

STATE OF NORTH CAROLINA  
FORSYTH COUNTY

JOY C. SNEED,

Plaintiff,

v.

CHRISTOPHER L. SNEED; SPEED  
PARTS, INC.; SNEED PROPERTIES,  
INC.; and SNEED PROPERTY CORP.,

Defendants.

IN THE GENERAL COURT OF JUSTICE  
SUPERIOR COURT DIVISION  
22 CVS 4697

**CONSENT ORDER APPOINTING  
GENERAL RECEIVER FOR  
SPEED PARTS, INC.,  
SNEED PROPERTIES, INC., and  
SNEED PROPERTY CORP.**

1. **THIS MATTER** is before the Court for entry of a Consent Order following the filing by Plaintiff Joy C. Sneed (“Joy Sneed”) of a Verified Complaint and Motion for Temporary and Preliminary Injunctive Relief (the “Complaint”) (ECF No. 3) and a Motion for Temporary Restraining Order (ECF No. 4.)

2. The Complaint reflects that Joy Sneed and Christopher L. Sneed (“Chris Sneed”) each claim a 50% ownership interest in three companies: Speed Parts, Inc., Sneed Properties, Inc. and Sneed Property Corp. (together, “the Corporations”).

3. The Complaint further reflects that Joy Sneed and Chris Sneed are husband and wife currently engaged in divorce, child custody, and equitable distribution proceedings in Forsyth County District Court (the Domestic Case). As a result of a high level of distrust and acrimony between the parties in the Domestic Case, the Complaint alleges that Joy Sneed and Chris Sneed are deadlocked with respect to decisions governing the continued operation of the Corporations. Among other things, Plaintiff seeks dissolution of the Corporations pursuant to N.C.G.S. § 55-14-30(2).

4. Joy Sneed and Chris Sneed have agreed to the entry of this Order and have consented to each of its terms, including the appointment of a receiver, as necessary to protect and manage the assets of the Corporations pending a resolution of the equitable distribution proceedings in their domestic case and further order of this Court.

## **I. FINDINGS OF FACT**

5. Speed Parts is a North Carolina corporation validly existing and in good standing. The shareholders of Speed Parts are Joy Sneed (fifty percent) and Chris Sneed (fifty percent).

6. Sneed Properties is a North Carolina corporation validly existing and in good standing. The shareholders of Sneed Properties are Joy Sneed (fifty percent) and Chris Sneed (fifty percent).

7. Sneed Corp. is a North Carolina corporation validly existing and in good standing. The shareholders of Sneed Corp. are Joy Sneed (fifty percent) and Chris Sneed (fifty percent).

8. The parties agree that no other persons or entities have an ownership interest in, or claim to be shareholders of, any of the Corporations.

9. The principal and registered offices of Speed Parts and Sneed Corp. are located in Forsyth County, North Carolina. The principal and registered office of Sneed Properties is located in Yadkin County, North Carolina.

10. Prior to their separation, Joy Sneed and Chris Sneed made decisions regarding the Corporations by informal mutual assent. However, because of

disagreements between the parties arising out of the equitable distribution proceedings in the domestic action—including allegations of misapplication of assets of the Corporations—the parties are no longer able to agree on managerial and financial matters, and they are deadlocked with respect to governance of the Corporations. Joy Sneed filed this action seeking, among other things, that the Corporations be dissolved pursuant to N.C.G.S. § 55-14-30(2).

11. To avoid the potential for increased cost to the parties, a burden on judicial resources, and a delay of these proceedings, Joy Sneed and Chris Sneed have consented to the terms of this Consent Order, including but not limited to the appointment of a receiver for the Corporations pending a resolution of the Sneeds' equitable distribution proceedings.

12. It is in the best interests of the Corporations for a general receiver to manage and oversee their business affairs and operations and to safeguard their assets pending resolution of the equitable distribution action and possible dissolution of the Corporations. Good cause exists for the appointment of a general receiver for the Corporations pursuant to N.C. Gen. Stat. §§ 55-14-31 and 1-507.24.

13. The terms and amount of the proposed bond for the receiver described herein are reasonable under the circumstances, and said bond satisfies the requirements of N.C. Gen. Stat. § 1-507.26, and other applicable law.

