

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF MICHIGAN  
NORTHERN DIVISION**

Shepler's Inc. d/b/a Shepler's Mackinac Island  
Ferry Service, and Mackinac Island Ferry  
Company d/b/a Arnold Transit Company,

Plaintiffs/Counter-Defendants,

v.

City of Mackinac Island,

Defendant/Counter-Plaintiff.

Case No. 25-cv-00036

Hon. Robert J. Jonker

Mag. Maarten Vermaat

**JOINT STATUS REPORT**

A second Rule 16 Scheduling Conference is scheduled for March 16, 2026, before the Hon.

Judge Robert J. Jonker. Appearing for the parties as counsel will be:

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Pursuant to Fed. R. Civ. P. 16, the Court’s First Case Management Order (ECF No. 31), and the Court’s Order Setting Rule 16 Conference (ECF No. 9), Plaintiffs Shepler’s Inc. d/b/a Shepler’s Mackinac Island Ferry Service (“Shepler’s”) and Mackinac Island Ferry Company d/b/a Arnold Transit Company (“MIFC,” and together with Shepler’s, the “Ferry Companies”) and Defendant City of Mackinac Island (the “City”), by their attorneys, submit the following Joint Status Report:

**1. Jurisdiction:**

**The Ferry Companies’ Statement:** The basis for the Court’s jurisdiction is that this is a civil case of admiralty or maritime jurisdiction under 28 U.S.C. § 1333(1).

**The City’s Statement:** The City is still evaluating whether the Court’s dismissal of the City’s antitrust counterclaims (ECF No. 125) impacts this Court’s jurisdiction over the remaining Franchise Agreement claims.

**2. Jury or Non-Jury:**

**The Ferry Companies’ Statement:** The Ferry Companies believe this case should be tried before the Court as trier of law and fact and reserve their right to move to strike the City’s jury demand.

**The City’s Statement:** The City filed a jury demand. The Hoffmann Ferry Companies have asserted admiralty jurisdiction for their Count I, Declaratory Judgment under 28 U.S.C. § 2201. However, the Franchise Agreements specifically provide that they are “subject to . . . the laws and Constitution of the State of Michigan, and shall, whenever possible, be construed as consistent with them” (ECF No. 63-1, PageID.1156; ECF No. 63-2, PageID.1163; ECF No. 63-3, PageID.1172; ECF No. 63-4, PageID.1180; ECF No. 63-5, PageID.1188), and a jury trial is proper where a defendant/counter-plaintiff, like the City here, has a right to trial under the Seventh

Amendment when a compulsory counterclaim is brought by the defendant/counter-plaintiff. *See Beacon Theaters v. Westover*, 359 U.S. 500, 510-511 (1959) (holding that the right to a jury trial as provided by the Seventh Amendment overcomes another party's preference for a bench trial when those interests conflict); *Fitzgerald v. U.S. Lines*, 374 U.S. 16, 18-20 (1963); *Wilmington Tr. v. U.S. Dist. Ct. for the Dist. of Hawaii*, 934 F.2d 1026, 1032 (9th Cir. 1991); *In re Lockheed Martin Corp.*, 503 F.3d 351, 359-60 (4th Cir. 2007); *Koch Fuels, Inc. v. Cargo of 13,000 Barrels of No. 2 Oil*, 704 F.2d 1038, 1042 (8th Cir. 1983); *Clear Spring Property and Casualty Co. v. Arch Nemesis, LLC*, 741 F. Supp. 3d 949 (D. Kan. 2024); *Nice v. Chesapeake and Ohio RR Co.*, 305 F. Supp. 1167, 1176-1178 (W.D. Mich. 1969) (allowing jury trial where plaintiff brought claims under admiralty law and Jones Act and the defendant brought claims under the Great Lakes Act); *Local 783, Allied Ind. Workers of Am., AFLCIO v. Gen. Elec. Co.*, 471 F.2d 751, 756 (6th Cir. 1973) (citing *Nice* for the proposition that "any doubt should be resolved in favor of permitting a jury trial"); *Horton v. Andrie, Inc.*, 408 F. Supp. 477, 482 (W.D. Mich. 2005) (plaintiff's election to proceed under admiralty law did not affect the defendant's jury demand).

