

SUPREME COURT OF NORTH CAROLINA

Harris v. Matthews, 361 N.C. 265

643 S.E.2d 566 (2007) · No. No. 479PA05-2 · Decided May 4, 2007

SUMMARY

The North Carolina Supreme Court held that a defendant could immediately appeal an interlocutory order denying a motion to dismiss for lack of subject matter jurisdiction because the order implicated substantial First Amendment rights and threatened irreparable injury. On the merits, the court held that resolving claims concerning alleged misuse of church funds would require impermissible judicial entanglement in ecclesiastical matters because the claims could not be resolved using neutral principles of law. The court reversed and remanded for further proceedings consistent with its opinion.

CASE DETAILS

COURT	Supreme Court of North Carolina
WRITING FOR THE COURT	Newby, Justice; Brady, Justice; Hudson, Justice; Martin, Justice; Timmons-Goodson, Justice
JURISDICTION	North Carolina
DECIDED	May 4, 2007
DOCKET	No. 479PA05-2
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Defendant appealed from an interlocutory order denying his Rule 12(b)(1) motion to dismiss for lack of subject matter jurisdiction on First Amendment ecclesiastical-entanglement grounds. The Court of Appeals dismissed the appeal as interlocutory; the Supreme Court of North Carolina allowed discretionary review.
STANDARD OF REVIEW	Rule 12(b)(1) dismissal for lack of subject matter jurisdiction is reviewed de novo, and the court may consider matters outside the pleadings. Immediate appealability of an interlocutory order depends on whether the order affects a substantial right that would be injured if not corrected before final judgment.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Clifford J. Matthews, Jr. v. Gary Harris, Joseph B. Kinard, John S. Eagle, Waymon Tate, Jr., Rayford Jones, John L. McGriff, Lesley G. Bellinger

TOPICS

appellate jurisdiction

interlocutory appeal

first amendment

establishment clause

free exercise clause

PRACTICE AREAS

constitutional law

appellate procedure

civil procedure

church governance

nonprofit corporation law

QUESTIONS PRESENTED

1. Whether an order denying a motion to dismiss for lack of subject matter jurisdiction on ecclesiastical-entanglement grounds is immediately appealable as affecting a substantial First Amendment right.
2. Whether the First Amendment prohibits civil-court adjudication of plaintiffs' claims for conversion, breach of fiduciary duty, civil conspiracy, and punitive damages when resolving those claims would require determining the proper role, authority, compensation, and expenditures of church officials under the church's religious doctrine and practice.
3. Whether incorporation under the North Carolina Nonprofit Corporation Act permits judicial resolution of an internal church dispute that cannot be decided using neutral principles of law.

HOLDINGS

1. An order denying a motion to dismiss on the ground that civil-court adjudication would impermissibly entangle the court in ecclesiastical matters affects a substantial First Amendment right and will cause irreparable injury if not corrected before final judgment; therefore, the defendant may immediately appeal the order.
2. When a church dispute cannot be resolved using neutral principles of law without requiring a civil court to determine the proper role and authority of church officials or whether expenditures accord with religious doctrine and practice, the First Amendment prohibits judicial intervention and requires deference to the church's duly constituted internal governing body.
3. A church does not forfeit its fundamental First Amendment protections by incorporating under the North Carolina Nonprofit Corporation Act; corporate status does not authorize courts to decide ecclesiastical matters that cannot be resolved by neutral principles of law.

KEY QUOTATIONS

“Accordingly, we reaffirm our stance that First Amendment rights are substantial and hold that First Amendment rights are implicated when a party asserts that a civil court action cannot proceed without impermissibly entangling the court in ecclesiastical matters.” (361 N.C. at 269)

“None of these issues can be addressed using neutral principles of law.” (361 N.C. at 273)

“Regardless of a church's corporate structure, the Constitution requires courts to defer to the church's internal governing body with regard to ecclesiastical decisions concerning church management and use of funds.” (361 N.C. at 274)

FACTUAL BACKGROUND

Saint Luke Missionary Baptist Church was an unaffiliated congregational church whose members adopted bylaws creating a Council for Ministry with broad authority over the church's business and affairs. After the church incorporated and plaintiffs obtained access to financial records, they believed that the pastor and other church officials had misappropriated church funds. Plaintiffs filed a derivative action alleging conversion, breach of fiduciary duty, and civil conspiracy, while Matthews argued that judicial resolution would require unconstitutional intervention in internal church governance.

PROCEDURAL HISTORY

Plaintiffs brought a derivative action on behalf of Saint Luke Missionary Baptist Church alleging conversion of church funds, breach of fiduciary duty, civil conspiracy, and seeking punitive damages. The trial court denied defendants' motions to dismiss, including Matthews's motion to dismiss for lack of subject matter jurisdiction. The Court of Appeals twice dismissed Matthews's interlocutory appeal. The Supreme Court held that the order affected substantial First Amendment rights and was immediately appealable, then reversed and remanded for dismissal or other proceedings consistent with its conclusion that adjudication would impermissibly entangle the courts in ecclesiastical matters.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Reverse the Court of Appeals and remand to that court for further remand to the trial court for proceedings not inconsistent with the opinion.

CASES CITED

- Veazey v. City of Durham, 231 N.C. 357, 57 S.E.2d 377 (1950)
- Goldston v. Am. Motors Corp., 326 N.C. 723, 392 S.E.2d 735 (1990)
- Presbyterian Church in the U.S. v. Mary Elizabeth Blue Hull Mem'l Presbyterian Church, 393 U.S. 440 (1969)
- Atkins v. Walker, 284 N.C. 306, 200 S.E.2d 641 (1973)
- Jones v. Wolf, 443 U.S. 595 (1979)
- Watson v. Jones, 80 U.S. (13 Wall.) 679, 20 L. Ed. 666 (1871)
- Elrod v. Burns, 427 U.S. 347 (1976)
- Priest v. Sobeck, 153 N.C. App. 662, 571 S.E.2d 75 (2002), rev'd per curiam, 357 N.C. 159, 579 S.E.2d 250 (2003)
- Tubiolo v. Abundant Life Church, Inc., 167 N.C. App. 324, 605 S.E.2d 161 (2004)
- Muse v. Morrison, 234 N.C. 195, 66 S.E.2d 783 (1951)
- W. Conference of Original Free Will Baptists v. Creech, 256 N.C. 128, 123 S.E.2d 619 (1962)
- Harris v. Matthews, 360 N.C. 175, 626 S.E.2d 297 (2005)
- Harris v. Matthews, 360 N.C. 576, 635 S.E.2d 599 (2006)

