

THE STATE OF SOUTH  
CAROLINA

In The Court of Appeals

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APPEAL FROM RICHLAND COUNTY

Court of Common Pleas  
Judge Robert Hood, Fifth Circuit

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Case # 2020-CP-400-3810

Appellate # 2020-001708

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**RECEIVED**

**May 13 2021**

**SC Court of Appeals**

Penn America Insurance Company and )  
Global Indemnity Group, LLC, Plaintiffs/ )  
Counter-Defendants, )

v. )

Morris Beach Hutson a/k/a M.B. Hutson, )  
Defendant/Counter-Plaintiff, )

AND )

Morris Beach Hutson a/k/a M. B. Hutson, )  
Third Party Plaintiff, )

v. )

Penn America Ins. Co. & Global )  
Indemnity Group, LLC, Timothy J. )  
Newton, Esq. of Murphy & Grantland, )  
P.C.; & Christian Stegmaier, Esq. of )  
Collins & Lacy P.A., )  
Third Party Defendants, )

of whom Morris Hutson is the Appellant, )

and Penn America Ins. Co. & Global )  
Indemnity Group, LLC, Timothy J. )  
Newton, Esq., of Murphy Grantland, P.C., )  
& Christian Stegmaier, Esq. of Collins & )  
Lacy P.A., are the Respondents. )

APPELLATE’S

AMENDED

REPLY BRIEF

All Respondents had copies of all TLC Holdings LLC's court filings, all pertinent contracts (Lease Purchase Agreement, Membership Interest Purchase Agreement, and Retail Membership Agreements) which were all related to the Big Water Resort business and the land it operated on, numerous depositions and pleadings as this Appellant was the party insured by Penn America Insurance Company et. al.

Respondents/Defendants therefore, had a legal obligation *and responsibility*

- to research all documents of the related cases,
- to discover the extrinsic fraud upon the courts and judges, and
- to determine and execute an appropriate defense.

Penn America/Global Indemnity's Murphy Grantland, P. A. were individually and corporately aware of the extrinsic fraud upon the courts perpetrated against Appellant, the Courts and consequently the S.C. Judges.

Respondents totally failed to follow through on executing their legal responsibilities to protect and defend the policyholder against harm.

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Penn America Insurance Company and Global Indemnity Group (hereinafter PAGI) hired Laura Paton, Esq., who cited (77) counts of fraud perpetrated by the Big Water Resort owners

and landowners (TLC Holdings, LLC --and their lawyers) but PAGI and their attorneys chose to ignore her work and failed to utilize its strengths in a defense for this Appellant.

Respondents/Defendants had access to all Paton's work and had an obligation to review, study, and utilize those (77) counts of fraud that had been concealed in the courts and hidden from those Federal/Common Pleas Judges. Fraud enacted/covered-up in the courts for the purpose of deceiving the judges and swaying decisions for illegal purposes IS creating extrinsic fraud upon the Courts! Furthermore, it has proliferated fraud against this Appellant. All these Respondents / Defendants were *fully aware* that TLC's attorneys had concealed all of the (77) cited fraud counts cited by their hired attorney, Laura Paton, Esq. Paton was under obligation to comply with Federal Rule (11) Signing Pleadings, Motions, and Other Papers; Representation to the Court; Sanctions, etc.. Paton did investigate, prepare and file the (77) cited counts of fraud perpetrated by the TLC lawyers, who concealed critical information from the State and Federal Courts that prevented Appellant from have his cases heard in open court.

Another example of TLC's fraud and extrinsic fraud upon the courts was TLC lawyers prepared a sales agreement for the Family Memberships who had the sole use of TLC's properties for up to two life times, yet secretly arranged the contract preventing Appellant from having legal access to any of the 108 acres preventing Appellant from being legally able to honor some (470) family memberships of which caused Appellant to be sued by the Family Memberships.

On August 13, 2018, while representing PAGI, Murphy Grantland's Timothy Newton, Esq. in an emailed letter of some (16) paragraphs brings to Appellant's attention in paragraph three (3): "The alleged lease between Big Water Resort, LLC and TLC Holdings, LLC, if it existed, was never recorded, although it was for a term of more than a year". How fraudulent was it to sell a on-going campground of which TLC had pre-collected some \$6M dollars in advance from all Members selling them sole use of the properties for up to two life times when the new owner ( Appellant ) had no legal right to said property for two life times? Fraud.

