STATE OF NORTH CAROLINA GASTON COUNTY	IN THE GENERAL COURT OF JUSTICE SUPERIOR COURT DIVISION 25CVS002630-350
KJET VENTURES, LLC, Plaintiff, v. KELVIN L. JAMISON and JUAN HOUSTON, Defendants, v. KEITH T. FLOYD and ERIC DOWNING, Third-Party Defendants.	**ORDER CENSURING AND ADMONISHING ATTORNEY MORRIS MCADOO, AWARDING ATTORNEYS' FEES, AND ALLOWING WITHDRAWAL OF COUNSEL**

1. This matter arises out of the Court's prior Order for attorney Morris McAdoo to appear and show cause why he should not be held in criminal contempt of court, sanctioned under Rule 11 of the Rules of Civil Procedure, or otherwise sanctioned under the Court's inherent authority. (ECF No. 30). The Court held a hearing on the matter, at which all parties were present through counsel, and the Court heard from attorney McAdoo directly.

2. The Court has considered the motion, the competent evidence of record, the record proper, the arguments of the parties and counsel (as applicable), and applicable law. Having done so, in the exercise of its discretion, the Court determines

that, while attorney McAdoo's conduct satisfies the elements of contempt of court, it is appropriate to censure and admonish attorney McAdoo pursuant to Rule 11 and in the Court's inherent authority rather than to hold him in contempt. The Court further determines that it is appropriate to require attorney McAdoo to pay the attorneys' fees incurred by Plaintiff because of attorney McAdoo's improper conduct in violation of Rule 11 and otherwise in violation of applicable Court Orders and rules. In reaching this determination, the Court makes the following findings of fact and conclusions of law:

FINDINGS OF FACT[1]

3. This case was designated a mandatory complex business case on 13 June 2025, (ECF No. 1), and assigned to the undersigned Business Court Judge the same day, (ECF No. 2).

4. Under Rule 7.1 of the North Carolina Business Court Rules, "[a]fter an action has been designated as a mandatory complex business case or assigned to a Business Court judge under Rule 2.1 of the General Rules of Practice, the Business Court judge to whom the action is assigned will preside over all motions and proceedings in the action." BCR 7.1(a).

5. The Assignment Order entered in this action similarly provided that, after the assignment, "all proceedings in this action hereafter shall be before" the undersigned judge. (ECF No. 2). Section 7A-45.4(f) of the North Carolina General

[1] To the extent that any finding of fact in this Order is more properly considered a conclusion of law, and to the extent that any conclusion of law is more properly considered a finding of fact, it is so designated, notwithstanding the heading under which it might be found in this Order.

Statutes further requires that, "[o]nce a designation is filed" and "after preliminary approval by the Chief Justice," "[a]ll proceedings in the action shall be before the Business Court Judge to whom it has been assigned" until ordered otherwise or revoked by the Chief Justice of the Supreme Court of North Carolina. N.C. Gen. Stat. § 7A-45.4(f).

6. Defendants and their counsel of record, attorney Morris F. McAdoo, who is a North Carolina licensed attorney (N.C. State Bar No. 34851) and who first appeared in this action around 18 July 2025, (ECF No. 13), were expressly instructed to file and submit all documents as provided above and otherwise in accordance with applicable rules.

7. Nonetheless, on 18 July 2025, attorney McAdoo sought an extension of time for Defendants to respond to the complaint in this action and (in the same document and on the same page as the motion) submitted to the Office of the Gaston County Clerk of Superior Court a proposed Order granting the motion, with a signature line for an "Assistant Clerk of Superior Court" rather than the undersigned judge. (ECF Nos. 13, 14). An Assistant Clerk of Superior Court then errantly signed and entered Defendants' proposed "Order Extending Time," purportedly granting Defendants' motion. (ECF No. 15).

8. On 21 July 2025, after becoming aware of Defendants' submissions to the Clerk's Office and of the Assistant Clerk's Order, the Court entered an Order on Motion for Extension of Time, striking the Assistant Clerk's Order and providing that

"the Office of the Clerk of Gaston County is directed not to enter any further orders in this action unless ordered otherwise by the Court." (ECF No. 14, ¶ 9(c)).

9. In that same Order, the Court notified the parties, including attorney McAdoo, that all proceedings in this action are to be before the undersigned judge and that "the proposed order granting the extension should not have been tendered to the Clerk." (ECF No. 14, ¶ 4). The Court also reiterated that it had previously, via email from its law clerk on 18 July 2025, reminded counsel (i) of their obligations to comply with BCR 7.3 regarding consultation on motions, and (ii) "that *the Clerk 'may not grant extensions of time' in the case*," such that all motions for extensions of time and proposed orders in this action must be directed to the undersigned judge and filed with the Business Court. (ECF No. 14, ¶ 5 (emphasis added)).

10. The Court also observed that Defendants' motion, among other things, failed to reflect consultation with and the position of opposing counsel and failed to indicate whether any other party intended to file a response. (ECF No. 14, ¶ 3); BCR 7.3. Nonetheless, despite the noncompliant nature of the filing and the improper submission to the Clerk's Office, the Court ultimately granted the requested extension of time in the interests of justice. (ECF No. 14, ¶ 8).

11. In doing so, the Court explicitly ordered that "*[n]o party shall submit a proposed order to the Office of the Clerk of [Superior Court of] Gaston County* unless ordered otherwise by the Court." (ECF No. 14, ¶ 9(b) (emphasis added)). This, of course, included submissions by a party through its attorney of record, such as attorney McAdoo. (ECF No. 14, ¶ 9(b)).

12. The Court's Orders in this action have been electronically filed and served on counsel for the parties, including attorney McAdoo.

13. Attorney McAdoo reasonably should have been aware (and was, in fact, aware) of the substance of the Orders entered in this action and of the Business Court Rules, including those requiring proceedings to be before the undersigned judge.

14. Attorney McAdoo also reasonably should have been aware (and was, in fact, aware) that it was improper to submit—and that he was not to submit—a proposed order to the Clerk's Office with the intention that it be entered by the Clerk or an Assistant Clerk, particularly after the Court explicitly ordered the parties in its 21 July 2025 Order not to do so. (ECF No. 14, ¶ 9(b)).

