

STATE OF NORTH CAROLINA
IREDELL COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
20 CVS 2394

ASHTON K. LOYD,

Plaintiff,

v.

JAMES MICHAEL GRIFFIN;
GRIFFIN INSURANCE AGENCY,
INC.; and JACQUELINE SIPE,

Defendants.

**ORDER ON PLAINTIFF'S
OBJECTION TO DEFENDANTS'
NOTICE OF DESIGNATION OF
COMPLEX BUSINESS CASE**

1. **THIS MATTER** is before the Court on Plaintiff Ashton K. Loyd's ("Plaintiff") Objection to Defendants James Michael Griffin ("Griffin"), Griffin Insurance Agency, Inc. ("GIA"), and Jacqueline Sipe's ("Sipe") (collectively, "Defendants") Notice of Designation of Complex Business Case under N.C.G.S. § 7A-45.4(a) ("Objection"). (Pl.'s Obj. Defs.' Notice Bus. Ct. Designation [hereinafter "Obj."], ECF No. 8.)

2. Plaintiff initiated this action on September 25, 2020, asserting claims for (i) breach of fiduciary duty and tortious interference with Plaintiff's business against all Defendants; (ii) unjust enrichment and punitive damages against Griffin and GIA; and (iii) rescission of a shareholder agreement and an accounting of Plaintiff's interest in GIA. (See Compl. ¶¶ 54–91, ECF No. 3.)

3. Defendants timely filed a Notice of Designation of Complex Business Case ("NOD") on October 23, 2020, asserting that this action involves a dispute under section 7A-45.4(a)(1). (Notice Designation Complex Bus. Case 1 [hereinafter "NOD"], ECF No. 6.)

4. This case was designated as a complex business case by the Chief Justice of the Supreme Court of North Carolina on October 26, 2020, (Designation Order, ECF No. 1), and assigned to the Honorable Michael L. Robinson, Special Superior Court Judge for Complex Business Cases, that same day, (Assignment Order, ECF No. 2).

5. Plaintiff timely filed the Objection on November 18, 2020, contending that designation of this action as a mandatory complex business case is not proper under the ground stated in the NOD. (Obj. 2.) Defendants filed their Response to Plaintiff's Objection to Business Court Designation ("Response") on December 3, 2020. (Defs.' Resp. Pl.'s Obj. Bus. Ct. Designation [hereinafter "Resp."], ECF No. 19.) The matter is now ripe for determination.

6. Section 7A-45.4(c) requires that "[t]he Notice of Designation shall, in good faith and based on information reasonably available, succinctly state the basis of designation[.]" As a result, "the Court may consider all materials reasonably necessary to rule on an opposition to designation." *In re Summons Issues to Target Corp. & Affiliates*, 2018 NCBC LEXIS 185, at *3 (N.C. Super. Ct. Dec. 4, 2018).

7. "For a case to be [designated] as a mandatory complex business case, the pleading upon which designation is based must raise a material issue that falls within one of the categories specified in section 7A-45.4." *UNOX, Inc. v. Conway*, 2019 NCBC LEXIS 41, at *2 (N.C. Super. Ct. June 28, 2019) (quoting *Composite Fabrics of Am., LLC v. Edge Structural Composites, Inc.*, 2016 NCBC LEXIS 11, at *25 (N.C. Super. Ct. Feb. 5, 2016)).

8. Designation under section 7A-45.4(a)(1) is proper if the action involves a material issue related to “[d]isputes involving the law governing corporations, except charitable and religious organizations qualified under G.S. 55A-1-40(4) on the grounds of religious purpose, partnerships, and limited liability companies, including disputes arising under Chapters 55, 55A, 55B, 57D, and 59 of the General Statutes.”

