

# STATE OF NORTH CAROLINA

File No.

INCVS 1184

MOORE County

In The General Court Of Justice  
☐ District ☒ Superior Court Division

Name Of Plaintiff

CHARLES D. JONES, et al.

Address

City, State, Zip

**VERSUS**

Name Of Defendant(s)

WOODLAKE CC CORP.

Date Original Summons Issued

Date(s) Subsequent Summons(es) Issued

## CIVIL SUMMONS

☐ ALIAS AND PLURIES SUMMONS (ASSESS FEE)

G.S. 1A-1, Rules 3 and 4

### To Each Of The Defendant(s) Named Below:

Name And Address Of Defendant 1

Woodlake CC Corp.

Attn: Officer, Director or Managing Agent

150 Woodlake Blvd.

Vass, NC 28394

Name And Address Of Defendant 2

Woodlake CC Corp.

Attn: Officer Director or Managing Agent

241 Bald Cypress Court

Vass, NC 28394

### A Civil Action Has Been Commenced Against You!

You are notified to appear and answer the complaint of the plaintiff as follows:

1. Serve a copy of your written answer to the complaint upon the plaintiff or plaintiff's attorney within thirty (30) days after you have been served. You may serve your answer by delivering a copy to the plaintiff or by mailing it to the plaintiff's last known address, and
2. File the original of the written answer with the Clerk of Superior Court of the county named above.

If you fail to answer the complaint, the plaintiff will apply to the Court for the relief demanded in the complaint.

Name And Address Of Plaintiff's Attorney (if none, Address Of Plaintiff)

Hope Derby Carmichael

Jordan Price Wall Gray Jones & Carlton, PLLC

P.O. Box 10669

Raleigh, North Carolina 27605

Date Issued

10-23-17

Time

3:12

☐ AM ☐ PM

Signature

Ramona S. Price

☒ Deputy CSC

☐ Assistant CSC

☐ Clerk Of Superior Court

### ☐ ENDORSEMENT (ASSESS FEE)

This Summons was originally issued on the date indicated above and returned not served. At the request of the plaintiff, the time within which this Summons must be served is extended sixty (60) days.

Date Of Endorsement

Time

☐ AM ☐ PM

Signature

☐ Deputy CSC

☐ Assistant CSC

☐ Clerk Of Superior Court

**NOTE TO PARTIES:** Many counties have **MANDATORY ARBITRATION** programs in which most cases where the amount in controversy is \$25,000 or less are heard by an arbitrator before a trial. The parties will be notified if this case is assigned for mandatory arbitration, and, if so, what procedure is to be followed.

(Over)

**RETURN OF SERVICE**

I certify that this Summons and a copy of the complaint were received and served as follows:

**DEFENDANT 1**

|             |                                                                        |                   |
|-------------|------------------------------------------------------------------------|-------------------|
| Date Served | Time Served<br><input type="checkbox"/> AM <input type="checkbox"/> PM | Name Of Defendant |
|-------------|------------------------------------------------------------------------|-------------------|

- ☐ By delivering to the defendant named above a copy of the summons and complaint.
- ☐ By leaving a copy of the summons and complaint at the dwelling house or usual place of abode of the defendant named above with a person of suitable age and discretion then residing therein.
- ☐ As the defendant is a corporation, service was effected by delivering a copy of the summons and complaint to the person named below.

Name And Address Of Person With Whom Copies Left (If corporation, give title of person copies left with)

- ☐ Other manner of service (specify)

- ☐ Defendant WAS NOT served for the following reason:

**DEFENDANT 2**

|             |                                                                        |                   |
|-------------|------------------------------------------------------------------------|-------------------|
| Date Served | Time Served<br><input type="checkbox"/> AM <input type="checkbox"/> PM | Name Of Defendant |
|-------------|------------------------------------------------------------------------|-------------------|

- ☐ By delivering to the defendant named above a copy of the summons and complaint.
- ☐ By leaving a copy of the summons and complaint at the dwelling house or usual place of abode of the defendant named above with a person of suitable age and discretion then residing therein.
- ☐ As the defendant is a corporation, service was effected by delivering a copy of the summons and complaint to the person named below.

Name And Address Of Person With Whom Copies Left (If corporation, give title of person copies left with)

- ☐ Other manner of service (specify)

- ☐ Defendant WAS NOT served for the following reason:

|                        |                                           |
|------------------------|-------------------------------------------|
| Service Fee Paid<br>\$ | Signature Of Deputy Sheriff Making Return |
| Date Received          | Name Of Sheriff (type or print)           |
| Date Of Return         | County Of Sheriff                         |

# STATE OF NORTH CAROLINA

File No.

17 CV 5-1184

MOORE County

In The General Court Of Justice  
☐ District ☒ Superior Court Division

Name Of Plaintiff

CHARLES D. JONES, et al.

Address

City, State, Zip

VERSUS

## CIVIL SUMMONS

☐ ALIAS AND PLURIES SUMMONS (ASSESS FEE)

G.S. 1A-1, Rules 3 and 4

Name Of Defendant(s)

WOODLAKE CC CORP.

Date Original Summons Issued

Date(s) Subsequent Summons(es) Issued

### To Each Of The Defendant(s) Named Below:

Name And Address Of Defendant 1

Woodlake CC Corp.

Attn: Cogency Global, Inc., Registered Agent

212 South Tryon Street, Suite 1000

Charlotte, NC 28281

Name And Address Of Defendant 2

### A Civil Action Has Been Commenced Against You!

You are notified to appear and answer the complaint of the plaintiff as follows:

1. Serve a copy of your written answer to the complaint upon the plaintiff or plaintiff's attorney within thirty (30) days after you have been served. You may serve your answer by delivering a copy to the plaintiff or by mailing it to the plaintiff's last known address, and
2. File the original of the written answer with the Clerk of Superior Court of the county named above.

