STATE OF NORTH CAROLINA CUMBERLAND COUNTY	IN THE GENERAL COURT OF JUSTICE SUPERIOR COURT DIVISION 25CV004769-250
TERRY S. FRIEDMANN, Plaintiff, v. JAMES W. GRIFFIN IV; KD HOMES, LLC; NORTH RAEFORD MOBILE HOME PARK, LLC; ALLURE INVESTMENTS, LLC; GF HOMES, LLC; and CHIME INVESTMENT GROUP, LLC, Defendants.	**ORDER ON PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION**

1. **THIS MATTER** is before the Court on Plaintiff's Motion for Preliminary Injunction ("PI Motion," ECF No. 6).

2. Having considered the PI Motion; the briefs, affidavits, exhibits, and other submissions of the parties; the arguments of counsel; and all applicable matters of record, the Court makes the following **FINDINGS OF FACT** and **CONCLUSIONS OF LAW** and hereby **GRANTS** the PI Motion as set forth below.

PROCEDURAL BACKGROUND

3. Plaintiff Terry S. Friedmann initiated this action by filing a Verified Complaint in Cumberland County Superior Court on 2 April 2025 alleging claims for violation of N.C.G.S. §§ 57D-3-20, -21, proportionate distributions, breach of contract, breach of implied-in-fact contract, quasi-contract/unjust enrichment/quantum meruit, purchase money resulting trust, breach of fiduciary duty, constructive fraud, declaratory judgment, and conversion. ("Complaint," ECF No. 2)

4. On 4 April 2025, this action was designated as a complex business case and assigned to the Honorable A. Todd Brown. (Designation Order, ECF No. 1.)

5. On 8 April 2025, Plaintiff filed the present Motion seeking a preliminary injunction against Defendant James W. Griffin IV. (ECF No. 6)

6. The case was reassigned to the undersigned on 28 May 2025. (Reassignment Order, ECF No. 18.)

7. The Court held a hearing on the PI Motion on 11 June 2025 at which all parties were represented by counsel. The PI Motion is now ripe for resolution.

FINDINGS OF FACT

8. The Court makes the following findings of fact, which are made solely to decide the PI Motion and are not binding in any subsequent proceedings in this action. *See Lohrmann v. Iredell Mem'l Hosp., Inc.*, 174 N.C. App. 63, 75 (2005) ("It is well settled that findings of fact made during a preliminary injunction proceeding are not binding upon a court at a trial on the merits.") (cleaned up).

9. Friedmann and Griffin were in a romantic relationship from May 2005 until July 2024. (Verified Compl. ¶¶ 11, 67.) The two of them also became business partners in 2011 when they formed their first jointly owned limited liability company, North Raeford Mobile Home Park, LLC ("North Raeford"), for the purpose of purchasing North Raeford Mobile Home Park in Raeford, North Carolina. (Compl. ¶ 14.) Over the next several years, Friedmann and Griffin also formed Allure

Investments, LLC ("Allure"), GF Homes, LLC ("GF Homes"), and Chime Investment Group, LLC ("Chime"). (Compl. ¶¶ 20, 55, 64.)[1]

10. The Joint Companies were organized under North Carolina law and maintain offices in Cumberland County, North Carolina. (Compl. ¶¶ 4–7.)

11. Allure and GF Homes were formed for the purpose of purchasing single family mobile homes, mobile home lots, and related real estate, (Compl. ¶¶ 20–30, 55–63), while Chime was created in order to hold the promissory notes from the Joint Companies' owner-financed sales of assets, (Compl. ¶¶ 64–66).

12. Friedmann and Griffin acted as co-equal managers of each of the Joint Companies from the time the Joint Companies were formed. (Compl. ¶ 8; Answer & Countercl. ¶ 8, ECF No. 13.)

13. Each of the Joint Companies is a North Carolina limited liability company, but none of them have operating agreements. (Compl. ¶ 8; Answer & Countercl. ¶ 8.) As a result, they are governed by the default provisions contained in Chapter 57D of the North Carolina General Statutes. *See* N.C.G.S. § 57D-2-30(a).

14. In early 2024, Friedmann's and Griffin's personal relationship began to sour and ultimately ended in July 2024. (Compl. ¶ 67.) Shortly thereafter, their business relationship also began to deteriorate.

