



# Kelley Drye Prevails in "Piercing the Corporate Veil" Action

October 24, 2005

After a bench trial, Kelley Drye obtained a multimillion dollar judgment on behalf of a commercial landlord in a "piercing the corporate veil" matter. The case involved breaches of a lease and guaranty by defendants Rathe Fabrication, Inc. and Rathe Productions Incorporated (the Corporate Defendants). In addition, the client/landlord, 18 Chapel Avenue LLC, sought to impose personal liability upon Richard and Robert Rathe, the sole shareholders of the Corporate Defendants, and upon GTM Associates, L.L.C., a related entity also owned by the Rathes.

Kelley Drye had already obtained summary judgment as to liability and damages on the breach of lease and guaranty claims against the Corporate Defendants, both of which claimed to be insolvent. Thereafter, the parties proceeded to trial on the veil-piercing claims. The Kelley Drye team presented evidence that the Rathes conducted the businesses of their various companies as if they were a single family partnership, and that the Rathes commingled their personal funds and the funds of GTM Associates with the funds of the Corporate Defendants. Kelley Drye also presented evidence that the Rathes perpetrated a fraud causing injury to 18 Chapel Avenue through the manner in which they operated the Corporate Defendants. Kelley Drye successfully obtained a judgment granting the relief sought in its entirety on behalf of the client.