

FILED

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

IREDELL COUNTY

2022 NOV 10 A 10:43

22-CVS-2775

MOUNT CARMEL UNITED
 METHODIST CHURCH; BETHEL
 UNITED METHODIST CHURCH OF
 NEW LONDON; BETHESDA BY
 UNITED METHODIST CHURCH;
 CHESTNUT GROVE UNITED
 METHODIST CHURCH; CONCORD
 UNITED METHODIST CHURCH IN
 CATAWBA; GOOD SHEPHERD
 CHARLOTTE UNITED METHODIST
 CHURCH; LIBERTY & ROCKWELL
 UNITED METHODIST CHURCH;
 MINNEAPOLIS UNITED
 METHODIST CHURCH;
 MOUNTAIN VIEW UNITED
 METHODIST CHURCH; NEW HOPE
 UNITED METHODIST CHURCH;
 PALESTINE UNITED METHODIST
 CHURCH; PISGAH UNITED
 METHODIST CHURCH; ROCKWELL
 UNITED METHODIST CHURCH;
 WEDDINGTON UNITED
 METHODIST CHURCH; WESLEY
 CHAPEL UNITED METHODIST
 CHURCH; CROSSROADS UNITED
 METHODIST CHURCH; WEST
 BEND UNITED METHODIST
 CHURCH; BOILING SPRINGS
 UNITED METHODIST CHURCH;
 VANDERBURG UNITED
 METHODIST CHURCH; GRAY'S
 CHAPEL UNITED METHODIST
 CHURCH; CENTRAL UNITED
 METHODIST CHURCH; MILL
 GROVE UNITED METHODIST
 CHURCH; PROVIDENCE UNITED
 METHODIST CHURCH;
 MITCHELL'S GROVE UNITED
 METHODIST CHURCH; MT.
 MITCHELL UNITED METHODIST
 CHURCH; GOLD HILL UNITED
 METHODIST CHURCH; KISTLER'S
 CHAPEL UNITED METHODIST
 CHURCH; FAIRFIELD UNITED
 METHODIST CHURCH; CHRIST
 UNITED METHODIST CHURCH;
 LEBANON UNITED METHODIST
 CHURCH; SHADY GROVE UNITED
 METHODIST CHURCH; ARNEYS

IREDELL CO., C.S.C.

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VERIFIED COMPLAINT
(JURY TRIAL DEMANDED)

FAIRVIEW UNITED METHODIST CHURCH; LIBERTY UNITED METHODIST CHURCH; EBENEZER UNITED METHODIST CHURCH - MOUNT ULLA; DELTA UNITED METHODIST CHURCH; ST. ANDREWS UNITED METHODIST CHURCH; GROOMETOWN UNITED METHODIST CHURCH; VICKREY UNITED METHODIST CHURCH; BETHESDA UNITED METHODIST CHURCH; and CENTRAL FALLS UNITED METHODIST CHURCH; individually and derivatively on behalf of WESTERN NORTH CAROLINA CONFERENCE OF THE UNITED METHODIST CHURCH,

Plaintiffs,

v.

THE WESTERN NORTH CAROLINA CONFERENCE OF THE UNITED METHODIST CHURCH;

Defendant and
Nominal
Defendant

and

THE BOARD OF TRUSTEES OF THE WESTERN NORTH CAROLINA CONFERENCE OF THE UNITED METHODIST CHURCH, and KENNETH CARTER, in his capacity as Bishop of the Western North Carolina Conference of the United Methodist Church,

Defendants.

Plaintiffs, each church entity set forth in the caption above ("Plaintiff Churches") submit this Verified Complaint, and allege and state as follows.

NATURE OF THE ACTION

1. Plaintiff Churches wish to disaffiliate from the United Methodist Church (“UMC”) to pursue their deeply held religious beliefs. Defendants want to force Plaintiff Churches to stay affiliated with the UMC, and violate those beliefs, by holding their church buildings and property hostage. Defendants claim Plaintiff Churches’ property is encumbered by an irrevocable trust for the benefit of the UMC and the only way for Plaintiff Churches to disaffiliate without surrendering the buildings and property that are central to their congregations is by the permission of the UMC and payment of a financial ransom.

2. This position is inconsistent with the decades-long pattern and practice of the UMC to allow local churches to disaffiliate and retain their church property without paying a ransom. What is more, it reflects a substantial material change in circumstances that was not anticipated by either Plaintiff Churches or Defendants at the time Plaintiff Churches affiliated with the UMC. Continued enforcement of the alleged trust as a mechanism to penalize Plaintiff Churches for disaffiliating is unlawful and contrary to the intent of the parties and to North Carolina public policy protecting North Carolinians’ freedom of religion.

