REL: December 6, 2019

SUPREME COURT OF ALABAMA

OCTOBER TERM, 2019-2020

1180604

Ex parte Chris W. Hayslip

PETITION FOR WRIT OF MANDAMUS

(In re: New Pate, LLC, and Luther S. Pate IV

v.

Christopher Dobbs et al.)

(Tuscaloosa Circuit Court, CV-14-901426)

MENDHEIM, Justice.

Luther S. Pate IV and New Pate, LLC, filed an action in the Tuscaloosa Circuit Court against Chris W. Hayslip, among

others, seeking indemnity and to set aside a particular transfer of funds as fraudulent. Hayslip filed a motion to dismiss Pate and New Pate's action. The circuit court entered an order granting Hayslip's motion as to Pate and New Pate's indemnity claim and denying the motion as to the fraudulent-transfer claim. Hayslip petitions this Court for a writ of mandamus directing the circuit court to vacate that portion of its order denying Hayslip's motion to dismiss Pate and New Pate's fraudulent-transfer claim and to enter an order granting the entirety of Hayslip's motion to dismiss. We grant the petition and issue the writ.

Facts and Procedural History

In 2005, Hayslip and Harlan Homebuilders, Inc., formed The Townes of North River Development Company, LLC ("Townes Development Company"), to develop a residential subdivision. Christopher Dobbs and Teresa Dobbs own Harlan Homebuilders.

At some point, a dispute arose as to the ownership of Townes Development Company. In June 2007, Hayslip and Harlan Homebuilders mediated the dispute and agreed to a settlement in which Hayslip and Harlan Homebuilders would sign a new operating agreement for Townes Development Company indicating

that Hayslip owned 70% of Townes Development Company and that Harlan Homebuilders owned the remaining 30%. As part of the settlement agreement, the parties further agreed that the Dobbses would purchase Hayslip's 70% interest in Townes Development Company for $3,825,000.

However, the Dobbses subsequently claimed that they had been fraudulently induced into entering into the settlement agreement and determined to sue Hayslip and Townes Development Company alleging fraud and other business torts. To that end, the Dobbses sought to retain the legal services of Andy Campbell, an attorney. Campbell required the Dobbses to pay for his legal representation on an hourly basis, but the Dobbses did not have the financial means to do so. Accordingly, Campbell recommended that the Dobbses request Pate loan them the money necessary to retain Campbell's legal services and also to cover the Dobbses' living expenses. Pate agreed to loan the Dobbses and their various business entities $400,000 through New Pate, one of Pate's business entities.

On January 22, 2008, New Pate and the Dobbses, Harlan Homebuilders, Dobbs Developments, Inc., and Dobbs Realty, LLC (Harlan Homebuilders, Dobbs Developments, and Dobbs Realty are

hereinafter collectively referred to as "the Dobbs entities"), executed a promissory note in the amount of $400,000.[1] On the same date, New Pate and the Dobbses and the Dobbs entities also executed a "loan and security agreement." The loan and security agreement states, in pertinent part:

> "Section 1.03 Security for Loan. The Loan will be secured by, among other things, all assets of [the Dobbses and the Dobbs entities], whether now owned or hereafter acquired, and all proceeds thereof (the 'Collateral'). [New Pate] shall not be obligated to make any advances hereunder unless the Mortgages, Investment Control Agreements, [the Dobbses' and the Dobbs entities'] tort and contract claims against Chris Hayslip, Kevin Vann, Bank Trust, or ... Townes [Development Company], or any other party arising out of the same controversy or facts (together, the 'Suit'), and UCC-1s create valid and enforceable liens on the property described therein.
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> "....
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> "Section 1.06 Equity Interest. For and as a material consideration and inducement for [New Pate] making this loan to [the Dobbses and the Dobbs entities], whether [New Pate] fully funds this loan or not, [the Dobbses and the Dobbs entities] agree[] to the following:
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> "(a) At the option of [New Pate], on or before January 15, 2010, [the Dobbses and the Dobbs entities] shall transfer to [New Pate] fifty per cent (50%) of [the Dobbses' and the Dobbs entities'] ownership in Townes [Development Company]

[1]An amended promissory note was later executed to increase the amount from $400,000 to $500,000.