**3. Judicial Availability:**

**The Ferry Companies' Statement:** While both parties initially declined to have this matter heard by the Magistrate Judge (ECF No. 23), recent orders have apparently convinced the City to change its position. The Ferry Companies maintain their position, and do not consent to having a United States Magistrate Judge conduct any and all further proceedings in the case.

**The City's Statement:** The City is agreeable to having a United States Magistrate Judge conduct any and all further proceedings in the case.

4. **Statement of the Case:**

**The Ferry Companies' Statement:** For purposes of this status report, the Ferry Companies accept and adopt the Court's summary of the case set forth in its order dated May 21, 2025. (*See* ECF No. 22). This case is a dispute over rates and schedules for ferry services to Mackinac Island. The plaintiff Ferry Companies filed a single count complaint seeking declaratory relief to prevent the City of Mackinac Island from unilaterally setting the fares and schedules under the "no competition" clause in Section 9 of each ferry company's contract with the City. (*See* ECF No. 1). The City's Answer and Counterclaims assert, among other things, that the City alone has the authority to set rates and schedules under the "no competition" clause because both ferry companies—the only ferry companies currently operating—are now under the common ownership and control of The Hoffmann Family of Companies. The City's counterclaims asserted a variety of state and federal antitrust claims, which were dismissed by this Court on two occasions. (*See* ECF Nos. 58, 125). The City also sought to join the Hoffmann Family of Companies as a party to this case, which motion was denied. (*See* ECF No. 125). The City's only remaining claims are for (1) breach of contract for failure "to cooperate with the City in its regulation of rates for ferry transportation to and from Mackinac Island, including rates for parking [...] and all other fees and charges imposed by Counter-Defendants in connection with transportation by ferry" and (2) declaratory judgment concerning the City's authority to regulate Plaintiffs and enforcement of Section 9 of the Franchise Agreements. (*See* ECF Nos. 63, 125).

The Ferry Companies vehemently deny that "no competition" exists in the ferry boat service to and from the City and deny that the City has the unilateral authority to make that determination. The City has the authority to grant franchises to the Ferry Companies, but they are bound by the terms of those agreements, and do not have the authority to alter the terms of those

agreements through legislation. Common ownership of the Ferry Companies does not equate to a lack of competition and the City's contractual and legislative overreach is improper.

**The City's Statement:** This dispute involves the impact of the Hoffmann Family of Companies' ("Hoffmann") acquisition of both Hoffmann Ferry Companies. In 2022, Hoffmann "purchased Shepler's[.]" (Compl. ¶ 23, ECF No. 1, PageID.6). Roughly two years later, in 2024, Hoffmann "purchased MIFC[/Arnold]." (*Id.* ¶ 35, ECF No. 1, PageID.8). Hoffmann's acquisition of MIFC/Arnold brought both ferry companies serving Mackinac Island under Hoffmann's common ownership and control. (Am. Countercl. ¶ 39, ECF No. 63, PageID.1111).

The City alleges that, following Hoffmann's acquisition of MIFC/Arnold, the two Hoffmann Ferry Companies are no longer competitors as a matter of fact or law. (*See* Am. Countercl. ¶ 58, ECF No. 63, PageID.1115). Consequently, the City exercised its jurisdiction and authority under the Franchise Agreements, the City's Charter, and its Ordinance No. 465 to regulate the Hoffmann Ferry Companies' charges, prices, and rates for service to and from Mackinac Island. (*See* ECF No. 36-5, PageID.482, Charter Chp. IX, §1, part 13; *id.*, PageID.487, Charter Chp. XVI, §1).