3. Plaintiff Churches bring this action to (1) seek relief from the uncertainty, insecurity, and controversy arising from Defendants’ refusal to allow them to disaffiliate from the UMC and retain their property, (2) reform or terminate the trust to conform to their original intent, and (3) most importantly, protect their freedom to worship as they see fit. Indeed, like all North Carolinians, the thousands

of members of Plaintiff Churches “have a natural and inalienable right to worship Almighty God according to the dictates of their own consciences, and no human authority shall, in any case whatever, control or interfere with the rights of conscience.” N.C. Const. art. I, § 13.

PARTIES, JURISDICTION AND VENUE

4. Plaintiff Mount Carmel United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 4265 Ebert Road, Winston-Salem, North Carolina.

5. Plaintiff Bethel United Methodist Church of New London is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 41864 Gurley Road, New London, North Carolina.

6. Plaintiff Chestnut Grove United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 1024 Volunteer Road, King, North Carolina.

7. Plaintiff Concord United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 7618 Monbo Road, Catawba, North Carolina.

8. Plaintiff Good Shepherd Charlotte United Methodist Church, is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 13110 Moss Road, Charlotte, North Carolina.

9. Plaintiff Minneapolis United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 2719 US Hwy 19-E Newland, NC 28657.

10. Plaintiff Mountain View United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 438 Mountain View Road, Statesville, North Carolina.

11. Plaintiff New Hope United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 4251 Chesnee Road, Rutherfordton, North Carolina.

12. Plaintiff Palestine United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 36414 Palestine Road, Albemarle, North Carolina.

13. Plaintiff Pisgah United Methodist Church is located at, conducts operations, and has its principal or registered office at 488 Hill Farm Road, Hiddenite, North Carolina.

14. Plaintiff Rockwell United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 430 East Main Street, Rockwell, North Carolina.

15. Plaintiff Weddington United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 413901 Providence, Weddington, North Carolina.

16. Plaintiff Wesley Chapel United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 172 Old Wesley Road, Hamptonville, North Carolina.

17. Plaintiff Crossroads United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 220 George W Liles Pkwy NW, Concord, North Carolina.

18. Plaintiff West Bend United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at PO Box 1845, Asheboro, North Carolina.

19. Plaintiff Boiling Springs United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at PO Box 774, Boiling Springs, North Carolina.

20. Plaintiff Vanderburg United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 1809 Charlotte Hwy, Mooresville, North Carolina 28115.

21. Plaintiff Gray's Chapel United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 5056 NC Highway 22 North, Franklinville, North Carolina.

22. Plaintiff Central United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 300 South Main Street, Asheboro, North Carolina.

23. Plaintiff Mill Grove United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 13639 U.S. Hwy 601, Midland, North Carolina 28107.

24. Plaintiff Providence United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at PO Box 756, Marion, North Carolina

25. Plaintiff Mitchell's Grove United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 3511 E. MLK Jr. Drive, High Point, North Carolina.

26. Plaintiff Mt. Mitchell United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 6001 Old Salisbury-Concord Rd., Kannapolis, North Carolina.

27. Plaintiff Gold Hill United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 720 St. Stephens Church Rd., Gold Hill, North Carolina.

28. Plaintiff Kistler's Chapel United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 3060 Poors Ford Road, Rutherfordton, North Carolina.

29. Plaintiff Fairfield United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 1505 NC Highway 62 West, High Point, North Carolina.

30. Plaintiff Christ United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 2416 Zion Church Rd., Hickory, North Carolina.

31. Plaintiff Lebanon United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 2330 Big Level Rd, Mill Spring, North Carolina.

32. Plaintiff Shady Grove United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 167 Shady Grove Church Road, Winston-Salem, North Carolina.

33. Plaintiff Arneys Fairview United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at P.O. Box 1024, Morganton, North Carolina.

34. Plaintiff Liberty United Methodist Church is located, conducts operations, and has its principal or registered office at 3940 Liberty Road, Gold Hill, North Carolina.

35. Plaintiff Ebenezer United Methodist Church - Mount Ulla is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 8425 NC 801, Mt. Ulla, North Carolina.

36. Plaintiff Delta United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 5984 Hwy 704, Sandy Ridge, North Carolina.

37. Plaintiff St. Andrews United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 405 Edney Ridge Road, Greensboro, North Carolina.

38. Plaintiff Groometown United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 405 Edney Ridge Road, Greensboro, North Carolina.

39. Plaintiff Vickrey United Methodist Church is a North Carolina non-profit corporation located, conducting operations, and with its principal or registered office at 5348 Vickrey Chapel Road, Greensboro, North Carolina.

