

**IN THE CIRCUIT COURT OF HANCOCK COUNTY, MISSISSIPPI**

**ALOHA WINE & SPIRITS, LLC**

**PLAINTIFF**

**VERSUS**

**CAUSE NO. 23CI1:26-cv-00054**

**RUAN TRANSPORT CORPORATION**

**DEFENDANT**

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**SECOND AMENDED COMPLAINT FOR DAMAGES**

**COMES NOW** the Plaintiff, Aloha Wine & Spirits, LLC, (hereinafter “Plaintiff”), by and through undersigned counsel, and files this, its Second Amended Complaint against the Defendant, Ruan Transport Corporation (hereinafter “Ruan” or “Defendant”), and for cause of action would show unto the Court as follows:

**PARTIES**

1. Aloha Wine & Spirits, LLC is a limited liability company organized and existing under the laws of the State of Mississippi, doing business as Aloha Wine & Spirits, with its principal place of business at 4400 East Aloha Drive, Diamondhead, Hancock County, Mississippi. Plaintiff holds a Mississippi Alcoholic Beverage Control Permit and is a licensed ABC permittee authorized to purchase and sell alcoholic beverages in the State of Mississippi. Member, Michael J. Casano, is an adult resident citizen of Hancock County, Mississippi.

2. Defendant, Ruan Transport Corporation (“Ruan”) is a foreign corporation, with its principal place of business at 3200 Ruan Center, 666 Grand Avenue, Des Moines, Iowa 50309. Upon information and belief, Ruan is registered to do business in the State of Mississippi and may be served with process of this Court upon its registered agent, C T CORPORATION SYSTEM 8927 Lorraine Rd. Suite 204-A, Gulfport, Mississippi 39503. Ruan is the contracted third-party operator of the Liquor Distribution Center (hereinafter “warehouse,” “ABC warehouse” or

“LDC”) located in Gluckstadt, Madison County, Mississippi, pursuant to a contract with the Mississippi Department of Revenue dated March 1, 2023. *See* Exhibit A – “Contract for the Operation of The State Alcoholic Beverage Warehouse with its Exhibits A, B and C, and Amendment #1.

### **JURISDICTION AND VENUE**

3. This Court has subject matter jurisdiction over this action pursuant to Miss. Code Ann. § 9-7-81, as the amount in controversy exceeds the jurisdictional minimum of this Court.

4. Venue is proper in Hancock County pursuant to Miss. Code Ann. § 11-11-3, as the Defendant transacts business in Hancock County and the cause of action arose in whole or in part in Hancock County.

5. This Court has personal jurisdiction over Ruan because Ruan conducts substantial and continuous business in the State of Mississippi, including operating the sole ABC distribution warehouse serving all licensed permittees in the state, and the claims herein arise directly from Ruan’s operations in Mississippi.

### **FACTUAL ALLEGATIONS**

#### **Mississippi’s Alcoholic Beverage Control System**

6. Mississippi is a “control state” in which the state government acts as the sole wholesaler for distilled spirits and wine. Miss. Code Ann. § 67-1-41 grants the Mississippi Department of Revenue (“DOR”) sole authority to regulate and wholesale alcoholic beverages throughout the state.

7. All licensed permittees in the State of Mississippi—including package stores, restaurants, bars, and casinos—are required by law to purchase their spirits and wine inventory

exclusively through the ABC warehouse. Permittees are prohibited from purchasing wholesale spirits or wine from any other source. Miss. Code Ann. § 67-1-41.

8. The ABC warehouse, located in Gluckstadt, Madison County, Mississippi, is the single point of wholesale distribution for all alcoholic beverages in the state, serving all active permittees.

### **Senate Bill 2844 and the Ruan Contract**

9. In 2022, the Mississippi Legislature passed Senate Bill 2844, which mandated DOR to contract with a third-party operator for the operations of the ABC warehouse and distribution system. S.B. 2844, 2022 Regular Session, § 3.

10. In response to RFP #3120002542, DOR received four (4) proposals and selected Ruan Transport Corporation as the best and most responsive proposal, with a score of 88 out of 100 points.

11. On or about March 1, 2023, DOR entered into a Contract for the Operation of the State Alcoholic Beverage Warehouse with Ruan (the “Contract”). The Contract was approved by the Public Procurement Review Board at its March 2023 meeting. Ruan commenced warehouse operations on June 19, 2023.

12. The Contract provides for a four-year initial term with an option for two (2) four-year renewals, for a maximum term of twelve (12) years. The Contract provides for payment to Ruan on a per-case fee basis, beginning at \$2.22 per case in year one and increasing to \$2.64 per case in year four.

### **Ruan’s Contractual Obligations**

13. Under Section 4.D of the Contract, Ruan agreed to be responsible for the administrative management of the warehousing, order processing, and truck loading functions, including, without limitation, the management of its warehouse personnel.

