

**STATE OF MICHIGAN
IN THE CIRCUIT COURT FOR OAKLAND COUNTY**

HMC PROPERTIES II, LLC, a Michigan
limited liability company, and FERNDAL
MAIZE, LLC, a Michigan limited liability
company,

Plaintiffs,

Case No. 2024-204797-CB

Hon. Victoria Valentine

v.

CHRISTOPHER YATOOMA, an individual,
GREGORY YATOOMA, an individual,
INNOVATIVE FINANCING, LLC, a
Michigan limited liability company, AXON
Properties, LLC, a Michigan limited liability
company,

Defendants.

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**OPINION REGARDING DEFENDANT CHRISTOPHER YATOOMA'S MOTION
FOR REASSIGNMENT TO THE OAKLAND COUNTY CIRCUIT COURT'S GENERAL
CIVIL DOCKET**

At a session of said Court held on the
8th day of February 2024
in the County Oakland, State of Michigan

PRESENT: HON. VICTORIA A. VALENTINE

The matter before the Court is on Defendant Christopher Yatooma's Motion for Reassignment to the Oakland County Circuit Court's General Civil Docket. The Court, having read the briefs, having heard oral argument on January 31, 2024, and being fully advised in the premises, hereby GRANTS in PART, and DENIES in PART Defendants' motion for the reasons set forth below.

FACTUAL AND PROCEDURAL HISTORY

On or about November 7, 2023, Gregory Yatooma filed a 19-count, 303 paragraph complaint against Christopher Yatooma, MSY Capital Partners, LLC, Rich Stopczy, and Michelle Houbeck in case no. 2023-200283-CB ("First Case"). The First Case was assigned to this Court. On December 6, 2023, the First Case was Administratively Closed due to Christopher Yatooma's petition for removal to the Eastern District of Michigan.

On January 8, 2024, Plaintiffs HMC Properties II LLC and Ferndale Maize, LLC filed their "Complaint for Interpleader" against Christopher Yatooma, Gregory Yatooma, Innovative Financing LLC and Axon Properties, LLC in this matter. On January 24, 2024, Defendant Christopher Yatooma filed his instant motion to reassign this matter to the general *civil* docket. Plaintiffs and Defendant Yatooma have since filed responses to the motion in which they request that the motion be denied.

ARGUMENTS

In his motion, Defendant Christopher Yatooma avers that Plaintiffs' claims in this matter do not arise out of the same transaction or occurrence as those in the First Case under MCR 8.111(D) and that this case does not qualify as a business or commercial dispute under MCL 600.8031. He argues that as a result, this matter must be reassigned to the general civil docket.

In response, Plaintiffs and Defendant Gregory Yatooma argue that this case does arise out of the same transaction of occurrence as the First case and that as a result MCR 8.111 is not implicated. Further, they argue that this matter qualifies for the Business Court and is therefore statutorily required to be assigned to a Business Court judge pursuant to MCL 600.8035.

ANALYSIS

The First Case filed by Gregory Yatooma concerns 19 causes of action essentially relating to the breakdown of the business relationship between Christopher Yatooma and his brother, Gregory Yatooma. Besides Christopher Yatooma and Gregory Yatooma, the First Case involves different named parties from those named in the instant matter and fails to mention the Plaintiffs in the instant case.

In this instant matter, Plaintiffs HMC Properties II LLC and Ferndale Maize LLC file their Complaint for Interpleader, asking the Court to permit them to pay their loan obligations into the court rather than to Innovative Financing, LLC. Plaintiffs' loan obligations relate to three separate secured promissory notes in favor of Defendant Innovative Financing, LLC in connection with Plaintiffs' purchase of commercial property and businesses.

Plaintiffs commenced this interpleader lawsuit on January 8, 2024, alleging they "no longer have clarity as to the rightful owner of the proceeds of the Notes and are concerned that any future payments may be exposing them[] to potential double liability and extensive litigation with multiple parties."¹ Plaintiffs allege their purported lack of clarity is due to pending litigation between defendants Christopher Yatooma (and nonparty MSY Capital Partners, LLC) and Gregory Yatooma,² which was originally before Judge Valentine³ before being removed to the Eastern District of Michigan, where it is currently pending ("Federal Litigation").

MCR 8.111(D)

Defendant Chris Yatooma's motion is based on MCR 8.111(D), which governs the manner in which cases are assigned. This rule provides as follows:

(D) Actions Arising out of Same Transaction or Occurrence. Subject to subrule 8.111(C),

- (1) if one of two or more actions arising out of the same transaction or occurrence has been assigned to a judge, the other action or actions must be assigned to that judge;
- (2) if an action arises out of the same transaction or occurrence as a civil action previously dismissed or transferred, the action must be assigned to the judge to whom the earlier action was assigned;
- (3) the attorney for the party bringing the other action under subrule (1) or the new action under subrule (2) shall notify the clerk of the fact in writing in the manner prescribed in MCR 1.109(D)(2). An attorney who knowingly fails to do so is subject to disciplinary action.
- (4) The chief judge may reassign cases, other than those encompassed by subrule 8.111(D)(1), in order to correct docket control problems resulting from the requirements of this rule.

