STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF KENT

JAMES HARTZLER et al,

Plaintiff,

v.

S&O MANAGEMENT PARTNERS LLC et al,

Defendants,

_____/

Case No. 23-06401-CBB

Hon. Curt A. Benson

OPINION AND ORDER

INTRODUCTION

On October 17, 2024, the court held a hearing on defendants James Hughes, CZQA Corp., Akbit Corp., Entalgo USA, S&O Preferred Partners, LLC., S&O, Inc., S&O Capital Partners, LLC., Sales and Orders, LLC., and Omni One AI, LLC's motion to dismiss for lack of personal jurisdiction.

STATEMENT OF FACTS

Background facts

This case is a debt collection action arising out of the collapse of an online marketing business, S&O, Inc., and its related entities (collectively, "S&O"). In 2015, defendants Richard Featherly and James Hughes, Jr. (collectively, "the managers") obtained an interest in S&O, Inc., a technological company which develops and sells data feed and shopping advertising management platform software for use by online retailers. Plaintiffs James and Fred Hartzler executed a number of loans to the various defendants that were guaranteed by S&O LLC.

S&O was originally based in Bethpage, New York. After the pandemic of 2020, S&O's operations became primarily virtual and in October 2022, the Bethpage office closed. S&O's entities began using a Grand Rapids-based office that was owned by Featherly. Defendants maintain that over 50% of the companies' employees remained in New York.

In addition to S&O, the managers created numerous other entities which they used to hold and transfer funds, accounts receivable, and other assets between entities. These entities are wholly owned and controlled by the manager defendants. CZQA Corp., Akbit Corp., and Entalgo USA, LLC are owned by Hughes; SGM Holdings and Grand Rapids Investment Partners are controlled by Featherly. Plaintiff alleges that Featherly and Hughes also maintained

numerous personal bank accounts and credit cards at Wells Fargo and Bank of America, also used to transfer assets around.

Defaults and the New Entity

The original loan and revenue sharing agreements executed between the Hartzlers and defendants, executed in or around April 2020, specified that the agreements shall be governed according to the laws of New York. Defendants defaulted under those agreements and, rather than terminate the relationship entirely, the Hartzlers and defendants executed an Amended and Restated Loan Agreement through which defendants agreed to make interest-only payments and the Hartzlers agreed to forebear from enforcing the default. As further consideration for the Hartzlers' agreement to forebear, the parties executed a "consent judgment" in favor of the Hartzlers which was intended to be immediately entered with the Kent County Circuit Court in the event the obligations were not paid by the maturity date.

The maturity date for the repayment of all obligations under the amended agreement was June 30. On June 14, 2023, Hughes organized and formed a new entity, Omni One AI, LLC. The sole member of Omni One is Featherly. According to Hughes: the software and services that were being sold by Sales and Orders was now being sold by Omni One; the software was licensed to Omni One by S&O Preferred Partners, LLC; S&O, Inc. became the payroll processor for Omni One; all of the employees of S&O, LLC were now employees of Omni One; the management team for S&O, LLC was now the management team of Omni One; the employees were using their same company owned computers that were purchased for them by S&O, LLC which Omni One purportedly purchased for one dollar; and S&O, LLC no longer had any accounts receivable or revenue.

As of February 1, 2024, Omni One represented on its LinkedIn page that its services are "powered by Sales & Orders," including a logo combining both Omni One's and S&O's marks. Omni One's business address is the same as the address for Sales & Orders: 3075 Charlevoix Drive, Suite 175, Grand Rapids, Kent County, Michigan 49546. The domain name www.salesandorders.com is still maintained, and the link redirects the user to an Omni One website. The Hartzlers allege that S&O transferred all or substantially all of its assets, funds, and equipment to Omni One without consideration for the purpose of defrauding them.

