An unpublished opinion of the North Carolina Court of Appeals does not constitute controlling legal authority. Citation is disfavored, but may be permitted in accordance with the provisions of Rule 30(e)(3) of the North Carolina Rules of Appellate Procedure.

IN THE COURT OF APPEALS OF NORTH CAROLINA

No. COA18-313

Filed: 6 November 2018

Wake County, No. 16 CVD 13102

FITNESS SOLUTIONS GROUP, LLC, Plaintiff,

v.

JTG EQUIPMENT & SUPPLY CO., LLC and JONATHAN T. GRIFFIN, Defendants.

Appeal by defendant from order entered 7 December 2017 by Judge Christine M. Walczyk in Wake County District Court. Heard in the Court of Appeals 17 September 2018.

Smith Debnam Narron Drake Saintsing & Myers, LLP, by John M. Sperati, for plaintiff-appellee.

Sharpless & Stavola, P.A., by Eugene E. Lester III and James C. King, for defendant-appellant.

DIETZ, Judge.

Defendant Jonathan T. Griffin appeals the trial court's order recognizing a Louisiana court judgment entered against him. Griffin argues that the plaintiff, a Louisiana limited liability company, lacks standing to enforce the judgment under

this Court's precedent; that the Louisiana court lacked personal jurisdiction over him; and that the Louisiana judgment violates North Carolina public policy.

As explained below, we reject Griffin's arguments. First, Griffin's standing argument relies entirely on a single case that was reversed by our Supreme Court and is no longer good law. Second, Griffin litigated the personal jurisdiction argument in the Louisiana court and lost. Thus, the Full Faith and Credit Clause prohibits North Carolina courts from relitigating that issue at the recognition stage. Finally, the Louisiana court's imposition of personal liability on Griffin—in effect piercing the corporate veil—does not raise public policy concerns sufficient to refuse recognition of the Louisiana judgment. Accordingly, we affirm the trial court's order.

Facts and Procedural History

In 2013, Plaintiff Fitness Solutions Group, LLC sued Defendants JTG Equipment & Supply Co., LLC and its principal member-manager, Jonathan T. Griffin, in a Louisiana court. Defendants engaged in preliminary motions practice on various issues, including personal jurisdiction. The Louisiana court rejected Defendants' arguments and the case proceeded to determination on the merits. From that point forward, Defendants declined to appear in the proceeding and the Louisiana court ultimately entered a default judgment holding them jointly and severally liable for $17,776.87 in damages and $5,900.00 in attorney's fees.

In 2016, Fitness Solutions Group began the process to seek recognition of the Louisiana judgment in North Carolina by filing notice in Wake County District Court. Several months later, Defendant Jonathan T. Griffin moved for relief from the Louisiana judgment, asserting that the Louisiana court lacked personal jurisdiction over him, that the Louisiana judgment violated North Carolina public policy, and that Fitness Solutions Group lacked standing to enforce the judgment because the company had been dissolved under Louisiana law.

After a hearing, the trial court rejected Griffin's arguments and entered an order recognizing the Louisiana judgment. Griffin timely appealed.

Analysis

I. Plaintiff's Standing to Seek Recognition

Griffin first argues that the trial court erred because Plaintiff Fitness Solutions Group, LLC lacks standing to seek enforcement of the judgment. Griffin relies on this Court's decision in *Atlantic Coast Props., Inc. v. Saunders*, which held that a corporation seeking to avail itself of the North Carolina court system must expressly "plead its legal existence and capacity to sue." __ N.C. App. __, __, 807 S.E.2d 182, 185 (2017). Our Supreme Court reversed this Court's decision in *Atlantic Coast Properties* and it is no longer good law. *Atlantic Coast Props., Inc. v. Saunders*, __ N.C. __, 813 S.E.2d 194 (2018). Griffin's argument relies entirely on this Court's now-

reversed decision, and he offers no other legal reason why the plaintiff lacks standing to seek recognition of this judgment. Accordingly, we reject this argument.

II. Challenge to Recognition Based on Lack of Personal Jurisdiction

Griffin next argues that the trial court should not have recognized the foreign judgment because the Louisiana court lacked personal jurisdiction over him. As explained below, we reject this argument because Griffin had a full and fair opportunity to litigate the personal jurisdiction issue in the Louisiana court.

This case is governed by the Uniform Enforcement of Foreign Judgments Act, which addresses recognition of other states' judgments in the North Carolina court system. N.C. Gen. Stat. §§ 1C-1701–1C-1708. The Act provides that a judgment debtor may defend against recognition of a foreign judgment on any ground "for which relief from a judgment of this State would be allowed." N.C. Gen. Stat. § 1C-1705(a). Although this language is broad, it is limited by the Full Faith and Credit Clause of the United States Constitution. As our Supreme Court has explained, "the defenses preserved under North Carolina's UEFJA are limited by the Full Faith and Credit Clause to those defenses which are directed to the validity and enforcement of a foreign judgment . . . such as, that the judgment creditor committed extrinsic fraud, that the rendering state lacked personal or subject matter jurisdiction, that the judgment has been paid, that the parties have entered into an accord and satisfaction, that the judgment debtor's property is exempt from execution, that the judgment is

subject to continued modification, or that the judgment debtor's due process rights have been violated." *DOCRX, Inc. v. EMI Servs. of N. Carolina, LLC*, 367 N.C. 371, 382, 758 S.E.2d 390, 397 (2014).

