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**SC Court of Appeals**

THE STATE OF SOUTH CAROLINA  
In the Court of Appeals

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APPEAL FROM RICHLAND COUNTY  
The Honorable Robert E. Hood, Circuit Court Judge

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Appellate Case No. 2020-001708  
Civil Action Case No. 2020-CP-40-03810

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Penn America Insurance Company and Global Indemnity Group, LLC,

Plaintiff/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.

Timothy J. Newton, Esq.; Murphy & Grantland, P.A.; Christian Stegmaier, Esq.;  
and Collins & Lacy P.C.,

Third-Party Defendants.

of whom Morris Hutson is the Appellant,

and Penn America Insurance Company & Global Indemnity Group, LLC is the Respondent.

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**THIRD-PARTY DEFENDANTS' MOTION TO DISMISS,  
OR, IN THE ALTERNATIVE,  
MOTION TO CORRECT THE CAPTION**

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**TO: PLAINTIFF / APPELLANT MORRIS BEACH HUTSON a/k/a M.B. HUTSON:**

Third-Party Defendants hereby move for dismissal. In the alternative, Respondents move to correct the title of this appeal. The grounds for this Motion are as follows.

### **FACTUAL BACKGROUND**

Penn America Insurance Company and its parent company, Global Indemnity Group, LLC (hereinafter collectively “Penn-America”) filed this action seeking injunctive relief. (Exh. A: Complaint.) Defendant Morris Beach Hutson a/k/a M.B. Hutson (hereinafter “Hutson”) responded by filing what can be characterized as a partial answer and assertion of counterclaims and third-party claims. (A copy of the substantive portion (minus exhibits) of Hutson’s “Ammended Cross Complaint with Notice of Motion and Motion for Temporary and Permanent Injunction” is attached as Exhibit B.) The caption of Hutson’s pleading names the following as “Third-Party Defendants”:

Penn America Insurance Company  
Global Indemnity Group, LLC

Timothy J. Newton, Esq.  
Murphy & Grantland, P.A.

Christian Stegmaier, Esq.  
Collins & Lacy P.C.

(Exh. B: Hutson Ammended Cross Complaint, p. 1.) Plaintiffs Penn-America, although captioned as third-party defendants, are actually counterclaim defendants. Newton, Stegmaier, and their respective firms are third-party defendants.

A flurry of motions followed. Penn-America and Hutson filed cross motions for a temporary injunction. Newton and Murphy & Grantland, P.A. (hereinafter collectively “Newton”) filed a pre-answer motion to dismiss. Penn-America and its counsel, Stegmaier and Collins & Lacy P.C. (hereinafter collectively “Stegmaier”) filed three motions to stay, strike, or dismiss certain of Hutson’s filings, including Hutson’s counterclaims against Penn-America and his third-party claims against Stegmaier.

All of the motions were heard before Judge Robert E. Hood on October 15, 2020. On December 9, 2020, Judge Hood issued four (4) orders, all of which incorporate each other by reference. Judge Hood's rulings are summarized below.

Order Granting Plaintiffs Motion for Temporary Injunction (attached as Exh. C). This Order lists the six (6) motions that Judge Hood heard. (Id. at p. 2.) Judge Hood made factual findings that Hutson was threatening additional litigation. (Id. at pp. 7-8.) He found no evidence Newton had actual knowledge of any fraud or perpetrated any fraud himself. (Id. at 8.) Judge Hood granted Penn-America's Motion for Preliminary Injunction and prohibited Hutson from filing any further *pro se* litigation in state court in this State. (Id. at 11.) Hutson did not appeal Penn-America's Motion for Temporary Injunction.

Order Granting Third-Party Defendant Newton's Motion to Dismiss, or, in the Alternative, Motion for Summary Judgment (attached as Exh. D). This Order dismissed Hutson's third-party claims against Newton and his firm.

Order Granting Plaintiff Penn-America's and Third-Party Defendants Stegmaier's Motions to Strike (attached as Exh. E.). This Order struck Hutson's counterclaims and third-party claims against Stegmaier. (Id. at p. 4.) The Order also struck portions of Hutson's Answer. (Id.) Thirdly, the Order struck three other filings by Hutson as impertinent and scandalous. (Id. at p. 5.)

Order Denying Hutson's Motion for Temporary Injunction (attached as Exh. F). This Order denied Hutson's request for a temporary injunction requiring Respondents to admit their alleged knowledge of extrinsic fraud. (Id.)

Hutson filed his Notice of Appeal on January 4, 2021 (attached as Exh. G). On January 7, 2021, the clerk sent Hutson two letters. One notified him of a deficiency in that he failed to pay the filing fee. The other letter acknowledged receipt of the appeal and provided the caption. Hutson re-

filed his Notice of Appeal (attached as Exh. H) shortly thereafter. The caption to both Notices of Appeal is “Morris Hutson v. Penn America Insurance Company & Global Indemnity Group, LLC.” Hutson did not attach copies of any of the challenged orders to either Notice of Appeal. Hutson did, however, list three of the four above-referenced orders. The orders identified in both Notices of Appeal are (1) the Order granting Newton’s dispositive motion (Exh. D); (2) the Order dismissing Hutson’s counterclaims and third-party claims against Penn-America and Stegmaier (Exh. E); and (3) the Order denying Hutson’s motion for injunctive relief (Exh. F).

The resulting confusion is evident from a review of the documents filed in the Appellate Case Management System. The document filed on January 4, 2021 as “Order from Public Index” is the unappealed Order Granting Penn-America’s Motion for Temporary Injunction (Exh. C). The document listed as “Order Under Appeal” is the Order Granting Penn-America’s and Stegmaier’s Motion to Strike (Exh. E). The document filed as “Judgment Under Appeal from Public Index” is actually a receipt for Penn-America’s surety bond. The Order dismissing Hutson’s third-party claims against Newton was not attached to either Notice of Appeal.

Hutson’s Initial Brief, which he filed on January 26, 2021, utilized his original caption. However, Hutson’s Amended Initial Brief filed February 5, 2021 listed Newton, Stegmaier, and their respective firms as respondents. Newton (and his firm) filed their Initial Brief on March 9, 2021, noting that the caption does not include them as respondents.

On May 14, 2021, the clerk sent the parties an “Unbound Original Letter.” This letter requires the parties to use in their final briefs the original caption that lists only Penn-America (and its parent company) as respondents. The Appellate Case Management System currently shows only Penn-America as respondents and four attorneys are listed as its counsel. Newton and his firm do not currently represent Penn-America.

At this point, it appears that this Court does not consider Newton, Stegmaier, and their firms to be parties to this appeal. They request that this Court clarify who are the respondents.

### **MOTION TO DISMISS**

Newton and Stegmaier recognize that clerical errors in a notice of appeal do not destroy the appeal. Mason v. Mason, 412 S.C. 28, 59, 770 S.E.2d 405, 421 (Ct. App. 2015). A “clerical error” is defined in South Carolina law as “a mistake in writing of copying.” Ex parte Strom, 334 S.C. 605, 608, 514 S.E.2d 599, 600 (Ct. App. 1999), aff’d, 343 S.C. 257, 539 S.E.2d 699 (2000). In Strom, the court held that failure to file a motion to be relieved as counsel was not a mere clerical error. 334 S.C. at 600, 514 S.E.2d at 608-09.

Hutson’s Notices of Appeal are substantively deficient in at least two respects. They fail to identify Newton and Stegmaier as respondents. See Conner v. City of Forest Acres, 348 S.C. 454, 461, 560 S.E.2d 606, 609 (2002) (dismissing two individual defendants because they were not served with a notice of appeal naming them as respondents within the 30-day time frame). Second, the South Carolina Rules of Appellate Procedure specifically require that a copy of the order(s) to be challenged on appeal be attached to the notice of appeal. Rule 203(d)(1)(B)(ii), SCACR. The challenged orders were not attached to the Notice of Appeal or the Amended Notice of Appeal in this case.

Respondents have already filed their initial briefs. This Court has ruled upon several motions. Yet at this late date, there appears to be confusion as to the proper parties to this appeal. This confusion arises directly from Hutson’s failure to follow the Rules. If Newton and Stegmaier are not proper parties to this appeal and are thereby unable to contest Hutson’s appeal of those matters, they will be prejudiced. See Connor, 348 S.C. at 461-62, 560 S.E.2d at 610 (holding that the Court of Appeals erred in backdating a defective notice of appeal to the prejudice of the individual defendants).

Service of the notice of appeal is a jurisdictional requirement. Connor, 348 S.C. at 461, 560 S.E.2d at 609. Hutson’s Notices of Appeal do not merely contain clerical errors—they fail to comply with two core jurisdictional requirements (not to mention Hutson’s failure to pay the filing fee, which he was allowed to correct). These requirements define the proper parties to the appeal. At this point, Hutson has not invoked the authority of this Court to review Hutson’s claims against the third-party defendants, as evidenced by this Court’s failure to recognize them as parties to this appeal. Therefore, Newton and Stegmaier should be dismissed as parties, and Hutson’s third-party claims against them should be dismissed.

Even if Hutson’s Notices of Appeal were sufficient for this Court to acquire jurisdiction, dismissal is appropriate when the appellant has failed to comply with the Rules. Rule 260(a), SCACR; Tinsley v. Ervin Co., 264 S.C. 487, 495, 216 S.E.2d 170, 173 (1975) (holding that dismissal for failure to follow the appellate court rules is justified). By failing to attach copies of the challenged orders, Hutson failed to comply with Rule 203(d)(1)(B)(ii). Any prejudice to Hutson from dismissal of his third-party claims is minimal. Hutson’s third-party claims are merely a rehash of the same issues that are being litigated in a separate pending appeal. (See Exh. D: Order, pp. 6-8.)

### **MOTION TO CORRECT THE TITLE**

In the alternative, if this Court denies their Motion to Dismiss, Respondents hereby request that this Court correct the case caption to reflect the proper parties to this appeal. Hutson’s notice to third-party defendants, if found to be sufficient, met only the bare minimum requirement that the challenged orders are specified. Third-party defendants, as adverse parties to Hutson’s appeal from Stegmaier’s Motion to Strike and Newton’s Motion to Dismiss, would therefore be respondents. Rule 202(a), SCACR; 4 C.J.S. Appeal and Error § 334 (June 2021 Update) (explaining that a respondent is “the party against whom an appeal is taken and who has an interest adverse to setting aside the

judgment”). The title of this appeal should therefore be corrected to reflect Newton, Stegmaier, and their firms as respondents.

### **REQUEST TO STAY**

Hutson filed several documents all claiming to be his initial reply brief as per this Court’s directive on May 19, 2021. On June 4, 2021, this Court struck Appellant’s May 25, 2021 filing. It appears that the document Appellant filed on May 13, 2021 stands as his Initial Reply Brief. That would mean the 30-day clock for service of the Record on Appeal expires on May 12, 2021. See Rule 210(a), SCACR. In light of this Court’s May 14, 2021 requirement that a bound paper copy of the Record on Appeal and final briefs be submitted, Third-Party Defendants and/or Respondents request that this Court rule on this Motion and clarify the parties to this appeal before the deadlines for the Record on Appeal and filing final briefs.

### **CONCLUSION**

For the reasons set forth above, this Court should either dismiss Hutson’s appeals with respect to his claims against Third-Party Defendants or correct the caption prior to the deadlines for the Record on Appeal and/or final briefs.

*[Signature page follows]*

Respectfully submitted,

*s/Christian Stegmaier*

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PENN AMERICA INSURANCE COMPANY AND  
GLOBAL INDEMNITY GROUP, LLC AND  
THIRD-PARTY DEFENDANTS CHRISTIAN  
STEGMAIER AND COLLINS & LACY, P.C.

MURPHY & GRANTLAND, P.A.

*s/ Timothy J. Newton*

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ATTORNEYS FOR THIRD-PARTY  
DEFENDANTS TIMOTHY J. NEWTON AND  
MURPHY & GRANTLAND, P.A.

Columbia, South Carolina  
June 8, 2021

# Exhibit A

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF RICHLAND	)	FIFTH JUDICIAL CIRCUIT
	)	
Penn America Insurance Company and Global Indemnity Group, LLC,	)	Civil Action No.:
	)	
Plaintiffs,	)	
	)	
vs.	)	<b>SUMMONS</b>
	)	
Morris Beach Hutson a/k/a M.B. Hutson,	)	
	)	
Defendant.	)	
	)	

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TO: MORRIS BEACH HUTSON A/K/A M.B. HUTSON, DEFENDANT:

YOU ARE HEREBY SUMMONED and notified that an action has been filed against you in this court. Within thirty (30) days of the day you receive this Summons, you must respond in writing to this Complaint by filing an Answer with this Court. You must also serve a copy of your Answer to this Complaint upon the Plaintiffs' Attorney at the address shown below. If you fail to answer the Complaint, judgment by default could be rendered against you for the relief requested in the Complaint.