The Amended Loan Documents and Entry of the Consent Judgment

As part of the consideration for amending the loan agreement rather than defaulting defendants, the Hartzlers executed a number of agreements that changed the law governing the agreement from New York to Michigan. For example, the Amended and Restated Loan Agreement § 20(b) provides that the agreement be governed by and construed in accordance with the internal laws of Michigan and § 19 makes specific reference to the Consent Judgment being filed in accordance with MCL 600.2906 and MCR 3.223. The Amended Term Loan Note states that is will be deemed to be made in the State of Michigan and interpreted according to the laws of the same at § 5, and the Amended Promissory Note and Revenue Share Loan Promissory Note say the same at § 6. The listed borrower for all notes was S&O Management Partners LLC.

The consent judgment, executed at the same time by Featherly as the amended loan documents, states that both S&O Management Partners LLC and S&O LLC "conduct business within the state of Michigan and consent and stipulate to the jurisdiction of the 17th Circuit Court for the County of Kent, State of Michigan." ¶¶2,3.

Plaintiffs filed their complaint in early July 2013, naming only S&O Management Partners, LLC and S&O, LLC as defendants. On August 18, 2023, this court entered the stipulated consent judgment, providing that S&O Management is liable to the Hartzlers for $1,675,986.30 plus attorney fees and costs under the "total liability" loan agreement and S&O, LLC to the Hartzlers for $852,677.90 plus attorney fees and costs under the "guaranty liability" loan agreement.

On September 10, 2024 by way of stipulated order, plaintiffs added James Hughes, Akbit Corp, CZQA Corp, Entalgo USA LLC, S&O Preferred Partners, S&O, Inc., S&O Capital Partners, LLC, Sales and Orders, LLC, and Omni One AI, LLC. Their addition was without prejudice to their rights in the instant case, including the right to bring a challenge based on lack of personal jurisdiction.

STANDARD OF REVIEW

The burden to establish jurisdictional facts is on the plaintiff. *Hillsdale Co. Dep't of Social Services v. Lee,* 175 Mich.App. 95, 97, 437 N.W.2d 293 (1989). The plaintiff "need only make a prima facie showing of jurisdiction to defeat a motion for summary disposition." *Jeffrey v. Rapid American Corp.,* 448 Mich. 178, 184, 529 N.W.2d 644 (1995). A motion for summary disposition asserting a lack of personal jurisdiction is resolved on the basis of the pleadings and the evidentiary support submitted by the parties. *Hillsdale Co. Dep't of Social Services, supra,* p. 96, 437 N.W.2d 293.

LAW AND ANALYSIS

Michigan's Proceedings Supplementary to Judgment Act

Michigan's Proceedings Supplementary to Judgment Act, MCL §600.6101, et seq. (the "Act"), provides broad powers to this Court to "[m]ake any order as within his discretion seems appropriate in regard to carrying out the full intent and purpose of these provisions to subject any nonexempt assets of any judgment debtor to the satisfaction of any judgment against the judgment debtor." MCL §600.6104. Additionally, the Act allows a judgment creditor to subpoena and seek information from third parties concerning the assets of the judgment debtor. MCL §600.6119.

Limited Personal Jurisdiction over James Hughes

Mr. Hughes is a natural person. The remaining defendants are either corporations or limited liability companies. Courts analyze the question of personal jurisdiction over people differently from personal jurisdiction over corporate entities. Therefore, the court will consider first whether it has jurisdiction over Mr. Hughes followed by the corporate entities.

"Before a court may obligate a party to comply with its orders, the court must have in personam jurisdiction over the party. Jurisdiction over the person may be established by way of general personal jurisdiction or specific (limited) personal jurisdiction." *Oberlies v Searchmont Resort, Inc*, 246 Mich App 424, 427; 633 NW2d 408 (2001). In this case, it is undisputed that personal jurisdiction, if jurisdiction there be, is limited, as opposed to general. The Court of Appeals has described the proper inquiry for determining whether a plaintiff has limited jurisdiction over a defendant:

> When examining whether a Michigan court may exercise limited personal jurisdiction over a defendant, this Court employs a two-step analysis. First, this Court ascertains whether jurisdiction is authorized by Michigan's long-arm statute. Second, this Court determines if the exercise of jurisdiction is consistent with the requirements of the Due Process Clause of the Fourteenth Amendment. Both prongs of this analysis must be satisfied for a Michigan court to properly exercise limited personal jurisdiction over a nonresident. Long-arm statutes establish the nature, character, and types of contacts that must exist for purposes of exercising personal jurisdiction. Due process, on the other hand, restricts permissible long-arm jurisdiction by defining the quality of contacts necessary to justify personal jurisdiction under the constitution.

Yoost v. Caspari, 295 Mich. App. 209, 222–23, 813 N.W.2d 783, 791 (2012)(Cleaned up)

The long-arm statute and the effects test

Limited personal jurisdiction over individuals is found at MCL 600.705. It reads in pertain ant part as follows:

> The existence of any of the following relationships between an individual or his agent and the state shall constitute a sufficient basis of jurisdiction to enable a court of record of this state to exercise limited personal jurisdiction over the individual and to enable the court to render personal judgments against the individual or his representative arising out of an act which creates any of the following relationships:

(1) The transaction of any business within the state.

(2) The doing or causing an act to be done, or consequences to occur, in the state resulting in an action for tort.

Id.

Analyzing personal jurisdiction can often be a wide-ranging, sweeping exercise. Not so in this case: the parties agree on the basic facts, and the parties agree on the basic question that needs answering. During oral argument, the parties generally agreed that the proper "test" in this case is the so-called "effects test" established in 1984 by the United States Supreme Court in *Calder v. Jones*, 465 U.S. 783, 787 & n.6, 104 S.Ct. 1482, 79 L.Ed.2d 804 (1984).

> Courts have applied *Calder*'s "effects" test to assess personal jurisdiction over an intentional tortfeasor whose contacts with the forum otherwise do not satisfy the requirements of due process under the traditional test. In such cases, personal jurisdiction may be proper if the forum is the "focus" of the defendant's tortious conduct. Unlike the traditional test, the *Calder* "effects" test requires a plaintiff to plead facts establishing that: (1) the defendant committed an intentional tort; (2) the plaintiff felt the brunt of the harm in the forum; and (3) the defendant expressly aimed his tortious conduct at the forum.

Hasson v. FullStory, Inc., 114 F.4th 181, 187 (3d Cir. 2024). (Citations and quote marks omitted)

The limits of the tort analogy

Although the Hartzers' speak of "tortious consequences," it is important to remember that this case does not implicate tort law. These are proceedings supplementary to judgment. MCL 600.6101, et seq. This statutory scheme gives trial judges' broad power to, among other things, prevent the transfer of assets, appoint receivers, issue orders appropriate to carry out the purpose of the act, and so forth. See MCL 600.6104. No provision of the statute speaks of torts, tort liability or tort damages. Moreover, the Hartzlers have not pled a tort. Thus, many of the thousands of cases applying *Calder v. Jones* are not directly applicable.[1] Nonetheless, the actions of the judgment debtors, as alleged by the judgment creditors, are akin to intentional torts aimed at the judgment creditors and seeking to strip them of the benefits and protections of a valid, enforceable Kent County Circuit Court judgment. Consequently, though mindful of the

[1] Westlaw Edge, as of October 30, 2024, shows 6,612 cases that cite *Calder v. Jones*.

difference between the tort of fraud and language of MCL 600.6101, et seq., the court finds some guidance in tort cases.[2]

The significance of Mr. Hughes activities as a CEO of S&O LLC and a part owner and a manager of S&O Management Partners LLC.

As noted above, S&O Management Partners LLC and S&O LLC, have consented to personal jurisdiction in Michigan. When these companies executed their consent judgment, Mr. Hughes was the Chief Operating Officer of S&O LLC and part owner of S&O Management Partners LLC. Notwithstanding his argument to the contrary, the actions Mr. Hughes' took in directing these limited liability companies subject him to the personal jurisdiction of this court.

