

STATE OF SOUTH CAROLINA)
)
 COUNTY OF RICHLAND)
)
)
 Penn America Insurance Company and)
 Global Indemnity Group, LLC,)
)
 Plaintiffs/Counter-Defendants,)
)
 vs.)
)
 Morris Beach Hutson a/k/a M.B. Hutson,)
)
 Defendant/Counter-Plaintiff.)
 _____)
 Morris Beach Hutson a/k/a M.B. Hutson)
)
 Third-Party Plaintiff,)
)
 vs.)
)
 Timothy J. Newton, Esq.; Murphy &)
 Grantland, P.A.; Christian Stegmaier, Esq.;)
 and Collins & Lacy P.C.,)
)
 Third-Party Defendants.)
 _____)

IN THE COURT OF COMMON PLEAS
 FIFTH JUDICIAL CIRCUIT

C.A. No: 2020-CP-40-03810

**ORDER GRANTING
 PLAINTIFFS PENN AMERICA
 INSURANCE COMPANY, GLOBAL
 INDEMNITY GROUP, LLC,
 CHRISTIAN STEGMAIER, ESQ., AND
 COLLINS & LACY P.C.’S
 MOTIONS TO STRIKE**

This matter came before the Court upon various motions, including: (1) Penn America, Global, Stegmaier, and Collins & Lacy’s Motion to Stay/Strike/Dismiss Hutson’s Amended Counterclaims and Third-Party Claims and Motion for Injunction; (2) Penn America, Global, Stegmaier, and Collins & Lacy’s Motion to Strike Portions of Hutson’s “Answer”; and (3) Penn America, Global, Stegmaier, and Collins & Lacy’s Amended Motion to Strike Hutson’s “Notice of Extrinsic Fraud” and “Memorandum to Defendant’s Amended Cross Complaint.” A hearing on the motions was held on October 15, 2020, before the Honorable Robert E. Hood. Plaintiffs/Counter-Defendants Penn America Insurance Company (“PAIC”) and Global Indemnity Group, LLC

(“Global”) were represented by Christian Stegmaier, Esquire. Mr. Stegmaier also represented himself and Collins & Lacy P.C. as Third-Party Defendants. Third-Party Defendants Timothy J. Newton, Esq. and Murphy & Grantland, P.A. were represented by John Grantland, Esquire and Timothy Newton, Esquire. Defendant/Counter-Plaintiff/Third-Party Plaintiff Morris Beach Hutson a/k/a M.B. Hutson (“Hutson”) appeared *pro se*.

Having considered the written filings and exhibits, the arguments heard at the hearing on October 15, 2020, and the applicable law, this Court **GRANTS** the above-referenced motions to strike.¹ The Court presents its findings and conclusions below.

FINDINGS OF FACT
AND CONCLUSIONS OF LAW

Plaintiffs PAIC and Global initiated the instant matter with the filing of a Complaint and Motion for Temporary Injunction on August 10, 2020. Defendant Hutson responded with the filing of his own Counterclaims and Third-Party Claims, a partial Answer to the Complaint, and his own Motion for Temporary Injunction. The Plaintiffs, Counter-Defendants, and Third-Party Defendants then filed their respective motions to stay, strike, and dismiss Hutson’s filings.

A motion to strike is governed by Rule 12(f) of the South Carolina Rules of Civil Procedure which provides:

Upon motion pointing out the defects complained of, and made by a party before responding to a pleading or, if no responsive pleading is required within 30 days after the service of the pleading upon him or upon the court’s own initiative, at any time the court may order stricken from any pleading any insufficient defense or any redundant, immaterial, impertinent or scandalous matter.

¹ Contemporaneous with the entry of the instant Order, the Court is entering Orders granting Plaintiffs’ Motion for Preliminary Injunction; denying Hutson’s Motion for Temporary Injunction against Counter-Defendants and Third-Party Defendants; and granting Third-Party Defendants Murphy & Grantland and Newton’s Motion to Dismiss or for Summary Judgment. The Court’s findings and conclusions in these additional Orders are incorporated herein by reference.

Rule 12(f), SCRC.P.

A. PAIC, Global, Stegmaier, and Collins & Lacy’s Motion to Stay/Strike/Dismiss Hutson’s Amended Counterclaims and Third-Party Claims

Throughout the “Amended Cross-Complaint,” Hutson accuses the Counter-Defendants and Third-Party Defendants of engaging in a conspiracy to commit fraud upon the Courts of this State. He purports to present the following causes of action against all Counter-Defendants and Third-Party Defendants: Count One: Fraud and Extrinsic Fraud; Count Two: Document Fraud; Count Three: Defamation by Extrinsic Fraud; and Count Four: Unfair and Deceptive Trade Practice. Within Count Three, Hutson alleges obstruction of justice and seeks \$3.5 Million in damages.

