

**IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. THOMAS/ST. JOHN**

UNITED CORPORATION,

Plaintiff,

v.

**WAHEED HAMED,
(a/k/a Willy or Willie Hamed),**

Defendant.

Case No. 2013-CV-101

ACTION FOR DAMAGES

JURY TRIAL DEMANDED

**DEFENDANT WAHEED HAMED'S
RULE 12(c) MOTION TO DISMISS FOR LACK OF STANDING**

Comes now defendant Hamed, pursuant to *Rule 12(c)* and asks the Court to dismiss the claims¹ being asserted against her pursuant to Rule 12(c), which states:

(c) MOTION FOR JUDGMENT ON THE PLEADINGS. After the pleadings are closed—but early enough not to delay trial—a party may move for judgment on the pleadings.

In this regard, on April 7, 2014, the plaintiff herein, United Corporation, filed a pleading in a related case on St. Croix finally admitting that the Plaza Extra store where the defendant is employed is owned by a partnership, not United Corporation. See ¶ 7 on page 3-4 of **Exhibit 1** attached.² Additionally, United's counsel, in that case, has confirmed this fact in an email sent shortly after this

¹ This motion, if granted, renders the summary judgment briefed before this Court moot.

² Indeed, in that filing United not only makes this concession, but one of the partners in the partnership (Fathi Yusuf) that employs the Defendant seeks to dissolve the partnership and lay off all of the employees, including the Defendant in this case.

pleading was filed, stating it has always been the Hamed/Yusuf partnership operating this store. See **Exhibit 2** attached.

In short, those alleged claims belong to her employer, the partnership, not United, who is nothing more than the Landlord at the shopping center where Plaza Extra Supermarkets East is located..

RESPECTFULLY SUBMITTED,

Dated: April 22, 2014



Carl J. Hartmann III, Esq. (Bar No. 48)
Counsel for the Defendant
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CERTIFICATE OF SERVICE

I hereby certify that on April 22, 2014, I served a copy of the foregoing Memorandum by email, as agreed by the parties, on:

Nizar A. DeWood
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**IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. THOMAS/ST. JOHN**

UNITED CORPORATION,

Plaintiff,

v.

**WAHEED HAMED,
(a/k/a Willy or Willie Hamed),**

Defendant.

Case No. 2013-CV-101

ACTION FOR DAMAGES

JURY TRIAL DEMANDED

ORDER

THIS MATTER having come on before the Court on the motion of Defendant Hamed, pursuant to *Rule 12(c)* and the Court being advised in the premises and matters of record, it is hereby:

ORDERED:

1. This action is DISMISSED with prejudice.

Dated:

HON. MICHAEL C. DUNSTON
Judge of the Superior Court
of the U.S. Virgin Islands

ATTEST:

Clerk of Court
Deputy Clerk

By: _____
Deputy Clerk

**IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. CROIX**

MOHAMMAD HAMED , by his authorized agent WALEED HAMED ,)	CIVIL NO. SX-12-CV-370
)	
Plaintiff/Counterclaim Defendant,)	ACTION FOR DAMAGES, INJUNCTIVE RELIEF AND DECLARATORY RELIEF
vs.)	
)	
FATHI YUSUF and UNITED CORPORATION ,)	JURY TRIAL DEMANDED
)	
Defendants/Counterclaimants,)	
vs.)	
)	
WALEED HAMED, WAHEED HAMED, MUFEEED HAMED, HISHAM HAMED, and PLESSEN ENTERPRISES, INC. ,)	
)	
Additional Counterclaim Defendants)	
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**MEMORANDUM IN SUPPORT OF
MOTION TO APPOINT MASTER FOR JUDICIAL SUPERVISION
OF PARTNERSHIP WINDING UP OR,
IN THE ALTERNATIVE, TO APPOINT RECEIVER TO WIND UP PARTNERSHIP**

Defendants/counterclaimants Fathi Yusuf ("Yusuf") and United Corporation ("United") (collectively, the "Defendants"), respectfully submit this Memorandum in Support of their Motion To Appoint Master For Judicial Supervision Of Partnership Winding Up Or, In the Alternative, To Appoint Receiver To Wind Up Partnership (the "Motion").

FACTUAL AND PROCEDURAL BACKGROUND

1. On September 17, 2012, plaintiff/counterclaim defendant Mohammed Hamed ("Hamed" or "Plaintiff") filed his complaint in this matter. Hamed filed his first amended complaint ("FAC") on October 19, 2012. The FAC alleges, among other things, that Hamed and Yusuf formed a partnership to own and operate a supermarket business comprised of three supermarket stores located in Sion Farm, St. Croix, Estate Plessen, St. Croix, and Tutu Park, St.

