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Business Partner Awarded 100 Percent Ownership of Family Business Following Dispute

Challenge: With over half-a-million dollars invested in a bankrupt self-storage business and a home guaranteeing that business's unpaid loans, partner Todd Middleton risked losing substantial personal assets while his co-partners, who are also family, refused to fulfill their monetary obligations.

Solution: Porter McGuire Kiakona & Chow, LLP (PMKC) pursued all legal measures necessary to cancel the other partners' ownership rights to the business and minimize Middleton's losses.

Result: In a rare ruling, an arbitrator awarded Middleton sole ownership of the rebounding self-storage business and its future proceeds.

> "When Christian Porter began presenting my case for arbitration, I realized I had one of the best attorneys on my side, and I had not given him enough credit early on. His years of litigation experience became undeniably apparent as he impressively painted a picture of my frustrating and sad position in my family business. I could tell he took my situation to heart and my sole ownership award reaffirmed his legal due diligence."
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> *Todd Middleton, owner of self-storage business*

Acting on a promising business opportunity, Todd Middleton and three of his family members started an indoor self-storage company in Honolulu. Shortly after opening in 2007, the recession hit the small business hard. To develop and keep the self-storage facility afloat, Middleton invested over half-a-million dollars and personally guaranteed a business loan with his house as collateral. With the demand for storage rentals declining, the other partners not financially contributing and Middleton's funds drained, the company's debt became unmanageable. Middleton filed for bankruptcy and sold his house.

He engaged PMKC's legal counsel and representation to uphold his partners' business obligations. After assessing Middleton's unfortunate circumstance and reviewing the limited liability company's (LLC's) documents, PMKC advocated for the cancellation of the other partners' ownership. Although the business's poorly structured operating agreement failed to protect Middleton's personal assets in the past, one of its clauses did work in his favor for sole ownership.

To avoid a lengthy and costly court case, PMKC strategically implemented various alternative resolution tactics. Despite the partners refusing to sell their shares of ownership to Middleton following demand letters and mediation, PMKC presented a strong case in arbitration, and Middleton was awarded 100 percent ownership of the self-storage business. This arbitration award was groundbreaking in Hawaii.