

From the Courts: Jury Verdicts & Settlements

Company co-owner who says he was forced out wins judgment

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By: Review staff & VerdictSearch

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Case: Carey Schafer v. Acoustic Innovations Inc., Jay Miller and Joanne Miller.

Case no.: 02-08345CA AF, Palm Beach County Circuit Court.

Description: Equitable relief.

Filing date: July 5, 2002

Judge: Diana Lewis

Plaintiff lawyer: Michael Hamaway of Mombach Boyle & Hardin in Fort Lauderdale.

Defense lawyer: Andrew Seiden of Seiden Alder Matthewman and Bloch, Boca Raton

Details: Jay Miller and Carey Shafer founded Acoustic Innovations in Boca Raton in September 1992. Schafer, a high-end electronics salesman, developed an idea for a company that would build and install sound-enhancing acoustic boards and screens that increase the sound quality of entertainment systems without destroying indoor aesthetics. Most of their products were sold to audio retailers, home builders and restaurants.

According to court documents, Schafer brought in Miller because he did not have the money to start the business himself. The two men agreed to become co-owners and incorporated in 1992. In 1999, Jay Miller's wife, Joanne, started working full time at the business. Tensions arose over her role and other matters, according to court papers.

In August 2000 Miller allegedly told Schafer that ownership interest in Acoustic Innovations was to be divided three ways, among Miller, Schafer and Joanne Miller. The two men never memorialized their agreement to split the ownership. In 2002, according to court documents, Miller forced Schafer out of the business.

Schafer sued for his share of the business back or for a suitable monetary reward.

Plaintiff case: Schafer's attorney Michael Hamaway argued that Schafer never agreed to a reduction in his ownership interest and that Miller made several false statements of material fact in his bid to push Schafer out of the company.

Defense case: Defense attorney Andrew Seiden argued that Miller ran the business by the book and that Schafer agreed to be bought out.

Outcome: In a final judgment issued March 6, Judge Lewis found after a bench trial that ended Feb. 12 that Schafer is a 50 percent shareholder and co-owner of Acoustic Innovations, even though no shareholder certificates had ever been issued from the company. The judge ordered Miller to pay Schafer \$2.5 million — money that she determined Miller had improperly received during the partnership. She also ordered Miller to pay Schafer another \$1.9 million for his shares in the company.

Seiden filed a motion for rehearing Friday.

Comments: "This was a long battle, the defense fought every little thing tooth-and-nail," Hamaway said. "Ultimately, it was worth it because of the very positive outcome for my client."

— Forrest Norman

Michael Hamaway photo by Melanie Bell