[SIGNATURES ON FOLLOWING PAGE]

COLLINS & LACY, P.C.

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ATTORNEYS FOR PLAINTIFFS PENN  
AMERICA INSURANCE COMPANY  
AND GLOBAL INDEMNITY GROUP,  
LLC

**SUMMONS**

Columbia, South Carolina  
August 10, 2020

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF RICHLAND	)	FIFTH JUDICIAL CIRCUIT
	)	
Penn America Insurance Company and Global Indemnity Group, LLC,	)	Civil Action No.:
	)	
Plaintiffs,	)	
	)	
vs.	)	<b>COMPLAINT</b>
	)	<b>(Action in Equity; No Jury Trial Demanded)</b>
Morris Beach Hutson a/k/a M.B. Hutson,	)	
	)	
Defendant.	)	
	)	

TO: MORRIS BEACH HUTSON A/K/A M.B. HUTSON, DEFENDANT:

Plaintiffs Penn America Insurance Company and Global Indemnity Group, Inc., (“Plaintiffs”) allege and would show unto the Court:

**PARTIES, JURISDICTION, AND VENUE**

1. Plaintiff Penn America Insurance Company (“PAIC”) is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania.
2. Plaintiff Global Indemnity Group, LLC (“Global”) is a limited liability company organized and existing under the law of the State of Delaware.
3. Global is the parent company of PAIC, a member of Penn-America Group, which offers specialty property and casualty products designed for small businesses.
4. Upon information and belief, Defendant Morris Beach Hutson a/k/a M.B. Hutson (“Hutson”) is a resident of Orangeburg County, South Carolina.
5. This Court has subject matter jurisdiction pursuant to Article V, Section 11, of the South Carolina Constitution.
6. This Court has personal jurisdiction over the parties.

7. Pursuant to S.C. Code Ann. § 15-7-30(C)(2), venue is proper in Richland County, where the most substantial part of the alleged acts or omissions giving rise to the causes of action herein occurred.

### **FACTUAL BACKGROUND**

8. Plaintiffs restate the above-numbered paragraphs and incorporate the same by reference.

### **The Land Deal**

9. In December 2010, Hutson entered into a Membership Interest Purchase Agreement with Richard U. Clark, Jimmy S. Lovell, James Thigpen and The Big Water Resort, LLC, related to the outstanding membership interests in The Big Water Resort, LLC.
10. In December 2010, Hutson also entered into a Lease Purchase Agreement with TLC Holdings, LLC (“TLC”), Richard U. Clark, Jimmy S. Lovell and James Thigpen related to the purchase of property in Clarendon County, South Carolina, including a campground known as “Big Water Resort,” a convenience store facility and adjacent land known as the “Big Water Country Store and Restaurant,” and a 57.81 acre tract known as “Roger’s Tract.”

### **The Ejectment Action and Hutson’s Eviction**

11. In December 2011, TLC filed an ejectment action against Hutson alleging he defaulted on the terms of the Lease Purchase Agreement. See TLC Holdings, LLC v. Hutson, Case No. 2011-CP-14-602 (Clarendon Cnty. Ct. Comm. Pleas) (“the Ejectment Action”).
12. Hutson, who was represented by counsel, filed counterclaims against TLC in the Ejectment Action.
13. Hutson’s counterclaims in the Ejectment Action asserted that various misrepresentations and material omissions were made with respect to the Subject Property and that TLC and

its members interfered with the Property's development and operation.

14. The parties agreed to settle the Ejectment Action, and the Settlement Agreement was adopted into a Consent Order filed April 13, 2012.
15. Following Hutson's default under the terms of the 2012 Settlement Agreement and Consent Order, TLC sought to evict Hutson from the Big Water Resort property.
16. Following a hearing, the Honorable George C. James, Jr., entered an Order on March 21, 2014, which enforced the terms of the Consent Order and Settlement Agreement.
17. Judge James found that Hutson's claims that TLC "made 'verbal assurances' to Hutson that were incorrect, or that [TLC] failed to make 'important disclosures' to him" were the same claims alleged in the 2012 action and resolved pursuant to the 2012 Settlement Agreement and Consent Order.

#### **The Insurance Policy**

18. PAIC issued commercial general liability (CGL) policy number PAC7045167 to "BWR, Inc. d/b/a Big Water Resort" as the named insured ("the Policy").
19. The Policy was in effect from October 16, 2013 through April 7, 2014.
20. Hutson was the principal in BWR, Inc., a now defunct corporation formerly organized and existing under the laws of the State of South Carolina.

#### **Federal Class Action**

21. In the midst of TLC's efforts to evict Hutson from the Big Water Resort property, Hutson allegedly sent the campground members a postcard, asserting that both he and they were victims of a scam perpetrated by TLC.
22. On April 22, 2014, a group of Big Water Resort campground members filed a class action against TLC in federal court. See *Big Water Resort, LLC, et al. v. TLC Holdings, LLC*,

C/A: 2:14-1583-DCN-MGB (D.S.C.) (“the Class Action”).

23. In the Class Action, TLC asserted third-party claims for equitable indemnification against Hutson.
24. In the Class Action, Hutson asserted counterclaims against TLC.
25. TLC and Hutson filed cross motions for summary judgment in the Class Action as to their respective third-party claims and counterclaims.
26. TLC filed its first motion for sanctions against Hutson, pointing to a course of conduct by Hutson which they argued was tantamount to harassment and abuse of the judicial system. The conduct cited by TLC included Hutson’s repeated filing of motions lacking factual and legal support, his accusations of criminal conduct and threats to contact law enforcement, and his accusations of unethical conduct by TLC’s counsel.
27. On April 5, 2016, Federal Magistrate Judge Mary Gordon Baker issued a Report and Recommendation in the Class Action, which included a recommendation that TLC’s motion for summary judgment be granted as to Hutson’s counterclaims.
28. Judge Baker’s Report and Recommendations also recommended denial of TLC’s first motion for sanctions against Hutson, reasoning that Hutson was *pro se*, withdrew many of his objectionable filings, had not previously been warned that he was in violation of Rule 11, and would no longer be proceeding pro se if the District Judge adopted her recommendation as to summary judgment on Hutson’s counter claims.
29. On May 20, 2016, Federal District Judge David C. Norton adopted the Report and Recommendation, finding that Hutson’s counterclaims against TLC in the Class Action litigation were barred by res judicata and declining to impose sanctions against Hutson.

30. TLC filed a second motion for sanctions against Hutson in the Class Action, which incorporated the arguments in their first motion and argued that Hutson's motion to reconsider the May 20, 2016, Order was filed in bad faith, as it lacked legal support, falsely purported to offer new evidence, and repeated the same allegations he made in numerous filings throughout the course of the Class Action litigation.
31. On October 6, 2017, Judge Norton entered an Order granting the second motion for sanctions against Hutson, finding:
- In his motion to reconsider, Hutson claimed to present new evidence but instead repeated the same arguments he made in his prior filings and failed to identify any new documents or evidence, despite representing to the court that he had the latter. He also asked the court for relief that it lacks jurisdiction to grant. He failed to provide evidentiary support for the factual allegations in his motion. No inference can be drawn that the motion was filed in good faith. Hutson appears to have continued his pattern of frivolous filings and conduct designed to harass or burden third-party plaintiffs, and there is no indication that he intends to cease.
32. Judge Norton's Order found that Hutson's response to TLC's second motion for sanctions "again makes reference to the alleged fraud by third-party plaintiffs in obtaining the settlement agreement and the order signed by Judge James in the prior state court litigation." The judge found Hutson made these allegations throughout the course of this litigation, but has never specified what the fraud is or submitted evidence of it.
33. Judge Norton noted that Hutson filed identical counterclaims against TLC in the Defamation Action, referenced infra, but refused to dismiss them even after the ruling in the Coverage Action that such claims were barred by res judicata.
34. The Court found the prior warnings to Hutson had failed to alter his behavior, explaining:
- Hutson's recent filing with the court makes repeated reference to his pro se status. Hutson has established a pattern of making misrepresentations to the court, of making unsupported allegations

of unethical and criminal conduct by third-party plaintiffs, and of using the judicial process as a mechanism of harassment. His meritless filings have wasted untold hours of the court's time. He lacks any evidence to support his counterclaims and other allegations against third-party plaintiffs. Indeed, Hutson routinely fails to provide factual or legal support for anything he files with the court. Accordingly, the court finds that sanctions are appropriate under the court's inherent power.

35. Judge Norton's Order imposed monetary sanctions against Hutson of \$14,908.50, but declined to impose the requested non-monetary sanction of barring Hutson from submitting further pro se filings.
36. PAIC paid the \$14,908.50 sanctions award against Hutson.
37. Subsequently, PAIC settled TLC's third-party claims against Hutson in the Class Action without any personal liability to Hutson.
38. TLC's third-party claims against Hutson in the Class Action were formally dismissed on April 11, 2018.

#### **The Defamation Action**

39. On December 7, 2015, TLC filed a separate action against Hutson in state court for defamation. See TLC Holdings, LLC, et al. v. Hutson, Case No. 2015-CP-14-0615 (Clarendon Cnty. Ct. Comm. Pleas) ("the Defamation Action").
40. TLC's claims related to statements made by Hutson in the postcard he sent to campground members and certain statements Hutson made to the attorney who represented the campground members in the Class Action.
41. Hutson raised identical counterclaims against TLC in the Defamation Action as he raised in the Class Action.

42. On March 2, 2017, The Honorable R. Ferrell Cothran, Jr., entered an Order granting TLC's motion for summary judgment as to Hutson's counterclaims in the Defamation Action, concluding that "Hutson's counterclaims either were or could have been raised in the prior state court litigation, and he released all such claims by virtue of the Settlement Agreement."
43. TLC's claims in the Defamation Action proceeded to a jury trial.
44. The jury returned a verdict in the amount of Three Million Five Hundred Thousand Dollars (\$3,500,000) on January 26, 2018.
45. Hutson's counsel appealed from the verdict in the Defamation Action.
46. During the pendency of the appeal, PAIC resolved the Defamation Action through mediation without any personal liability to Hutson.
47. PAIC's coverage counsel, Timothy Newton, informed Hutson of the settlement in the Defamation Action on December 4, 2018.

#### **The Coverage Action**

48. In or about February 2016, PAIC was notified of the Class Action and the Defamation Action.
49. PAIC provided Hutson, as a principal of BWR, Inc., a defense in both the Class Action and the Defamation Action, subject to a full reservation of rights.
50. PAIC originally retained Laura Paton and Mike Etheredge of Carlock Copeland to represent Hutson in the Class Action and the Defamation Action.
51. Frank Gordon of Millberg Gordon was later substituted as counsel for Hutson in the Class Action and the Defamation Action

52. PAIC retained Murphy & Grantland as its coverage counsel with respect to the Class Action and the Defamation Action.
53. On June 14, 2016, Timothy Newton, as coverage counsel for PAIC, filed a declaratory judgment action seeking a judicial ruling as to PAIC's coverage for TLC's claims against Hutson in the Class Action and the Defamation Action. See Penn-America Insurance Company v. BWR, Inc., et al., C/A: 2:16-cv-01943-DCN (D.S.C.) ("the Coverage Action").
54. On or about September 16, 2016, Hutson entered into a Settlement Agreement and Release of Certain Claims with PAIC.
55. PAIC paid Hutson the sum of Nine Thousand Five Hundred Dollars (\$9,500.00) as consideration for the Settlement Agreement and Release in the Coverage Action.
56. Paragraph 2 of the Settlement Agreement and Release in the Coverage Action, provides:

Hutson, for and in consideration of the sum of Nine Thousand Five Hundred and 00/100 (\$9,500.00) Dollars, receipt of which is hereby acknowledged, does hereby release and forever discharge Penn-America, its agents, servants, employees, affiliates, successors and assigns, and any and all other persons, firms or corporations from any and all actions, causes of action, demands and/or claims of any nature whatsoever which the undersigned may have against Penn-America relating to:

- a. Penn-America's coverage for the Underlying Lawsuits; and
- b. Penn-America's coverage for the Property Loss claim;

together with any claims relating to Penn-America's investigation and/or claim handling, including any causes of action for breach of contract, bad faith, improper claims practices, or any other cause of action which could be asserted, arising from the above-reference matters (hereinafter "Released Claims"). The consideration expressed herein constitutes payment in full to Hutson for all policy proceeds, damages, losses and/or injuries to persons or property or both, whether known or unknown, developed or undeveloped, which have resulted or may result from the incident aforesaid,

whether the claims could have been asserted against Penn-America by way of counterclaim in the Declaratory Judgment Action or by separate lawsuit.

