[Cite as *Queen City Cleaning, L.L.C. v. I74 Wired, L.L.C.*, 2026-Ohio-3706.]

IN THE COURT OF APPEALS
FIRST APPELLATE DISTRICT OF OHIO
HAMILTON COUNTY, OHIO

QUEEN CITY CLEANING, LLC,	:	APPEAL NO. C-250643 TRIAL NO. A-2200140
Plaintiff-Appellant,	:	
vs.	:	*JUDGMENT ENTRY*
174 WIRED, LLC,	:	
Defendant-Appellee.	:	

This cause was heard upon the appeal, the record, the briefs, and arguments.

For the reasons set forth in the Opinion filed this date, the judgment of the trial court is affirmed.

Further, the court holds that there were reasonable grounds for this appeal, allows no penalty, and orders that costs be taxed under App.R. 24.

The court further orders that (1) a copy of this Judgment with a copy of the Opinion attached constitutes the mandate, and (2) the mandate be sent to the trial court for execution under App.R. 27.

To the clerk:

Enter upon the journal of the court on 9/23/2026.

Pursuant to App.R. 30, the clerk is directed to send all parties, or their counsel if represented, a copy of the court's judgment and note such action on the docket.

By:__________________________
Administrative Judge

IN THE COURT OF APPEALS
FIRST APPELLATE DISTRICT OF OHIO
HAMILTON COUNTY, OHIO

QUEEN CITY CLEANING, LLC,	:	APPEAL NO. C-250643 TRIAL NO. A-2200140
Plaintiff-Appellant,	:	
vs.	:	*O P I N I O N*
I74 WIRED, LLC,	:	
Defendant-Appellee.	:	

Civil Appeal From: Hamilton County Court of Common Pleas

Judgment Appealed From Is: Affirmed

Date of Judgment Entry on Appeal: September 23, 2026

James R. Hartke, for Plaintiff-Appellant,

Engel and Martin, LLC, and *Joshua A. Engel*, for Defendant-Appellee.

CROUSE, Judge.

{¶1} The trial court awarded plaintiff-appellant Queen City Cleaning, LLC, ("Queen City") damages on its breach-of-contract claim against defendant-appellee I74 Wired, LLC, but the trial court refused to apply a contractual late-fee provision that, if applicable, would have greatly increased Queen City's damages.

{¶2} Queen City now appeals, arguing in three assignments of error that the trial court erred in voiding the contractual late-fee provision without finding that it was both procedurally and substantively unconscionable, that the trial court erred in awarding only statutory interest rather than reforming and enforcing the late-fee provision to an equitably reasonable rate, and that the trial court's award of damages was against the manifest weight of the evidence. We find each of these arguments to be without merit, and we affirm the trial court's judgment.

I. Factual and Procedural History

{¶3} I74 Wired is the owner of a commercial office building, and it leases space in the building to a variety of different businesses. On May 1, 2021, I74 Wired contracted with Queen City to clean the building. The contract provided that I74 Wired would pay Queen City a monthly rate of $3,900. This was to be paid in two installments of $1,950 on the 15th and the 31st of each month. The contract also provided that a daily two-percent late fee would be assessed on payments owed, and that either party could terminate the contract upon "providing 30 Day(s) written notice to the other party."

{¶4} The relationship between the parties quickly soured, and on June 20, I74 Wired's property manager notified Queen City that June 30 would be the cleaning company's last day of employment. Queen City responded that the contract required 30 days' written notice before it could be officially terminated, and that Queen City would continue cleaning the building until July 20 (which was 30 days after the termination notice was received). After some back and forth, I74 Wired revoked Queen City's access to the building on June 25 and threatened to call the police for trespass if Queen City returned.

{¶5} That same day, Queen City sent a letter to I74 Wired demanding $5,874.19, which included payment for the five days that it had cleaned the building in June after receiving that month's first installment payment, the 30-day notice period before termination, and the cost of cleaning supplies that Queen City had left in the building. On July 1, Queen City invoiced I74 Wired for $6,477.38, which constituted the previous amount plus the contractual two-percent daily late fee and tax.

{¶6} Queen City ultimately filed a complaint against I74 Wired asserting claims for breach of contract, breach of an implied contract, unjust enrichment, and fraud. I74 Wired filed counterclaims for breach of contract and fraud.