In addition, the same TLC Holdings, LLC and their lawyers, prepared Appellant a Lease Purchase Agreement for the entire tract of land for \$6M dollars ... knowing full well that the memberships defected the title and it could never be sold. Respondents / Defendants fail to mention that there was a hidden \$22M liability to Appellant of which was never discussed in any Court due to their concealment.

Obviously, Murphy Grantland, P.A.'s attorneys were totally aware of that fraud and extrinsic fraud upon the courts when Appellant was sued in court. All attorneys, including TLC's, as well as Respondents / Defendants knew OR SHOULD HAVE KNOWN that none of those (77) counts were ever revealed to any court or judge as the law requires.

Respondents' and their attorneys' actions caused direct and severe financial damage to this Appellant. All Respondents / Defendants continued to hide and conceal the extrinsic fraud and intentionally failed to report same to the courts and appropriate authorities. Instead, Respondents continued to keep the fraud a secret and continued to conceal the same extrinsic

fraud from all courts. This created a conspiracy. Such a conspiracy violates some (50) or more laws and rules. Such as the following rules and laws: (Id. at 82, 579 S.E. 2d at 610-611, Federal Rule 11, Signing Pleadings, Motions, and Other Papers; Representations to the Court; Sanctions):

Rule 3.3 Candor Towards the Tribunal: *“A lawyer who represents a client in an adjudicative proceeding and who knows that a person intends to engage, is engaging or has engaged in criminal fraudulent conduct related to the proceeding shall take reasonable redial measures, including if necessary, disclosure to the tribunal”.*

and

A lawyer shall not knowingly: *“make a false statement of fact or law to a tribunal or fail to correct a false statement of material fact or any previously made to the tribunal by the lawyer”.*

TLC's (Seller's) attorneys drew the Lease Purchase Agreement (for (24) months) and also the “Membership Interest Purchase Agreement” for the campground business. Both were executed simultaneously and both the land and the business were sold by the same TLC Holdings, LLC. “Members” (families holding Retail Membership Agreements) were, and had been continuously using the site. Appellant learned years later by PAIC's Laura Paton, Esq. that he had been defrauded (77) times. These Respondents / Defendants continued that fraud via conspiracy, and have also continued, through non-disclosure, the extrinsic fraud upon the courts.

All of the paper work that Respondents / Defendants have filed against Appellant is cloaked with fraud and extrinsic fraud. Appellant's suit against PAGI and all Respondents / Defendants was for the sole purpose of attempting to get restitution caused by the dishonest lawyers and PAGI for intentionally and purposely refusing to report such extrinsic fraud. Respondents / Defendants simply did not think Appellant would have figured out the fraud. They were right until Murphy Grantland's Timothy Newton, Esq. informed Appellant over the phone that he was aware of the extrinsic fraud. When asked by this Appellant why he did not report it to allow Appellant to win his cases, he simply stated that "*lawyers don't do each other like that for someone could go to jail.*" Newton begged Appellant not to release the (16) paragraph letter that he wrote to Appellant while actively representing PAGI. That letter was extremely incriminating to himself while double-crossing the two insurance companies for he gave away the secrets that were being concealed by TLC's attorneys as well as THESE Respondents / Defendants.

The Respondents' filings and statements are intentionally twisted to protect them from the South Carolina Rules of Professional Conduct. These lawyers have merely broadcast and blown smoke screens in hope of confusing the courts, for they know once a jury gets a hold of this case, they will lose, which means big trouble for them.

This Honorable Court cannot allow this extrinsic fraud to continue! The Honorable Judges are the gatekeepers to justice. The Respondent / Defendants' actions have caused this Appellant to become indigent. Appellant is fighting for his life, with little knowledge of the laws, and has to research via an old I-pad. Appellant has invested thousands of hours in trying to

get justice, and is 76 years of age. This is causing him to work seven (7 ) days a week struggling with all of this legal stuff.

Please allow this Reply Brief to be the tool that remands this case directly to a jury for they will understand. There has not yet been any discovery in this case. Appellant is entitled to be able to present his entire case face to face to a jury. Appellant pleads for a Jury trial.