If you fail to answer the complaint, the plaintiff will apply to the Court for the relief demanded in the complaint.

Name And Address Of Plaintiff's Attorney (if none, Address Of Plaintiff)

Hope Derby Carmichael

Jordan Price Wall Gray Jones & Carlton, PLLC

P.O. Box 10669

Raleigh, North Carolina 27605

Date Issued

10-23-17

Time

3:12

☐ AM ☒ PM

Signature

Romana S. Plein

☒ Deputy CSC

☐ Assistant CSC

☐ Clerk Of Superior Court

### ☐ ENDORSEMENT (ASSESS FEE)

This Summons was originally issued on the date indicated above and returned not served. At the request of the plaintiff, the time within which this Summons must be served is extended sixty (60) days.

Date Of Endorsement

Time

☐ AM ☐ PM

Signature

☐ Deputy CSC

☐ Assistant CSC

☐ Clerk Of Superior Court

**NOTE TO PARTIES:** Many counties have **MANDATORY ARBITRATION** programs in which most cases where the amount in controversy is \$25,000 or less are heard by an arbitrator before a trial. The parties will be notified if this case is assigned for mandatory arbitration, and, if so, what procedure is to be followed.

(Over)

**RETURN OF SERVICE**

I certify that this Summons and a copy of the complaint were received and served as follows:

**DEFENDANT 1**

|             |                                                                        |                   |
|-------------|------------------------------------------------------------------------|-------------------|
| Date Served | Time Served<br><input type="checkbox"/> AM <input type="checkbox"/> PM | Name Of Defendant |
|-------------|------------------------------------------------------------------------|-------------------|

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- ☐ As the defendant is a corporation, service was effected by delivering a copy of the summons and complaint to the person named below.

Name And Address Of Person With Whom Copies Left (If corporation, give title of person copies left with)

- ☐ Other manner of service (specify)

- ☐ Defendant WAS NOT served for the following reason:

**DEFENDANT 2**

|             |                                                                        |                   |
|-------------|------------------------------------------------------------------------|-------------------|
| Date Served | Time Served<br><input type="checkbox"/> AM <input type="checkbox"/> PM | Name Of Defendant |
|-------------|------------------------------------------------------------------------|-------------------|

- ☐ By delivering to the defendant named above a copy of the summons and complaint.
- ☐ By leaving a copy of the summons and complaint at the dwelling house or usual place of abode of the defendant named above with a person of suitable age and discretion then residing therein.
- ☐ As the defendant is a corporation, service was effected by delivering a copy of the summons and complaint to the person named below.

Name And Address Of Person With Whom Copies Left (If corporation, give title of person copies left with)

- ☐ Other manner of service (specify)

- ☐ Defendant WAS NOT served for the following reason:

|                        |                                           |
|------------------------|-------------------------------------------|
| Service Fee Paid<br>\$ | Signature Of Deputy Sheriff Making Return |
| Date Received          | Name Of Sheriff (type or print)           |
| Date Of Return         | County Of Sheriff                         |

STATE OF NORTH CAROLINA

COUNTY OF MOORE

IN THE GENERAL COURT OF JUSTICE  
SUPERIOR COURT DIVISION

17 CVS 1184

CHARLES DENNIS JONES and wife, )  
LINDA HOWARD JONES; BRADLEY L. )  
BOYD and wife, CELESTE H. BOYD; )  
DAVID SCOTT WATTERSON and wife, )  
DEBORAH LYNN WATTERSON; KURT )  
J. STEIN and wife, DEBBIE A. STEIN; )  
JOHN J. CUSICK and wife, PATSY M. )  
CUSICK; JOSEPH R. CONGELOSI and )  
wife, PAMELA HOLT CONGELOSI; )  
EARL QUAM and LAUREN BERRY, )  
TRUSTEES OF THE EMMA H. QUAM )  
TRUST; LOUIS G. MASON and wife, )  
MARGARET C. MASON; JAMES )  
JOSEPH LINDSAY and wife, )  
GERALDINE CLAUDETTE LINDSAY, )  
TRUSTEES OF THE JAMES JOSEPH )  
LINDSAY AND GERALDINE )  
CLAUDETTE LINDSAY REVOCABLE )  
TRUST DATED MAY 19, 2016; JOHN C. )  
SCROGGINS and wife, CAROL I. )  
SCROGGINS; ZANNIE OTIS SMITH SR. )  
and wife, BRENDA LOU SMITH; )  
MICHAEL J. MAGEE and wife, )  
VERONICA A. MAGEE; DAVID G. )  
DICKERHOFF and wife, JANICE G. )  
DICKERHOFF; FRANK A. BAUMAN and )  
wife, SYLVIA ANN BAUMAN; on behalf )  
of themselves and all others similarly )  
situated, )

Plaintiffs, )

v. )

WOODLAKE CC CORP., )

Defendant. )

