

COURT OF APPEALS OF TEXAS, EIGHTH DISTRICT, EL PASO

Arturo Diaz, Individually, and AD II Improvements, L.L.C. v. Herc Rentals, Inc., f/k/a Hertz Equipment Rental Corporation

No. 08-24-00307-CV (Tex. App.—El Paso Mar. 13, 2026) · No. No. 08-24-00307-CV · Decided March 13, 2026

SUMMARY

The Texas Eighth Court of Appeals held that Herc Rentals’ fraudulent-transfer claims under the Texas Uniform Fraudulent Transfer Act were extinguished by the statute of repose. The court concluded that Herc failed to present evidence establishing that the alleged transfer of goodwill could not reasonably have been discovered within the four-year repose period. The court reversed the trial court’s judgment and rendered judgment dismissing Herc’s suit.

CASE DETAILS

COURT	Court of Appeals of Texas, Eighth District, El Paso
WRITING FOR THE COURT	Maria Salas Mendoza, Chief Justice; Palafox, Justice; Soto, Justice
JURISDICTION	Court of Appeals of Texas, Eighth District, El Paso
DECIDED	March 13, 2026
DOCKET	No. 08-24-00307-CV
DISPOSITION	reversed
PROCEDURAL POSTURE	Appeal from a bench-trial judgment holding Arturo Diaz and AD II Improvements, L.L.C. jointly and severally liable under the Texas Uniform Fraudulent Transfer Act for the amount of a prior judgment against AD Improvements, Inc.
STANDARD OF REVIEW	The court deferred to the trial court's findings of fact unless unsupported by any evidence and reviewed legal conclusions de novo.
PRECEDENTIAL VALUE	Published
PARTIES	Arturo Diaz, Individually, AD II Improvements, L.L.C. v. Herc Rentals, Inc., f/k/a Hertz Equipment Rental Corporation

TOPICS

- statute of limitations
- statutory interpretation
- commercial litigation
- remedies
- civil procedure

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether Herc's TUFTA claim under Texas Business and Commerce Code section 24.005(a)(1) was barred by the four-year statute of repose.
2. Whether Herc proved that the discovery-rule provision extended the repose period because the alleged transfer could not reasonably have been discovered earlier.

HOLDINGS

1. Herc's TUFTA claim was extinguished by the four-year statute of repose because the alleged transfer of goodwill occurred on October 18, 2016, and Herc filed suit on August 5, 2021.
2. Herc failed to meet its burden to prove that it could not reasonably have discovered the alleged transfer of goodwill within the four-year repose period.

KEY QUOTATIONS

“By its own terms, the provision does not just procedurally bar an untimely claim, it substantively ‘extinguishes’ the cause of action.” (at 5)

“Herc presented no evidence at trial to support extending the four-year statute of repose.” (at 9)

FACTUAL BACKGROUND

AD Improvements, Inc., a commercial construction company owned and managed by Arturo Diaz, failed to pay equipment-rental invoices, and Herc obtained a judgment against it in November 2016. Diaz formed AD II Improvements, L.L.C. on October 18, 2016, shortly before that judgment, and AD II used the same office, employees, independent contractors, and some customers as AD I. Herc alleged that AD I transferred its goodwill to AD II to hinder collection, but presented no evidence establishing when it discovered the alleged transfer or that it could not reasonably have discovered it earlier.

PROCEDURAL HISTORY

Herc obtained a 2016 summary judgment against AD Improvements, Inc. for unpaid heavy-equipment rental invoices. In August 2021, Herc sued Arturo Diaz and AD II Improvements, L.L.C., alleging that Diaz transferred AD I's business and goodwill to AD II to hinder collection of the prior judgment. After a bench trial, the trial court entered judgment for Herc, awarding the prior judgment amount, interest, attorney's fees, costs, and expenses. The court of appeals considered only the statute-of-repose issue because it was dispositive.

DISPOSITION

reversed

REMAND INSTRUCTIONS

None. The court rendered judgment dismissing Herc's suit.

CASES CITED

- KCM Fin. LLC v. Bradshaw, 457 S.W.3d 70, 89 (Tex. 2015)
- Corpus v. Arriaga, 294 S.W.3d 629, 634 (Tex. App.—Houston [1st Dist.] 2009, no pet.)
- Qui Phuoc Ho v. MacArthur Ranch, LLC, No. 05-14-00741-CV, 2015 WL 5093273, at *3 (Tex. App.—Dallas Aug. 28, 2015, pet. denied) (mem. op.)
- Wylie v. Simmons, No. 02-19-00241-CV, 2020 WL 7776796, at *18 (Tex. App.—Fort Worth Dec. 31, 2020, pet. denied) (mem. op.)
- Enshikar v. Zaid, No. 14-18-00933-CV, 2020 WL 6203348, at *7 (Tex. App.—Houston [14th Dist.] Oct. 22, 2020, no pet.) (mem. op.)
- Nathan v. Whittington, 408 S.W.3d 870, 874 (Tex. 2013)
- Zenner v. Lone Star Striping & Paving, L.L.C., 371 S.W.3d 311, 315 (Tex. App.—Houston [1st Dist.] 2012, pet. denied)
- Ching Enters., Inc. v. Barahona, No. 14-14-00171-CV, 2016 WL 4706074, at *4 (Tex. App.—Houston [14th Dist.] Sept. 8, 2016, pet. denied) (mem. op.)
- PPG Indus., Inc. v. JMB/Houston Ctr. Partners Ltd. P'ship, 146 S.W.3d 79, 93–94 (Tex. 2004)
- McGalliard v. Kuhlmann, 722 S.W.2d 694, 696–97 (Tex. 1986)
- Italian Cowboy Partners, Ltd. v. Prudential Ins. Co. of Am., 341 S.W.3d 323, 337 (Tex. 2011)
- Hooks v. Samson Lone Star, Ltd. P'ship, 457 S.W.3d 52, 59 (Tex. 2015)
- Shell Oil Co. v. Ross, 356 S.W.3d 924, 929 (Tex. 2011)
- Archer v. Tregellas, 566 S.W.3d 281, 292 (Tex. 2018)
- Woods v. William M. Mercer, Inc., 769 S.W.2d 515, 518 (Tex. 1988)
- Banda v. Garcia, 955 S.W.2d 270, 272 (Tex. 1997) (per curiam)