{¶7} I74 Wired moved for summary judgment on all of Queen City's claims. The trial court granted the motion, and I74 Wired dismissed its counterclaims. Queen City appealed, and this court reversed the trial court's grant of summary judgment on the breach-of-contract claim. *See Queen City Cleaning, LLC v. I74 Wired, LLC*, 2024-Ohio-1761 (1st Dist.) ("*Queen City 1*"). We explained,

> Once I74 Wired tendered written notice to terminate the contract to Queen City on June 20, 2021, the contract was set to terminate 30 days later on July 20. During that 30-day period, the provisions of the contract remained in force. The contract provides for a $3,900 monthly fee, paid in two installments of $1,950 due on the 15th and 31st of each month, with a 2 percent daily fee for any late payment,

> in exchange for cleaning services. Construing the contract as a whole, the parties' intent in the termination clause was for both to get the benefit of their bargain for 30 days after one party decides to terminate the agreement. Thus, during the 30-day notice period, Queen City was still obligated to provide cleaning services and I74 Wired was still obligated to pay for those services.

(Cleaned up.) *Id.* at ¶ 31. We affirmed the trial court's judgment in favor of I74 Wired on the three other claims, and we remanded the cause for further proceedings. *Id.* at ¶ 38.

{¶8} On remand, the trial court allowed I74 Wired to revive its counterclaims. The court then held a bench trial on I74 Wired's counterclaims and on the amount of damages owed to Queen City by I74 Wired for I74 Wired's breach of contract. Queen City filed a pretrial brief requesting an award of $1,950 in damages for the period from June 1-15, 2021, and $3,900 for the 30-day period after notice of termination was received. Queen City further requested $174,975.20 in late fees from the date of termination to the date of trial. I74 Wired argued in its pretrial brief that Queen City was using the two-percent late-fee provision to "charge a 730% APR interest rate."

{¶9} At trial, the parties stipulated that Queen City had received payment for the period of June 1-15, and that the time frames in which payment was contested were June 16 to 19 and the 30-day notice period from June 20 to July 20. They further stipulated that the total amount of damages sought by Queen City for this period was $4,420, plus any late fee if the court determined that the late-fee provision was applicable.

{¶10} The court heard testimony from Everett Thompson, owner and operator of I74 Wired, about the late-fee provision. Thompson testified that he considered himself an experienced real-estate investor, that he was familiar with the late-fee provision in the contract, and that he includes late-fee provisions in leases with the tenants of his building. Thompson further testified that after he received an initial contract from Queen City, he negotiated several terms regarding payment, but that the late-fee provision was not one of those terms. The court also heard testimony from Travis Johnson, an owner of Queen City, who stated that Thompson left the two-percent late-fee provision in the contract during revisions and never objected to the provision.

{¶11} The trial court found in favor of Queen City on I74 Wired's counterclaims.

{¶12} With respect to the damages owed to Queen City for I74 Wired's breach of contract, the court held that "the 2% daily compounded late-fee provision, in this particular circumstance, is punitive, unconscionable, and unenforceable." The trial court expressed doubt that either party, at the time the contract was executed, anticipated that this late-fee provision would be applied to a balance that had been disputed for almost four years. The trial court noted that applying the late-fee provision would not make Queen City whole, but would rather "giv[e] it a windfall." The court ultimately awarded Queen City $4,420 plus prejudgment interest at the 2021 statutory interest rate of three percent annually, beginning on July 21, 2021.

{¶13} Queen City moved for judgment notwithstanding the verdict, arguing that the record did not support a finding of procedural unconscionability and that reformation of the contract, rather than elimination of the late-fee provision, was the appropriate equitable remedy.

{¶14} The trial court denied Queen City's motion, and Queen City now appeals.

II. Application of the Late-Fee Provision

{¶15} In its first assignment of error, Queen City argues that the trial court erred as a matter of law in voiding the contractual late-fee provision without making the required two-part finding of both procedural and substantive unconscionability.

{¶16} We do not accept Queen City's attempted framing of the issue for appellate review as one of unconscionability. While the trial court stated that the contractual late-fee provision was unconscionable, it invalidated the provision because instead of compensating Queen City for its actual loss suffered, the provision was punitive in nature and awarded Queen City a windfall. The issue before this court on appeal, therefore, is whether the trial court properly determined that the two-percent late-fee provision constituted a penalty.