15. The record currently before the Court contains a series of text messages between Friedmann and Griffin that were sent between August 2024 and March

[1] North Raeford, Allure, GF Homes, and Chime are referred to collectively in this Opinion as the "Joint Companies."

2025. These messages (which were mostly written by Griffin to Friedmann) reflect the significant degree of animosity that existed between the two of them during this time period with regard to their personal relationship.

16. However, a number of the text messages relate to their business relationship. Although Friedmann did not respond to the overwhelming majority of the text messages sent to him by Griffin during this period, Friedmann informed Griffin in a series of messages in September 2024 that he did not think it was healthy for them to continue working together, that he wanted to be bought out of his ownership share of the Joint Companies, and that he would continue working in their businesses until the end of the month. (Griffin Aff., Ex. 1, at 1–18, ECF No. 12.)

17. Although during this time period Griffin made an offer to Friedmann to purchase his half of the Joint Companies, Friedmann never accepted the offer and did not make any counter-offer. (*See, e.g.*, Griffin Aff. ¶¶ 50–54; *see also* Griffin Aff., Ex. 1, at 28.)

18. Although Friedmann and Griffin offer contrasting narratives about the events that occurred during this period of time and each of them contests the accuracy of various accusations made by the other, the following facts appear to be undisputed:

(i) Between September and November of 2024, Griffin moved approximately $54,000 from the Joint Companies' bank accounts into a personal account that he opened in his own name without Friedmann's knowledge or consent and which Friedmann could not access (Compl. ¶ 90; Def.'s Resp. 9, ECF No. 11);

(ii) Griffin opened two new bank accounts in the names of Chime and Allure without Friedmann's knowledge or consent to which Friedmann also lacked access (Def.'s Resp. 9);

(iii) Griffin temporarily switched the electronic rent payments from the parties' joint personal account to Griffin's personal bank account (Compl. ¶ 78; Answer & Countercl. ¶ 78);

(iv) Griffin placed a $100 limit on Friedmann's business credit card (Compl. ¶ 77; Answer & Countercl. ¶ 77);

(v) No distribution of funds has been made to Friedmann from the Joint Companies since 4 September 2024 (Compl. ¶ 89; Answer & Countercl. ¶ 89);

(vi) Friedmann moved to Florida in October 2024 while Griffin continued living in North Carolina (Compl. ¶¶ 79–80);

(vii) Although Griffin sent Friedmann a number of text messages regarding various business matters during this period of time, Friedmann rarely responded to Griffin's messages or returned Griffin's calls (*See generally*, Griffin Aff., Ex. 1);

(viii) Friedmann did, however, respond to a number of business-related inquires during this period from employees of the Joint Companies (*See generally*, Friedmann Decl., Ex. 2, ECF No. 15.2; Friedmann Decl., Ex. 3, ECF No. 15.3; Friedmann Decl., Ex. 4, ECF No. 15.4; Friedmann Decl., Ex. 5, ECF No. 15.5; Friedmann Decl., Ex. 6, ECF No. 15.6); and

(ix) Griffin has in virtually all respects unilaterally managed the Joint Companies since September 2024. (*See, e.g.*, Griffin Aff. ¶ 68.)

19. While both parties acknowledge Friedmann's continued ownership of 50% of the Joint Companies, the parties dispute Friedmann's continued status as a co-manager of those entities. Griffin contends that Friedmann was a manager of the Joint Companies until 30 September 2024, at which point Friedmann "decided to abandon the Companies." (Def.'s Resp. 4.)

20. Friedmann, conversely, asserts that he has consistently attempted to assert his management rights in the Joint Companies despite Griffin's efforts to impede them by cutting off or restricting Friedmann's access to company-related information. (Pl.'s Reply 2–3, ECF No. 14.) Friedmann contends that Griffin has obstructed Friedmann's access to the Joint Companies' operations and accounts and unilaterally managed the Joint Companies to the exclusion of Friedmann's rights in violation of N.C.G.S. § 57D-3-20. (PI Mot. 2.) As a result, Friedmann argues that he "is suffering and will continue to suffer immediate, irreparable harm by virtue of . . . Griffin's deprivation of his statutory right to co-equal management of the Joint Companies." (PI Mot. 2–3.)

