

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF SOUTH
CAROLINA

State Farm Mutual Automobile Insurance Company v. Michael
Sharpstein

State Farm v. Sharpstein · No. 2:24-cv-06883-RMG-MHC · Decided February 23, 2026

SUMMARY

This Report and Recommendation addresses Defendant Michael Sharpstein’s motion to dismiss a declaratory judgment action brought by State Farm Mutual Automobile Insurance Company concerning the availability of underinsured motorist coverage. The magistrate judge recommends denying the motion because the complaint plausibly states a claim and Sharpstein’s factual challenges are premature for summary judgment before discovery concludes.

CASE DETAILS

COURT	United States District Court for the District of South Carolina
JURISDICTION	United States District Court for the District of South Carolina
DECIDED	February 23, 2026
DOCKET	2:24-cv-06883-RMG-MHC
DISPOSITION	other
PROCEDURAL POSTURE	Defendant moved to dismiss the plaintiff's declaratory judgment complaint under Federal Rule of Civil Procedure 12(b)(6), or alternatively sought relief resembling summary judgment. The magistrate judge issued a Report and Recommendation recommending denial of the motion.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court tests the sufficiency of the complaint, accepts well-pleaded factual allegations as true, draws reasonable inferences in favor of the nonmoving party, and determines whether the complaint states a plausible claim. Pro se pleadings are liberally construed. Summary judgment generally should not be decided before the nonmoving party has had adequate time for discovery.
PRECEDENTIAL VALUE	Unknown; Report and Recommendation

PARTIES

Michael Sharpstein v. State Farm Mutual Automobile Insurance Company

TOPICS

declaratory relief insurance

motions to dismiss

summary judgment

insurance

civil procedure

PRACTICE AREAS

insurance

civil procedure

declaratory judgment

QUESTIONS PRESENTED

1. Whether Sharpstein's pro se motion, construed under Federal Rule of Civil Procedure 12(b)(6), established that State Farm's declaratory judgment complaint was frivolous or failed to state a plausible claim.
2. Whether Sharpstein's factual assertions concerning alteration of insurance documents could support summary judgment before the close of discovery.

HOLDINGS

1. The complaint alleged sufficient facts to state a plausible declaratory judgment claim concerning the availability of underinsured motorist coverage; therefore, dismissal under Rule 12(b)(6) was not warranted.
2. Any request for summary judgment was premature because the discovery period remained open and the parties had not had adequate time to obtain information essential to the motion.

KEY QUOTATIONS

“The purpose of a Rule 12(b)(6) motion is to test the sufficiency of a complaint.”

“A motion to dismiss under Rule 12(b)(6) tests the sufficiency of a complaint; importantly, it does not resolve contests surrounding the facts, the merits of a claim, or the applicability of defenses.”

“Generally speaking, summary judgment must be refused where the nonmoving party has not had the opportunity to discover information that is essential to his opposition.”

“As a general rule, summary judgment is appropriate only after ‘adequate time for discovery.’”

FACTUAL BACKGROUND

Sharpstein signed selection-rejection forms in February 2020 for two State Farm automobile insurance policies. He was involved in a November 2022 automobile accident and claimed injuries and damages exceeding the available liability coverage, leading him to seek underinsured motorist coverage. State Farm alleged that Sharpstein had declined UIM coverage after a meaningful offer and sought a declaration that no UIM coverage was available. Sharpstein contended that documents he received and signed had been altered without his knowledge or consent.

PROCEDURAL HISTORY

State Farm filed a declaratory judgment action on November 25, 2024, concerning the availability of underinsured motorist coverage. Sharpstein's former counsel filed an answer, later withdrew, and Sharpstein proceeded pro se. Sharpstein moved to dismiss as frivolous during the discovery period. The magistrate judge construed the filing as a Rule 12(b)(6) motion, rejected dismissal, and concluded that any summary-judgment request was premature because discovery had not concluded.

