

STATE OF NORTH CAROLINA
WAKE COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
24CV032076-910

ADAM CULVERHOUSE-
STEADMAN,

Plaintiff,

v.

GOMBOC VENTURES, LLC;
STEPHEN FOXWORTH;
CAROLYN FOXWORTH; MI MAO;
and HUNG HUYNH,

Defendants.

ORDER ON DESIGNATION

1. **THIS MATTER** is before the Court pursuant to the Determination Order issued on 10 October 2024 by the Honorable Paul Newby, Chief Justice of the Supreme Court of North Carolina, directing the undersigned to determine whether this action is properly designated as a mandatory complex business case in accord with N.C.G.S. § 7A-45.4(a). (Determination Order, ECF No. 1.)

2. Defendant Gömböc Ventures, LLC (the “Company”) is comprised of six Members who all own an equal share of the company: Nicolette Culverhouse-Steadman, Defendants Stephen Foxworth, Carolyn Foxworth, Mi Mao, Hung Huynh (with the Company, “Defendants”), and Plaintiff Adam Culverhouse-Steadman (“Plaintiff”). (Verified Complaint ¶ 3.) The Company’s initial Operating Agreement provided that it could only be amended by a unanimous vote of the Members. (Verified Complaint ¶ 16.) The Members thereafter unanimously voted to amend the Operating Agreement to enter into the First Amended Operating Agreement and

subsequently voted unanimously to amend the First Amended Operating Agreement to enter into the Second Amended Operating Agreement. (Verified Complaint ¶ 25.)

3. Plaintiff filed a Verified Complaint (the “Complaint”) in Wake County Superior Court on 8 October 2024, asserting claims against Defendants for (i) declaratory judgment interpreting the amendment provisions of the Company’s Second Amended Operating Agreement; (ii) declaratory judgment regarding the enforceability of the Company’s Third Amended and Restated Operating Agreement in light of Defendants’ failure to comply with the alleged unanimous vote requirement to amend the Second Amended Operating Agreement; and (iii) preliminary and permanent injunctive relief enjoining Defendants from operating the Company under the Third Amended and Restated Operating Agreement. (Verified Complaint ¶¶ 33–43.)

4. Contemporaneously with the filing of the Complaint, Plaintiff filed a Notice of Designation (the “NOD”), contending that designation as a mandatory complex business case is proper under N.C.G.S. § 7A-45.4(a)(1). (Notice of Designation 1.) Designation under this section is proper if the action involves a material issue related to “[d]isputes involving the law governing corporations, except charitable and religious organizations qualified under G.S. 55A-1-40(4) on the grounds of religious purpose, partnerships, and limited liability companies, including disputes arising under Chapters 55, 55A, 55B, 57D, and 59 of the General Statutes.”

5. Although Plaintiff argues in conclusory fashion that designation under (a)(1) is appropriate, the Complaint in this action seeks only an interpretation of the

Company's Second Amended Operating Agreement and the member vote required to amend that Agreement. In short, Plaintiff argues that the terms of the Second Amended Operating Agreement cannot be amended absent a unanimous vote of the members. (Complaint ¶¶ 2, 16, 24 & 26.) According to Plaintiff, Defendants contend that Article XIII(45) and Article III(11) of the Second Amended Operating Agreement permit amendment by a majority vote of the members and that the non-unanimous, majority vote passage of the Third Amended and Restated Operating Agreement was effective. (Complaint ¶¶ 3, 30.)

6. As such, while Plaintiff's requested relief may involve a determination of the parties' rights under the Second Amended Operating Agreement, resolution of Plaintiff's claims requires only a straightforward application of contract law principles and does not implicate the law governing limited liability companies under N.C.G.S. § 7A-45.4(a)(1). As a result, designation under (a)(1) is not proper. *See, e.g., Oxendine v. Lumbee Tribe Holdings, Inc.*, 2023 NCBC LEXIS 40, at *6 (N.C. Super. Ct. Mar. 14, 2023) (finding designation under (a)(1) improper where a determination of the parties' rights under the operating agreement required only a straightforward application of contract law principles); *Parker v. Brock*, 2021 NCBC LEXIS 49, at *3–4 (N.C. Super. Ct. May 7, 2021) (finding designation under (a)(1) improper where plaintiff sought a determination as to the parties' membership interests in a limited liability company because resolution only required application of contract law principles); *Mayberry v. Baker*, 2021 NCBC LEXIS 40, at *3 (N.C. Super. Ct. Apr. 13, 2021) (same); *Grindstaff v. Knighton*, 2020 NCBC LEXIS 98, at *2–3 (N.C. Super. Ct.

Sept. 1, 2020) (declining to designate under (a)(1) where plaintiff's claims involved only breach of contract).

7. Based on the foregoing, the Court determines that this action shall not proceed as a mandatory complex business case under N.C.G.S. § 7A-45.4(a)(1) and thus shall not be assigned to a Special Superior Court Judge for Complex Business Cases.

8. Consistent with the Determination Order, the Court hereby advises the Senior Resident Superior Court Judge of Judicial District 10 that this action is not properly designated as a mandatory complex business case so that the action may be treated as any other civil action, wherein the parties may pursue designation as a Rule 2.1 exceptional case with the Senior Resident Superior Court Judge if deemed appropriate.

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

SO ORDERED, this the 11th day of October, 2024.

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