

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF KENT

JAMES HARTZLER et al,

Case No. 23-06401-CBB

Plaintiff,

Hon. Curt A. Benson

v.

OPINION AND ORDER

S&O MANAGEMENT PARTNERS LLC
et al,

REC'D & FILED

MAY 19 2026

Defendants,

HON. CURT A. BENSON
17TH CIRCUIT COURT

INTRODUCTION

This Court issued its opinion and order on plaintiff's request for relief in their post judgment collection efforts against defendants on March 30, 2026. Defendants filed their motion for reconsideration on April 20, 2026.

STANDARD OF REVIEW

A party moving for reconsideration must establish that (1) the trial court made a palpable error and (2) a different disposition would result if the court corrects the error. MCR 2.119(F)(3); *Luckow v Luckow*, 291 Mich App 417, 426; 805 NW2d 453 (2011). "Palpable" is defined as easily perceptible, plain, obvious, readily visible, noticeable, patent, distinct, or manifest. *Luckow*, 291 Mich App at 426.

Generally, "a motion for rehearing or reconsideration which merely presents the same issues ruled on by the court, either expressly or by reasonable implication, will not be granted." MCR 2.119(F)(3); *Churchman v Rickerson*, 240 Mich App 223, 233; 611 NW2d 333 (2000). However, the trial court retains discretion to provide parties a "second chance" even if the motion for reconsideration presents nothing new for the court to consider. *Yoost v Caspari*, 295 Mich App 209, 220; 813 NW2d 783 (2012).

LAW AND ANALYSIS

The relevant procedural history

As the court reviews the first part of defendants' brief (Part III, A, B, C and D), it notes the following procedural highlights:

On July 31, 2024, plaintiffs moved for the following relief (among other things):

An order pursuant to MCL §§ 600.6128(1) and (2) making James T. Hughes, Richard Featherly, Akbit Corp., CZQA Corp., Entalgo, LLC, Grand Rapids Investment Partners, LLC S&O, Inc., SGM Holdings, LLC, S&O Capital Partners, LLC, S&O Preferred Partners, LLC, S&O, Inc., Sales and Orders, LLC, and Omni One AI, LLC parties to these proceedings and directing them to appear and show cause why they should not be liable to Plaintiffs in the amounts transferred to them by the Judgment Debtors;

On September 10, 2024, the parties stipulated to adding these parties. MCL 600.6128.

A brief analysis of Part III, A, B, C and D of the defendants' argument.

Relying primarily on *Green v Ziegelman*, 282 Mich App 292; 767 NW2d 660 (2009), defendants' argue in Part III, A, B, C and D of their brief, that the Post-Judgment Remedies Act ("PSJA"), specifically MCL 600.6104, gives courts broad authority to reach and preserve a judgment debtor's assets, but not to impose new personal liability on third parties. According to defendants, the statute's repeated reference to "any judgment debtor" shows that its purpose is remedial and property-focused: locating, restraining, and recovering the debtor's nonexempt assets to satisfy an existing judgment. The brief contends that the surrounding provisions of the PSJA confirm this interpretation because they consistently address property transfers, third parties holding debtor assets, fraudulent assignments, and disputes over title to property. In the movant's view, the statutory scheme is designed to recover assets traceable to the judgment debtor, not to create independent judgments against nonparties. See Df. Brief, Pg. 2-3.

The Green case does not support Part III, A, B, C and D of defendants' brief.

The *Green* decision is primarily a ruling on procedure. It's of little value here.

Green and related cases were examined extensively by the Sixth Circuit Court of Appeals in *Avant Cap. Partners, LLC v. Strathmore Dev. Co. Michigan, LLC*, 703 F. App'x 362, 370–73 (6th Cir. 2017). Although the decisions of federal courts are not binding on Michigan state courts, state courts are free to adopt their analysis if they are persuasive and instructive. *Holman v. Rasak*, 281 Mich. App. 507, 509, 761 N.W.2d 391, 393 (2008), *aff'd*, 486 Mich. 429, 785 N.W.2d 98 (2010). The *Avant* case is both persuasive and instructive.