Specifically, the City's Charter, adopted by the Legislature in 1899 as a Special Act, authorizes the City to "regulate . . . the charges and prices for the transportation of persons and property" by ferry (ECF No. 36-5, PageID.482, Charter Chp. IX, §1, part 13), to "regulate and license ferries from such City or any place of landing therein to the opposite shore," and to "impose such reasonable terms and restrictions in relation to the keeping and management of such ferries and the time, manner and rates of carriage and transportation of persons and property" (*id.*, PageID.487, Charter Chp. XVI, §1).

The Franchise Agreements provide that they are “subject to all applicable provisions of the Charter of the City of Mackinac Island and ordinances thereof,” “as well as the laws and Constitution of the State of Michigan,” and, “[i]n the event that no competition is found to exist in ferry boat service to and from the City, the City has the right to assert its jurisdiction over schedules and fares to the extent permitted by present law.” (ECF No. 7-4, PageID.112; ECF No. 7-6, PageID.130). The City’s Franchise Agreements with both Hoffmann Ferry Companies were adopted by the City as legislative ordinances in 2012 (Ordinances No. 466 (Arnold Transit, ECF No. 63-3), 467 (Shepler’s, ECF No. 63-2) and 468 (Star Line, ECF No. 63-1, which acquired Arnold Transit and became MIFC)), and in their current Amended and Restated form in 2023 as Ordinances No. 617 (MIFC/Arnold, ECF No. 63-4) and 618 (Shepler’s, ECF No. 63-5).

On May 28, 2025, the City enacted a revised Ferry Boat Ordinance setting out a detailed procedure for exercising the City’s right to regulate the ferry companies’ fees and charges when there is no competition in ferry services. (“Ordinance No. 629,” ECF No. 36-14).<sup>1</sup> The purpose of Ordinance No. 629 is to “[p]rovide fair regulation of ferry service to and from the City in the interest of the public,” among other goals. (ECF No. 36-14, PageID.533, § 3(1)). To effectuate that goal, Ordinance No. 629 sets out a process for reviewing and approving “Service Rates,” which is defined as “any rate, fare, fee and/or charge the Ferry Boat Company charges for any service related to the Ferry Boat Service, including but not limited to transportation of passenger, transportation of property, luggage, and parking fees.” (*Id.*, PageID.533, 538, §§ 2, 20(b), 21(a)).

Despite the obvious lack of any competing ferry or equivalent transportation service to and from Mackinac Island, Hoffmann and the Hoffmann Ferry Companies have resisted public utility

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<sup>1</sup> The Ordinance also incorporated the provisions of Ordinance No. 465, which was the ordinance that previously regulated ferry services and did not have any provisions in the event the ferry companies ceased competing in ferry services.

rate regulation by the City. Instead, the Hoffmann Ferry Companies filed this lawsuit on March 3, 2025, seeking a declaration that the City could not exercise its authority to regulate them under the Franchise Agreements (ECF No. 1). The City then filed a counterclaim against the Hoffmann Ferry Companies, alleging breach of the Franchise Agreements based on their failure to cooperate with rate regulation, and violations of the state and federal antitrust laws (ECF No. 7).

Both sides moved for preliminary injunctive relief. On June 30, 2025, the Court entered an order preliminarily enjoining the City from implementing Ordinance No. 629 (ECF No. 50). The City appealed that injunction order, and the Sixth Circuit held oral argument on January 29, 2026. The decision remains pending.

The Hoffmann Ferry Companies also filed a motion seeking to dismiss the City's counterclaim. On July 31, 2025, the Court issued an order denying the Hoffmann Ferry Companies' motion to dismiss as to the City's contract claims and granting that motion as to the antitrust claims, but allowing the City to file amended antitrust counterclaims on or before August 29, 2025 (ECF No. 58). The City subsequently filed an amended counterclaim, and a motion for leave to join Hoffmann as a counterparty defendant to the City's antitrust claims (ECF No. 63, 65). On February 20, 2026, the Court dismissed the antitrust claims in the City's Amended Counterclaim and denied the City's motion for leave to add Hoffmann as a counterparty defendant (ECF No. 125).