DISPOSITION

other

CASES CITED

- E.I. du Pont de Nemours & Co. v. Kolon Indus., Inc., 637 F.3d 435, 440, 448 (4th Cir. 2011)
- Williams v. Preiss-Wal Pat III, LLC, 17 F. Supp. 3d 528, 531 (D.S.C. 2014)
- Republican Party of N.C. v. Martin, 980 F.2d 943, 952 (4th Cir. 1992)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555, 570 (2007)
- Robinson v. Am. Honda Motor Co., 551 F.3d 218, 222 (4th Cir. 2009)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Goldfarb v. Mayor & City Council of Balt., 791 F.3d 500, 511 (4th Cir. 2015)
- Erickson v. Pardus, 551 U.S. 89, 94 (2007)
- Beaudett v. City of Hampton, 775 F.2d 1274, 1278 (4th Cir. 1985)
- Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 214, 244 (4th Cir. 2002)
- Evans v. Techs. Applications & Serv. Co., 80 F.3d 954, 961 (4th Cir. 1996)
- Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986)
- Cohen vy. Schroeder, No. 15-CV-6881, 2016 WL 1070851, at *5 (S.D.N.Y. Mar. 16, 2016)
- Diamond v. Colonial Life & Accident Insurance Co., 416 F.3d 310 (4th Cir. 2005)
- Thomas v. Arn, 474 U.S. 140 (1985)
- Wright v. Collins, 766 F.2d 841 (4th Cir. 1985)
- United States v. Schronce, 727 F.2d 91 (4th Cir. 1984)

OPINION

UNITED STATES DISTRICT COURT DISTRICT OF SOUTH CAROLINA State Farm Mutual Automobile Insurance) C/A No. 2:24-cv-06883-RMG-MHC Company,)) Plaintiff,)) v.) REPORT AND RECOMMENDATION) Michael Sharpstein,)) Defendant.)) Plaintiff State Farm Mutual Automobile Insurance Company (“State Farm”) filed this declaratory judgement action on November 25, 2024.

ECF No. 1. Defendant Michael Sharpstein’s former counsel filed an Answer on February 7, 2025. ECF No. 6. Counsel withdrew from representation on April 3, 2025, and Sharpstein has been

proceeding pro se in this action ever since. See ECF No. 14.

On January 16, 2026, Sharpstein filed correspondence with the Court in which he asks the Court to “dismiss this frivolous lawsuit against me.” ECF No. 25. The Court construes this Motion as a Motion to Dismiss pursuant to Federal Rule of Civil Procedure 12(b)(6). State Farm filed a Response in Opposition on January 29, 2026. ECF No. 32.

The Motion is ripe for review. All pretrial proceedings in this case were referred to the undersigned United States Magistrate Judge pursuant to the provisions of 28 U.S.C. § 636(b)(1) (A) and (B) and Local Rule 73.02(B)(2), D.S.C. This Report and Recommendation is entered for review by the District Judge.

For the reasons that follow, the undersigned recommends that the Motion to Dismiss be denied. ALLEGATIONS IN THE COMPLAINT¹ The Complaint alleges that on or about February 20, 2020, Sharpstein signed two selection rejection forms (the “Offer Forms”) for his two automobile insurance policies issued by State Farm. ECF No. 1 at ¶¶ 1, 6.

On or about November 21, 2022, Sharpstein was the driver of a 2013 Kia owned by him and was involved in an automobile accident in Charleston County. Id. at ¶ 7. The other driver’s liability carrier also happened to be State Farm, which has tendered the applicable liability coverage and secured a covenant not to execute that allows pursuit of underinsured motorist (“UIM”) coverage, if any.

Id. at ¶ 8. Sharpstein claims that he was injured and suffered damages in excess of the liability coverage as a result of this accident and is seeking UIM coverage. Id. at ¶ 9. According to the Complaint, “at the time of the accident, there was no UIM coverage on either of the policies of insurance issued to [Sharpstein] because [Sharpstein] signed the Offer Forms, which complied with S.C.