FILED  
2011 OCT 23 P 3:12  
MOORE CO., C.S.C.  
BY                     

**CLASS ACTION COMPLAINT**  
**(JURY TRIAL DEMANDED)**

NOW COME Plaintiffs Charles Dennis Jones and wife, Linda Howard Jones; Bradley L. Boyd and wife, Celeste H. Boyd; David Scott Watterson and wife, Deborah Lynn Watterson; Kurt J. Stein and wife, Debbie A. Stein; John J. Cusick and wife, Patsy M. Cusick; Joseph R. Congelosi and wife, Pamela Holt Congelosi; Earl Quam and Lauren Berry, Trustees of the Emma H. Quam Trust; Louis G. Mason and wife, Margaret C. Mason; James Joseph Lindsay and wife, Geraldine Claudette Lindsay, Trustees of the James Joseph Lindsay and Geraldine Claudette Lindsay Revocable Trust Dated May 19, 2016; John C. Scoggins and wife, Carol I. Scoggins; Zannie Otis Smith Sr. and wife, Brenda Lou Smith; Michael J. Magee and wife, Veronica A. Magee; and David G. Dickerhoff and wife, Janice G. Dickerhoff; Frank A. Bauman and wife, Sylvia Ann Bauman (collectively, "Plaintiffs"); individually and on behalf of all others similarly situated, by and through their undersigned counsel, and hereby file this action against Defendant, Woodlake CC Corp ("WLCCC" or "Defendant"), and allege and say as follows:

#### **NATURE OF THE CASE**

This is a class action on behalf of owners of lots located in a private, gated, planned community in Vass, Moore County, North Carolina known as the Woodlake Country Club ("Woodlake Subdivision"), as well as on behalf of payors of certain membership fees related to use and enjoyment of Lake Surf (the "Lake"). WLCCC is the owner of the Lake, which is located wholly within Woodlake Subdivision, and has been described by WLCCC as the "centerpiece" of the private community. WLCCC's failure and refusal to maintain the dam (the "Dam") forming the Lake has resulted in a breach of the Dam by the State of North Carolina. What is left is an approximate 1200-acre quagmire. WLCCC's actions and inactions have impacted all owners of lots within Woodlake Subdivision as well as those paying membership fees to WLCCC, and by

this action, Plaintiffs seek to recover damages on behalf of themselves and all others similarly situated.

### **PARTIES**

1. Plaintiffs Charles Dennis Jones and wife, Linda Howard Jones, are citizens and residents of Vass, Moore County, North Carolina, and are the owners of Lots 489 and 497 located in Section 6 of the Woodlake Subdivision.

2. Plaintiffs Bradley L. Boyd and wife, Celeste H. Boyd, are citizens and residents of Vass, Moore County, North Carolina, and are the owners of Lot 4519 located in Section 10 of the Woodlake Subdivision.

3. Plaintiffs David Scott Watterson and wife, Deborah Lynn Watterson, are citizens and residents of Vass, Moore County, North Carolina, and are the owners of Lot 62-A located in Section 3, and Lot 3-B located in Section 2, of the Woodlake Subdivision.

4. Plaintiffs Kurt J. Stein and wife, Debbie A. Stein, are citizens and residents of Vass, Moore County, North Carolina, and are the owners of Lot 4579 located in Section 10 of the Woodlake Subdivision.

5. Plaintiffs John J. Cusick and wife, Patsy M. Cusick, are citizens and residents of the State of Florida, and are the owners of Lots 490 and 491 located in Section 6 of the Woodlake Subdivision.

6. Plaintiffs Joseph R. Congelosi and wife, Pamela Holt Congelosi, are citizens and residents of Vass, Moore County, North Carolina, and are the owners of Lot 1-A located in Section 1, and the property adjoining Lot 1-A located in Section 1, of the Woodlake Subdivision.

7. Plaintiff Earl Quam, Trustee of the Emma H. Quam Trust, is a citizen and resident of Vass, Moore County, North Carolina, and Plaintiff Lauren Berry, Trustee of the Emma H. Quam

Trust, is a citizen and resident of the State of Connecticut. The Emma H. Quam Trust is the owner of Lot 19-B located in Section 2 of the Woodlake Subdivision.

8. Plaintiffs Louis G. Mason, and wife, Margaret C. Mason are citizens and residents of Vass, Moore County, North Carolina, and are the owners of Lot 41-B located in Section 2 of the Woodlake Subdivision.

9. Plaintiffs James Joseph Lindsay and wife, Geraldine Claudette Lindsay, Trustees of the James Joseph Lindsay and Geraldine Claudette Lindsay Revocable Trust Dated May 19, 2016, are citizens and residents of Vass, Moore County, North Carolina, and are the owners of Lot 12-B located in Section 2, Lot 4569 located in Section 10, Lot 10-A located in Section 1, and Lot 997 located in Section 7, of the Woodlake Subdivision.

10. Plaintiffs John C. Scroggins and wife, Carol I. Scroggins are citizens and residents of Vass, Moore County, North Carolina, and are the owners of Lot 4570 located in Section 10 of the Woodlake Subdivision.

11. Plaintiffs Zannie Otis Smith Sr. and wife, Brenda Lou Smith are citizens and residents of Vass, Moore County, North Carolina, and are the owners of Lot 9-B located in Section 2 of the Woodlake Subdivision.

12. Plaintiffs Michael J. Magee and wife, Veronica A. Magee are citizens and residents of Vass, Moore County, North Carolina, and are the owners of Lot 14-A located in Section 1 of the Woodlake Subdivision.

13. Plaintiffs David G. Dickerhoff and wife, Janice G. Dickerhoff are citizens and residents of Vass, Moore County, North Carolina, and are the owners of Lot 4571 of the Woodlake Subdivision.

14. Plaintiffs Frank A. Bauman and wife, Sylvia Ann Bauman, are citizens and residents of Vass, Moore County, North Carolina, and are the owners of Lot 4515 located in Section 10 of the Woodlake Subdivision.

