

UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

Michael Chunn v. Southeast Logistics, Inc.

No. 19-5083, United States Court of Appeals for the Sixth Circuit (December 5, 2019)

SUMMARY

Sixth Circuit affirmed dismissal of fraud claim as time-barred under Tennessee's three-year statute of limitations. Plaintiff failed to plausibly plead fraudulent concealment or unsound-mind exceptions, as required by Rule 9(b) particularity and Rule 12(b)(6) plausibility. Proposed amendment was futile because it still did not show timely filing.

CASE DETAILS

COURT	United States Court of Appeals for the Sixth Circuit
WRITING FOR THE COURT	SUTTON; MOORE; CLAY
JURISDICTION	Federal
DECIDED	December 5, 2019
DOCKET	19-5083
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from dismissal of complaint on statute of limitations grounds.
STANDARD OF REVIEW	De novo review of dismissal under Rule 12(b)(6).
PRECEDENTIAL VALUE	Unpublished
PARTIES	Michael Chunn v. Southeast Logistics, Inc.

TOPICS

- statute of limitations
- affirmative defenses
- fraud
- pleadings
- motions to dismiss
- civil procedure

PRACTICE AREAS

- Civil Litigation
- Appellate Practice
- Employment Law

QUESTIONS PRESENTED

1. Whether the district court properly dismissed the complaint as barred by the statute of limitations because the plaintiff failed to plead either the fraudulent concealment exception or the unsound mind exception.

2. Whether the district court abused its discretion in denying leave to amend the complaint.

HOLDINGS

1. The complaint failed to plead fraudulent concealment with particularity as required by Rule 9(b), and did not show that the plaintiff exercised reasonable diligence or that the defendant took steps to prevent discovery of the fraud.
2. The complaint failed to plead facts showing that the plaintiff was unable to manage his day-to-day affairs due to mental disability, which is required under Tennessee law.
3. The district court did not abuse its discretion because amendment would be futile; the proposed amended complaint suffered from the same timeliness defects.

KEY QUOTATIONS

“The fraud, standing alone, does not toll the statute of limitations; it is the concealment of the fraud that tolls the procedural bar.” (3)

“A person satisfies the exception if he is unable to manage his day-to-day affairs.” (4)

“The mere assertion of a psychological problem does not suffice to show an inability to manage day-to-day affairs.” (4)

“Bare legal conclusions do not cut it at the pleading stage.” (5)

FACTUAL BACKGROUND

Michael Chunn drove trucks for Southeast Logistics. In 2009, he was injured when a loading strap broke and snapped into his forehead, causing blurred vision, headaches, anxiety, depression, and suicidal thoughts. He was prescribed medication. He asked Southeast about workers' compensation coverage, but the company allegedly refused to give a clear answer, engaging in deceptions and evasion tactics to conceal his employment status. Chunn's mental state was affected by the medication until he stopped in 2016. He sued in 2017 for fraud.

PROCEDURAL HISTORY

The district court dismissed the complaint because the statute of limitations had run and denied leave to amend as futile.

DISPOSITION

affirmed

CASES CITED

- Vance v. Schulder, 547 S.W.2d 927 (Tenn. 1977)
- Redwing v. Catholic Bishop for the Diocese of Memphis, 363 S.W.3d 436 (Tenn. 2012)
- Fahrner v. SW Mfg., Inc., 48 S.W.3d 141 (Tenn. 2001)

- Evans v. Pearson Enters. Inc., 434 F.3d 839 (6th Cir. 2006)
- In re Estate of Davis, 308 S.W.3d 832 (Tenn. 2010)
- McConnell v. Fuller, No. E2010-00530-COA-R3-CV, 2011 WL 538855 (Tenn. Ct. App. Feb. 15, 2011)
- Eldridge v. Savage, No. M2012-00973-COA-R3-CV, 2012 WL 6757941 (Tenn. Ct. App. Dec. 28, 2012)
- Sherrill v. Souder, 325 S.W.3d 584 (Tenn. 2010)
- Johnson v. Memphis Light Gas & Water Div., 777 F.3d 838 (6th Cir. 2015)
- State v. Nix, 40 S.W.3d 459 (Tenn. 2001)
- Ashcroft v. Iqbal, 556 U.S. 662 (2009)
- Bishop v. Lucent Techs., Inc., 520 F.3d 516 (6th Cir. 2008)
- Midkiff v. Adams Cty. Reg'l Water Dist., 409 F.3d 758 (6th Cir. 2005)
- Amini v. Oberlin Coll., 259 F.3d 493 (6th Cir. 2001)
- Rondigo, L.L.C. v. Township of Richmond, 641 F.3d 673 (6th Cir. 2011)