The Sixth Circuit's analysis in *Avant* repeatedly narrows the problem in *Green v. Ziegelman* to this point: a court may not use supplementary proceedings to impose liability on a person or entity that was never made a party to an enforcement action and never subjected to adjudication. The court summarized Michigan law as requiring the creditor to "bring a claim against" or "join" the third party before imposing joint and several liability:

Thus, while Mich. Comp. Laws § 600.6104 provides a court with broad post-judgment discretion to aid a judgment plaintiff in collecting from a judgment debtor, Michigan caselaw does not support the proposition that a court applying § 600.6104 may pierce the veil of a judgment debtor (like Strathmore) to hold a parent entity (like Terra) liable for its subsidiary's judgments *when the parent is neither a party to an enforcement action nor a party to the underlying cause of action*. The district court here may well have found

facts that would be sufficient to pierce Strathmore's veil and hold that Terra was using Strathmore as its alter ego to avoid paying Avant's judgment, and the equities may tip well in Avant's favor, *but Michigan law would still require Avant to bring a claim against Terra to hold Terra jointly and severally liable for Strathmore's debt.*

Id., at 372. (Emphasis added)

The opinion expressly recognizes that Michigan law permits post-judgment proceedings against additional parties where fraudulent transfer or related misconduct is alleged, so long as those parties are actually joined into the proceeding. *Id.*, at 373. The Sixth Circuit distinguished *Green* because *Green* involved no allegations of unlawful transfers or possession of debtor assets. The case at bar does involve those allegations, and after trial the court found them proven.

More importantly, the Sixth Circuit specifically explained that cases such as *Presidential Facility*¹ and *Ryan Racing*² approved bringing additional entities into supplementary proceedings to pursue fraudulent-transfer or alter-ego theories. The problem in *Avant* was not that veil-piercing or fraudulent-transfer relief was categorically unavailable in supplementary proceedings. The problem was that Terra had not properly been joined as a party before liability was imposed. The court stated: “Michigan law would still require Avant to bring a claim against Terra to hold Terra jointly and severally liable for Strathmore’s debt.”

In short, *Green* bars only the imposition of liability against nonparties through supplementary proceedings. By contrast, *Avant* confirms that additional parties may properly be subjected to post-judgment liability when they are formally joined into the enforcement action. That is precisely what occurred here. This court added all defendants as parties to the post-judgment proceedings, conducted a full trial, and found that the defendants engaged in fraudulent conveyances intended to defeat collection of the judgments. The resulting joint and several liability therefore constituted a lawful enforcement remedy arising from adjudicated fraudulent conduct, rather than an improper attempt to impose liability upon strangers to the case.

A joint and several judgment against all defendants is appropriate in this case.

The original judgment, filed in this court on August 18, 2023, named two defendants: S&O Management Partners, LLC. and S&O LLC. Throughout the course of this busy litigation, even before the court, by stipulation, added 12 more parties as defendants, the parties have argued over the various ways a court might disregard the corporate form to hold the new defendants liable to plaintiffs.

The plaintiffs, of course, have argued all along that Hughes and Featherly orchestrated a complex scheme involving dozens of bank accounts and shell entities to defraud investors, evade creditors, and divert substantial assets away from the judgment debtors. See, for example, the

¹ *Presidential Facility, LLC v. Pinkas*, 607 F. App'x 473, (6th Cir. 2015)

² *Ryan Racing, LLC v. Gentilozzi*, No. 1:12-CV-488, 2015 WL 728468, at 4 (W.D. Mich. Feb. 19, 2015)

plaintiffs' July 31, 2024, Motion for Proceedings Supplementary to Judgment and the plaintiffs' July 23, 2025, Pre-hearing Statement for Evidentiary Hearing.

In its March 30, 2026 opinion and order, the court set forth detailed findings of fact and conclusions of law. Among those conclusions, the court expressly ruled that the "continuity of the enterprise" exception to the general rule of corporate successor nonliability had no place in this case. It did not however expressly state what law it was relying upon in imposing liability against all defendants.