{¶17} Parties are generally "free to enter into contracts that contain provisions which apportion damages in the event of default." *Lake Ridge Academy v. Carney*, 66 Ohio St.3d 376, 381 (1993). But "[b]ecause the sole purpose of contract damages is to compensate the nonbreaching party for losses suffered as a result of a breach," the law does not allow, for public policy reasons, a party to recover punitive damages for a breach of contract. *Id.* An award of damages will be considered punitive where it "subjects the breaching party to a liability 'disproportionate to the damage which could have been anticipated from breach of the contract.'" *Id.*, quoting 5 Williston on Contracts, § 776, at 668 (3d Ed. 1961). Punitive damages are considered a penalty because they do not flow from a party's failure to perform under the contract and are "designed to coerce performance by punishing nonperformance," rather than compensate a party for actual loss suffered. *Id.*

{¶18} The contractual provision at issue in this case is one that imposes a two-percent daily late fee on payments owed. Under Ohio law, such provisions are enforceable when they set forth liquidated damages, but are not enforceable when they impose a penalty. *Drake Townhomes, LLC v. Woodberry*, 2017-Ohio-6968, ¶ 22 (1st Dist.). To determine whether a provision is a valid liquidated-damages clause or one that imposes a penalty, a three-part test is applied.

> "Where the parties have agreed on the amount of damages, ascertained by estimation and adjustment, and have expressed this agreement in clear and unambiguous terms, the amount so fixed should be treated as liquidated damages and not as a penalty, if the damages would be (1) uncertain as to amount and difficult of proof, and if (2) the contract as a whole is not so manifestly unconscionable, unreasonable, and disproportionate in amount as to justify the conclusion that it does not express the true intention of the parties, and if (3) the contract is consistent with the conclusion that it was the intention of the parties that damages in the amount stated should follow the breach thereof."

Lake Ridge Academy at 382, quoting *Samson Sales, Inc. v. Honeywell, Inc.*, 12 Ohio St.3d 27 (1984), paragraph one of the syllabus.

{¶19} The interpretation of a contract is a question of law that we review de novo. *Boone Coleman Constr., Inc. v. Pinkerton*, 2016-Ohio-628, ¶ 10. "Similarly, the question of whether a contract clause provides for liquidated damages or an unenforceable penalty is a question of law that we also review de novo." *Id.*

{¶20} Following our review of the record, we hold that the late-fee provision in the contract between Queen City and I74 Wired is not a valid liquidated-damages clause because it does not meet the first prong of the test set forth in *Lake Ridge Academy* and *Samson Sales*. The damages in this case were not uncertain or difficult to calculate. *See Pacetti's Apothecary, Inc. v. Rebound Bracing & Pain Solutions, LLC*, 2023-Ohio-93, ¶ 23 (2d Dist.) (because the amount of damages was easily ascertainable at the time the parties entered into the contract, a "daily assessment of $250" upon a breach "was a penalty rather than liquidated damages").

{¶21} At the time that the contract was entered into, the potential damages were easily ascertainable. Upon a breach by I74 Wired, Queen City would be entitled to receive payment for any days on which it had cleaned and not been previously compensated and for the 30-day notice period. The late-fee provision was not included to compensate Queen City for I74 Wired's breach or to represent the amount of damages suffered, but to punish I74 Wired. *See R.L.R. Invests., LLC v. Wilmington Horsemens Group, LLC*, 2014-Ohio-4757, ¶ 34 (12th Dist.) ("it is clear that the late fees are not designed to compensate RLR for damages it incurred but instead to punish Wilmington Horsemen"). The provision imposed an extra fee in addition to the actual damages suffered.

{¶22} Queen City argues that the trial court erroneously considered the aggregate amount of damages incurred from application of the late-fee provision, rather than focusing on the per-unit rate at the time of contracting. The trial court did improperly rely on the aggregate sum when determining that the late-fee provision imposed a penalty. *See Lake Ridge Academy*, 66 Ohio St.3d at 382 (when reviewing a stipulated-damages provision, "the court must step back and examine it in light of what the parties knew at the time the contract was formed and in light of an estimate of the actual damages caused by the breach"). But this error does not require reversal. First, in our de novo review, we have not considered the aggregate damages incurred from application of the late-fee provision. Second, regardless of the overall amount of damages incurred, the provision was unenforceable because at the time the contract was formed, the damages for a potential breach were not uncertain or difficult to ascertain.

{¶23} Queen City argues that this court approved of the two-percent late-fee provision in our opinion in *Queen City I*. We did not. We noted that the contract contained this provision, but we never held that it was valid or ordered the trial court to apply it when determining damages on remand. *See Queen City 1*, 2024-Ohio-1761, at ¶ 31 and 38 (1st Dist.).

