

IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE
TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY

TODD B. SCOBEY, CYNTHIA KING,)
and JACKSON SCOBEY, by his next)
friend TODD B. SCOBEY, and)
STRONG WATERPROOFING, LLC,)
)
Plaintiffs,)
)
VS.) NO. 17-691-BC
)
JOE STRONG,)
)
Defendant.)

MEMORANDUM AND ORDER ENTERING TEMPORARY INJUNCTION

This lawsuit is a dispute between members of a closely held LLC. At issue are the voting percentages of the members. The Plaintiffs claim they collectively hold a majority voting interest; the Defendant claims he has the majority vote. The lawsuit also involves claims of breach of fiduciary duty asserted by each side against the other.

The status of the case is that the parties are exchanging preliminary information and written discovery. Also, the Defendant has commissioned a forensic accounting which is anticipated to be completed mid-September. The Court is hopeful that the accounting will provide more detailed information about the finances of the LLC to establish parameters and deadlines for completion of discovery; to set a deadline for pleadings to be amended; and to select a dispositive motion deadline and trial date.

In the meantime, a temporary order is needed to maintain the peace and stability of the operations of the LLC, and to assure LLC funds are being used and accounted for properly.

Such a temporary order was discussed at a hearing conducted on August 22, 2017. The prompt for the hearing was the Defendant's application to convert to a temporary injunction a temporary restraining order issued on August 18, 2017.

After considering the record, the law and argument of Counsel, the temporary restraining order issued August 18, 2017, is replaced and superceded in its entirety with the temporary injunction ORDERED as follows.

1. Protective Order—By September 1, 2017, the Court shall enter the Protective Order proposed by Attorney McMillan unless by that date an objection is filed, and an alternative proposed Protective Order is filed.

2. Plaintiffs Enjoined—The Plaintiffs are enjoined from entering the physical premises of the LLC; from participating in or interfering with the operations of the LLC; and from contacting or communicating with any employees of the LLC.

3. Draws to Plaintiffs to Recommence—The Defendant, as manager and president of the LLC, shall instruct LLC administrative personnel to issue, beginning September 1, 2017, the following draws to the Plaintiffs on a weekly basis:

- Todd Scobey \$1,000
- Cynthia King \$1,000
- Jackson Scobey \$450

4. Defendant Draws—The Defendant is allowed to receive a weekly draw of \$550. He may also waive or forego this if he so chooses.

5. Jeep Parking Tickets—Plaintiffs' Counsel shall deliver to Attorney McMillan for the LLC, as retained by Defendant Strong, by September 1, 2017, the parking tickets for

the Jeep presently titled to Matt King but being used by the LLC. By September 15, 2017, all tickets incurred by the Jeep prior to June 23, 2017, shall be paid by the LLC and any other tickets the LLC accepts responsibility for shall be paid by September 15, 2017. Also by September 15, 2017, Attorney McMillan shall file a report with the Court listing the tickets that have been paid, those that have not been paid, and the reason for nonpayment.

6. Procedure for Disbursement to Defendant—By September 1, 2017, Attorney McMillan shall set up an arrangement with the LLC bookkeeper for her to compile a weekly list of disbursements proposed to be made to Defendant Strong and she shall furnish those to Attorney McMillan by Thursday of each week. Attorney McMillan shall in turn email the list of proposed disbursements to Defendant Strong to Attorney Preston by the next day, Friday. The disbursements shall be paid to Defendant Strong unless, by the following Friday, Attorney Preston has emailed an objection to Attorney McMillan. All disputes concerning disbursements to Defendant Strong shall be ruled upon by the Court at the October 11, 2017 Rule 16 Conference to be conducted at 9:00 a.m.

7. Online Viewing of LLC Financial Information for Plaintiff Scobey—By September 8, 2017, Attorney McMillan shall provide, under the terms of the Protective Order entered by the Court, a list of all LLC bank accounts to Attorney Preston and shall arrange with the bank for Plaintiff Scobey to have online viewing access to the accounts and shall arrange with the LLC bookkeeper and/or IT personnel for Plaintiff Scobey to have online viewing access to the financial records of the LLC.

8. Bank Records—By September 8, 2017, Attorney Preston, under the Protective Order to be entered by the Court, shall provide to Attorneys McMillan and Goldammer the account numbers for all the LLC bank accounts and credit card accounts the Plaintiffs opened for the LLC and/or are aware of that have been opened for the LLC at any time, including, but not limited to, the 9 bank accounts and/or 12 credit card accounts Attorney McMillan has identified. By September 8, 2017, Attorneys McMillan and Goldammer shall furnish, under the Protective Order to be entered by the Court, to Attorney Preston the account numbers for all the LLC bank accounts and credit card accounts Defendant Strong and the LLC opened for the LLC within the last two years and/or are aware of that have been opened for the LLC within the last two years. Attorney Goldammer has filed with the Court a copy of the release that shall be used by all Counsel in obtaining bank records in this case.

9. Transfer of Jeep Title—By September 8, 2017, the LLC shall assure transfer of title of the Jeep from Matt King to the LLC. Attorney McMillan shall file a report with the Court that the transfer of title has been accomplished.

10. Matt King Claimed Expenses and Loans—By September 8, 2017, Attorney Preston shall provide to Attorney Goldammer all documents and backup and supporting documents for the expenses and loans Matt King claims he made to the LLC.

11. Notice of Completion of Forensic Accounting and Production of Same—Attorney McMillan shall file a notice with the Court when the forensic accounting commissioned by Defendant Strong has been completed, and, following that, Attorney

Goldammer shall notify the Court whether Defendant Strong is willing to produce all or part of the report to the Court and opposing Counsel.

12. Rule 16 Conference—On October 11, 2017, at 9:00 a.m., a Rule 16 Conference shall be conducted to set litigation deadlines for discovery, dispositive motions, a trial, and to review the temporary injunction issued herein for additions or modifications.

13. Stay on Opening LLC Accounts—No LLC bank accounts or credit cards are to be opened without authorization from the Court.

No bond is required to secure this temporary injunction because it is merely regulatory and preserves the status quo.

/s/ Ellen Hobbs Lyle
ELLEN HOBBS LYLE
CHANCELLOR
BUSINESS COURT DOCKET
PILOT PROJECT

cc by U.S. Mail, email, or efile as applicable to:

G. Kline Preston
James D. Kay, Jr.
Benjamin E. Goldammer
Michael A. Johnson
Brandt McMillan