"The law respects corporate entities unless they are employed for fraud or other purposes improper for the corporate form. Disregard of the corporate form rests on notions of equity, whether an action is at law or one for equity, and is made in light of the entire spectrum of relevant evidence in a particular case." *Regan v. Carrigan*, 194 Mich. App. 35, 39, 486 N.W.2d 57, 58 (1992), citing with approval, *Om-El Export Co., Inc. v. Newcor, Inc.*, 154 Mich.App. 471, 480, 398 N.W.2d 440 (1986); *Kline v. Kline*, 104 Mich.App. 700, 703, 305 N.W.2d 297 (1981).

The Court of Appeals has described the issue in this manner:

For the corporate veil to be pierced, the corporate entity must be a mere instrumentality of another individual or entity. *Id.* at 457, 559 N.W.2d 379, quoting *SCD Chemical Distributors, Inc. v. Medley*, 203 Mich.App. 374, 381, 512 N.W.2d 86 (1994). Further, the corporate entity must have been used to commit a wrong or fraud. *Id.* Additionally, and finally, there must have been an unjust injury or loss to the plaintiff. *Id.* There is no single rule delineating when a corporate entity should be disregarded, and the facts are to be assessed in light of a corporation's economic justification to determine if the corporate form has been abused. *Id.* at 456–457, 512 N.W.2d 86.

Rymal v. Baergen, 262 Mich. App. 274, 293–94, 686 N.W.2d 241, 252 (2004)

The rules apply equally to Limited Liability Companies:

The rules regarding piercing a corporate veil are applicable in determining whether to pierce the corporate veil of a limited-liability company. While there is no single rule delineating when the corporate entity may be disregarded, the entire spectrum of relevant fact forms the background for such an inquiry, and the facts are to be assessed in light of the corporation's economic justification to determine if the corporate form has been abused. In order for a court to order a corporate veil to be pierced, the corporate entity (1) must be a mere instrumentality of another individual or entity, (2) must have been used to commit a wrong or fraud, and (3) there must have been an unjust injury or loss to the plaintiff.

Florence Cement Co. v. Vettraino, 292 Mich. App. 461, 468–69, 807 N.W.2d 917, 922 (2011)(Citations, footnotes and quote marks omitted)

The court's March 30, 2026, findings of facts leaves the court with little choice but to impose liability against all defendants.

First, the evidence demonstrates that the various corporate entities operated as mere instrumentalities of James Hughes and Richard Featherly. The record establishes that Hughes and Featherly exercised pervasive control over the accounts and entities involved in the transactions at issue. Funds were routinely transferred among numerous corporate and personal accounts without regard to corporate separateness. The evidence further showed that many of the accounts receiving transferred funds had no independent source of business revenue and instead functioned merely as repositories through which funds were circulated among entities controlled by Hughes and Featherly. Plaintiffs' forensic accounting expert testified, without meaningful rebuttal, that the overwhelming majority of incoming business revenue originated from a limited number of Stripe and Microsoft revenue accounts and was thereafter distributed through a network of affiliated accounts.

The Court additionally found significant evidence of commingling of personal and corporate funds. Financial records reflected repeated transfers between business and personal accounts, as well as substantial payment of personal credit card obligations through entity-controlled accounts. Hughes himself acknowledged that many of the transfers represented merely the movement of existing funds among affiliated accounts rather than legitimate capital investments or independent revenue-generating transactions. Hughes further admitted that these transactions were undertaken as part of what he described as "alternative financing" involving multiple entities and accounts. The Court also noted the absence or unavailability of corporate records relating to numerous related-party transactions. Taken together, these facts establish that the entities involved did not operate as meaningfully distinct corporate enterprises, but instead functioned as instrumentalities through which Hughes and Featherly conducted and controlled the same underlying business operations.