Code 38-77-350, affording State Farm a conclusive presumption of a meaningful offer of underinsured motorist coverage.” Id. at ¶ 10. State Farm asserts that it was not required to make a new offer of UIM coverage at any point between Sharpstein signing the Offer Forms and the date of the accident. Id. at ¶ 12. State Farm “petitions the Court to declare that Underinsured Motorist Coverage is not available to the Defendant because the Defendant declined to purchase such coverage after a meaningful offer,” id. at ¶ 20, and “after being presented with a common law meaningful offer of additional coverage,” id. at ¶ 29.

1 For purposes of ruling on Sharpstein’s Motion to Dismiss, the Court accepts the Complaint’s factual allegations as true and construes all inferences therefrom in the light most favorable to State Farm. See *E.I. du Pont de Nemours & Co. v. Kolon Indus., Inc.*, 637 F.3d 435, 440 (4th Cir. 2011). LEGAL STANDARD “The purpose of a Rule 12(b)(6) motion is to test the sufficiency of a complaint.” *Williams v. Preiss-Wal Pat III, LLC*, 17 F. Supp. 3d 528, 531 (D.S.C.

2014); see *Republican Party of N.C. v. Martin*, 980 F.2d 943, 952 (4th Cir. 1992) (“A motion to dismiss under Rule 12(b)(6) tests the sufficiency of a complaint; importantly, it does not resolve contests surrounding the facts, the merits of a claim, or the applicability of defenses.”). Pursuant to Rule 8 of the Federal Rules of Civil Procedure, a pleading must contain “a short and plain statement of the claim showing that the pleader is entitled to relief,” Fed.

R. Civ. P. 8(a)(2), such that the defendant will have “fair notice of what the claim is and the grounds upon which it rests,” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007) (internal quotation marks omitted). “[T]he facts alleged ‘must be enough to raise a right to relief above the speculative level’ and must provide ‘enough facts to state a claim to relief that is plausible on its face.’” *Robinson v. Am.*

Honda Motor Co., 551 F.3d 218, 222 (4th Cir. 2009) (quoting *Twombly*, 550 U.S. at 555, 570). “The plausibility standard is not akin to a ‘probability requirement,’ but it asks for more than a sheer possibility that a defendant has acted unlawfully.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). When considering a Rule 12(b)(6) motion, the court is required to accept the allegations in the pleading as true and draw all reasonable factual inferences in favor of the party opposing the motion.

E.I. du Pont de Nemours & Co. v. Kolon Indus., Inc., 637 F.3d 435, 440 (4th Cir. 2011). Moreover, the court must evaluate “the complaint in its entirety, as well as documents attached or incorporated into the complaint.” *Id.* at 448.

The court may consider a document not attached to the complaint, so long as the document “was integral to and explicitly relied on in the complaint,” and there is no authenticity challenge. *Id.* (quoting *Phillips v. LCI Int’l, Inc.*, 190 F.3d 609, 618 (4th Cir. 1999)). “A complaint should not be dismissed as long as it provides sufficient detail about the claim to show that the plaintiff has a more-than-conceivable chance of success on the merits.” *Goldfarb v. Mayor & City Council of Balt.*, 791 F.3d 500, 511 (4th Cir.

2015) (internal quotation marks and brackets omitted). Pro se pleadings are given liberal construction and are held to a less stringent standard than formal pleadings drafted by attorneys. *Erickson v. Pardus*, 551 U.S. 89, 94 (2007).

However, principles requiring generous construction of pro se complaints do “not require courts to conjure up questions never squarely presented to them.” *Beaudett v. City of Hampton*, 775 F.2d 1274, 1278 (4th Cir. 1985). DISCUSSION Sharpstein moves to dismiss State Farm’s Complaint in its entirety on the basis that the lawsuit is “frivolous.” ECF No. 25. Upon review, the undersigned concludes that dismissal is not warranted at this time.