There are two published decisions of the Court of Appeals supporting the proposition: *Walter v. M. Walter & Co.,* 179 Mich. App. 409, 411, 446 N.W.2d 507, 508 (1989) and *W.H. Froh, Inc. v. Domanski,* 252 Mich. App. 220, 651 N.W.2d 470 (2002).

The Walter decision

The *Walter* Court applied a three-part test to determine whether nonresident officers and directors of a corporation were subject to the personal jurisdiction of the Michigan Courts in a shareholders' derivative suit:

> First, the defendant must have purposely availed himself of the privilege of conducting activities in Michigan, thus invoking the benefits and protections of this State's laws. Second, the cause of action must arise from the defendant's activities in Michigan. Finally, the defendant's activities must have a substantial enough connection with Michigan to make the exercise of jurisdiction over the defendant reasonable.

Id., at 413.

In this case, of course, personal jurisdiction over the judgment debtors exists by virtue of consent. Moreover, the two LLC's in question did not merely consent to jurisdiction; they stipulated that they "conduct business" within the State of Michigan. So, part one of the test is met.

Part two is met as well: obviously, this is a post judgment proceeding. By definition, this cause of action can only arise from the judgment, and the judgment itself is the product of activity in Michigan.

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[2] "Courts are also in general agreement that, at least for choice of law purposes, fraudulent transfers are akin to torts, not contracts." see *In re Akbari–Shahmirzadi*, No. 11-15351-T11, 2016 WL 6783245, at 3 (Bankr. D.N.M. Nov. 14, 2016), and cases cited therein.

That leaves for the court's determination only part three: with respect to the third prong, the Walter court stated that "an important factor bearing upon the reasonableness of exercising personal jurisdiction in this case is whether defendants' conduct and connection with Michigan are such that they would have reasonably anticipated being haled into court here." *Id.,* at 414. Like Mr. Hughes, the individual officers and directors in *Walter* had essentially no contacts with Michigan. Nonetheless, *Walters* held the third prong satisfied because the defendants were directors and officers of a corporation doing business in Michigan. As such, the directors and officers could reasonably anticipate being haled into a Michigan court by virtue of the wrongful conduct of the corporations.

In this case, having read the pleadings, affidavit and other papers submitted by the parties, the court is satisfied that the plaintiffs have stated a prima facie case that Mr. Hughes and other individuals used S&O Management Partners LLC and S&O LLC, and created all the other entities, for the purpose of defrauding the judgment debtors, James and Fred Hartzler. Thus, like the individual defendants in *Walter,* Mr. Hughes could reasonably anticipate being haled into a Michigan court to answer these allegations.

The W.H. Froh, Inc decision

Mr. Hughes also argues that the court has no jurisdiction over him because he signed the Amended and Restated Loan Agreement and notes "in his capacity as CEO of S&O LLC." He argues, erroneously, that "[a]s a matter of law, Hughes' signing the Amended and Restated Loan Agreement in a representative capacity is insufficient for the exercise of personal jurisdiction over him." He also makes the rather dubious argument that he himself did not sign the consent judgment.[3] In support of this argument, he cites an unpublished Court of Appeals case, *Walbridge Aldinger, LLC v. Carter*, unpublished opinion of the Michigan Court of Appeals, Docket No. 345116, 2019, WL 9888650, issued Dec. 17, 2019. His argument contradicts the *W.H. Froh, Inc* decision.

Plaintiff W.H. Froh, Inc., was a Michigan corporation operating in Michigan. Froh provided trucking services and equipment to Campbell Soup Company and Vlasic Foods, Inc. The plaintiff sued a Campbell Soup Company employee for fraud, alleging that its reliance on the employee's misrepresentations caused it to go out of business. The defendant, a Wisconsin resident, moved for summary disposition arguing that the court lacked personal jurisdiction over him. The Court of Appeals stated as follows:

> Defendant repeatedly suggests, and the circuit court agreed, that insufficient minimum contacts linked defendant to Michigan because the only actions he may

[3] He presumably does not contest that, as CEO of S&O LLC, he "caused" S&O to execute the consent judgment; and as a part owner and a manager of S&O Management Partners LLC, he participated in the decision for that entity to likewise execute the consent judgment.