14. James C. Lanik, Esq. (hereinafter, the "Receiver") of Waldrep Wall Babcock & Bailey, PLLC has consented to his identification by the parties as an

individual who is qualified, willing, and able to serve as a general receiver and as an officer of the Court. The Court concurs. Specifically, the Receiver:

- (a) is knowledgeable and experienced in acting as a receiver and in similar capacities by court appointment;
- (b) has not been previously disqualified from serving as a receiver;
- (c) has not been convicted of a felony or other crime involving moral turpitude;
- (d) has not been found liable in a civil court for fraud, breach of fiduciary duty, civil theft, or similar misconduct;
- (e) is independent as to any party in interest and to the property proposed as receivership property in the underlying dispute;
- (f) does not hold any interests adverse to any party to this action that would interfere with the proper performance of a general receiver's fiduciary duties as a receiver in this case;
- (g) has no material financial or pecuniary interest, other than anticipated compensation for receivership services, in the outcome of the underlying dispute;
- (h) is not a debtor, creditor, lienor, or holder of any equity interest in, any party in interest to this action;
- (i) has not participated in any action that constitutes a violation of N.C.G.S § 23-46; and
- (j) has the financial ability to post a bond.

15. It is appropriate and necessary to appoint a general receiver for Speed Parts, Sneed Properties, and Sneed Corp. and for the Receiver to take possession of, manage, operate, and control the Corporations and the Corporations' assets, property, rents, and profits, wherever located, and in accordance with applicable law.

## **II. CONCLUSIONS OF LAW**

16. The foregoing Findings of Fact are denominated as Conclusions of Law to the extent that they constitute the same.

17. This Court has jurisdiction over Joy Sneed, Chris Sneed, the Corporations, and the subject matter of this action.

18. The parties consent and agree that this Court is a proper venue for entry of this Consent Order and for further orders that may be entered in this action.

19. The appointment of a general receiver for each Corporation is conditioned upon the posting by the Receiver of \$5,000.00. The Court concludes that such amount is sufficient for the faithful performance of the Receiver's duties.

20. The Court concludes that the Receiver is qualified to serve as a general receiver for each of the Corporations.

21. The Court further concludes that it is appropriate under both the governing statutes and principles of common law and equity for the Court to exercise its authority to appoint the Receiver as a general receiver to manage each Corporation's business affairs, perform other duties, and exercise other rights, all as provided herein, during the pendency of the parties' equitable distribution proceedings and until further order of this Court.

### III. ORDER

22. **THEREFORE**, based on the foregoing Findings of Fact and Conclusions of Law, it is hereby **ORDERED**:

23. James C. Lanik, Esq. is appointed as Receiver for Speed Parts, Sneed Properties, and Sneed Corp. effective upon entry of this Order (the "Effective Date").

24. Each of the Corporations shall, through its shareholders, within five (5) days of this Order, supply the Receiver with a list of the following persons:

- (a) all known shareholders of each corporation;
- (b) all known creditors of each corporation; and
- (c) any other party known by each corporation to have an interest in that corporate enterprise.

25. The Receiver shall give notice of the receiverships and this Order to all creditors and other parties in interest for each of the Corporations consistent with N.C. Gen. Stat. § 1-507.33.

26. The Receiver shall post a receivership bond in the amount of \$5,000.00. The bond shall be posted with the Forsyth County Clerk of Superior Court within fourteen (14) business days after entry of this Order.

27. The Receiver shall have the following power and authority:

- (a) To assume full control and management of each of the Corporations;
- (b) To exercise all of the powers of the Corporations, in place of their shareholders and/or officers, to the extent necessary to manage the

affairs of the Corporations in the best interests of the Corporations' shareholders and creditors;

(c) To demand, sue for, collect, receive, and take into the Receiver's possession all the goods and chattels, rights and credits, moneys and effects, lands and tenements, books, papers, choses in action, bills, notes, and property of every description of each of the Corporations and to inventory the assets of each of the Corporations, or otherwise update and verify any existing inventories maintained by the Corporations of their assets;

(d) To institute suits for the recovery of any estate, property, damages, or demands existing in favor of the Corporations, and the Receiver shall, upon application by the Receiver, be substituted as a party in the place of the Corporations in any suit or proceeding pending at the time of the Receiver's appointment;