15. On 2 September 2025, Plaintiff served interrogatories, requests for production, and requests for admissions on Defendants, and attorney McAdoo received copies of those discovery requests. (ECF Nos. 28.2 and 28.3 (acknowledging service date)).

16. On 3 September 2025—a single day after service and at least twenty-nine (29) days before the discovery responses would otherwise be due—attorney McAdoo signed two single-page motions seeking extensions of time for Defendants to respond to the requests. (ECF Nos. 28.2 and 28.3). The motions (i) were not accompanied by certificates of service as required under Rule 5(b1) of the North Carolina Rules of Civil Procedure, (ii) lacked attorney McAdoo's address, and (iii) were not ultimately filed with the Office of the Gaston County Clerk of Superior Court until 15 September 2025. (*See generally* ECF Nos. 28.2 and 28.3).

17. Like his earlier filings, each signed motion incorporated and contained at the bottom of the motion a proposed "Order Extending Time" with a signature block for the "Assistant Clerk of Superior Court." (ECF Nos. 28.2 and 28.3).

18. Each proposed order was contained on the same page and within the same document as the motion to which it related, and each page and document was signed by attorney McAdoo. (ECF Nos. 28.2 and 28.3).

19. Attorney McAdoo and his office then collectively submitted the documents to the Gaston County Clerk of Superior Court for entry of the proposed orders—directly contrary to the Court's 21 July 2025 Order and other applicable rules and orders. (ECF Nos. 28.2 and 28.3).

20. It is undisputed that opposing counsel notified attorney McAdoo of many of his failures to comply with the Orders in the case and applicable rules, including that the documents at issue were inappropriate and not in compliance with the Court's Orders. In response, attorney McAdoo became combative and refused to remedy the issues, instead making various personal attacks on opposing counsel. (*See, e.g.*, ECF No. 28.4).[2]

21. In the 3 September 2025 documents, attorney McAdoo signed and represented that "counsel for Defendants needs additional time to fully respond"—the same representation made in his 18 July 2025 motion submitted to the Clerk's Office. (*Compare* ECF No. 13, *with* ECF Nos. 28.2 and 28.3).

[2] In open court, attorney McAdoo acknowledged sending and receiving, as applicable, the emails.

22. When questioned by the Court about the basis for such motions filed a single day after the discovery requests were served (and with at least twenty-nine (29) days left to respond), however, attorney McAdoo ultimately admitted that the filings were made *not* because he or his clients legitimately needed additional time but because attorney McAdoo's and his firm's standard practice is to seek extensions of time immediately after being served with discovery requests—regardless of whether additional time is, in fact, needed.

23. These admissions made in open court are directly contrary to those made and signed by attorney McAdoo in the filings, in which he represented that he needed additional time and that the motion was "made in good faith and not for the purpose of delay." (ECF Nos. 28.2 and 28.3).

24. Under the circumstances, as the signing attorney, attorney McAdoo did not undertake reasonable inquiry into the facts asserted in the filings prior to signing and submitting them for filing, nor did he at any time reasonably believe that his position was well grounded in fact. Rather, attorney McAdoo failed to undertake any substantive inquiry into the basis for the filings before signing and submitting them for filing.

25. Thus, the Court finds that 3 September 2025 papers signed by attorney McAdoo[3] were not well-grounded in fact or made in good faith. Neither attorney McAdoo nor Defendants needed, or even reasonably believed that they needed,

[3] Though the Court generally refers to them as the "3 September 2025" documents or papers based on the date on which attorney McAdoo signed them, they are the same motions and proposed orders filed with the Clerk's Office on 15 September 2025 (and all signed by attorney McAdoo), regardless of the phrase used by the Court to describe them.

additional time to respond to the discovery requests, and there was no factual basis for attorney McAdoo's signed statement that "counsel for Defendants needs additional time to fully respond." (ECF Nos. 28.2 and 28.3).

26. Notably, Defendants' 3 September 2025 documents also were not initially or timely filed with the Business Court through its electronic filing system and were instead belatedly submitted in hard copy to the Office of the Gaston County Clerk of Superior Court, where they were file stamped in several weeks later on 15 September 2025. (ECF Nos. 28.2 and 28.3).

27. Considering (i) attorney McAdoo's lack of inquiry prior to signing and filing the motions, (ii) the fact that the filings were signed and submitted immediately after service of the discovery requests, with approximately twenty-nine (29) days left to answer the requests, (iii) attorney McAdoo's and Defendants' general course of conduct throughout the litigation, (iv) the failure to file the 3 September 2025 documents with the Business Court, and (v) all other appropriate facts of record, the Court finds that attorney McAdoo signed and submitted the 3 September 2025 papers (i) to delay or otherwise unnecessarily prolong or extend proceedings in this case, (ii) to obtain extensions when they were not needed or even reasonably believed to be needed, (iii) to improperly obtain *ex parte* relief from the Gaston County Clerk of Superior without having consulted with opposing counsel, and (iv) in an attempt to bypass proceedings before the Business Court and the undersigned judge. The Court finds that each of these was an improper purpose.

28. Before the papers were filed in hard copy with the Clerk's Office (and before the Court was made aware of the filings and submissions to the Clerk's Office), on 9 September 2025, the Court entered a Case Management Order governing proceedings in this action and providing numerous directives to the parties and counsel. (ECF No. 19).

29. Among other things, the Case Management Order provides that, "[e]xcept as otherwise provided by Court order, extensions of other deadlines," including contested discovery extensions, "may be granted *only by order of the Court*." (ECF No. 19, ¶ 4(k) (emphasis added)).

30. Moreover, the Court specifically provided as follows:

> The parties are reminded that *all filings in this case must be made twice: **first**, with the Business Court through its electronic filing system, pursuant to BCR 3.1, and, **second**, with the Clerk of Superior Court of the county in which the case is pending*, pursuant to BCR 3.11, which provides that "material listed in Rule 5(d) of the Rules of Civil Procedure must be filed with the Clerk of Superior Court in the county of venue, either before service or within five days after service."

(ECF No. 19, ¶ 2(a) (emphasis added)); *see also* BCR 3.1 (requiring all filings to be made on the Business Court's filing system).

31. The Case Management Order was served on the parties and their counsel via the Court's electronic filing system, and attorney McAdoo had notice of the Case Management Order and its requirements.