15. In addition to owning property within Woodlake Subdivision, the following Plaintiffs have also paid membership fees to WLCCC since May 29, 2015, such fees being further described herein: Charles Dennis Jones and wife, Linda Howard Jones; David Scott Watterson and wife, Deborah Lynn Watterson; Kurt J. Stein and wife, Debbie A. Stein; John J. Cusick and wife, Patsy M. Cusick; Joseph R. Congelosi and wife, Pamela Holt Congelosi; John C. Scroggins and wife, Carol I. Scroggins; Michael J. Magee and wife, Veronica A. Magee; David G. Dickerhoff and wife, Janice G. Dickerhoff; Earl Quam; and Louis G. Mason and wife, Margaret C. Mason.

16. WLCCC is a corporation organized and existing under the laws of North Carolina, with a registered agent and registered office in Vass, Moore County, North Carolina.

17. WLCCC maintains its principal place of business at 150 Woodlake Blvd., Vass, Moore County, North Carolina.

#### **JURISDICTION AND VENUE**

18. Pursuant to N.C. Gen. Stat. §§ 1-76, 1-79 and 1-82, Moore County is the appropriate venue for this lawsuit.

19. This action is brought within all applicable statutes of limitations and is otherwise timely and proper.

20. This Court has personal jurisdiction over Defendant by virtue of, *inter alia*, N.C.G.S. §1-75.4

21. Subject matter jurisdiction over this action is conferred upon and vested in this Moore County Superior Court under and by virtue of, *inter alia*, N.C.G.S. §§7A-240 and 7A-243.

### **CLASS ACTION ALLEGATIONS**

22. Plaintiffs bring this action pursuant to Rule 23 of the North Carolina Rules of Civil Procedure, on behalf of themselves and all other similarly situated persons, who are or will be injured due to WLCCC's actions and inactions, as is more fully set forth herein.

23. There are two separate classes of plaintiffs, each of which is adequately represented by the named Plaintiffs herein.

24. The first class consists of all individuals or entities, excluding the Defendant and its affiliates, who own real property in the Woodlake Subdivision ("Lot Owner Class").

25. The second class consists of all individuals or entities, excluding the Defendant and its affiliates, who have paid membership and/or initiation fees to Defendant for membership in the Woodlake Resort and Country Club ("Club") between May 29, 2015 and the present, continuing until the resolution of this lawsuit ("Membership Fee Class").

26. The Lot Owner Class and Membership Fee Class are referred to collectively herein as the "Classes" or individually as a "Class". Plaintiffs reserve the right to modify or amend the definition of the proposed Classes before the Court determines whether certification is appropriate and as the parties engage in discovery.

27. This action is properly maintainable as a class action for the following reasons:

- a. the Classes are so numerous that joinder of all members is impracticable. As of the filing of this Complaint, it is believed that there are approximately 1,579 members of the Lot Owner Class. The exact number of members in the Membership Fee Class is unknown to Plaintiffs at this time and can only be ascertained through appropriate discovery;

- b. there are questions of law and fact which are common to members of each Class and which predominate over any questions affecting only individual members;
- c. the claims of the named Plaintiffs are typical of the claims of the other members of the Classes, and the named Plaintiffs have no interests that are adverse or antagonistic to the interests of the Classes;
- d. the Plaintiffs are committed to prosecuting this action and have retained counsel competent and experienced in litigation of this nature;
- e. the Plaintiffs are adequate representatives of the Classes and will fairly and adequately protect the interests of the Classes;
- f. the Plaintiffs have a genuine personal interest, not a mere technical interest, in the outcome of the case. The Plaintiffs have suffered concrete and demonstrable injuries, including, but not limited to, the diminution in property values and/or damages related to payment of membership and/or initiation fees for the Club.. Plaintiffs all have a direct interest in successfully pursuing this case and are similarly situated to the unnamed Class;
- g. the prosecution of separate actions by individual members of the Classes would create the risk of inconsistent or varying adjudications with respect to individual members of the Classes which would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests;
- h. a class action will also permit a large number of class members to prosecute their common claims in a single forum simultaneously, efficiently, and without

the unnecessary duplication of evidence, effort and expense that hundreds of individual claims would require; and

- i. Defendant has acted, or has refused to act, on grounds generally applicable to, and causing injury to, each Class, and therefore relief on behalf of the Classes as a whole is appropriate.

### **GENERAL ALLEGATIONS**

28. Upon information and belief, in the late 1960s, Lake Surf, Inc. was formed for the purpose of developing a residential community to be known as "Lake Surf," which was located in Vass, Moore County, North Carolina. One of the overarching attractions for purchasers within Lake Surf was the approximate 1200-acre, private lake that was formed via a manmade dam.

29. Lake Surf, Inc. in its role as declarant recorded various declarations of protective covenants applicable to the real property forming Lake Surf, as well as plats depicting location of lots and the Lake.

30. Upon information and belief, in the early 1980's, Woodlake Partners, Limited Partnership ("Woodlake Partners LP") became the successor declarant and developer of Lake Surf, and changed the name of the development to "Woodlake Country Club" which is referred to herein as "Woodlake Subdivision".

31. As a part of its development, Woodlake Partners LP also recorded various declarations of protective covenants applicable to the real property forming Woodlake Country Club, as well as plats depicting location of lots and the Lake.

32. The declarations of restrictive covenants recorded by Lake Surf, Inc. and Woodlake Partners LP contemplated that although the declarant retained the right to control use of the Lake, the Lake was an integral part of the development. For example, owners were permitted to construct

piers with approval of the Declarant and were originally permitted to use the Lake in accordance with the declarant's rules and regulations. Per amendments to the restrictive covenants, lot owners were promised the right to purchase memberships for use of the Lake and other amenities.

33. On January 14, 2004, Woodlake Partners LP filed Articles of Conversion with the North Carolina Secretary of State, converting Woodlake Partners LP to Woodlake Partners, LLC.

