

STATE OF NORTH CAROLINA  
GUILFORD COUNTY

IN THE GENERAL COURT OF JUSTICE  
SUPERIOR COURT DIVISION  
21 CVS 5157

SHARON L. PARKER, AS TRUSTEE  
OF THE SHARON L. PARKER  
TRUST,

Plaintiff,

v.

SARAH E. BROCK, AS TRUSTEE  
OF THE SARAH E. BROCK TRUST,

Defendants.

**ORDER ON DESIGNATION**

1. **THIS MATTER** is before the Court pursuant to the Determination Order issued on 7 May 2021 by the Honorable Paul Newby, Chief Justice of the Supreme Court of North Carolina, directing the undersigned to determine whether this action is properly designated as a mandatory complex business case in accord with N.C.G.S. § 7A-45.4(a) (the “Determination Order”).

2. Plaintiff Sharon L. Parker, as trustee of the Sharon L. Parker Trust (“Parker”), filed the Complaint initiating this action in Guilford County Superior Court on 6 May 2021, asserting a claim for declaratory judgment against Defendant Sarah E. Brock, as trustee of the Sarah E. Brock Trust (“Brock”). (See Compl. ¶¶ 25–27.) Parker timely filed the Notice of Designation (“NOD”) on the same day.

3. Parker contends that designation as a mandatory complex business case is proper under N.C.G.S. § 7A-45.4(a)(1). Designation under this section 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.”

4. This case arises out of a contract dispute. In January 2019, Parker, the sole member of Wellington Advisors, LLC (the “LLC”), transferred a 10% membership interest in the LLC to Brock, who was an employee thereof, pursuant to a Membership Interest Purchase Agreement. (*See* Compl. ¶¶ 3, 6–8.) Brock financed the purchase by executing (i) a Promissory Note (the “Note”) payable to Parker; (ii) a Membership Interest Pledge Agreement (the “MIPA”), in which Brock pledged her 10% membership interest in the LLC to secure repayment of the Note; and (iii) an Assignment Separate from Certificate (the “Assignment”) in blank in favor of Parker. (*See* Compl. ¶ 10.) The parties also executed a Second Amended and Restated Operating Agreement (the “Operating Agreement”) for the LLC. (*See* Compl. ¶ 9.)

5. Parker alleges that Brock embezzled money from the LLC during 2019 and 2020. (*See* Compl. ¶ 13.) Parker notified Brock of her default under the Note on 4 January 2021, exercised her right to redeem Brock’s interest in the LLC pursuant to the MIPA, and completed the Assignment, which purported to reduce Brock’s membership interest in the LLC to 3.921%. (*See* Compl. ¶¶ 11–13.) On 15 January 2021, Parker sought to purchase Brock’s remaining interest in the LLC, contending that a “Buy-Sell Event” as described in the Operating Agreement (namely, Brock’s alleged embezzlement) had occurred. (*See* Compl. ¶¶ 15–17.) Brock, however,

maintains that she has retained a 10% ownership interest in the LLC and that a “Buy-Sell Event” has not occurred. (*See* Compl. ¶¶ 18–20, 22–23.)

6. In support of designation under section 7A-45.4(a)(1), Parker argues that the dispute will involve a determination of the ownership interests of the parties in the LLC “as well as the appraisal of membership interest occasioned by the buyout of one member of the [LLC] occasioned by a triggering event under the [O]perating [A]greement[.]” (Notice Designation [hereinafter “NOD”] 2.) Parker also contends that designation under this section is proper because “the effect of the North Carolina Limited Liability Company Act on the operation of the governing documents[ ]” will have a bearing on the litigation. (NOD 2; *see also* Compl. ¶ 24.)

7. While the Complaint’s subject matter and the relief requested involve a determination of the parties’ current membership interests in the LLC and their associated rights, it is clear that, from a review of the NOD and the allegations in the Complaint, resolution of Parker’s asserted claim requires only a straightforward application of contract law principles and does not implicate the law governing limited liability companies under N.C.G.S. § 7A-45.4(a)(1). *See Mayberry v. Baker*, 2021 NCBC LEXIS 40, at \*3 (N.C. Super. Ct. Apr. 13, 2021) (declining to designate under (a)(1) where plaintiff sought a determination as to the parties’ membership interests in a limited liability company because resolution only required application of contract law principles); *Grindstaff v. Knighton*, 2020 NCBC LEXIS 98, at \*2–3 (N.C. Super. Ct. Sept. 1, 2020) (declining to designate under (a)(1) where plaintiff’s claims involved only breach of contract); *Grifols Therapeutics LLC v. Z Automation*

Co., 2019 NCBC LEXIS 91, at \*3 (N.C. Super. Ct. July 3, 2019) (declining to designate under (a)(1) where limited liability company's claims involved only breach of contract).

8. Based on the foregoing, the Court determines that this action shall not proceed as a mandatory complex business case under N.C.G.S. § 7A-45.4(a) and thus shall not be assigned to a Special Superior Court Judge for Complex Business Cases.

9. Consistent with the Determination Order, the Court hereby advises the Senior Resident Superior Court Judge of Judicial District 18 that this action is not properly designated as a mandatory complex business case so that the action may be treated as any other civil action, wherein the parties may pursue designation as a Rule 2.1 exceptional case with the Senior Resident Judge.

10. The Court's ruling is without prejudice to the right of the parties to seek designation of this matter as a mandatory complex business case as provided under section 7A-45.4.

**SO ORDERED**, this the 7th day of May, 2021.

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