40. Plaintiff Central Falls United Methodist Church located at 1436 Pennsylvania Avenue, Asheboro, NC.

41. Plaintiff Bethesda United Methodist Church located in 2922 Bethesda Road, Lexington, NC.

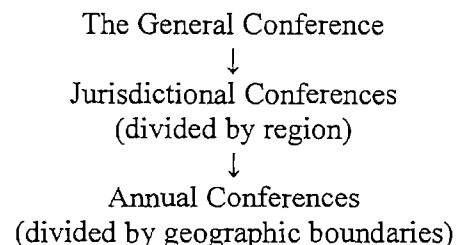
42. Plaintiffs collectively, are referred to herein as "Plaintiff Churches."

43. The United Methodist Church ("The UMC") is an unincorporated, worldwide, evangelical church denomination, founded in 1968.

44. The UMC is unincorporated and incapable of holding property.

45. The UMC does not own any of Plaintiff Churches' property.

46. The UMC is generally organized as follows:



↓
Local Churches

47. Plaintiff Churches are local churches affiliated with the UMC through their annual conference, Defendant Western North Carolina Conference of the United Methodist Church.

48. The Plaintiff Churches have been paying annual apportionments to Defendants for decades, which total in the millions of dollars for each plaintiff church.

49. Defendant, the Western North Carolina Conference of the United Methodist Church (the "Conference"), is a non-incorporated, non-profit association located at 13924 Professional Center Drive, Suite 200, Huntersville, NC 28078.

50. Defendant Board of Trustees of the Western North Carolina Conference of the United Methodist Church ("Board") has the authority to settle litigation and convey, buy, sell, and release property and assets on behalf of the Conference.

51. Defendant Board owes the Conference a statutorily imposed fiduciary duty.

52. Defendant Kenneth Carter, in his official capacity as Bishop of the Western North Carolina Conference of the United Methodist Church, presides over Conference Defendant and has a place of business at 13924 Professional Center Drive, Suite 200, Huntersville, NC 28078.

53. All Plaintiff Churches are properly and legally constituted and in existence and have authority and capacity to sue and be sued.

54. All conditions precedent to bringing this suit, if any, have been satisfied or otherwise occurred.

55. This matter is a property dispute between Plaintiff Churches, the UMC, and Defendants.

56. This Court has personal jurisdiction over the Defendants pursuant to, *inter alia*, N.C. Gen. Stat. § 1-75.4(1), because they are residents of the State of North Carolina and organized under the laws of North Carolina.

57. Venue is proper in this Court pursuant to N.C. Gen. Stat. § 1-76 *et seq.* because part of the subject trust property is in Iredell County and Plaintiff Churches Mountain View United Methodist Church and Vanderburg United Methodist Church are residents of said County.

58. The trusts which allegedly encumber the real property of Mountain View United Methodist Church and Vanderburg United Methodist Church are administered in Iredell County.

FACTS

59. Plaintiff Churches are 38 local churches spread throughout Western North Carolina. Combined, their congregations include more than 10,000 North Carolinians of faith.

60. Plaintiff Churches owned their church buildings, centers, and land long before affiliating with the UMC at the time of its formation in 1968. Some have owned their church buildings since before the Civil War.

61. Plaintiff Churches have maintained their buildings, centers and land during the entirety of time that they have been in existence, and without any assistance from the UMC.

62. The UMC has not purchased or exercised any obligation of ownership, financial or otherwise, over any of Plaintiff Churches' real or personal property.

63. Plaintiff Churches' ownership of their property was independent of their affiliation with the UMC and Defendants.

64. Plaintiff Churches want to amicably disaffiliate from the UMC and Defendants to pursue their deeply held religious beliefs. The UMC and Defendants have recently adopted doctrines, usages, customs and practices radically and fundamentally opposed to the long-held characteristic doctrines, usages, customs and practices of the UMC and Plaintiff Churches. Simply put, Plaintiff Churches feel compelled by their faith to worship elsewhere.

65. As described below, Plaintiff Churches have demanded the relief sought herein from Defendants. Defendants have refused that relief and further demands would be futile.

66. In August 2022, Plaintiff Churches submitted written requests to Bishop Kenneth Carter of the Western North Carolina Conference of the United Methodist Church to disaffiliate from the UMC, with their church buildings and property.

67. The UMC purports to govern itself pursuant to a document titled the Book of Discipline of The United Methodist Church (2016) (the "Discipline").

68. The UMC and Defendants have historically acknowledged multiple pathways under the Discipline for local churches in this situation to disaffiliate without paying a financial ransom for their church property.

69. In their requests, Plaintiff Churches invoked one such pathway - Paragraph 2548.2 of the Book of Discipline. That paragraph provides, in pertinent part, as follows:

With the consent of the presiding bishop and of a majority of the district superintendents and of the district board of church location and building and at the request... of a meeting of the membership of the local church, ... the annual conference may instruct and direct the board of trustees of a local church to deed church property to... another evangelical denomination under a[]... comity agreement, provided that such agreement shall have been committed to writing and signed and approved by the duly qualified and authorized representatives of both parties concerned.

