

UNREPORTED
IN THE COURT OF SPECIAL APPEALS
OF MARYLAND

No. 0177

September Term, 2015

MARY ANN LAYFIELD, P.R. OF THE
ESTATE OF REGINALD LAYFIELD

v.

DARYL INSLEY, *et al.*

Wright,
Leahy,
Friedman,

JJ.

Opinion by Friedman, J.

Filed: August 17, 2016

*This is an unreported opinion, and it may not be cited in any paper, brief, motion, or other document filed in this Court or any other Maryland Court as either precedent within the rule of stare decisis or as persuasive authority. Md. Rule 1-104.

Morris and Reggie Layfield, father and son, worked the family farm as a partnership. Both have died. Now their widows disagree about how to divide the assets and liabilities of the family farm. The Circuit Court for Somerset County exercised its equity jurisdiction and determined that the assets should be split equally, as of the time of Reggie's death, between the estates. Reggie's widow, Mary Ann, appellant, believes that Reggie's estate should have received more from the split of the farm and that Reggie's personal property was improperly included as farm assets. Morris's widow, Helen, appellee with her grandson, Daryl Insley, argues that the circuit court got as close to a fair split as is possible. We hold that the circuit court properly exercised its equity powers and affirm.

BACKGROUND

The trial court succinctly laid out most of the facts relevant to this appeal:

Helen and Morris "Sunshine" Layfield ... obtained real property east of Princess Anne, Maryland in the 1940's. After acquiring the property, [they] managed a variety of farming operations on it and maintained a residence on it. These operations were informally called Layfield Farms. [Their son Reggie] began working at Layfield farms with his parents as a child. As Reggie came of age he became more involved in the management decisions of Layfield Farms. In March 1979, Morris, the father, Helen, the mother, and Reggie, the son, opened a joint bank account (Layfield Farms Account) to receive income from and pay the expenses of Layfield Farms. After 1979, Morris and Reggie purchased and financed farm equipment for Layfield Farms. The Layfield Farms management office was in the family residence on the farm.

Morris died in 1993. Prior to his death, he became increasingly removed from the day to day operations of Layfield Farms as Reggie ... increased his involvement in the day to day operations of Layfield Farms. Morris indicated that he was retired on his tax filings. Helen continued to work on Layfield Farms after Morris's death. After Morris's death, Reggie

described himself as a sole proprietor doing business as Layfield Farms in contracts, loan documentation, and his tax filings; however, insurance policies for Layfield Farms were taken out in Reggie's and Helen's names.

In 2000, Helen deeded the land that Layfield Farms occupied, including her residence, to Daryl [Insley, her grandson and Reggie's nephew,] in fee simple, but she retained a life estate for herself in the single acre of land improved by her residence. Helen also conveyed a life estate to Reggie in [the same] single acre. After 2000, Daryl repaired and improved buildings on Layfield Farms. In 2013, Reggie died. Daryl, as attorney-in-fact for Helen[,] removed all remaining monies from the Layfield Farms Account. Daryl settled funeral expenses and outstanding business debts of Reggie's estate. And, Daryl seized the remaining assets of Layfield Farms and sold them as he saw fit.

Reggie's widow, Mary Ann, believing that Daryl and Helen had taken property that was part of Reggie's estate, of which Mary Ann is the beneficiary, initiated an action for declaratory judgment to determine the ownership interests in Layfield Farms. Following a hearing, the circuit court made the following findings of fact and conclusions of law:

1. Helen was not a partner in Layfield Farms.
2. Morris remained a partner in Layfield Farms until his death.
3. After Morris's death, Reggie continued the partnership without liquidation with Helen's approval.
4. Morris and Reggie's estates are to share equally in the Layfield Farm assets and liabilities, calculated from the date of Reggie's death.
5. Daryl misappropriated Layfield Farms property (cattle, grain, and equipment).
6. Layfield Farms was unjustly enriched by being allowed to graze its cattle on Daryl's property but not by the labor and veterinary services supplied by Daryl.

Mary Ann, seeking a larger award for Reggie’s estate, brings this appeal.

DISCUSSION

We have consolidated and restated the questions presented into four issues we believe cover Mary Ann’s concerns:¹

1. Did the trial court err by dividing the farm assets and liabilities as of the date of Reggie’s death?
2. Did the trial court err in including Reggie’s alleged personal property as Layfield Farms assets?
3. Did the trial court err in making an award to Helen as the beneficiary of Morris’s estate?
4. Did the trial court correctly determine that Layfield Farms was unjustly enriched by being allowed to graze its cattle on Daryl’s land?