Thomas (collectively, the “Plaza Extra Stores”). See FAC at ¶¶ 9 and 12. The Plaza Extra Stores also maintained various operating and brokerage banking accounts. See FAC at ¶¶ 16 and 18.

2. On April 25, 2013, this Court issued its Memorandum Opinion and Order granting Plaintiff’s Motion for a Preliminary Injunction. See Hamed v. Yusuf, 58 V.I. 117 (Super. Ct. 2013). The Virgin Islands Supreme Court affirmed the portion of this Court’s Order granting Hamed’s Motion for a Preliminary Injunction but vacated the portion of the Order allowing the use of funds held by the District Court to serve as security for an injunction bond and remanded the matter for reconsideration of the injunction bond. See Yusuf v. Hamed, 2013 V.I. Supreme LEXIS 67, * 43 (V.I. Sept. 30, 2013).

3. This Court has preliminarily found, among other things, that “[a]lthough Plaintiff retired from the day-to-day operation of the supermarket business in about 1996, Waleed Hamed has acted on his behalf pursuant to two powers of attorney from Plaintiff.” See Hamed v. Yusuf, 58 V.I. at 126; see also Yusuf v. Hamed, 2013 V.I. Supreme LEXIS 67, * 2-3 (“In 1996, Hamed retired from his role in the operations from the business due to illness, giving a power of attorney and delegating his management responsibilities to one of his sons, Waleed Hamed.”). However, this Court also found there to be questions of fact as to whether Waleed Hamed’s authority was as a result of his acting as an agent for Hamed or simply as a result of his managerial position as an employee of United (e.g. whether Waleed’s ability to sign checks “originate[d] from [Hamed’s] 50% interest in the Partnership business or is...simply a feature of the managerial positions of [Hamed’s] sons” and “did [Hamed’s] sons become Plaza Extra Store managers, as agents of their father, pursuant to his assertion of his partnership rights of joint control, or were

they hired as managerial employees because they were nephews of ...Yusuf's wife") See December 5, 2013 Order Denying Motion for Partial Summary Judgment, p. 6.

4. This Court also preliminarily found that "[o]n March 13, 2012, through counsel, Yusuf sent a Proposed Partnership Dissolution Agreement to Hamed, which described the history and context of the parties' relationship, including the formation of an oral partnership agreement to operate the supermarkets, by which they shared profits and losses." Hamed v. Yusuf, 58 V.I. at 126; see also Yusuf v. Hamed, 2013 V.I. Supreme LEXIS 67, * 4 ("A few months later, Yusuf informed Mohammad Hamed of his intention to end their business relationship, sending a proposed "Dissolution of Partnership" agreement to Hamed on March 12, 2012.").

5. In its April 25, 2013 Memorandum Opinion, this Court noted the following:

Neither party has sought and the Court has not considered the prospect of appointing a receiver or bringing in any other outsider to insure that the joint management and control of the partnership is maintained. Rather, notwithstanding the animosity that exists between the parties, they are left to work out issues of equal management and control themselves as they have done successfully over the years.

Hamed v. Yusuf, 58 V.I. at 136-137.

6. On December 23, 2013, Defendants filed their Answer and Counterclaim, which, among other things, denied the existence of the partnership as alleged in the FAC. Defendants filed a First Amended Counterclaim on January 13, 2014. Although Defendants denied the existence of any partnership as alleged in the FAC, they pled in the alternative in the event a partnership is nevertheless found to exist. See, e.g., First Amended Counterclaim at ¶ 12.

7. Given the animosity between the parties noted by this Court, Yusuf's complete lack of trust in Hamed, and Yusuf's unwillingness to continue to carry on any business

relationship whatsoever with Hamed, Yusuf now concedes for the purposes of this case that he and Hamed entered into a partnership to carry on the business of the Plaza Extra Stores and to share equally the net profits from the operation of the Plaza Extra Stores.

ARGUMENT

I. THE PARTNERSHIP HAS BEEN DISSOLVED AND ITS BUSINESS MUST BE WOUND UP.

As provided in the Uniform Partnership Act, V.I. Code Ann. tit. 26, §§ 1-274

("UPA"):

A partnership is dissolved, and its business must be wound up, only upon the occurrence of the following events:

- (1) in a partnership at will, the partnership's having notice from a partner other than a partner who is dissociated under Section 121, subsections (2) through (10) of this chapter, of that partner's express will to withdraw as a partner, or on a later date specified by the partner[.]

