breach-of-contract claims because whether the plaintiff provided reasonable evidence of its financial capability presents fact issues, but grants summary judgment against the plaintiff’s claims for breach of the implied covenant of good faith and fair dealing and fraudulent inducement. The court also partially grants and partially denies a motion to exclude expert testimony and post-termination financial evidence.

CASE DETAILS

COURT	United States District Court for the District of Minnesota
WRITING FOR THE COURT	Jeffrey M. Bryan
JURISDICTION	United States District Court for the District of Minnesota
DECIDED	March 30, 2026
DOCKET	23-CV-2649 (JMB/ECW)
DISPOSITION	other
PROCEDURAL POSTURE	The parties filed cross-motions for summary judgment, and Rise and Christian Lawrence separately moved to exclude expert testimony and post-termination evidence. The court resolved the motions in an order granting and denying each motion in part.
STANDARD OF REVIEW	Summary judgment is appropriate when the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law. The court views the evidence and reasonable inferences in the light most favorable to the nonmoving party. For expert admissibility, the proponent bears the burden of establishing admissibility by a preponderance of the evidence under Federal Rule of Evidence 702.

TOPICS

breach of contract

construction law

summary judgment

expert testimony

implied covenant of good faith

PRACTICE AREAS

contract law

construction law

commercial litigation

evidence

civil procedure

QUESTIONS PRESENTED

1. Whether the agreement's specific financial-assurances and termination provisions governed over the agreement's more general provision requiring continued performance while claims were pending.
2. Whether the evidence established as a matter of law that Fifth Side did or did not provide reasonable evidence of its financial capability under the agreement.
3. Whether Fifth Side's claim for breach of the implied duty of good faith and fair dealing was duplicative of its breach-of-contract claim or otherwise supported by evidence of bad faith.
4. Whether the evidence supported Fifth Side's fraudulent-inducement claim.
5. Whether proposed expert testimony and post-termination evidence concerning Fifth Side's financial ability to complete the project were relevant and admissible.

HOLDINGS

1. The agreement's specific provision permitting Rise to terminate for breach of the financial-assurances provision controlled over the general provision requiring the parties to continue operating pending resolution of claims.
2. Neither party was entitled to summary judgment on the competing breach-of-contract claims because whether Fifth Side provided reasonable evidence of financial viability was a fact-based inquiry supported by conflicting evidence and expert testimony.
3. Rise was entitled to summary judgment on Fifth Side's claim for breach of the implied duty of good faith and fair dealing.
4. Rise was entitled to summary judgment on Fifth Side's fraudulent-inducement claim because the record did not support a reasonable finding that Rise knowingly made a false representation or entered the agreement without intending to perform.
5. The court excluded testimony and evidence concerning Fifth Side's actual financial ability to complete the project, including post-termination financial documents, but permitted the expert to testify about whether the pre-termination documents Fifth Side provided to Rise were sufficient under the financial-assurances provision.

KEY QUOTATIONS

“The question is whether Fifth Side’s representations and submissions to Rise were sufficient to constitute “reasonable evidence” of financial viability.” (Discussion § I)

“Indeed, the question is not whether Fifth Side could in fact fund the Project, but rather whether it provided Rise with reasonable evidence that it could do so.” (Discussion § IV)

FACTUAL BACKGROUND

Fifth Side and Rise negotiated a modular-hotel construction project and executed a construction agreement requiring Fifth Side to provide reasonable evidence of its financial capability upon request. Because the construction loan had not closed, Rise requested financial assurances, including documentation regarding Fifth Side’s financing and cash on hand; Fifth Side provided a bank statement, information about the anticipated loan closing, and a letter from an affiliate concerning available liquidity. Rise declared default and terminated the agreement after determining that the information was insufficient. Fifth Side sued, and Rise asserted contract and guarantee-related counterclaims.

PROCEDURAL HISTORY

Fifth Side commenced the action after Rise terminated a construction agreement, asserting breach of contract, breach of the implied duty of good faith and fair dealing, and fraudulent inducement. Rise counterclaimed for breach of contract, declaratory relief, and enforcement of personal guarantees. The court denied summary judgment on the competing breach-of-contract claims, granted Rise summary judgment on the good-faith and fraudulent-inducement claims, and partially granted and partially denied the evidentiary motion.

DISPOSITION

other

CASES CITED

- Fortune Funding, LLC v. Ceridian Corp., 368 F.3d 985, 990 (8th Cir. 2004)
- TCF National Bank v. Market Intelligence, Inc., 812 F.3d 701, 707 (8th Cir. 2016)
- Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986)
- Matsushita Electric Industrial Co. v. Zenith Radio Corp., 475 U.S. 574, 587 (1986)
- Krenik v. County of Le Sueur, 47 F.3d 953, 957 (8th Cir. 1995)
- Celotex Corp. v. Catrett, 477 U.S. 317, 322-23 (1986)
- In re Hennepin County 1986 Recycling Bond Litigation, 540 N.W.2d 494, 502 (Minn. 1995)
- Residential Funding Co. v. Terrace Mortgage Co., 725 F.3d 910, 918 (8th Cir. 2013)
- Sterling Capital Advisors, Inc. v. Herzog, 575 N.W.2d 121, 125 (Minn. Ct. App. 1998)
- Team Nursing Services v. Evangelical Lutheran Good Samaritan Society, 433 F.3d 637, 641-42 (8th Cir.)
- Turning Point Corp. v. One Diversified, LLC, No. 24-CV-4566 (LMP/ECW), 2025 WL 1435759, at *3 (D. Minn. May 19, 2025)
- Ortega-Maldonado v. Allstate Insurance Co., 519 F. Supp. 2d 981, 992-93 (D. Minn. 2007)

- Ambassador Press, Inc. v. Durst Image Technology U.S., LLC, 949 F.3d 417, 421 (8th Cir. 2020)
- Trooien v. Mansour, 608 F.3d 1020, 1028 (8th Cir. 2010)
- Vandeputte v. Soderholm, 216 N.W.2d 144, 147 (Minn. 1974)
- Robinson v. GEICO General Insurance Co., 447 F.3d 1096, 1100 (8th Cir.)
- Lauzon v. Senco Products, Inc., 270 F.3d 681, 686 (8th Cir. 2001)

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