

**IN THE COURT OF COMMON PLEAS OF HUNTINGDON COUNTY,  
PENNSYLVANIA  
CIVIL DIVISION**

CORY YEDLOSKY and CHRIS TAYLOR, : CP-31-CV-1791-2019  
Plaintiffs :  
: VS. :  
: PENNSYLVANIA STATE CORRECTIONS :  
OFFICERS ASSOCIATION, LOCAL SCI- :  
HUNTINGDON, BRIAN PERONI, and :  
PENNSYLVANIA STATE CORRECTIONS :  
OFFICERS ASSOCIATION, :  
Defendants :

FILED  
2023 JUN 27 AM 8:41  
PROTHONOTARY, HUNTINGDON CO., PA

**ORDER AND OPINION REGARDING  
MOTIONS FOR SUMMARY JUDGMENT**

I. ORDER

AND NOW, this 26th day of June, 2023, the Court orders as follows regarding the parties' respective motions for summary judgment:

1. Plaintiffs' motion for summary judgment in their favor on Counts I, III, and IV of their Fourth Amended Complaint, or in the alternative Counts II, III, and IV of such complaint, is denied in its entirety.
2. Defendants' Pennsylvania State Corrections Officers Association, Local SCI-Huntingdon ("Local"), and Pennsylvania State Corrections Officers Association ("PSCOA"), motion for summary judgment in their favor on Counts I, II, and IV of the Fourth Amended Complaint is granted in its entirety. All counts against defendants Local and PSCOA are dismissed, with prejudice.
3. Defendant Brian Peroni's motion for summary judgment in his favor on Count III of the Fourth Amended Complaint is granted. The single count against defendant Peroni is dismissed, with prejudice.

As all charges against all defendants have been resolved via summary judgment, this matter is now closed.

NOTICE OF ENTRY OF ORDER OR DECREE  
PURSUANT TO PA. R. C. P. NO. 236  
NOTIFICATION - THIS DOCUMENT HAS  
BEEN FILED IN THIS CASE.  
PROTHONOTARY, HUNTINGDON COUNTY, PA  
DATE:

**JUN 27 2023**

## II. OPINION

This case has perambulated a long and well-worn path. At its core, it is an attempt by plaintiffs Yedlosky and Taylor, both former members of defendants PSCOA and Local, to hold such defendants accountable for their failure to prevent defendant Peroni from stealing nearly \$30,000 from Local during his tenure as Local's treasurer. Plaintiffs initiated this action by writ of summons on November 20, 2019, and filed their first civil complaint on June 17, 2020. Over the course of the matter, multiple rounds of preliminary objections, decisions on preliminary objections, and related filings and orders have resulted in plaintiffs' Fourth Amended Complaint, filed February 16, 2021. The parties have completed their discovery exchanges (including depositions), and have each moved for summary judgment in their favor.

As discussed below, while Plaintiffs' ire at the failings of PSCOA and Local to enforce financial procedures and policies that might have prevented the theft of funds by Peroni is understandable, the damages claimed have not been proven and, further, are too remote and speculative to be recoverable. Similarly, Plaintiffs cannot show that they were injured by any justifiable reliance on Peroni's misrepresentations. Finally, as Plaintiffs cannot show that they had any right or interest in the property held by PSCOA and Local, they are not entitled to an accounting of it. All of their claims therefore fail.

### *A. Claims Raised and Relief Sought*

Plaintiffs raise the following four claims in their Fourth Amended Complaint:

- COUNT I: Breach of contract against PSCOA and Local
- COUNT II: Breach of implied contract against PSCOA and Local
- COUNT III: Negligent misrepresentation against Peroni
- COUNT IV: Accounting against PSCOA and Local

They seek the following relief:

- a) Entry of judgment against defendants on either Counts I, III, and IV or, in the alternative, II, III, and IV.
- b) An award of damages against PSCOA and Local in the amount of all dues paid by Plaintiffs to such defendants.
- c) An injunction ordering the return of funds embezzled by former PSCOA officials.
- d) An order requiring an accounting of the use and status of PSCOA and Local fund from the time Plaintiffs first joined the organizations to the present, and an order requiring Peroni and any other PSCOA officials to reimburse PSCOA and Local for any funds that cannot properly be accounted for, including interest.
- e) An award of costs and attorneys' fees.

