NORTH CAROLINA SUPERIOR COURT, NORTH CAROLINA BUSINESS COURT

Estevez v. C&S Commerce, LLC

Estevez, 2025 NCBC 73 (North Carolina Superior Court North Carolina Business Court 2025) · No. 25CV001966-890 · Decided November 25, 2025

SUMMARY

The North Carolina Business Court grants defendants' partial Rule 12(b)(6) motion in an action involving alleged breaches of an LLC operating agreement. The court dismisses without prejudice the plaintiffs' request to pierce the corporate veil, finding that the complaint's allegations of domination and failure to follow the operating agreement were conclusory and insufficient. The court also dismisses the breach of fiduciary duty claim because the operating agreement expressly waived fiduciary duties owed by the manager and majority member to minority members.

CASE DETAILS

COURT	North Carolina Superior Court, North Carolina Business Court
WRITING FOR THE COURT	Matthew T. Houston
JURISDICTION	North Carolina Superior Court, North Carolina Business Court
DECIDED	November 25, 2025
DOCKET	25CV001966-890
DISPOSITION	dismissed
PROCEDURAL POSTURE	Defendants moved under North Carolina Rule of Civil Procedure 12(b)(6) to dismiss Plaintiffs' breach-of-fiduciary-duty claim against Cameron Chad Clay and their request for the equitable remedy of piercing C&S Commerce, LLC's corporate veil.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court treats well-pleaded factual allegations as true and views them in the light most favorable to the nonmoving party. Dismissal is proper when the complaint reveals that no law supports the claim, facts are insufficient to state a claim, or a fact necessarily defeats the claim. The court may consider documents attached to or specifically referenced in the complaint and may reject allegations contradicted by those documents.
PRECEDENTIAL VALUE	Published North Carolina Business Court opinion

PARTIES	Julian Estevez, Oscar Estevez v. C&S Commerce, LLC, Cameron Chad Clay

TOPICS

limited liability companies · corporate veil piercing · breach of fiduciary duty · motions to dismiss · unconscionability

PRACTICE AREAS

business law · commercial litigation · civil procedure · contract law · equitable remedies

QUESTIONS PRESENTED

1. Whether the complaint adequately pleaded facts supporting the equitable remedy of piercing C&S Commerce, LLC's corporate veil.
2. Whether the plaintiffs stated a breach-of-fiduciary-duty claim despite express waivers and releases in the LLC operating agreement.
3. Whether the operating agreement's fiduciary-duty waivers were invalid as unreasonable, unconscionable, or contrary to public policy.

HOLDINGS

1. The complaint did not allege sufficient nonconclusory facts showing that C&S was Clay's mere instrumentality or alter ego, that Clay used control to commit a legally cognizable wrong beyond an alleged contract breach, or that the required veil-piercing factors were present. The request to pierce the LLC's veil was therefore dismissed without prejudice.
2. Minority members of a North Carolina LLC may contractually waive fiduciary duties that might otherwise be owed by a majority member or manager. Because the C&S operating agreement expressly waived and released such claims, the plaintiffs failed to state a fiduciary-duty claim.
3. The complaint did not plead facts establishing that the operating agreement's fiduciary-duty waivers were illegal, against public policy, unreasonable, or unconscionable. The waivers therefore foreclosed the fiduciary-duty claim.

KEY QUOTATIONS

> *"Piercing the corporate veil is an equitable remedy that disregards the corporate form "to impose legal liability for a[n entity's] obligations, or for torts committed by the [entity], upon some other company or individual that controls and dominates" it."* (¶ 29)

> *"Rather, "[o]ur Court of Appeals has rejected the argument that a breach of contract, 'in itself, can amount to a wrongdoing to meet the second element of the [instrumentality] test.'""* (¶ 38)

> *"an LLC is primarily a creature of contract"* (¶ 48)

> *"public policy in North Carolina favors freedom of contract, including the ability for parties to negotiate the scope of a company's operating agreement."* (¶ 60)

FACTUAL BACKGROUND

Julian and Oscar Estevez, Cameron Chad Clay, and Barbara Chambers formed C&S Commerce, LLC to acquire and continue the business of Warp Development Corporation. Clay owned 70 percent of C&S and served as its sole manager, while the Estevez plaintiffs collectively owned 20 percent. The operating agreement granted Clay broad management authority and expressly waived and disclaimed fiduciary-duty claims by minority members against the manager and majority member. After Clay allegedly attempted to purchase the plaintiffs' interests, threatened to make their ownership worthless, terminated their employment, and denied access to company records, the plaintiffs sued and sought fiduciary-duty relief and veil piercing.

PROCEDURAL HISTORY

Plaintiffs filed suit on April 4, 2025, asserting claims for breach of contract, breach of fiduciary duty, unjust enrichment, and declaratory judgment, and seeking injunctive relief, punitive damages, and veil piercing. Defendants filed a partial Rule 12(b)(6) motion on June 25, 2025. The Business Court granted the motion, dismissing the veil-piercing request without prejudice and the fiduciary-duty claim with prejudice.

DISPOSITION

dismissed

CASES CITED

- Corwin v. British American Tobacco PLC, 371 N.C. 605, 615 (2018)
- Sykes v. Health Network Sols., Inc., 372 N.C. 326, 332, 339 (2019)
- Christenbury Eye Ctr., P.A. v. Medflow, Inc., 370 N.C. 1, 5 (2017)
- Forsyth Mem'l Hosp., Inc. v. Armstrong World Indus., 336 N.C. 438, 442 (1994)
- Oberlin Capital, L.P. v. Slavin, 147 N.C. App. 52, 60 (2001)
- Moch v. A.M. Pappas & Assocs., LLC, 251 N.C. App. 198, 206 (2016)
- Estate of Hurst ex rel. Cherry v. Moorehead I, LLC, 228 N.C. App. 571, 576 (2013)
- Green v. Freeman, 367 N.C. 136, 145-46 (2013)
- W&W Partners, Inc. v. Ferrell Land Co., LLC, 2018 NCBC LEXIS 52, at *21-25
- Gallaher v. Ciszek, 2022 NCBC LEXIS 131, at *33
- Dorton v. Dorton, 77 N.C. App. 667, 672 (1985)
- Glenn v. Wagner, 313 N.C. 450, 455 (1985)
- Best Cartage, Inc. v. Stonewall Packaging, LLC, 219 N.C. App. 429, 440 (2012)
- Tiller v. Phillips, 2025 NCBC LEXIS 141, at *31-32
- Strategic Mgmt. Decisions v. Sales Performance Int'l, 2017 NCBC LEXIS 69, at *10
- Kaplan v. O.K. Techs., L.L.C., 196 N.C. App. 469, 473 (2009)

- Lafayette Vill. Pub, LLC v. Burnham, 2022 NCBC LEXIS 104, at *15-16
- McFee v. Presley, 2022 NCBC LEXIS 74, at *8
- Vanguard Pai Lung, LLC v. Moody, 2019 NCBC LEXIS 39, at *17, *21
- Klos Constr., Inc. v. Premier Homes & Props., LLC, 2020 NCBC LEXIS 85, at *28, *33-34
- Musselwhite v. Cheshire, 266 N.C. App. 166, 180 (2019)
- Blaylock Grading Co., LLP v. Smith, 189 N.C. App. 508, 511 (2008)
- First Fed. Bank v. Aldridge, 230 N.C. App. 187, 191 (2013)

INSTRUCTIONS FOR AN AI ASSISTANT