32. However, as noted above, even when Defendants' documents were belatedly filed on 15 September 2025 (after entry and service of the Case Management Order), Defendants' counsel filed the documents only with the Gaston

County Clerk of Superior Court and not with the Business Court as required. (ECF Nos. 28.2 and 28.3). Thereafter, contrary to the Orders entered in this action, an Assistant Clerk of Superior Court for Gaston County once again entered the proposed Orders Extending Time that were included in attorney McAdoo's signed filings. (ECF Nos. 28.2 and 28.3 (containing Assistant Clerk's purported orders at the bottom of each motion)).

33. Attorney McAdoo, as the signing attorney, failed to file the motions or the orders with the Business Court for approximately a month after they were signed. The motions and purported orders came to the Court's attention only after the documents were filed with the Business Court as exhibits to Plaintiff's motion to strike certain of Defendants' filings. (ECF Nos. 28, 28.2, and 28.3).

34. Attorney McAdoo did not consult with opposing counsel about the motions or the requested extensions of time. (*See* ECF Nos. 28 and 28.4).

35. Attorney McAdoo reasonably should have had notice, was expected to have notice, and did have notice of the Orders in this action, the Business Court Rules, and applicable law, including those requiring that proceedings were to be before the undersigned judge, that filings were to be made with the Business Court, that the Clerk's Office was not to enter further orders in the case while it was assigned to the undersigned judge, and that the parties (including their attorneys) were not permitted to submit proposed orders to the Clerk's Office for entry.

36. Yet, attorney McAdoo surreptitiously submitted *ex parte* filings to the Clerk's Office, thereby obtaining orders signed by the Assistant Clerk and purporting

to grant extensions of time—all without having notified or consulted with opposing counsel.

37. Accordingly, on 9 October 2025, the Court issued an order striking the purported extensions of time and requiring attorney McAdoo to appear and show cause to the Court why he should not be held in criminal contempt of court, sanctioned under Rule 11 of the Rules of Civil Procedure, or otherwise sanctioned in the Court's inherent authority. (ECF No. 30). In connection with that Order, the Court directed attorney McAdoo to, within five (5) days, file with the Court (i) all documents filed with Gaston County Clerk of Court and (ii) a responsive brief with any evidence for the Court's consideration as to why he should not be sanctioned or otherwise held in contempt. (ECF No. 30, ¶¶ 29(c) and 29(h)). Further, the Court provided notice to all parties and counsel that the show-cause order would come before the Court for a hearing on 27 October 2025. (ECF No. 30, ¶ 24).

38. One day after the Court issued its order to show cause, attorney McAdoo filed a motion to withdraw as attorney for Defendants. (ECF No. 36). In that motion, attorney McAdoo once again failed to reflect consultation with opposing counsel,[4] and he misrepresented in the motion that there were no impending hearings in this matter—despite the then-upcoming hearing on the Court's show-cause Order, (ECF No. 36, ¶ 9).

39. Attorney McAdoo contended (and continues to contend) that (i) Defendants have failed to comply with a client services agreement with attorney

[4] Attorney McAdoo instead stated that he had conferred with *Defendants*—i.e., his own clients. (ECF No. 36, ¶ 6).

McAdoo, (ii) his representation of Defendants "is no longer feasible,"[5] and (iii) Defendants do not object to his withdrawal as counsel of record. (ECF No. 34 at 2). While attorney McAdoo failed to confer with opposing counsel, counsel for Plaintiff and Third-Party Defendants nonetheless confirmed at the 27 October 2025 hearing before the Court that they do not object to attorney McAdoo's withdrawal as counsel for Defendants.

40. In light of the show-cause hearing and to avoid any dispute regarding the Court's continuing jurisdiction and oversight over attorney McAdoo, the Court entered an Order deferring to a later date its resolution of the motion to withdraw. (ECF No. 38, ¶ 10).

41. On 14 October 2025, attorney McAdoo filed an affidavit, purporting to attach as exhibits all of the filings he had made in this case that had not at that time been filed on the Business Court's docket. The filings consisted of eight (8) separate filings (Exhibits A–H) made by attorney McAdoo that he represented he "believed to be **not currently filed on the Business Court docket**[.]"[6] (ECF No. 39, ¶ 4 & Exs. A–H) (emphasis in original)).

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[5] In subsequent BCR 10.9 and case management proceedings before the Court, even though he had not been permitted to withdraw, attorney McAdoo represented to the Court that he had commenced proceedings with the North Carolina State Bar's Fee Dispute Resolution Program to collect on an outstanding balance allegedly owed by Defendants. Attorney McAdoo argued that this new potential conflict (*of his own making*) justified an order permitting his withdrawal. It appears to the Court, however, that such actions were an ill-advised and misguided attempt to force an order permitting his withdrawal and that, once again, attorney McAdoo's conduct was not undertaken in good faith. Regardless, the purported fee dispute with his clients and the potential conflict at issue occurred after the show-cause hearing and were not the basis for the show-cause Order. Accordingly, this Order is not in any way premised up those issues.

[6] Despite that representation, most (if not all) of the documents had been filed on the Court's docket by that point (often belatedly), either as attachments to Plaintiff's filings or by

42. On 27 October 2025, the very morning of his show-cause hearing, attorney McAdoo filed his response to the Court's show-cause Order, (ECF No. 44), almost two weeks after the Court-imposed deadline for him to do so, (ECF No. 30, ¶ 29(c) (requiring filing within five (5) days of the Order entered on 9 October 2025)).

43. In his brief, attorney McAdoo argued that—despite his myriad failures to comply with the various Orders in this case and the Business Court Rules—his conduct was merely a culmination of numerous mistakes and that he should not be sanctioned or held in contempt for his poor legal administration. (*See generally* ECF No. 44).

44. The Court then held a hearing on the show-cause Order on 27 October 2025. (ECF No. 30, ¶ 24). The parties were represented by their attorneys at the hearing and were given the opportunity to be heard. Attorney McAdoo appeared and presented argument on his response to the show-cause Order and was permitted to make all desired arguments. Ultimately, attorney McAdoo conceded that he had not complied with the prior Orders entered in this action or the Business Court Rules when signing and submitting the documents at issue in this Order.