*B. Breach of Contract Claims*

Counts I and II are pleaded in the alternative. Count I alleges that the constitution, bylaws, and policies of PSCOA form an express contract that Plaintiffs, PSCOA, and Local entered into when Plaintiffs became members of PSCOA and Local. Count II alleges that those same documents, combined with Plaintiffs' membership in PSCOA and Local, Plaintiffs' payment of dues to PSCOA and Local, and the course of conduct between Plaintiffs, PSCOA, and Local, all form an implied-in-fact contract. In both instances, the constitution, bylaws, and policies of PSCOA (the "Governing Documents") are alleged to establish the terms of the agreement.

The elements of a claim for breach of contract are hornbook law. The plaintiff must prove: (1) the existence of a contract, including its essential terms; (2) breach of a duty imposed by that contract; and (3) damages resulting from such breach. See, e.g., Hart v. Arnold, 884 A.2d 316, 332 (Pa. Super. 2005) (citations omitted).

**1. Existence of a contract**

The terms and conditions applicable to the alleged contract under both Counts I and II are the same, as both counts focus on the terms of the Governing

Documents. Further, analysis of whether there was actually a contract, only an implied contract, or no contract at all is necessary only if Plaintiffs can prove the other elements of a breach of contract claim. Therefore, the Court will begin its analysis by assuming that Plaintiffs have proven both the existence of a contract and that the terms of that contract are established by the Governing Documents, reserving further analysis on this element until after the remaining two elements have been analyzed.

## **2. Breach of a duty imposed by the Governing Documents**

Plaintiffs point to a number of provisions of the PSCOA constitution and bylaws as creating duties and promises on the part of PSCOA and Local, and certain of the policies as creating mechanisms for ensuring the performance of those duties and promises. For example, they point to provisions of the constitution that prohibit PSCOA and Local funds from being used in any manner not permitted under the constitution, prohibit loans or donations to union members, and require that all union checks have two signatures. Plaintiffs' Motion for Summary Judgment at ¶¶13-21. Further, they point to certain admissions by representatives of PSCOA and Local that the policies were not strictly followed, and admissions by Peroni that he took actions to disguise non-permitted checks in a way that he knew would be approved in a "rubber stamp" fashion, as evidence that PSCOA and Local breached their obligations under the Governing Documents. PSCOA and Local admit the existence of these facts, without admitting that they constitute material breaches of the terms of the Governing Documents.

Similar to the first element, analysis of the second element is necessary only if Plaintiffs can prove the third element of a breach of contract claim. Therefore, the Court will begin its analysis by assuming that Plaintiffs have proven breach of an essential term of the Governing Documents.

## **3. Damages**

Generally, the purpose of damages in breach of contract actions is to put the injured party in the same position they would have been had the breach not occurred. See Hart, 884 A.2d at 338 (citations omitted). Because contract actions

arise from breaches of duties imposed by agreement, rather than by law as a matter of social policy, tort considerations (such as the breaching party's intent) generally do not come into play in contract actions. See id. at 339-41 (citations omitted).

The inability of a plaintiff to establish the amount of damages they have suffered with exact precision is not a bar to recovery. Rather, all that is required is that the damages be proven with reasonable certainty. Exton Drive-In, Inc. v. Home Indemnity Co., 436 Pa. 480, 488 (1969). That said, no recovery is possible for damages that are too remote or speculative to be proven with sufficient certainty. Logan v. Mirror Printing Co. of Altoona, Pa., 600 A.2d 225, 227 (Pa. Super. 1991). "The test of whether damages are remote or speculative has nothing to do with the difficulty in calculating the amount, but deals with the more basic question of whether there are identifiable damages. Thus, damages are speculative only if the uncertainty concerns the fact of damages rather than the amount." Id. at 227 (cleaned up).