(e) To request Court approval within ninety (90) days after the time of appointment to adopt any and all executory contracts;

(f) To appoint agents under the Receiver pursuant to N.C.G.S. § 1-507.31, including employing legal counsel and such other professionals as the Receiver shall deem necessary or advisable;

(g) To examine persons and papers and investigate the Corporations' actual or potential claims and their financial affairs, including the

examination of such creditors, claimants, officers, and shareholders of the Corporations;

(h) To initiate legal proceedings on behalf of each of the Corporations and sue and defend in the Receiver's own name as Receiver of each of the Corporations in all courts of this State;

(i) To take control of all of the Corporations' bank or financial accounts, wherever located, and deposit all receipts and revenues received by each of the Corporations into the respective entity's business operating bank accounts, and therefrom use such receipts and revenues to make payment and disbursement, in the ordinary course of business, as may be needed and proper for the management, operation, protection and/or preservation of the respective Corporations and the receivership assets, including the payment of all ordinary and customary monthly expenses such as utilities, payroll, payroll taxes, sales and use taxes, lease payments, mortgage payments, insurance payments, and trade payables, all in accordance with a budget to be submitted within fourteen (14) days of the Effective Date by the Receiver to the Court (via email to the Court's clerk) with copies to Joy Sneed and Chris Sneed.

(j) To maintain for each of the Corporations an accurate general ledger or similar book of accounts that includes all receipts to the Corporations and all disbursements made from the Corporations by the Receiver pursuant to this Order. The Receiver shall also retain the

Corporations' operating statements and any other documents created by or provided to the Receiver pursuant to this Order;

(k) To enter into the Corporations' premises where any of the Corporations' assets and/or records may be found, and search for any of the Corporations' assets and records;

(l) To exercise all of the powers of the Corporations in place of their shareholders or officers to the extent necessary to manage the affairs of each of the Corporations, including the payment of the Receiver's compensation and expense disbursements or reimbursements (subject to the provisions herein), as may be in the best interest of the Corporations' shareholders and creditors; and

(m) To exercise such other powers as the Court may permit or approve upon application to the Court.

28. The Receiver shall have the following duties:

(a) To act in conformity with the laws of this State and the rules and orders of the Court;

(b) To avoid conflicts of interest;

(c) To not directly or indirectly pay or accept anything of value from the receivership property that has not been disclosed and approved by the Court;

- (d) To not directly or indirectly purchase, acquire, or accept any interest in receivership property without full disclosure and approval by the Court; and
- (e) To otherwise act in a commercially reasonable manner and in the best interests of the receivership and the receivership property.

29. The Receiver shall not be liable for any expenses that were incurred with regard to the Corporations or their assets prior to the Effective Date, nor shall the Receiver be required to use any revenues collected after the Effective Date for payment of any expenses which were incurred prior to the Effective Date. However, the Receiver may, with the consent of all parties, pay those expenses that were incurred prior to the Effective Date to the extent deemed necessary in the Receiver's reasonable business judgment.

30. The Receiver's liability with respect to each corporate entity shall be limited to the receivership estate and the Receiver's bond for that entity. The Receiver is not obligated to advance personal funds.

31. While these receiverships are pending, and until further order of this Court, Joy Sneed, Chris Sneed, and each of the Corporations, as well as their agents, members, managers, officers, directors, shareholders, employees, attorneys, and any other persons or entities in active concert or participation with them, are hereby **ORDERED** to assist and cooperate fully with the Receiver in the administration of the receiverships and the discharge of the Receiver's duties, and to comply with all rules and orders of the Court. Joy Sneed, Chris Sneed, and each of the Corporations,

as well as their agents, members, managers, officers, directors, shareholders, employees, attorneys, and any other persons or entities in active concert or participation with them are hereby **ENJOINED** from knowingly interfering with the Receiver or the Receiver's duly appointed agents or representatives in connection with the operation of the receiverships as herein authorized.

32. Joy Sneed, Chris Sneed, and each of the Corporations, as well as their agents, members, managers, officers, directors, shareholders, employees, attorneys, and any other persons or entities in active concert or participation with them are hereby **ORDERED** to immediately turn over to the Receiver possession of the Corporations' property, whether real or personal, including but not limited to all of the Corporations' equipment, fixtures, vehicles, real estate, inventory, financial records, books, electronic data, passwords, access codes, statements of account, deeds, titles or other evidence of ownership, bank account statements and all other papers and documents related to the receivership property, as well as all other assets belonging or pertaining to the Corporations, whether currently in the possession, custody, or control of the Corporations, Joy Sneed or Chris Sneed, or hereafter received or obtained.