70. Paragraph 2549 is an example of another pathway local churches have used to disaffiliate. It provides that if the local church is no longer “maintained by its membership as a place of divine worship of The United Methodist Church,” the church may be closed according to a “(4) a plan of transfer of the membership of the local church.” This plan has included the setup of a new corporate entity and all properties transferred to this new entity.

71. Paragraphs 2548.2, 2549, and others have been used for decades as pathways for local churches to disaffiliate from the UMC, while retaining their church buildings and property. The repeated use of these paragraphs for that purpose is a custom, pattern, and practice of the UMC and Defendants.

72. Defendants refused Plaintiff Churches’ requests to disaffiliate.

73. In an August 17, 2022 denial letter, Defendants argued that, at the time Plaintiff Churches affiliated with the UMC, they placed their church property in trust for the benefit of the UMC denomination. Defendants further argued that local churches have no right to disaffiliate and cannot leave the UMC to pursue their religious beliefs without permission of the UMC and Defendants and without a release from the denominational trust.

74. Defendants also argued that Paragraph 2548.2 was not a pathway for Plaintiff Churches to disaffiliate. Yet, they acknowledged that the Judicial Council of the United Methodist Church had been petitioned to clarify alleged ambiguity around whether paragraph 2548.2 remained a pathway to disaffiliate and was in the process of deliberating on that exact question. Defendants also conceded that it was possible that the Judicial Council would ultimately hold that “Paragraph 2548.2 may be used as a method of disaffiliation.”

75. On August 23, 2022, after Plaintiff Churches had submitted their requests for disaffiliation, Conference Defendants wrote to Plaintiff Churches and informed them that the Judicial Council had issued a declaratory ruling clarifying that “the use of paragraph 2548.2 as a disaffiliation pathway has been definitively closed.”

76. Defendants contend that all of the disaffiliation pathways previously available to local churches are now closed and that only one remains available to Plaintiff Churches, paragraph 2553, and only until December 2023. After December

2023, Defendants contend, Plaintiff Churches will be barred from disaffiliating, despite the fact that they no longer share the UMC's religious beliefs.

77. Paragraph 2553 did not exist when Plaintiff Churches affiliated with the UMC. In response to a "deep conflict within The United Methodist Church" regarding issues of "conscience," the UMC amended the Discipline in 2019 to add paragraph 2553.

78. Disaffiliation under paragraph 2553 will require Plaintiff Churches to fulfill burdensome and previously non-existent "financial obligations" and other requirements if they want to disaffiliate without surrendering their property.

79. These "financial obligations" are excessive, punitive, and unappealable. They are also completely unnecessary.

80. First, Plaintiff Churches have been paying annual apportionments to the Conference Defendant for decades, totaling in the millions of dollars.

81. Second, Defendants sell closed or abandoned churches in coordination with the Duke Endowment Grant for the Church Legacy Initiative with monies that are made available to the Conference for discretionary use.

82. Third, Defendants have discretionary funds that are available for use by the Conference and could be used to fund a portion if not all of the unfunded pension liability that the Defendants claim to exist.

83. Fourth, the "unfunded pension obligations" which Defendants cite as a basis for the financial requirements does not exist as described by the Defendants. Wespath Benefits and Investments, a general agency of the UMC and operator of its

pension funds, has more than \$29 Billion in assets, an amount more than sufficient to cover pension liabilities for current enrollees for decades to come.

84. To the extent that Defendants are facing an unfunded liability in their conference pension fund, despite the aforementioned substantial assets, the liability is the result of Defendants' grossly negligent financial mismanagement.

85. Upon information and belief, Defendants are inflicting these financial obligations on Plaintiff Churches not because there is a financial need or a legitimate contractual basis, but instead to (1) penalize Plaintiff Churches for disaffiliating, (2) restrict Plaintiff Churches' freedom of religion, and (3) to the extent there are unfunded liabilities in the conference pension fund, compensate for Defendants' grossly negligent mismanagement of that fund.

86. The use of the alleged denominational trust to force unnecessary financial obligations on Plaintiff Churches serves no valid purpose, is unlawful, and is against North Carolina public policy. It infringes on Plaintiff Churches' fundamental rights to property and freedom of religion.

87. What is more, Defendants incorrectly claim that Plaintiff Churches have no recourse in the courts of this State because they claim all of their actions are ecclesiastical in nature and thus unreviewable by any North Carolina court.