We will address each of these questions in turn.

STANDARD OF REVIEW

Our standard of review reflects the flexible nature of equitable remedies and involves two layers. First, the trial court’s findings of fact are reviewed under the clearly erroneous standard. *Serio v. Baystate Prop., LLC*, 209 Md. App. 545, 560 (2013). A finding of fact is not clearly erroneous “if there is competent or material evidence in the record to support the court’s conclusion.” *Goss v. C.A.N. Wildlife Trust, Inc.*, 157 Md. App. 447,

¹ On appeal, Mary Ann listed twelve questions, but argues only for four in the brief. While some of the twelve questions listed are repeated later as direct statements, several are never again addressed after the questions presented. As this Court is not required to search the record for facts to support a party’s position or to search for the law applicable to an issue, *Ruffin Hotel Corp. of Maryland v. Gasper*, 418 Md. 594, 618 (2011), we decline to create arguments in support of each of the twelve questions listed. Where possible, however, we will endeavor to include the listed questions in our analysis of other issues.

455-56 (2004) (citations omitted). Second, based on those findings of fact, “the trial court’s balancing of the equities is reviewed for an abuse of discretion.” *Serio*, 209 Md. App. at 560; *see also Noor v. Centreville Bank*, 193 Md. App. 160, 175 (2010) (holding that, generally “the award of equitable relief is discretionary with the court.”). There is an abuse of discretion when a ruling is “clearly against the logic and effect of facts and inferences before the court, “or “when the ruling is violative of facts and logic.” *North v. North*, 102 Md. App. 1, 13 (1994) (citations omitted). The court’s exercise of discretion allows the judge to shape the remedy as the case requires. *Alternatives Unlimited, Inc. v. New Baltimore City Bd. of Sch. Comm’rs*, 155 Md. App. 415, 459 (2004); *Hanley v. Stulman*, 212 Md. 273, 277 (1957) (holding that for courts of equity, the remedies are “moulded, so as to reach, if practicable, the real merits of the controversy, and justice will not be suffered to be entangled in a web of technicalities.”); *Boyle v. Maryland State Fair*, 150 Md. 333, 345 (1926) (explaining that a court sitting in equity is tasked with weighing the merits of both sides to shape an adequate remedy).

The flexibility afforded to a court when shaping an equitable remedy and our deferential review means that we do not require the trial court, in cases such as this, to account for every dime. Rather, the equity court must do justice: the distribution as a whole must be equitable and be based logically on the facts.

1. Timing of the Division

Morris and Reggie operated Layfield Farms as a partnership until Morris’s death. Thereafter, without officially changing the corporate form, Reggie continued to run the

business until his own death. The trial court valued the assets of Layfield Farms at the time of Reggie's death and divided the assets as they existed at that time.

Mary Ann argues that this was wrong. According to her theory, the partnership ended as a matter of law upon Morris's death. As a result, she argues that Morris's estate should not be entitled to any money earned or assets accrued by Layfield Farms after Morris's death. Helen doesn't seem to dispute Mary Ann's point that the partnership ended on Morris's death or that division at that point would have been correct. Rather, she argues that because Reggie did not wind up the partnership's affairs upon Morris's death, it would be unfair and a practical impossibility to reconstruct the situation at the time of Morris's death. As a result, Helen argues, the trial court's choice to compute the division of property from the time of Reggie's death comported with equitable principles and did not constitute an abuse of discretion.

The trial court found that the partnership was dissolved at the time of Morris's death. Based on that determination, the trial court followed the requirements of the then-controlling partnership law to determine how Morris's estate should be paid. Finding no error in the trial court's decision, we conclude that the trial court did not abuse its discretion by requiring the two estates to share equally in the assets and liabilities of Layfield Farms calculated as of Reggie's death.

Under the common law and the Uniform Partnership Act ("UPA"), which governed partnerships in Maryland from 1916 to 1997, it was a "general principle of partnership law that, in the absence of an agreement to the contrary, the death of one partner will cause the

