SUPREME COURT OF CONNECTICUT

Deutsche Bank AG v. Sebastian Holdings, Inc., 331 Conn. 379

204 A.3d 664 (2019) · No. SC 20037; SC 20038 · Decided April 9, 2019

SUMMARY

The Connecticut Supreme Court affirmed the Appellate Court's judgment in consolidated interlocutory appeals concerning the preclusive effect of an English judgment. The court held that the plaintiff's corporate veil-piercing claim was not barred by res judicata and that the English court's factual findings did not collaterally estop the individual defendant from contesting personal liability. The Supreme Court adopted the Appellate Court's opinion without repeating its analysis.

CASE DETAILS

COURT	Supreme Court of Connecticut
WRITING FOR THE COURT	Robinson, C. J.; Palmer, J.; McDonald, J.; D'Auria, J.; Mullins, J.; Kahn, J.; Ecker, J.
JURISDICTION	Connecticut
DECIDED	April 9, 2019
DOCKET	SC 20037; SC 20038
DISPOSITION	affirmed
PROCEDURAL POSTURE	Cross appeals from the denial of competing summary judgment motions in an action seeking to enforce an English judgment and pierce the corporate veil; the Appellate Court affirmed, and the Connecticut Supreme Court affirmed after granting certification.
STANDARD OF REVIEW	Summary judgment is reviewed de novo; the Supreme Court reviewed the certified interlocutory appeals from the denial of the parties' summary judgment motions.
PRECEDENTIAL VALUE	published precedential Connecticut Supreme Court opinion
PARTIES	Sebastian Holdings, Inc., Alexander Vik, Deutsche Bank AG v. Deutsche Bank AG, Sebastian Holdings, Inc., Alexander Vik

TOPICS

summary judgment · res judicata · civil procedure · appellate jurisdiction · corporate veil piercing

PRACTICE AREAS

civil procedure · appellate procedure · corporate law · commercial litigation · remedies

QUESTIONS PRESENTED

1. Whether res judicata barred Deutsche Bank's Connecticut corporate veil-piercing claim because Deutsche Bank could have asserted that claim in the prior English action.
2. Whether collateral estoppel entitled Deutsche Bank to summary judgment based on factual findings in the English action allegedly establishing that Vik was Sebastian's alter ego.
3. Whether factual findings made in the English postjudgment costs proceeding were entitled to preclusive effect in the Connecticut action.

HOLDINGS

1. The corporate veil-piercing claim was not barred by res judicata because it was not the same claim as the contractual claims litigated in the English action; it sought to enforce the unsatisfied English judgment against Vik under a veil-piercing theory.
2. Deutsche Bank was not entitled to summary judgment on collateral-estoppel grounds because the English court's findings concerning Vik's domination and control of Sebastian were nonessential to the English judgment.
3. The findings from the English postjudgment costs proceeding were not entitled to preclusive effect because the issues were not identical and the proceeding did not provide the same procedural safeguards as the underlying merits action or the Connecticut action.

KEY QUOTATIONS

> *"The Appellate Court's opinion sufficiently addresses the certified questions, and there is no need for us to repeat the discussion contained therein."* (331 Conn. 379)

> *"We therefore adopt the Appellate Court's opinion as the proper statement of the issues and the applicable law concerning those issues."* (331 Conn. 379)

FACTUAL BACKGROUND

Sebastian Holdings, Inc., a Turks and Caicos corporation whose sole shareholder and director was Alexander Vik, entered into trading-account agreements with Deutsche Bank. Trading losses during the 2008 financial crisis led Deutsche Bank to issue substantial margin calls, and an English court entered a judgment for Deutsche Bank of $243,023,089 plus interest after rejecting Sebastian's counterclaims. After Sebastian failed to pay, Deutsche Bank brought a Connecticut action seeking to enforce the English judgment and pierce Sebastian's corporate veil to reach Vik personally.

PROCEDURAL HISTORY

Deutsche Bank sued Sebastian Holdings, Inc. and Alexander Vik in the Connecticut Superior Court to enforce an English judgment and hold Vik personally liable under a corporate veil-piercing theory. The defendants moved for summary judgment on res judicata grounds, while Deutsche Bank moved for summary judgment based on collateral estoppel. The trial court denied both motions, the Appellate Court affirmed, and the Supreme Court affirmed the Appellate Court's judgment and adopted its opinion as the statement of the issues and applicable law.

DISPOSITION

affirmed

CASES CITED

- Deutsche Bank AG v. Sebastian Holdings, Inc., 174 Conn. App. 573, 166 A.3d 716 (2017)
- Deutsche Bank AG v. Sebastian Holdings, Inc., 327 Conn. 966, 174 A.3d 192 (2017)
- Deutsche Bank AG v. Sebastian Holdings, Inc., 327 Conn. 967, 173 A.3d 954 (2017)
- Brenmor Properties, LLC v. Planning & Zoning Commission, 326 Conn. 55, 62, 161 A.3d 545 (2017)
- Recall Total Information Management, Inc. v. Federal Insurance Co., 317 Conn. 46, 51, 115 A.3d 458 (2015)
- Santorso v. Bristol Hospital, 308 Conn. 338, 346 n.7, 63 A.3d 940 (2013)