

STATE OF NORTH CAROLINA
MECKLENBURG COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
22 CVS 3820

WILLIAM R. ALESSI, JR.,
Plaintiff,

v.

TECHCOM, INC. formerly known as
RMD ENTERTAINMENT GROUP,
INC.,
Defendant.

ORDER ON DESIGNATION

1. **THIS MATTER** is before the Court pursuant to the Determination Order issued on 22 April 2022 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. Plaintiff William R. Alessi Jr. filed the Complaint initiating this action in Mecklenburg County Superior Court on 8 March 2022, asserting claims against Defendant Techcom, Inc. for declaratory judgment and breach of contract. (*See* Compl. ¶¶ 13–24, ECF No. 2.) Defendant was allegedly served 23 March 2022¹ and timely filed the Notice of Designation (the “NOD”) on 21 April 2022.

3. Defendant contends that designation as a mandatory complex business case is proper under N.C.G.S. § 7A-45.4(a)(1) and (2). Designation under section 7A-

¹ The NOD states that “[t]his designation has been filed . . . within thirty days of alleged service on Defendant on March 23, 2022. This designation is being made subject to defenses based on insufficient service process and service of process[.]” (Notice Designation 3 [hereinafter “NOD”], ECF No. 6.)

45.4(a)(1) 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.” Furthermore, section 7A-45.4(a)(2) permits designation if the action involves a material issue related to “[d]isputes involving securities, including disputes arising under Chapter 78A of the General Statutes.”

4. In support of designation under these sections, Defendant contends that the allegations in the Complaint involve “an alleged contractual right [of Plaintiff] to issuance of stock which was purportedly triggered due to initiation by Defendant of a reverse stock split of Techcom stock, and accordingly raises issues pertaining to corporations and to securities transactions.” (NOD 3.)

5. Despite Defendant’s assertion that the Complaint “raises issues pertaining to corporations,” the Court is unable to find a single issue involving the law governing corporations, much less a material one, contained within the Complaint’s allegations. (*See generally* Compl.) Designation under section 7A-45.4(a)(1) is therefore improper. *See Composite Fabrics of Am., LLC v. Edge Structural Composites, Inc.*, 2016 NCBC LEXIS 11, at *25 (N.C. Super. Ct. Feb. 5, 2016) (“For a case to be certified as a mandatory complex business case, the pleading upon which designation is based must raise a *material issue* that falls within one of the categories specified in section 7A-45.4.” (emphasis added)).

6. The Court does agree, however, that designation under section 7A-45.4(a)(2) is proper. Although the NOD does not reference any portion of the Complaint to support its argument for designation under this section, (*see generally* NOD), the Court notes that the Complaint contains the following allegations: (i) Plaintiff “agreed to accept shares in Defendant in lieu of monetary compensation” as part of an employment agreement; (ii) as part of that agreement, Plaintiff was entitled “to receive 3,097,017 shares of Defendant’s commons [sic] stock upon a 1,000:1 reverse stock split”; and (iii) Defendant initiated a 1,000:1 stock split and did not provide Plaintiff with his 3,097,017 shares of Defendant’s common stock. (Compl. ¶¶ 7–12.)

7. While this Court has held that “a tangential relationship between securities and a complaint’s allegations, without more, will not meet the criteria of section 7A-45.4(a)(2)[,]” *Munroe v. Ingersoll-Rand Co.*, 2020 NCBC LEXIS 130, at *2–3 (N.C. Super. Ct. Nov. 3, 2020) (quoting *Edwards v. Vanguard Fiduciary Tr. Co.*, 2018 NCBC LEXIS 251, at *3 (N.C. Super. Ct. July 24, 2018), Plaintiff’s claims here require a determination of whether Defendant has initiated a 1,000:1 stock split, placing those securities at the core of this action. (Compl. ¶¶ 9–24.) As such, the securities are not tangential to Plaintiff’s claims and instead carry the required nexus for designation under subsection (a)(2).

8. The Court further notes that although Plaintiff does not assert a securities claim under Chapter 78A, section 7A-45.4(a)(2) does not require that he do so to obtain mandatory complex business case designation. And while the Court has routinely refused to designate cases under 7A-45.4(a)(1) where, as here, the dispute

involves a straightforward application of contract law principles, *see, e.g., Parker v. Brock*, 2010 NCBC LEXIS 49, at *3–4 (N.C. Super. Ct. May 7, 2021), subsection (a)(1) designation is for disputes involving “the law governing” certain business entities whereas no such “law governing” requirement appears in subsection (a)(2).

9. Based on the foregoing, the Court determines that this action shall proceed as a mandatory complex business case under N.C.G.S. § 7A-45.4(a)(2) and thus shall be assigned to a Special Superior Court Judge for Complex Business Cases.

SO ORDERED, this the 25th day of April, 2022.

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