21. In the present PI Motion, Friedmann seeks an order restraining Griffin from (i) denying Friedmann access to information regarding the Joint Companies; (ii) excluding Friedmann from joint management of the Joint Companies; and (iii) acting unilaterally on behalf of the Joint Companies. (PI Mot. 1–2.)

CONCLUSIONS OF LAW

22. **BASED UPON** the foregoing **FINDINGS OF FACT**, the Court makes the following **CONCLUSIONS OF LAW**.

23. Any finding of fact that is more appropriately deemed a conclusion of law, and any conclusion of law that is more appropriately deemed a finding of fact, shall be so deemed and incorporated by reference as a finding of fact or conclusion of law, as appropriate.

24. A preliminary injunction "is an extraordinary measure taken by a court to preserve the status quo of the parties during litigation," *A.E.P. Indus., Inc. v. McClure*, 308 N.C. 393, 401 (1983), and "will not be lightly granted." *Travenol Labs., Inc. v. Turner*, 30 N.C. App. 686, 692 (1976) (citation omitted). When seeking a preliminary junction, the moving party must show (i) a "likelihood of success on the merits" and (ii) that the moving party is "likely to sustain irreparable loss unless the injunction is issued, or[,]" that an injunction "is necessary for the protection of [the moving party's] rights during the course of litigation." *A.E.P. Indus., Inc.*, 308 N.C. at 401 (cleaned up); *see also* N.C. R. Civ. P. 65; N.C.G.S. § 1-485.

25. "Likelihood of success on the merits" does not mean certainty, but rather "probable cause to believe the [moving party] may prevail at the hearing." *A.E.P. Indus., Inc.*, 308 N.C. at 401. In order to prove irreparable loss or injury,

> it is not essential that it be shown that the injury is beyond the possibility of repair or possible compensation in damages, but that the injury is one to which the complainant should not be required to submit or the other party permitted to inflict, and is of such continuous and frequent recurrence that no reasonable redress can be had in a court of law.

Id. at 407 (cleaned up).

26. The issuance of a preliminary injunction "is a matter of discretion to be exercised by the hearing judge after a careful balancing of the equities." *Id.* at 400 (cleaned up). "The [trial] judge in exercising his discretion should engage in a balancing process, weighing potential harm to the plaintiff if the injunction is not issued against the potential harm to the defendant if injunctive relief is granted. In effect, the harm alleged by the plaintiff must satisfy a standard of relative substantiality as well as irreparability." *Williams v. Greene*, 36 N.C. App. 80, 86 (1978).

A. Likelihood of Success on the Merits

27. In the briefs in support of his PI Motion, Friedmann argues that he has shown a reasonable likelihood of success on the merits as to his claim for violation of N.C.G.S. §§ 57D-3-20. Accordingly, the Court will only address this claim.

28. As noted above, N.C.G.S. § 57D-2-30(a) provides that where, as here, limited liability companies lack operating agreements, the default provisions set out in Chapter 57D of the North Carolina General Statutes (as supplemented by North Carolina common law) are applicable. N.C.G.S. § 57D-3-20 provides in relevant part as follows:

> (a) The management of an LLC and its business is vested in the managers.
>
> (b) Each manager has equal rights to participate in the management of the LLC and its business. Management decisions approved by a majority of the managers are controlling. . . .

. . .

(d) All members by virtue of their status as members are managers of the LLC . . .

29. Finally, N.C.G.S. § 57D-3-21 states in pertinent part the following:

(b) Each manager shall discharge that person's duties (i) in good faith, (ii) with the care an ordinary prudent person in a like position would exercise under similar circumstances, and (iii) . . . in a manner the manager believes to be in the best interests of the LLC.

30. Therefore, pursuant to N.C.G.S. § 57D-3-20, Friedmann and Griffin are the co-managers for the Joint Companies, and management decisions for those entities must be unanimous in order to be controlling.

31. Friedmann contends that Griffin has interfered with Friedmann's ability to participate equally in management of the Joint Companies by, among other things, (i) "creating financial accounts to which Friedmann does not have access [and] blocking Friedmann's access to operational accounts[;]"and (ii) "unilaterally decid[ing] to make transfers from the Joint Companies into [Griffin's] personal account in excess of $54,000 without the authorization of Friedmann or making equal transfers to Friedmann . . .[.]" (Pl.'s Br. Supp. 10–11, ECF No. 7.) Friedmann relatedly contends Griffin violated N.C.G.S. §§ 57D-3-20 and -21 by "act[ing] in bad faith in restricting Friedmann's participation in the Joint Companies." (Pl.'s Br. Supp. 11.)