> have directed toward Michigan occurred in his capacity as an employee of Campbell Soup on behalf of his employer. Defendant apparently seeks to invoke the "fiduciary shield" doctrine to preclude the circuit court's exercise of limited personal jurisdiction over him, although we note that neither defendant nor the circuit court cited any authority supporting the application of this doctrine. Because we have found no published case by a Michigan state court addressing the fiduciary shield doctrine, we take this opportunity to go on record and explicitly disavow the doctrine's viability in Michigan.

Id., at 233–34

W.H. Froh described the doctrine thusly, "'[t]he "fiduciary shield' doctrine provides that personal jurisdiction over a corporate agent or employee cannot be based on the jurisdiction over the corporation for which the fiduciary acts when the fiduciary's activities in the forum state were conducted solely as an agent or employee of the corporation." *Id.*, at 234, quoting, *Validity, construction, and application of "fiduciary shield" doctrine—modern cases,* 79 ALR5th 587, 607–608. After citing several state and federal decisions rejecting the doctrine, the Court of Appeals rejected it as a matter of Michigan law: "Accordingly, we explicitly hold that the fiduciary shield doctrine does not constitute a valid argument against a Michigan court's exercise of personal jurisdiction over a nonresident individual defendant who otherwise falls within the scope of Michigan's long-arm statute." *Id.*, at 238.

The Court in *W.H. Froh* made clear that a corporate officer or employee is not subject to personal jurisdiction simply because he *was* a corporate officer or employee. In other words, it is not his status as a corporate officer or employee that confers jurisdiction. Rather, the court looks to his conduct, including what he may have done in a representative capacity.

As indicated above, the court has determined that the plaintiffs have stated a prima facie case that Mr. Hughes and other individuals used S&O Management Partners LLC and S&O LLC, and created all the other entities, for the purpose of defrauding the judgment debtors, James and Fred Hartzler. Thus, whether in his representative capacity or not, Mr. Hughes authorized and participated in creating the loan documents with a Michigan forum selection clause, and he participated in creating a valid, collectable Kent County Circuit Court judgment. All the while, he could, and should, reasonably anticipate being haled into a Michigan court to answer these allegations.

The Walbridge Aldinger decision

The *Walbridge Aldinger* decision is unavailing for two reasons. First, of course, unpublished decisions, however persuasive, are not binding precedent. See MCR 7.215(C)(1). See also, *Paris Meadows, LLC v. City of Kentwood,* 287 Mich. App. 136, 145, 783 N.W.2d 133, 139 (2010). And second, it is apparent from the decision that the plaintiff in *Walbridge Aldinger*

only argued that the Michigan trial court had personal jurisdiction over the defendant because the defendant had signed a personal guarantee for a loan advanced to an LLC over which the court clearly had personal jurisdiction. The Court of Appeals ruled that signing a personal guarantee for a loan to an LLC over which the court has personal jurisdiction, standing alone, is insufficient contact with Michigan to warrant a Michigan court from excising jurisdiction over the guarantor. Obviously, that ruling has no relevance to the case at bar. In a footnote at the end of the decision, the court stated as follows:

> We recognize that plaintiff also argues that defendant is "closely related" to D&N (the LLC receiving the loan) and is thus bound by the forum-selection clause even though D&N, and not defendant, was a signatory to the subcontract. Plaintiff did not make this argument in the trial court. Issues raised for the first time on appeal are not ordinarily subject to review. Accordingly, this Court will not consider plaintiff's new argument.

Id., at 6, (quotation marks and citation omitted).