UPA § 171(1).

Here, the partnership has either already been dissolved or is dissolved by virtue of this filing. Therefore, assuming *arguendo* that Hamed's retirement from the partnership in 1996 or counsel for Yusuf's March 12, 2012 notice of intent to end the partnership did not dissolve the partnership by operation of law, then clearly paragraph 7, above, sets forth Yusuf's "express will to withdraw as a partner," thus dissolving the partnership, if it had not already been dissolved.

Pursuant to UPA § 172(a):

Subject to subsection (b) of this section, a partnership continues after dissolution *only* for the purpose of winding up its business. The partnership is terminated when the winding up of its business is completed.

(Emphasis added). Section 173 of the UPA provides, in pertinent part:

- (a) After dissolution, a partner who has not wrongfully¹ dissociated may participate in winding up the partnership's business, but *on application of any partner*, the partner's legal representative, or transferee, the Superior Court, for good cause shown, *may order judicial supervision of the winding up*.

* * *

- (c) A person winding up a partnership's business may preserve the partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, settle and close the partnership's business, dispose of and transfer the partnership's property, discharge the partnership's liabilities, distribute the assets of the partnership pursuant to section 177 of this chapter, settle disputes by mediation or arbitration, and perform other necessary acts.

(Emphasis added).

A. Hamed Dissociated in 1996 and Could Not Transfer Management Rights.

Yusuf submits that Hamed effectively dissociated from and dissolved the partnership when he “retired from the day-to-day operations of the supermarket business in . . . 1996” and returned to his homeland of Jordan. While this Court and the Supreme Court have referenced the powers of attorney from Hamed to his son, Waleed Hamed, neither Hamed, this Court nor the Supreme Court have cited a single authority that allows a “retiring” partner to effectively assign or delegate his role as partner to his son or any other person.²

Section 2(9) of the UPA provides: “partner’s interest in the partnership” means all of a partner’s interests in the partnership, including the partner’s transferable interest and all

¹ A partner’s dissociation is wrongful only if one of the conditions set forth in UPA § 122(b) applies. Defendants submit that these provisions are inapplicable to the circumstances of this case.

² This Court has noted previously that Waleed Hamed has taken a contradictory position in the Plea Agreement in the pending criminal action claiming to be merely an employee of United as opposed to one able to exercise concurrent control. See December 5, 2013 Order Denying Motion for Partial Summary Judgment, p. 6.

management and other rights.” Section 92 of the UPA makes it clear that a partner’s management rights are not transferable: “The only transferable interest of a partner in a partnership is the partner’s share of the profits and losses of the partnership and the partner’s right to receive distributions. The interest is personal property.”³

If Hamed’s retirement in 1996 or Yusuf’s notice of his intention to end their business relationship in March of 2012 did not effect a dissolution, clearly, Yusuf’s position set forth in paragraph 7, above, qualifies as notice of his “express will to withdraw as a partner.” See UPA § 121(1).

B. Partnerships Require At Least Two Partners.

Hamed appears to be laboring under the mistaken belief that “Yusuf’s partnership interest should be disassociated [sic] from the business, allowing Hamed to continue the Partnership’s business without him pursuant to the provisions of 26 V.I.C. including §§ 122-123, 130 and what is now Subchapter VII of Title 26.” See FAC at ¶ 42. Under the UPA, the term “partnership” means an association of *two or more* persons to carry on as co-owners a business for profit formed under section 22 of this chapter, predecessor law, or comparable law of another jurisdiction.” UPA, § 2(6)(emphasis supplied). See also UPA § 22(a). As this Court has noted, “[i]n the mid-1980s when the Hamad-Yusuf business relationship began, a Virgin Islands partnership was defined as ‘an association of two or more persons to carry on as co-owners a business for profit.’ V.I. Code Ann. tit. 26, § 21(a) (predecessor statute). Hamed v. Yusuf, 58 V.I. at 130.

³ Section 92 of the UPA is identical to § 502 of the Uniform Partnership Act (1997). One of the comments to § 502 states: “A partner has other interests in the partnership that may not be transferred, such as the right to participate in the management of the business. Those rights are included in the broader concept of a “partner’s interest in the partnership.”

