

Circuit Court for Baltimore County
Case No. C-03-CV-22-005013

UNREPORTED
IN THE APPELLATE COURT
OF MARYLAND*

No. 490

September Term, 2025

ACE LOGISTICS SERVICES, INC.

v.

PACK-IT LLC

Graeff,
Leahy,
Wright, Alexander, Jr.
(Senior Judge, Specially Assigned),

JJ.

Opinion by Graeff, J.

Filed: May 26, 2026

*This is an unreported opinion. This opinion may not be cited as precedent within the rule of stare decisis. It may be cited for persuasive value only if the citation conforms to Md. Rule 1-104(a)(2)(B).

This case involves the dissolution of a joint venture between Ace Logistics Services, Inc. (“Ace”), appellant, and Pack-It LLC (“Pack-It”), appellee. In 2022, Ace filed suit against Pack-It in the Circuit Court for Baltimore County, seeking an accounting of the joint venture, PACK-IT GILROY. Ace subsequently filed an amended complaint adding a claim for negligence, alleging that Pack-It breached its duty of loyalty and care by withholding joint venture financial information and profits starting in 2021. The court found that the claim for accounting was moot because, at the time of the court’s ruling, Ace had been given financial records. The court then found that the joint venture partnership was dissolved by late July 2021 and terminated for all purposes by the end of 2021. The court ordered a money judgment in favor of Ace for its share of the net profit for 2021, plus pre-judgment interest, in the amount of \$211,038.13. It found that Pack-It had no further obligation or liabilities to Ace with respect to the joint venture.

On appeal, Ace presents the following questions for this Court’s review, which we have rephrased slightly, as follows:

1. Did the circuit court err in finding that Pack-It had properly wound up and terminated the joint venture business?
2. Did the circuit court err in finding that Pack-It did not owe Ace any fiduciary duties after the dissolution of the joint venture?

For the reasons set forth below, we shall affirm the judgment of the circuit court.

FACTUAL AND PROCEDURAL BACKGROUND

Ace is a warehouse distribution company owed by Gus and Alec Hajimihalis (the “Hajimihalis brothers”).¹ Alec Hajimihalis is the president of the company, which had “extensive experience in distribution of all kinds,” including perishables, metals, lumber, and consumer goods.

Pack-It is a contract packager. Customers supply parts, which Pack-It assembles into a final product for the customer. For example, McCormick & Company (“McCormick”) sent bottles, labels, spices, and other things, and Pack-It assembled them into a finished product. Pack-It had four members in 2024, including Patrick O’Connor, Jerry Lopez, Brian Lavelle,² and the Mason family.³ Mr. O’Connor was responsible for the financial books and records, including for the joint venture. At the time of trial, December 2024, McCormick was Pack-It’s only client.

Mr. Lavelle testified that, in 2007, he began discussions with McCormick for Pack-It to fill pepper grinders for McCormick. After a trial run of approximately two months, Pack-It determined that it could not continue filling spices and peppers at its location at that time due to cross-contamination with the citrus products they were blending and filling

¹ The Hajimihalis brothers’ last name is spelled in different ways in the proceedings. We use the spelling used by Ace in its brief, which matches that found in a 2019 tax filing.

² Mr. Lavelle’s name is spelled in the record as Brian and Ryan. We use Brian, which is the name used by Mr. Lavelle in an email in the record.

³ The Mason family does not participate in appellee’s management decisions; they have delegated their responsibility to the other members.

there. Pack-It needed another location, and it knew that the Hajimihalis brothers had a warehouse on Middle River Road, where they provided McCormick with warehousing.

In the summer of 2008, Pack-It moved its McCormick packing operation to Ace's property at Middle River Road. After one to two months, Pack-It left this property because there was an infestation of the kola nuts that Ace was storing for McCormick.

In August 2008, the parties established a joint venture, with both parties owning 50% of the venture. The parties agreed to share expenses, keeping track of expenses for rent, labor, forklift maintenance, and packaging materials. Ace did not directly charge Pack-It for rent for 14 months, but the parties kept track of their expenses and exchanged spreadsheets each month summarizing the costs they incurred.

The sole purpose of the joint venture was to provide services to McCormick, including packaging, warehousing, storage, distribution, and transportation services. Ace was contributing warehousing and distribution services, and Pack-It was responsible for operating the packaging part of McCormick's business. Mr. Lavelle and Mr. Lopez ran the McCormick plant operation.

On August 25, 2008, Mr. Lavelle emailed Ace's president, laying out the terms of the joint venture. The email contained the following:

- 1) McCormick is the only customer to be serviced at the route 43 facility. All future business opportunities for Ace or Pack-It from McCormick will be placed in the route 43 facility unless mutually agreed to be better suited for another operation.
- 2) All expenses and profits on business conducted at the route 43 facility will be shared equally by Ace and Pack-It.

3) A mutually agreed to schedule of hourly labor and hourly equipment usage rates will be established for the operation. This includes the hourly rate for partners contribution to the operation.

4) All capital contributions for equipment and facility improvements will be shared equally by Ace and Pack-It.

5) All capital and business decisions will be made by joint consensus of Ace and Pack-It.

Ace and Pack-It conducted itself in accordance with this email.

After leaving the Middle River Road property, Pack-It moved to a new location at Bengie Road. It stayed there for approximately 12 months.

In approximately July of 2009, Pack-It moved the McCormick operation to a property on Gilroy Road, which Pack-It leased solely in its name. At that point, Ace stopped providing advances for the joint venture. The joint venture did not have a contract with McCormick. The joint venture would receive a purchase order from McCormick, fill it, invoice it, and then receive compensation.⁴

The joint venture involved operating equipment. Pack-It and McCormick purchased it, but there was a \$40,000 loan for cash flow. Pack-It rarely bought new equipment. When it purchased equipment, it generally bought used equipment.