at the time of [New Pate's] election of this option. Further the option shall extend to such additional ownership that the [Dobbses and the Dobbs entities] may acquire subsequent to [New Pate's] election, but [the Dobbses' and the Dobbs entities'] ownership in ... Townes [Development Company] shall at no time be no less than thirty per cent (30%) of the total ownership of ... Townes [Development Company]. Until such time that [New Pate] exercises it[s] said options, [the Dobbses and the Dobbs entities] shall pay to [New Pate] one-half of all distributions, income and proceeds that it receives from ... Townes [Development Company] or is entitled to receive from ... Townes [Development Company]. Such transfer shall not constitute payment in whole or in part of the Loan. Any and all distributions or income received by Harlan [Homebuilders] from ... Townes [Development Company] shall be subject to Section 1.06(b) herein. ...

"(b) Out of any settlement payment, distribution or payment of any kind whatsoever from Chris Hayslip or Townes [Development Company], their insuror [sic]; and any distributions and income received by Harlan [Homebuilders] from ... Townes [Development Company] shall be distributed as follows and in the following order:

> "(i) First, to the repayment of that part of the indebtedness owed by [the Dobbses and the Dobbs entities] to [New Pate] for attorney fees, expert fees and litigation expenses incurred with the law firm of Campbell, Gidieie, Lee, Sinclair & Williams, PC, with interest as accrued.
>
> "(ii) Second, the next $250,000.00 shall be paid to [New Pate], and shall not be applied against the indebtedness owed by [the Dobbses and the Dobbs entities] to [New Pate] under this Agreement and the Loan Documents.

> "(iii) Third, the remaining proceeds shall be divided equally between the [Dobbses and the Dobbs entities] and [New Pate]; with the [Dobbses' and the Dobbs entities'] proceeds to be first applied to the repayment of the indebtedness owed by [the Dobbses and the Dobbs entities] to [New Pate] under this Agreement and the Loan Documents. Upon full payment of the indebtedness owed by [the Dobbses and the Dobbs entities] to [New Pate] under this Agreement and the Loan Documents, the [Dobbses' and the Dobbs entities'] share of the proceeds shall then be disbursed to the [Dobbses and the Dobbs entities]. That part of the [New Pate] proceeds paid to [New Pate] under this section of the Agreement shall not be applied against the indebtedness owed by [the Dobbses and the Dobbs entities] to [New Pate] under this Agreement and the Loan Documents.

"(c) Any distributions in kind arising out of Hayslip, Townes [Development Company], or their insurer shall be owned equally by the [Dobbses and the Dobbs entities] and [New Pate], subject to [New Pate's] approval.

"(d) The payment in full of the indebtedness owed by [the Dobbses and the Dobbs entities] to [New Pate] shall not extinguish the rights, duties and obligations in this Section 1.06.

"Section 1.07 Additional Loan Terms.

"....

"(b) Collateral. [The Dobbses and the Dobbs entities] shall not sell any collateral, nor allow any collateral to be foreclosed, reserved, waived, surrendered, compromised or sold under process of

> law or other collateral or loan documents, without the written consent of [New Pate].
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> "....
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> "Section 4.11 Continuing Effectiveness. All representations and warranties contained herein shall be deemed continuing and in effect at all times while [the Dobbses and the Dobbs entities] may obtain any Loan proceeds pursuant to this Agreement or any Obligations remain outstanding, and all such representations and warranties shall be deemed to be incorporated in each requisition for an advance by [the Dobbses and the Dobbs entities] unless [the Dobbses and the Dobbs entities] specifically notifies [New Pate] of any change therein.
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> "....
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> "Section 7.12 Indemnification. [The Dobbses and the Dobbs entities] shall indemnify and hold harmless [New Pate] from and against any and all claims, charges, losses, expenses and costs, including reasonable attorneys' fees, asserted directly or indirectly by any third party resulting from any claims, actions or proceedings in connection with the execution, delivery and performance of this Agreement, the Note, or any other Loan Documents. The indemnification provided in this section shall survive the payment in full of the Loan."