88. In sum, according to Defendants:

- a. Plaintiff Churches are trustees, holding their church buildings, land and personal property in an irrevocable trust for the benefit of the UMC and Conference Defendants;

- b. The UMC recently closed one of the pathways that had previously been used by local churches to disaffiliate from the UMC without paying “financial obligations”;
- c. The newly-enacted paragraph 2553 is the only remaining pathway for Plaintiff Churches to disaffiliate;
- d. As a result, Plaintiff Churches can only disaffiliate from the UMC if they either (1) abandon their personal property, church buildings, and land, or (2) obtain the permission of Defendants and pay substantial financial obligations;
- e. If Plaintiff Churches do not elect one of these choices by December 2023, they will lose all ability to disaffiliate and retain their church buildings and personal property; and
- f. Plaintiff Churches have no recourse in the courts of this State.

89. This cannot be.

90. Regardless of how any particular provision of the Discipline is interpreted, Defendants’ conduct confirms that there has been a substantial change - or attempted change - in how much freedom local churches maintain to disaffiliate, the disaffiliation procedure, and in their relationship with Defendants and the UMC denomination more broadly.

91. At the time Plaintiff Churches affiliated with the UMC and continuing throughout their affiliation, they never intended to permanently subjugate their freedom of religion to the approval of the UMC and Defendants. Nor did Plaintiff

Churches intend for their church property to remain encumbered by an irrevocable trust even after their disaffiliation for religious reasons, unless they paid a substantial ransom.

92. Plaintiff Churches, who are settlors of the alleged denominational trust, intended to affiliate with the UMC and to use their property in accordance with their affiliation so long as the affiliation was consistent with their deeply held religious beliefs. It was their intent and understanding that the terms of any trust created by the Discipline allowed them to disaffiliate and retain their property in the event that the UMC adopted doctrines, usages, customs and practices radically and fundamentally opposed to those in existence at the time Plaintiff Churches affiliated with the UMC. To the extent any term of the Discipline limits such disaffiliation, that term was affected by a mistake of fact or law.

93. Plaintiff Churches also intended that they would be the trustee of any trust in which they placed their church property and as such would be able to exercise all authority and powers vested in trustees under North Carolina law. To the extent any term of the Discipline allegedly empowers the UMC or Defendants to interfere in the exercise of those powers, that term was affected by a mistake of fact or law and is unlawful.

FIRST CLAIM FOR RELIEF
(Plaintiff Vanderburg United Methodist Church v. All Defendants)
Quiet Title

94. Plaintiff Churches restate, re-allege, and incorporate by reference the foregoing paragraphs as if the same were set forth herein verbatim.

95. Vanderburg United Methodist Church was organized in 1871 and received its real property from the Vanderburg family.

96. Vanderburg United Methodist Church held title to its real property, including the property located at 1809 Charlotte Hwy, Mooresville, North Carolina, 28115 prior to the formation of the UMC.

97. Vanderburg United Methodist Church acquired and maintained its property, to include paying for all repairs, without any assistance from Defendants or UMC.

98. Defendants claim that language from paragraphs 2501 and 2502 of the Book of Discipline of the United Methodist Church (2016) as amended in 2019 (“Book of Discipline”) creates an irrevocable trust for the benefit of the UMC.

99. Paragraph 2501 of the Discipline provides, in pertinent part, as follows:

1. All properties of United Methodist local churches and other United Methodist agencies and institutions are held, in trust, for the benefit of the entire denomination, and ownership and usage of church property is subject to the Discipline.

* * *

The United Methodist Church is organized as a connectional structure, and titles to all real and personal, tangible and intangible property held... by a local church or charge, or by an agency or institution of the Church, shall be held in trust for The United Methodist Church and subject to the provisions of its Discipline.

* * *

100. Paragraph 2502 of the Discipline sets forth the following trust language to be incorporated into the deeds to real property owned by the local churches.

In trust, that said premises shall be used, kept, and maintained as a place of divine worship of the United Methodist ministry and members of The United Methodist Church; subject to the Discipline, usage, and ministerial appointments of said Church as from time to time authorized and declared by the General Conference and by the annual conference within whose bounds the said premises are situated.

(Italics in original.)

101. Defendants assert that this alleged denominational trust grants them control over Plaintiff Churches' real property and that, absent Defendants' approval, such control will continue even after Plaintiff Churches' disaffiliation. This creates a cloud on the title to Plaintiff Churches' real and personal property, including the real property of Vanderburg United Methodist Church.

102. This cloud on Vanderburg United Methodist Church's real property is invalid because, as set forth above,

- a. any denominational trust has been terminated because the purposes of the trust have become unlawful, contrary to public policy, or impossible to achieve; and
- b. Defendants' use of the denomination trust to penalize Vanderburg United Methodist Church and impede their disaffiliation is

inconsistent with Vanderburg United Methodist Churches' intent at the time it affiliated with the UMC and allegedly placed its real property in trust;

- c. the terms of the denominational trust are ambiguous and were affected by a mistake of fact or law; and
- d. there is no trust language contained in the deed to the Vanderburg United Methodist Church's real property, including that located at 1809 Charlotte Hwy, Mooresville, North Carolina.