9. This case arises out of the termination of a business relationship. Plaintiff alleges that he entered into a partnership agreement with Griffin, GIA, and nonparty Loyd Insurance Agency in or around 2010. (Compl. ¶ 14.) Plaintiff further alleges that Griffin and GIA attempted to reduce Plaintiff’s partnership interest and/or force him out of the business beginning in 2018 by demanding that Plaintiff enter into a one-sided shareholder agreement or risk losing his employment and/or book of business. (Compl. ¶¶ 24–30.) In early 2020, Griffin allegedly decided to sell GIA and terminated Plaintiff’s employment on the basis of Plaintiff’s issuance of certain certificates of insurance. (Compl. ¶¶ 34–35, 37, 49.) Plaintiff then alleges that he refused to sign a proposed severance agreement in which GIA would purchase Plaintiff’s shares based on the price calculation set forth in the shareholder agreement for a sum that was significantly less than what Plaintiff would receive for his shares as a result of a sale of GIA under the shareholder agreement. (Compl. ¶¶ 50–52.)

10. Plaintiff first argues that designation under section 7A-45.4(a)(1) is improper because none of the issues “require interpretation or application of business organization law.” (Obj. 2.) Plaintiff contends that the “case involves application and

interpretation of basic contract, tort, and equity law to resolve the dispute” and “does not require interpretation of partnership law to resolve the alleged misconduct by the Defendants.” (Obj. 2.)

11. The Court disagrees.

12. Plaintiff bases his first cause of action, breach of fiduciary duty, on a fiduciary duty that arises from Plaintiff and Griffin’s relationship as partners in a partnership as well as from Sipe’s status as a fellow corporate officer. (See Compl. ¶¶ 55-56; see also Resp. 2.) Similarly, Plaintiff’s claim for an accounting is based on Defendants’ fiduciary relationship with Plaintiff, and both the Complaint and Objection include a list of alleged breaches of this fiduciary duty by Defendants. (See Compl. ¶¶ 81–83; Obj. 3–4.) As Defendants correctly note in their Response, “Plaintiff’s causes of action are centered completely on the rights, obligations, and duties granted and imposed by Chapters 55 and 59 of the North Carolina General Statutes[.]” (Resp. 3–4), and will therefore necessarily involve the interpretation of “the law governing corporations, . . . partnerships, and limited liability companies[.]” N.C.G.S. § 7A-45.4(a)(1). See, e.g., *Epic Chophouse, LLC v. Morasso*, 2018 NCBC LEXIS 253, at *3 (N.C. Super. Ct. Nov. 19, 2018) (holding that a matter involving claims for breach of fiduciary duty falls within section 7A-45.4(a)(1)). Plaintiff’s challenge to designation on this basis is therefore without merit.

13. Plaintiff also contends that designation as a mandatory complex business case is improper because this case will not involve “review or interpretation of complex, voluminous corporate or partnership documents[.]” “review of lengthy,

complicated corporate shareholder’s agreements,” or “questions of law . . . that would fall outside the knowledge and experience of any Superior Court Judge.” (Obj. 3–4.) But Plaintiff misunderstands the requirements for designation as a mandatory complex business case under N.C.G.S. § 7A-45.4(a)(1). “While a ‘material issue’ related to the law governing corporations is required to support designation under [s]ection 7A-45.4(a)(1), that section does not further require that the issue involve a claim of any particular complexity, involve any threshold minimum amount in controversy, or extend beyond the regular jurisdiction of any Superior Court Judge.” *Barclift v. Martin*, 2018 NCBC LEXIS 5, at *4 (N.C. Super. Ct. Jan. 19, 2018). Thus, the complexity of the case has no bearing on whether a case has been properly designated as a mandatory complex business case under section 7A-45.4(a)(1).

14. Because neither of Plaintiff’s contentions challenging designation of this action as a mandatory complex business case under section 7A-45.4(a)(1) has merit, Plaintiff’s objection shall therefore be overruled.

15. **WHEREFORE**, the Court, in the exercise of its discretion, hereby **ORDERS** that the Objection is **OVERRULED**. This action involves a material issue related to “[d]isputes involving the law governing corporations, except charitable and religious organizations qualified under G.S. 55A-1-40(4) on the grounds of religious purpose, partnerships, and limited liability companies, including disputes arising under Chapters 55, 55A, 55B, 57D, and 59 of the General Statutes[]” and shall proceed as a mandatory complex business case before the Honorable Michael L. Robinson.

SO ORDERED, this the 7th day of December, 2020.

/s/ Louis A. Bledsoe, III
Louis A. Bledsoe, III
Chief Business Court Judge