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The Guide Company, LLC v. Madison Parish Hospital Service District

Supreme Court of Louisiana - October 30, 2026 - So.3d - 2026 WL 3269089 - 2025-01630 (La. 10/30/26)

Consulting company brought action against hospital service district for breach of consulting contract.

District filed reconventional demand for return of all money it had paid company pursuant to contract, which operator contended was unenforceable.

Following bench trial, the District Court awarded company $28,000 in unpaid consulting fees and dismissed reconventional demand with prejudice. District appealed.

The Court of Appeal reversed. Company applied for writ of certiorari, which was granted.

The Supreme Court held that:

- Trial court was not clearly wrong in finding that a valid and enforceable contract existed, but
- Company did not comply with duty of good faith after receipt of letter from district raising concerns about contract.

Trial court was not clearly wrong in finding that a valid and enforceable consulting contract existed between consulting company and hospital service district; written and signed contract was introduced into evidence, district's chief executive officer (CEO) testified that he discussed and received permission to enter contract from district's independent fiscal administrator before hiring company and that company's employee performed numerous services under contract, a purchase order signed by fiscal administrator was introduced into evidence, and company's employee testified that he performed work for district, including land acquisition negotiations and facilitation of federal funding, pursuant to contract.

Consulting company failed to comply with its statutory duty of good faith after it received letter from hospital service district raising concerns about validity of company's consulting contract with district and directing company to submit "additional information" establishing that it "legally performed those services" under contract, and thus company was not entitled to recover any payments under contract after month it received letter, where company failed to submit any additional information after it received letter.

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