

## Two Big Consumer Financial Litigation Wins in Two Days

December 26, 2006

Attorneys on the Firm's [Consumer Financial Litigation Services Team](#) recently scored two big victories.

On December 20, 2006, Justice Paul Newby, writing for the majority of the North Carolina Supreme Court, issued a key decision in the area of residential loans. In *Skinner v. Preferred Credit*, a class-action case, the Court ruled against the plaintiffs holding that North Carolina courts lacked personal jurisdiction to adjudicate their claims for usury and unfair trade practices against nonresident defendants. Finding the rationale in the 1982 Court of Appeals decision in *Whitener v. Whitener*, 56 N.C. App. 599, 289 S.E.2d 887, to be persuasive, the Court concluded that an out-of-state securitization trust, which merely held the plaintiffs' North Carolina residential loan, did not have enough contacts with North Carolina to justify being sued in this State. The decision can be found at:

<http://www.aoc.state.nc.us/www/public/sc/opinions/sc2006.htm>. The Womble Carlyle defense team that won this case at all stages of the litigation included [Hada Haulsee](#), [Ron Davis](#), [Don Lampe](#) and [Brad Johnson](#).

The very next day, December 21, 2006, Rockingham County Superior Court Judge Peter McHugh issued a key decision in the area of litigation funding. In *Odell v. Legal Bucks, LLC*, Case No. 05 CVS 999, another class-action case, the Superior Court granted summary judgment in favor of a litigation funding company, entirely dismissing the plaintiff's lawsuit, which as a matter of first impression in this State raised claims of usury, champerty, maintenance, unfair trade practices and violations of the North Carolina Consumer Finance Act in connection with non-recourse litigation funding transactions. The Womble Carlyle defense team included Hada Haulsee and Brad Johnson.

The *Skinner* case generated an unusual amount of interest among both consumer advocates and industry associations. For example, the Center for Responsible Lending, Legal Aid/Legal Services, the North Carolina Justice Center, the North Carolina Academy of Trial Lawyers, the Consumer Protection Division of the North Carolina Department of Justice (Attorney General Roy Cooper), and the North Carolina Bankers Association submitted amicus briefs in the *Skinner* case.

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