45. At the hearing, Plaintiff's counsel[7] sought to be heard primarily with respect to potential sanctions under Rule 11 of the North Carolina Rules of Civil procedure, arguing that Plaintiff and its counsel have been substantially burdened

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Defendant's counsel.

[7] Plaintiff's counsel are also counsel for Third-Party Defendants. For purposes of this Order, the Court refers to them as Plaintiff's counsel, as the request for fees is submitted on behalf of only Plaintiff and not Third-Party Defendants. (*See* ECF No. 46 (noting that it is submitted by plaintiff KJET)).

by having to respond to, address, and attend hearings in connection with attorney McAdoo's improper filings. Accordingly, pursuant to Rule 11, Plaintiff requested reasonable attorneys' fees.

46. During the hearing, Attorney McAdoo agreed and did not dispute that a sanction of reasonable attorneys' fees against him is appropriate for Rule 11 violations. The Court therefore directed counsel for the parties to confer regarding the amount of fees requested by Plaintiff and to attempt to reach an agreed amount regarding the reasonable fees and other expenses requested. Counsel thereafter conferred as directed but were unable to reach an agreement as to the amount of fees requested.

47. Plaintiff's counsel have undisputedly expended time (and generated fees to be paid by their client) in responding to Defendants' motions signed by attorney McAdoo in violation of Rule 11. Attorney McAdoo acknowledges that Plaintiff's counsel performed work and that Plaintiff incurred attorneys' fees in response to the motions for extension of time that he signed and submitted but disputes the amount that is reasonably recoverable. (ECF No. 45).

48. Among other things, Plaintiff's counsel (i) communicated with attorney McAdoo and their clients about the motions and the Court's related show-cause order, (ii) traveled to and stayed overnight in Wake County for a hearing on the Court's order for attorney McAdoo to show cause, (iii) attended the 27 October 2025 hearing before the Court, and (iv) prepared for the hearing, including by reviewing attorney McAdoo's filings. (ECF No. 46.2, ¶ 7).

49. Further, Plaintiff's counsel (i) filed a motion to strike the filings signed by attorney McAdoo and the associated orders entered by the Clerk's Office, (ECF Nos. 28, 28.1, 28.2, 28.3, and 28.4), and (ii) filed a memorandum in support of that motion to strike, (ECF No. 29). While this matter is before the Court on the Court's own Order requiring attorney McAdoo to show cause why he should not be held in contempt or sanctioned, the Order was precipitated in large part by Plaintiff's motion to strike, by which the Court became aware of attorney McAdoo's filings and the purported Orders of the Clerk's Office. (ECF No. 28). The Court ultimately granted the relief requested in Plaintiff's motion to strike by striking those filings, (ECF No. 30), and the Court finds that the motion to strike the filings, the memorandum in support of that motion, and related services were all reasonably prepared and warranted "because of" attorney McAdoo's filings.

50. Plaintiff has incurred expenses, including attorneys' fees, in responding to attorney McAdoo's 3 September 2025 documents, including as ultimately entered by the Clerk's Office on 15 September 2025. (ECF No. 46.2 (verifying time and fees)).

51. Plaintiff's counsel have performed 14.9 hours of work, totaling fees in the amount of $4,076.50,[8] in response to and because of attorney McAdoo's filings.

[8] While Plaintiff's counsel's declaration reflects a total of 15.9 hours under the "Hours" column, one hour is listed for a hotel stay on 27 October 2025, for which counsel seeks what instead appears to be a flat-rate expense recovery rather than an hourly rate. Thus, the Court excludes the hour included in that column in determining the total of 14.9 hours. Further, of those 14.9 hours, Plaintiff's counsel expended five (5) hours traveling to and from Wake County for the 27 October 2025 hearing before the Court, and Plaintiff's counsel have not charged and do not seek recovery of the additional amount of $2,375 that might otherwise be attributable to Plaintiff's counsel's travel, which was incurred at a rate of $475 per hour. (ECF No. 46.2, ¶ 7).

More specifically, attorney Tomi Suzuki performed 4 hours of work at a rate of $350.00 per hour ($1,400.00); attorney Brittney Slade performed .7 hours of work at a rate of $295.00 per hour ($206.50); attorney Bo Caudill performed .5 hours of work at a rate of $475.00 ($237.50); and attorney Matthew Villmer performed 4.7 hours of work at a rate of $475.00 per hour ($2,232.50), plus 5 hours of work (via travel time) that were chargeable at a rate of $475.00 but were fully discounted and for which Plaintiff does not seek recovery. (ECF No. 46.2, ¶ 7). Plaintiff also incurred $198.19 for actual expenses for its attorneys' overnight hotel stay prior to the 27 October 2025 hearing, bringing the total expenses and fees expended and incurred on behalf of Plaintiff to **$4,274.69**. (ECF No. 46.2, ¶ 7).

52. Attorney McAdoo has since stipulated that the amount of at least **$2,222.50** "represents a fair and legally supportable sanction" against him and his firm for violations of Rule 11 in connection with the motions. (ECF No. 45 at 2). In his brief, attorney McAdoo concedes and agrees that fees of $2,222.50 for 5.1 hours of time expended by Plaintiff's attorneys (1.6 hours at $350.00/hour; 3.5 hours at $475.00/hour) is appropriate and warranted for preparation and review of materials related to attorney McAdoo's motions filed on behalf of Defendants and for preparation for and attendance at the 27 October 2025 hearing. (ECF No. 45 at 3–4). Attorney McAdoo opposes an award granting expenses for "lodging, transportation, or incidental expenses" and opposes Plaintiff's counsel's request beyond the amount of $2,222.50.

53. The Court finds that attorney Villmer and attorney Suzuki are experienced attorneys who practice in the area of complex business litigation and who have the requisite skill and experience to perform the work that they performed in this matter, (ECF No. 46.2, ¶¶ 1, 4, 5), though no evidence has been submitted regarding attorneys Caudill and Slade or their experience or qualifications, (*see generally* ECF No. 46.2).

54. The work performed, time expended, and the rates charged by attorneys Villmer ($475.00) and Suzuki ($350.00) on behalf of Plaintiff in response to (and otherwise because of) Defendants' motions at issue signed by attorney McAdoo are reasonable and consistent with the work performed, time expended, and rates charged by similarly situated attorneys in the local market, a fact of which the Court may (and does) take judicial notice, in addition to the evidence in the record. *Simpson v. Simpson*, 209 N.C. App. 320, 328 (2011) (recognizing that judicial notice of attorneys' hourly rates is appropriate).

