

**Commonwealth of Kentucky**  
**Court of Appeals**

NO. 2015-CA-001621-MR

STANLEY M. CHESLEY

APPELLANT

v. APPEAL FROM BOONE CIRCUIT COURT  
HONORABLE JAMES R. SCHRAND II, JUDGE  
ACTION NO. 05-CI-00436

MILDRED ABBOTT, ET AL.

APPELLEES

OPINION  
AFFIRMING

\*\* \*\* \* \*\* \* \*\*

BEFORE: ACREE, CLAYTON AND MAZE, JUDGES.<sup>1</sup>

CLAYTON, JUDGE: Stanley Chesley appeals from an order of the Boone Circuit Court which ordered him to turn over his ownership interest in his law firm Waite, Schneider, Bayless & Chesley, Co. L.P.A. (hereinafter “WSBC”) to Appellees.

The order also directed him to turn over any money he receives from WSBC to

---

<sup>1</sup> Due to the retirement of Judge Janet Stumbo, Judge Glenn Acree was substituted as Associate Judge. Judge Clayton then became the Presiding Judge.

Appellees' counsel and ordered Chesley to direct certain clients to turn over money owed to him or WSBC to Appellees' counsel. Chesley argues on appeal that the court did not have jurisdiction over WSBC and could not pierce the corporate veil without WSBC being a party to the underlying action. Chesley claims the court's order would deprive WSBC of its property without the company being given a chance to defend itself. Appellees argue that the trial court's order did not direct WSBC to act nor was it an order against WSBC, rather, that the order only concerned the actions of Chesley. We agree with Appellees and affirm.

In August of 2014, Chesley was found jointly and severally liable for a \$42,000,000 judgment owed to Appellees stemming from the Appellees being defrauded by their attorneys during the "fen-phen" diet drug settlement action. On September 3, 2015, Appellees filed a motion to execute which sought an order from the trial court directing Chesley to transfer his shares of WSBC to Appellees. The motion also requested that Chesley be directed to pay all fees owed to him or WSBC to Appellees' counsel and that any fees owed to Chesley or WSBC from two specific legal cases, one in Nevada and one in Colorado, be paid directly to Appellees' counsel. Chesley replied to the motion and argued that the court did not have jurisdiction over WSBC because it was not a named party before the court; therefore, the court could not order WSBC to turn over the funds requested by Appellees.

On September 25, 2015, the court entered an order. The order found that Chesley controls WSBC and that the court would disregard the corporate entity because it was a sham. The court then ordered the following:

1. The Plaintiff[s'] Motion is GRANTED. Defendant Chesley shall immediately transfer his ownership interest in WSBC to the Plaintiffs through their undersigned counsel. This Court's June 23, 2015 Order remains in full effect. As directed in that Order, Defendant Chesley and his attorneys shall immediately turn over to Plaintiffs' counsel any and all monetary payments made to Defendant Chesley from his interest in WSBC;
2. Defendant Chesley shall immediately direct the Trustee of the Castano Trust that all payments to which he and/or WSBC are entitled from the Castano Trust shall be paid directly to Plaintiffs' counsel; and
3. Defendant Chesley shall advise the Court in the matter of *Merilyn Cook, et al. v. Rockwell Int'l Corp.*, Case No. 1:90-cv-00181-JLK, in the United States District Court for the District of Colorado that all payments or fees to which he and/or WSBC are entitled shall be paid directly to Plaintiffs through their undersigned counsel.

This appeal followed.

“A court has the authority ‘to enforce its own judgments and to remove any obstructions to such enforcement.’” *Shelby Petroleum Corp. v. Croucher*, 814 S.W.2d 930, 933 (Ky. App. 1991) (citation omitted). We agree with the trial court that Chesley is using WSBC to hide assets from Appellees; therefore, the trial court had the authority to direct Chesley to turn over any and all interest he had in WSBC, and monies owed to him from WSBC, to Appellees.

A court may pierce the corporate veil when there is “(1) domination of the corporation resulting in a loss of corporate separateness *and* (2) circumstances under which continued recognition of the corporation would sanction fraud or promote injustice.” *Inter-Tel Techs., Inc. v. Linn Station Properties, LLC*, 360 S.W.3d 152, 165 (Ky. 2012). Here, Chesley claimed to the trial court that he no longer had control over WSBC as it was being wound up by another party; however, the court found that he did retain control. Evidence was presented that indicated Chesley was still directing the payments of WSBC and writing checks from WSBC accounts. Contrary to his claim, Chesley has not fully divested himself from the control of WSBC. In addition, Chesley is the sole shareholder of WSBC. We believe, as did the trial court, that a gross injustice would be perpetrated against Appellees if Chesley were allowed to use WSBC to hide or transfer funds that could pay the judgment owed to Appellees. The court found that Chesley was using WSBC to control the flow of money to him and we agree.

Based on the foregoing, we affirm the judgment of the trial court. Chesley is to turn over all of his interest in WSBC to Appellees. Additionally, any money owed to Chesley or WSBC from the two outstanding legal cases discussed above should also be paid to Appellees.

ALL CONCUR.

BRIEFS FOR APPELLANT:

Frank Benton, IV  
Frank Benton, V  
Newport, Kentucky

BRIEF AND ORAL ARGUMENT  
FOR APPELLEES:

Angela M. Ford  
Lexington, Kentucky

ORAL ARGUMENT FOR  
APPELLANT:

Frank Benton, V  
Newport, Kentucky