After the promissory note and the loan and security agreement were entered into by New Pate and the Dobbses and the Dobbs entities, the various parties mentioned above filed the following five lawsuits in the Tuscaloosa Circuit Court litigating various issues related in large part to the

promissory note and the loan and security agreement: (1) Harlan Home Builders, Inc., et al. v. Chris W. Hayslip et al., No. CV-2008-900045; (2) The Townes of North River Development, LLC, et al. v. Teresa Dobbs et al., No. CV-2009-900789; (3) Chris W. Hayslip et al. v. Luther S. Pate IV et al., No. CV-2009-900520; (4) New Pate, LLC v. Christopher Dobbs et al., No. CV-2011-900121; and (5) Chris W. Hayslip v. Luther Stan Pate IV et al., No. CV-2014-901204.

In June 2010, the parties in case nos. CV-2008-900045 and CV-2009-900789 reached a settlement agreement. As part of the settlement agreement, Harlan Homebuilders' 30% interest in Townes Development Company was converted into "a 30% economic interest" and Hayslip became the sole owner of Townes Development Company.

On February 16, 2011, in case no. CV-2011-900121, New Pate sued the Dobbses and the Dobbs entities alleging that the Dobbses and the Dobbs entities had defaulted under the promissory note and the loan and security agreement. On August 29, 2011, the circuit court entered a judgment in favor of New Pate and against the Dobbses and the Dobbs entities in the amount of $694,745.90. On January 25, 2012, when the

Dobbses and Dobbs entities had not paid the judgment, the circuit court entered the following order:

> "Before the court comes Plaintiff New Pate, LLC ('New Pate') with its Motion for Charging Order ('Motion') against the ownership interest of [the Dobbses and the Dobbs entities] in ... Townes ... Development Company....
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> "This court has reviewed the pleadings in this case, the judgment entered by this court on August 29, 2011, against the Dobbs[es and the Dobbs entities], and the Motion, and hereby finds that pursuant to Ala. Code [1975,] § 10A-5-6.05, the membership interest of the Dobbs[es and the Dobbs entities] in ... Townes [Development Company] is due to be charged with payment of the unsatisfied amount of the judgment, with interest, and New Pate, as judgment creditor, has the rights of an assignee of the Dobbs[es' and the Dobbs entities'] financial rights in ... Townes [Development Company].
>
> "Accordingly it is ORDERED, ADJUDGED and DECREED that the financial interest of the Dobbs[es and the Dobbs entities] in ... Townes [Development Company] is charged with the unsatisfied judgment due and outstanding in this case, together with accrued interest, and that until the judgment against the Dobbs[es and the Dobbs entities] is satisfied and paid in full the managing member of ... Townes [Development Company] is directed and ordered to pay over to New Pate, as judgment creditor, any distributions, dividends or profits from the company which would otherwise go to the Dobbs[es] and/or [the Dobbs entities]."

(Capitalization in original.)

In case no. CV-2009-900520, Hayslip and Townes Development Company sued Pate and New Pate asserting that Pate

and New Pate had committed various business torts, such as tortious interference with a business relationship. On September 27, 2013, a jury returned a verdict in favor of Hayslip and Townes Development Company in the amount of $2 million, which the circuit court remitted to $900,000 on January 22, 2014. This Court affirmed the circuit court's judgment without an opinion. See Pate v. Hayslip (No. 1130608, Sept. 30, 2015), 221 So. 3d 416 (Ala. 2015) (table).

On August 7, 2014, Harlan Homebuilders sold its 30% economic interest in Townes Development Company to Hayslip; the parties have not indicated the total sale price. Uncertain as to whether Pate and/or New Pate would claim that the purchase price Hayslip paid Harlan Homebuilders is subject to the circuit court's January 25, 2012, order in case no. CV-2011-900121, set forth above, Hayslip placed $898,982.06 of the purchase price -- the amount of the August 29, 2011, judgment entered in case no. CV-2011-900121 ($694,745.90) "plus per diem interest through August 7, 2014" -- into an escrow account. Hayslip notified Pate and New Pate of the transaction, and Pate and New Pate claimed not only the $898,982.06 Hayslip had placed in the escrow account, but also

the entirety of the undisclosed purchase price Hayslip had paid for Harlan Homebuilders' 30% economic interest in Townes Development Company. Pate and New Pate also requested that Hayslip produce "all the documents that evidence the purported sale" and indicated that, if the documents were not produced by Hayslip, Pate and New Pate would "assume the transfer was fraudulent and ... commence an action against Mr. Hayslip to avoid the transaction."