Under the Court's First Case Management Order (ECF No. 31), discovery was originally set to close on December 31, 2025, with dispositive motions to be filed by January 31, 2026. In December 2025, the Hoffmann Ferry Companies and the City both filed motions to compel written and document discovery (ECF No. 106, 112) and for protective orders as to certain depositions (ECF No. 103, 106). Given the unresolved discovery issues, on December 11, 2025, the parties

filed a joint motion to amend the Case Management Order and extend the discovery and dispositive motion deadlines (ECF No. 110). The Court granted that motion on December 23, 2025, and reset the close of discovery for 45 days after the Court decides the pending discovery motions and the dispositive motion deadline for 30 days after close of discovery (ECF No. 116). Subsequently, on February 24, 2026, the Court ruled on the Hoffmann Ferry Companies' motion to compel and for protective order (ECF No. 126), and directed a supplemental production by March 10, 2026. On March 9, 2026, the Court ruled on the City's motion to compel (ECF No. 127), and directed supplemental written responses and a supplemental production by March 23, 2026. The City's motion for protective order (ECF No. 103) remains pending.

**5. Joinder of Parties and Amendment of Pleadings:**

**The Ferry Companies' Statement:** The Ferry Companies do not anticipate joining additional parties at this time.

**The City's Statement:** The City does not anticipate any further requests for joinder of parties or amendment of the pleadings.

**6. Disclosures and Exchanges:**

**The Ferry Companies' Statement:** The parties have made initial disclosures, disclosed experts, and exchanged expert reports. While the Ferry Companies reserve their right to challenge the City's disclosures and exchanges to date, including an anticipated motion to strike/exclude the City's disclosed experts, the Ferry Companies do not anticipate additional disclosures/exchanges at this time.

**The City's Statement:** Exchange of initial disclosures and expert reports has been completed. The City reserves the right to challenge the Hoffmann Ferry Companies' expert.

7. **Discovery:**

**The Ferry Companies' Statement:** The Court's First Case Management Order set a December 31, 2025 deadline for the completion of discovery. (*See* ECF No. 31). In anticipation of that deadline, the Ferry Companies noticed/subpoenaed several depositions scheduled to occur before December 31<sup>st</sup>. While the Ferry Companies were able to complete five of those depositions (including the City's three experts and two non-parties), the City refused to produce its representatives, including the Mayor and City Council members for deposition, arguing that the Ferry Companies cannot obtain **any** testimony from its representatives because it is either privileged or irrelevant. Inevitably, this ridiculous position lead to motion practice. (*See* ECF Nos. 103-105 (City's motion for a protective order prohibiting deposition of City representatives); 106-108 (Ferry Companies' motion to compel and for protective order prohibiting deposition of David Hoffmann); 112-114 (City's motion to compel)). On December 23, 2026, Magistrate Judge Vermaat extended the discovery deadline to the "date falling forty-five (45) days after the Court rules on Plaintiffs' and Defendant's pending discovery motions (ECF Nos. 103-105 and 106-108, respectively)" and the dispositive motion deadline to "a date falling thirty (30) days after the new discovery deadline." (ECF 116).

The Ferry Companies and the City's motions to compel were both granted and denied in part, which will result in additional document productions from all parties over the next two weeks. (*See* ECF Nos. 126, 127). The parties await a decision on the City's motion for a protective order prohibiting deposition of City representatives. (*See* ECF Nos. 103-105).