57. Paragraph 3 of the Settlement Agreement and Release in the Coverage Action, provides:

It is agreed by the Parties that Penn-America will not challenge its duty to defend, nor will it seek a ruling as to coverage in the pending Declaratory Judgment Action with respect to its duty to defend Hutson in the Underlying Cases. Penn-America will continue to defend Hutson in the Underlying Cases pursuant to the terms of the Policy. This Agreement will not be construed to expand Penn-America's duty to defend beyond that called for by the terms of the Policy except as set forth herein.

58. Paragraph 4 of the Settlement Agreement and Release in the Coverage Action, provides:

Hutson agrees to cooperate with Penn-America according to the terms and conditions of the Policy. In the event of any future conduct by Hutson that constitutes a material breach of the terms or conditions of the Policy or of this Agreement, Penn-America will not be bound by Paragraph 3 with respect to such future conduct by Hutson.

59. Paragraph 5 of the Settlement Agreement and Release in the Coverage Action, provides:

As part of the aforesaid agreement, Hutson agrees that he will enter into a Stipulation to abide by the judgment in the Declaratory Judgment action. It is further agreed that Hutson will not file any counterclaim or separate action against Penn-America with the respect to the above-referenced matters, and that Hutson will not attempt to assign any rights he may have against Penn-America related to the above-referenced matters to any third party.

60. Paragraph 6 of the Settlement Agreement and Release in the Coverage Action, provides:

Hutson further agrees that he will not assert or attempt to assert any further coverage claims with Penn-America arising from the Released Claims.

61. Paragraph 9 of the Settlement Agreement and Release in the Coverage Action, provides:

The parties agree that entry into this Agreement is not an admission of liability or of any fact or circumstance out of which the claims and/or counterclaims in the Underlying Lawsuits or the Declaratory Judgment Action. The settlement made herein is solely for the

purpose of avoiding further litigation between the Parties and is in full and final settlement of all claims released herein.

62. Hutson was dismissed as a party to the Coverage Action on September 30, 2016.

**The Weissenstein Malpractice Action and Appeal**

63. On September 4, 2018, Hutson filed a legal malpractice action against Paul Weissenstein, one of the attorneys who represented him in the 2012 Ejectment Action and resulting Settlement Agreement. See Hutson v. Weissenstein, Case No. 2018-CP-43-1583 (Sumter Cnty. Ct. Comm. Pleas) (“the Weissenstein Malpractice Action”).
64. On February 25, 2019, the Honorable Kristi Curtis granted summary judgment in favor of Weissenstein.
65. In addition to being filed after the statute of limitations, Judge Curtis found that Hutson knew about the lifetime memberships and their potential impact on the title of the subject property during the purchase process. To the extent an error was made in failing to identify the title defect, Weissenstein could not be held responsible because he did not represent Hutson at that time. Moreover, there was ample evidence that Hutson was aware of the lifetime memberships, such that his counterclaim against TLC for fraud would have necessarily failed. Accordingly, she found no cognizable malpractice claim against Weissenstein for failing to pursue a counterclaim against TLC and advising Appellant to enter into the Settlement Agreement.
66. Hutson appealed from Judge Curtis’ Order granting summary judgment in the Weissenstein Malpractice Action. Hutson v. Weissenstein, Appellate Case No. 2019-873 (S.C. Ct. App.) (“the Weissenstein Appeal”).
67. Weissenstein filed a motion to dismiss the Weissenstein Appeal based upon Hutson’s failure to serve the Record on Appeal.

68. The Court of Appeals recently entered an Order denying the motion to dismiss and providing Hutson twenty days, until July 27, 2020, to serve the Record on Appeal. Thereafter, the Court granted Hutson an additional extension, until August 7, 2020, to file the Record.

**The Burn Malpractice Action**

69. On November 8, 2018, Hutson filed a legal malpractice action against Stephen “Chip” Burn, Sarah Gutherie, and Burn Law Firm, LLC. See Hutson v. Burn, et al., Civ. Action No. 2018-CP-32-03879 (Lexington Cnty. Ct. Comm. Pleas) (“the Burn Malpractice Action”).
70. Hutson alleged in the Complaint that Burn reviewed the documentation and improperly advised Hutson that he did not have sufficient evidence to prevail on the counterclaims he had asserted in the Ejectment Action.
71. On April 10, 2019, the Honorable Frank R. Addy, Jr. entered an Order of Dismissal, finding that Hutson failed to cure the lack of expert affidavit or establish that such an affidavit was not necessary.
72. Hutson did not appeal from the Order of Dismissal in the Burn Malpractice Action.

**The Atlantic Coast Properties Action**

73. On November 25, 2018, Hutson filed a lawsuit against Atlantic Coast Properties, alleging fraud in another, unrelated real estate transaction. See Hutson v. Atlantic Coast Props., et al., Case No. 2018-CP-40-06156 () (“the Atlantic Coast Properties Action”).
74. On April 11, 2019, the Honorable Robert E. Hood entered an Order of Dismissal, finding that the suit was filed in breach of a release.
75. Hutson did not appeal from the Order of Dismissal in the Atlantic Coast Properties Action.

**The Bad Faith Action and Appeal**

76. On December 5, 2018, the day after notification of the final settlement in the Defamation Action, Hutson filed a lawsuit against Penn America Insurance Company, Global Indemnity Group, Inc., J.R. Murphy, and Timothy Newton. See Hutson v. Penn America Ins. Co., et al., Case No. 2018-CP-40-06344 (Richland Cnty. Comm. Pleas) (“the Bad Faith Action”).
77. Construed liberally, the Complaint in the Bad Faith Action asserted causes of action for breach of contract, bad faith, fraud, misrepresentation, negligence, tortious interference with attorney-client relationship, and legal malpractice.
78. J.R. Murphy and Timothy Newton filed a joint motion to dismiss.
79. PAIC and Global filed a motion for summary judgment.
80. On June 26, 2019, a hearing was held before The Honorable Michael G. Nettles on the dispositive motions.
81. On July 18, 2019, following consideration of the written filings and proposed orders, Judge Nettles entered two Orders granting the defendants’ respective dispositive motions.
82. Hutson appealed from Judge Nettles Orders granting dismissal and summary judgment in the Bad Faith Action. See Hutson v. Penn America Inc. Co., et al., Appellate Case No. 2019-001488 (“the Bad Faith Appeal”).
83. At the time of this filing, the Bad Faith Appeal is held in abeyance pending resolution of several pending motions.
84. One of the pending motions before the Court of Appeals is Hutson’s Emergency Motion for Hearing, wherein he seeks to hold an evidentiary hearing before the appellate court and examine the defendants and their counsel. Hutson alleges that J.R. Murphy, Timothy

Newton, and PAIC and Global's current counsel, Christian Stegmaier, have all failed to disclose "extrinsic fraud" to the Court.

85. PAIC and Global recently filed a Motion for Sanctions against Hutson in the Bad Faith Appeal. The Motion for Sanctions contains a request for monetary sanctions and the alternative requests that either the appeal be dismissed or that Hutson be prohibited from making any *pro se* appellant filings without leave of Court other than the Record on Appeal and Final Briefs.

#### **The Current Threats of Future Litigation**

86. On June 22, 2020, Hutson sent an e-mail to Christian Stegmaier, counsel for PAIC and Global. Hutson also copied an employee of Global Indemnity, Paul Glenn.
87. The June 22, 2020 e-mail from Hutson stated:

Good morning Christian, this saddens me having to seriously consider bringing a[n] immediately separate action against you for participating with Tim Newton and JR Murphy in extrinsic fraud upon the Appeals Court and the lower Court. You are sticking with Murphy & Grantland including filing documents that play their defense against me and against what's right and truthful.

Do any attorneys exist who want [sic] hesitate to step over the line of what's right and legal? Penn America and Global were fully aware that making a business decision to not defend me in order to remove the extrinsic fraud could only cause one outcome. In addition, they had an obligation to come to me advising me of what they had decided to do and how I was going to be destroyed by their decision since I was the insured and through me and my business, the insurance companies got their monthly payments for coverage.

I plan to serve the insurance companies copies of the complaint as well as serving you. I find this to be a crying shame. I would hope that you would have done the right thing immediately. I simply need and want real Justice. You are cheating against me.

88. On July 6, 2020, Hutson sent another e-mail to Christian Stegmaier. Hutson also copied Paul Glenn, Timothy Newton, and J.R. Murphy.

89. The July 6, 2020 e-mail from Hutson stated, in relevant part:

By hiding the facts of the existing and underlying extrinsic fraud upon the courts to protect your clients, Penn America, et.al., you will likely find yourself personally and professionally entwined. I am not writing this email to you to threaten or extort but simply to remind you that your inaction to disclose extrinsic fraud underlying these actions in the court are wrong and dishonest to the Appeals Court and Judges, as well to me. You are intentionally concealing pertinent facts that you have a legal and professional obligation to bring to the attention of the Court. You intentionally failed to bring attention to this in Judge Nettles' court about the known concealments, also.

I have filed my Emergency Motion, as you know, and mailed you a copy. If I don't hear from you within the next (5) business days, I will proceed with a complaint in State or Federal Court against you.

90. On July 8, 2020, Appellant sent an e-mail to Christian Stegmaier, Timothy Newton, J.R. Murphy, Paul Glenn, Laura Paton, Frank Gordon, and others.
91. The July 8, 2020 e-mail from Hutson threatened to "use the Internet, among other methods" to "name every person, every law firm and lawyer as well as every person who has assisted in plotting to defraud me including persons who work for Penn America or Global Indemnity."
92. The July 8, 2020 e-mail from Hutson further stated:

I can use the Internet, among other methods. I plan to name every person, every law firm and lawyer as well as every person who has assisted in plotting to defraud me including persons who work for Penn America or Global Indemnity. Should anyone refer to my actions as defamation, I welcome any new lawsuit that allows me to further expose the injustice carried out by the following:  
Tim Newton @ Murphy & Grantland South Carolina  
JR Murphy @ Murphy & Grantland South Carolina  
Christian Stegmaier @ Collins & Lacy P.C. South Carolina  
Doreen Fournier @ Global Indemnity  
Laura Paton @ Carlock, Copeland Stair LLP  
Chip Emge @ Carlock, Copeland Stair LLP  
Frank Gordon, Esq. based in Raleigh, N C  
Bill Lyons, Esq. of Charleston, South Carolina

... To name a few.

93. On July 27, 2020, Hutson sent another e-mail to Christian Stegmaier, Timothy Newton, and J.R. Murphy.

94. The July 27, 2020 e-mail from Hutson states:

Dear Christian Stegmaier, Tim Newton, J.R. Murphy, Penn America and Globla [sic] Indemnity;

I am putting you all on notice that your actions by concealing extrinsic fraud preventing the courts and public from knowing the truth and understanding that you all are the misleading ones for you are wrong, corrupt and intentionally damaging me. Your fraudulent determination to continue painting me as the dishonest, harassing bad person is intentionally misleading, damaging to me and results in a clear act of defamation of which damages my ability to work.

I plan to take these immoral actions to court rightaway [sic]. I have an abundance of evidence showing my damages and mental depression and stress that you have caused me intentionally and continue to cause on a daily basis. All are warned. All of you are totally out of control assuming that their [sic] are no consequences [sic] for your wrongful, willful and sporadic actions. You show no respect to the Honorable Courts nor me. In addition, all of you are and have been falsifying the real truth about me by conspiracy. The insurance companies are sponsoring most of these actions against me. I am sick and tired [sic] of having to fight for my life while you merely sit back attempting to show off. You are destroying your representations as creditable 'officers of the court'. There are laws against such actions.

95. On August 8, 2020, Huston sent another e-mail to Christian Stegmaier, Timothy Newton, and J.R. Murphy.

96. The August 8, 2020 e-mail from Hutson states:

Have no choice but to move forward with a new needed complaint, "Defamation by way of Extrinsic Fraud" naming Christian Stedmaier [sic], Tim Newton, JR Murphy, Penn America and Global. Soon I will file the same "Defamation by way of Extrinsic Fraud against Turner Padgett and Tom Harper.