14. Under Section 4.E of the Contract, Ruan agreed to recruit, hire, and retain sufficient qualified employees to operate the Liquor Distribution Center.

15. Under Ruan's Proposal, § 4.1.2.2, incorporated into the Contract as Exhibit A, Ruan committed that orders entered by the daily cutoff time would be processed, picked, loaded, and delivered to permittees the following business day. This next-business-day delivery standard is a binding obligation under the Contract's order of precedence. See Agreement, § 4.

16. Under Ruan's Proposal, § 4.1.3.5, also incorporated as Exhibit A, Ruan committed to handle the entire warehouse technology implementation internally using its own personnel. Ruan represented that it had the experience and capability to implement a warehouse of this size and scope without reliance on third-party entities. Ruan estimated approximately 1,050 hours of implementation work.

### **The Warehouse Crisis**

17. In early January 2026, the ABC warehouse underwent a planned shutdown for annual inventory. During this period, Ruan implemented a new software management system (warehouse management system, or "WMS").

18. The new software system implemented by Ruan was not compatible with the existing conveyor belt system used to load delivery trucks at the warehouse.

19. As a direct result of this incompatibility, three of the four conveyor belt lines at the warehouse were removed from service. The software contractor responsible for providing support for the conveyor belt system ceased providing those services.

20. Rather than having a functional contingency plan in place, Ruan reverted the warehouse to a dramatically slower manual "pick and pallet" system for loading trucks. This resulted in a massive and ongoing reduction in the warehouse's throughput capacity.

21. As of the February 17-18, 2026 legislative hearing, the warehouse had accumulated a backlog of approximately 199,000 unshipped cases of alcoholic beverages. As of March 1, 2026, that number was estimated to be in excess of 220,000 unshipped cases.

22. It is anticipated through legislative oversight testimony that the backlog would not be reduced by half until March 2026 at the earliest, and would not be fully resolved until May 2026.

### **Harm to Plaintiff**

23. Prior to the crisis, Plaintiff routinely received orders from the ABC warehouse within 1-3 business days of placing an order.

24. Beginning in late December 2025/early January 2026, Plaintiff's orders placed through the MARS ordering system were not fulfilled, were fulfilled only partially, or were delayed by several weeks.

25. Accordingly, store inventory was significantly diminished during seasonal peak times such as Mardi Gras, leaving partially empty shelves and a lack on the most commonly purchased retail items.

26. In February 2026, the ABC warehouse stopped accepting incoming product causing a complete lack of availability of staple retail items for the Plaintiff's store.

27. As a direct and proximate result of Ruan's failure to operate the warehouse and fulfill orders consistent with the terms of Exhibit A, Plaintiff has suffered the following damages:

- a. Lost revenue from inability to sell products not delivered;
- b. Lost profits from reduced foot traffic and customer diversion to competing businesses or out-of-state sources, in an amount to be proven at trial;

c. Harm to business reputation and goodwill, including customer loss, in an amount to be proven at trial; and,

d. Ongoing losses from diminished inventory, loss of business income and whatever other losses may be proven at trial.

28. Because Mississippi law requires Plaintiff to purchase spirits and wine exclusively through the ABC warehouse, Plaintiff had no legal ability to obtain product from any alternative source to mitigate its losses.

### **COUNT I BREACH OF CONTRACT**

29. Plaintiff incorporates by reference all allegations contained in the foregoing paragraphs as though fully set forth herein.

30. A valid and enforceable contract exists between DOR and Ruan for the operation of the ABC warehouse (the “Contract”), executed on or about February 21, 2023. Exhibit A.

31. Plaintiff is a third-party beneficiary of the Contract. The Contract was entered into for the express purpose of providing warehouse and distribution services to licensed ABC permittees, including Plaintiff. Plaintiff is a member of the specifically identified class of beneficiaries—licensed ABC permittees—for whose benefit the Contract was made. The Contract references permittees throughout, establishes the MARS ordering system for permittee use, and requires next-workday delivery to permittee locations.

32. Under Mississippi law, a third-party beneficiary may enforce a contract where: (1) the contract terms are expressly broad enough to include the third party by name or as one of a specified class; (2) the third party was evidently within the intent of the terms so used; and (3) the promisee had a substantial and articulate interest in the welfare of the third party. *Simmons*

*Housing, Inc. v. Shelton ex rel. Shelton*, 36 So. 3d 1283, 1286 (Miss. 2010) (quoting *Yazoo & M.V.R. Co. v. Sideboard*, 161 Miss. 4, 133 So. 669, 671 (1931)).

33. The entire purpose of the Ruan Contract and the enabling legislation, Senate Bill 2844, was to improve distribution services to licensed permittees. Permittees are the direct, intended recipients of the warehouse services. The Legislature specifically enacted S.B. 2844 to address longstanding distribution problems harming permittees. Plaintiff is not a mere incidental beneficiary but an intended, contemplated beneficiary of the Contract.

