Reversed and Rendered and Memorandum Opinion filed August 31, 2010.

In The

Fourteenth Court of Appeals

NO. 14-09-00045-CV

PHILLIP ALEXANDER HAJDASZ, Appellant

V.

CHASE MERRITT WEST LOOP, L.L.C, Appellee

On Appeal from the County Civil Court at Law No. 2
Harris County, Texas
Trial Court Cause No. 914446

M E M O R A N D U M O P I N I O N

Appellee, Chase Merritt West Loop, L.L.P. ("Chase Merrit"), sued appellant, Phillip Alexander Hajdasz, for breach of a lease agreement. At trial, Hajdasz moved for a directed verdict arguing he was not a party to the lease agreement and could not be held personally liable for the alleged breach. The court denied his motion for directed verdict on that basis and submitted the case to the jury on the theory of Hajdasz's liability as a principal. The jury returned a verdict in favor of Chase Merritt and awarded damages, interest, and attorney's fees.

On appeal, Hajdasz contends (1) the evidence is legally and factually insufficient to show his personal liability on the lease, and (2) the trial court erred in submitting the case to the jury. We reverse and render judgment in favor of Hajdasz.

I. BACKGROUND

In a written Office Lease Agreement, dated July 12, 2005, Global Funding Solutions, L.L.C. ("Solutions"), identified as a "Texas Corporation," as tenant, and Property Texas SC One Corporation ("Property One"), as landlord, entered into a lease for office space. Hajdasz, the branch manager of Solutions's Houston office, signed the lease as Solutions's "Operations Manager." In the fall of 2005, the Houston office split from Solutions and reorganized under the name Medium Mind Consulting, L.L.C ("MMC"). Hajdasz apparently intended for MMC to assume the liabilities of Solutions, including the lease with Property One, though the record contains no express agreement to that effect with either Property One or its eventual successor, Chase Merritt.[1]

MMC then, via an assumed-name certificate, began doing business as "Global Funding Services." Property One explicitly acknowledged this name change, and a year later the lease was amended to name Global Funding Services, L.L.C. ("Services"), identified as a "Texas limited liability company,"[2] as the new tenant. On behalf of Services, Hajdasz signed various documents relating to this lease agreement as Services's "Operations Manager."

In July of 2007, Property One deeded the property containing the office space to Chase Merritt, and Chase Merritt became the successor in interest to Property One. Subsequently, Services defaulted on the amended lease. In March of 2008, Chase Merritt filed suit on the amended lease. For reasons that are unclear, Chase Merritt sued only Hajdasz individually, but not Services, although that entity was the only tenant named in

[1] Instead, the only document in the record reflecting this alleged assumption of liabilities consists of a letter in which Property One acknowledged Solutions had changed its name to "Global Funding Services."

[2] Services is identified as a limited liability company in the lease agreement but not in the original assumed-name certificate, where its name is recited simply as "Global Funding Services."

the amended lease.

At trial, Hajdasz moved for a directed verdict at the close of Chase Merritt's case-in-chief, arguing he was not personally liable for Services's default. The trial court denied the motion.[3] The jury found Hajdasz personally liable for breach of the lease agreement, and awarded Chase Merritt $82,275.32 in actual damages, plus interest and attorney's fees. On appeal, Hajdasz contends (1) the evidence is legally and factually insufficient to show he is personally liable on the lease, and (2) the court erred in denying his motion for directed verdict and submitting the case to the jury.

II. DISCUSSION

A. Standard of Review –Legal Sufficiency

In a legal-sufficiency review, we view the evidence in the light most favorable to the verdict and indulge every reasonable inference that supports the verdict. *City of Keller v. Wilson*, 168 S.W.3d 802, 822 (Tex. 2005). We are to credit evidence in support of the judgment if reasonable jurors could and disregard contrary evidence unless reasonable jurors could not. *See id.* at 827.