34. Upon information and belief, Woodlake Partners LP and then Woodlake Partners, LLC, advertised and represented to potential purchasers of lots in Woodlake Subdivision, the opportunity to live on the Lake in a private, gated community.

35. On May 29, 2015, Woodlake Partners, LLC conveyed certain real property to WLCCC via a Special Warranty Deed recorded in Book 4496, Page 287 of the Moore County Register of Deeds. A copy of said deed is attached as **Exhibit A** and incorporated herein by reference.

36. The real property upon which the Dam and Lake are located is a part of the real property conveyed to WLCCC by Woodlake Partners, LLC. WLCCC is the current owner of record of the Lake and Dam. WLCCC is also the successor declarant to Woodlake Partners, LLC under the various recorded declarations of restrictive covenants for Woodlake Subdivision.

37. Upon information and belief, WLCCC is controlled by one or more officers who were also managers of Woodlake Partners, LLC.

38. WLCCC markets the Woodlake Subdivision as a gated community called the "Woodlake Resort and Country Club." In conjunction with its advertising of real property for sale, as well as the marketing of membership opportunities in the Club, WLCCC has represented that the Woodlake Resort and Country Club offers two golf courses, a pool and clubhouse, and the

Lake. The Lake has been and is consistently described by Defendant as a 1200-acre spring-fed lake with boating, swimming, fishing, and water skiing.

39. WLCCC has advertised and continues to advertise “lakefront” lots for sale within the community. According to WLCCC, “Woodlake Resort and Country Club combines the breathtaking natural beauty of the largest man-made lake in the state with world class golf and award-winning dining. Woodlake Resort and Country Club is truly a great place to live.”

40. WLCCC has further represented that: “The Beach Club and Lakeside Pool, with its panoramic views and tropical ambiance, truly makes every day feel like a holiday. Great golf, numerous amenities, breathtaking views . . . and then there’s the Lake ... perfect for boating, fishing and skiing. Its [sic] all fun and beautiful, and its [sic] an integral part of what makes Woodlake Resort and Country Club what it is ... A Great Place to Live!”

41. WLCCC sets different levels of membership for use of the amenities it owns, including the Lake, which are linked to property ownership within Woodlake Subdivision.

42. The Lake is an integral part of all of WLCCC’s amenity offerings.

43. In 2016, WLCCC offered memberships to property owners living within Woodlake Subdivision at levels ranging from \$1,944.21 to \$2,955.48, depending on the level of amenity access desired.

44. Despite promises made, and current representations to the contrary, there is no longer a Lake within Woodlake Subdivision, following an emergency breach of the Dam by the State of North Carolina, which was the direct result of WLCCC’s failure to maintain the Dam.

45. The Dam Safety Law of 1967, N.C.G.S. § 143-215.23, *et seq.* (“the Act”), governs the regulation of dams in North Carolina.

46. The purpose of the Act is to “provide for the certification and inspection of dams in the interest of public health, safety, and welfare, in order to reduce the risk of failure of dams; to prevent injuries to persons, damage to downstream property and loss of reservoir storage; and to ensure maintenance of minimum stream flows of adequate quantity and quality below dams.” N.C.G.S. § 143-215.24.

47. The Act authorizes the Division of Energy, Mineral, and Land Resources (“DEMLR”), a division of the Department of Environmental Quality (“DEQ”), to conduct inspections of dams in North Carolina. N.C.G.S. § 143-215.32.

48. If a DEMLR inspection reveals “that any dam is not sufficiently strong, is not maintained in good repair or operating condition, is dangerous to life or property, or does not satisfy minimum flow requirements,” the Act authorizes the Environmental Management Commission (“EMC”), an agency of the state established pursuant to N.C.G.S. § 143B-282, *et seq.*, to “issue an order directing the owner or owners of the dam to make at his or her expense maintenance, alterations, repairs, reconstruction, change in construction or location, or removal as may be deemed necessary by the [EMC] within a time limited by the order, not less than 90 days from the date of issuance of each order.” N.C.G.S. § 143-215.32(b). This authority to issue such orders has been delegated by the EMC to DEMLR, pursuant to 15A N.C. Admin Code 2K.0221.

49. As the owner of the Dam, WLCCC is obligated by statute and regulation to repair and maintain the Dam.

50. As early as 1996, DEMLR issued a Notice of Deficiency (“NOD”) with respect to the Dam.

51. From 1997 through 2000, DEMLR continued to inspect the Dam, and found numerous continuing deficiencies, including without limitation, deterioration in the joints of the

concrete spillway; upstream wave erosion; washed out rip rap; and seepage from the drainage system.

52. Between 2009 and 2015, DEMLR issued additional NODs addressing the continued deficiencies, as well as noting further deficiencies discovered through inspection.

53. On December 15, 2014, due to failure to complete requested safety maintenance, DEMLR issued a Dam Safety Order (“DSO”) demanding that within 91 days, plans and schedule for breaching the Dam be developed.

54. Upon information and belief, WLCCC took title to the real property upon which the Lake and Dam are located with full knowledge of the history of enforcement action as well as the current state of the Dam at the time it acquired the Lake and Dam.

55. WLCCC made numerous representations that it was going to take corrective action to repair the Dam.

56. On May 14, 2015, WLCCC sent correspondence to residents and those with memberships stating that “[i]n cooperation with DENR, [WLCCC] will be coordinating with our hired professional engineer consultant, Dr. Dan Marks, to solicit bids for repair of the dam. The dam is in no immediate danger and DENR is allowing us sufficient time to solicit the bids and repair the dam. The Clubhouse will be opening in June, date to be announced, and will be reserved for members, functions, and outside golf guests.”

