

SUMMARY STATEMENT

Johnson v. Crossett, Docket No. 44791

This case arises from an oral agreement between David Crossett (“Crossett”) and David Johnson (“Johnson”) to form a limited liability company, Drug Testing Compliance Group, LLC (“DTC”). After Crossett formed DTC, Johnson backed out by refusing to sign the written operating agreement. Crossett remained as the sole member of DTC, which he eventually sold. Johnson and Tessa Cousins (“Cousins”), DTC’s only employee, filed a complaint against Crossett, wherein they asserted, *inter alia*, that they were members of DTC since its inception, and that Crossett had breached his fiduciary duties. The district court dismissed the case after concluding that Johnson and Cousins were never members of DTC because they had refused to sign the written operating agreement.

In a unanimous decision, the Idaho Supreme Court affirmed the district court’s judgment, holding that: (1) Johnson and Cousins failed to demonstrate that the district court erred in finding that they were not members of DTC; (2) Johnson and Cousins failed to demonstrate that the district court erred in interpreting or applying the LLA; (3) the issue of whether the district court abused its discretion by denying the motion for a new trial was not properly preserved for appeal; and (4) the district court did not err by granting attorney fees to Crossett because the gravamen of the lawsuit was a commercial transaction. The Court also awarded Crossett attorney fees and costs on appeal.