dissolution of the partnership.” Marvin S. Maltzman, *Comment: Characterization of Partnership Property Upon the Death of One of the Partners*, 16 U. MIAMI L. REV. 92, 92 (1961); *see also Creel v. Lilly*, 354 Md. 77, 89 (1999) (explaining that under the ‘aggregate theory’ of the UPA “a partnership is characterized by the collection of its individual members, with the result being that if one of the partners dies or withdraws, the partnership ceases to exist.”). Although death of a partner automatically caused the partnership to “dissolve,” the partnership was not “terminated” until its affairs were wound up. *See e.g.*, Maryland Code Ann., Corporations & Associations (“CA”) §§ 9-101 *et seq.*, (1993 Repl. Vol.) *repealed by* Acts 1997, ch. 654. Thus, the surviving partner had two choices: immediately liquidate the assets and wind up the affairs of the partnership or, with the consent of the executor of the deceased partner’s estate, continue to operate the partnership as a sole proprietorship. *Id.* CA at §§ 9-608, 9-612(c), 9-613 (1993 Repl. Vol.). Later, however, the surviving partner would have to buy out the estate of the deceased partner (as an ordinary creditor) for the value of the dead partner’s share as of the date of his death plus either interest or the attributable profits.² *Id.* CA at § 9-613 (1993 Repl. Vol.).

² In 1996, the National Conference of Commissioners on Uniform State Laws proposed and, in 1997, Maryland adopted, the Revised Uniform Partnership Act (RUPA). Currently codified as CA §§ 9A-101 *et seq.* (enacted by Acts 1997, ch. 654 and Acts 1998, ch. 743). Under RUPA, the result described no longer obtains. Rather, the deceased partner is “dissociated” and there are two possible paths for the partnership to follow: “the winding up and termination of the partnership [or] continuation of the partnership and purchase of the [deceased] partner’s share.” *Creel*, 354 Md. at 90 (describing the innovations of RUPA). “Critically, under RUPA the estate of the deceased partner no (continued...)”

Here, the trial court found that there was no agreement between Morris and Reggie about what to do in the event of the death of a partner. The trial court found that, on Morris's death, and with Helen's consent, Reggie elected to continue running Layfield Farms as a sole proprietorship:

After the death of Morris, Reggie continued the business as a sole proprietorship. This was entirely proper so long as Helen, as Personal Representative of Morris's estate, consented to the arrangement, and by all accounts Helen did just that. ... Her testimony ... is credible and sufficient to indicate that it was her intent to grant Reggie permission to continue the business as a sole proprietorship.

Once Reggie died, however, there was no surviving partner left to continue running the business and it was then appropriate to wind up the partnership. Morris's estate was entitled to the value of his share of the partnership as of the time of his death plus either interest or attributable profits for the time that Reggie ran Layfield Farms as a sole proprietorship. *See Gianakos v. Magiros*, 238 Md. 178 (1965) (applying the UPA). While

longer has to consent ... for the business to be continued nor does the estate have the right to compel liquidations." *Id.* at 90-91.

The differences between what happens when a partner dies under the UPA and RUPA exemplify the underlying philosophy shift: RUPA was adopted, in part, "with the goal of avoiding unnecessary dissolutions of partnerships," and introduced the concept of "dissociation." *Warnick v. Warnick*, 76 P.3d 316, 321 (Wyo. 2003). RUPA adopted the "entity theory" of partnership, which "allows for the partnership to continue even with the departure of a member because it views the partnership as an entity distinct from its partners." *Creel*, 354 Md. at 90 (internal quotation and citation omitted); CA § 9A-201 ("A partnership is an entity distinct from its partners."). When a partner leaves a partnership under RUPA, the partnership is no longer automatically dissolved. CA § 9A-603. Instead, that partner is dissociated, and the partnership may or may not be dissolved. CA §§ 9A-801, 9A-802.

ordinarily the choice between interest and attributable profits would be Helen's as the executor of Morris's estate, here the trial court selected for her and chose to award the attributable profits.

Helen has not argued that it was inappropriate for the court to make this decision on her behalf and, in our view, it was appropriate under the circumstances of this case. First, there were no records to indicate the value of the partnership at the time of Morris's death and it would have been difficult, if not impossible, to recreate accurately that valuation and from there calculate a rate of interest. Second, it seems to us that interest and attributable income are intended to be roughly equivalent. Finally, given the equitable nature of the proceedings, we do not see an abuse of discretion in the trial court deciding to cash out Morris's partnership interest plus attributable profits in the time since his death. We affirm.

2. Including Personal Property

Mary Ann's second constellation of arguments is that there were some items that belonged to Reggie only, not the partnership, and that the trial court erred in including these items among the partnership's assets and then dividing them between the two estates.

First, Mary Ann argues that the pickup truck and some 30 pieces of farm equipment purchased from 1999 to 2012 were Reggie's only. Mary Ann believes that Helen conceded in her deposition testimony that Reggie paid for his pickup truck out of his personal accounts and that it was not tied to Layfield Farms: "That was [Reggie's] truck. He bought it [him]self." Mary Ann also argues that the farm equipment purchased from 1999 to 2012

belongs to Reggie as a sole proprietor and that she has documentation to show that the equipment was purchased after Morris's death.