Importantly, when a defense to recognition is based on the foreign court's alleged lack of personal jurisdiction, this Court's "review concerning the rendering court's jurisdiction is very limited." *Boyles v. Boyles*, 308 N.C. 488, 491, 302 S.E.2d 790, 793 (1983). "[A] judgment is entitled to full faith and credit—even as to questions of jurisdiction—when the second court's inquiry discloses that those questions have been fully and fairly litigated and finally decided in the court which rendered the judgment." *Id.* In other words, if the judgment debtor had notice of the foreign court proceeding, raised the jurisdictional issue, and the foreign court rejected it, our State courts have no authority to consider the question anew—we must respect the adjudication of that issue by the courts of our sister state.

Here, the trial court found that "Defendant Griffin's argument regarding personal jurisdiction is without merit. The Louisiana Court made a determination that it had long arm personal jurisdiction over the Defendants based on their contacts within the State of Louisiana. The appropriate forum to challenge that decision would have been in the Louisiana Courts."

Griffin does not challenge this finding on appeal and the record does not contain any evidence indicating that this finding is not supported by competent

evidence. Indeed, the Louisiana court judgment states that Griffin "filed a declinatory exception of lack of personal jurisdiction" and that the Louisiana court later "entered a written order denying" that exception that contained "the Court's express finding that it has personal jurisdiction over [Griffin]." Accordingly, this Court is bound by the trial court's finding that Griffin raised his personal jurisdiction argument in the Louisiana proceeding and that the Louisiana court considered and rejected it. *Meyer v. Race City Classics, LLC*, 235 N.C. App. 111, 113, 761 S.E.2d 196, 199 (2014). That finding, in turn, compels us to reject Griffin's argument because, applying the limited review available under the Full Faith and Credit Clause, the record demonstrates that Griffin had a full and fair opportunity to litigate the personal jurisdiction issue in the Louisiana courts. *Boyles*, 308 N.C. at 491, 302 S.E.2d at 793.

III. Challenge to Recognition Based on Public Policy

Finally, Griffin argues that the trial court should have denied recognition because the Louisiana judgment violates North Carolina public policy. Again, we disagree.

The Uniform Enforcement of Foreign Judgments Act states that it "shall not apply to foreign judgments based on claims which are contrary to the public policies of North Carolina." N.C. Gen. Stat. § 1C-1708. But, as with the provision governing jurisdictional defenses, this provision is constrained by the Full Faith and Credit Clause. *MGM Desert Inn, Inc. v. Holz*, 104 N.C. App. 717, 722–24, 411 S.E.2d 399,

402–03 (1991). This Court has held that there are "virtually no exceptions" based on public policy that would permit our State's courts to decline recognition of a foreign court judgment. *Id.* at 722, 411 S.E.2d at 402.

Here, Griffin argues that the judgment violates North Carolina public policy because it imposes liability on a member-manager of a limited liability company in violation of our State's laws precluding member liability for acts on behalf of the company. But the trial court correctly observed that under North Carolina law "there are situations in which an individual member or manager may be liable"—a legal outcome known as piercing the corporate veil. *See Glenn v. Wagner*, 313 N.C. 450, 454, 329 S.E.2d 326, 330 (1985). The trial court also found that the Louisiana court addressed this issue and determined that Griffin could be personally liable based on "false and inaccurate representations" he made during the transactions at issue. This reasoning is similar to a line of analysis that our State courts apply under the "instrumentality test" to pierce the corporate veil and impose liability on individual corporate actors. *See, e.g.*, *East Mkt. St. Square, Inc. v. Tycorp Pizza IV, Inc.*, 175 N.C. App. 628, 639, 625 S.E.2d 191, 200 (2006).

Again, Griffin does not expressly challenge the trial court's finding of fact on this issue, and nothing in the record indicates that this finding is unsupported by the record. That finding, in turn, defeats Griffin's argument. Even assuming our State's law governing liability protection for corporate actors is the type of exceedingly rare

public policy issue that justifies rejecting an otherwise valid foreign judgment under the Full Faith and Credit Clause (and we are not persuaded that it is), Griffin has not shown that the Louisiana court judgment conflicts with our State's public policy on this issue. Accordingly, we reject this argument and affirm the trial court's order recognizing the foreign judgment.

Conclusion

We affirm the trial court's order.

AFFIRMED.

Chief Judge McGEE and Judge CALABRIA concur.

Report per Rule 30(e).