NORTH CAROLINA GENERAL COURT OF JUSTICE, SUPERIOR COURT DIVISION, COMPLEX BUSINESS COURT

Chalk v. Chalk

2026 NCBC 31 · No. 23CVS000946-150 · Decided April 9, 2026

SUMMARY

This order and opinion addresses cross-motions for summary judgment in a dispute involving the ownership and purchase of shares in a closely held corporation. The claims concern a shareholders' agreement, the termination and removal of a shareholder-director, declaratory relief, employment discrimination, breach of fiduciary duty, and wrongful discharge. The court grants and denies the parties' motions in part.

CASE DETAILS

COURT	North Carolina General Court of Justice, Superior Court Division, Complex Business Court
WRITING FOR THE COURT	Julianna Theall Earp
JURISDICTION	North Carolina Business Court, Superior Court Division, Carteret County
DECIDED	April 9, 2026
DOCKET	23CVS000946-150
DISPOSITION	other
PROCEDURAL POSTURE	Cross-motions for summary judgment and a partial motion for summary judgment in an action for declaratory relief and counterclaims involving employment discrimination, retaliation, breach of fiduciary duty, breach of a shareholders' agreement, wrongful discharge, and breach of the implied covenant of good faith and fair dealing.
STANDARD OF REVIEW	Summary judgment is proper when the record shows no genuine issue of material fact and a party is entitled to judgment as a matter of law. The evidence must be viewed in the light most favorable to the nonmoving party; a party seeking affirmative summary judgment bears the additional burden of showing no gaps in proof, inconsistent inferences, or fact-dependent standards requiring jury resolution.

PRECEDENTIAL VALUE	Published state trial-court opinion; precedential status identified as Published.

TOPICS

summary judgment · corporate governance · breach of fiduciary duty · breach of contract · conditions precedent

PRACTICE AREAS

corporate law · contracts · employment law · civil procedure · commercial litigation

QUESTIONS PRESENTED

1. Whether Chalk was an employee protected by the ADEA, Title VII, and North Carolina's public-policy wrongful-discharge doctrine despite being a shareholder, director, and principal.
2. Whether the remaining shareholders formed a controlling group that owed Chalk fiduciary duties as a minority shareholder.
3. Whether the remaining shareholders breached the 2008 shareholders' agreement by resolving to purchase Chalk's shares before expiration of the two-year period for his children to become employees.
4. Whether that breach was material and excused Chalk from further obligations under the shareholders' agreement.
5. Whether genuine issues of material fact precluded summary judgment on the proposed transfer to Chalk's son, other alleged contractual breaches, valuation, and the remaining declaratory-relief claims.

HOLDINGS

1. A shareholder-director who exercised equal voting power, participated in the company's policy-setting body, was not supervised, reported to no one, and shared in profits was not an employee under the Clackamas common-law control analysis. Chalk therefore was not protected by the ADEA, Title VII, or the North Carolina Equal Employment Practices Act.
2. Minority shareholders who join together to outvote another shareholder do not ordinarily owe that shareholder a fiduciary duty. Such a duty may arise only in rare circumstances showing unusual indicia of shared interests and collective action elevated into domination and influence over the outvoted shareholder. The evidence here did not establish such a control group or domination and influence.
3. Section 1(b) of the 2008 shareholders' agreement gave Chalk's children two years from Chalk's cessation of employment to become employees and become eligible to receive or purchase his shares. The remaining shareholders could not purchase the shares before that period expired merely by resolving not to employ the children.
4. The shareholders' failure to wait the required two years was a breach but was not a material breach that excused Chalk and the other shareholders from their remaining obligations under the shareholders' agreement.

5. The premature attempt to exercise the purchase right also supported Chalk's claim for breach of the implied covenant of good faith and fair dealing, and summary judgment was proper in his favor on that claim to the extent it was based on the same conduct.

KEY QUOTATIONS

> *"All this shows that Buff "was as fully integrated into [Chalk & Gibb]'s management structure as anyone could possibly be.""* (¶ 65)

> *"A majority coalition should not give rise to a fiduciary duty except in cases that exhibit unusual indicia of shared interests and collective action."* (¶ 76)

> *"Only after that two-year period expired without any of Buff's Children becoming an employee and receiving Buff's shares did the other shareholders have the right to purchase them."* (¶ 94)

FACTUAL BACKGROUND

Chalk & Gibbs, Inc. is a closely held family corporation whose four shareholders each owned 25% of the stock, including William B. Chalk Jr., who had worked for the company for nearly forty years. After disagreements among the shareholders, Chalk was required to retire, was removed as an officer and director, and his employment ended in February 2023. The remaining shareholders later resolved to purchase his shares, but did so before expiration of the two-year period in the shareholders' agreement during which Chalk's children could become employees and become eligible to receive or purchase the shares. Disputes also remained concerning a proposed transfer of shares to Chalk's son, the valuation and payment for Chalk's shares, dividends, and other alleged breaches.

PROCEDURAL HISTORY

Plaintiffs filed this action in October 2023 and an amended complaint in January 2024 seeking declarations concerning the purchase of William B. Chalk Jr.'s shares in Chalk & Gibbs, Inc. Chalk answered and asserted counterclaims under the ADEA, Title VII, North Carolina law, and the shareholders' agreement. After discovery and a January 7, 2026 hearing, the court granted and denied the parties' motions in part, leaving factual issues for trial and setting a future status conference.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand was ordered. The court directed that a status conference be set to determine a trial date after consultation with counsel.

CASES CITED

- Vizant Techs., LLC v. YRC Worldwide, Inc., 373 N.C. 549 (2020)
- Kessing v. Nat'l Mortg. Corp., 278 N.C. 523 (1971)

- Daughtridge v. Tanager Land, LLC, 373 N.C. 182 (2019)
- Belmont Ass’n v. Farwig, 381 N.C. 306 (2022)
- Clackamas Gastroenterology Associates, P.C. v. Wells, 538 U.S. 440 (2003)
- Lemon v. Myers Bigel, P.A., 985 F.3d 392 (4th Cir. 2021)
- Meiselman v. Meiselman, 309 N.C. 279 (1983)
- Chisum v. Campagna, 376 N.C. 680 (2021)
- Sykes v. Health Network Sols., Inc., 372 N.C. 326 (2019)
- Duffy v. Schussler, 287 N.C. App. 46 (2022)
- Zagaroli v. Neill, 2018 NCBC LEXIS 25 (N.C. Super. Ct. Mar. 28, 2018)
- Loy v. Lorm Corp., 52 N.C. App. 428 (1981)
- In re Foreclosure of a Deed of Tr. Executed by C & M Invs. of High Point, Inc., 346 N.C. 127 (1997)
- Craftique, Inc. v. Stevens & Co., Inc., 321 N.C. 564 (1988)
- Yang Real Est. Invs., LLC v. Affordable Mini Storage of Newton, LLC, 300 N.C. App. 114 (2025)
- Canteen v. Charlotte Metro Credit Union, 386 N.C. 18 (2024)
- Cordaro v. Harrington Bank, FSB, 260 N.C. App. 26 (2018)