¹ Complaint, ¶30.

² Complaint, ¶5.

³ Case No. 2023-200283-CB.

MCR 8.111(D)(1) requires such cases to be assigned to the same judge as the previously filed action. “[A]ctions arise from the same transaction or occurrence only if each arises from the identical events leading to the other or others. For instance, several actions separately brought by various passengers of a train which derailed would arise out of the same transaction or occurrence.” *Wayne Co Prosecutor v Parole Bd*, 210 Mich App 148, 156 (1995).

The First Case filed in 2023 case was essentially based on the breakdown of Christopher and Gregory’s business relationship and dealings and alleged 19 causes of action. Here the interpleader complaint asks the Court to permit Plaintiffs, who are not named parties to the First Case, to pay their loan obligations into court rather than to Defendant Innovative Financing LLC, which is also not a named party in the First Case. Consequently, while the two cases are tangentially related, they do not arise out of the same transaction or occurrence. As a result, MCR 8.111(D) requires this matter to be reassigned.

Business Court Jurisdiction

A "business court," has jurisdiction over "business and commercial disputes in which equitable or declaratory relief is sought or in which the matter otherwise meets circuit court jurisdictional requirements." MCL 600.8035(1).

MCL 600.8031(1)(b) defines "business enterprise" as "a sole proprietorship, partnership, limited partnership, joint venture, **limited liability company**, limited liability partnership, for-profit or not-for-profit corporation or professional corporation, business trust, real estate investment trust, or any other entity in which a business may lawfully be conducted in the jurisdiction in which the business

is being conducted." (emphasis added).

MCL 600.8031(1)(c)(ii) defines a "business or commercial dispute" as "[a]n action in which 1 or more of the parties is a business enterprise and the other parties are its or their present or former owners, managers, shareholders, members of a limited liability company or a similar business organization, directors, officers, agents, employees, suppliers, guarantors of a commercial loan, or competitors, and the claims arise out of those relationships."

Pursuant to MCL 600.8031, business or commercial disputes include, but are not limited to, those "involving the internal organization of business entities and the rights or obligations of shareholders, partners, members, owners, officers, directors, or managers" and those "arising out of commercial transactions, including commercial bank transactions." MCL 600.8031(2)(c),(e).

MCL 600.8035(3) mandates that "[a]n action *must* be assigned to a business court if all or part of the action includes a business or commercial dispute." (emphasis added).

Here, in the instant case, each of the parties are "business enterprises" or are their "present or former owners." See MCL 600.8031(1)(c)(ii). Plaintiffs HMC and Ferndale Maize, and Defendants Innovative, and Axon are all limited liability companies that fall squarely within the definition of "business enterprises" in MCL 600.8031(1)(b).

And although Defendants Gregory and Christopher Yatooma are individuals, they are "present or former owners" of Interpleader Defendants Innovative and/or Axon, and the dispute referenced in the Interpleader Complaint arises out of those relationships. See MCL 600.8031(1)(c)(ii). In fact, at the motion hearing Defendant

Christopher Yatooma's counsel acknowledged that Christopher Yatooma owned Defendant Innovative Financing and understood that he also owned Defendant Axon Properties.⁴

Moreover, the issue of Axon's and Innovative's ownership and entitlement to note payments implicate the "internal organization of business entities and the rights or obligations" of Innovative and Axon's owners, as well as "commercial transactions" to which those entities are parties. MCL 600.8031(2)(c) & (e). Accordingly, this Complaint for Interpleader is a "business or commercial dispute" properly subject to business court jurisdiction. MCL 600.8031(1)(c)(ii) and MCL 600.8031(2)(c) & (e). Further, the Court finds that the cases to which Defendant Christopher Yatooma cites are distinguishable and/or have no precedential value. In the unpublished opinion of *Bordine v Bordine*, 2023 WL 8295883 the Court of Appeals held that a case could not be heard in the business court because *no party to the case* was a business enterprise. ("Because this case does not involve business enterprises as outlined in MCL 600.8031(1)(c), it cannot be remanded to the business court."). Here in contrast, all the parties are either "business enterprises" or their "present or former owners" such that business-court jurisdiction is proper pursuant to MCL 600.8031(1)(c)(ii).

And *Gallagher Invs v Voutsaras*, 2014 Mich Cir LEXIS 14 (Ingham County Circuit Court, July 28, 2014) is of no precedential value; it is an Order from the Ingham County Circuit Court, which is not binding on this Court. See *People v Hunt*, 171 Mich App 174, 180 (1988) (noting that a circuit court is bound by the published decisions of the Court of Appeals and Michigan Supreme Court, but "[t]here is no similar requirement that one circuit or recorder's court judge follow the decision of the other").

⁴ Transcript, p 16.

CONCLUSION

For the reasons set forth above Defendant's Motion is GRANTED under MCR 8.111 and DENIED under MCL 600.8031. As a result, this case shall be reassigned to the business docket by blind draw. See MCL 600.8035(4).

IT IS SO ORDERED.



DATED: 02/08/2024