57. On June 15, 2015, WLCCC provided an update to members and residents as follows: “We would like to take a moment to update you on the status of the lake. As new owners, we have been working closely with Dr. Marks, our Lake Engineer, and DENR to ensure the lake is safe and usable throughout the summer. Dr. Marks is at Woodlake regularly checking the lake level and has let us know that the water level you see today is the minimum operating level we

will maintain throughout the summer. Although the dam is not in jeopardy of failing, there are dam repairs that must be done. The plan is to lower the lake level in the fall and begin work then. We will keep you posted in the weeks and months ahead. What does this mean to you? It is OK to bring your boats back and join the many others that are currently enjoying the lake. Happy boating! Be safe! Enjoy!”

58. WLCCC represented on September 20, 2015, and September 24, 2015, that the Lake was being lowered in accordance with DENR requirements and that repairs would begin at the end of October.

59. On October 27, 2015, WLCCC stated that its dam engineer was on site, as well as the contractor beginning work on the Dam, and that the work would be completed by late spring.

60. On February 1, 2016, WLCCC announced it had engaged new consultants to assist with the Dam repair. WLCCC also noted that it believed “that continuing improvements to the Dam will benefit the entire Woodlake community and will make Woodlake an even better place to live and enjoy boating, golfing and other recreation.”

61. WLCCC continued to charge membership fees even when the Lake was at dangerously low levels, and even after the Dam was breached and the Lake drained.

62. On July 27, 2015, DEMLR issued a DSO to the Defendant, requiring that within 91 days, repair plans be initiated, or plans for breaching the Dam be developed.

63. On November 17, 2016, DEMLR issued a DSO to the Defendant, requiring that construction of an interim emergency remedy be initiated by December 8, 2016, and completed by March 1, 2017, or temporary breach of the Dam be initiated by December 8, 2016, and completed by December 31, 2016. Additionally, the DSO ordered that a complete design for permanent replacement of the failed spillway be developed and submitted within 91 days of the DSO issuance.

64. On March 15, 2017, Julie Watson, Vice-President of WLCCC, appeared on behalf of WLCCC before the Honorable James W. Webb, Superior Court Judge presiding in Moore County Superior Court, called to testify in that certain action brought by the State of North Carolina acting through DEQ and DEMLR, filed as 17 CVS 82. In open court and under oath, Julie Watson testified on that date that WLCCC fully intended to comply with a Consent Order submitted to the Court and agreed to by the State and WLCCC (“Consent Order”) which called for WLCCC to make a *temporary* breach for the purpose of repair the Dam.

65. On April 4, 2017, WLCCC informed Woodlake residents that it had reached a consent order with the State to complete interim dam work, that they were moving forward with a design-build of the interim repair, that to return the Lake to full pool and service a final design and build would be required, and that WLCCC was “committed to finishing the dam remediation ... as expeditiously as possible.”

66. On May 15, 2017, WLCCC informed Woodlake residents: “Work on the breach for the dam began this weekend and will continue to ramp up over the next few days and weeks. You should expect to see personnel and equipment working on the dam, initially preparing then excavating the spillway for the required breach.”

67. The promised work did not occur.

68. On information and belief, the Defendant’s representative knew or should have known that WLCCC had no intention to complete the temporary breach and repairs to the Dam as promised in the Consent Order and to Judge Webb in open court, and otherwise to the members of the Classes.

69. Due to Defendant’s continued failure to repair the Dam, as well as a lack of any adequate assurances that the Defendant was ready, willing, and able to undertake repairs of the

Dam, DEMLR issued an Emergency Declaration, dated June 8, 2017, and took control of breaching the Dam.

70. DEMLR breached the Dam, and effectively drained the Lake.

71. As of the filing of this Complaint, the Lake remains empty, and the Dam remains in a non-functional state of disrepair.

72. Had WLCCC properly maintained and repaired the Dam, the devastating effects of the emergency breach by DEMLR would not have occurred.

73. WLCCC's failure to maintain and repair the Dam is the direct and proximate cause of injury to Plaintiffs and the Lot Owner Class.

74. WLCCC's refusal to maintain and repair the Dam constituted a willful and wanton disregard for the rights of the Plaintiffs and Lot Owner Class.

75. The Lot Owner Class has been damaged by the acts and omissions of WLCCC in that they have suffered diminution in their property values given the condition of the Lake and Dam and WLCCC's refusal to repair the same.

76. The Membership Fee Class has been damaged by acts and omissions of WLCCC in that they have paid fees for use and enjoyment of the Lake and other amenities for which the Lake is an integral focal point, and they are unable to benefit from the monies paid due to WLCCC's acts and omissions.

77. WLCCC's acts and omissions go beyond a mere breach of an obligation to those paying fees for use of the Club amenities. WLCCC engaged in a scheme to coerce members to continue paying fees even though WLCCC was not providing the promised amenities. WLCCC willfully, wantonly, or intentionally represented to members that the Lake would be in a usable

condition and that repairs were being made, in order to induce members of the Membership Fee Class to continue paying fees to WLCCC.

78. Because of the manner in which WLCCC operates the Club, members did not have the option of simply stopping payment of fees when it became apparent that WLCCC would not deliver on its promises.

79. New members are required to pay a \$25,000 initiation fee to join the Club, and in addition must pay yearly dues and are allowed to transfer Club membership to a subsequent lot purchaser for a \$7,000 member transfer fee. Under Club rules, a member commits to a certain membership level for one (1) year, and members cannot lower their level of membership. If a member is more than 90 days delinquent in paying his dues, the membership in the Club is terminated. In order to rejoin the Club, a new \$25,000 initiation fee is required.