In 2009, there was an attempt to formalize the joint venture to form an LLC, which would be called PACE, a combination of Pack-It and Ace. The parties, however, never executed a formal written agreement for the joint venture. Instead, they operated according

⁴ Pack-It had no written agreement with McCormick until 2013, when Pack-It and McCormick signed a two-year manufacturing agreement.

to the email Pack-It circulated to Ace in 2008. The joint venture paid the salaries of Mr. Lopez and Mr. Lavelle for running the plant.

Between 2010 and 2011, Mr. O'Connor and Gus Hajimihalis formalized the spreadsheet exchange structure. Ace previously had submitted its expenses and Pack-It submitted net expenses because it was collecting the revenue from McCormick. Both parties' accountants were involved in reconciling the total amount outstanding for advances made to the joint venture, and they determined that the joint venture owed Ace and Pack-It \$211,000. That was repaid to Ace in 2018, with no interest. In 2012, the joint venture received loans from Gus Hajimihalis and Pack-It for \$40,000 each to finance something for the joint venture. The loans were repaid eight months later.

In June 2012, Pack-It drafted an agreement to present to Bank of America to secure a separate corporate checking account for the joint venture. The agreement stated that "Pack-It and Ace ha[d] operated a joint venture for the sole purpose of providing services to McCormick & Company ("McCormick"), including without limitation, packaging, warehousing, storage, distribution and transportation services (the "McCormick Venture")." It further stated that

[T]he parties agree that any and all business conducted with McCormick by either Pack-It or Ace independently or through its business ventures, including without limitation, sale of goods to McCormick, services provided to McCormick, consulting with McCormick, project planning for McCormick and work related to future growth within McCormick or growth in the relationship between the McCormick Venture, and/or Pack-It or Ace or their business ventures, and McCormick (the-"**McCormick-Business**") shall-be the business of the McCormick Venture. In such event, the parties agree that all fees and compensation derived by either Pack-It or ACE or their

respective business ventures from McCormick Business shall be deemed earned by the McCormick Venture.

This agreement was never signed.

On November 15, 2012, Pack-It made an offer to purchase Ace's interest in the joint venture for \$350,000, stating the following:

As you know, we have had many discussions over the past several years regarding the necessity of operating our joint business venture in a more formal manner. We have provided to you a written operating agreement setting forth the proposed basic rights and obligations of the parties. For various reasons, you have refused to sign a written operating agreement. Because of our inability to resolve this issue, the members of Pack-It LLC have unanimously voted to pursue an end to our joint business venture. While the business has been modestly successful, we simply are uncomfortable continuing to operate in the informal manner that has defined our relationship from the beginning.

We have carefully considered the value of the business and are prepared to pay you \$350,000 for all right, title and interest that ACE has in the joint venture. If this offer is acceptable to you, we will ask our legal counsel to prepare a simple separation agreement that documents our understanding. If we can come to an agreement in the next week or two, we anticipate paying the \$350,000 in a lump sum on December 31, 2012.

Ace declined the offer. The joint venture continued to operate.

After the \$40,000 loans were repaid in January 2013, the joint venture had excess cash flow and began making distributions of \$5,000 per month for the remainder of the year. During those eleven months, Ace issued monthly invoices of \$5,000 for consulting fees, which Pack-It paid.

In 2013, Pack-It and McCormick signed a manufacturing agreement, which had a term of two years. In 2014, Pack-It and McCormick extended the manufacturing agreement through September 30, 2016.

In 2014, ANS Services, a third-party, contacted Ace and expressed interest in buying the joint business venture. ANS drafted a confidentiality agreement, which both parties signed. The sale did not go through.

From 2017 through 2020, Ace received profit distributions from the joint venture. In 2017 and 2018, both parties received a \$50,000 distribution from the joint venture for its 50% membership. In 2019, both parties received a \$80,000 distribution. In 2020, both parties received a \$75,000 distribution, with Ace's portion paid to the Hajimihalis brothers individually. Ace's president requested that the joint venture's profit distributions be paid to the Hajimihalis brothers individually rather than Ace for tax planning purposes. Pack-It did not object to the change in distribution payout.

In July 2021, Pack-It called a meeting to inform Ace that it no longer wanted to continue with the joint venture. Ace requested compensation for the dissolution, but Pack-It said that it was not going to pay Ace anything.

In November 2021, Ace's president emailed Pack-It, stating: "Having not heard from you since our July meeting, we're assuming that we're still conducting business as a joint venture because there's been no offer for compensation. We would like to know what our distribution is going to be for 2021." Ace's president received no response, and he did not receive any financial information on the joint venture's performance for that year. Ace did not receive any distributions after 2020, and Pack-It kept the profits from the joint venture beginning in 2021.

On September 12, 2022, Ace’s counsel sent a letter to Pack-It requesting financial and business information, stating that, under Maryland Law, Ace was entitled to have access to the joint venture’s books. On November 1, 2022, Pack-It’s counsel responded to the letter, stating that, although the parties did business together starting in 2008 and subsequently discussed forming a company, they never formalized a joint venture agreement, and the parties’ actions were “contraindicative of partnership formation.”

I.

Proceedings in the Circuit Court

On December 12, 2022, Ace filed a complaint for accounting in the Circuit Court for Baltimore County. In Count 1, Ace requested access to various information, including “financial statements for the years 2019, 2020, 2021 and the first six months of 2022.” Ace alleged that Pack-It refused to provide the requested financial information, and therefore, an accounting was necessary.

Pack-It filed an answer and a counterclaim. In the counterclaim, Pack-It sought a declaratory judgment that no joint venture agreement ever existed between the parties, or alternatively, that any joint venture was terminated in July 2021.

On January 5, 2024, Ace filed an amended complaint, which contained an additional claim for negligence. Ace alleged that Pack-It breached its duty of loyalty and care by withholding joint venture financial information and profits starting in 2021. It sought a judgment of \$75,000, plus fees and further relief that the court deemed just and proper.