33. Within five (5) business days of the entry of this Order, the Corporations shall disclose their federal tax identification numbers to the Receiver.

34. The Corporations shall remain responsible for the filing of all tax returns, including those returns applicable to periods during which the receiverships are in effect. The Receiver shall have no obligation to prepare or file state or federal

tax returns on behalf of the Corporations and shall not be responsible for paying any unpaid federal or state taxes on behalf of the Corporations.

35. The Corporations shall not terminate any paid-up insurance policy related to their property and shall take reasonable steps to have the Receiver listed as an additional insured under each of such policies. The Corporations shall not terminate their obligations with respect to any utility service related to their property unless directed to do so by further order of this Court.

36. Nothing in this Order is intended to require the Corporations to produce materials covered by the attorney client privilege, the work product doctrine, or other applicable legal privilege.

37. If, on or after the Effective Date, Joy Sneed, Chris Sneed, the Corporations, or their shareholders, principals, employees, officers, or agents, as applicable, receive any payments, revenues, or proceeds (“Payments”) in which any of the Corporations has, or could have, an interest, each is **ENJOINED** from disposing of the Payments or taking possession of the Payments for any reason other than to deliver the Payments to the Receiver.

38. No later than thirty (30) days following the Effective Date, the Receiver shall file under oath with the Court a full and complete inventory of each of the Corporations’ assets including their location, a description of any liens to which the property is subject, and an estimated value of the property. The Receiver shall also file under oath with the Court an accounting of all debts due from and to each of the Corporations, as nearly as the same can be ascertained.

39. Within thirty (30) days after the filing of the inventory and accounting referenced immediately above, the Receiver shall file an initial master service list pursuant to N.C.G.S. § 1-507.34(b). The Receiver shall update the master service list from time to time as he deems necessary or when ordered by the Court.

40. On or before the last business day of each month, the Receiver shall forward to the Corporations (for review by the shareholders) an accounting of all revenues collected and all expenses paid for the previous month, as well as a copy of all financial and other reports related to the Corporations' operations and the disposition of its property that were prepared by the Receiver in the usual conduct of the receiverships during the preceding month.

41. In addition, pursuant to N.C.G.S. § 1-507.35(b), on or before the last business day of each month, the Receiver shall submit (via email to the Court's clerk) a report detailing the activities of the Receiver since appointment or last report. The Receiver shall make a final report pursuant to N.C.G.S. § 1-507.37 prior to the termination of the receiverships.

42. The Receiver shall file a final accounting within forty-five (45) days after the termination of each of the receiverships.

43. Commencing upon the entry of this Order, the Receiver shall be compensated from the receivership property for his services as Receiver at an hourly rate of \$475.00 per hour. The Receiver shall also be entitled to seek reimbursement of mileage and other reasonable out of pocket expenses directly related to the receiverships.

44. Subject to N.C.G.S § 1-507.51, the Receiver's compensation shall be paid as a priority from the collected receivables and other proceeds of each of the Corporations' assets. Affiliates of the Corporations may make loans to pay the Receiver's fees and expenses but shall have no other obligation to make advances for receivership expenses, except as otherwise may be agreed between such affiliate and Receiver.

45. The Receiver's fees and expenses shall be paid following notice and approval of such fees and expenses by the Court, subject to N.C.G.S. § 1-507.51, pursuant to the following process:

- (a) The Receiver shall prepare, file, and serve a request for payment of the Receiver's fees and expenses for each of the Corporations, with supporting invoices, within sixty (60) days of the filing of this Order, and then approximately every sixty (60) days thereafter.
- (b) The Receiver's fees must be task-billed, with separate entries for each separate and individual task performed by Corporation, the date of each task, a description of each task, the amount of time expended performing each task, and a designation of whether each task involves legal or nonlegal services.
- (c) Any party wishing to object to the amount of the Receiver's invoice, or any entry therein, shall file and serve a written objection within ten (10) days following filing of the Receiver's request for payment.