This horrible intentional situation that I have been put through is the worst, most unimaginable cruelty and has caused great undue stress, damages and unbelievable depression. I do not understand how a business or attorneys could do another human being like this. Lawyers simply prefer not to inform the Courts of any on-going extrinsic fraud by fellow attorneys. It was merely by choice. This whole thing needs to end rather getting more broad.

97. The communications referenced *supra* represent just a handful of the telephone and e-mail correspondence that Hutson has sent to counsel for PAIC and Global during the course of the Bad Faith Action and Bad Faith Appeal.

**FIRST CAUSE OF ACTION**  
**(Preliminary and Permanent Injunction)**

98. Plaintiffs restate the above-numbered paragraphs and incorporate the same by reference.
99. In South Carolina, a party is not permitted to maintain an action which is merely vexatious, or which is unnecessary and could not be productive of any practical results.
100. A court of equity may properly intervene to prevent continued and vexatious litigation.
101. Hutson has a history of filing frivolous litigation and claims, including the repeated assertion that some manner of fraud was committed in the Ejectment Action.
102. Hutson's claims have been repeatedly dismissed or disposed of on summary judgment based upon a lack of evidence to support Hutson's claims, waiver, and/or res judicata.
103. Hutson has a history to entering into Settlement Agreements and Releases, the terms of which he then disregards to pursue claims which he has waived the right to pursue.
104. Hutson continues to threaten additional litigation against PAIC, Global, and their officers, agents, servants, employees, attorneys, affiliates, successors and assigns, with the most recent threat made on August 8, 2020.
105. There is no objective or good faith basis for Hutson to pursue any further litigation against PAIC, Global, and their officers, agents, servants, employees, attorneys, affiliates,

- successors and assigns.
106. Hutson has continuously imposed an undue burden on the courts by presenting meritless pleadings and motions to the court.
  107. Hutson has continuously imposed an undue burden on the other parties to litigation in which he is involved by presenting meritless pleadings and motions to the court, to which the opposing parties must respond or risk their inaction being viewed as consent.
  108. Other sanctions are not adequate to protect PAIC, Global, and the agents, representatives, and employees of PAIC and Global, because, once Hutson files and serves his Complaint, the opposing parties are required to expend great time and expense to respond to the Complaint, and even if successful in obtaining a favorable disposition, to defend the case on appeal.
  109. An award of monetary sanctions pursuant to Rule 11 or the Frivolous Proceedings Act is not a sufficient deterrent for Hutson, as evidenced by Hutson's repeated filing of meritless litigation and claims.
  110. Upon information and belief, Hutson lives on a fixed income and is unlikely to have the funds to repay the attorney's fees and costs that PAIC, Global, and their officers, agents, servants, employees, attorneys, affiliates, successors and assigns must incur to defend against future litigation.
  111. Hutson is a vexatious litigant, likely to abuse the judicial process and harass other parties, without the imposition of an injunction limiting his access to the state courts.

WHEREFORE, Plaintiffs Penn America Insurance Company and Global Indemnity Group, Inc. respectfully request:

- a. Defendant Hutson be prohibited from initiating any *pro se* litigation before a state court in South Carolina against Penn America Insurance Company, Global Indemnity Group, Inc., or any of their officers, agents, servants, employees, attorneys, affiliates, successors and assigns, without first obtaining leave of Court;
- b. Defendant Hutson be required to pay the costs and attorney’s fees associated with this action; and
- c. These Plaintiffs be awarded such other and further relief as this Court deems proper.

Respectfully submitted,  
COLLINS & LACY, P.C.

By: *s/Christian Stegmaier*  
 CHRISTIAN STEGMAIER  
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[cstegmaier@collinsandlacy.com](mailto:cstegmaier@collinsandlacy.com)  
 LAURA R. BAER  
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 (803) 256-2660 (main)  
 (803) 771-4484 (fax)

ATTORNEYS FOR PLAINTIFFS PENN  
AMERICA INSURANCE COMPANY  
AND GLOBAL INDEMNITY GROUP,  
LLC

**PLAINTIFFS’ COMPLAINT**

Columbia, South Carolina  
August 10, 2020

## Exhibit B

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

Penn America Insurance Company and  
Global Indemnity Group, LLC,

Plaintiffs

vs.

Morris Beach Hutson a/k/a M. B. Hutson

Defendant

Morris Beach Hutson a/k/a M.B. Hutson

Defendant

vs.

Third Party Defendants:

Penn America Insurance Company,  
Global Indemnity Group, LLC,  
Timothy J. Newton, Esq.,  
Murphy & Grantland, P.A., and  
Christian Stegmaier, Esq.,  
Collins & Lacy P.C.

) IN THE COURT OF COMMON PLEAS

)  
)  
) Civil Action No. 2020-CP- 4003810

)  
)  
) DEFENDANT'S AMMENDED CROSS  
) COMPLAINT WITH  
) NOTICE OF MOTION  
) AND  
) MOTION FOR TEMPORARY AND  
) PERMANENT INJUNCTION  
) ( RULE 65M SCRPC )

)  
) JURY TRIAL DEMANDED

2020 AUG 26 AM 9:25  
MICHAEL W. McBRIDE  
S.C.P. & S.S.  
RICHLAND COUNTY  
FILED

1. Comes now the Defendant Hutson who asks: that the court take notice that pursuant to Rule 65 of the South Carolina Rules of Civil Procedure, Defendant Hutson hereby moves for a temporary and permanent injunction at the Richland County Judicial Center, 1701 Main Street, Columbia, South Carolina (or alternatively via remote hearing as ordered by the Court ) on the earliest possible time and date. Said temporary and permanent injunction is required against Plaintiff, Penn America / Global Indemnity and third party Defendants due to

the fact of their committing Extrinsic Fraud. The actual Extrinsic Fraud is within their application for a restraining order against Defendant. Deny Plaintiff's motion to prohibit Defendant Hutson from initiating any Pro Se litigation before any state court in South Carolina.

2. "The trial court has the inherent authority, within the exercise of sound judicial discretion, to dismiss an action when a plaintiff has perpetrated a fraud on the court, or where a party refuses to comply with court orders". *Kornblum v. Schneider*, 609 So. 2d 138, 139 (Fla. 4th DCA 1992).

3. Within, and in Attachment "B," **Laura Paton Esq., engaged by Penn America Insurance Company and Global Indemnity, clearly cites 77 counts of fraud of which these Plaintiffs and Third Party Defendants were fully aware, that originated through attorneys for TLC Holdings, LLC in an underlying case.** However, Plaintiffs and their legal counsel at Murphy and Grantland, P.A. (and now also at Collins & Lacy P.C.) intentionally avoided exposing that Extrinsic Fraud upon the court when they had a legal obligation so to do:

*"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"*. See Rule 8.3 (b) SCRPC 2016 (p. 406), and cmt. 1. & "Mandatory Duty to Report Serious Misconduct". Also see *in re Rivers*, 285 S.C. 492, 331 S.E. 2<sup>nd</sup> 332 (1984)."

Furthermore, the 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."**

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**Count One:**  
**Plaintiff and Third Party Defendants committing fraud and Extrinsic Fraud**

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4. The Plaintiffs, ( PAGO ) / Third Party Defendants had knowledge that underlying fraud and Extrinsic Fraud (upon the court) was concealed from, rather than disclosed to, the S. C. Courts. Their actions, or more accurately their inactions, caused extreme, direct and proximal damages to this Defendant/Appellant. Those are outlined herein: (L. Paton, Esq. page 22, paragraph 124) and including Paton's 77 counts of fraud (beginning on Paton's document p. 13, par. 47, (as attached to this Amended Cross Complaint) and going thru par. 124). These were committed by TLC's attorneys, of which Plaintiff and Third Party Defendants were and are totally aware ). Attorneys for the Plaintiff (PAGO) / and Third Party Defendants failed to fulfill their legal obligations as officers of the S.C. Court to fully defend or report -- via disclosure of known fraud and Extrinsic Fraud upon the court, in the underlying case/cases: in Clarendon County, (# 2015-CP-140615) as well as in other related cases ( # 2018-CP-4006344 and # 2020-CP-4003810) with the same Defendant. Had attorneys for this Plaintiff fulfilled their legal obligation to disclose the known Extrinsic Fraud upon the Court, all issues could already have

been avoided and/or resolved prior to this action. This issue is currently in the S.C. Appellate Court (# 2019-001488). Plaintiffs and now Third Party Defendants are now also defrauding this Common Pleas Court as they have other state court proceedings (listed above) and the Federal Court (# 214-CV-01583-DCN-MGB). These illegal acts are intentional in hopes of tilting the Justice scales in their favor *preventing the Defendant from having his case fully heard.*

5. Plaintiffs and all Third Party Defendants were entwined within a conspiracy to commit Extrinsic Fraud Upon the Courts, including in this action. This is the very reason that Defendant sued Plaintiff and Third Party Defendants. Plaintiff and Third Party Defendants are intentionally obstructing justice through the continued concealments of fraud and Extrinsic Fraud and are totally ignoring their required responsibility to fully disclose. They refuse to report the Extrinsic Fraud as required (See Rule 402). This constitutes Obstruction of Justice for their claims are nothing short of deception, fraud upon the court, intentional misrepresentation by way of refusing to disclose the concealments and complete and total damages to the Defendant / Appellant who was their insured.

6. Hutson submits proof with this cross complaint to the Common Pleas Court, via attached creditable documents, that Extrinsic Fraud was concealed and not disclosed in Federal and State Courts by these Plaintiffs and Third Party Defendants and is on going in the Appellate Court (# 2019-000873). Now, they are seeking this injunction here in the Common Pleas Court to hide their intentional wrong-doings and unclean hands.

7. Defendant Hutson has attached documents that he has presented in the Appellate Court against these Plaintiffs to prove Plaintiffs and Third Party Defendants are engaged with fraud and Extrinsic Fraud upon the courts that they used to benefit themselves. These attached documents will show a clear pattern and explicit, written knowledge of fraud, deceit, breach of contract and Extrinsic Fraud. This Defendant has lost millions of dollars by way of Plaintiff's

and Third Party Defendants concealing the extrinsic fraud upon the courts by their fellow attorneys ( who were representing TLC Holdings, LLC ) while these Third Party Defendants and Plaintiffs were fully aware of that fraud which existed against Defendant Hutson. Yet, these Plaintiff's and Third Party Defendants conspired to continue to commit and conceal the Extrinsic Fraud to protect themselves and fellow attorneys as the attached documents prove while they continue to operate in violation of their oath, SCRPC and case law (See attached list).

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**Count Two:**  
**Plaintiff and Third Party Defendants committing Document Fraud**

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*Penalties for document fraud: "Falsely make for purposes of this section, the term "falsely make" means to prepare or provide an application or document, with knowledge, or in reckless disregard, of the fact that the application or document contains a false, fictitious, and/or fraudulent statements or material representations, or has no basis in law or fact, or otherwise fails to state a fact which is material to the purpose for which it was submitted." U.S. Code 1324c*

8. Respondents prepared papers to protect their client and themselves which were fraudulent due to the absolute concealed knowledge and intentional failure to disclose that prevented Appellant/Defendant from his cases being heard while deceiving the courts and judges. This is intentional plotted attack against Defendant who continues to be severely damaged which has destroyed his life and a normal person.

9. U.S. Code 1324c. Penalties for document fraud:  
"Falsely make for purposes of this section, the term "falsely make" means to prepare or provide an application or document, with knowledge or in reckless disregard of the fact that the application or document contains a false, fictitious, or fraudulent statement or material

representation, or has no basis in law or fact, or otherwise fails to state a fact which is material to the purpose for which it was submitted"

10. Respondents prepared papers to protect their client and themselves which were fraudulent due to the absolute concealed knowledge and intentional failure to disclose that prevented Appellant/Defendant from his cases being heard.

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**Count Three:  
Defamation by way of Extrinsic Fraud**

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11. Penalties for document fraud are clear. For the purposes of this section "*False*ly *make*, means to prepare or provide an application or document, with knowledge, or in reckless disregard, of the fact that the application or document contains a false, fictitious, or fraudulent statement(s) or material representation, *or* has no basis in law or fact, *or otherwise fails to state a fact which is material* to the purpose for which it was submitted" U.S. Code 1324c. (Emphasis mine.)

12. Plaintiff's/Third Party Defendants' prepared court submissions/papers were targeted to protect the PAGI and the attorneys and were intentionally fraudulent due to the known, yet concealed, knowledge of the underlying fraud and Extrinsic Fraud including their *intentional failure to disclose* those pertinent facts to the courts. Their decisions prevented this Defendant / Plaintiff from having his cases heard while, at the same time, deceiving the courts and judges and the general public, as all courts records are public, of which this Plaintiff and all Third Party Defendants were fully aware.