At the hearing before this Court, Hutson was provided ample opportunity to explain the nature of the fraud he is alleging against Plaintiffs and the Third-Party Defendants and how it differs from what has been asserted in the past, including before Judge Nettles. Hutson pointed to two pieces of correspondence he received from Newton, who was acting in his capacity as coverage counsel for PAIC at the time. They include an August 13, 2018 e-mail and a November 8, 2018 letter. The e-mail states that, based on Huston’s allegations, “there *might possibly* be extrinsic fraud on the court” but advises that Newton cannot provide legal advice or representation to Hutson regarding the same. (emphasis added). The November 8, 2018 letter denies that PAIC or its counsel has “acknowledged the existence of fraud upon the court.” While Hutson claims that the two letters are inconsistent, the Court disagrees. The August 13 e-mail did not acknowledge the existence of fraud—it provided that fraud “might possibly” exist. There is no evidence that Newton had actual knowledge of any fraud or perpetrated any fraud himself. Moreover, there is nothing new about Hutson’s claims that distinguish them from the claims he previously raised in Hutson v. Penn America Ins. Co., et al., Case No. 2018-CP-40-06344 (Richland Cnty. Comm. Pleas).

After reviewing Hutson's claims, they are redundant, immaterial, impertinent and scandalous. Accordingly, the Court Strikes Huston's Counterclaims and Third-Party Claims against the Counter-Defendants, Christian Stegmaier, and Collins & Lacy, P.C.

B. PAIC, Global, Stegmaier, and Collins & Lacy's Motion to Strike Portions of Hutson's "Answer"

Rule 8 of the South Carolina Rules of Civil Procedure provides the general rules of pleading. Specifically, Rule 8(b) provides that a party must admit or deny the averments upon which the adverse party relies, and provides guidance for when a party lacks knowledge or information sufficient to form a belief as to the truth of an averment or a party seeks to admit in part and deny in part. Rule 8(b), SCRCP. Rule 8(d) further provides that "[a]verments in a pleading to which a responsive pleading is required, other than those as to the amount of damage, are admitted when not denied in the responsive pleading." Rule 8(d), SCRCP.

Hutson's Answer fails to respond to paragraphs 1 through 8 and 16 through 111 of the Complaint. Accordingly, those allegations of the Complaint are deemed admitted. See Rule 8(d), SCRCP. Hutson further admits, without reservation, the allegations of paragraph 10 of the Complaint. Plaintiffs' Motion to Strike argues that the remainder of Hutson's Answer fails to comport with the Rules of Civil Procedure by either denying facts based upon a contention that additional information is absent from the averment of the Complaint or by making assertions non-responsive to the Complaint. The Court agrees. Accordingly, the Court strikes paragraphs 1, 3 through 9, and 11 thorough 13 of Huston's Answer to the Third-Party Complaint, as well as the textual paragraphs on pages 16 and 17 of the Answer.

C. PAIC, Global, Stegmaier, and Collins & Lacy’s Amended Motion to Strike Hutson’s “Notice of Extrinsic Fraud” and “Memorandum to Defendant’s Amended Cross Complaint”

Plaintiff filed a “Notice of Extrinsic Fraud” and a “Memorandum to Defendant’s Amended Cross Complaint,” which Plaintiffs argue are not proper pleadings. The “Notice” states that “fraud is presently being perpetrated upon the Honorable Common Pleas and the Court of Appeals, its Judges, and on this Defendant by all the Plaintiffs/Third Party Defendants,” who he then lists. Hutson’s “Memorandum” cites a portion of Rule 3.3 of the Rules of Professional Conduct and portions of Newton’s August 13, 2018 e-mail. Hutson then repeats his allegations that PAIC, Global, Stegmaier, Collins & Lacy, Newton, and Murphy & Grantland all knew about TLC Holding’s fraud, are illegally protecting one another, and failed to disclose the fraud to any court. Hutson’s “Memorandum” further cites to 77 paragraphs that comprised his *pro se* counterclaims filed by him and which were ultimately resolved against him on summary judgment in the prior Defamation Action, Case No. 2015-CP-14-0615.

Hutson’s “Notice” and “Memorandum,” which continue to make malicious allegations of criminal and professional misconduct, are impertinent and scandalous. Moreover, neither filing is a proper pleading, motion, or memorandum under our Rules. Accordingly, the Court Strikes Hutson’s “Notice of Extrinsic Fraud” and “Memorandum to Defendant’s Amended Cross Complaint.”

AND IT IS SO ORDERED.

[JUDICIAL E-SIGNATURE PAGE TO FOLLOW]



Richland Common Pleas

Case Caption: Penn America Insurance Company , plaintiff, et al vs Morris Beach
Hutson , defendant, et al
Case Number: 2020CP4003810
Type: Order/Other

So Ordered

s/ R.E. Hood #2164