On April 26, 2024, Pack-It filed a motion for summary judgment regarding: “1) the issue of partnership dissolution; 2) application of the statute of limitations with respect to the scope of Ace’s claim for damages; and 3) Ace’s request for an accounting.” Pack-It argued that there was no dispute that any partnership that existed between the parties was dissolved in the summer of 2021 when Pack-It informed Ace that it no longer wanted to be in business together. Pack-It alleged that Ace’s negligence claim, filed in January 2024, did not relate back to its accounting claim so it could not seek damages for any period before January 5, 2021.

In its opposition to summary judgment, Ace agreed that, in summer 2021, Pack-It informed Ace that it no longer wanted to participate in the joint venture. It agreed that Pack-It dissolved the partnership, but it argued that the partnership was not terminated because Pack-It failed to wind up the business.

On July 9, 2024, the court held a hearing on the motion, and it granted summary judgment in favor Pack-It on the issue of partnership dissolution. The court stated that, if Ace proved at trial that there was a partnership, the partnership was dissolved by August 2021.⁵

⁵ At trial, Ace’s president testified that the meeting in which Pack-It expressed an intent to terminate the partnership occurred in July 2021. Mr. O’Connor, a managing partner of Pack-It, testified that the meeting occurred on July 21, 2021. Ace stated below that, “[f]or the purposes of the issue of the date of dissolution, it is not material whether the meeting occurred in July or August 2021,” and Pack-It’s expert agreed that the “fair value” of Ace’s interest in the partnership would not be materially different if based on a date of July 2021, as opposed to August 31, 2021. We agree, and in this appeal, we will refer to the date of dissolution as July 2021 or the summer 2021.

On October 31, 2024, Pack-It filed an amended answer, which admitted that Ace contributed McCormick warehousing work. It denied that the parties engaged in a “joint operation,” however, because Ace did not contribute warehousing to the joint venture. Pack-It alleged that the joint venture was dissolved and wound up in the summer of 2021. On October 31, 2024, Pack-It filed an amended counterclaim seeking, in accordance with the order on summary judgment, a declaratory judgment that any joint venture between the parties was dissolved no later than August 2021.

Trial occurred from December 4-6, 2024. Counsel for Ace made an opening statement asserting that, “after the financially successful joint venture operation of a warehouse and packaging business designed exclusively to service McCormick,” Pack-It “decided to simply take the entire business for itself,” resulting in Pack-It “improperly [taking] hundreds of thousands of dollars in distributions that belong to Ace,” as well as “Ace’s 50% ownership interest in the business.” Ace agreed that Pack-It had the right to decide not to partner with Ace anymore. It argued, however, that after announcing Pack-It’s intent to dissolve the relationship, Pack-It had to wind down the business, which required liquidating the business and paying Ace, and then terminate the business. Ace stated that Pack-It could not simply take the business and not pay Ace for its 50% interest.⁶ Counsel asked the court to enter a money judgment in Ace’s favor and deny Pack-It’s

⁶ Counsel for Ace stated that Pack-It’s expert would testify that Pack-It withheld Ace’s share of profits, in the amount of \$309,639 from 2021-2023, with \$194,000 due in 2021.

request for a declaratory judgment that the joint venture did not exist or legally terminated in 2021.

Pack-It asserted that the joint venture was dissolved when the Hajimihalis brothers requested that joint venture distributions be paid to them individually, rather than the Ace corporation. Pack-It argued that McCormick was always its business, and once the joint venture ended, there was no obligation to share profits. Counsel argued that July 21, 2021, if not sooner, was the date to determine any losses that Ace may have incurred.

A.

Ace's Case

1.

Alec Hajimihalis

Alec Hajimihalis, president of Ace, testified that, in 2008, Pack-It approached Ace to do warehouse services for non-McCormick products. Mr. Lavelle saw a package from McCormick, noted that Pack-It had received the same package, and suggested that, instead of competing for the business, they should create a joint venture and do it together. Ace was to cultivate warehousing for McCormick and real estate opportunities for the joint venture, where they could buy property as opposed to paying rent. Between 2013 and 2017, Ace brought Pack-It numerous real estate opportunities for warehousing business, but none of them came to fruition. Mr. Hajimihalis testified that he would call with a great opportunity, but Pack-It would say that it did not have a contract with McCormick, so it did not want to commit to a mortgage without a contract.

At the beginning of the joint venture, Ace made financial contributions to the operation. Its \$211,000 contribution went to space, utilities, equipment, and some payroll. All expense capital, including contributions for equipment and facility improvement, were shared equally between Ace and Pack-It from 2008 through 2021. During 2010, there were attempts to make a formal agreement, but there was a difference of opinion between the parties regarding the decision-making process, with Pack-It wanting to dominate the process. Despite no signed agreement, the joint venture continued to carry on as the business grew.

Starting in 2007, Ace stored kola nuts for McCormick, which buys the entire global crop. While Ace was storing a large amount of kola nuts for McCormick, the nuts became infested with cigarette beetles. After the infestation, Ace proposed work to McCormick on several occasions, but it never received the business.

During the joint venture, Mr. O'Connor would provide Ace with financial statements, some of which included supporting documentation. In 2012, Ace began receiving payments intended to repay the loan provided to the joint venture. Around that time, Mr. Hajimihalis began to question the financial information Mr. O'Connor provided, due to a potential conflict of interest. At that time, Ace received financial information through email or during operating meetings. Starting in 2013, Ace was supposed to get access to Peachtree, a software containing the joint venture's operation finances.⁷ Mr.

⁷ Patrick O'Connor, a managing member of Pack-It, testified that he knew Ace had access to the joint venture's operation finances through a financing software because Gus Hajimihalis would ask for log-in assistance.

Hajimihalis acknowledged that, at some point, Ace was contributing little revenue to the joint venture.

In July 2021, when Pack-It said it did not want to do business with Ace anymore, Ace had no liabilities to any third parties in connection with the joint venture. Mr. Hajimihalis was not aware of any ongoing contracts that McCormick had with the joint venture. He agreed that the relationship with McCormick could end at any time.