13. In this case, Defendant is entitled to actual incidental, consequential, special and punitive damages, all in an amount to be determined by the trier of fact before a Jury. Defendant asks that Plaintiffs and all Third Party Defendants be made responsible to this Defendant in an

amount of not less than Three and One Half Million Dollars (\$3.5 M) for their intentional Obstruction of Justice, deception, intentionally concealing critical facts to deprive Defendant from his case being heard and preventing the Defendant from a fair trial with justice involving this Common Pleas Case which has drug on for approximately nine (9) years.

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**Count Four:  
Unfair and Deceptive Trade Practice**

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14. Plaintiff and Third Party Defendants participated in Unfair and Deceptive Trade Practices (S.C. Code 39-5-10, et seq.) by creating a pattern of multiple attempts to damage the Defendant/Appellant who was not aware of the underlying Extrinsic Fraud for many years and is now seventy-six (76) years of age and suffering from indigency and Severe Depression. Plaintiff/Third Party's sole purpose was to tilt the scales of "so called" 'Justice' in their direction, for if they disclosed what they know and are concealing from the courts, all the courts would throw out their harassing and frivolous lawsuits due to underlying Extrinsic Fraud and many attorneys could be facing disbarment.

**Listing of Paper Evidence**

15. Laura Paton, Esq.'s written document showing seventy-seven (77) counts of fraud written while she was being paid by Penn America/Global Indemnity (Plaintiffs ) to prepare documents to represent Defendant/Appellant. All attorneys, including Plaintiff and their Legal Department, had access to or had full documents, contracts, and depositions. Plaintiff's attorneys had no interest in justice, only getting low settlement and the case "off their books" (exhibit provided). They all knew that Defendant/Appellant would be permanently and financially destroyed, having had left him with a \$3.5M judgment on the public record against him after

dragging him through years of court with no intention of exposing the fraud he'd become victimized by.

16. A multitude of South Carolina Rules and laws included and listed below provide complete and clear evidence that all parties were required to stop concealing known critical evidence and disclose the Extrinsic Fraud upon the Court and its perpetrators, albeit fellow attorneys, to the court yet the disadvantaged Defendant/Appellant was left a legal hostage of these unscrupulous officers of the Court who artfully, deceitfully, and criminally chose NOT to expose that Extrinsic Fraud perpetrated, and co-conspired by all the attorneys upon the Courts. While in court, Plaintiff's attorneys *never did disclose* to the court or the judges the 77 counts of fraud, nor the contractual underlying Extrinsic Fraud. When the authors of the initial Extrinsic Fraud appeared in court, *none* of the attorneys disclosed one word about the underlying fraud or Extrinsic Fraud... instead, attorneys on all sides of the cases concealed them. Where is Justice? Even the attorneys paid by the Plaintiff, themselves officers of the court, never mentioned nor reported the Extrinsic Fraud. They "covered" their colleagues and simply concealed it. When Defendant/Appellant Hutson asked Timothy J. Newton, Esq. of Murphy & Grantland, P.A. why he did not report the Extrinsic Fraud to the Court, or notify the Courts in writing, Newton's reply was honest and straight-forward: "we lawyers don't do each other like that, someone might go to jail". Such a response and lack of action is like violent rape against this aged, Defendant / Appellant.

17. Third Party Defendant T.J. Newton, Esq. at Murphy & Grantland, handled Defendant/Plaintiff's case for PAGI until PAGI engaged Christian Stegmaier, Esq., of Collins & Lacy, P.C. which replaced Newton who had written a lengthy email to Defendant/Appellant. Newton's frank and detailed, 16 paragraph letter of August 13, 2018 to Defendant/Appellant states:

- Item(15): "I can see how you could argue that the Consent Order is invalid because it attempts to adjudicate the rights of parties not before it. If you were ordered to develop property that was subject to lifetime use rights, **that probably should have been brought to the court's attention.** Furthermore, I can see how you could argue you did not realize you were being obligated to violate the rights of the campground members by developing since TLC never specified exactly which property was subject to the campground memberships".

- Item (16): "It's hard to see why TLC and its 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 easily 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 *Chewning v. Ford Motor Co., 354 S.C. 72m 579 S.E. 2d 605 (2003)* (Emphasis mine.)

18. Christian Stegmaier/Collins & Lacy P.C., Tim Newton, JR Murphy/Murphy and Grantland are simply lawbreakers of many of the South Carolina Rules and written laws including their Oath (Rule 402). Evidenced by their own actions, legal rules of the State of South Carolina, their sworn Oath to the courts upon licensure, and even the written and case law are simply taken as a joke to these dishonest attorneys. Winning is everything to them...after protecting themselves...with no regard as to how innocent people are damaged or ruined. Defendant/Appellant finds Plaintiff's action regarding this lawsuit structured to protect the guilty to be a disgrace to the integrity and honor of the South Carolina Court system.

19. Representing this Defendant in with a conspired, fraudulent 'defense' and concealing evidence by way of Extrinsic Fraud, these Plaintiffs intentionally prevented Appellant from being heard. That IS "Obstruction of Justice". **Obstruction of Justice:** (def.) "the crime or act of willfully interfering with the process of justice and law esp. by influencing, threatening, harming, or impeding a witness, potential witness, juror, or judicial or legal officer, or by furnishing false information in or otherwise impeding an investigation or legal process."

Merriam-Webster's Dictionary of Law.

20. Plaintiffs, however, cite Defendant's failed cases (who was under their legal care as "the insured") as a 'defense' for themselves. However, those cases failed *exclusively due to* Plaintiffs' refusal to disclose the Extrinsic Fraud. Why? Their motives were:

- 1) to prevail for their client Penn America & Global Indemnity thereby minimizing their clients' 'time in court' (and hopefully expenditures), while
- 2) constructing a defense to hide the underlying Extrinsic Fraud (originally and intentionally created by fellow attorneys).

*However,* (cloaked in their own non-disclosure of that fraud upon the courts to the courts) *they became co-conspirators of the Extrinsic Fraud* enacted against the courts while knowingly sacrificing this Defendant, the policyholder.

21. These facts more than prove Defendant/Plaintiff's case beyond any reasonable doubt. How can this Honorable Court or any Court ignore the laid out proof of the continued extrinsic fraud by Penn America and Global Indemnity, as well as the two law-firms perpetrating extrinsic fraud while holding badges and claiming to be "officers of the Court"? No Court or Honorable Judge should allow fraudulent conduct to exist in their courts once clearly shown what attorneys, such as these, have clearly done.

**THEREFORE:** Since

-- Plaintiffs were represented by attorneys who:

- a) failed to disclose to the court and chose to conceal their knowledge of fraud and Extrinsic Fraud in underlying case(s), and thereby
- (b) directly prevented Defendant Hutson (the PAGO/Plaintiff's policy holder) from having his cases "heard, " and receiving justice;
- c) prepared and submitted fraudulent papers to the courts through their counsel to protect:
  - (i) their insurance company,
  - (ii) their fellow attorneys who *originally* perpetrated the Extrinsic Fraud, and
  - (iii) attorneys who via intentional and covert non-disclosure, became entangled as co-conspirators with the attorneys who originally perpetrated the underlying Extrinsic Fraud,
  - (iv) attorneys, such as these Plaintiffs, who *intentionally deceived* the courts and judges with no regard for justice.

**Defendant prays that the court will:**

1. Require Plaintiffs, all Third Party Defendants, who are officers of the courts and/or were thereby represented, to no longer ( illegally ) conceal, but instead to fully disclose their complete knowledge of the Extrinsic Fraud Upon the Courts in detail (as Laura Paton, Esq. cited in her seventy-seven counts of fraud while she was she was counsel engaged by Plaintiffs Penn America and Global Indemnity (PAGO), in behalf of Defendant Hutson, but who, after her research, documentation, and writing of her complaint/defense was *prevented from actively*

*defending* Defendant Hutson in court by PAMI and was replaced by Plaintiffs / Third Party Defendants.

2. Sanction Plaintiffs and Third Party Defendants for intentionally obstructing Justice against Defendant (Pro Se) Hutson and denying his ability to present his case in and to any court in the future, including this court. These unscrupulous attorneys should be stopped by the Honorable Court of Richland County, SC.
3. Deny and dismiss Plaintiffs' Motion for temporary Injunction against Defendant Hutson due to Plaintiff's unclean hands and dishonesty upon the Courts evidenced by their unconscionable fraud upon the Court *and* the honorable Judges that also targets Defendant Hutson, Pro Se, for the explicit purpose of self-aggrandization while denying justice to Defendant Hutson. Plaintiffs are and/or are represented in all underlying actions by officers of the Court sworn to uphold justice, while they are acting covertly to save their own badges & those of their fellow attorneys at the expense of victims of large insurance companies.
4. Require Christian Stegmaier, Esq. and his firm (Collins & Lacy P.C.) to immediately withdraw from representing Plaintiffs Penn America and Global Indemnity Insurance Companies due to a direct conflict of interest: Christian Stegmaier, Esq. and Collins & Lacy P.A. are named Third Party Defendants in this case.
5. Allow this case to be heard by a Jury to allow for further discovery.
6. Allow this case to be expedient due to the on-going Extrinsic Fraud.

*"The trial court has the inherent authority, within the exercise of sound judicial discretion, to dismiss an action when a plaintiff has perpetrated a*

*fraud on the court, or where a party refuses to comply with court order”.*

*Kornblum v. Schneider, 609 So. 2d 138, 139 (Fla. 4th DCA 1992).*

Respectfully Submitted on this 28th day of August, 2020.



---

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Copies have been placed in the USPS on Tuesday, August 25<sup>th</sup>, 2020, to:

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## Exhibit C

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 AND GLOBAL  
 INDEMNITY GROUP, LLC'S MOTION  
 FOR TEMPORARY INJUNCTION**

This matter came before the Court upon Plaintiffs Penn America Insurance Company and Global Indemnity Group, LLC's Motion for Preliminary Injunction, as well as other motions. 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 oral presentations at the hearing on October 15, 2020, and the applicable law, this Court grants Plaintiffs Penn America Insurance Company and Global Indemnity Group, LLC’s Motion for Preliminary Injunction. The Court presents its findings and conclusions below.

### **PROCEDURAL BACKGROUND**

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.

The following motions were heard in an in-person hearing at the Richland County Judicial Center on October 15, 2020:

1. Plaintiffs' Motion for Temporary Injunction against Hutson;
2. Hutson’s Motion for Temporary Injunction against Counter-Defendants and Third-Party Defendants;
3. Third-Party Defendants Murphy & Grantland and Newton’s Motion to Dismiss or for Summary Judgment;
4. PAIC, Global, Stegmaier, and Collins & Lacy’s Motion to Stay/Strike/Dismiss Hutson’s Amended Counterclaims and Third-Party Claims and Motion for Injunction;
5. PAIC, Global, Stegmaier, and Collins & Lacy’s Motion to Strike Portions of Hutson’s “Answer”; and
6. PAIC, Global, Stegmaier, and Collins & Lacy’s Motion to Strike Hutson’s “Notice of Extrinsic Fraud” and “Memorandum to Defendant’s Amended Cross Complaint.”

This Order addresses the first motion, Plaintiffs' Motion for Temporary Injunction against

Hutson.<sup>1</sup>

### LEGAL STANDARD

“A preliminary injunction should issue only if necessary to preserve the status quo ante, and only upon a showing by the moving party that without such relief it will suffer irreparable harm, that it has a likelihood of success on the merits, and that there is no adequate remedy at law.” Poynter Invs., Inc. v. Century Builders of Piedmont, Inc., 387 S.C. 583, 586-87, 694 S.E.2d 15, 17 (2010) (holding that there is no additional “balancing the equities” requirement). When seeking a preliminary injunction, the plaintiff need not prove an absolute legal right; the plaintiff need only present “a fair question to raise as to the existence of such a right.” Williams v. Jones, 92 S.C. 342, 347, 75 S.E. 705, 710 (1912). The determination of whether to grant an injunction should not be based on the merits of the underlying case except insofar as the merits may assist the trial court in determining whether a prima facie showing has been made. MailSource, LLC v. M.A. Bailey & Assocs., 356 S.C. 363, 368, 588 S.E.2d 635, 638 (Ct. App. 2003) (citing Transcon. Gas Pipe Line Corp. v. Porter, 252 S.C. 478, 481, 167 S.E.2d 313, 315 (1969)). “Once a prima facie showing has been made entitling the plaintiff to injunctive relief, a temporary injunction will be granted without regard to the ultimate termination of the case on the merits.” Helsel v. City of North Myrtle Beach, 307 S.C. 29, 32, 413 S.E.2d 824, 826 (1992) (“[I]t would have been improper for the hearing judge who issued the temporary injunction to make a finding upon the facts in such a manner as to affect the merits of the case.”).

