UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF INDIANA, INDIANAPOLIS DIVISION

Jimmy L. Barnes II and JJJB Holdings, LLC v. John Stitz

Barnes v. Stitz · No. 1:24-cv-01258-TWP-TAB · Decided March 27, 2026

SUMMARY

The United States District Court for the Southern District of Indiana granted John Stitz's motion to dismiss the amended complaint filed by Jimmy L. Barnes II and JJJB Holdings, LLC. The court held that contractual integration, no-reliance, disclaimer, and release provisions barred the fraud, negligent misrepresentation, and unjust enrichment claims; that the alleged membership interests were not securities under the Indiana Securities Act; and that the alleged conduct did not establish a breach of the agreement's conflicts warranty. The claims were dismissed with prejudice, and the court found further amendment would be futile.

CASE DETAILS

COURT	United States District Court for the Southern District of Indiana, Indianapolis Division
WRITING FOR THE COURT	Tanya Walton Pratt
JURISDICTION	United States District Court for the Southern District of Indiana
DECIDED	March 27, 2026
DOCKET	1:24-cv-01258-TWP-TAB
DISPOSITION	dismissed
PROCEDURAL POSTURE	Defendant moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss the amended complaint asserting fraud in the inducement, securities fraud under the Indiana Securities Act, breach of warranty, negligent misrepresentation, and unjust enrichment.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true, draws reasonable inferences in the plaintiff's favor, and determines whether the complaint states a plausible claim for relief. The court may consider documents attached to a motion to dismiss when they are referred to in the complaint and central to the claims.
PRECEDENTIAL VALUE	unknown

PARTIES	Jimmy L. Barnes II, JJJB Holdings, LLC v. John Stitz

TOPICS

motions to dismiss · civil procedure · fraud · contracts · statutory interpretation

PRACTICE AREAS

civil procedure · commercial litigation · contracts · securities · torts

QUESTIONS PRESENTED

1. Whether the amended complaint stated a claim for fraud in the inducement despite the agreement's integration and no-reliance provisions.
2. Whether the purchased limited-liability-company membership interest qualified as a security under the Indiana Securities Act.
3. Whether the agreement's no-reliance provision barred the negligent-misrepresentation claim.
4. Whether an express, enforceable contract barred the unjust-enrichment claim.
5. Whether the agreement's conflicts warranty covered alleged pre-agreement misrepresentations and supported a breach-of-warranty claim.
6. Whether further amendment would be futile after dismissal of the amended complaint.

HOLDINGS

1. A freely negotiated agreement containing a no-reliance clause barred Barnes's fraud-in-the-inducement claim because Barnes, a sophisticated purchaser, could not establish justified reliance on representations outside the agreement, and he did not allege that the no-reliance clause itself was fraudulently procured.
2. The Howey test continues to determine whether a limited liability company membership interest is a security under Indiana Code section 23-19-1-2(28)(E). The allegations did not establish that Barnes's membership interest was a security because he expected profits to derive from his own efforts as the company's sole member and CEO.
3. The no-reliance clause barred the negligent-misrepresentation claim because Barnes's reliance on Stitz's business projections was unjustified.
4. An express and enforceable contract governing the transaction barred the unjust-enrichment claim.
5. The agreement's conflicts warranty covered only actions required by the agreement and did not create a warranty concerning Stitz's prior financial representations or conduct outside the agreement. The breach-of-warranty claim therefore failed.
6. Further amendment was futile after Plaintiffs had already received an opportunity to amend and the amended complaint still failed to state a claim; dismissal with prejudice was therefore proper.

KEY QUOTATIONS

> *“The no-reliance clause still precludes a finding of fraud, and there are no allegations that Stitz fraudulently included it in the contract.”* (Section III.A)

> *“The Court finds that the Howey test still determines whether an interest is a security for purposes of the Act.”* (Section III.B)

> *“The warranty provision only covers the actions required by the Agreement.”* (Section III.D)

FACTUAL BACKGROUND

Barnes and Stitz co-founded enVista, and Barnes was its CEO for nearly twenty years before resigning to oversee a transition in connection with the sale of a business unit. Stitz then became CEO and allegedly concealed enVista's deteriorating financial condition and falsified operating projections while proposing that Barnes purchase Stitz's membership interest and promissory note for $13,166,236. The March 6, 2024, agreement contained integration, no-reliance, as-is, disclaimer, and mutual-release provisions. EnVista disclosed substantial adverse financial information shortly after the transaction, and Barnes alleged that Stitz's misrepresentations and omissions induced the purchase.

PROCEDURAL HISTORY

Barnes initially sued Stitz on July 25, 2024. The court granted Stitz's first motion to dismiss, dismissed the original claims without prejudice, and allowed Barnes an opportunity to amend. Plaintiffs filed an amended complaint adding JJJB Holdings, LLC as a plaintiff and adding a breach-of-warranty claim. The court granted the renewed motion to dismiss and dismissed all claims with prejudice, concluding that further amendment would be futile.

DISPOSITION

dismissed

CASES CITED

- Bielanski v. Cnty. of Kane, 550 F.3d 632, 633 (7th Cir. 2008)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555 (2007)
- Bissessur v. Ind. Univ. Bd. of Trs., 581 F.3d 599, 603 (7th Cir. 2009)
- Rosenblum v. Travelbyus.com Ltd., 299 F.3d 657, 661 (7th Cir. 2002)
- Wright v. Assoc. Ins. Cos. Inc., 29 F.3d 1244, 1248 (7th Cir. 1994)
- Accutech Sys. Corp. v. Bar Harbor Bank & Tr., No. 18-cv-3917, 2019 WL 12496303, at *3 (S.D. Ind. July 29, 2019)
- Tru-Cal v. Conrad Kacsik Instrument Systems, 905 N.E.2d 40, 46 (Ind. App. 2009)
- Judson Atkinson Candies, Inc. v. Kenray Assocs., Inc., 719 F.3d 635, 642 (7th Cir. 2013)
- Vigortone AG Prods. Inc. v. PM AG Prods., Inc., 316 F.3d 641, 645 (7th Cir. 2003)
- O'Boyle v. Real Time Resolutions, 910 F.3d 338, 347 (7th Cir. 2018)
- Runnion v. Girl Scouts of Greater Chi., 786 F.3d 510, 519 (7th Cir. 2015)

- Doermer v. Callen, 847 F.3d 522, 528 (7th Cir. 2017)