In case no. CV-2014-901204, on October 8, 2014, Hayslip filed in the circuit court an interpleader action concerning the escrowed funds naming as parties Pate, New Pate, the Dobbses, and the Dobbs entities; Hayslip simultaneously paid the entirety of the $898,982.06 of the escrowed funds into the circuit court's clerk's office. Hayslip specifically stated in his interpleader complaint that he had purchased Harlan Homebuilders' 30% interest in Townes Development Company on August 7, 2014, and that the $898,982.06 held by the circuit court's clerk's office was only a portion of the sale proceeds. At some point thereafter, the circuit court consolidated case no. CV-2014-901204 with case no. CV-2011-900121, New Pate's action against the Dobbses and the Dobbs

entities to collect on the promissory note and enforce the loan and security agreement. New Pate filed a motion for a summary judgment and a motion "to condemn funds" in the consolidated action, which the circuit court granted on February 25, 2015. The circuit court's February 25, 2015, order stated that "there is no genuine issue of material fact and that [New] Pate ... is entitled to the funds paid into the registry of the court in the interpleader action, CV-2014-901204." The circuit court further stated that "Hayslip is hereby discharged from any claim of the parties hereto with respect to the funds deposited with the court and CV-2014-901204 shall be closed."

On December 8, 2014, Pate and New Pate filed the present action against the Dobbses and the Dobbs entities seeking indemnity, pursuant to the January 22, 2008, loan and security agreement, from the $900,000 judgment entered in favor of Hayslip and against Pate and New Pate in case no. CV-2009-900520. On August 7, 2018, Pate and New Pate filed an amended complaint adding Hayslip as a defendant. Pate and New Pate asserted their indemnity claim against Hayslip and, for the first time, alleged in their amended complaint that Hayslip's

purchase of Harlan Homebuilders' 30% economic interest in Townes Development Company should be set aside as a fraudulent transfer.

On September 18, 2018, Hayslip filed a motion to dismiss the entirety of Pate and New Pate's amended complaint against him, arguing, among other things, that the fraudulent-transfer claim asserted therein against Hayslip is barred because it should have been asserted as a compulsory counterclaim in case no. CV-2014-901204, the interpleader action filed by Hayslip. Specifically, Hayslip argued that the August 7, 2014, transaction in which he purchased Harlan Homebuilders' 30% interest in Townes Development Company was the basis of case no. CV-2014-901204 and that Pate and New Pate, who were parties to that action, were required to challenge the transaction as fraudulent in that case by filing a compulsory counterclaim, if they were to challenge it all.

On November 2, 2018, the circuit court entered an order converting Hayslip's motion to dismiss to a motion for a summary judgment and setting the matter for a hearing. Subsequently, the parties filed additional evidence in support of their positions. On April 2, 2019, the circuit court

entered an order granting Hayslip's summary-judgment motion as to Pate and New Pate's indemnity claim against him, but denying Hayslip's summary-judgment motion as to the fraudulent-transfer claim. Hayslip petitioned this Court for mandamus review.

Standard of Review

> "The standard of review applied to a petition seeking the issuance of a writ of mandamus is well settled:
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> > "'Mandamus is a drastic and extraordinary writ, to be issued only where there is (1) a clear legal right in the petitioner to the order sought; (2) an imperative duty upon the respondent to perform, accompanied by a refusal to do so; (3) the lack of another adequate remedy; and (4) properly invoked jurisdiction of the court.'"

Ex parte Caremark Rx, LLC, 229 So. 3d 751, 756 (Ala. 2017) (quoting Ex parte Integon Corp., 672 So. 2d 497, 499 (Ala. 1995)). A petition for a writ of mandamus is the appropriate vehicle for seeking review by this Court of a denial of a motion to dismiss a counterclaim. See Ex parte Cincinnati Ins. Cos., 806 So. 2d 376, 379 n. 5 (Ala. 2001) ("This Court has stated that Rule 5, Ala. R. App. P., 'provide[s] a simple and effective method of obtaining appellate review of an

order' denying a motion to dismiss a counterclaim. In re Continental Oil Co. v. Williams, 370 So. 2d 953, 955 (Ala. 1979). In that case, this Court denied the petition for the writ of mandamus, noting that the proper method of review would be a Rule 5 appeal. See Continental Oil, 370 So. 2d at 955. However, this Court has, by a petition for the writ of mandamus, reviewed the denial of a motion to dismiss a counterclaim. See Ex parte Canal Ins. Co., 534 So. 2d 582 (Ala. 1988)." (Emphasis added.)).