Appellant's Reply Brief addresses all Respondents and Defendants. Appellant reminds this Honorable Court that Collins and Lacy's Christian Stegmaier, Esq. blatantly lied during the hearing on October 15, 2020. Appellant has addressed this by filing with this Court proof that Stegmaier intentionally lied to attempt to damage Appellant. These lawyers must be stopped and the gate-keeper of justice must send this case to a jury-- immediately. All applications filed by the Respondents and Defendants are stuffed with fraud due to the fact all cases lost by Appellant was due to the extrinsic fraud. Respondents and Defendants refuse to report the extrinsic fraud. They have joined to conspire against this Appellant. This must be stopped. Send this case to a jury of twelve. All the Respondent lawyers in behalf of their client, PAGI, have committed extrinsic fraud.

Appellant reminds this Honorable Court that in Murphy Grantland P.A.'s Timothy Newton's (16) paragraph letter to Appellant while actively representing PAGI, Newton writes in the 16th paragraph:

“Its hard to see why TLC and it's lawyers should not have, in good faith, simply told you (and the court) that the Big Water Resort Property was

undevelopable because it was already obligated to double lifetime memberships as a private club. It appears that could have averted the entire fiasco. **Since attorneys were involved, and it resulted in your inability to present your case in court,** and possibly led to the sanctions order and judgment against you, **there might possibly be extrinsic fraud on the court to support setting aside the consent order. See Chewing v. Ford Motor Co 354 S.C. 72, 579 S.E. 2d 605 (2003).** And also: **“If you need the documents supporting the above, let me know.”**

Newton was betraying his own client by putting Appellant on notice of the extrinsic fraud, yet it proves that he ( as an attorney ) was citing law and offering to submit additional supporting law about the extrinsic fraud.

#### **AN EXAMPLE OF EXTRINSIC FRAUD UPON THE COURT:**

1. A police officer is standing at an intersection watching traffic.
2. Appellant approaches the officer asking for directions.
3. All of a sudden, a deranged man steps off a bus and starts shooting at the officer and Appellant.
4. Appellant happens to be legally armed and jerks out his pistol, shooting the deranged shooter and killing him.
5. Since the officer is required to write up a police report, he takes out his pad and writes "Appellant shot the deranged man," but the officer intentionally leaves out the crucial facts/evidence that the Appellant was defending himself (self-defense ) because

the officer on the scene failed to draw and stop the initial shooter, thereby the officer was protecting his own indiscretion and failure to act.

How could that Appellant get a fair trial????

United States Court of Appeals for the Sixth Circuit has delineated five (5) elements of conduct that constitute extrinsic fraud upon the Court:

1. "On the part of an Officer of the Court"
2. "That is directed to the judicial machinery itself,"
3. "That is intentionally false, willfully blind to the truth, or is in reckless disregard for the truth;"
4. "That is a positive averment or is concealment when one is under a duty to disclose;"
5. "That deceives the Court."

**South Carolina Rule 3.3.** Candor Towards the Tribunal: "One who intentionally conceals critical evidence for the sole purpose of self preservation at the cost of disgracing, deceiving, plotting and defrauding the Honorable Court, is creating Extrinsic fraud upon the court".

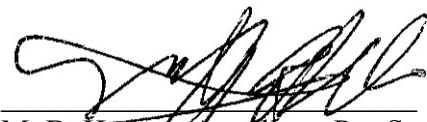
Id. at 78, 579 S.E.2d at 608 (citing *Rozier v. Ford Motor Co.*, 573 F.2d 1332, 1338 (5th Cir. 1978)). Extrinsic fraud "induces a person not to present a case or deprives a person of the opportunity to be heard." Id. at 81, 579 S.E.2d at 610 (citing *Hilton Head Ctr. of South Carolina v. Public Serv. Comm'n*, 294 S.C. 9, 11, 362 S.E.2d 176, 177 (1987)).

SCRPC, Rule 8.3 (b) and cmt. 1. "As a self-regulating profession, lawyers are expected to report serious misconduct by other lawyers to appropriate disciplinary authorities. The duty to report the misconduct of others extends even to misconduct by another lawyer in the same firm".

PAGI and their attorneys are fabricating their entire defense to prevent being held responsible.

Appellant Prays that this court will remand this case as soon as possible to a jury for this case must be heard before a jury in order to cross-examine to totally prove Appellant's case.

Respectfully submitted this 13<sup>th</sup> day of May, 2021.



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