Second, the Court found that the corporate form was used to commit a fraud or wrong within the meaning of the *Regan*, *Rymal* and *Florence Cement Co.* cases. The evidence demonstrated that while Plaintiffs were actively pursuing collection of their judgment, Hughes opened additional accounts in his personal name and in the name of Omni One AI, LLC. Shortly after garnishment proceedings were initiated against an existing Wells Fargo account receiving Stripe revenue, those revenue deposits were redirected to Applied Bank accounts associated with Omni One AI, LLC. The evidence further established that Omni One AI, LLC subsequently began receiving revenue associated with the same Sales and Orders software product previously operated through S&O, LLC. The evidence of fraud is clear and convincing.

The Court further found that S&O, LLC ceased operations on or about June 30, 2023, yet the Sales and Orders software business continued operating through Omni One AI, LLC under the control of the same principals. Evidence introduced at the hearing showed that online searches for "Sales and Orders" directed customers to the Omni One AI website and that the same revenue streams continued to flow through accounts controlled by Hughes and Featherly after S&O ceased operations. Funds associated with these operations were thereafter transferred through multiple affiliated accounts controlled by Hughes, Featherly, and related entities.

The Court concluded that these transfers and restructurings were not isolated or ordinary business transactions. Rather, the evidence demonstrates a coordinated pattern of transferring

revenue streams, circulating funds among affiliated entities, and redirecting business operations during ongoing collection proceedings. Such conduct constitutes misuse of the corporate form for the purpose of hindering creditors and frustrating lawful collection efforts. Abuse of the corporate structure to evade contractual or judgment obligations constitutes sufficient wrongdoing under Michigan caselaw, as cited above. In its March 30, 2026, opinion and order, the Court found by clear and convincing evidence that such abuse existed here.

Third, the Court found that Plaintiffs suffered an unjust loss as a direct result of Defendants' conduct. The evidence established that substantial business revenues continued to be generated through the Sales and Orders software operations while assets and revenue streams were simultaneously shifted among affiliated entities and accounts beyond the reach of ordinary collection procedures. Plaintiffs obtained valid judgments against the original judgment debtors, yet the continued movement of funds and business operations among controlled entities substantially impaired Plaintiffs' ability to enforce those judgments. Equity does not permit individuals to continue enjoying the benefits of an ongoing business enterprise while using a network of controlled entities and accounts to shield assets from lawful creditors.

The Court further concluded that the evidence independently supports successor liability as to Omni One AI, LLC. The record establishes continuity of ownership, continuity of business operations, continuation of the same software product and revenue streams, and continuation of the enterprise under the control of the same principals following the cessation of S&O, LLC. The Court therefore held that Omni One AI, LLC operated as a continuation of the prior enterprise and may properly be held liable for the obligations at issue.

Accordingly, the Court found that piercing the corporate veil and imposing liability upon the related entities and individuals was necessary to prevent injustice and to effectuate the equitable powers of this court. The evidence presented at the hearing establishes that the various entities functioned as alter egos and instrumentalities of Hughes and Featherly and were used to hinder, delay, and frustrate Plaintiffs' lawful collection efforts. Judgment against the additional parties is therefore warranted.

Given the scale of the fraudulent scheme, the plaintiffs have introduced sufficient evidence establishing their right to the judgments.

Given the sheer complexity of this fraudulent scheme, a scheme involving hundreds of financial transactions between more than a dozen companies using dozens of separate bank accounts, its folly to suggest that the law requires plaintiffs to identify and void each fraudulent transfer. Likewise, in cases of comingling, the law does not require plaintiffs to trace specific dollars through the corporate maze. The remedy focuses on the fraudulent nature of the entire enterprise rather than tracking individual funds. Once the plaintiffs established that these dozen corporations lacked legitimate independent existence and were created and used as instrumentalities to hinder and delay the collection of their judgment, the plaintiffs have earned their judgment.

M.C.L. 600.6104(5) provides:

After judgment for money has been rendered in an action in any court of this state, the judge may, on motion in that action or in a subsequent proceeding:

(5) Make 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.

“The Court's authority under this statute is very broad.” *In re John Richards Homes Bldg. Co., L.L.C.*, 298 B.R. 591, 609 (Bankr. E.D. Mich. 2003). Or, as the 6th Circuit put it, “Michigan has given its courts extremely broad authorization to aid execution on their judgments.” *Rogers v. Webster*, 779 F.2d 52 (6th Cir.1985).