Second, Mary Ann also believes that the amount of any proceeds from the crop insurance regarding crops planted by Reggie prior to his death are also the property of Reggie alone. Mary Ann premises her argument on the fact that Reggie planted the crops after Morris's death, and that the insurance policies listed only Reggie as the named insured and beneficiary. Mary Ann calculates the total paid on the crop insurance to be \$35,938.35 and argues that the full amount of the cashed-out value should be assigned to Reggie's estate only.

We believe that Helen's view, and that taken by the trial court, is the more reasoned and supported by the evidence. The evidence before the trial court was that the pickup truck, the farm equipment, and the crop insurance were all part of Reggie's continuing operation of Layfield Farms. As we discussed in the prior section, Helen as the beneficiary of Morris's estate was entitled to the benefit of profits attributable during this period, it is consistent also to attribute to Morris's estate the costs. As a result, we hold that the trial court's decision to include those assets in the Layfield Farms total and divide the value of those items (along with everything else) equally between the estates was not an abuse of discretion.

Additionally, we are not persuaded that even if the trial court erroneously included one item that was Reggie's personal property in the Layfield Farms total, that the inclusion of that one item would render the trial court's ultimate balancing of the equities invalid.

The trial court’s overall decision to equally divide the assets and liabilities of Layfield Farms between the two estates was a logical and effective remedy shaped by the trial court’s understanding of the long family history at Layfield Farms. The flexibility afforded to trial courts when shaping an equitable remedy, and our deferential review, provides the trial court’s wide latitude necessary to reach the remedy required by this case.

3. Helen’s Role as Beneficiary of Morris’s Estate

At trial, Helen angled for a more favorable split by suggesting that Layfield Farms was a partnership with three members: Morris, Reggie, and Helen. The trial court rejected this theory, finding that Morris and Reggie were the only partners. No one has challenged that finding. Despite this, the trial court inadvertently concluded that the assets of Layfield Farms were to be split between “Reggie’s estate and Helen.” It is obvious from the text and context of the award that the trial court meant to make the award to “Reggie’s estate and Morris’s estate” or to “Reggie’s estate and Helen, as the beneficiary of Morris’s estate.” Nothing else was intended. Therefore, we reject Mary Ann’s claim to the contrary.

4. Unjust Enrichment

As reported above, the trial court found that Layfield Farms was unjustly enriched by being allowed to graze its cattle on Daryl’s property. Mary Ann argues that the trial court erred in that finding. The finding of unjust enrichment means that Layfield Farms owes Daryl money for the rent it should have paid, and, therefore, that Mary Ann, as the beneficiary of Reggie’s estate, should receive a smaller monetary award. We hold that the trial court correctly determined that Layfield Farms was unjustly enriched but, as we shall

explain, we vacate and remand for clarification of whether both estates should bear the burden of the award to Daryl.

The trial court determined that Layfield Farms had been unjustly enriched by being allowed to graze its cattle on land owned by Daryl, for many years, without paying rent.

The trial court found that:

Layfield Farms was unjustly enriched, because the business was a tenant on Daryl's property for over 10 years without paying any rent. Daryl conferred a benefit on Layfield Farms by allowing the business to graze cattle on his land for free for over 10 years. ...Layfield Farms realized a reduced overhead. Based on the length of time that the cattle occupied the land, this Court finds that Layfield Farms and its owner must have known that Layfield Farms used the land without payment of rent. ... [T]he Court finds that, given the large amount in controversy, it is inequitable for Mary Ann to retain the benefit conferred upon Reggie's estate.

The trial court capped the recoverable period from April 1, 2011 (three years before suit was filed) to February 6, 2014 (when Mary Ann attempted to remove the cattle and was stopped by Daryl). The trial court then assessed the full amount of the unjust enrichment award, \$85,000, against Reggie's estate. "Reggie's estate owes Daryl \$85,000.00 in land rent."

Under Maryland law, a party seeking to establish unjust enrichment must demonstrate three elements:

1. A benefit conferred upon the defendant by the plaintiff;
2. An appreciation or knowledge by the defendant of the benefit; and
3. The acceptance or retention by the defendant of the benefit under such circumstances as to make it inequitable for the

defendant to retain the benefit without the payment of its value.