Discussion

Hayslip's only argument before this Court is that Pate and New Pate's fraudulent-transfer claim asserted in the present case is barred because, Hayslip argues, it was a compulsory counterclaim, which Pate and New Pate failed to assert, in case no. CV-2014-901204. As Hayslip notes, this Court set forth the following relevant legal principles in Ex parte Cincinnati Insurance, 806 So. 2d at 379-80:

> "Rule 13(a), Ala. R. Civ. P., and Rule 13(a), Fed. R. Civ. P., provide:
>
> > "'A pleading shall state as a counterclaim any claim which at the time of serving the pleading the pleader has against any opposing party, if it arises out of the transaction or occurrence that is the

> subject matter of the opposing party's claim and does not require for its adjudication the presence of third parties of whom the court cannot acquire jurisdiction.'

"(Emphasis added.) The purpose of Rule 13 'is to avoid circuity of actions and to enable the court to settle all related claims in one action and thereby avoid a wasteful multiplicity of litigation on claims that arose from a single transaction or occurrence.' Grow Group, Inc. v. Industrial Corrosion Control, Inc., 601 So. 2d 934, 936 (Ala. 1992), citing 6 Charles Alan Wright, Arthur R. Miller & Mary Kay Kane, Federal Practice and Procedure: Civil § 1409 (2d ed. 1990). To effect the purpose of Rule 13, the consequence for failing to assert a compulsory counterclaim is a bar against the assertion of that claim in any other action. See Brooks v. Peoples Nat'l Bank of Huntsville, 414 So. 2d 917, 920 (Ala. 1982); Owens v. Blue Tee Corp., 177 F.R.D. 673, 682 (M.D. Ala. 1998).

"The drafters of Rule 13, Ala. R. Civ. P., intended to adopt the 'logical-relationship' test for determining whether a counterclaim is compulsory. 'A counterclaim is compulsory if there is any logical relation of any sort between the original claim and the counterclaim.' Committee Comments on 1973 adoption of Rule 13, ¶ 6. Under the logical-relationship standard, a counterclaim is compulsory if '(1) its trial in the original action would avoid a substantial duplication of effort or (2) the original claim and the counterclaim arose out of the same aggregate core of operative facts.' Ex parte Canal Ins. Co., 534 So. 2d 582, 584 (Ala. 1988) (quoting Brooks v. Peoples Nat'l Bank of Huntsville, 414 So. 2d 917, 919 (Ala. 1982)). In determining whether the claims 'arose out of the same aggregate core of operative facts,' this Court must determine whether '(1) the facts taken as a whole serve as the basis for both claims or (2) the

> sum total of facts upon which the original claim rests creates legal rights in a party which would otherwise remain dormant.' Canal Ins., 534 So. 2d at 584.
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> "The United States Court of Appeals for the Eleventh Circuit has also adopted a logical-relationship test for determining whether a counterclaim is compulsory under Rule 13(a), Fed. R. Civ. P. See Republic Health Corp. v. Lifemark Hosps. of Florida, Inc., 755 F.2d 1453, 1455 (11th Cir. 1985). There is a logical relationship 'when "the same operative facts serve as the basis of both claims or the aggregate core of facts upon which the claim rests activates additional legal rights, otherwise dormant, in the defendant."' Republic Health, 755 F.2d at 1455 (quoting Plant v. Blazer Fin. Servs., Inc., 598 F.2d 1357, 1361 (5th Cir. 1979)). Moreover, the Eleventh Circuit has stated that '[a] determination of whether a counterclaim is compulsory is not discretionary; rather, such a determination is made as a matter of law.' Republic Health, 755 F.2d at 1454. See also Owens v. Blue Tee Corp., 177 F.R.D. 673, 680 (M.D. Ala. 1998)."[2]

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[2]We note that Pate and New Pate urge this Court to rely upon Adams v. Coblentz G.M.C. Truck Sales, 506 So. 2d 1023 (Ala. Civ. App. 1987), in the present case. We decline to do so. In his esteemed treatise on the Alabama Rules of Civil Procedure, former Associate Justice Champ Lyons provided the following explanation as to why Adams should be limited to the specific facts of that case:

> "The same transaction can spin off two disputes grounded in separate factual and legal issues. Such was the case in Adams v. Coblentz G.M.C. Truck Sales, 506 So. 2d 1023 (Ala. Civ. App. 1987) where plaintiff sued to collect on repair bills and defendant counterclaimed for damages from a frozen engine block which occurred while the vehicle was in plaintiff's possession. Noting the dissimilarity in the factual and legal issues, the court found the

counterclaim to be permissive and then enforced the plaintiff's defense of limitations against the counterclaim.

"With deference, the result overlooks the 'logical relationship' test initially adverted to in the seminal case on compulsory counterclaims, Moore v. New York Cotton Exchange, 270 U.S. 593, 46 S. Ct. 367, 70 L. Ed. 750, 45 A.L.R. 1370 (1926) and relied upon in Revere Copper & Brass Inc. v. Aetna Cas. & Sur. Co., 426 F.2d 709, 14 Fed. R. Serv. 2d 12, 12 A.L.R. Fed. 389 (5th Cir. 1970) which was cited with approval in Brooks v. Peoples Nat. Bank of Huntsville, 414 So. 2d 917 (Ala. 1982). In Revere Copper, 426 F.2d at 715, a logical relationship was said to exist when the same aggregate of operative facts served as the basis for both claims. The presence of the car at plaintiff's premises for repairs is the aggregate of operative facts which formed the basis of plaintiff's repair bill and defendant's cracked engine block in Adams v. Coblentz G.M.C. Truck Sales, 506 So. 2d 1023 (Ala. Civ. App. 1987).

"A counterclaim arising from the same events as those underlying plaintiff's claim is compulsory, even though the evidence needed to prove the opposing claim is substantially different. 6 Wright and Miller et al., Federal Practice and Procedure, Civil (2d ed.) § 1410. The logical relationship test does not contemplate that each claim must involve proof of the same facts as long as the claims arise out of the same aggregate of operative facts. John Alden Life Ins. Co. v. Cavendes, 591 F. Supp. 362, 39 Fed. R. Serv. 2d 1112 (S.D. Fla. 1984). By the same token, identity of legal issues was clearly lacking in the leading case of Moore v. New York Cotton Exchange, 270 U.S. 593, 46 S. Ct. 367, 70 L. Ed. 750, 45 A.L.R. 1370 (1926), and the counterclaims were held to be compulsory.

The question that must be decided in the present case is whether Pate and New Pate's fraudulent-transfer claim asserted in the present case qualifies as a compulsory counterclaim to Hayslip's interpleader claim in case no. CV-2014-901204. Hayslip's interpleader claim in case no. CV-2014-901204 was based on the promissory note, the loan and security agreement, and the August 7, 2014, transaction in which Hayslip purchased Harlan Homebuilders' 30% interest in Townes Development Company. Hayslip, Pate, New Pate, the Dobbses, and the Dobbs entities were parties to the interpleader action. Hayslip stated in his interpleader complaint that he was filing the interpleader action to determine if a portion of the proceeds from the August 7, 2014, transaction was subject to the

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> "The undue attention to factual and legal issues in Adams v. Coblentz G.M.C. Truck Sales, 506 So. 2d 1023 (Ala. Civ. App. 1987), at the expense of recognition of the sameness of transaction yields an inflexible approach and produces an illogical result. The proper utilization of judicial resources compels the conclusion that the disputes flowing from the fact pattern of Adams should be required to be resolved in a unitary proceeding."

1 Champ Lyons, Jr., & Ally W. Howell, Alabama Rules of Civil Procedure Annotated § 13.4, pp. 363-64 (4th ed. 2004). Based on the above explanation, we will not rely upon Adams in the present case.

circuit court's January 25, 2012, order in case no. CV-2011-900121 and, thus, was payable to New Pate rather than to Harlan Homebuilders. The circuit court's January 25, 2012, order charged the Dobbses' and Harlan Homebuilders' interest in Townes Development Company "with payment of the unsatisfied amount of the judgment, with interest," entered by the circuit court on August 29, 2011, in case no. CV-2011-900121, in which the circuit court determined that the Dobbses and the Dobbs entities had breached the promissory note and the loan and security agreement. In order to demonstrate that the interpleaded funds were subject to the circuit court's January 25, 2012, order, Pate and New Pate had to demonstrate that the interpleaded funds, which were the proceeds of the August 7, 2014, transaction, were part of "the financial interest of the Dobbs[es and the Dobbs entities] in ... Townes [Development Company]."