Here, Plaintiffs have claimed the following:

1. As a result of PSCOA's and Local's nonfeasance, "union funds were expended improperly to the detriment of Plaintiffs and Plaintiffs have lost confidence and trust in [PSCOA's and Local's] ability to properly and adequately represent their bargaining unit..."  
Plaintiffs' Motion for Summary Judgment, at ¶60
2. "Plaintiffs lost the benefit of their bargain in the form of their dues payments to [PSCOA and Local] on the premise that the [Governing Documents] would be upheld." Id. at ¶61.
3. The breaches by PSCOA and Local "have caused Plaintiffs injury in the form of union dues paid in reliance on the contract and loss of benefits expected as a result of Plaintiffs' contract with [PSCOA and Local]." Id. at ¶143.
4. "Plaintiffs received less benefit than they would have had [PSCOA and Local] not breached their contracts, as evidenced by the fact that PSCOA has been able to lower members[sic] dues since

implementing policies that enforce [PSCOA's] Constitution." Id.  
¶152.

Plaintiffs' measure for the value of their damages is the sum of all dues they have paid to PSCOA and Local since they became members many years ago.

In terms of direct damages, Plaintiffs claim that what they received under their contract with PSCOA and Local—the benefits of membership such as representation during collective bargaining, assistance with arbitrating claims against the DOC, etc.—has been rendered valueless by the breaches. But this is not the case, as neither Plaintiff can point to a specific instance of PSCOA or Local not providing a requested service or benefit, whether due to lack of funds or otherwise. Further, neither plaintiff can point to a specific instance of PSCOA or Local failing to advocate appropriately for them during the collective bargaining process—again, whether due to lack of funds or otherwise. On this basis, Plaintiffs cannot be said to have received less than what they paid for, and their claims for damages fail.

Plaintiffs, however, also make claims for consequential damages—loss of faith and confidence in PSCOA's and Local's ability to represent them in collective bargaining, loss of the opportunity to have paid lower dues, etc. Assuming, *arguendo*, that such damages are recoverable under the contract, these damages are too remote and speculative to be recoverable.<sup>1</sup>

As Plaintiffs have failed to establish the element of damages, the Court will not return to analyze the remaining two elements of their breach of contract claims.

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<sup>1</sup> The Court notes that even if these damages were not remote and speculative, Plaintiffs' own evidence undermines any support for their claims. Both Plaintiffs stated during their depositions that they suspected PSCOA and Local were not managing funds properly well before Peroni's actions were discovered, and generally lacked confidence in how union management was conducting operations. In other words, they had lost faith in PSCOA's and Local's ability to represent them well before Peroni's misdeeds were discovered. With specific regard to dues, Plaintiffs have not pointed to any evidence to establish that their respective dues paid would have been lower but for Peroni's actions. Rather, they simply point to the fact that PSCOA lowered union dues after they left membership, and then speculate that but for PSCOA's and Local's nonfeasance, the dues charged would have been lower.

*C. Negligent Misrepresentation Claim*

Plaintiffs' negligent misrepresentation claims against Peroni sound in tort, as opposed to contract. Under Pennsylvania law,

[n]egligent misrepresentation requires proof of: (1) a misrepresentation of a material fact; (2) made under circumstances in which the misrepresenter ought to have known its falsity; (3) with an intent to induce another to act on it; and (4) which results in injury to a party acting in justifiable reliance on the misrepresentation.

Bilt-Rite Contractors, Inc. v. The Architectural Studio, 581 Pa. 454, 466 (2005) (cleaned up). The plaintiff's reliance on the misrepresentations must have been reasonable under the circumstances. A plaintiff cannot turn a blind eye to evidence of falsity and then recover for harm later.