2.

Mark Norris

Mr. Mark Norris, managing member of Valid Advisors, LLC, testified as an expert in forensic accounting and business valuation. Ace engaged Mr. Norris to determine the net profits of the joint venture, for the purpose of determining what half of the profits would be, and the value of a 50% interest in the joint venture. Mr. Norris used a capitalization of earnings method, which utilized the income statements for 2022 and 2023, to develop a value for the joint venture as a whole. This method employed estimates and was based on the joint venture continuing in existence.

Based on his review of the joint venture's financial affairs, Mr. Norris produced schedules reflecting his analysis. Schedule 1 listed each year's adjusted net income for 2018 to 2023, along with depreciation. Mr. Norris calculated the estimated distribution to Ace as follows: 2018 as \$322,766; 2019 as \$290,463; 2020 as \$458,315; 2021 as \$807,251; 2022 as \$422,327; and 2023 as \$411,983.

Schedule 4 showed Mr. Norris' estimated capitalization rate which was the "rate of return required by an investor to invest in [the] business the discount rate less long-term growth." Mr. Norris used the build-up method, which started at different levels of risk premium, to calculate the capitalization rate. Mr. Norris estimated the joint venture at 5% risk because the joint venture had a longstanding relationship with McCormick, despite the joint venture only having one client on a non-contract basis.⁸

Mr. Norris calculated the net income of the joint venture as follows: \$428,809 in 2019; \$691,279 in 2020; \$1,489,423 in 2021; \$676,201 in 2022; and \$622,202 in 2023. He concluded that the fair value of a 50% interest in the joint venture was \$1,512,000, as of December 31, 2023.

3.

Motions

At the conclusion of Ace's case, Pack-It argued, among other things, that it was entitled to judgment because Ace did not have a right to claim any lost profits since Ace was dissociated from the joint venture. Pack-It argued that, because Mr. Norris' valuation of the 50% interest was based on December 2023, and the court had already ruled on the motion for summary judgment that the date of dissolution was August 2021. Ace failed to prove damages as of the date of dissolution, and therefore, Pack-It was entitled to judgment.

⁸ Mr. Norris testified that he calculated the long-term growth rate without considering that appellee had not yet renewed its lease, and the joint venture did not have a contract with McCormick.

Ace argued that the court had ruled in the summary judgment order that the business was dissolved in the summer of 2021, but that was one step of a three-step process. Ace asserted that Pack-It still had to wind down and terminate the joint venture, which required Pack-It to have a receiver appointed to liquidate the business. It argued that, because Pack-It had not taken those steps, the joint venture was ongoing. When the court asked what the value of the business was in July 2021, the date of dissolution, noting that their expert only had a figure as of 2023, counsel stated that was not an issue before the court. Counsel stated that, in this case, the court was not being asked to decide an amount that Pack-It owed Ace for the value of the business because the business was still operating; Pack-It had not taken the steps of winding down and terminating the joint venture.

The court reserved its ruling. It subsequently denied Pack-It's motion for judgment.

B.

Pack-It's Case

1.

Pack-It Members

Patrick O'Connor, one of Pack-It's original and managing members, testified that the joint venture officially formed in 2011, but he had kept the books for the joint venture since 2008. In 2011, the parties contacted all the vendors to ensure that the accounts for Pack-It and the joint venture were separated for invoicing. At that time, Pack-It entered all the financial data for the McCormick operation into an accounting software called Peachtree, which tracked the plant's revenue and bills. Pack-It maintained their other plant

in a different accounting software called Sage. At the end of the year, Mr. O'Connor would download the data from Sage and Peachtree and send the spreadsheets to Pack-It's accountant. Pack-It's accountant would combine the two plants in a spreadsheet to produce the final tax return for the company. Ace's accountant was in contact with Pack-It's accountant.

When Pack-It first started using Peachtree, Mr. O'Connor would download reports from the software and send it to Gus Hajimihalis, who would ask questions, which Mr. O'Connor, Mr. Lavelle, or Mr. Lopez would answer. At the end of 2012, Pack-It created a separate login for Gus Hajimihalis to access Peachtree. He had access to the McCormick plant income statements, balance sheets, accounts receivable and payable, invoice registers, and open purchase orders. Mr. O'Connor knew that Gus Hajimihalis had access to the software over the years based on Gus having issues with the login and needing IT to help.

Mr. O'Connor testified that, when the relationship between the parties began, Ace did not directly charge Pack-It for rent because they agreed that each party would keep track of their expenses and share it with the other. Pack-It paid the rent of the Gilroy property using operating cash flow of the business. Although Mr. O'Connor maintained the financial records of the joint venture, payment for that work was inconsistent. Mr. O'Connor received payment for the record keeping in 2013, 2014, and 2015. After the July 2021 meeting, Pack-It paid Mr. O'Connor for his record keeping and listed the expense as a guaranteed payment.

Mr. O'Connor, Mr. Lavelle, Mr. Lopez, and the Mason family also owned Metro Staffing, "a temporary staffing agency that provide[d] third-party labor to companies, particularly production type staffing." Pack-It used Metro Staffing to support the McCormick operation, and the agency would invoice Pack-It, along with six to seven other staffing agencies. Similar to other staffing agencies, Metro Staffing charged a markup that was equal to or lower than other agencies. Metro Staffing provided 17% of the contract staffing for the McCormick operation. Pack-It also provided employees to support the McCormick operation. The joint venture paid for these services.

Mr. O'Connor testified that the McCormick operation involved four major lines of manufacturing equipment, which were paid for by Pack-It and McCormick. McCormick would invest money in production equipment if it was a startup project because supplying the equipment would keep the price down for the individual product and offered an opportunity to test new products. If the startup project with new equipment failed, McCormick would try to sell the equipment out of Pack-It's warehouse. The equipment purchased by Pack-It was indirectly purchased using the \$40,000 loan as cash flow. Pack-It generally bought second-hand used equipment. These purchases were attributed to the joint venture.