80. Upon information and belief, WLCCC did not allow members to reduce their level of membership, even when the amenities for which they were paying were unavailable. Members were unable to simply stop paying due to the threat that WLCCC would terminate their Club membership entirely, thus requiring an additional \$25,000 new member initiation fee in the future should they ever wish to rejoin.

**FIRST CLAIM FOR RELIEF – IMPLIED/EQUITABLE CLAIMS**  
**Asserted by Lot Owner Class Against Defendant**

81. The allegation set forth in Paragraphs 1 - 80, including all exhibits, are reallaged and incorporated by reference as if fully set forth herein.

82. The real property forming the Lake and Dam as well as the residential lots and common areas within Woodlake Subdivision were all originally owned by a single entity, Lake Surf, Inc.

83. Woodlake Subdivision (formerly Lake Surf Subdivision) was developed pursuant to a common scheme and plan for development, which centered around the private, man-made Lake that was to be the centerpiece of the community and defined the very nature and identity of the unique residential community. Upon information and belief, the Lake was intended to specifically benefit the lot owners within Woodlake Subdivision, around which the entire development was focused.

84. For years, residents within Woodlake Subdivision, whether lakefront or not, were permitted to utilize the Lake without payment of any fees.

85. Woodlake Partners LP, Woodlake Partners, LLC, and now WLCCC continued with the original intent of Lake Surf, Inc., that the Lake be an integral part of the Woodlake Subdivision, and available for use by residents (albeit in latter years, for a fee).

86. The Lake has been an integral and appurtenant benefit to every lot owner and every lot sold since the inception of the development.

87. The manner in which the Lake has been advertised and representations have been made to Plaintiffs regarding the integrated nature of the Lake as an amenity of Woodlake Subdivision and as the “centerpiece” of the community occurred over such a time and was so continuous and obvious so as to create a reasonable expectation that the Lake would continue in its original state for the benefit of all residents within Woodlake Subdivision.

88. Lots within Woodlake Subdivision were sold and conveyed by reference to recorded plats that depicted the Lake, and purchasers therefore acquired the right to have the Lake continue in existence for their reasonable use and enjoyment.

89. Purchasers of lots within Woodlake Subdivision expended money in reliance on the existence of the Lake and their rights in and to the Lake as an integral part of the development.

Given the representations of each successor declarant, including WLCCC, as to the Lake and its importance to the community, WLCCC is estopped from taking the position that Plaintiffs have no rights in and to the Lake.

90. An easement and right to the continued existence of the Lake is reasonably and strictly necessary to the beneficial enjoyment of the lots owned by residents within Woodlake Subdivision.

91. Plaintiffs have an implied easement in and to the Lake and the continued existence of the Lake, by virtue of prior use, plat, estoppel, and general principles of equity.

92. WLCCC has the duty and obligation to maintain the Lake so as not to interfere with Plaintiffs' easement rights.

93. Defendant's willful and wanton failure to maintain the Dam, and in turn the Lake, despite numerous notifications regarding the need for such maintenance, has interfered with Plaintiffs' easement rights and has caused damage to Plaintiffs in the form of, among other things, significant diminution in the value of Plaintiffs' lots within Woodlake Subdivision.

94. As a direct and proximate result of Defendant's acts and omissions, Plaintiffs and the members of the Lot Owner Class have been damaged in an amount in excess of \$25,000, in a specific amount to be proven at trial.

**SECOND CLAIM FOR RELIEF - NUISANCE**  
**Asserted by Lot Owner Class Against Defendant**

95. The allegation set forth in Paragraphs 1 - 94, including all exhibits, are reallaged and incorporated by reference as if fully set forth herein.

96. Defendant has made an improper and unreasonable use of its land which has substantially interfered with the use and enjoyment by the Lot Owner Class of their respective lots, as well as the Lake.

97. Defendant's acts and omissions in failing to maintain and repair the Dam as required by statute, the need for which Defendant was on ample notice, was the proximate cause of the Dam failure and the subsequent breaching of the Dam.

98. Defendant acted willfully, wantonly, and unreasonably and with full knowledge that harm to lot owners within Woodlake Subdivision was substantially certain to follow.

99. Defendant's acts and omissions have resulted in the presence of an approximate 1200-acre quagmire that is an eyesore, a breeding ground for mosquitos, and a habitat for vermin.

100. Defendant's acts and omissions have resulted in the complete destruction of the Lake that was at the center of the plan of development for Woodlake Subdivision.

101. Defendant's acts and omissions have damaged the Lot Owner Class and their quiet enjoyment of their property as well as the Lake and have caused diminution in value of all lots within Woodlake Subdivision.

102. As a direct and proximate result of Defendant's acts and omissions, Plaintiffs and the members of the Lot Owner Class have been damaged in an amount in excess of \$25,000, in a specific amount to be proven at trial.

**THIRD CLAIM FOR RELIEF – BREACH OF CONTRACT**  
**Asserted by Membership Fee Class Against Defendant**

103. The allegations set forth in Paragraphs 1 - 102, including all exhibits, are reallaged and incorporated by reference as if fully set forth herein.

104. WLCCC entered into membership contracts with the Membership Fee Class, and promised access to the Lake in exchange for monetary payment.

105. Said membership contracts were and are valid and binding contracts obligating WLCCC to provide the promised access and amenity usage.

106. The members of the Membership Fee Class have paid membership fees to WLCCC, but WLCCC has failed to provide access to the Lake, in breach of its obligations.