103. As a result of the invalid cloud created by the trust on the Vanderburg United Methodist Church's real property, Vanderburg United Methodist Church is entitled to have title to that real property quieted in its name.

SECOND CLAIM FOR RELIEF
(All Plaintiffs v. All Defendants)
Declaratory Judgment

104. Plaintiff Churches restate, re-allege, and incorporate by reference the foregoing paragraphs as if the same were set forth herein verbatim.

105. An actual dispute exists between Plaintiff Churches and Defendants with respect to Plaintiff Churches' authority to own, use, or otherwise convey property deeded, titled, or otherwise owned by Plaintiff Churches.

106. Plaintiff Churches wish to have all uncertainty and insecurity as to the legal and equitable ownership of their church property removed by way of judicial declaration, for which there is a bona fide, actual, present, practical need.

107. Defendants claim that language from paragraphs 2501 and 2502 of the Book of Discipline creates an irrevocable trust for the benefit of the UMC.

108. Plaintiff Churches are the settlors as to their respective church property.

109. Plaintiff Churches are also the trustees of the trust allegedly created by the Discipline.

110. The language of Paragraph 2502 is inconsistent with the language in Paragraph 2501 in that it does not expressly provide that the trust is irrevocable.

111. In combination with recent material changes to the disaffiliation process, Defendants are using the trust for the purposes of, among other things, blocking Plaintiff Churches from disaffiliating with the UMC, penalizing them for their deeply held religious beliefs, and raising funds to compensate for their gross mismanagement of Defendants' pension fund.

112. These purposes were not contemplated by Plaintiff Churches at the time they affiliated with the UMC and are contrary to their intent when any trust was formed. Moreover, the purposes of the alleged trust have become unlawful, contrary to public policy, and impossible to achieve.

113. Accordingly, absent the Court's intervention in this ongoing, active controversy, Plaintiff Churches will be prevented from disaffiliating from the UMC and will have their property held hostage. The Court's intervention is necessary to enable the free exercise of Plaintiff Churches' constitutional religious and property rights.

114. Accordingly, Plaintiff Churches are entitled to a declaratory judgment from the Court declaring:

- a. that the trust has terminated because the purposes of the trust have become unlawful, contrary to public policy, or impossible to achieve;
- b. that, to the extent the trust has not terminated, it is revocable; and
- c. that Plaintiff Churches are entitled to the quiet, exclusive, uninterrupted, and peaceful possession of their respective properties (real and personal) without any interference from Defendants.

THIRD CLAIM FOR RELIEF
(All Plaintiffs v. All Defendants)
Judicial Modification of Trust

115. Plaintiff Churches restate, re-allege, and incorporate by reference the foregoing paragraphs as if the same were set forth herein verbatim.

116. Plaintiff Churches are the settlors as to their respective church property.

117. Plaintiff Churches are also the trustees of the trust allegedly created by the Discipline.

118. Under Section 36C-4-410 a trust terminates when the purposes of the trust have become unlawful, contrary to public policy, or impossible to achieve.

119. Section 36C-4-412 of the North Carolina General Statutes empowers this court to modify or terminate a trust when, because of circumstances not anticipated by the settlor, modification or termination will further purpose of the trust.

120. Section 36C-4-415 of the North Carolina General Statutes empower this Court to modify or terminate a trust to conform to the settlors intention when a term of the trust was ambiguous and was affected by a mistake of fact or law, whether in expression or in inducement.

121. At the time Plaintiff Churches affiliated with the UMC, it was not their intent that they would be unable to disaffiliate, and retain their church buildings and property, without paying a large sum of money. It was their intent that there would remain a pathway to disaffiliate to pursue their deeply held religious beliefs without having to either abandon their long-held church property or pay a large fine.

122. In that regard, Paragraph 2548.2 is a material provision of the Discipline that Plaintiff Churches relied upon when agreeing to hold their own property in trust for The UMC.

123. The current circumstances were not, and could not have been, anticipated by Plaintiff Churches when they put their property in trust for what was supposed to be the benefit of a church denomination that shared their beliefs.

124. As a result, the current situation is unconscionable and inequitable, and Plaintiff Churches wish to have their respective trusts terminated, or alternatively, to have themselves clearly established as the trustee of each respective trust with all power to revoke the trust and/or dispose of the property as North Carolina law allows.

FOURTH CLAIM FOR RELIEF

Constructive Fraud

**(All Plaintiffs, individually and on behalf of the Conference v. Defendants
Board and Bishop Carter)**

125. Plaintiff Churches restate, re-allege, and incorporate by reference the foregoing paragraphs as if the same were set forth herein verbatim.

