

NORTH CAROLINA  
DURHAM COUNTY

IN THE GENERAL COURT OF JUSTICE  
SUPERIOR COURT DIVISION  
24 CVS

JULIE SEEL

Plaintiff,

v.

ROBERT A. MIHALY, and CASTLE  
MONT ROUGE VINEYARDS, LLC

Defendant.

COMPLAINT  
(Jury Trial Demanded)

NOW COMES THE PLAINTIFF, complaining of the defendants, and alleges and says;

**PARTIES**

1. Plaintiff Julie Steele Seel, Ph. D (“Plaintiff” or “Julie”) is a citizen and resident of Durham County, North Carolina.
2. Defendant Robert A. Mihaly (“Mihaly”) is a citizen and resident of Durham County, North Carolina.
3. Defendant Castle Mont Rouge Vineyards, LLC (“CMRV,” collectively with Mihaly, the “Defendants”) is a North Carolina Limited Liability Company formed on 17 September 2021 by Mihaly and has a principal office at 957 Mountain Brook Road, Rougemont, North Carolina 27572.

**JURISDICTION AND VENUE**

4. Defendants are subject to this Court’s personal jurisdiction pursuant to N.C. Gen. Stat. § 1-75.4.
5. Subject matter jurisdiction is proper in this Court pursuant to N.C. Gen. Stat. §§ 7A-240 and 7A-243.
6. Venue is proper pursuant to N.C. Gen. Stat. §§ 1-82 and 44A-13(a).

**FACTUAL ALLEGATIONS**

**A. Julie joins Mihaly’s Castle Project**

7. For almost three decades, Mihaly has been constructing a castle, called the Castle Mont Rouge, in Person County, North Carolina (the “Castle”).

8. In a 17 November 2019 article with WRAL News, Mihaly was quoted as hoping to use the Castle as a vacation rental or wedding venue.
9. The Castle has a street address of 957 Mountain Brook Road, Rougemont, North Carolina 27572.
10. Mihaly owns the Castle and the surrounding land in his individual capacity.
11. Julie and Mihaly first met in July 2023. On 1 July 2023, Mihaly told Julie about his plans to use the castle as a vacation rental.
12. Mihaly informed Julie that he had graduated from the North Carolina Central University School of Law with a Juris Doctor in December 2017. This is reflected on Mihaly's LinkedIn page. Listed activities and societies include "Class President; CITI Full Scholarship; 418 Pro Bono hours." Mihaly's LinkedIn page further represents that he is skilled in legal writing.
13. Mihaly represented to Julie that he chose not to take the bar exam after graduating law school when he realized he could only make \$40,000 as a prosecutor after graduating.
14. Soon after meeting, Mihaly took Julie on a tour of the Castle. Julie suggested that the castle be used exclusively for event hosting. Mihaly agreed with Julie's suggestion.
15. In July 2023, Mihaly presented to Julie a business proposal with regards to the Castle.
16. Mihaly represented that, as part of the proposal, Julie would receive equal ownership of the Castle, all lands owned and in the process of being purchased on Red Mountain, and all property, tangible and intangible, related to the Castle.
17. As part of Mihaly's proposal, Julie would make a construction loan of \$200,000 to pay for improvements to the Castle property.
18. At the time of the agreement and currently, Mihaly, in his individual capacity, owned the Castle property, being that certain tract of real property at 957 Mountain Brook Road in the Mt. Tirzah Township, NC and more particularly described in that certain instrument dated 9 September 2000 and recorded in book 310 at page 344 in the Office of the Register of Deeds in Person County.
19. At the time of the agreement and currently, Mihaly, in his individual capacity, owned that certain tract of real property on Mountain Brook Road in the Mt. Tirzah Township, NC and more particularly described in that certain instrument dated 3 March 2004 and recorded in

book 476 at page 455 in the Office of the Register of Deeds in Person County, North Carolina.

20. At the time of the agreement and currently, Mihaly, in his individual capacity, owned lots 22 and 23 of the Mountainbrook Subdivision in the Mt. Tirzah Township, NC, more particularly described in that certain instrument dated 19 September 2019 and recorded in book 1017 at page 778 in the Office of the Register of Deeds in Person County, North Carolina and as shown on the survey recorded in Plat Cabinet 1 at page 79 in the Person County Registry.
21. In July 2023, Mihaly represented to Julie that he was a licensed and insured general contractor (#L81006) with the experience and expertise to oversee all aspects of the project except for the plumbing. Mihaly's general contractor license expired as of 31 December 2022.
22. Mihaly told Julie that he could prepare the documents to memorialize and secure the business proposal without needing to hire attorneys to do so.
23. Julie trusted Mihaly that the documents would fully and accurately reflect the representations Mihaly had made about the proposals and that Mihaly would execute a Deed of Trust to secure the loan from Julie to Mihaly.
24. Julie began contributing to the Castle project on 2 July 2023 by providing labor to clean garbage in the Castle related to design and researching historical artifacts for the Castle development.
25. On 25 July 2023, Julie ordered and paid for a copper tub for the Castle project.
26. On 21 July 2023, Julie ordered and paid for exterior stone and for the Castle project.
27. In August 2023, Julie began working on the Castle jobsite every day except Wednesdays.
28. On 20 October 2023, Mihaly, a law school graduate, presented a document to Julie titled "Basic Castle Understanding" (the "Understanding"). The Understanding is attached as **Exhibit A** and incorporated by reference as if fully set forth herein.
29. Mihaly represented to Julie that the Understanding reflected the agreed upon relationship between Mihaly and Julie. This document provides that Mihaly will transfer the Castle, all lands owned and in the process of being purchased on Red Mountain, and all property, tangible and intangible, to CMRV. The Understanding states that this transfer would happen "as soon as possible" but "no later than November 15, 2023."