34. Ruan breached the Contract by, among other things:

a. Failing to perform its obligation of administrative management of warehousing and order processing (Section 4.D);

b. Implementing a new warehouse management software system that was incompatible with existing conveyor belt equipment, without adequate testing the implementation or having a contingency plan;

c. Removing conveyor belt lines from service without a functional replacement system, resulting in a catastrophic reduction in warehouse throughput;

d. Failing to guarantee next business-day delivery to permittees as required by Ruan's Proposal, § 4.1.2.2 (Exhibit A to the Contract);

e. Failing to implement the warehouse management system using Ruan's own internal personnel as committed in Ruan's Proposal, § 4.1.3.5 (Exhibit A), and failing to ensure the new WMS was compatible with existing warehouse infrastructure before deploying it;

f. Billing Plaintiff through the MARS system for product that was not delivered or was only partially delivered;

g. Failing to recruit, hire, and retain sufficient qualified employees to operate the warehouse (Section 4.E).

35. As a direct and proximate result of Ruan's breach, Plaintiff has suffered damages in an amount to be proven at trial.

## COUNT II

### NEGLIGENCE / GROSS NEGLIGENCE

36. Plaintiff incorporates by reference all allegations contained in the foregoing paragraphs as though fully set forth herein.

37. As the sole operator of the ABC warehouse—the exclusive distribution point for all spirits and wine sold in the State of Mississippi—Ruan owed a duty of reasonable care to all licensed permittees, including Plaintiff, to operate the warehouse in a competent, professional, and reliable manner.

38. Ruan breached this duty by:

- a. Implementing a new warehouse management software system without adequately testing its compatibility with existing conveyor belt infrastructure;
- b. Removing conveyor belt lines without having a functional replacement system in place;
- c. Failing to develop, maintain, or execute any contingency plan for the transition period;
- d. Failing to communicate transparently or timely with permittees about the nature and expected duration of the service disruption;
- e. Permitting a 199,000+ case backlog to accumulate before taking adequate remedial measures.

39. Ruan's conduct constitutes gross negligence in that Ruan, while operating the state's sole alcohol distribution system upon which thousands of businesses and their employees depend,

acted with reckless disregard for the foreseeable consequences of removing the warehouse's primary loading infrastructure without a viable alternative. This is especially egregious given that the disruption occurred during Mississippi's Mardi Gras season, one of the highest-demand periods for alcohol sales in the state. The conduct has continued for such duration and with such inadequate remedial measures that store owners have sought the Governor's declaration of a State of Emergency.

40. As a direct and proximate result of Ruan's negligence and/or gross negligence, Plaintiff has suffered damages in an amount to be proven at trial.

### **COUNT III**

#### **UNJUST ENRICHMENT (IN THE ALTERNATIVE)**

41. Plaintiff incorporates by reference all allegations contained in the foregoing paragraphs as though fully set forth herein.

42. In the alternative, and in the event this Court determines that Plaintiff is not an intended third-party beneficiary of the Contract between DOR and Ruan, Plaintiff alleges as follows. Plaintiff placed orders for spirits and wine through the MARS ordering system and paid DOR for those orders. A portion of the amounts paid by Plaintiff was remitted to Ruan as per-case fees under the Contract for warehouse operations and delivery services.

43. Ruan received the benefit of per-case fees attributable to Plaintiff's orders but failed to deliver the product for which Plaintiff was charged, or delivered only a portion of the product ordered. Commissioner Graham acknowledged billing errors at the February 17, 2026 legislative hearing. Ruan has been enriched by its retention of fees for services it failed to perform.

44. Under Mississippi law, unjust enrichment applies where one party is in possession of money or property which in good conscience and justice it should not retain but should deliver

to another. *Koval v. Koval*, 576 So. 2d 134, 137 (Miss. 1991). Ruan's retention of per-case fees for warehouse and delivery services it failed to perform—while Plaintiff bore the cost of product ordered but not received—is inequitable and unjust.

45. As a direct result of Ruan's unjust enrichment, Plaintiff has suffered damages in the amount of all sums paid for product not delivered, together with any additional consequential damages, in an amount to be proven at trial.

#### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff respectfully prays that this Court enter judgment in its favor and against the Defendant as follows:

- a. Compensatory damages for all lost revenue, lost profits, charges for undelivered goods, costs of mitigation, and harm to business reputation and goodwill, in an amount to be proven at trial;
- b. Punitive damages for Defendant's gross negligence and reckless disregard for the rights and welfare of Plaintiff and all similarly situated Mississippi businesses;
- c. Pre-judgment and post-judgment interest at the maximum rate allowed by law;
- d. Costs of this action, including reasonable attorneys' fees to the extent permitted by law or contract;
- e. Such other and further relief as this Court may deem just and proper; and,
- f. The Plaintiff requests a trial before a jury.

RESPECTFULLY SUBMITTED, this 6th day of March, 2026.

Aloha Wine & Spirits, LLC, Plaintiff

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