As an initial matter, the undersigned finds that the Complaint alleges sufficient facts to state a plausible claim in support of a declaratory judgment action, such that dismissal pursuant to Rule

12(b)(6) is not appropriate. See generally ECF No. 1.

Moreover, Sharpstein does not provide any legal arguments in support of his claim that the lawsuit is frivolous. See ECF No. 25. Rather, he appears to contest the facts alleged in the Complaint, arguing that State Farm cannot prevail in this case because Sharpstein can provide documentation and proof that the “documents [he] received and signed were significantly altered without [his] knowledge or consent by adding pages to the original document [he] received.” *Id.* To the extent these arguments could be construed as a request for summary judgment pursuant to Federal Rule of Civil Procedure 56, the motion is premature.

Pursuant to the operative Scheduling Order in this case, the discovery period will not end until April 24, 2026. See ECF Nos. 23, 40. “Generally speaking, summary judgment must be refused where the nonmoving party has not had the opportunity to discover information that is essential to his opposition.” *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 244 (4th Cir.

2002) (citation and internal quotation marks omitted). Here, Sharpstein filed his motion within two months after the discovery period opened. Thus, any request for summary judgment is premature at this time, as the parties have not had adequate time to engage in discovery in the case. See *Evans v. Techs. Applications & Serv. Co.*, 80 F.3d 954, 961 (4th Cir. 1996) (“As a general rule, summary judgment is appropriate only after ‘adequate time for discovery.’”) (quoting *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986)); see also *Cohen vy.*

Schroeder, No. 15-CV-6881, 2016 WL 1070851, at *5 (S.D.N.Y. Mar. 16, 2016) (“It is well-established that a district court may deny a summary judgment motion ‘as premature’ when it is brought by a defendant prior to the close of discovery.”). Upon completion of discovery, the parties will have the opportunity to file a motion for summary judgment supported by materials obtained through discovery, as may be appropriate.

See ECF No. 40 (setting dispositive motions deadline for June 8, 2026). **RECOMMENDATION** For the foregoing reasons, it is **RECOMMENDED** that Sharpstein’s Motion to Dismiss (ECF No. 25) be **DENIED**. The parties are referred to the Notice Page attached hereto. February 23, 2026 ‘tenn Cor Charleston, South Carolina United States’ Magistrate Judge Notice of Right to File Objections to Report and Recommendation The parties are advised that they may file specific written objections to this Report and Recommendation with the District Judge.

Objections must specifically identify the portions of the Report and Recommendation to which objections are made and the basis for such objections. “[I]n the absence of a timely filed objection, a district court need not conduct a de novo review, but instead must ‘only satisfy itself that there is no clear error on the face of the record in order to accept the recommendation.’” *Diamond v. Colonial Life & Acc.*

Ins. Co., 416 F.3d 310 (4th Cir. 2005) (quoting Fed. R. Civ. P. 72 advisory committee's note). Specific written objections must be filed within fourteen (14) days of the date of service of this Report and Recommendation. 28 U.S.C. § 636(b)(1); Fed. R. Civ. P. 72(b); see Fed. R. Civ. P. 6(a), (d). Filing by mail pursuant to Federal Rule of Civil Procedure 5 may be accomplished by mailing objections to: Robin L. Blume, Clerk United States District Court Post Office Box 835 Charleston, South Carolina 29402 Failure to timely file specific written objections to this Report and Recommendation will result in waiver of the right to appeal from a judgment of the District Court based upon such Recommendation.

28 U.S.C. § 636(b)(1); Thomas v. Arn, 474 U.S. 140 (1985); Wright v. Collins, 766 F.2d 841 (4th Cir. 1985); United States v. Schronce, 727 F.2d 91 (4th Cir. 1984).