



Masters Group International v. Comerica Bank, 2015 MT 192 (Mont. 2015)

Topics Covered: Tort Reform

Outcome: Neutral

Issue

One of the issues in this case was whether a Montana statute, which caps the amount that can be awarded as punitive damages, is consistent with the guarantee of trial by jury in the Montana Constitution.

AMA Interest

The case could have impacted the efforts of the Montana Medical Association (MMA) to preserve tort reform in Montana. Medical liability reform is the AMA's highest legislative priority.

Case Summary

In 2006 Comerica Bank loaned Masters Group International, Inc. \$9 million. Masters was unable to make its payments on the loan, and eventually was defaulted, with Comerica executing on the collateral. Each side ended up suing the other. At the conclusion of the trial, a jury awarded Masters \$52 million against Comerica in connection with Comerica's handling and management of the loan to Masters. The jury award included \$10.5 million in punitive damages.

A Montana statute places a cap on punitive damages of \$10 million or 3% of a defendant's net worth, whichever is less. Mont. Code Ann. § 27-1-220(3). After the jury verdict, the district court ruled the cap on punitive damages unconstitutional, because it overrode the right to a jury trial. Comerica Bank has appealed to the Montana Supreme Court.

On July 1, 2015, the Montana Supreme Court, in a split decision, reversed the district court ruling. The Supreme Court found that, pursuant to a provision in the parties' contract, Michigan law, rather than Montana law, should have governed their dispute. Thus, the trial court should not have considered the constitutionality of the Montana cap on punitive damages, and the Supreme Court did not resolve that issue on appeal.

Litigation Center Involvement

The Litigation Center, along with MMA, joined a previously filed *amicus* brief to support the statutory cap on noneconomic damages.

Montana Supreme Court brief