55. Moreover, the services provided, time expended, and the rates charged by attorneys Villmer ($2,232.50) and Suzuki ($1,400.00) are and were reasonable considering the difficulty of the matters involved, the skill required to perform the legal services properly, the amount and matters in controversy, and the results obtained.

56. Plaintiff's counsel's motion to strike, briefing on the motion to strike, communications with attorney McAdoo, attendance at the hearing, and other services described above were all incurred in response to and otherwise "because of" attorney

McAdoo's signing and filing of the motions for extensions of time on behalf of Defendants.

57. The Court, in its discretion, finds that the work performed by (i) attorney Slade, which consisted of four separate time entries totaling .7 hours for her "[r]eview" of filings and administrative processing of those filings, and (ii) attorney Caudill, which consisted of one entry for .5 hours for his "[r]eview" of the draft motion to strike—while incurred "because of" attorney McAdoo's signed filings—was not time necessarily or productively incurred as a result of attorney McAdoo's filings, and it does not appear to the Court (and the Court does not find) that attorney Slade's or attorney Caudill's time warrants compensation.

58. Similarly, as noted above, Plaintiff's counsel incurred costs of $198.19 for a hotel stay at the Sheraton Hotel for the hearing beginning at 10:00 am on 27 October 2025. (ECF No. 46.2, ¶ 7). The commute between Charlotte, North Carolina, and Raleigh, North Carolina is approximately 2.5 hours.[9] While the Court finds that obtaining a hotel room prior to such a hearing may be reasonable and appropriate in general, there is no evidence that the expense was reasonably necessary under the circumstances of this particular case, and the Court in its discretion finds that the expense—while incurred "because of" attorney McAdoo's signed filings—is not one that warrants compensation in this case at this time in connection with these sanction proceedings against attorney McAdoo.

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[9] *See* N.C. R. Evid. 201; *State v. Cannon*, 254 N.C. App. 794, 797–98 (2017) (citations omitted) (concluding that it is appropriate to take judicial notice of "the geographic distance between cities, the modes of travel between cities, the commercial aspects of their local area," and similar distance and commute-related information).

59. Ultimately, the Court finds that the amount of $3,632.50 incurred by Plaintiff and performed by attorneys Suzuki ($1,400.00 for 4 hours at $350/hour) and Villmer ($2,232.50 for 4.7 hours at $475/hour) was reasonable. Further, as set forth above, the Court finds that those fees were incurred "because of" and in direct response to attorney McAdoo's signed filings, (ECF Nos. 28.2 and 28.3), that were not well grounded in fact and that were filed for an improper purpose.

60. The Court has considered the factors under Rule 1.5 of the North Carolina Rules of Professional Conduct in reaching its findings and determinations in this Order. To the extent that any factor in Rule 1.5 is not specifically recited or addressed in this Order, the Court finds that the factor either does not bear on the reasonableness of the fees requested given the procedural posture of the case at this time or otherwise does not make the fees requested unreasonable.

61. The amounts of time and the labor expended by attorneys Suzuki and Villmer were reasonable and appropriate and were not excessive given the circumstances.

62. The difficulty and the novelty of the issues presented were not high but nevertheless required good legal work for effective representation, which attorneys Suzuki and Villmer provided in connection with the filings at issue.

63. Attorney Suzuki's hourly rate of $350 and attorney Villmer's rate of $475 are reasonable, as described in attorney Villmer's declaration, (ECF No. 45.2), and based on the Court's own knowledge and experience with fees charged by similarly situated attorneys for similar work (and within the matters of which the

Court may and does take judicial notice) (i) in Gaston County, North Carolina, (ii) before the Business Court, and (iii) in Mecklenburg County, where the attorneys' practice is based.

64. Attorneys Suzuki and Villmer have acted appropriately and competently in addressing the issues before the Court with respect to the filings at issue.

65. The fees of $3,632.50 addressed above are reasonable.

66. It is reasonable to require attorney McAdoo to pay the amount of $3,632.50 to Plaintiff for the attorneys' fees incurred by Plaintiff because of attorney McAdoo's filings. Such an amount is not greater than necessary and is reasonable and proportionate to the conduct at issue.

67. Attorney McAdoo received ample notice of the Court's Order and of the possibility that sanctions would be imposed against him, and attorney McAdoo was provided a reasonable opportunity to respond to and defend against the possibility of sanctions.

68. Attorney McAdoo's conduct has unnecessarily, vexatiously, improperly, and unnecessarily multiplied proceedings in this case, improperly wasting the time and resources of Plaintiff, Plaintiff's counsel, and the Court and its staff, despite clear and direct notice from the Court in one or more Orders, despite the clear language of other Orders entered in assigning this matter to the undersigned judge, and despite the unambiguous language of the Business Court Rules.

69. Attorney McAdoo's conduct has substantially interfered with the business and schedules of the Court, requiring the Court to (i) set aside orders of the Clerk's Office that were occasioned by attorney McAdoo's filings, (ii) hold one or more hearings that otherwise would not have been necessary, (iii) devote a substantial amount of the Court's time and resources to resolution of these sanction issues and the subject matter of this Order, and (iv) resolve the motion to strike attorney McAdoo's filings, none of which would have been necessary or otherwise within the contemplation of the Court if not for attorney McAdoo's misconduct.

70. The Court has considered sanctions less severe than those imposed by this Order and concludes in its discretion that lesser sanctions would be insufficient to address the conduct at issue and otherwise to achieve the permissible goals of this Order.

71. The sanctions imposed by this Order, as set forth below, are reasonable and are imposed in the Court's discretion.

CONCLUSIONS OF LAW

72. Attorney McAdoo, as a licensed attorney practicing before the Court, is an officer of the Court. *N.C. State Bar v. Key*, 189 N.C. App. 80, 85 (2008) ("An attorney not only is an employee of his client but also is an officer of the court." (quoting *Smith v. Bryant,* 264 N.C. 208, 211 (1965))).