Mr. O'Connor was involved in the preparation of the McCormick operation income statements for 2018 through 2023. The statements showed the costs and expenses of the operation, with nothing being left out. Mr. O'Connor created a spreadsheet listing the adjustments Mr. Norris made that he disagreed with, including adjustments related to

guaranteed payments, labor, payroll taxes, attendance bonus, product capital, and consulting. The guaranteed payments to managing members of Pack-It increased in 2023 because Mr. Lopez was previously running the plant alone, and Pack-It moved Mr. Lavelle to the plant to help run it. Mr. O'Connor stated that labor increased from 2020 to 2023 for various reasons, including an increase in Maryland minimum wage and the impact of COVID-19. Pack-It attempted to attract labor using an attendance bonus for employees who worked four weeks straight, for 40 hours per week.

On July 21, 2021, Pack-It called a meeting. At the meeting, Mr. Lopez informed the Hajimihalis brothers that Pack-It no longer wanted to do business with Ace because Ace failed to bring warehousing distribution and logistics expertise to the joint venture as promised. Although Alec Hajimihalis would approach Pack-It about warehouse acquisition opportunities, it would sometimes happen when Pack-It was in the middle of a lease and had 100% liability for vendors despite not having a contract with McCormick.

Between the fall of 2023 and spring of 2024, Pack-It's relationship with McCormick became uncertain due to an error made on a project. McCormick wanted Pack-It to pay \$900,000 for contaminated spice inventory that it packaged incorrectly. McCormick and Pack-It settled the matter, and Pack-It agreed to pay McCormick \$408,000. Ace did not contribute to the payment made to McCormick.

Brian Lavelle, a member and managing partner of Pack-It, testified that, beginning in 1992, when Mr. Lavelle worked for Case Mason Filling, his company provided

McCormick with packaging services for several years. While at Case Mason Filling, Mr. Lavelle met Alec Hajimihalis.

Mr. Lavelle worked at the McCormick operation at Gilroy Road as the full-time manager from the day it opened in 2009 through early 2016. In that role, Mr. Lavelle was responsible for the day-to-day communications with McCormick, and he was “involved in planning, inventory control, operational phases, engineering issues, some financial issues, [and] quality control issues.” Mr. Lavelle also accompanied Alec Hajimihalis on business meetings to explore additional packaging opportunities for the joint venture. The last business meeting took place in 2010.

In 2016, Pack-It’s other plant began to grow, and Mr. Lavelle transitioned to that location. From 2016 through May 2023, Mr. Lopez ran the McCormick operation. Mr. Lavelle returned to the McCormick operation in May 2023. When working on the McCormick operation, Mr. Lavelle received compensation as a guaranteed draw payment.

Mr. Lavelle was present at the July 21, 2021 meeting. The managing partners of Pack-It were frustrated that, up until that point, Ace had not brought any McCormick business into the operation. The Hajimihalis brothers asked what Pack-It was going to do for Ace to end the relationship financially. The parties agreed to discuss the matter and get back to each other, but that never happened.

2.

Andrew Runge, Expert

Mr. Andrew Runge, managing member of Circle Forensic Consulting, testified as an expert in accounting, specifically business valuation and lost profits. Pack-It retained Mr. Runge to determine the net income for the period of 2018 to 2023, and the value of the joint venture as of August 2021 and December 2023. Similar to Mr. Norris, Mr. Runge used the capitalization of earnings approach in his valuation, which involved analyzing income statements from 2018 through 2023 and adjusting the numbers to reflect the actual economic activity of the joint venture.

One difference between the experts was company risk. Mr. Runge allocated a 20% factor, whereas Mr. Norris allocated 5%. Mr. Runge testified that the factors he considered were the following: (1) there was a “joint venture with partners who are at odds”; (2) “the joint venture [was] a sole source one client entity,” which led to a lot of risk if McCormick decided to take their business elsewhere; (3) Pack-It’s lease was expiring, and it was not clear if they could renew it or what the terms would be; (4) the partners were getting older; (5) there was no McCormick contract guaranteeing work and some dispute pending with McCormick. Mr. Runge applied a zero percent growth rate because the net income had gone down from 2018 to 2023.

Mr. Runge stated that 50% of the adjusted net income for the entire year of 2021 was \$194,096, and he used the entire year, which was a benefit to Ace, because he did not know the appropriate cutoff date. He determined that the fair market value of a 50% interest

in the joint venture as of August 2021 was \$174,198.⁹ Mr. Runge’s model was “designed to approximate what a real-world buyer, in an arm’s length transaction, under no compulsion to buy, would pay” for the joint venture. Mr. Runge also determined that Ace “received more in distributions than one half of the adjusted net income” in the period from 2018 through 2020, resulting in Ace being overpaid by approximately \$18,000.

Pack-It renewed its motion for judgment on the same grounds, which the court held *sub curia*.

C.

Closing Briefs

On January 8, 2025, the parties submitted post-trial briefs, as agreed upon at the close of evidence. Ace argued that, although the partnership dissolved by summer 2021, a partnership cannot be “terminated” until the winding up of the partnership business is completed, which did not occur here. It argued that Pack-It did not take any steps to wind up the business and never offered to purchase Ace’s 50% interest in the joint venture, but instead, it continued to operate the business, “keeping for itself the ongoing profits and, potentially, any asset value that may be realized through a sale.” Ace asserted that the joint venture business clearly had value, noting that in 2008, the packaging work for McCormick generated only \$20,000 per year, and in 2021, it realized gross earnings of \$7.3 million. Ace argued that, because Pack-It did not wind up or terminate the partnership, it continued

⁹ Mr. Runge testified that this was without a 20% discount for lack of marketability, which was due to the fact that, unlike a stock purchase, once money was put in the joint venture, the money is redeemable only if the business or the purchaser’s interest is sold.

to owe Ace fiduciary duties, and its attempt to take the value of the joint venture without paying any consideration was intentional misconduct and a knowing violation of law in breach of its duties of loyalty and care to Ace. Ace asserted that, following the court's decision, it would "seek the appointment of a receiver to liquidate the partnership business and terminate the partnership." Ace sought damages of \$2,508,000, the amount Mr. Norris' opined that it was due for distributions from years 2018 through 2023, for lost profits.