Hamed, like the parties in Corrales v. Corrales, 198 Cal. App. 4th 221, 129 Cal. Rptr. 3d 428, 2011 Cal. App. LEXIS 1043 (August 10, 2011), incorrectly assumes the business of a two person partnership can be continued by one partner. As the Court in Corrales cogently concluded after considering California's partnership statutes, which are analogous to the Virgin Islands' UPA, when it comes to a one-partner partnership:

[N]o such animal exists. If a partnership consists of only two persons, the partnership dissolves by operation of law when one of them departs.

Id at 224.

The Corrales court went on to explain that:

When Richard withdrew from RCE, the partnership dissolved by operation of law; by definition, a partnership must consist of at least two persons. A person cannot dissociate from a dissolved partnership, and the buyout rule of section 16701 does not apply to a two-person partnership when one partner leaves. When that happens, the dissolution procedures take over. The partnership is wound up, its business is completed, and the partners make whatever adjustments are necessary to their own accounts after paying the creditors.

Id. at 227 (citations and footnotes omitted).

Finally, the Corrales court pointed out that “[t]he purpose of dissociation is to allow the partnership to continue with the remaining partners. When a partner withdraws from a two-person partnership, however, the business cannot continue as before. One person cannot carry on a business as a partnership.” Id.

Accordingly, the partnership that once existed between Hamed and Yusuf has clearly been dissolved (whether in 1996, 2012 or now) and the only thing that remains to be done is to wind up the partnership business.

II. A MASTER SHOULD BE APPOINTED TO SUPERVISE THE WINDING UP.

Yusuf requests the appointment of a Master in this case to provide judicial supervision to the wind up efforts. Pursuant to Fed. R. Civ. Pro. 53(a), made applicable to proceedings in this Court by Super. Ct. R. 7, a court may appoint a Master⁴ to assist with certain matters including situations where there is a “need to perform an accounting or resolve a difficult computation of damages” or to “address pretrial...matters that cannot be effectively and timely addressed by an available...judge.” As set forth above, §173 of the UPA provides, that a partner “may participate in winding up the partnership’s business” and “on application...for good cause shown” seek “judicial supervision of the winding up.”

By admission of Hamed, Yusuf has made all of the business decisions relating to the Plaza Extra Stores from their inception. Hamed testified at the preliminary injunction hearing that “Mr. Yusuf be in charge of everybody...[in] all the three stores.” See Jan. 25, 2013 Hrg. Tr. 201:4; 210:22-23. Hamed confirmed that Yusuf was the partner who possessed the ultimate decision making authority with respect to the Plaza Extra Stores at his deposition on April 1, 2014. Further, Hamed has not been in the Plaza Extra Stores in his capacity as a partner since his retirement in 1996 and has not been involved in the daily operations in over eighteen (18) years. Although Hamed may be incapable of meaningful participation in the winding up due to, among other things, his lack of working knowledge of the operations of the Plaza Extra Stores and perhaps his poor health, Yusuf has no objection to Hamed’s personal participation in the winding up. Yusuf does, however, object to Hamed’s delegation of his rights and obligations as a partner in the winding up of the partnership to his son or any other person. Given the

⁴ Hamed should not be heard to complain about the appointment of a Master since he requested this relief in the first sentence of his prayer for relief. See FAC at p. 15 (“Wherefore, the Plaintiff seeks the following relief from this Court as follows: 1) A full and complete accounting to be conducted by a court-appointed Master . . .”).

animosity between the parties and the concern that any proposals or decisions made by Yusuf in winding up the partnership will be constantly challenged, Yusuf seeks judicial supervision by a Court appointed master of the winding up to insure an orderly process.

To that end, Yusuf submits a proposed plan for winding up of the partnership (the "Plan"). See Exhibit A. Consistent with the powers set forth in §173(c) of the UPA for "a person winding up a partnership's business," the Plan seeks to:

preserve the partnership business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, settle and close the partnership's business, dispose of and transfer the partnership's property, discharge the partnership's liabilities, distribute the assets of the partnership pursuant to section 177 of this chapter, settle disputes by mediation or arbitration, and perform other necessary acts.

The Plan sets forth the partnership assets and liabilities, how the assets will be disposed and the liabilities satisfied, and the anticipated time-frame for winding up the partnership. Further, the Plan provides that all monies recovered shall be placed in an escrow account to be utilized for the payment of any partnership debts and, thereafter, for distribution following presentation to the Master of an accounting and proposed distribution by the partners.

If the Court concurs that a Master should be appointed and the parties are unable to agree on the person(s) to be appointed Master, Defendants request an opportunity to submit proposed candidates for the Court's consideration, along with a brief addressing the Master's proposed duties and compensation.