126. Plaintiff Churches paid the Conference millions of dollars in apportionments and also entrusted it with the use of their real and personal property, including real property that, in some cases, had been in their congregations for generations. Plaintiff Churches have also devoted decades of ministerial services in support of the Conference and UMC.

127. The Board has the authority to manage convey, buy, sell, and release property and assets on behalf of the Conference.

128. Bishop Carter, is the Resident Bishop and Principal presiding over the Conference.

129. The Board and Bishop Carter were in a position of power, authority, and influence over Plaintiff Churches and the Conference.

130. Plaintiff Churches placed special trust and confidence in Defendant Board and Bishop Carter to manage these resources, and the Conference in general, for the best interest of Plaintiff Churches and the Conference, and in accordance with the long-held characteristic doctrines, usages, customs and practices of the UMC.

131. Defendant Board and Bishop Carter owed Plaintiff Churches and the Conference a duty to act in good faith and with due regard to their interests, and a

duty to disclose all material facts related to the management of the Conference and its resources.

132. Thus, Defendant Board and Bishop Carter owed a fiduciary duty to the Conference and Plaintiff Churches.

133. Defendant Board, in particular, owes the Conference a statutorily imposed fiduciary duty and is accountable to the Conference and Plaintiff Churches for the use and management of the Conference and its property.

134. The Board and Bishop Carter used their position as a fiduciary to the detriment of Plaintiff Churches and the Conference and to their own benefit, financial and otherwise.

135. Defendants leveraged their alleged control over the denominational trust, and Plaintiff Churches' property, to penalize Plaintiff Churches for their religious beliefs, impede their disaffiliation, and extract a ransom from Plaintiff Churches to unjustly enrich themselves.

136. Defendants have also withheld from Plaintiff Churches material facts related to the use and purpose of the discretionary funds controlled by the Defendants including the management of the conference pension funds.

137. The Board and Bishop Carter have also made false statements to Plaintiff Churches, including that the conference pension funds have unfunded liabilities, in order to increase the ransom and enrich themselves.

138. In the alternative, to the extent the conference pension fund actually has unfunded liabilities, said liabilities are the result of gross mismanagement, and

upon information and belief, Defendants concealed from Plaintiff Churches material facts about that mismanagement.

139. The Board's and Bishop Carter's actions were in bad faith and constituted willful and wanton misconduct.

140. The Board and Bishop Carter have benefited from these abuses because they enabled Board and Bishop Carter to conceal their gross mismanagement of the Conference and thereby preserve their positions of power.

FIFTH CLAIM FOR RELIEF

Breach of Fiduciary Duty

**(All Plaintiffs, individually and on behalf of the Conference v. Defendants
Board Defendant and Bishop Carter)**

141. Plaintiff Churches restate, re-allege, and incorporate by reference the foregoing paragraphs as if the same were set forth herein verbatim.

142. Plaintiff Churches paid the Conference millions of dollars in apportionments and also entrusted it with the use of their real and personal property, including real property that, in some cases, had been in their congregations for generations. Plaintiff Churches have also devoted decades of ministerial services in support of the Conference and UMC.

143. The Board Defendant has the authority to manage, convey, buy, sell, and release property and assets on behalf of the Conference.

144. Bishop Carter, is the Resident Bishop and Principal presiding over the Annual Conference.

145. The Board and Bishop Carter were in a position of power, authority, and influence over Plaintiff Churches and the Conference.

146. Plaintiff Churches and the Conference placed special trust and confidence in Defendant Board and Bishop Carter to manage these resources, and the Conference in general, for the best interest of Plaintiff Churches and the Conference, and in accordance with the long-held characteristic doctrines, usages, customs and practices of the UMC.

147. Defendant Board and Bishop Carter owed Plaintiff Churches and the Conference a duty to act in good faith and with due regard to their interests, and a duty to disclose all material facts related to the management of the Conference and its resources.

148. Thus, Defendant Board and Bishop Carter owed a fiduciary duty to the Conference and Plaintiff Churches.

149. Defendant Board, in particular, owes the Conference a statutorily imposed fiduciary duty and is accountable to the Conference and Plaintiff Churches for the use and management of the Conference and its property.

150. The Board and Bishop Carter used their position as a fiduciary to the detriment of Plaintiff Churches and the Conference and to their own benefit, financial and otherwise.

151. Defendants leveraged their alleged control over the denominational trust, and Plaintiff Churches' property, to penalize Plaintiff Churches for their religious beliefs, impede their disaffiliation, and extract a ransom from Plaintiff Churches to unjustly enrich themselves.

152. Defendants have also withheld from Plaintiff Churches material facts related to the use and purpose of the discretionary funds available to the Defendants and the management of the conference pension funds.