If the evidence falls within the zone of "reasonable disagreement," we may not substitute our judgment for the fact finder's. *Id.* at 822. We must affirm unless (1) there is no evidence supporting the judgment, (2) the evidence favoring the verdict is somehow rendered incompetent, or (3) the contrary evidence conclusively establishes the opposite proposition. *See id.* at 810–11. Simply stated, we are to consider whether the evidence at trial would have enabled reasonable and fair-minded people to reach the verdict that is under review. *Id.* at 827.

B. Lack of Personal Liability

The jury found, and Hajdasz does not dispute, that the lease agreement was breached. The issue presented here, however, requires us to decide, on the appellate

[3] The trial court granted the directed-verdict motion in part as to Hajdasz's liability as an *agent*. That ruling is not at issue in this appeal.

record presented, whether appellant can actually be held liable for that breach. As previously stated, Chase Merritt did not sue Services, the tenant expressly named in the amended lease agreement. Instead, it sought only to hold Services's operations manager, Hajdasz, personally liable for the company's breach.

Services, the defaulting tenant, is identified in the amended lease agreement as a limited liability company.[4] That designation can be legally significant because, as a general rule, managers are not individually liable for the debts of the limited liability company. *McCarthy v. Wani Venture, A.S.*, 251 S.W.3d 573, 590 (Tex. App.—Houston [1st Dist.] 2007, pet. denied.); *see* Tex. Bus. Orgs. Code Ann § 101.114 (Vernon 2009). The Texas Business Organizations Code states: "Except as and to the extent the company agreement specifically provides otherwise, a member or manager is not liable for a debt, obligation, or liability of a limited liability company, including a debt, obligation, or liability under a judgment, decree, or order of a court." § 101.114. Generally, when an agent contracts for a disclosed principal, as Hajdasz did in signing the amended lease on behalf of Services, the agent is not liable on the contracts he makes.[5] *See Schaeffer v. O'Brien*, 39 S.W.3d 719, 721 (Tex. App.—Eastland 2001, no pet.); *Mediacomp, Inc. v. Capital Cities Commc'n, Inc.*, 698 S.W.2d 207, 211 (Tex. App.—Houston [1st Dist.] 1985, no writ) (citing *Whataburger, Inc. v. Rutherford*, 642 S.W.2d 30, 34 (Tex. App.—Dallas 1982, no writ)).

In the instant case, for Hajdasz to be liable under a breach-of-contract claim, Chase Merritt would have needed to prove that he agreed to individual liability on the lease.[6] *See* § 101.114; *McCarthy*, 251 S.W.3d at 590. However, the record reveals that Hajdasz signed the original lease solely in the capacity of Solutions's "Operations

[4] Its parent company, MMC, is in fact a limited liability company.

[5] In fact, Hajdasz disclosed not only that that he was signing on behalf of Services, but also that "Global Funding Services" was the name under which MMC conducted business.

[6] An agent, of course, might otherwise be personally liable if he agrees to act as a guarantor of the obligation or explicitly agrees to act as a principal. *Mediacomp, Inc.*, 698 S.W.2d at 211; *Tenneco Oil Co. v. Gulsby Eng'g, Inc.*, 846 S.W.2d 559, 605 (Tex. App.—Houston [14th Dist.] 1993, writ denied) *see First State Bank of Riesel v. Dyer*, 254 S.W.2d 92, 94 (Tex. 1953) .

Manager," and the amended lease agreement only as Services's "Operations Manager."[7] There is no evidence that Hajdasz ever agreed to be individually liable on the lease or amended lease. *See id.*; *City of Keller*, 168 S.W.3d at 810–11. Accordingly, we sustain Hajdasz's first issue.

III. CONCLUSION

We conclude the evidence is legally insufficient to support a finding that Hajdasz is individually liable on the lease, and we therefore sustain Hajdasz's first issue on appeal. *City of Keller*, 168 S.W.3d at 810–11. Because of our disposition of his first issue, we need not reach his remaining issues. Therefore, we reverse the trial court's judgment and render a take-nothing judgment in favor of Hajdasz.

/s/ Kent C. Sullivan
Justice

Panel consists of Justices Frost, Boyce, and Sullivan.

[7] We note Hajdasz also signed an "acceptance of premises" memorandum in the capacity of Services's "President."