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

### FINDINGS OF FACT

The documentation provided by the parties reflects that in December 2010, Hutson entered into a Membership Interest Purchase Agreement with Richard U. Clark, Jimmy S. Lovell, James Thigpen, and The Big Water Resort, LLC related to the outstanding membership interests in The Big Water Resort, LLC. Contemporaneously therewith, Hutson also entered into a Lease Purchase Agreement with TLC Holdings, LLC (“TLC”), Richard U. Clark, Jimmy S. Lovell and James Thigpen related to the purchase of property in Clarendon County, South Carolina, including a campground known as “Big Water Resort,” a convenience store facility and adjacent land known as the “Big Water Country Store and Restaurant,” and a 57.81 acre tract known as “Roger’s Tract.”

In December 2011, TLC filed an ejectment action against Hutson alleging he defaulted on the terms of the Lease Purchase Agreement. TLC Holdings, LLC v. Hutson, Case No. 2011-CP-14-602 (Clarendon Cnty. Ct. Comm. Pleas) (“the Ejectment Action”). Hutson filed counterclaims against TLC in the Ejectment Action in which he asserted that various misrepresentations and material omissions were made with respect to the Subject Property and that TLC and its members interfered with the Property’s development and operation. The parties agreed to settle the Ejectment Action, and the Settlement Agreement was adopted into a Consent Order filed April 13, 2012.

Following Hutson’s default under the terms of the 2012 Settlement Agreement and Consent Order, TLC sought to evict Hutson from the Big Water Resort property. Following a hearing, the Honorable George C. James, Jr., entered an order on March 21, 2014, which enforced the terms of the Consent Order and Settlement Agreement. Judge James found that Hutson’s claims that TLC “made ‘verbal assurances’ to Hutson that were incorrect, or that [TLC] failed to make ‘important disclosures’ to him” were the same claims alleged in the 2012 action and resolved pursuant to the 2012 Settlement Agreement and Consent Order.

Global is the parent company of PAIC, a member of Penn-America Group, which offers specialty property and casualty products designed for small businesses. PAIC issued commercial general liability (CGL) policy number PAC7045167 to “BWR, Inc. d/b/a Big Water Resort” as the named insured (“the Policy”). The Policy was in effect from October 16, 2013 through April 7, 2014. Hutson was the principal in BWR, Inc., a now defunct corporation formerly organized and existing under the laws of the State of South Carolina. Pursuant to the Policy, PAIC provided a defense and indemnity to Hutson in two lawsuits, known as the Class Action and the Defamation Action. Big Water Resort, LLC, et al. v. TLC Holdings, LLC, C/A: 2:14-1583-DCN-MGB (D.S.C.) (“the Class Action”); TLC Holdings, LLC, et al. v. Hutson, Case No. 2015-CP-14-0615 (Clarendon Cnty. Ct. Comm. Pleas) (“the Defamation Action”).

The Class Action lawsuit was brought in federal court by a group of Big Water Resort campground members against TLC and its members. TLC then asserted third-party claims for equitable indemnification against Hutson. Hutson also asserted counterclaims against TLC. TLC and Hutson filed cross motions for summary judgment, which were ruled upon in favor of TLC on May 20, 2016. Federal District Judge David C. Norton later also entered an Order granting sanctions against Hutson, explaining:

Hutson has established a pattern of making misrepresentations to the court, of making unsupported allegations of unethical and criminal conduct by third-party plaintiffs, and of using the judicial process as a mechanism of harassment. His meritless filings have wasted untold hours of the court’s time. He lacks any evidence to support his counterclaims and other allegations against third-party plaintiffs. Indeed, Hutson routinely fails to provide factual or legal support for anything he files with the court. Accordingly, the court finds that sanctions are appropriate under the court’s inherent power.

Class Action, Norton Order Granting Sanctions, Oct. 6, 2017.

The Defamation Action was instituted by TLC in state court on December 7, 2015. TLC’s

claims related to statements made by Hutson in the postcard he sent to campground members and certain statements Hutson made to the attorney who represented the campground members in the Class Action. Hutson raised identical counterclaims against TLC in the Defamation Action as he raised in the Class Action, which were also disposed of on summary judgment by the Honorable R. Ferrell Cothran, Jr. TLC's claims in the Defamation Action proceeded to a jury trial. The jury returned a verdict of Three Million Five Hundred Thousand Dollars (\$3,500,000) on January 26, 2018. The case was mediated during appeal and resolved.

PAIC retained Murphy & Grantland, P.A. as coverage counsel and instituted a coverage action on June 14, 2016. Penn-America Insurance Company v. BWR, Inc., et al., C/A: 2:16-cv-01943-DCN (D.S.C.) ("the Coverage Action"). On or about September 16, 2016, Hutson entered into a Settlement Agreement and Release of Certain Claims with PAIC. PAIC paid Hutson the sum of Nine Thousand Five Hundred Dollars (\$9,500.00) as consideration for the Settlement Agreement and Release in the Coverage Action.

Following resolution of both lawsuits without any personal liability to Hutson, Hutson initiated a lawsuit against PAIC, Global, and their coverage counsel, Timothy Newton and J.R. Murphy, on December 5, 2018. Hutson v. Penn America Ins. Co., et al., Case No. 2018-CP-40-06344 (Richland Cnty. Comm. Pleas) ("the Bad Faith Action"). Following a hearing before the Honorable Michael G. Nettles, the court granted summary judgment in favor of the defendants on all of Hutson's claims. Huston has appealed from those Orders, and the appeal is currently pending before the South Carolina Court of Appeals. Hutson v. Penn America Inc. Co., et al., Appellate Case No. 2019-001488 ("the Bad Faith Appeal").

Hutson has also separately sued attorney Paul Weissenstein, who represented him in the 2012 Ejectment Action and resulting Settlement Agreement. Hutson v. Weissenstein, Case No.

2018-CP-43-1583 (Sumter Cnty. Ct. Comm. Pleas) (“the Weissenstein Malpractice Action”). On February 25, 2019, the Honorable Kristi Curtis granted summary judgment in favor of Weissenstein based upon both the statute of limitations and the merits. Hutson appealed from that Order and the appeal remains pending. Hutson v. Weissenstein, Appellate Case No. 2019-873 (S.C. Ct. App.) (“the Weissenstein Appeal”). Hutson also sued attorneys Stephen “Chip” Burn and Sarah Guthrie and Burn Law Firm, LLC related to advice they purportedly gave him in the Ejectment Action. On April 10, 2019, the Honorable Frank R. Addy, Jr. entered an Order of Dismissal, finding that Hutson failed to cure the lack of expert affidavit or establish that such an affidavit was not necessary. Hutson did not appeal from the Order of Dismissal.

Plaintiffs have provided copies of numerous e-mails from Hutson to counsel for PAIC and Global, Newton, Murphy, and others threatening to bring a new lawsuit against them and claiming that they are all co-conspirators in the original fraud he claims was perpetrated by TLC in the land deal and 2012 settlement. On June 21 and 22, 2020, Huston told counsel for PAIC, Christian Stegmaier that he was “having to seriously consider bringing a[n] immediately separate action against you for participating with Tim Newton and JR Murphy in extrinsic fraud upon the Appeals Court and the lower Court.” He added: “I plan to serve the insurance companies copies of the complaint as well as serving you.” On July 6, 2020, Hutson wrote: “If I don’t hear from you within the next (5) business days, I will proceed with a complaint in State or Federal Court against you.” On July 27, 2020, Hutson accused the Plaintiffs and Third-Party Defendants of “concealing extrinsic fraud” and stated: “I plan to take these immoral actions to court rightaway [sic]. I have an abundance of evidence showing my damages and mental depression and stress that you have caused me intentionally and continue to cause on a daily basis. All are warned.”

On August 8, 2020, two days before Plaintiffs initiated the instant action, Hutson wrote: "Have no choice but to move forward with a new needed complaint, 'Defamation by way of Extrinsic Fraud' naming Christian Stedmaier [sic], Tim Newton, JR Murphy, Penn America and Global. Soon I will file the same 'Defamation by way of Extrinsic Fraud' against Turner Padgett and Tom Harper." Then, following service with the instant Complaint and Motion for Preliminary Injunction, Hutson responded by filing counterclaims and third-party claims.

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 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.

#### **CONCLUSIONS OF LAW**

"The purpose of a preliminary injunction is to preserve the status quo and prevent irreparable harm to the party requesting it." Compton v. S.C. Dep't of Corr., 392 S.C. 361, 366, 709 S.E.2d 639, 642 (2011). In determining whether a preliminary injunction is proper, the Court is not ruling on the merits of the permanent injunction and request to classify Hutson as a vexatious

litigant. Rather, the Court evaluates whether Plaintiffs will suffer immediate, irreparable harm without the injunction, the likelihood of Plaintiffs' success on the merits, and whether there is an adequate remedy at law. See id.; Poynter Invs., Inc. v. Century Builders of Piedmont, Inc., 387 S.C. 583, 586-87, 694 S.E.2d 15, 17 (2010). In doing so, the Court examines the merits of the underlying case only to the extent necessary to determine whether the plaintiff has made a sufficient prima facie showing of entitlement to relief. Helsel v. City of North Myrtle Beach, 307 S.C. 29, 32, 413 S.E.2d 824, 826 (1992).

**A. Immediate and Irreparable Harm to Plaintiffs**

The Court agrees that Plaintiffs will suffer irreparable harm associated with the time and costs they will incur in defending against further litigation by Hutson and they cannot be adequately compensated with monetary damages in light of Hutson's limited financial resources. Hutson has filed numerous motions in past litigation in state and federal court, as well as in the pending appeal, which impose a substantial burden of time and money for preparation of responses. A lack of response risks that the Court interpret the motion as unopposed. The issuance of this preliminary injunction will further preserve the status quo while the Court of Appeals considers the rulings on summary judgment by Judge Nettles.

**B. Plaintiffs' Likelihood of Success on Merits**

In evaluating this element, the court must determine only the *likelihood* of whether the Plaintiff will prevail on the merits based on the allegations in its complaint. See Compton v. S.C. Dep't of Corr., 392 S.C. at 367, 709 S.E.2d at 642. The Complaint alleges that Hutson is a vexatious litigant and seeks a permanent injunction against the initiation of *pro se* litigation against Plaintiffs or any of their officers, agents, servants, employees, attorneys, affiliates, successors and assigns, without first obtaining leave of Court. See Ramantanin v. Poulos, 240 S.C. 13, 25, 124 S.E.2d 611,

617 (1962) (recognizing a court of equity's power to prevent continued and vexatious litigation, but that there must be a showing of the pendency of other litigation between the parties or the threat of further litigation to serve as the basis for issuance of the injunction). Here, Plaintiffs have set forth a prima facie case for their request for injunctive relief, including the pendency of other litigation between the parties—the current appeal in the South Carolina Court of Appeals—and multiple threats of further litigation by Hutson, further evidenced by his counterclaims in this matter.

### **C. Lack of Adequate Remedy at Law**

As discussed *supra*, the Court agrees that Rule 11 sanctions and the Frivolous Proceedings statute do not provide an adequate remedy at law because Hutson does not have the financial means to pay any monetary award to Plaintiffs.

### **D. Posting of Bond**

Rule 65(c), SCRPC, provides that:

Except in divorce, child custody and non-support actions where the giving of security is discretionary, no restraining order or temporary injunction shall issue except upon the giving of security by the applicant, in such sum as the court deems proper, for the payment of such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined or restrained.

AJG Holdings, LLC v. Dunn, 382 S.C. 43, 49, 674 S.E.2d 505, 508 (Ct. App. 2009). In Atwood Agency v. Black, our Supreme Court ruled that the circuit court erred in requiring only a nominal security bond of \$250, because it erroneously assumed the injunction is proper instead of providing an amount sufficient to protect appellants in the event the injunction is ultimately deemed improper. 374 S.C. 68, 73, 646 S.E.2d 882, 884 (2007).

Here, the injunctive relief requested is not aimed at preventing or allowing commercial activity. Rather, its granting limits Hutson's *pro se* access to the state court. However, the fraud allegations Hutson attempts to raise have already been raised before the Honorable Michael G.

