Meram v. MacDonald

2006 U.S. Dist. LEXIS 79069 (U.S. Dist. Ct. S.D. Cal.)

Allianz Sales invited Frank Meram to attend a presentation on September 29, 2005, to meet Robert MacDonald, who was promoting his new book, Cheat to Win. *MacDonald was a multimillionaire who had started as an insurance agent and built LifeUSA, a billion dollar company, which was owned by Allianz at the time of the presentation. Meram attended the presentation along with approximately 100 other financial representatives.*

At the beginning of the presentation, MacDonald announced that one of the attendees would leave that day with one million dollars. All that was required was to place a business card in the basket that was passed around, and to stay until the end of the presentation. At the end, MacDonald would select one card from the basket, and the person whose name was on the card would leave with a million dollars. Meram placed his business card in the basket and attended the presentation until the end. At the end of the presentation, MacDonald pulled Meram's business card out of the basket. He congratulated Meram and then explained how "this works." MacDonald said Meram would receive one dollar per year for a million years. He gave Meram $100 in cash for the first 100 years. According to MacDonald, all Meram had to do was attend a presentation once a year to claim the rest of the million dollars. MacDonald then laughed and thanked everyone for coming.

Meram filed an action for breach of contract against MacDonald and Allianz, seeking the remainder of the promised $1 million. The defendants moved to dismiss Meram's case for failure to state a claim.

Lorenz, Judge

Defendants maintain no valid contract was created because MacDonald's statements at the seminar did not constitute a valid offer. To establish an offer, the defendant must communicate to the plaintiff that he is willing to enter into a contract with the plaintiff, the communication must contain specific terms, and, based on the communication, the plaintiff could have reasonably concluded that a contract with these terms would result if he accepted the offer. The issue is whether, under the circumstances, a reasonable person would conclude, from the words and conduct of each party, that there was an agreement. Defendants contend MacDonald's alleged offer was too good to be true, and Meram could not have reasonably concluded the offer was for a million dollars.

Meram alleges he concluded the offer was genuine, since he was aware that MacDonald was a multi-millionaire, that Allianz was a billion dollar company, and that each had the financial means to pay the promised sum. More significantly, MacDonald elaborated on the offer, and mentioned it at least twice. Based on these facts, Meram alleges he reasonably believed that defendants would pay the promised sum.

Reading the allegations in the light most favorable to the plaintiff, the allegations do not lead to an inescapable conclusion that the offer was a joke or that MacDonald meant anything other than what he said. Accordingly, the court cannot conclude that no reasonable person could conclude the offer was genuine. Meram therefore sufficiently alleged the offer and its terms.

Defendants next argue that there was no valid contract because the offer was too vague for failure to indentify who would receive the million dollars or the terms of payment. To form an enforceable contract, its terms must be clear enough that the parties could understand what each was required to do. By the alleged terms of the offer, the pool of potential winners was defined by the business cards placed in the basket. The winner's name was pulled out of the basket, and he or she would receive the prize so long as he or she also attended the presentation. Furthermore, MacDonald stated the winner would "walk out of here with a million dollars today." Accordingly, the alleged offer is sufficiently definite to support formation of a contract.

Motion to dismiss the action for breach of contract denied in favor of Meram.