Pennsylvania has adopted the "justifiable reliance" standard set forth in Sections 540 and 541 of the Restatement (Second) of Torts and recognizes that the recipient of an allegedly fraudulent misrepresentation is under no duty to investigate its falsity in order to justifiably rely, but is not justified in relying upon the truth of an allegedly fraudulent misrepresentation if he knows it to be false or if its falsity is obvious. The foregoing principles are applicable even if the plaintiff is considered to be a "sophisticated" consumer.

Patel v. Kandola Real Estate, LP, 271 A.3d 421, 427 (Pa. Super. 2021) (cleaned up).

Here, Plaintiffs' claims are based on Peroni's repeated representations regarding Local's financial condition at member meetings, as well as his repeated representations at such meetings regarding his compliance with the spending and financial recordkeeping requirements of the Governing Documents. Plaintiffs allege that these misrepresentations were made with the intent of inducing them to remain dues-paying members of PSCOA and Local. They further claim that but for Peroni's misrepresentations, they would have left membership sooner. However, both Plaintiffs stated during their depositions that they suspected Peroni was mishandling funds well before they left union membership. In fact, Plaintiffs each left union membership because of anger and frustration with how PSCOA's and Local's finances were being managed, the lack of transparency regarding financial records, and lack of confidence in the reports they were receiving from

union management (which included Peroni, as treasurer for Local).<sup>2</sup> As a result, neither Plaintiff can claim to have justifiably relied on Peroni's misrepresentations in choosing to remain members of the union.

It must be noted here that Plaintiffs' claims for damages resulting from Peroni's misrepresentations are essentially the same as their claims for damages due to PSCOA's and Local's alleged breaches of contract. These claims fail for the same reasons as with respect to the contract claims—Plaintiffs cannot prove that they were harmed in a compensable fashion by Peroni's actions.

#### *D. Accounting*

While not explicitly stating so, Plaintiffs seek an equitable, rather than legal, accounting of PSCOA's and Local's finances.<sup>3</sup> The elements of this claim and the scope of the remedy to be provided are somewhat murky and amorphous under current Pennsylvania law. Up until 2004 the matter was clearer, as Pa.R.Civ.P. 1530 governed the action, and provided as follows.

##### Rule 1530. Special Relief. Accounting

(a) Any pleading demanding relief may include a demand for an accounting.

(b) If the party is entitled to an accounting the court may proceed forthwith to hear and determine the amount due or may enter a decree that an account be filed within such time as the court by local rule or special order shall direct.

(c) Each party shall be served with a copy of the account in the same manner as a pleading. Exceptions may be filed to the account within twenty days after service.

(d) If no exceptions are filed, the court shall enter judgment for the amount, if any, shown by the account to be due. If exceptions are filed, the court shall determine the amount due or may refer the account and exceptions to an auditor.

(e) The auditor shall file a report, to which exceptions may be filed within twenty days. If no exceptions are filed to the report of the

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<sup>2</sup> Plaintiff Yedlosky's suspicions were so strong that he conducted an audit of checks issued by Peroni and then provided the results of that audit to PSCOA management. The results of his audit were later confirmed via a forensic audit commissioned by PSCOA.

<sup>3</sup> A right to a legal accounting must be granted either by contract or by statute.



auditor, the court shall enter judgment for the amount, if any, determined by the auditor to be due. If exceptions are filed, the court shall determine the amount, if any, which may be due.

Pa.R.Civ.P. 1530 (rescinded Dec. 16, 2003, effective July 1, 2004).