Nettles. Hutson remains free to represent himself in the currently pending appeal from Judge Nettles' Order. Thus, even if this preliminary injunction is found to be in error, there will be no significant costs or damages incurred by Hutson. Nonetheless, Rule 65 requires the giving of security in a sum deemed proper by the Court.

### **CONCLUSION**

**IT IS ORDERED** Plaintiffs Penn America Insurance Company and Global Indemnity Group, LLC's Motion for Preliminary Injunction is hereby **GRANTED**. Unless and until Appellate Case No. 2019-001488 is concluded, Defendant Morris Beach Hutson a/k/a M.B. Hutson is prohibited from filing any further *pro se* litigation in state court in South Carolina (a) against Penn America Insurance Company, Global Indemnity Group, LLC, Collins & Lacy, P.C., Christian Stegmaier, Laura Baer, Murphy & Grantland, P.A., John Robert "J.R." Murphy, John Grantland, and/or Timothy Newton, or (b) related to the claims already ruled upon by the Honorable Michael G. Nettles.<sup>2</sup>

**IT IS FURTHER ORDERED**, pursuant to Rule 65(c), Plaintiffs are directed to file proof of bond, in the amount of Five Thousand and no/100 (\$5,000.00) Dollars within five business days of entry of this Order. The bond shall serve as security for all claims with respect to this Preliminary Injunction, and any additional injunctive relief ordered by the Court in this action.

**AND IT IS SO ORDERED.**

[JUDICIAL E-SIGNATURE PAGE TO FOLLOW]

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<sup>2</sup> This injunction does not prevent Huston from continuing to pursue his current appeal from Judge Nettles' Order granting summary judgment in Appellate Case No. 2019-001488.



Richland Common Pleas

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

So Ordered

s/ R.E. Hood #2164

## Exhibit D

STATE OF SOUTH CAROLINA

IN THE COURT OF COMMON PLEAS

COUNTY OF RICHLAND

CIVIL ACTION NO: 2020-CP-40-03810

Penn America Insurance Company and Global Indemnity Group, LLC,

Plaintiffs,

v.

Morris Beach Hutson a/k/a M.B. Hutson,

Defendant.

**ORDER GRANTING  
THIRD-PARTY DEFENDANTS  
TIMOTHY J. NEWTON AND  
MURPHY & GRANTLAND, P.A.'S  
MOTION TO DISMISS,  
OR, IN THE ALTERNATIVE,  
MOTION FOR SUMMARY JUDGMENT**

Morris Beach Hutson a/k/a M.B. Hutson,

Defendant/Third-Party Plaintiff

v.

Timothy J. Newton, Esq.; Murphy & Grantland, P.A.; Christian Stegmaier, Esq.; and Collins & Lacy P.C.,

Third-Party Defendants.

This matter is before me upon a Motion to Dismiss, or, in the alternative, Motion for Summary Judgment by Third-Party Defendants Timothy J. Newton and Murphy & Grantland, P.A. (hereinafter collectively "Murphy & Grantland"). This motion was made pursuant to Rules 12(b)(1), (6) and (8) and 56 of the South Carolina Rules of Civil Procedure. This matter was heard on October 15, 2020 along with several other motions filed by Plaintiffs and Defendant/Third-Party Claimant. John M. Grantland and Newton appeared for Murphy & Grantland. After careful consideration of all arguments and materials submitted for my review, I find that Murphy & Grantland's Motion should be granted.<sup>1</sup>

<sup>1</sup> The Court is entering several Orders related to motions filed by other parties contemporaneously with this Order. The Court's findings and conclusions from the Orders granting Plaintiffs' Motion for Temporary Injunction and Motions to Strike, as well as the Order denying Defendant's Motion, are incorporated by reference herein.

This action relates to matters that have already been litigated repeatedly in prior actions. The common thread throughout the litigation is allegations of fraud by Defendant/Third-Party Plaintiff, Morris Beach Hutson a/k/a M.B. Hutson. The genesis of the litigation was a land deal in Clarendon County involving a campground known as Big Water Resort. In 2010, Hutson entered into a Lease Purchase Agreement with a non-party to this action, TLC Holdings, LLC, and its principals (hereinafter collectively "TLC"). Hutson entered into this transaction with full knowledge that a TLC-related entity, Big Water Resort, LLC, had sold lifetime memberships in the Big Water Resort campground that was being operated on some of the property.<sup>2</sup> As part of this transaction, Hutson became the sole shareholder in Big Water Resort, LLC. Through these transactions, Hutson obtained both a right to develop and sell unimproved portions of the property and a duty to protect the interests of the campground members.

Hutson breached the Lease Purchase Agreement and TLC sued to evict him.<sup>3</sup> Hutson retained counsel to defend him and to prosecute certain counterclaims against TLC. Those matters were resolved in a Settlement Agreement and adopted into a Consent Order that was filed on April 13, 2012. Hutson's attorney for that transaction was Paul Weissenstein, Jr., who signed the Consent Order. The 2012 Settlement Agreement contained a conditional release providing that if Hutson breached the terms of the Settlement Agreement, he would be deemed to have released TLC for all claims he may have had against them prior to his eviction.

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<sup>2</sup> Reed v. Big Water Resort, LLC, Civ. Action No. 2:14-1583-DCN-MGB, 2016 WL 7435620, at \*13 n.5 (D.S.C. Apr. 5, 2016), report and recommendation adopted, No. 2:14-CV-01583-DCN, 2016 WL 2935891 at \*7 (D.S.C. May 20, 2016) ("There is no dispute that Hutson knew about the 'life time' membership agreements when he purchased BWR.").

<sup>3</sup> TLC Holdings, LLC v. M.B. Hudson, Civ. Action No. 2011-CP-14-00602 (Clarendon County Comm. Pl. filed Dec. 14, 2011) (hereinafter "the Ejectment Action").

Hutson breached the 2012 Settlement Agreement. Hutson again retained counsel to represent him for the hearing. By Order filed March 21, 2014, Judge (now Justice) George C. James, Jr. found that Hutson's breach operated as a release of Hutson's claims against TLC.<sup>4</sup> Based on this ruling, Hutson's counterclaims against TLC in subsequent actions were dismissed under the doctrine of *res judicata*.

When he was served with his eviction notice, Hutson sent a postcard to the campground members that led to two subsequent actions. The campground members sued TLC in federal court, and TLC asserted third-party claims against Hutson in that action.<sup>5</sup> TLC also sued Hutson separately in state court for defamation.<sup>6</sup> Hutson filed counterclaims against TLC in both actions.

TLC's claims against Hutson were tendered to Plaintiff Penn America Insurance Company ("PAIC"). In early 2016, PAIC accepted the tender under reservation of rights and began defending Hutson in both suits. However, PAIC denied Hutson's request for counsel to represent him in his counterclaims against TLC.

PAIC filed a declaratory judgment to adjudicate its rights under the policy it issued to one of Hutson's companies.<sup>7</sup> PAIC retained Murphy & Grantland as coverage counsel for its declaratory judgment action against Hutson. On September 16, 2016, Hutson entered into a

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<sup>4</sup> Reed, 2016 WL 7435620 at \*14 ("The Release plainly releases all claims against [TLC] for claims that arose on December 11, 2013 or before."). The 2012 Settlement Agreement and Consent Order, as well as Judge James' Order, were filed in the Ejectment Action.

<sup>5</sup> Reed v. Big Water Resort, LLC, Civ. Action No. 2:14-1583-DCN-MGB (D.S.C. filed Apr. 22, 2014) (hereinafter "the Class Action").

<sup>6</sup> TLC Holdings, LLC v. Hutson, Civ. Action No. 2015-CP-14-00615 (Clarendon County Comm. Pl. filed Dec. 7, 2015) (hereinafter "the Defamation Action").

<sup>7</sup> Penn-America Ins. Co. v. BWR, Inc., Civ. Action No. 2:16-cv-01943-DCN (D.S.C. filed June 14, 2016) (hereinafter "the Coverage Action").

Settlement Agreement in which he released all claims against PAIC and its counsel related to his claims for coverage under the policy.

Hutson continued to maintain and prosecute his counterclaims against TLC on a *pro se* basis. Hutson's counterclaims were dismissed in both the Class Action and the Defamation Action upon findings that Judge James' Order in the Ejectment Action was dispositive.<sup>8</sup> After Hutson's counterclaims were dismissed, District Judge David C. Norton granted TLC's Motion for Sanctions against Hutson in the Class Action.<sup>9</sup> Judge Norton found that "Hutson appears to have continued his pattern of frivolous filings and conduct designed to harass or burden [TLC], and there is no indication that he intends to cease."<sup>10</sup> Judge Norton noted that Hutson "again makes reference to the alleged fraud by [TLC] in obtaining the settlement agreement and the order signed by Judge James in the prior state court litigation. Hutson has made these allegations throughout the course of this litigation. He has never, however, specified what the fraud is or submitted evidence of it."<sup>11</sup> Judge Norton concluded that:

Hutson has established a pattern of making misrepresentations to the court, of making unsupported allegations of unethical and criminal conduct by [TLC], and of using the judicial process as a mechanism of harassment. His meritless filings have wasted untold hours of the court's time. He lacks any evidence to support his counterclaims and other allegations against [TLC]. Indeed, Hutson routinely fails to provide factual or legal support for anything he files with the court. Accordingly, the court finds that sanctions are appropriate . . . .<sup>12</sup>

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<sup>8</sup> Reed, 2016 WL 2935891 at \*5-\*8; Order Granting Pl's. Mot. for Summ. J. as to Def's. Countercls., TLC Holdings, LLC, et al. v. M.B. Hutson, Civ. Action No. 2015-CP-14-00615 (Clarendon County Comm. Pl. Mar. 2, 2017).

<sup>9</sup> Reed v. Big Water Resort, LLC, Civ. Action No. 2:14-cv-1583-DCN, 2017 WL 4480195 (D.S.C. Oct. 6, 2017).

<sup>10</sup> Id.

<sup>11</sup> Id.

<sup>12</sup> Id. at \*2-\*3.

The Defamation action was tried in January 2018, and the jury returned a verdict for TLC and against Hutson in the amount of \$3,500,000. PAIC settled TLC's claims against Hutson in the Class Action in early 2018 and their claims in the Defamation action in December 2018.

In August 2018, while negotiations to settle the Defamation suit were ongoing, Hutson made certain representations to Murphy & Grantland in an effort to induce PAIC to retain counsel for him to attempt to set aside the conditional release in the 2012 Settlement. Hutson's proposed theory was fraud upon the court. Hutson pointed out that the 2012 Settlement contemplated a condominium development on the campground property. He also stated that he had recently learned that TLC had withheld from him evidence that all of the property he purchased was subject to the lifetime campground membership agreements. Hutson provided an expert affidavit he intended to use in a forthcoming suit against Weissenstein, stated that the expert testimony would support his claim of fraud, and threatened litigation against PAIC based upon that expert's testimony. Third-Party Defendant Newton acknowledged Hutson's possible claim for fraud upon the court and provided corroborating evidence in an e-mail dated August 13, 2018. However, PAIC declined to provide counsel for Hutson with respect to any affirmative claims Hutson might assert against TLC.

Hutson subsequently sued Paul Weissenstein, the attorney who represented him for purposes of the 2012 Settlement. On February 25, 2019, Judge Kristi F. Curtis granted Weissenstein's motion for summary judgment.<sup>13</sup> Judge Curtis found that Hutson could not establish fraud because he knew about the lifetime campground memberships before he entered into the 2010 lease-purchase of the Big Water Resort property.<sup>14</sup> On November 12, 2020, the

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<sup>13</sup> Order Granting Def's. Mot. for Summ. J., MB Hutson v. Paul Weissenstein, Civ. Action No. 2018-CP-43-01583 (Sumter County Comm. Pl. Feb. 25, 2019).

<sup>14</sup> Id. at 9-12.