73. The 3 September 2025 documents at issue were signed by attorney McAdoo as counsel for Defendants and were submitted to the Office of the Gaston County Clerk of Superior Court as part of motions and papers signed by attorney

McAdoo. As attorney McAdoo is counsel and an agent for Defendants, the submissions were also made by and on behalf of Defendants, as parties to this action.

74. Attorney McAdoo is subject to court sanctions as set forth in this Order.

75. Rule 11: Rule 11 of the North Carolina Rules of Civil Procedure provides in relevant part as follows:

> Every pleading, motion, and other paper of a party represented by an attorney shall be signed by at least one attorney of record in his individual name, whose address shall be stated. . . . The signature of an attorney or party constitutes a certificate by him that he has read the pleading, motion, or other paper; that to the best of his knowledge, information, and belief formed after reasonable inquiry it is well grounded in fact and is warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law, and that it is not interposed for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation…. If a pleading, motion, or other paper is signed in violation of this rule, the court, upon motion or upon its own initiative, shall impose upon the person who signed it, a represented party, or both, an appropriate sanction, which may include an order to pay to the other party or parties the amount of the reasonable expenses incurred because of the filing of the pleading, motion, or other paper, including a reasonable attorney's fee.

N.C. R. Civ. P. 11(a).

76. Thus, when signing a pleading, motion, or other paper, an attorney "certifies that three distinct things are true: the pleading is (1) well grounded in fact; (2) warranted by existing law, or a good faith argument for the extension, modification, or reversal of existing law (legal sufficiency); and (3) not interposed for any improper purpose." *Davis v. Durham Mental Health/Dev. Disabilities/Substance Abuse Area Auth.*, 165 N.C. App. 100, 108 (2004) (quoting *Bryson v. Sullivan,* 330 N.C. 644, 655 (1992) (internal quotation marks and punctuation omitted)).

77. "A breach of the certification as to any one of these three [requirements] is a violation of the Rule." *Hill v. Hill*, 173 N.C. App. 309, 313 (2005) (quoting *Bryson,* 330 N.C. at 655) (alterations in original) (internal punctuation omitted)).

78. In evaluating whether a document is well grounded in fact under Rule 11, the Court "must determine: (1) whether the [movant] undertook a reasonable inquiry into the facts *and* (2) whether the [movant], after reviewing the results of his injury, reasonably believed that his position was well grounded in fact." *Id.* at 314 (quoting *McClerin v. R-M Indus., Inc.*, 118 N.C. App. 640, 644 (1995)).

79. Even if a document is otherwise well grounded in fact (and in law), "it may still violate Rule 11 if it is served or filed for an improper purpose." *Kohler Co. v. McIvor*, 177 N.C. App. 396, 404 (2006) (*quoting Brooks v. Giesey*, 334 N.C. 303, 315 (1993)). "Parties, as well as attorneys, may be subject to sanctions for violations of the improper purpose prong of Rule 11. Further, both are subject to an objective standard to determine the existence of such an improper purpose." *Bryson*, 330 N.C. at 656 (citation omitted).

80. "An improper purpose is 'any purpose other than one to vindicate rights . . . or to put claims of right to a proper test.'" *Davis*, 165 N.C. App. at 108–09 (citations and internal punctuation omitted). "In other words, a party [or attorney] 'will be held responsible if his evident purpose is to harass, persecute, otherwise vex his opponents or cause them unnecessary cost or delay.' An objective standard is used to determine the existence of an improper purpose, with the burden on the movant to prove such improper purpose." *Id.* (citations and internal punctuation omitted).

81. Each "Motion for Extension of Time" containing a proposed "Order Extending Time" signed by attorney McAdoo on 3 September 2025 and filed with the Clerk's Office on 15 September 2025 in this action constitutes a motion or "other paper" within the meaning of Rule 11.

82. The Court concludes that, in signing those documents, attorney McAdoo violated Rule 11 as set forth in this Order.

83. First, attorney McAdoo failed to undertake a reasonable inquiry (or *any* inquiry) into the facts supporting the motions, and he did not reasonably believe—and could not have reasonably believed—that the motions were well grounded in fact. As he conceded at the hearing, attorney McAdoo did not have specific facts constituting good cause to request extensions. The documents were signed and submitted immediately upon receipt of the discovery requests as a matter of course, without regard or inquiry as to whether extensions of time were appropriate or needed.

84. Second, attorney McAdoo signed and submitted the 3 September 2025 documents for improper purposes, including delaying proceedings in this action and obtaining *ex parte* relief without following applicable procedures and consultation requirements. As reflected above, the motions were signed and filed (i) with no consideration of the actual *need* for an actual extension, (ii) with the intention of obtaining an extension of time regardless of the need (or lack thereof) of any such extension, (iii) without consultation with opposing counsel, and (iv) only in hard copy with the Gaston County Clerk of Superior Court (several weeks after they were

signed) rather than first being filed on the Business Court's online filing system, in an attempt to bypass proceedings before the Business Court and the undersigned judge.

85. Third, the 3 September 2025 papers lack attorney McAdoo's address as required under Rule 11. N.C. R. Civ. P. 11(a) (requiring that the signing attorney's "address shall be stated"); (*see generally also* ECF Nos. 28.2 and 28.3).[10]

86. The Court concludes that, in signing and submitting the 3 September 2025 papers, attorney McAdoo breached his certification as to the requirements of Rule 11; vexatiously, improperly, and unnecessarily multiplied and delayed proceedings in this case; and ultimately violated Rule 11. *Hill*, 173 N.C. App. at 313; *Kohler*, 177 N.C. App. at 404 (*quoting Brooks v. Giesey*, 334 N.C. 303, 315 (1993)).

87. Thus, in the Court's discretion, appropriate sanctions against attorney McAdoo are warranted for his conduct.

88. As set forth above, Plaintiff's counsel has been required to provide thousands of dollars' worth of legal services because of attorney McAdoo's violations of Rule 11. Given the lack of evidence submitted in support of the work performed by

[10] As noted above, the submissions also violate Rule 5(b1) of the North Carolina Rules of Civil Procedure because they were not accompanied by a certificate of service. Further, to the extent that the submissions were served on 3 September 2025 or any time more than five days before 15 September 2025, attorney McAdoo violated Rule 5(d) of the North Carolina Rules of Civil Procedure because the submissions were not filed with the Clerk's Office before or within five days after they were apparently served. While these failures and violations of Rule 5 are representative of the levels of gross negligence and general disregard of rules and procedures demonstrated throughout the course of this action by attorney McAdoo, they do not form the basis of the Court's sanctions in this Order, nor do they constitute violations of Rule 11. Under the circumstances of this case, however, they do implicate issues of competence and diligence under Rules 1.1 and 1.3 of the Rules of Professional Conduct.

attorneys Caudill and Slade and other information concerning their skill levels, experience, and other such information, the Court in its discretion will limit the award to the work performed by attorneys Suzuki and Villmer.