The present action is also based on the promissory note, the loan and security agreement, and the August 7, 2014, transaction in which Hayslip purchased Harlan Homebuilders' 30% interest in Townes Development Company. The parties in the present action are the same as those in the interpleader

action. In their fraudulent-transfer claim in the present case, Pate and New Pate allege that the Dobbses caused Harlan Homebuilders "to make the [August 7, 2014, transaction] in order to avoid their additional obligations due to New Pate" under the promissory note, the loan and security agreement, and the circuit court's orders in case no. CV-2011-900121 entered on August 29, 2011, and January 25, 2012. Pate and New Pate alleged that the August 7, 2014, transaction "was made with the intent to defraud ... New Pate as a creditor" and that "New Pate has been damaged by the [August 7, 2014,] sale in that it has not received the full amount due to it as a creditor." Of course, Pate and New Pate claimed that they had an interest in Harlan Homebuilders' interest in Townes Development Company based solely on the loan and security agreement and the corresponding judgments entered in case no. CV-2011-900121. Pate and New Pate argue that the August 7, 2014, transaction must be set aside as fraudulent.

We conclude that Pate and New Pate's fraudulent-transfer claim in the present case was a compulsory counterclaim in case no. CV-2014-901204 and, thus, is barred in the present action. In both cases, the facts concerning the promissory

note, the loan and security agreement, the August 7, 2014, transaction in which Hayslip purchased Harlan Homebuilders' 30% interest in Townes Development Company, and the orders entered in case no. CV-2011-900121 serve as the basis of the claims. The parties are the same in both actions. In the interpleader action and in the present case, Pate and New Pate had to demonstrate that they had an ownership interest in Harlan Homebuilders' 30% interest in Townes Development Company. In order to do so, Pate and New Pate had to rely upon the loan and security agreement and the orders entered by the circuit court in case no. CV-2011-900121. The facts serving as the basis of Pate and New Pate's fraudulent-transfer claim in the present case have a logical relationship with the facts that served as the basis of Hayslip's interpleader claim filed in case no. CV-2014-901204; "the facts taken as a whole serve as the basis for both claims." Ex parte Cincinnati Insurance, 806 So. 2d at 380.

It would have served the purposes of Rule 13, Ala. R. Civ. P., for Pate and New Pate to have litigated their fraudulent-transfer claim in Hayslip's interpleader action; it would have avoided a multiplicity of actions, and all matters

could have been resolved in one action. See Grow Grp., Inc. v. Industrial Corrosion Control, Inc., 601 So. 2d 934, 936 (Ala. 1992). Hayslip filed the interpleader action to determine which party had a legal claim to the proceeds from the August 7, 2014, transaction. Had Pate and New Pate asserted their fraudulent-transfer claim as a counterclaim in Hayslip's interpleader action and prevailed, there would have been no reason for the circuit court to consider Hayslip's interpleader claim because the August 7, 2014, transaction that was the basis of the interpleader claim would have been set aside as fraudulent and the interpleaded funds would have been returned to Hayslip. This would have avoided a multiplicity of actions, and all matters could have been resolved in one action.

Hayslip has demonstrated that the circuit court should have granted his motion to dismiss Pate and New Pate's fraudulent-transfer claim. See Rule 13(a), Ala. R. Civ. P.; Brooks v. Peoples Nat'l Bank of Huntsville, 414 So. 2d 917, 920 (Ala. 1982) (noting that the consequence for the failure to assert a compulsory counterclaim is to bar the assertion of that claim in any other action).

Conclusion

Based on the foregoing, we grant the petition and issue the writ of mandamus directing the circuit court to dismiss Pate and New Pate's fraudulent-transfer claim in the present case.

PETITION GRANTED; WRIT ISSUED.

Parker, C.J., and Bolin, Shaw, Sellers, Stewart, and Mitchell, JJ., concur.

Wise, J., dissents.