32. Griffin does not dispute that since September of 2024 he has effectively engaged in unilateral management of the Joint Companies. He further acknowledges that he opened new bank accounts without notice to Friedmann and deposited

approximately $54,000 from the Joint Companies into a personal account to which Friedmann lacked access. He concedes that under normal circumstances such conduct by him would have constituted a violation of Friedmann's managerial rights under N.C.G.S. § 57D-3-20.

33. Griffin's primary argument in opposition to the PI Motion, however, is that his actions were necessitated by Friedmann's abandonment of his managerial duties regarding the Joint Companies after August of 2024. In making this argument, Griffin asserts that Friedmann (i) told Griffin that "he no longer wanted to participate in the management or operation of the Companies and wanted Griffin to buy him out"; (ii) moved to Florida; (iii) failed to respond to Griffin's numerous texts or calls regarding the Joint Companies after August of 2024; and (iv) breached his obligation to participate in the Joint Companies' management during that time. (Def.'s Resp. 5–8.) By abandoning his role in the management of the Joint Companies, Griffin argues, Friedmann has forfeited his status as manager of the Joint Companies. (Def.'s Resp. 12.)

34. Griffin is correct that North Carolina's Limited Liability Act contemplates the possibility that a manager of a limited liability company can be legally deemed to have abandoned his managerial role in the company. *See* N.C.G.S. § 57D-3-20(e); N.C.G.S. § 57D-3-02(a)(4).

35. Indeed, Friedmann agrees that—as a general proposition—circumstances *could* exist whereby a manager can properly be found to have abandoned his managerial duties such that his co-manager may be forced to unilaterally manage

the company in order to maintain the business's orderly operations. However, Friedmann disputes Griffin's argument that this is precisely what occurred in the present case. Instead, Friedmann contends, he feared for his physical safety in Griffin's presence and felt that by responding to Griffin's text messages and calls he would have been subjecting himself to verbal and written abuse.

36. Griffin has raised serious questions about whether Friedmann's inaction following August of 2024 should be deemed to constitute abandonment of his managerial rights in the Joint Companies, and that issue may ultimately require resolution by a jury at trial.[2] Nevertheless, based on the numerous factual issues that need to be fleshed out in discovery on that subject, the Court declines to deny the PI Motion on this ground.

37. Instead, based on its careful review of the record, the Court believes that Friedmann has shown a reasonable likelihood of success on the merits of his claim that Griffin violated his managerial rights under N.C.G.S. § 57D-3-20.

38. Most basically, as discussed above, the record shows (and Griffin does not dispute) that he moved approximately $54,000 from the Joint Companies' accounts to a personal account in his own name and opened two new bank accounts in the

[2] There is a paucity of cases in North Carolina concerning what constitutes "abandonment" of a membership or management interest in a limited liability company. The only case that the Court's research has disclosed on this issue is *Pres. Point Dev., LLC v. Land Partners of Am., LLC*, 2022 NCBC LEXIS 12 (N.C. Super. Ct. Feb. 15, 2022). In that case, this Court found that a member who "ha[d] not participated in the management of the Company, approved actions related to management of the Company, communicated regarding the Company, or taken any other actions indicating an assertion of rights in the Company" for over two years abandoned his membership interest in the Company. *Id.* at *3–4.

names of Chime and Allure—all without Friedmann's knowledge or consent. Such conduct is inconsistent with Friedmann's managerial rights as to the Joint Companies. *See, e.g.*, *Cherry v. Mauck*, 2024 NCBC LEXIS 160, at *8 (N.C. Super. Ct. Dec. 18, 2024) (finding that plaintiffs had shown that they were likely to succeed on the merits of their claim for breach of operating agreement provision stating that managers lacked authority to make distributions without approval of majority of members based on evidence that defendant had distributed cash from company without first obtaining the necessary approval); *Gruber v. Wright*, 2022 NCBC LEXIS 15, at *25 (N.C. Super. Ct. Feb. 17, 2022) (concluding that the plaintiff had established a likelihood of success on claim for breach of operating agreement provision that provided payments to members must be approved by all members in light of evidence that defendant distributed cash without plaintiff's consent).