{¶24} Because the late-fee provision constituted a penalty and was not an enforceable liquidated-damages clause, the trial court did not err in declining to apply it. We accordingly overrule Queen City's first assignment of error.

III. Reformation versus Elimination of the Late-Fee Provision

{¶25} In its second assignment of error, Queen City argues that the trial court erred in refusing to enforce the contractual late-fee provision, rather than reforming it to a commercially-reasonable rate. But Queen City cites no case law to support this proposition.

{¶26} Courts have repeatedly described contractual provisions that impose punitive damages or a penalty as unenforceable, s*ee Lake Ridge Academy*, 66 Ohio St.3d at 380-381; *Drake Townhomes*, 2017-Ohio-6968, at ¶ 22 (1st Dist.); *R.L.R. Invests*., 2014-Ohio-4757, at ¶ 34 (12th Dist.); *Pacetti's Apothecary*, 2023-Ohio-93, at ¶ 3 (2d Dist.), and have consistently declined to enforce such provisions, rather than reform them. *See, e.g., R.L.R. Invests*. at ¶ 34-35; *Pacetti's Apothecary* at ¶ 3. These courts did not consider contractual reformation as an alternative option. And this court has clearly and unequivocally approved of finding such a provision to be unenforceable, rather than subject to reformation. *See Quincy Communication v. Patrick*, 2021-Ohio-1736, ¶ 15 (1st Dist.), quoting *Drake Townhomes*, 2017-Ohio-

6968, at ¶ 23 (1st Dist.) ("When a liquidated-damages clause *is found to be unenforceable*, 'the recovery of damages is limited to the amount of actual damages proven.'" (Emphasis added.)).

{¶27} We accordingly hold that the trial court did not err in refusing to enforce the contractual late-fee provision, rather than reforming it. The second assignment of error is overruled.

IV. Manifest Weight

{¶28} In its third assignment of error, Queen City argues that the trial court's award of damages is against the manifest weight of the evidence and contrary to law because the court failed to award Queen City all the damages to which it was entitled.

{¶29} In support, Queen City contends that the trial court's award of only the stipulated minimum amount of damages, plus statutory interest, did not fully compensate Queen City for the damages established at trial. Queen City argues that it was actually I74 Wired that received a windfall in this case, rather than Queen City, because I74 Wired was allowed to use Queen City's money for four years.

{¶30} A trial court's award of damages following a civil bench trial will not be found to be against the manifest weight of the evidence unless "the court clearly lost its way and created a manifest miscarriage of justice." *Daly v. Rowe*, 2022-Ohio-3750, ¶ 34 (1st Dist.). The sole purpose of awarding damages for a breach of contract is to compensate the nonbreaching party for losses caused by the breach. *Kraft Elec. Contracting, Inc. v. Lori A. Daniels Irrevocable Trust*, 2019-Ohio-2029, ¶ 21 (1st Dist.); *Lake Ridge Academy*, 66 Ohio St.3d at 381. "An award of damages should put the injured party in the same position it would have been in if there had been no breach." *Murphy Elevator Co. v. 11320 Chester LLC*, 2018-Ohio-1362, ¶ 28 (1st Dist.).

{¶31} The parties stipulated that the actual amount of damages suffered by

Queen City was $4,420. This comprised the amount owed for the five-day period in which Queen City had cleaned but not been paid, and the 30-day notice period. The trial court determined that the late-fee provision was not enforceable, so it awarded the stipulated amount plus interest.

{¶32} Where a late-fee provision is found to be unenforceable, "the recovery of damages is limited to the amount of actual damages proven." *Drake Townhomes*, 2017-Ohio-6968, at ¶ 23 (1st Dist.). By awarding the stipulated amount of actual damages suffered by Queen City, plus interest, the trial court compensated Queen City for the actual losses suffered. *See Kraft Elec. Contracting* at ¶ 21; *Lake Ridge Academy* at 381. And it put Queen City in the same position it would have been in had the contract been performed. *See Murphy Elevator* at ¶ 28. Queen City did not establish at trial that it had suffered any additional losses.

{¶33} We accordingly hold that the trial court's award of damages was not against the manifest weight of the evidence. Queen City's third assignment of error is overruled, and the judgment of the trial court is affirmed.

Judgment affirmed.

KINSLEY, P.J., and **NESTOR, J.,** concur.