
BONDS - NORTH DAKOTA

UMB Bank, N.A. v. Eagle Crest Apartments, LLC

Supreme Court of North Dakota - January 5, 2023 - 984 N.W.2d 360 - 2023 ND 4

Successor trustee for owners of bonds issued by city to finance construction of apartment complex brought action against construction limited liability company (LLC) and member for breach of contract and foreclosure, and, after apartment complex was sold at a sheriff's sale, successor trustee amended its complaint multiple times to add claims for fraudulent transfers, deceit, and exemplary damages against individual with ownership interest in company which was the LLC's sole member, and numerous entities associated with him.

Following a jury trial, the District Court entered judgment on jury verdict against defendants, jointly and severally, piercing the corporate veil. Defendants appealed.

The Supreme Court held that trial court appropriately pierced the corporate veil.

Trial court appropriately pierced the corporate veil to find individual's numerous separate entities liable for deficiency judgment against construction limited liability company (LLC) following foreclosure on apartment complex financed by municipal bonds; testimony and evidence indicated that individual disregarded the entities' corporate form and used them for personal purposes, jury found each defendant was the alter ego of both individual and the other defendants, and also found they fraudulently transferred roughly $2.9 million to the detriment of investors and engaged in a conspiracy to commit deceit.

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