Pack-It argued that Ace failed to prove damages with reasonable certainty, as required for a negligence claim, because Mr. Norris' opinion lacked a reliable methodology and utilized the wrong valuation date of 2023, rather than 2021. Pack-It argued, among other things, that a partnership is dissolved, and its business must be wound up, if one partner gives notice that it wants to end the partnership. At that point, the partnership continues only for the purpose of winding up its business, and the partnership is terminated when the winding up of its business is completed.¹⁰ Ace had to present evidence that established its right to recover as of the date of dissolution, in July 2021, which Ace failed to do. Because Ace had no viable proof of damages, Pack-It asked the court to grant its motion for judgment.

Pack-It further argued that Ace's claims for damages incurred before 2021 were barred by limitations because the negligence claim did not relate back to the accounting claim originally filed in 2022. Pack-It asserted that Ace was on actual notice of any claims

¹⁰ Pack-It explained that, pursuant to Md. Code Ann., Corps. & Ass'ns ("CA") § 9A-807(a) (2025 Repl. Vol.), "winding up" involves "discharge[ing] . . . obligations to creditors, including, to the extent permitted by law, partners who are creditors."

since 2021 because Ace had access to the joint venture's financial statements from 2008 to July 2021. Pack-It argued that, even if Ace survived its motion for judgment, the damages were no more than \$113,222.67 for Ace's 50% interest of the joint venture in 2021.¹¹

D.

Circuit Court Opinion

On April 23, 2025, the circuit court issued a written opinion granting a monetary judgment in favor of Ace and against Pack-It for Ace's share of the net profit for 2021, plus pre-judgment interest. The court began by noting that, although Pack-It initially denied that the parties were engaged in a joint venture, it subsequently conceded that point. The court found that the partnership was dissolved by August 31, 2021.

The court rejected Ace's claim that the partnership was never properly dissolved, and therefore continued, because Pack-It did not wind up or terminate the joint venture. The court found that Pack-It's "continued business relationship with McCormick after the date of dissolution was not, and is not, a continuation of the *partnership* business, but instead is business being conducted on Pack-It LLC's own behalf." The court noted that, pursuant to Md. Code Ann., Corps. & Ass'ns ("CA") § 9A-802(a) (2025 Repl. Vol.), "a partnership continues after dissolution *only for the purpose of winding up its business*. The partnership is terminated when the winding up of its business is completed." The court

¹¹ Pack-It argued that if there was an award, the court should pro-rate the amount to the end of July 2021 and award \$113,222.67 of the \$194,096 Pack-It owed Ace for 2021 distributions.

stated that “winding up” is defined as “a process occurring between dissolution and termination wherein ‘work in process is completed, partnership assets are sold, creditors are paid, and the business of the partnership is brought to an orderly close,’” (quoting *Chang v. Winklevoss*, 123 N.E.3d 204, 214 (Mass. App. Ct. 2019)).

The court noted that the joint venture did not own or lease real estate and did not owe anything to third parties because Pack-It leased the Gilroy Road facility and was financially responsible to vendors, and Ace had not been involved in the McCormick operation in any way for years. The court found that “the partners were not operationally intertwined in any way.” Neither party presented evidence of the value of any tangible personal property owned by the joint venture at the time of dissolution. Accordingly, the court found that “there was nothing in the *business* of this partnership in need of winding” up, and therefore, “little to no winding up” was required. Therefore, it found that the joint venture was terminated “in close proximity to the time of dissolution,” and there was nothing in partnership law that prevented Pack-It from returning to the same business as the former joint venture after dissolution.

The court then addressed what obligations Pack-It had to Ace after dissolution, aside from winding up the partnership business. The court found that Pack-It’s continued work with McCormick after dissolution did not constitute a “partnership opportunity” because the relationship with McCormick was “job by job” in nature, and Pack-It had the relationship with McCormick, not Ace. With respect to the settlement of accounts and contributions among partners, the court noted that there were no third-party creditors or

other obligations to be discharged and Ace's loan had been paid off prior to dissolution. It found, however, that Ace was "entitled potentially to one half of (1) any surplus in assets . . . to be applied to pay in cash the net amount distributable to partners, and (2) a settlement of all partnership accounts." The court stated that the "primary issue" was "whether Ace was paid its equal share of partnership net profits that should have been credited to its account and therefore paid upon dissolution."

The court found that Ace was not entitled to distribution of any profits for the years prior to 2021 for several reasons, including: (1) that Ace's amended complaint did not state a claim for profits not properly paid prior to 2021; (2) damages prior to January 2021 would be barred by the statute of limitations because the initial complaint, filed December 12, 2022, sought only the equitable remedy of an accounting, and the amended complaint, alleging negligence, was filed January 5, 2024; and (3) Ace did not meet its burden of proving that it was entitled to distributions of additional net profits for years prior to 2021. The court found, however, that Ace never received its 50% share of the joint venture's adjusted net income for 2021, the year the partnership dissolved.

The court credited Mr. Runge's testimony that the joint venture's total net income for the year 2021 was \$388,192, noting that Mr. Runge did not have adequate information to allocate income and expenses before or after July 2021. The court applied the same reasoning and found that Ace was entitled to \$194,096 for its 50% share of the joint venture's 2021 adjusted net income. The court reduced the amount by excess payments

that Ace received for years 2018 through 2020, a total of \$18,046, leaving a total net amount of \$176, 050 due to Ace for net profits in 2021.

With respect to Ace's claim for an accounting, the court found that Ace had been given access to the financial records in discovery, and the issue of Ace's entitlement to its share of the profit had been fully litigated. Accordingly, the court found that the claim for accounting was moot.