(d) The Court will enter an order addressing an award of fees and expenses following review of the request for payment and any objections.

46. The entry of this Consent Order shall operate as a stay pursuant to N.C.G.S. § 1-507.42(c). In addition, except with respect to matters pertaining to the receiverships and the parties' right to conduct discovery as permitted under the North Carolina Rules of Civil Procedure and the rules and subsequent orders of this Court, the Court will hold this action in abeyance pending a final determination of the equitable distribution proceeding. Upon notice from the parties that the equitable distribution proceeding has concluded, if necessary, the Court will schedule hearings and issue further orders addressing the pending claims, including but not limited to the claim for judicial dissolution. The parties are directed to provide regular status reports in 90-day intervals (by email to the Court's clerk) regarding their progress in the equitable distribution proceeding and to promptly notify the Court when the proceeding has been concluded.

47. This Order shall be effective immediately, provided that the Receiver shall post a bond in the amount of \$5,000.00 within fourteen (14) business days of the entry of this Order.

48. Upon at least two (2) days' written notice to the Receiver, Joy Sneed or Chris Sneed may, during normal business hours, inspect and copy all records with respect to any assets in the possession of the Receiver that were recovered from the Corporations.

49. The Sheriff of Forsyth County, North Carolina, is hereby authorized and directed to assist the Receiver as he may request to take possession and control of the Corporations' assets.

50. Upon the completion of the matters contemplated herein, the Receiver shall promptly seek an order of this Court to be formally discharged and to have the bond released.

51. The Court shall retain jurisdiction over this matter for such other and further orders as may be necessary and appropriate, including any request by the Receiver or any person or entity affected hereby for relief or modification of the terms provided herein. The Receiver may seek instructions and additional authority from the Court upon written notice to Joy Sneed, Chris Sneed, their respective counsel, other persons entitled by law to receive such notice, and any other persons the Receiver believes should receive such notice as a matter of judgment and prudence.

52. Without limiting any of the foregoing, during the pendency of the receiverships the Court further **ENJOINS**:

- (a) Any and all persons from interfering with the Receiver's ability to carry out the Receiver's duties and responsibilities pursuant to this Order;
- (b) Any and all persons from seizing, liening, levying, attaching, or otherwise seeking to recover against the Corporations' assets (except as provided above);

- (c) Joy Sneed, Chris Sneed, and any officers, shareholders, and employees of the Corporations from failing to comply with all duties described in N.C.G.S. § 1-507.30; from failing to cooperate with the Receiver; or from interfering in any manner with the Receiver's duties and responsibilities pursuant to this Order;
- (d) Joy Sneed, Chris Sneed, and any officers, shareholders, and employees of the Corporations from usurping, appropriating, or diverting current or future operating revenues and/or business of Speed Parts, Sneed Properties, and/or Sneed Corp. to herself, himself, or another person or entity through the formation of new entities, joint ventures or otherwise;
- (e) Joy Sneed, Chris Sneed, and any officers, shareholders, and employees of the Corporations from usurping, appropriating, or diverting current or future corporate opportunities of Speed Parts, Sneed Properties, and/or Sneed Corp. to herself, himself, or another person or entity through the formation of new entities, joint ventures or otherwise;
- (f) Joy Sneed, Chris Sneed, and any officers, shareholders, and employees of the Corporations from removing or destroying property or documents of Speed Parts, Sneed Properties, and/or Sneed Corp.;
- (g) Joy Sneed, Chris Sneed, and any officers, shareholders, and employees of the Corporations from changing or interfering with

Receiver's access to any bank accounts, servers, websites, phone numbers, or email addresses associated with or containing funds belonging to Speed Parts, Sneed Properties, and/or Sneed Corp.; and

(h) Joy Sneed, Chris Sneed, and any officers, shareholders, and employees of the Corporations from converting, diverting, or otherwise misappropriating any money, bank accounts, checks, or other assets (liquid or illiquid) of Speed Parts, Sneed Properties, and/or Sneed Corp. to the benefit of herself, himself, or any other person or entity.

**SO ORDERED**, this the 8th day of November, 2022.

/s/ Julianna Theall Earp

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Julianna Theall Earp  
Special Superior Court Judge  
for Complex Business Cases

CONSENTED TO:

/s/ John N. Taylor, Jr.

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