When our Supreme Court rescinded Rule 1530 in 2003 as part of its abolishment of separate actions in equity, it did not replace the rule with a new one governing actions for an accounting. Nevertheless, a look at prior Rule 1530 and its associated caselaw reveals that the intent of the remedy is to enable a party who has some right to possession and use of property that is held and controlled by another to obtain information necessary to establish a claim for damages related to the wrongful withholding or misuse of that property. For example, an equitable accounting was appropriate to determine the amount of damages owed to a plaintiff for lost profits and rent where the first defendant sold a parcel of land to the second defendant, despite both having knowledge of the plaintiff's right of first refusal for the property, and the second defendant refused to convey the property to the plaintiff upon demand, instead holding onto it and operating a business there. Boyd & Mahoney v. Chevron U.S.A., 614 A.2d 1191, 1196-97 (Pa. Super. 1992) ("Case law in Pennsylvania has long recognized equitable accounting as an appropriate remedy for wrongful possession of property.") (citations omitted). Similarly, a union plaintiff had a right to an accounting from its former officers and agents where those officers and agents had possession or control of union property and allegedly had diverted or converted such property while in office. Local No. 163, Int'l Union Of United Brewery, Flour, Cereal, Soft Drink And Distillery Workers Of America v. Watkins, 417 Pa. 120, 123, 126-28 (1965). The remedy has no applicability, however, where the plaintiff has no right to the property in question. For example, where the plaintiffs owned real property subject to a mortgage and alleged that the holder of the mortgage had not properly applied payments made on the mortgage to the balance thereof, they were not entitled to an equitable accounting of how the payments had been spent. Buczek v.

First Nat. Bank of Mifflintown, 531 A.2d 1122, 1124 (Pa. Super. 1987).<sup>4</sup> Likewise, where a divorced father was obligated to pay annual gifts to a life insurance trust set up for his children during the marriage, but had only periodic custody of the children and was not their primary guardian or custodian, he did not have the right to demand an accounting from the trustee. Rock v. Pyle, 720 A.2d 137, 139, 140-41 (Pa. Super. 1998). The father did not have any express right to the funds held by the trust, did not have any inherent right to those funds by virtue of the being the children's father, and did not have any inherent right to those funds by virtue of having made annual irrevocable gifts to the trust. Id. at 140-41. "Equitable jurisdiction does not exist simply because the petitioner desires information." Id. at 142 (citing Buczek, 531 A.2d at 1124).

The instant case is on point with Buczek and Rock. Plaintiffs made payments of membership dues to PSCOA and Local. Those dues were, essentially, payments for services received (i.e., the benefits of membership in the union). They were not payments into an account held by PSCOA and Local solely for the benefit of Plaintiffs (such as an investment account). Nor was this like a situation in which a union maintains a pension fund for its members; Plaintiffs had no right to receive payment from PSCOA or Local based solely on their payment of dues. The evidence proffered by Plaintiffs, PSCOA, and Local establishes that there was no fiduciary relationship between the parties. Rather, similar to the father in Rock, Plaintiffs desire an accounting simply because they desire information. They each suspect that the financial misfeasance and nonfeasance committed by PSCOA and Local extends much farther than that discovered as a result of the forensic audit of Peroni's checking account activities, and want to prove that they are right. But, even if they prove all of the financial misappropriation they allege, they will have

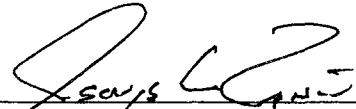
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<sup>4</sup> See id.

[A]n equitable accounting is not proper where there is no fiduciary relationship between the parties, no fraud or misrepresentation is alleged, where the accounts are not mutual or complicated, or where the plaintiff possesses an adequate remedy at law. Equitable jurisdiction for an accounting does not exist merely because the plaintiff desires information that he could obtain through discovery. Neither the Bank nor [its officer] acted as agent or trustee for the [plaintiffs]. The Bank received money in payment from a debtor. The Complaint fails to allege any facts which could transform the debtor-creditor relationship between the [plaintiffs] and [the defendants] into a fiduciary relationship.

no right to damages as a result. Those rights remain with PSCOA and Local as the rightful owners of the funds in question. Plaintiffs cannot obtain an equitable accounting to force PSCOA and Local to take action that will only benefit PSCOA and Local, as opposed to Plaintiffs.

BY THE COURT:

  
George N. Zanic, President Judge

C: Danielle R. Acker Susanj, Esq., Nathan J. McGrath, Esq., Justin T. Miller, Esq.  
Richardson Todd Eagen, Esq.  
Thomas K. Hooper, Esq.