SUPREME COURT OF NEVADA

United Insurance Co. of America v. Chapman Industries

120 Nev. 745 (2004) · Decided November 19, 2004

SUMMARY

The Nevada Supreme Court held that NRS 92A.340, rather than the general interest statute NRS 99.040, governed prejudgment interest in a dissenting shareholder action because it was in effect when final judgment was entered. The court also held that the district court abused its discretion by awarding attorney fees and by allowing the entire judgment, including prejudgment interest, to accrue postjudgment interest. The court reversed those portions of the judgment and remanded for further proceedings.

CASE DETAILS

COURT	Supreme Court of Nevada
WRITING FOR THE COURT	Per Curiam
JURISDICTION	Nevada
DECIDED	November 19, 2004
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	United Insurance appealed from a final district court judgment in a dissenting shareholder appraisal action. The appeal challenged the calculation of prejudgment interest, the award of attorney fees to the dissenting shareholders, and the allowance of postjudgment interest on the entire judgment, including prejudgment interest.
STANDARD OF REVIEW	An award of attorney fees under NRS 18.010(2)(b) is reviewed for manifest abuse of discretion. The statutory interpretation and interest-calculation issues were resolved as questions of law.
PRECEDENTIAL VALUE	Published Nevada Supreme Court opinion
PARTIES	United Insurance Company of America v. Myron Chapman, Audrey Schlossberg, Chapman Industries

TOPICS

corporate law · statutory interpretation · remedies · appellate procedure · standard of review

PRACTICE AREAS

corporate law | appellate procedure | remedies | statutory interpretation

QUESTIONS PRESENTED

1. Whether prejudgment interest in a dissenting shareholder action commenced before enactment of NRS 92A.340 should be calculated under the specific statute, NRS 92A.340, or the general interest statute, NRS 99.040.
2. Whether the district court abused its discretion by awarding attorney fees under NRS 18.010(2)(b) after United argued that NRS 92A.340 governed the interest calculation.
3. Whether the district court could allow the entire judgment, including prejudgment interest, to bear postjudgment interest when NRS 92A.340 governs the award of interest.

HOLDINGS

1. The statutory rate and method prescribed by NRS 92A.340 apply to the dissenting shareholder action even though the action commenced before NRS 92A.340 was enacted, because the statute was in effect when the final judgment was entered.
2. The district court manifestly abused its discretion by awarding attorney fees to the dissenting shareholders because United's argument that NRS 92A.340 governed was brought with reasonable grounds.
3. The district court erred by allowing the entire judgment, including prejudgment interest, to bear postjudgment interest because NRS 92A.340 requires a single interest calculation from the effective date of the action through the date of payment.

KEY QUOTATIONS

> "*Applying the general rule from Bing, we conclude that the statutory rate in effect when the 1996 final judgment was entered was the appropriate rate to use in calculating prejudgment interest.*" (748)

> "*This statute provides for a single rate of interest from the effective date of the action to the date of payment, whenever that occurs, regardless of when a judgment is entered.*" (749)

FACTUAL BACKGROUND

In 1987, shareholders of Unicoa Corporation dissented when Unicoa merged into United Insurance Company of America and sought appraisal and payment for their shares. While the action was pending and before final judgment, the Legislature enacted NRS 92A.340, which established a specific interest method for dissenting shareholder actions. The district court ultimately used the general interest statute, awarded attorney fees against United for asserting that NRS 92A.340 applied, and allowed the entire judgment, including prejudgment interest, to accrue postjudgment interest.

PROCEDURAL HISTORY

The dissenting shareholders filed suit in 1987 seeking appraisal and payment for their shares after Unicoa Corporation merged into United. The district court entered judgment concerning stock valuation in 1996, and the parties appealed; the Nevada Supreme Court affirmed the valuation and vacated an attorney-fee and cost award based on an invalid offer of judgment. On remand, the district court calculated prejudgment interest under NRS 99.040, awarded attorney fees to the dissenters under NRS 18.010(2)(b), and provided that the entire judgment would bear postjudgment interest. The Nevada Supreme Court reversed those portions of the judgment and remanded. The opinion was issued on rehearing, and the court directed that its prior opinion be withdrawn from publication.

DISPOSITION

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reversed_and_remanded
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REMAND INSTRUCTIONS

Reverse the portions of the judgment that calculated interest under NRS 99.040 and awarded attorney fees under NRS 18.010(2)(b), and remand for further proceedings consistent with the opinion, including application of NRS 92A.340.

CASES CITED

- Bing Construction v. Vasey-Scott Engineering, 100 Nev. 72, 674 P.2d 1107 (1984)
- Wilson v. Pacific Maxon, Inc., 102 Nev. 52, 714 P.2d 1001 (1986)
- Duff v. Foster, 110 Nev. 1306, 885 P.2d 589 (1994)
- Halbrook v. Halbrook, 114 Nev. 1455, 971 P.2d 1262 (1998)
- Nelson v. Peckham Plaza Partnerships, 110 Nev. 23, 866 P.2d 1138 (1994)
- Key Bank v. Donnels, 106 Nev. 49, 787 P.2d 382 (1990)
- Allianz Ins. Co. v. Gagnon, 109 Nev. 990, 860 P.2d 720 (1993)
- Uniroyal Goodrich Tire v. Mercer, 111 Nev. 318, 890 P.2d 785 (1995)
- Southdown, Inc. v. McGinnis, 89 Nev. 184, 510 P.2d 636 (1973)