153. The Board and Bishop Carter have also made false statements to Plaintiff Churches, including that the conference pension funds have unfunded liabilities, in order to increase the ransom and enrich themselves.

154. In the alternative, to the extent the conference pension fund actually has unfunded liabilities, said liabilities are the result of gross mismanagement, and upon information and belief, Defendants concealed from Plaintiff Churches material facts about that mismanagement.

155. The Board's and Bishop Carter's actions were in bad faith and constituted willful and wanton misconduct.

SIXTH CLAIM FOR RELIEF
Quantum Meruit
(All Plaintiffs v. All Defendants)

156. Plaintiff Churches restate, re-allege, and incorporate by reference the foregoing paragraphs as if the same were set forth herein verbatim.

157. Plaintiff Churches have spent decades performing ministerial services for Defendants and UMC. Plaintiff Churches have also used their real and personal property in service of Defendants and the UMC and paid Defendants and the UMC millions of dollars in apportionments.

158. Defendants and UMC voluntarily accepted these services and their benefits.

159. Plaintiff Churches did not render these services gratuitously.

160. Defendants will be unjustly enriched in the amount of the value of Plaintiff Churches' property if they are allowed to retain Plaintiff Churches' real and personal property after Plaintiff Churches' disaffiliation.

SEVENTH CLAIM FOR RELIEF
Unjust Enrichment
(All Plaintiffs v. All Defendants)

161. Plaintiff Churches restate, re-allege, and incorporate by reference the foregoing paragraphs as if the same were set forth herein verbatim.

162. Plaintiff Churches have also used their real and personal property in service of Defendants and the UMC and paid Defendants and the UMC millions of dollars in apportionments.

163. If Plaintiff Churches are found to have conveyed their church buildings and other property to Defendants, then Plaintiff Churches have conferred benefit upon Defendants in the form of Plaintiff Churches' respective church buildings and property.

164. Plaintiff Churches did not confer these benefits gratuitously.

165. Plaintiff Churches did not confer these benefits officiously.

166. Defendants and UMC consciously and voluntarily accepted these benefits.

167. Defendants will be unjustly enriched in the measurable amount of the value of Plaintiff Churches' property if they are allowed to retain Plaintiff Churches' real and personal property after Plaintiff Churches' disaffiliation.

WHEREFORE, Plaintiff Churches pray the Court enter judgment against

Defendants and grant the following relief:

1. Declare that:
 - a. any trust encumbering Plaintiff Churches' property for the benefit of UMC is terminated;
 - b. that, to the extent the trust has not terminated, it is revocable; and
 - c. that Plaintiff Churches are entitled to the quiet, exclusive, uninterrupted, and peaceful possession of their respective properties (real and personal) without any interference from Defendants.
2. To the extent the trust is not terminated, issue an order modifying any trust encumbering Plaintiff Churches' property for the benefit of UMC to clarify that the trust is revocable and that Plaintiff Churches can exercise authority as Trustees free from any interference by Defendants or the UMC;
3. An award of pre-judgment and post-judgment interest as permitted by law;
4. An award of attorneys' fees and costs as permitted by law; and
5. Such other and further relief as is just and proper.

JURY TRIAL DEMAND

Plaintiff Churches demand a trial by jury for all issues so triable.

Respectfully submitted, this the 9th day of November 2022.

K&L GATES LLP

By:



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Attorneys for Plaintiff Churches

STATE OF NORTH CAROLINA
CUMBERLAND COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
22-CVS-_____

MOUNT CARMEL UNITED
METHODIST, *et al.* CHURCH

Plaintiffs,

v.

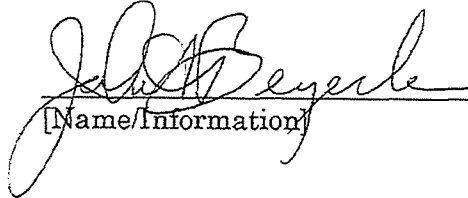
THE WESTERN NORTH
CAROLINA CONFERENCE OF
THE UNITED METHODIST
CHURCH,

Defendants,

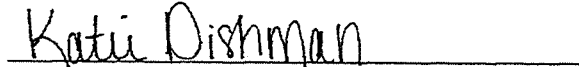
VERIFICATION

The undersigned, being first duly sworn, deposes and says, on behalf of Plaintiff, Vanderburg United Methodist Church, that he has read the foregoing, and to the best of his personal knowledge, the matters and statements contained therein are true, except as to those matters or statements made upon information and belief, and as to those he believes them to be true.

This 9 day of Nov, 2022.


[Name/Information]

Sworn to and subscribed before me
this 9 day of NOV, 2022



Notary Public (Official Signature)

My Commission expires: Jan. 25, 2027

[Official Notary Seal]

