GRAND PARK LAW GROUP
A PROFESSIONAL CORPORATION

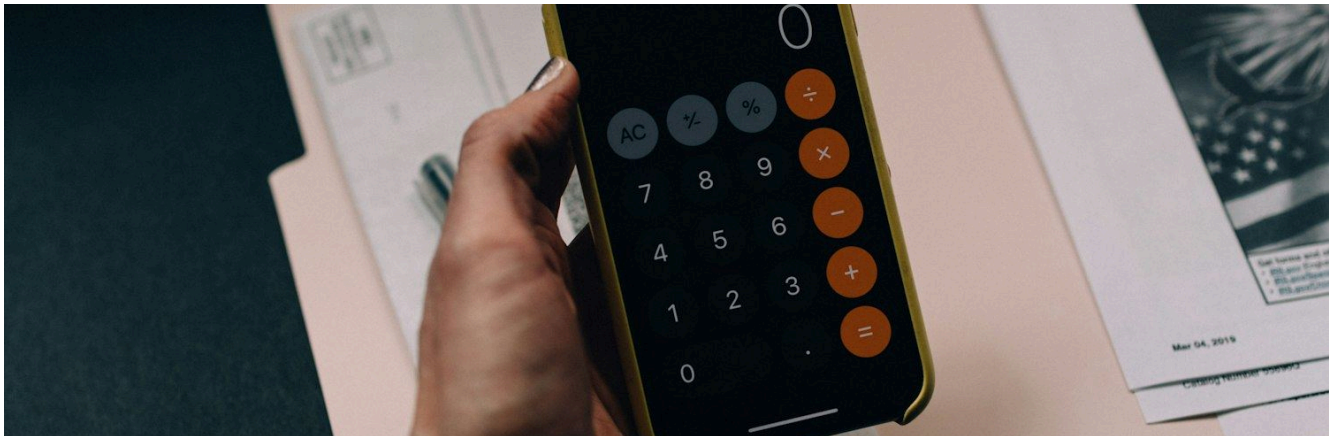
WESTSIDE TOWERS
11835 W. Olympic Boulevard #870E
Los Angeles, California 90064

O:+1 888.629.4754
F: +1 310.900.0805

PRACTICE GUIDE · BUSINESS TORTS

Fiduciary Duty and Conversion

Grand Park Law Group · 2026



A. **Breach of Fiduciary Duty**

A claim for breach of fiduciary duty requires (1) the existence of a fiduciary relationship, (2) breach of duty, and (3) damages. *Stanley v. Richmond* (1995) 35 Cal.App.4th 1070, 1086. Fiduciary relationships arise as a matter of law in certain settings (attorney-client, trustee-beneficiary, partner-partner, corporate director-shareholder, agent-principal) and may arise as a matter of fact where one party reposes "trust and confidence" in another who knowingly accepts that trust. The duty includes loyalty, care, candor, and good faith.

In commercial cases, the most common fiduciary settings are partnerships (Corp. Code § 16404), LLC managers (Corp. Code § 17704.09), corporate officers and directors (Corp. Code §§ 309, 7231), and majority-shareholder duties to minority shareholders in close corporations, *Jones v. H.F. Ahmanson & Co.* (1969) 1 Cal.3d 93, 110–11. Punitive damages are available under Civil Code section 3294 where fiduciary breach involves fraud, malice, or oppression.

B. **Aiding and Abetting Fiduciary Breach (Casey v. U.S. Bank)**

A non-fiduciary may be liable for aiding and abetting a fiduciary's breach. The leading case is *Casey v. U.S. Bank Nat. Assn.* (2005) 127 Cal.App.4th 1138, in which a bankruptcy trustee sued a bank that had allegedly assisted corporate insiders' looting of company funds. The Court of Appeal held that aiding-and-abetting liability requires the defendant to have (1) "actual knowledge" of the specific primary violation and (2) provided "substantial assistance" to achieve the breach. *Id.* at 1144. Mere atypical banking transactions, without actual knowledge of the underlying breach, are insufficient. *Id.* at 1145–52. *Casey* is the standard demurrer authority for banks and other financial intermediaries seeking dismissal of aiding-and-abetting claims.

C. Conversion of Money and Specific Property

Conversion is the wrongful exercise of dominion over another's personal property. Elements: (1) plaintiff's ownership or right to possession of property; (2) defendant's conversion by a wrongful act or disposition; and (3) damages. *Hartford Fin. Corp. v. Burns* (1979) 96 Cal.App.3d 591, 598. *Hartford* is the foundational California case for the proposition that money can be the subject of conversion only when it is a "specific, identifiable sum" — for example, funds entrusted for a particular purpose, identifiable proceeds of a sale, or a sum held in a segregated account. *Id.* at 598. A general debt is not enough.

This rule has practical importance in commercial-fraud cases involving the diversion of funds. To plead conversion, the plaintiff must trace the money — preferably to a specific account, transfer, or identifiable instrument — rather than merely allege that the defendant owes a sum of money.

D. Constructive Trust and Accounting

Constructive trust under Civil Code sections 2223 and 2224 is an equitable remedy, not an independent cause of action. It imposes a trust on property wrongfully acquired and traceable to the wrong, including by fraud, conversion, or breach of fiduciary duty. *Communist Party v. 522 Valencia, Inc.* (1995) 35 Cal.App.4th 980, 990. An accounting is also equitable and is appropriate where (i) a fiduciary or other relationship requires it, or (ii) the accounts between the parties are sufficiently complicated that an action at law will not afford an adequate remedy. *Teselle v. McLoughlin* (2009) 173 Cal.App.4th 156, 179.

Practice	Business Torts
Topics	Fiduciary Duty · Conversion
Publication	Practice guide · Chapter V · 2026

Available online at businesstorts.grandparklawgroup.com/articles/fiduciary-duty-and-conversion. This publication is provided for general information and is not legal advice.
© 2026 Grand Park Law Group, A.P.C. Attorney Advertising.

| Beverly Hills • San Francisco • San Diego • Chicago |
| Main: (888) 629-GPLG (4754) • Fax: (310) 900-0805 • www.GrandParkLawGroup.com |