III. AS AN ALTERNATIVE TO JUDICIAL SUPERVISION OF WINDING UP, YUSUF REQUESTS THE COURT TO APPOINT A DISINTERESTED, THIRD-PARTY AS RECEIVER TO WIND UP THE PARTNERSHIP'S BUSINESS.

In the event that this Court is not inclined to appoint a Master to supervise the winding up of the partnership pursuant to the Plan, then Yusuf respectfully requests the Court to appoint a disinterested, third-party receiver to undertake the winding up. Although the UPA does not specifically provide for the appointment of a receiver, §173(a) clearly contemplates that the “Superior Court, for good cause shown, may order judicial supervision of the winding up.” While Yusuf is prepared to participate in the winding up as contemplated under UPA §173, given the animosity between the parties and the constant conflicts arising from that animosity, Yusuf submits that a disinterested, third-party receiver serving as an officer of this Court should be appointed to effectuate the winding up.

Pursuant to Fed. R. Civ. P. 66 and local case law, receivership is generally considered to be a drastic remedy resorted to only in extreme circumstances. See, e.g., Busenburg v. Dowd, 1980 U.S. Dist. LEXIS 15244, * 2-3 (D.V.I. Dec. 9, 1980). In this case, however, UPA § 173(a) only requires “good cause” to be shown for judicial supervision of the winding up. Yusuf respectfully submits that he has established good cause for the appointment of a receiver and that a receiver, rather than the Court itself, can more practically provide the judicial supervision contemplated by §173(a). If the Court is inclined to appoint a third-party receiver, Yusuf respectfully submits that the Plan provides an appropriate “road map” for the receiver to wind up the partnership as contemplated by §173(c). If the Court is so inclined to appoint a third-party receiver, Defendants request the opportunity to submit proposed candidates for the Court’s consideration along with a brief addressing the receiver’s proposed powers and compensation.

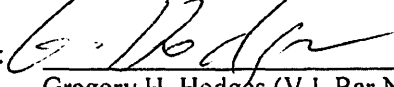
CONCLUSION

For all of the foregoing reasons, Defendants respectfully request this Court to enter an order granting Defendants’ Motion by either appointing a Master to supervise the winding up of

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the partnership pursuant to the Plan or appointing a Receiver to effect the wind up and requiring the parties to promptly submit proposed Receiver candidates for the Court to consider along with a brief addressing the Receiver's proposed powers and compensation, and providing such further relief as is just and proper under the circumstances.

Dated: April 7, 2014

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CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of April, 2014, I caused the foregoing **MEMORANDUM IN SUPPORT OF MOTION TO APPOINT MASTER FOR JUDICIAL SUPERVISION OF PARTNERSHIP WINDING UP OR, IN THE ALTERNATIVE, TO APPOINT RECEIVER TO WIND UP PARTNERSHIP** to be served upon the following via e-mail:

Joel H. Holt, Esq.
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A handwritten signature in black ink, appearing to read 'Mark W. Eckard', is written over a solid horizontal line. The signature is fluid and cursive, with a long, sweeping underline that extends to the left and then loops back under the main text.

-----Original Message-----

From: George H.T. Dudley <gdudley@dtflaw.com>
To: 'Joseph DiRuzzo' <JDiRuzzo@fuerstlaw.com>; 'Joel Holt' <holtvi@aol.com>
Cc: Christopher David <cdavid@fuerstlaw.com>; Gregory H. Hodges <ghodges@dtflaw.com>;
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<kglenda@cameronlawvi.com>
Sent: Tue, Apr 8, 2014 6:51 pm
Subject: RE: Plaza

Gentlemen,

Since United is not and has never been a partner in the Plaza Extra “partnership” between Fathi Yusuf and Mohammad Hamed, this discussion is misplaced. United’s tax returns for 2013 and thereafter will not reflect anything having to do with the business of the “partnership” (except the rent owed to United as landlord of Plaza - East) and the two partners have to select an accountant to prepare the partnership income tax return and the related K-1s to be issued to each partner.

There also is the matter of applicable filings for the Department of Labor and other agencies for the employees and business of the Yusuf/Hamed “partnership” d/b/a Plaza Extra Supermarkets.

Joel, if you will confer with your client on suggested accountants, I will confer with my client on the same matter and perhaps we can agree on an accounting firm to prepare all relevant tax and other filings on behalf of the “partnership.”

Regards,

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