mortgage. Finally, EPIC stated in its oral representations that each of its many partnerships was financially independent of the others.

On the other hand, an audit report stated some of the existing financial problems with the projects, and the standard offering memorandum clearly stated that the general partner could commingle funds among the projects.

In rejecting a right of recision, the court of appeals began form the premise that recision was permitted if the policies were procured by fraud. Fraud is founded on a right to rely on the representations. In this case, the court found that none of the factors that justified reliance assisted the insurers. First, the insurers were sophisticated parties. Second, there was no long term or fiduciary relationship between the parties that allowed a lower level of care on the part of the insurers. Third, the insurers had access to the relevant information, there was no concealment, and there was ample oppotunity to detect the inconsistency between the oral representations and the offering documents. The court broadly concluded that "one may not reasonably rely upon an oral statement when he has in his possession a contrary statement in writing."

Damages in Commercial Transactions

Hapka v. Paguin Farms, 1990 Minn. Lexis 225 (Minn. Sup. Ct. 1990).

The Minnesota supreme court refused to permit a jury to consider tort theories for products liability if the underlying claim was limited to the recovery of commercial damages. In this case, Hapka purchased and planted diseased seed potatoes from P&H Farms. As a result, the product could not be sold as originally planned. Some of the crop was sold at lower prices, another portion had to be destroyed, and Hapka had to disinfect and clean his farm machinery and warehouses to eliminate the disease. He sued under theories of express and implied warrantly and strict liability. The trial court refused to allow the strict liability claims to go to the jury, and the supreme court agreed.

In a prior case, the Minnesota supreme court held that damages were not recoverable in tort unless personal injury or damage to property other than the defective item were pleaded. The court stated that the purpose of the limitation was to allow strict liablity only in those instances in which a consumer was involved. In this case, the court further refined the standard by suggesting that the limitation encouraged negotiated agreements concerning the scope of liability. It premised the rule on the belief that strict liability was necessary only because of the limited skill and bargaining power of consumers. In contrast, the law expected commercial parties to be knowledgeable and to have relatively equal trial court correctly refused to give the jury the strict liability claim to decide.

Coverage of Enviromental Compliance

Minnesota Mining and Manufacturing Co. v. Travelers Indemnity Co., 457 N.W.2d 175 (Minn. Sup. Ct. 1990).