89. Accordingly, rather than awarding Plaintiff the full "amount of the reasonable expenses incurred because of the filing of" the filings signed by attorney McAdoo, as permitted (but not required) by Rule 11, the Court concludes in its discretion that an "appropriate sanction" under Rule 11 consists of (i) a monetary sanction against attorney McAdoo in the amount of **$3,632.50**, and (ii) a public **admonishment** and **censure** regarding the impropriety of attorney McAdoo's conduct, with referral to the North Carolina State Bar for any further actions it deems appropriate, if any.

90. Such a monetary sanction represents a reasonable portion of the fees sought by Plaintiff for the legal costs it has incurred because of attorney McAdoo's conduct, while admonishment and censure provide appropriate public notice of attorney McAdoo's conduct.

91. Such sanctions are appropriate to deter further filings signed and made by attorney McAdoo with an improper purpose and without adequate investigation.

92. As set forth above, the Court has considered sanctions less severe than those imposed by this Order and concludes in its discretion that lesser sanctions would be insufficient and inadequate to address the conduct at issue and otherwise to achieve the permissible goals of this Order, particularly considering the repeated nature of attorney McAdoo's conduct and all other appropriate matters of record.

93. The sanction of **$3,632.50** should be paid by attorney McAdoo to Plaintiff within thirty (30) days of entry of this Order.

94. The Court's Inherent Authority: Even if attorney McAdoo's conduct were not sanctionable under Rule 11 of the North Carolina Rules of Civil Procedure, the same sanctions would be (and are) appropriate in the exercise of the Court's inherent authority.

95. Through its inherent powers, the Court has the "authority to do all things that are reasonably necessary for the proper administration of justice." *Beard v. N.C. State Bar*, 320 N.C. 126, 129 (1987) (citations omitted); *Window World of Baton Rouge, LLC v. Window World, Inc.*, 2022 NCBC LEXIS 58, at *4 (N.C. Super. Ct. June 13, 2022) (discussing inherent authority). This inherent authority includes "the power . . . to sanction parties for failure to comply with court orders[.]" *Out of the Box Developers, LLC v. LogicBit Corp.*, 2014 NCBC LEXIS 7, at *9 (N.C. Super. Ct. Mar. 20, 2014) (alterations in original) (quoting *Daniels v. Montgomery Mut. Ins. Co.*, 320 N.C. 669, 674 (1987)).

96. Among other things, the Court retains inherent authority and discretion to sanction attorney McAdoo on the same bases (and other bases) addressed for the Rule 11 violations noted above, as well as for violations of the Court's prior Orders, including those Orders specifically directing counsel and the parties not to submit further proposed orders to the Office of the Gaston County Clerk of Superior Court. *See In re Small*, 201 N.C. App. 390, 394 (2009).

97. Accordingly, the Court may, in its inherent authority, require a party to pay "reasonable costs including attorney's fees for failure to comply with a court order." *Daniels*, 320 N.C. at 674 (finding that the imposition of reasonable attorney's fees is expressly within the inherent authority of a trial court); *see Small*, 201 N.C. App. at 394 ("Moreover, it is well recognized that 'a Superior Court, as part of its inherent power to manage its affairs, to see that justice is done, and to see that the administration of justice is accomplished as expeditiously as possible, has the authority to impose reasonable and appropriate sanctions upon errant lawyers practicing before it.' . . . This 'inherent power of the court to discipline attorneys [also] includes the imposition of monetary sanctions.'" (citations omitted)).

98. As set forth above, attorney McAdoo signed and submitted the motions for extensions of time without conferring with opposing counsel, without providing notice to opposing counsel, and without first filing the motion with this Court via the Business Court's electronic filing system, all as required by the Court's prior Orders, the Business Court Rules (adopted by Order of the Supreme Court of North Carolina), and other applicable law. (*E.g.*, ECF No. 14, ¶ 5; ECF No. 2; N.C. Gen. Stat. § 7A-45.4(f); BCR 7.3).

99. Moreover, despite notice of the Court's earlier Order, attorney McAdoo and his office submitted the 3 September 2025 documents *ex parte* to the Clerk's Office for entry in direct violation of the Court's Order directing that further orders not be submitted to the Clerk's Office.

100. Attorney McAdoo was given appropriate notice and an opportunity to be heard on potential sanctions in the Court's inherent authority.

101. Attorney McAdoo acknowledged at the 27 October 2025 hearing that his conduct was in violation of the Orders entered in this action and otherwise in violation of the Business Court Rules.

102. Even absent attorney McAdoo's acknowledgement, the Court would conclude—and does conclude—that attorney McAdoo violated the terms of the prior Orders in this action, the Business Court Rules, and other applicable law.

103. Accordingly, the Court determines that sanctions against attorney McAdoo are appropriate pursuant to the Court's inherent "authority to do all things that are reasonably necessary for the proper administration of justice," *Beard*, 320 N.C. at 129; to sanction counsel for failure to comply with court orders, *Out of the Box Developers*, 2014 NCBC LEXIS 7, at *9; and otherwise "to manage its affairs, to see that justice is done, and to see that the administration of justice is accomplished as expeditiously as possible[.]" *Small*, 201 N.C. App. at 394.

104. Having considered all potential sanctions less severe than those imposed by this Order, the Court determines in its discretion that the same sanctions set forth above for attorney McAdoo's violations of Rule 11 are appropriately imposed as sanctions in the Court's inherent authority.

