**416.43 PIERCING THE CORPORATE VEIL**

**A** (form of business entity) **is a legal entity separate from its owner(s). An owner can be an/a [individual] [**(form of business entity)**]. The owner(s) are not liable for the acts of the** (form of business entity) **unless there is a piercing of the corporate veil. In this case,** (claimant) **seeks to “pierce the corporate veil” between** (form of business entity) **and** (owner) **so as to impose obligations upon** (owner) **that otherwise would be owing, if at all, solely from** (form of business entity)**.**

**In order to pierce the corporate veil and hold** (owner) **liable for obligations of** (form of business entity)**,** (claimant) **must show that:**

**1.** (Owner) **dominated and controlled** (form of business entity) **such that:**

**a.** (form of business entity)**’s separate identity was not sufficiently maintained, and**

**b.** (form of business entity) **lacked an existence independent from** (owner)**; and**

**2. The corporate form of** (business entity) **was [formed] [used] for a fraudulent or improper purpose; and**

**3.** (Claimant) **was harmed by the fraudulent or improper [formation] [use] of the corporate form of** (business entity)**.**

**NOTES ON USE FOR 416.43**

1. The context of each case dictates what terms should be inserted into the bracketed spaces. Sometimes, plaintiffs or other claimants sue both the business entity and the individual who are the subjects of the veil piercing claim, so the form instruction identifies the defendants as “(form of business entity)” and “owner,” but this may not be appropriate in all cases. There may also be more than one entity or individual in any particular case.

2. “The mere fact that one or two individuals own and control the stock structure of a corporation does not lead inevitably to the conclusion that the corporate entity is a fraud or that it is necessarily the alter ego of its stockholders to the extent that the debts of the corporation should be imposed upon them personally.” *Dania Jai-Alai Palace, Inc. v. Sykes*, 450 So. 2d 1114, 1120 (Fla. 1984).

3. Although this doctrine arose in the corporate context, case law appears to apply this doctrine to other business entities such as limited liability companies. See, e.g., *Houri v. Boaziz*, 196 So. 3d 383 (Fla. 3d DCA 2016) (discussing piercing the veil of limited liability companies).

**SOURCES AND AUTHORITIES FOR 416.43**

*Dania Jai-Alai Palace, Inc. v. Sykes*, 450 So. 2d 1114, 1120 (Fla. 1984) (citing *Advertects v. Sawyer Industries, Inc.*, 84 So. 2d 21, 23, 24 (Fla. 1955)), is the seminal case on this topic; *Beltran v. Miraglia*, 125 So. 3d 855 (Fla. 4th DCA 2013) (causality of harm arose from improper conduct of the defendant); *Gasparini v. Pordomingo*, 972 So. 2d 1053 (Fla. 3d DCA 2008) (only one or few owners would not permit piercing of corporate veil even if it were the alter ego of the shareholder); *Steinhardt v. Banks*, 511 So. 2d 336 (Fla. 4th DCA 1987) (illegal purpose, fraud, or evading existing obligations).