Hill v. Cross Country Settlements, LLC, 402 Md. 281, 295 (2007) (internal citations omitted). A claim for unjust enrichment is not aimed at compensating the complaining party. *Id.* at 296. Rather, the intent is to force “the defendant to disgorge benefits that it would be unjust for him to keep.” *Id.* When the benefit is conferred by a volunteer or intermeddler, however, there is no unjust enrichment. *Id.* Also, “when the services were rendered by a family member, they are presumed to have been rendered for free.” *Boyd v. Bowen*, 145 Md. App. 635, 651 (2002).

Here, the trial court found that all three elements of unjust enrichment had been established: (1) that Daryl conferred the benefit allowing Layfield Farms cattle to graze on his land; (2) that Layfield Farms appreciated the benefit; and (3) that it would be inequitable for Layfield Farms to retain the benefit.

Mary Ann challenges the trial court’s finding of unjust enrichment in three ways. *First*, Mary Ann contends that Daryl failed to rebut the presumption that he allowed Layfield Farms to graze the cattle gratuitously, as a familial gift. *See Boyd*, 145 Md. App. at 651. *Second*, Mary Ann believes that the trial court failed to consider laches and that it should bar recovery because Daryl never sought to collect rent. *Third*, she argues that the trial court improperly assessed the full amount of the unjust enrichment claim against Reggie’s estate instead of splitting the reimbursement cost between Reggie’s estate and Morris’s estate. Helen addresses only Mary Ann’s first argument and argues that all elements of unjust enrichment were satisfied and that the trial court specifically found that

there was no evidence of an intra-familial gift. We will address each of Mary Ann's arguments.

First, Mary Ann argues that because Reggie was Daryl's uncle, there is a presumption that Daryl allowed Reggie to graze the cattle for free. In Maryland, there is a presumption that when services are provided by a family member, "they are presumed to have been rendered for free." *Boyd*, 145 Md. App. at 651. The trial court here found that the presumption of gratuitousness had been rebutted: "the Court finds no evidence in the record to support ... any contention that the parties intended the use of the land to represent an intra-familial gift." Moreover, two witnesses testified that Reggie was averse to accepting help on the farm from family and friends. Although scant, we are persuaded that the trial court's conclusion that the presumption of gratuitousness was rebutted was not clearly erroneous.

Second, Mary Ann argues that the trial court should have denied Daryl's unjust enrichment claim because he did not seek any rent for grazing while Reggie was alive. From this, Mary Ann argues that laches should have completely barred recovery. Laches is a defense against "stale claims." *LaSalle Bank, N.A. v. Reeves*, 173 Md. App. 392, 405 (2007). Mere passage of time, however, is not sufficient: "for laches to bar [an] action there must be both an inexcusable delay and prejudice." *Id.* at 406.

The trial court found that "[a]ny claim arising before April 1, 2011 is barred by laches," and did not permit Daryl to recover rent for periods more than three years before he alleged unjust enrichment. The trial court also took into account Daryl's choice to stop

Mary Ann from removing the cattle from his property on February 6, 2014. The trial court also prohibited Daryl from recovering for any time after he stopped Mary Ann from removing the cattle. The trial court's decision that laches applies to recovery before April 1, 2011 (three years from when suit was filed) is an implicit finding that laches is a bar to Daryl recovering rent from before that time. Conversely, we find implicit a finding that between April 1, 2011 and February 6, 2014, there was no inexcusable delay or prejudice. Indeed, there was no evidence presented that allowing Daryl to recover rent from April 1, 2011, to February 6, 2014, was prejudicial to Mary Ann. The trial court's calculations reflect considered judgment regarding the periods during which laches should be a bar and when it should not. We will not presume to disturb this careful balancing on appeal.

Third, Mary Ann argues that the trial court improperly assessed the full amount of the unjust enrichment award against Reggie's estate instead of assessing it jointly between the two estates. Given the logic of the trial court's opinion, we confess surprise that it assessed the full unjust enrichment award against Reggie's estate instead of splitting the liability between Reggie's estate and Morris's estate as it had done with the rest of the assets and liabilities. Therefore, although we are persuaded that the trial court's finding of unjust enrichment was not clearly erroneous, we vacate the trial court's award "in favor of Daryl Insley and against the estate of Reginald Layfield for \$85,000.00" and we remand to

permit the trial court to clarify its holding and reasoning as to the division of the assessment only.

**JUDGMENT OF THE CIRCUIT COURT
FOR SOMERSET COUNTY AFFIRMED IN
PART. UNJUST ENRICHMENT
JUDGMENT VACATED AND REMANDED
FOR FURTHER PROCEEDINGS
CONSISTENT WITH THIS OPINION.
COSTS TO BE PAID BY APPELLANT.**