105. Thus, as a further and alternative (as applicable) basis for the imposition of sanctions against attorney McAdoo, the Court determines that it is appropriate under the Court's inherent authority to sanction attorney McAdoo by

imposing (i) a monetary sanction against attorney McAdoo in the amount of **$3,632.50**, and (ii) a public **admonishment** and **censure** regarding the impropriety of attorney McAdoo's conduct, with referral to the North Carolina State Bar for any further actions it deems appropriate, if any. This sanction is the same as, and not in addition to, the sanctions set forth above for attorney McAdoo's Rule 11 violations.

106. Criminal Contempt: Finally, the Court addresses the provisions of its earlier Order requiring attorney McAdoo to show cause why he should not be held in criminal contempt of court. In short, the Court determines that attorney McAdoo failed to show cause why he should not be held in contempt; that attorney McAdoo's conduct constitutes conduct punishable as criminal contempt; and, nonetheless, that it is appropriate in the Court's discretion not to hold attorney McAdoo in criminal contempt of Court in light of the sanctions imposed above for violations of Rule 11 and in the Court's inherent authority because such sanctions adequately address the conduct at issue.

107. Under N.C. Gen. Stat. § 5A-11(a), criminal contempt includes, among other things, "[w]illful disobedience of, resistance to, or interference with a court's lawful process, order, directive, or instruction or its execution," "[w]illful or grossly negligent failure by an officer of the court to perform his duties in an official transaction," and "[w]illful or grossly negligent failure to comply with schedules and practices of the court resulting in substantial interference with the business of the court." N.C. Gen. Stat. § 5A-11(a)(3), (6), and (7); *see State v. Key*, 182 N.C. App. 624, 630 (2007).

108. A criminal contempt proceeding, like "any other criminal proceeding," is held to the "ultimate burden of proof beyond a reasonable doubt of all elements of the offense." *State v. Simon*, 185 N.C. App. 247, 255 (2007).

109. Attorney McAdoo's conduct satisfies the elements of N.C. Gen. Stat. § 5A-11(a) beyond a reasonable doubt and constitutes conduct subject to criminal contempt.

110. Attorney McAdoo ignored and failed to comply with the Orders entered in this action, including Orders requiring proceedings to be before the undersigned judge and this Court's express Orders and directions requiring that no further proposed orders be submitted to the Clerk's Office.[11]

111. At a *minimum*, attorney McAdoo's conduct described in this Order constitutes a grossly negligent (i) failure to perform his duties in official transactions, including the filings and submissions at issue in this action, and (ii) failure to comply with the practices of the Court, thereby substantially interfering with the business of the Court. *See* N.C. Gen. Stat. § 5A-11(a)(6), (7); *see Key*, 182 N.C. App. at 630.

112. Attorney McAdoo was provided an opportunity to show cause why he should not be held in contempt of court and failed to meet that standard, instead acknowledging his failures to comply with the Orders in this action and other applicable rules and law.

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[11] Ample evidence suggests that attorney McAdoo's conduct was willfully disobedient, and in violation of, the Orders entered in this action, but the Court need not make that conclusion in light of its determination that the conduct amply constitutes gross negligence by attorney McAdoo.

113. Beyond a reasonable doubt, attorney McAdoo's conduct set forth in this Order constitutes conduct punishable as criminal contempt.

114. However, criminal contempt is not mandatory under N.C. Gen. Stat. § 5A-11 *et seq.*, and the Court instead retains the discretion to decline to hold an individual in criminal contempt, even when the statute is otherwise satisfied. *Kedar v. Patel*, 255 N.C. App. 857, at *2–3 (2017) (unpublished) (affirming trial court's order that imposed sanctions other than contempt and declined to hold party in criminal contempt in light of those other sanctions)); *Red Valve, Inc. v. Titan Valve, Inc.*, 2019 NCBC LEXIS 57, at *80–81 (N.C. Super. Ct. Sept. 3, 2019) ("The Court further concludes, in the exercise of its discretion, that criminal contempt is not warranted in light of the other sanctions granted in this Order and Opinion."), *aff'd*, 376 N.C. 798 (2019).

115. As set forth above, the Court determines that the sanctions imposed pursuant to Rule 11 and otherwise in the Court's inherent authority constitute adequate sanctions against attorney McAdoo and that holding attorney McAdoo in criminal contempt of court (while justified and appropriate) is unnecessary in light of those other sanctions.

116. Considering all appropriate matters of record, the Court determines that the attorneys' fees, sanctions, and other provisions of this Order are just, reasonable, and appropriate and are the least severe sanctions that would appropriately address attorney McAdoo's conduct.

117. Motion to Withdraw. Finally, as set forth above, attorney McAdoo has moved to withdraw as counsel of record for Defendants. (ECF No. 36).

118. At this stage of the case, with this Order now resolving the show-cause Order with respect to attorney McAdoo and with the Court maintaining jurisdiction to effectuate and enforce the terms of this Order, and further with all parties consenting or otherwise not objecting to the request, the Court determines in its discretion that it is appropriate to permit attorney McAdoo to withdraw as counsel of record for Defendants in this action.

119. Thus, having considered all appropriate matters of record, the Court grants attorney McAdoo's motion to withdraw as counsel for Defendants in this action.

ORDER

120. Accordingly, in the exercise of its discretion, the Court **ORDERS** as follows:

a. Attorney McAdoo is **CENSURED** and is **ADMONISHED** for his improper conduct in the course of this action as set forth in this Order;

b. Attorney McAdoo is **REFERRED** to the North Carolina State Bar for such other and further proceedings, if any, as the State Bar may determine to be appropriate in light of the conduct described in this Order;

c. Attorney McAdoo is **ORDERED** to pay to Plaintiff within thirty (30) days of entry of this Order the amount of **$3,632.50** for attorneys' fees and

expenses incurred by Plaintiff as set forth in this Order. Payment may be made to Plaintiff's counsel on behalf of Plaintiff;

d. Within thirty (30) days of entry of this Order, attorney McAdoo is **ORDERED** to file a certificate of satisfaction with this Court confirming payment of the amount of **$3,632.50** to Plaintiff or Plaintiff's counsel; and

e. Attorney McAdoo is hereby **WITHDRAWN** as counsel of record for Defendants in this action and is discharged of any further obligation to represent Defendants in this action.

SO ORDERED, this 7th day of January 2026.

/s/ Matthew T. Houston
Matthew T. Houston
Special Superior Court Judge
for Complex Business Cases