In conclusion, the court stated that it found that the "joint venture partnership was dissolved by late July 2021 and the partnership was terminated for all purposes by the end of 2021." Ace was entitled to its share of the joint venture's net profit for 2021, which it had not received. The court awarded Ace a monetary judgment in the amount "of \$176,050, plus pre-judgment interest in the amount of \$34,988.13 (calculated at the 6% per annum pre-judgment legal rate from 12/31/2021 to the date of this judgment)[,] for a total judgment in the amount of \$211,038.13." It found that, "[w]ith the exception of the money judgment for unpaid 2021 net profit, [Pack-It] has no further obligations or liabilities to [Ace] with respect to the joint venture."

This appeal followed.

DISCUSSION

Ace contends that, although a partnership can be dissolved by the will of one partner, the partnership is not terminated until the winding up of the partnership business is completed. The winding up process, it asserts, required that Ace be paid for one-half value of the joint venture business. Because Pack-It never properly wound up and terminated the

joint venture, Pack-It's fiduciary duties continued. Ace contends that the court erred in finding that the joint venture terminated following dissolution of the joint venture in summer 2021 and Pack-It no longer owed Ace any fiduciary duties after that time. It requests that this Court reverse the judgment and remand with instructions "to properly divide the profits from the years 2022 through present and to formally wind down the business affairs of the joint venture." Ace states that, if this Court

directs the winding down and termination of the business in accordance with Maryland law, Ace anticipates seeking the appointment of a receiver to accomplish this task. In accordance with the law, both Ace and Pack-It will then receive the benefit of their half ownership interest in the joint venture and it can properly be terminated.

Pack-It contends that the circuit court correctly found that, after the joint venture was dissolved in summer 2021, "there was nothing to wind up," other than the 2021 profit allocation due to Ace. Pack-It asserts that there is no partnership continuing at this point, and other than the disputed 2021 profit payment to Ace, there was nothing left to do to wind up the business of the joint venture. With respect to Ace's contention that it is entitled to payments for one-half of the value of equipment and goodwill of the joint venture, which Ace claims should have been paid during winding up, Pack-It contends that this is an argument made for the first time on appeal, and therefore, the issue is not preserved, and we should not address it.

I.

Standard of Review

The standard of review for an action tried without a jury is set forth in Maryland Rule 8-131(c), which provides as follows:

When an action has been tried without a jury, an appellate court will review the case on both the law and the evidence. It will not set aside the judgment of the trial court on the evidence unless clearly erroneous, and will give due regard to the opportunity of the trial court to judge the credibility of the witnesses.

In reviewing the circuit court’s decision, this Court “must consider evidence produced at the trial in a light most favorable to the prevailing party[.]” *Plank v. Cherneski*, 469 Md. 548, 608 (2020) (quoting *Gen. Motors Corp. v. Schmitz*, 362 Md. 229, 233-34 (2001)). “If there is any competent material evidence to support the factual findings of the trial court, those findings cannot be held to be clearly erroneous.” *Id.* (quoting *YIVO Inst. for Jewish Rsch. v. Zaleski*, 386 Md. 654, 663 (2005)). “[W]e do not evaluate conflicting evidence but assume the truth of all evidence, and inferences fairly deducible from it, tending to support the findings of the trial court and, on that basis, simply inquire whether there is any evidence legally sufficient to support those findings.” *Swinton Home Care, LLC v. Tayman*, 264 Md. App. 487, 497 (2025) (quoting *Rozen v. Greenberg*, 165 Md. App. 665, 676 (2005)).

The deference given to the trial court’s factual findings, however, does not apply to legal conclusions. *Clancy v. King*, 405 Md. 541, 554 (2008). Instead, we “must determine whether the lower court’s conclusions are legally correct.” *White v. Pines Cmty.*

Improvement Ass’n, 403 Md. 13, 31 (2008) (quoting *YIVO Institute for Jewish Rsch.*, 386 Md. at 662).

II.

Dissolution of a Partnership

A joint venture “has been defined as [a]n association of two or more persons to carry out a single business enterprise for profit.” *Haw v. NCAA*, 260 Md. App. 310, 364 (2024) (quoting *Seaboard Sur. Co. v. Richard F. Kline, Inc.*, 91 Md. App. 236, 247 (1992)). “[T]he unincorporated association of two or more persons to carry on as co-owners a business for profit forms a partnership, . . . whether or not the association is called ‘partnership’, ‘joint venture’, or any other name.” CA § 9A-202(a). A partnership need not be formally established in writing, and in a situation such as the one here, where there was no written agreement, the provisions of the Maryland’s Revised Uniform Partnership Act (RUPA), CA Sections 9A-101-1305, govern the relations between the parties. *Creel v. Lilly*, 354 Md. 77, 87 (1999); *Seaboard Sur. Co.*, 91 Md. App. at 247.

A partnership can be either for “a definite term or particular undertaking” or at-will, meaning “a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.” CA § 9A-101(k). *Accord Creel*, 354 Md. at 87. An at-will partnership can be dissolved by any partner’s expressed will. CA § 9A-801(1); *Creel*, 354 Md. at 87.

On appeal, the parties agree that there was an at-will joint venture, and the joint venture was dissolved in the summer of 2021. Ace contends, however, that Pack-It “took

no further steps to actually wind up the partnership business or terminate the partnership,” and Pack-It continued to operate the exact same business, except without Ace. It asserts, therefore, that the joint venture continues, and Ace is entitled to profits of the joint venture until that is done.

After a partnership has dissolved, the partnership cannot engage in new business. *Diamond Tr. of Est. of Howrey LLP v. Hogan Lovells US LLP*, 950 F.3d 1200, 1212 (9th Cir. 2020). It continues “only for the purpose of winding up its business,” and once that process is complete, the partnership is terminated. CA § 9A-802(a).