B. Irreparable Harm

39. The Court is also satisfied that Friedmann has made a sufficient showing of irreparable harm.

40. Based on the record before the Court and the level of animosity existing between the parties, Friedmann has established a substantial likelihood that his co-managerial rights in the Joint Companies will continue to be violated in the absence of a preliminary injunction.

41. Such a continued denial of Friedmann's equal rights to participate in the management of the Joint Companies would constitute an injury to which Friedmann "should not be required to submit or [Griffin] permitted to inflict, and is of such

continuous and frequent recurrence that no reasonable redress can be had in a court of law." *A.E.P. Indus., Inc.*, 308 N.C. at 40. *See, e.g.*, *Russell v. McLawhorn*, 2024 WL 1219229, at *6 (N.C. Super. Ct. Feb. 27, 2024) ("The evidence is clear that, unless enjoined, Mr. McLawhorn will continue to breach Section 3.1 and cause Mr. Russell irreparable harm by prohibiting her participation in the management decisions of Seagality . . ."); *Cherry*, 2024 NCBC LEXIS 160, at *5–6 (finding that plaintiffs would suffer irreparable harm from deprivation of their contractual management rights if unauthorized distributions continued); *Gruber*, 2022 NCBC LEXIS 15, at *26 ("The evidence in the record is also clear that, unless enjoined, Gruber will continue to breach these provisions and cause Wright irreparable harm by prohibiting Wright from exercising his contractual rights under the Operating Agreement to participate in management decisions through his consent or veto of distributions and salary or other compensation.").

C. Balancing of the Equities

42. The Court further concludes that a consideration of the resulting equities to both parties supports the issuance of a preliminary injunction.

43. Such an injunction would have the obvious effect of preserving Friedmann's co-managerial rights throughout the remainder of this litigation.

44. Moreover, as Griffin's counsel conceded at the 11 June hearing, an order enjoining Griffin from denying those management rights to Friedmann will not harm Griffin.

45. Accordingly, the Court concludes that a balancing of the respective equities militates in favor of granting the PI Motion.

46. **WHEREFORE**, based upon the foregoing **FINDINGS of FACT** and **CONCLUSIONS of LAW**, the Court **GRANTS** the PI Motion, and it is hereby **ORDERED**, in the exercise of the Court's discretion, as follows:

a. Griffin is hereby **RESTRAINED** and **ENJOINED**, during the pendency of this action, from (i) denying Friedmann access to any financial or other information or documents of the Joint Companies, including withholding information and access to any accounts established for any of the Joint Companies since 25 July 2024; (ii) failing to fully account for all revenue and expenses of the Joint Companies; (iii) unilaterally managing the Joint Companies, including, without the express written consent of Friedmann, (1) paying himself any amount for any purpose; (2) purchasing or selling, or obtaining or transferring any interest in any asset of the Joint Companies; (3) entering into any contract on behalf of any of the Joint Companies; or (4) interfering with Friedmann's right to equal management of the Joint Companies.

b. In furtherance of this relief and restoration of the status quo, Griffin, **within ten (10) days**, shall provide Friedmann with the following information in writing: (i) account numbers and institutions for all accounts maintained by the Joint Companies; (ii) full online access to all financial and operational accounts of the Joint Companies; (iii) a full

accounting of all revenue of the Joint Companies since 1 August 2024, specifically including, but not limited to, cash receipts; (iv) a full accounting of all expenses of the Joint Companies since 1 August 2024, including, but not limited to, amounts paid or transferred to Griffin or for his benefit; and (v) a full accounting of all transactions entered into by the Joint Companies since 1 August 2024, and the proceeds of any sales.

c. The parties shall work together in good faith to formulate a detailed proposal for co-management of the Joint Companies going forward and, **within fourteen (14) days** of entry of this Order, the parties shall jointly file said plan with the Court.

d. The parties shall each exercise their best efforts to carry out their co-management duties with regard to the Joint Companies so as to ensure their orderly operation and to cooperate with each other in order to effectuate the purposes of this Order.

e. Either party may seek modification of this Order via an appropriate motion.

f. The Court concludes, in its discretion, that Friedmann shall not be required to post a bond in connection with the entry of this Order.

SO ORDERED, this the 16th day of June, 2025.

/s/ Mark A. Davis
Mark A. Davis
Special Superior Court Judge
for Complex Business Cases