Likely in conjunction with its position that testimony from the City representatives is privileged and/or irrelevant, the City only produced **three** emails from City Council representatives. However, through non-party discovery, the Ferry Companies learned that

additional responsive emails exist and were not produced by the City. On March 3, 2026, the Ferry Companies wrote the City to address the City's failure to comply with its discovery obligations. The City has not yet responded, but this issue may lead to additional motion practice

**The City's Statement:** Under the Court's Order Amending Case Management Order (ECF No. 31) [ECF No. 116], close of discovery is set for 45 days following the Court's ruling on the pending discovery motions. The Court ruled on the Hoffmann Ferry Companies' motion to compel on February 24, 2026 (ECF No. 126), and the City's motion to compel on March 9, 2026 (ECF No. 127), with supplemental productions due by March 10 and March 23, from the City and the Hoffmann Ferry Companies, respectively. The City's Motion for Protective Order Regarding Depositions (ECF No. 103) remains pending.

During the remaining discovery window, the City anticipates deposing a corporate representative for each Ferry Company, David Hoffmann, Chris Shepler, Veronica Dobrowolski, and their expert Matthew Raiff, Ph.D.

**8. Motions:**

**The Ferry Companies' Statement:** The Ferry Companies anticipate that all dispositive motions will be filed within seventy-five (75) days of the Court's determination of the City's pending motion for a protective order prohibiting the deposition of its representatives. (See ECF 116). The Ferry Companies anticipate filing a motion for Summary Judgment as well as a motion to exclude the City's experts. Additionally, given the amount of time that has passed, the 2027 expiration of the Franchise Agreements, and the City's conduct since the filing of the Ferry Companies' Complaint, the Ferry Companies reserve the right to seek leave to amend their Complaint to add additional claims for declaratory and/or contractual relief.

**The City's Statement:** Under the Court's Order Amending Case Management Order (ECF No. 116), motions for summary judgment will be due 30 days after the close of discovery. The City anticipates filing a motion for summary judgment as well as a motion challenging Plaintiffs' expert.

**9. Alternative Dispute Resolution and Prospects of Settlement:**

**The Ferry Companies' Statement:** The Ferry Companies maintain their belief that this case can and should be settled, preferably with revised and extended service contracts. Unfortunately, the Ferry Companies continue to have difficulty engaging with the City. Nonetheless, given the Court's recent decision dismissing the City's antitrust claims for a second time, the Ferry Companies remain hopeful that a settlement is possible. To the extent the City's hardline position has changed, a court supervised settlement conference would get the decision makers in a room together and hopefully lead to discourse and progress toward a possible settlement

**The City's Statement:** In the interest of conserving judicial resources, the City acknowledges that the Court will require the parties to participate in some form of Alternative Dispute Resolution. Given the stage of the case, the City prefers to engage in Alternative Dispute Resolution after close of discovery and suggests that this case be submitted to voluntary facilitative mediation at that time. *See* W.D. Mich. LCivR 16.3. However, the City does not believe that the parties have any realistic prospect of settlement at this point. The parties have not engaged in meaningful settlement discussions outside of the settlement conferences conducted with the Court on June 16, 2025, and October 14, 2025, and it is evident to the City that the Ferry Companies intend to run out the clock on the current Franchise Agreements and then try to leverage more favorable terms for a renewed Franchise Agreement.

**10. Length of Trial:**

**The Ferry Companies' Statement:** The Ferry Companies believe the remaining contract issues could be tried in 6 days, total, allocated as follows 3 days for Ferry Companies' case, 3 days for the City's case. Whether this case proceeds as a jury trial or a bench trial could affect the estimate.

**The City's Statement:** The City estimates the trial will last approximately 10 days total, with likely five days for each side.

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*Attorneys for City of Mackinac Island*

Dated: March 9, 2026

**CERTIFICATE OF SERVICE**

I hereby certify that on March 9, 2026, I electronically filed the foregoing document with the Clerk of the Court using the ECF system which will send notification of such filing to all ECF filers of record.

By: /s/ Gregory P. Cronin