

## Corporate & Financial Weekly Digest

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### Veil Piercing Allegations Insufficient in Breach of Contract Case

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The U.S. District Court for the District of Massachusetts granted a motion to dismiss in a breach of contract and promissory estoppel case, ruling that plaintiff failed to plead the requisite justification for piercing the corporate veil of the defendants.

Plaintiff, TechTarget Inc., provided advertising services pursuant to a contract with one of the defendants, Spark Design, LLC. Spark Design fell behind on payments owing under the contract almost immediately. Thereafter, defendant WW Capital Partners, LLC, a wholly owned subsidiary of defendant Black Mountain Enterprises, LLC, acquired a controlling interest in Spark Design. After that acquisition, WW Capital made representations to TechTarget that past-due invoices would be paid. WW Capital issued checks to TechTarget, but one check was returned for insufficient funds and another had a stop payment order placed on it. After TechTarget filed suit on the contract, Spark Design filed for Chapter 11 Bankruptcy, staying the proceeding against it, and WW Capital and Black Mountain moved to dismiss. Although TechTarget alleged that the three corporate defendants shared common ownership, that WW Capital and Black Mountain may have exercised pervasive control over Spark, and that business assets were intermingled between the three companies, TechTarget failed to include any allegations of fraudulent or improper use of Spark Design's corporate form in a manner related to the contract. Accordingly, the court could not find that Spark Design was the alter ego of WW Capital and Black Mountain, and the claims against those entities were dismissed. (*TechTarget, Inc. v. Spark Design, LLC, Black Mountain Enterprises, LLC, WW Capital Partners, LLC*, No. 10-Civ.-11266 (WGY), 2010 WL 4269602 (D. Mass. Oct. 27, 2010))

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