We begin by discussing what constitutes the process of winding up a partnership. Maryland’s statutory provisions set forth the duties of a partner to another partner in winding up a dissolved partnership. CA § 9A-404 (b)(1) provides that a partner has a duty of loyalty “[t]o account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner in the conduct and winding up of the partnership business or derived from a use by the partner of partnership property.” A partner also has a duty of care in winding up a partnership business to refrain “from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.” CA § 9A-404(c). CA § 9A-807 provides in relevant part, as follows:

- (a) In winding up a partnership’s business, the assets of the partnership, including the contributions of the partners required by this section, must be applied to discharge its obligations to creditors, including, to the extent permitted by law, partners who are creditors. Any surplus must be applied to pay in cash the net amount distributable to partners in accordance with their right to distributions under subsection (b) of this section.

(b) Each partner is entitled to a settlement of all partnership accounts upon winding up the partnership business. In settling accounts among the partners, the profits and losses that result from the liquidation of the partnership assets must be credited and charged to the partners' accounts. The partnership shall make a distribution to a partner in an amount equal to any excess of the credits over the charges in the partner's account. A partner shall contribute to the partnership an amount equal to any excess of the charges over the credits in the partner's account but excluding from the calculation charges attributable to an obligation for which the partner is not personally liable under § 9A-306(c) of this title.

CA § 9A-807.

In *Creel*, 354 Md. at 88, the Supreme Court of Maryland stated that the winding up process for a partnership without a written agreement generally involves “getting in the assets, settling with [the] debtors and creditors, and appropriating the amount of profit or loss [to the partners].” (quoting *Comp. of Treas. v. Thompson Tr. Corp.*, 209 Md. 490, 501-02 (1956)). That process can include a liquidation or a buy-out of a partner's share of the partnership. *Id.* at 92. In *Creel*, where one partner died and the other partners engaged in a good faith winding up by paying “the deceased partner's estate its proportionate share of the value of the partnership, derived from an accurate accounting,” the remaining partners did not have to liquidate the business. *Id.* at 82. The Court stated that, upon dissolution, a partner may continue the partnership business, “in either the original or successor form, if the surviving partners choose to do so through buying out” the other partner's share. *Id.* at 98. *Accord Wanderski v. Nowakowski*, 49 N.W.2d 139, 142-44 (Mich. 1951) (upon dissolution, partner was entitled to continue operations, as long as he paid other partner the fair value in the partnership as of the date of dissolution).

Here, the circuit court found that joint venture was dissolved in 2021, and there “were no civil, criminal, or administrative ‘actions or proceedings’ in need of prosecution or defense,” no “‘disputes’ with third parties” that needed to be settled, and no real estate owned or leased by the partnership. The court found that “the partners were not operationally intertwined in any way.” It found that there were no contracts with McCormick for ongoing work, and the partnership had no obligations or liabilities at the time of dissolution. The court stated that neither party presented evidence “as to the value of any partnership personal property, inventory or equipment at the time of dissolution, and there was no inventory of any such items that existed at the time of dissolution.” Based on these factual findings, which were not clearly erroneous, the court found “that there was nothing in the *business* of this partnership in need of winding down, hence little winding up was required,” and “the joint venture terminated in close proximity to the time of dissolution.”

We disagree with the court’s conclusion on that issue. As indicated, part of the winding up process is settling the partnership accounts and providing each partner with the fair value of the partnership as of the date of dissolution. *Creel*, 354 Md. at 88. Pack-It failed to do that. The partnership entity terminates after “the winding up is completed.” CA § 9A-802(a). *Accord Curley v. Kaiser*, 962 A.2d 167, 174 (Conn. App. Ct. 2009). As indicated, Pack-It failed to properly wind up the partnership and give Ace its share of the partnership.

Nevertheless, the court properly looked to the damages that Ace was entitled to based on Pack-It's failure to properly wind up the partnership after dissolution. We turn to that issue.

III.

Damages

Ace contends that, because Pack-It never properly wound up and terminated the joint venture business, Ace "was never paid its one-half interest in the joint venture to which it is entitled." and therefore, this Court should reverse the judgment of the circuit court and remand "with instruction to properly divide the profits from the years 2022 through present and to formally wind down the business affairs of the joint venture." Initially, we note that Ace's position that the joint venture continues "to this day," and it is entitled to profits after dissolution of the partnership, is contrary to the Supreme Court's decision in *Creel*, 354 Md. at 88. In that case, as indicated, the Court held that, in winding up a dissolved partnership, a partner was entitled to that partner's share of the value of the partnership as of the date of dissolution. *Id.* Accordingly, the circuit court properly assessed the amount that Ace was due by using 2021 as the applicable time period.

In assessing the amount that Ace was due, the circuit court necessarily looked at the claims raised and the evidence presented. In the complaint and in its closing brief after trial, Ace's claim was limited to withheld profits. Ace confirms in its reply brief that it sought damages at trial for profits and "did not then and does not now seek damages for its half interest in the joint venture," arguing that it is "entitled to one-half interest in the value

of the joint venture after the joint venture [is] properly wound up and terminated.” Accordingly, the circuit court limited its review to the profits due to Ace. *See Engage Armament LLC v. Montgomery Ctny.*, ___ Md. ___, ___, No. 9, 2026 WL 1144313, at *7-8 (Md. Apr. 28, 2026) (court erred in granting relief on ground not sought in complaint). As indicated, the circuit court concluded, and we agree, that the relevant time period for assessing the withheld profits owed to Ace was the summer of 2021.

In addressing the lost profits, the court accepted the testimony of Mr. Runge, Pack-It’s expert. Mr. Runge testified that the value of 50% of the profits of the joint venture in 2021 was \$194,096, and deducting an overpayment of \$18,046 in the period 2018-2020, the total was \$176,050. The court accepted that evidence, and its findings in that regard were not clearly erroneous.

**JUDGMENT OF THE CIRCUIT COURT
FOR BALTIMORE COUNTY AFFIRMED.
COSTS TO BE PAID BY ACE.**