The relief entered against the entity defendants falls squarely within the authority granted by MCL 600.6104. That statute authorizes a court, following the entry of a money judgment, to “make any order as within his discretion seems appropriate” to subject nonexempt assets of a judgment debtor to satisfaction of the judgment. MCL 600.6104(5). The provision is intentionally broad and reflects the equitable nature of supplementary proceedings, whose purpose is to prevent judgment debtors from frustrating lawful collection efforts through concealment, diversion, or manipulation of assets.

As noted repeatedly above, the evidence presented at trial established that the judgment debtors orchestrated an extensive scheme involving numerous closely controlled entities and dozens of separate bank accounts through which funds were repeatedly transferred in a manner designed to hinder, delay, and obstruct collection of the outstanding judgments. The record demonstrated pervasive commingling of assets, common ownership and control, absence of meaningful corporate separateness, circular transfers lacking legitimate business purpose, and the use of shell entities as instrumentalities through which the judgment debtors concealed and redirected assets otherwise available to satisfy the judgments.

Under these circumstances, the Court is not confronted with innocent third parties who merely received isolated transfers. Rather, the evidence established that the entity defendants functioned collectively as components of a unified enterprise employed to defeat creditor collection efforts. Equity does not require the Court to elevate form over substance where the corporate form has been systematically abused to perpetrate a fraud upon creditors and to evade lawful judgments.

And finally, as the Court has stated above, the entity defendants were properly joined as parties to these proceedings, were afforded notice and a full opportunity to be heard, participated in discovery and trial, and are therefore bound by the Court’s findings and judgment. The imposition of liability is therefore not an impermissible adjudication against nonparties, but rather a lawful exercise of the Court’s equitable enforcement authority following full adjudication of the claims asserted against those parties.

Accordingly, based upon the Court's findings regarding fraudulent transfers, alter-ego conduct, abuse of the corporate form, and coordinated efforts to obstruct enforcement of the judgments, the Court concludes that joint and several liability is necessary and appropriate to carry out the full intent and purpose of MCL 600.6104 and to prevent further frustration of the collection process. The Court therefore reaffirms its March 30, 2026, opinion and order holding the entity defendants jointly and severally liable for the outstanding judgment amounts.

The "additional issues warranting reconsideration" do not warrant reconsideration.

Defendants advance in Argument IV of their brief additional issues they argue warrant reconsideration. The court respectfully disagrees.

With respect to Omni One AI, LLC, the court addressed it above. However, "different" Omni One AI, LLC may be from the dozen companies, it was part of the same fraudulent scheme. No further analysis is necessary. Moreover, the evidence presented at trial convinced this court, as finder of fact, that the plaintiffs established "actual fraudulent intent" by clear and convincing evidence.

Finally, Mr. Featherly did not attend the hearing due to serious health issues and was duly excused by the court. He was however ably represented by his attorney who was present during the hearing. Mr. Featherly's attorney fully participated in the hearing and had every opportunity to present evidence on Mr. Featherly's behalf, cross examine plaintiffs' witnesses and argue his case. Mr. Featherly's lawyer filed an effective and well-reasoned written closing argument.

Contrary to Mr. Featherly's motion for reconsideration, this Court's March 30, 2026, findings of fact and conclusions of law made very specific findings of fact related to Mr. Featherly, with each fact supporting the Court's ultimate ruling.

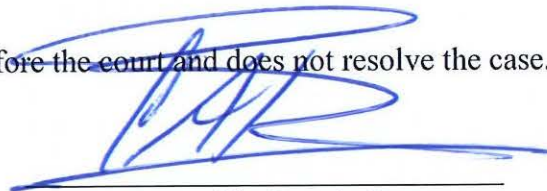
CONCLUSION

The motion for reconsideration is DENIED.

IT IS ORDERED.

This order does not resolve all pending matters before the court and does not resolve the case.

Dated: May 19, 2026
at Grand Rapids, Michigan.



Honorable Curt A. Benson