107. As a direct and proximate result of WLCCC's breach of contract, those Plaintiffs paying membership fees to WLCCC and members of the Membership Fee Class have been damaged in an amount in excess of \$25,000, in a specific amount to be proven at trial.

**FOURTH CLAIM FOR RELIEF – NEGLIGENT MISREPRESENTATION**

**Asserted by Membership Fee Class Against Defendant**

108. The allegations set forth in Paragraphs 1 - 107, including all exhibits, are reallaged and incorporated by reference as if fully set forth herein.

109. WLCCC made representations regarding the repair of the Dam and intended for the members of the Membership Fee Class to rely on those representations.

110. The members of the Membership Fee Class justifiably relied to their detriment on WLCCC's representations that WLCCC was going to repair the Dam.

111. The representations made by WLCCC were false and were prepared and made without reasonable care by WLCCC.

112. In reliance on WLCCC's representations, members of the Membership Fee Class paid and continued to pay membership fees to WLCCC. WLCCC knew or should have known that it was not going to repair the Dam and that those paying the membership fees would not receive the benefit of their bargain.

113. WLCCC owed the members of the Membership Fee Class a duty of care in supplying information upon which those members would rely in making financial decisions for themselves and their families.

114. As a direct and proximate result of WLCCC's negligent misrepresentations, those Plaintiffs paying membership fees to WLCC and the members of the Membership Fee Class have been damaged in an amount in excess of \$25,000, in a specific amount to be proven at trial.

**FIFTH CLAIM FOR RELIEF – FRAUD IN THE INDUCEMENT**  
**Asserted by Membership Fee Class Against Defendant**

115. The allegations set forth in Paragraph 1 - 114, including all exhibits, are reallaged and incorporated by reference as if fully set forth herein.

116. WLCCC made false representations to members of the Membership Fee Class regarding its intent to repair the Dam and provide promised amenities, including the Lake, when WLCCC knew that it was not going to proceed with such work.

117. Such representations were reasonably calculated to deceive the members of the Membership Fee Class and were made with the intent to deceive the members of the Membership Fee Class and to induce them to enter into membership contracts with WLCCC.

118. WLCCC's false representations did, in fact, deceive the members of the Membership Fee Class and resulted in injury to the members of the Membership Fee Class.

119. As a direct and proximate result of WLCCC's intentional misrepresentations and fraud in the inducement, those Plaintiffs paying membership fees to WLCCC and the members of the Membership Fee Class have been damaged in an amount in excess of \$25,000, in a specific amount to be proven at trial.

**SIXTH CLAIM FOR RELIEF – UNFAIR AND DECEPTIVE TRADE PRACTICES**  
**Asserted by Membership Fee Class Against Defendant**

120. The allegations set forth in Paragraph 1 - 119, including all exhibits, are reallaged and incorporated by reference as if fully set forth herein.

121. Defendant has engaged in conduct as set forth above that constitutes unfair or deceptive acts or practices in or affecting commerce in violation of the North Carolina Unfair and Deceptive Trade Practices Act.

122. As a direct and proximate result of WLCCC's unfair and deceptive trade practices, those Plaintiffs paying membership fees to WLCCC and the members of the Membership Fee Class have been damaged in an amount in excess of \$25,000, in a specific amount to be proven at trial.

123. Those Plaintiffs paying membership fees to WLCCC and the members of the Membership Fee Class are entitled to trebled damages and an award of their attorneys' fees pursuant to N.C. Gen. Stat. § 75-16 and § 75-16.1.

**SEVENTH CLAIM FOR RELIEF – PUNITIVE DAMAGES**  
**Asserted by Both Classes Against Defendant**

124. The allegations set forth in Paragraph 1 - 123, including all exhibits, are realigned and incorporated by reference as if fully set forth herein.

125. Defendant's egregiously wrongful conduct as set forth above was fraudulent, willful or wanton, entitling Plaintiffs and both Classes to an award of punitive damages, and such award of punitive damages will deter the Defendant and others from committing similar wrongful acts.

WHEREFORE, the Plaintiffs, on behalf of themselves and all others similarly situated, pray that this Court grant relief as requested in this Complaint, including as follows:

1. That the Court adjudge and decree that the present case may be properly maintained as a class action, appoint named Plaintiffs as the representatives of the Classes, and appoint Plaintiffs' counsel as counsel for the class;

2. That judgment be entered in favor of Plaintiffs, on behalf of themselves and all others similarly situated, in an amount to be determined at trial, plus interest and attorneys' fees and costs as allowed by law;

3. That the Court award Plaintiffs, on behalf of themselves and all others similarly situated, trebled damages as set forth herein;

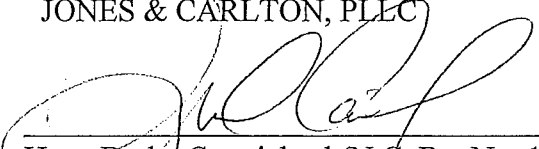
4. That the Court award Plaintiffs, on behalf of themselves and all others similarly situated, punitive damages as set forth herein;

5. For a trial by jury on all issues so triable; and

6. For such other and further relief as the Court may deem just and proper.

This the 23 day of October, 2017.

JORDAN PRICE WALL GRAY  
JONES & CARLTON, PLLC



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Hope Derby Carmichael (N.C. Bar No. 18146)

hcarmichael@jordanprice.com

Lori P. Jones (N.C. Bar No. 32872)

ljones@jordanprice.com

H. Weldon Jones III (N.C. State Bar No. 52232)

wjones@jordanprice.com

Post Office Box 10669

Raleigh, North Carolina 27605

Telephone: (919) 828-2501

Facsimile: (919) 831-4484

*Counsel for Plaintiffs*