Thus, the Court of Appeals in *Walbridge Aldinger* did not address the issue before this court and cannot be relied upon as persuasive authority.

Summary of ruling as to Mr. Hughes

The court has personal jurisdiction over James Hughes.

The first step cited in the *Yoost* decision is met. Personal jurisdiction over Mr. Hughes is authorized by the long-arm statute. As an individual acting in his capacity as CEO of one LLC and part owner and manager of another, and in directing these companies to stipulate that they "conducted business" in Michigan and to consent, on the LLC's' behalf, to the personal jurisdiction of this court, Mr. Hughes transacted business in this State. See MCL 600.705(1).[4]

The second step cited in the *Yoost* decision is met. Exercising jurisdiction over Mr. Hughes is consistent with the requirements of the Due Process Clause of the Fourteenth Amendment.

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[4] Section (1) of MCL 600.705 references the transaction of "any" business. When construing identical language in M.C.L. § 600.715(1)—the companion long-arm statute applicable to non-resident corporations—the Michigan Supreme Court stated that "the word 'any' means just what it says. It includes 'each' and 'every' .... It comprehends the 'slightest' "business transaction. *Sifers v. Horen,* 385 Mich. 195, 199 n. 2, 188 N.W.2d 623 (1971)). This interpretation applies with "equal force to section 705." *Theunissen v. Matthews,* 935 F.2d 1454, 1464 (6th Cir.1991); *see also Flint Ink Corp. v. Brower,* 845 F.Supp. 404, 408 (E.D.Mich.1994); *Fisher v. Blackmore,* 325 F.Supp.2d 810, 814 (E.D.Mich.2004).

Here, the critical inquiry is whether Mr. Hughes "expressly aimed his tortious conduct" at the Hartzers in Michigan. The Hartzers are Ohio residents. Arguably, accepting the Hartzers allegations against Mr. Hughes as true, whatever injury Mr. Hughes may have caused, was directed not to Michigan, but Ohio. But the Hartzers do not have an Ohio judgment; they have a Michigan judgment. Their ability to collect on the judgment is governed by Michigan law as enforced by a Kent County Circuit Court judge. All future courtroom proceedings, and this case promises a few of them, will take place either personally or virtually in the Kent County Circuit Court. The Hartzers successes or failures will be felt here, in Michigan, regardless of where they hang their hats at night. In other words, because Mr. Hughes directed, at least in part, the judgment debtors to agree to personal jurisdiction in Michigan and consented to a judgment, Mr. Hughes knew that any action he took to thwart collecting the judgement was going to be felt here in Michigan. Moreover, the Hartzers allege that Mr. Hughes intentionally engaged in this conduct with the goal of hurting the Hatzers. He must have anticipated being haled into court in Kent County, Michigan.

Personal Jurisdiction over the limited liability companies

The Hartzlers have alleged that Mr. Hughes formed Akbit Corp, CZQA Corp, Entalgo USA LLC, S&O Preferred Partners, S&O, Inc., S&O Capital Partners, LLC, Sales and Orders, LLC, and Omni One AI, LLC. for the purpose of receiving fraudulent transfers from the judgment debtors in an attempt to defraud the Hartzers and hindering their ability to collect on the judgment. The court has already ruled that the Hartzlers have alleged sufficient facts that this action was done intentionally to harm the them in the State of Michigan.

"Courts have held with near uniformity that they have personal jurisdiction to hear fraudulent transfer cases under the *Calder* analysis, even when the transfer is the only contact between the debtor and the foreign transferee." *In re Akbari–Shahmirzadi*, No. 11-15351-T11, 2016 WL 6783245, at 3 (Bankr. D.N.M. Nov. 14, 2016). One unpublished federal district court case, *Eddystone Rail Co., LLC v. Rios*, No. CV 17-495, 2018 WL 5920746, (E.D. Pa. Nov. 13, 2018), listed several cases in support of this proposition:

> *See Agri-Mktg., Inc. v. ProTerra Sols., LLC,* No. 17-627, 2018 WL 1444167, at *8 (E.D. Pa. Mar. 22, 2018) ("Here, Agri-Marketing alleges that Defendants fraudulently transferred assets for the purpose of preventing Agri-Marketing from collecting a debt. Allegations of this type have been found sufficient to establish jurisdiction under the effects test.") (citing *Gambone v. Lite Rock Drywall*, 288 F. App'x 9, 14 (3d Cir. 2008) (holding that allegations that a defendant "(1) participated in a fraudulent conveyance, which is a species of the intentional tort of fraud, (2) for the purpose of preventing the plaintiffs, who are Pennsylvania creditors, from collecting on a judgment rendered in their favor by a court in Pennsylvania, (3) and thus 'expressly aimed' his conduct at the forum" were sufficient to establish the court's jurisdiction); Sugartown, 2015 WL

1312572, at *7 (finding that allegedly fraudulent transfers were "expressly aimed" at Pennsylvania where there was "apparently no other business reasons for these transfers" other than to avoid the judgment of the Pennsylvania creditor)); *see also State Farm Mut. Auto. Ins. Co. v. Tz'Doko V'Chesed of Klausenberg,* 543 F. Supp. 2d 424, 430–31 (E.D. Pa. 2008) (stating that "the alleged acts — liquidating [Metropolitan Family Practice] to avoid paying the Pennsylvania judgment — were 'expressly aimed' at the forum state"); *C.D. Acquisition Holdings, Inc. v. Meinershagen*, No. 05-1719, 2007 WL 184796, at *5 (W.D. Pa. Jan. 22, 2007) (noting that although none of the defendants' "physical or metaphysical conduct took place ***in*** Pennsylvania, their conduct certainly was directed ***at*** Pennsylvania[,]" and finding that "[t]he fraudulent transfer of assets from judgment debtor ... to his transferees, through a series of transactions successfully designed to insulate his assets from the reach of Pennsylvania creditors holding a Pennsylvania judgment, could ***only*** be aimed at Pennsylvania") (emphasis in original); *In re Akbari–Shahmirzadi,* No. 11-15351, 2016 WL 6783245, at *3 (Bankr. D.N.M. Nov. 14, 2016) ("Courts have held with near uniformity that they have personal jurisdiction to hear fraudulent transfer cases under the *Calder* analysis, even when the transfer is the only contact between the debtor and the foreign transferee.") (citing cases).

Id., at 4.

To be clear, these cases *do not* stand for the proposition that simply because an entity received a fraudulent transfer of funds there automatically exists personal jurisdiction in the state from which the funds were transferred. The entities still must be found to have "expressly aimed" their misconduct at the forum state.

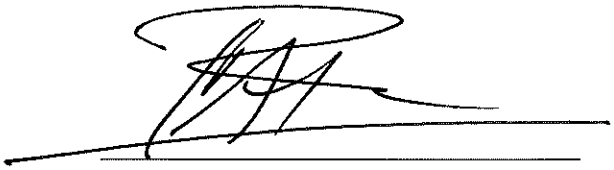
In this case the court has already found that, though the judgment creditors are Ohio residents, the individuals controlling the LLC's knew that any action they took to thwart collecting the judgement was going to be felt here in Michigan. Moreover, the Hartzers allege that the individuals controlling the LLC's intentionally engaged in this conduct with the goal of defrauding the Hartzers.

CONCLUSION

Defendants James Hughes, Akbit Corp, CZQA Corp, Entalgo USA LLC, S&O Preferred Partners, S&O, Inc., S&O Capital Partners, LLC, Sales and Orders, LLC, and Omni One AI, LLC. motion to dismiss for lack of personal jurisdiction is DENIED.

IT IS ORDERED.

This order does not resolve all pending claims. It is not a final order. MCR 2.602(A)(3).



Dated: October 30, 2024
at Grand Rapids, Michigan.

Honorable Curt A. Benson