South Carolina Court of Appeals dismissed Hutson's appeal from Judge Curtis' Order for failure to prosecute.<sup>15</sup>

Hutson used the August 13, 2018 e-mail as the basis for yet another lawsuit that he filed the day after he was notified of the settlement of TLC's \$3,500,000 verdict against him in the Defamation Action.<sup>16</sup> Hutson alleged various causes of action against Newton and J.R. Murphy of Murphy & Grantland. These claims were all based upon a theory that Murphy & Grantland knew about fraud committed against Hutson by TLC in the Ejectment Action and failed to report it to a court. Hutson's claims were heard and on July 18, 2019, Judge Michael G. Nettles filed an Order granting summary judgment in favor of Murphy and Newton.<sup>17</sup> Hutson's appeal from that Order is currently pending before the Court of Appeals.<sup>18</sup>

While Hutson's Bad Faith Action against PAIC was pending on appeal, Hutson filed an "Emergency Motion to Have Open Hearing Due to Respondents Committing Extrinsic Fraud on the South Carolina Court of Appeals and its Judges."<sup>19</sup> Hutson claimed in numerous court filings and threatening e-mails that Murphy & Grantland and current counsel for PAIC are continuing to commit fraud upon the court by failing to report allegedly known fraud perpetrated against Hutson by TLC. The Court of Appeals denied Hutson's motion and other similar motions by Order filed July 28, 2020.

PAIC then filed this action seeking injunctive relief to restrain Hutson from continuing his pattern of vexatious litigation and threats of litigation against PAIC and its current and former

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<sup>15</sup> Appellate Case No. 2019-000873.

<sup>16</sup> MB Hutson v. Penn America Ins. Co., Civ. Action No. 2018-CP-40-06344 (Richland County Comm. Pl. filed Dec. 5, 2018) (hereinafter "the Bad Faith Action").

<sup>17</sup> Id. Murphy & Grantland had no involvement whatsoever in the Ejectment Action.

<sup>18</sup> Appellate Case No. 2019-001488.

<sup>19</sup> Id. (filed July 6, 2020).

counsel. Hutson responded by filing third-party claims against Murphy & Grantland. Hutson's various causes of action have precisely the same factual basis as the claims upon which Judge Nettles granted summary judgment. Hutson again alleged that Murphy & Grantland knew of extrinsic fraud upon the court and failed to report it. The evidentiary grounds for Hutson's claims in this action are the same August 13, 2018 e-mail and proposed counterclaim from the Defamation action that he raised in the Bad Faith Action. Hutson even filed copies of his briefs and motions from the pending appeal of the Bad Faith Action as the basis for his third-party claims against Murphy & Grantland in this case.

Murphy & Grantland moved to dismiss Hutson's third-party claims based upon Rule 12(b)(8) of the South Carolina Rules of Civil Procedure and the doctrine of *res judicata*. Murphy & Grantland also requested dismissal based upon Hutson's vexatious litigation.

At the hearing, Hutson made the same arguments that he previously raised to Judge Nettles in the Bad Faith Action. Hutson argued that Newton admitted he knew of fraud upon the court in the August 13, 2018 e-mail, but then contradicted himself in a letter responding to Hutson's \$500,000 settlement demand to PAIC. Newton contended that the August 13, 2018 e-mail only alerted Hutson to the potential for a fraud claim, it does not reflect knowledge of fraud. Newton's August 13, 2018 e-mail alerted Hutson to certain evidence in PAIC's possession that "might possibly" support a claim for fraud upon the court. Newton's November 8, 2018 letter states that neither PAIC nor its counsel ever acknowledged the existence of fraud upon the court, but they did recognize that certain evidence raised concerns that Hutson has a right to investigate and possibly pursue. After examining the materials Hutson provided, I am satisfied that Murphy & Grantland is not committing fraud upon the court in this action.

Moreover, Hutson made precisely the same argument to Judge Nettles.<sup>20</sup> The same issues are currently pending before the Court of Appeals in the Bad Faith Action. The Order in the Bad Faith Action is consistent with several other courts orders holding that Hutson cannot prove fraud because he was aware of the lifetime campground memberships before he ever entered into the lease-purchase transaction for the Big Water Resort property.<sup>21</sup>

I find that Hutson's third-party claims against Murphy & Grantland in this action are subject to dismissal because Hutson's same claims were raised in the Bad Faith Action. Claims are subject to dismissal when another action is pending involving the same parties and the same claims. Rule 12(b)(8), SCRPC. "*Res judicata* bars subsequent actions by the same parties when the claims arise out of the same transaction or occurrence that was the subject of a prior action between those parties." Plum Creek Dev. Co. v. City of Conway, 334 S.C. 30, 34, 512 S.E.2d 106, 109 (1999). Litigants are barred from raising issues that were adjudicated in the former suit or that might have been raised in the former suit. Id. Judge Nettles' Order granting summary judgment has preclusive effect unless and until reversed on appeal. RFT Mgmt. Co., LLC v. Gilbert, Civ. Action No. 8:10-02503-HFF, 2011 WL 13142633 at \*4 (D.S.C. signed May 24, 2011); Dawson v. State Law Enforcement Div., Civ. Action No. 3:91-1403-17, 1992 WL 208967 (D.S.C. Apr. 6, 1992); Northern Va. Law Sch. v. Jones, No. 88-1781, 883 F.2d 69 (4th Cir. 1989); Restatement (Second) of Judgments § 13 (June 2020 Update). Hutson has also released these claims.

Furthermore, courts have the inherent authority and the duty to protect themselves and other litigants from vexatious and harassing litigation. See Ramantanin v. Poulos, 240 S.C. 13,

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<sup>20</sup> See Order filed July 18, 2019 in the Bad Faith Action, at 3-4.

<sup>21</sup> Id. at 21; see nn. 2, 11, and 13 and accompanying text, infra.

25, 124 S.E.2d 611, 617 (1962). Parties are not allowed to maintain vexatious, frivolous, and malicious claims. Id.

For the reasons set forth above, I find that Murphy & Grantland's Motion to Dismiss, or, in the alternative, Motion for Summary Judgment should be granted.

It is hereby

**ORDERED, ADJUDGED and DECREED** that judgment be entered for Third-Party Defendants Timothy J. Newton and Murphy & Grantland, P.A., that Hutson's claims against them in this action should be dismissed, and that Newton and Murphy & Grantland, P.A. and should be dismissed as parties from this action.

**IT IS SO ORDERED.**

---

The Honorable Robert E. Hood  
Presiding Judge of the Fifth Circuit Court

Columbia, South Carolina  
Date: \_\_\_\_\_



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

# Exhibit E

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.<sup>1</sup> 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.

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<sup>1</sup> 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), SCRCP.

**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), SCRPC. 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), SCRPC.

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), SCRPC. 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 through 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

# Exhibit F

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. )  
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 )  
 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 DENYING THIRD-PARTY  
 PLAINTIFF’S MOTION FOR  
 TEMPORARY INJUNCTION**

This matter came before the Court upon Defendant/Counter-Plaintiff Morris Beach Hutson a/k/a M.B. Hutson (“Hutson’s) Motion for Temporary Injunction. A hearing on the motion was held on October 15, 2020, before the Honorable Robert E. Hood. Having reviewed and considered the written filings and exhibits, the oral arguments of the parties, and the applicable law, this Court finds that Hutson has not demonstrated that without such relief he will suffer irreparable harm, that he has a likelihood of success on the merits, or that there is no adequate remedy at law.

Hutson seeks to have the Court direct Counter-Defendants and Third-Party Defendants admit their alleged knowledge of extrinsic fraud. Hutson has failed to make a prima facie case that

any fraud has been committed or is known by the Counter-Defendants and Third-Party Defendants in order to show a likelihood of success on the merits. These allegations of fraud were previously considered in Hutson's Bad Faith Action, which is presently on appeal in the South Carolina Court of Appeals. Hutson has made several filings with the appellate court related to his allegations of continued fraud, which have or will be disposed of by the Court of Appeals. Thus, there is no evidence of irreparable injury or an inadequate remedy at law.

Accordingly, the Court **DENIES** Defendant/Counter-Plaintiff Hutson's motion.<sup>1</sup>

**AND IT IS SO ORDERED.**

[JUDICIAL E-SIGNATURE PAGE TO FOLLOW]

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<sup>1</sup> Contemporaneous with the entry of the instant Order, the Court is entering Orders granting Plaintiff's Motion for Preliminary Injunction; granting Third-Party Defendants Murphy & Grantland and Newton's Motion to Dismiss or for Summary Judgment; and granting Plaintiff's three Motions to Strike. The Court's findings and conclusions in these additional Orders are incorporated herein by reference.



Richland Common Pleas

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

So Ordered

s/ R.E. Hood #2164

# Exhibit G

**RECEIVED**

**Jan 04 2021**

**SC Court of Appeals**

THE STATE OF SOUTH CAROLINA  
In The Court of Appeals

---

APPEAL FROM RICHLAND COUNTY  
Common Pleas

Judge John Hood, Fifth Circuit Judge

---

Case No. 2020-CP-400-3810

Morris Hutson

Appellant/Defendant,

v.

Penn America Insurance  
Company & Global Indemnity  
Group, LLC

Respondents/Plaintiffs

---

NOTICE OF APPEAL

---

Morris Hutson hereby appeals the Orders/Judgments in the aforementioned case from the Honorable Judge Hood dated December 9, 2020.

Those orders include:

1. Order Granting Third-Party Defendants Timothy J. Newton and Murphy & Grantland, P.A.'s Motion to Dismiss, or, in the Alternative, Motion for Summary Judgment ,
2. Order Granting Plaintiffs Penn America Insurance Company, Global Indemnity Group, LLC, Christian Stegmaier, Esq., and Collins & Lacy P.C.'s Motions to Strike),
3. Order Denying Third-Party Plaintiff's Motion for Temporary Injunction.

January 4, 2021

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Defendant / Appellant

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# Exhibit H

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JAN 07 2021

SC Court of Appeals

THE STATE OF SOUTH CAROLINA  
In The Court of Appeals

APPEAL FROM RICHLAND COUNTY  
Common Pleas

Judge John Hood, Fifth Circuit Judge

Case No. 2020-CP-400-3810

Morris Hutson

Appellant/Defendant,

v.

Penn America Insurance  
Company & Global Indemnity  
Group, LLC

Respondents/Plaintiffs

**NOTICE OF APPEAL**

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2. Order Granting Plaintiffs Penn America Insurance Company, Global Indemnity Group, LLC, Christian Stegmaier, Esq., and Collins & Lacy P.C.'s Motions to Strike),
3. Order Denying Third-Party Plaintiff's Motion for Temporary Injunction.

THE STATE OF SOUTH CAROLINA  
In The Court of Appeals

**RECEIVED**

JAN 07 2021

SC Court of Appeals

APPEAL FROM RICHLAND COUNTY  
Court of Common Pleas

Judge John Hood, Fifth Circuit Judge

Case No. 20020-CP-400-3810

Morris Hutson

Defendant/Appellant

v.

Penn America Insurance  
Company & Global Indemnity  
Group, LLC

Plaintiff/Respondent

PROOF OF SERVICE

I certify that I have served the **Notice of Appeal** to the Honorable Jeanette McBride, Clerk of Court for Richland County, via email to meet the temporary guidelines for filing during the coronavirus pandemic as well as by depositing a copy of it in the United States Mail, postage prepaid, on January 4, 2021 to Post Office Box 2766, Columbia, SC 29202 for Richland County Case # 2020-CP-400-3810. Furthermore, this Notice is served to the Appeals Court with the appropriate fees via USPS on January 6th and electronically on January 3rd to all other parties listed on the Notice of Appeal: C. Stegmaier, Laura Baer, JR Murphy, and TJ Newton.

January 3, 2021

  
s/ M Hutson

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January 4, 2021

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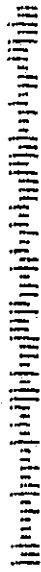
COLUMBIA, SC 29211

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JAN 07 2021  
SC Court of Appeals

SC Court of Appeals  
Post Office Box 11629  
Columbia, SC 29211



29211-162929

**CERTIFICATE OF SERVICE**

I, the undersigned, attorneys for Respondents, do hereby certify that I have this date served the foregoing MOTION TO DISMISS, OR, IN THE ALTERNATIVE, MOTION TO CORRECT THE CAPTION by causing the same to be deposited in a United States Postal Service mailbox, postage prepaid, and via electronic mail, addressed to the following:

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*Pro Se Appellant*

**RECEIVED**

**Jun 08 2021**

**SC Court of Appeals**

*[Signature page follows]*

Respectfully submitted,

*s/Christian Stegmaier*

---

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PENN AMERICA INSURANCE COMPANY AND  
GLOBAL INDEMNITY GROUP, LLC AND  
THIRD-PARTY DEFENDANTS CHRISTIAN  
STEGMAIER AND COLLINS & LACY, P.C.

MURPHY & GRANTLAND, P.A.

*s/Timothy J. Newton*

---

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ATTORNEYS FOR THIRD-PARTY  
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Columbia, South Carolina  
June 8, 2021