30. According to the Understanding, Julie would own 49.999% of CMRV and Mihaly would own 50.001%. Decisions for CMRV would require agreement between both Julie and Mihaly. Mihaly, a law school graduate, assured Julie that this reflected the prior proposal of July 2023.
31. According to the Understanding, an event venue LLC would be formed with equal ownership and management between Mihaly and Julie. Mihaly, a law school graduate, assured Julie that this reflected the prior proposal of July 2023.
32. Mihaly has failed to transfer ownership of the Castle and surrounding properties to CMRV.
33. Mihaly has failed to amend the CMRV operating agreement to make Julie a member with 49.999% ownership.

**B. Julie and Mihaly Sign a Promissory Note**

34. On 20 October 2023 Mihaly also presented to Julie a document titled “NORTH CAROLINA SECURED PROMISSORY NOTE” (the “Note”). The Note is attached as **Exhibit B** and incorporated by reference as if fully set forth herein.
35. Mihaly drafted this document after assuring Julie he could handle the task as a law school graduate and assuring her that hiring attorneys would not be necessary.
36. Mihaly, a law school graduate, assured Julie that the Note represented the prior proposal of July 2023 and that Julie’s loan to Mihaly was secured against the Castle property.
37. The Note listed the borrower as “Robert Mihaly/future Castle Mont Rouge Vineyards LLC.” The Note listed the lender as Julie Seel.
38. The principal amount listed on the Note was \$250,000 as a construction loan.
39. Paragraph 4 of the Note, titled “SECURITY,” stated that the Note would be secured with the property at 957 Mountain Brook Road, Rougemont, North Carolina 27572, the same address as the Castle project.
40. The Note stated that Mihaly would receive the borrowed money “upon receipt of first payment for services, and thereafter, in the amount of 50% of all revenue collected until paid in full.” The Note does not define what services are being referenced. The Note also does not define “revenue collected” and does not specify what entity is collecting the revenue.



41. Upon information and belief, the Castle does not currently collect revenue and has not done so in the past twenty-two years (if Mihaly was honest about his representations to third parties).
42. The ability to collect revenue from the Castle is solely at Mihaly's discretion as managing member of CMRV and owner of the Castle property in his individual capacity; however, the Castle property does not have a Certificate of Occupancy upon information and belief.
43. After Mihaly executed the Note, a Deed of Trust was never prepared, executed or recorded to secure the debt with Julie as the beneficiary. The execution and recording of a Deed of Trust to secure the loan against the Castle property was solely within Mihaly's control as owner of the property in his individual capacity.
44. On 30 October 2023, without consulting Julie, Mihaly invited a film crew for the movie "H\_NGM\_N" to film at the castle. Julie was not consulted. In conversation, Mihaly told the film crew that he had chosen not to take the bar exam after graduating law school in order to pursue his passion as an artist, as opposed to the reason he had told Julie, being that he was unhappy with the salary prospects of practicing law.
45. On 16 November 2023, Mihaly unilaterally declared that no further work could be done and no materials could be delivered to the property. In doing so, Mihaly referenced the Castle property as his alone without a shared ownership with Julie or anyone else.

**C. Julie learns of Mihaly's past misrepresentations regarding sculptures, paintings, the Castle's financing, and Mihaly's status as a licensed and insured general contractor.**

46. As of November 2023, Mihaly was the managing member of Quality Brick and Stone Restoration, LLC ("QBSR"). QBSR is a North Carolina Limited Liability Company formed on 6 October 2020. Throughout 2023, QBSR claimed on their website to be a licensed and insured general contractor under Mihaly's license number
47. On 11 December 2023, Julie contacted the North Carolina Licensing Board for General Contractors about QBSR's claim of being a licensed and insured general contractor. On 14 December 2023, the Licensing Board confirmed that, per their records at the time, QBSR was not licensed as a general contractor in the state of North Carolina.
48. In the beginning of their relationship, Mihaly represented to Julie that there were never concerns about the quality of construction at the Castle and that past difficulties in

financing the project owed to a lack of similar structures to serve as comparable properties for an appraisal by a lender.

49. In November 2023, Tina Motley, Mihaly's ex-wife, provided Julie an email exchange from 30 October 2002 between Tina and Ponce D. Moody of Ponce D. Moody & Associates which states that financing for the Castle was rejected because the Castle was deemed an "unacceptable property." The email was signed "T&R."
50. On 17 December 2023, Mihaly posted on his Facebook page images of paintings of the castle. In the comments of the post, Mihaly represented that he intended to begin making and marketing prints of the paintings. Mihaly further represented that all paintings were "oil on canvas."
51. According to Mihaly's statements to Julie, Mihaly uses an Artificial Intelligence software to create paintings in the style of various painters, has them commercially printed, and then adds paint on top of the print to make it appear as though the work was painted.
52. On 2 January 2024, Julie received a message from Anatoly Kvitnitsky, CEO of the company AI or Not. Kvitnitsky had done an analysis using his company's AI detection tools that reported a high probability that the paintings were generated by an Artificial Intelligence tool.
53. Mihaly owns and has owned a website with domain name robertmihaly.com since at least 2001. The bottom of the website contains the language "Copyright (sic) 2001-2014 Robert Mihaly Studio."
54. On this website, Mihaly represents himself as a sculptor employing "olde-world techniques & methods." The website has a technique page in which Mihaly describes what "olde-world techniques & methods" are in a lengthy explanation of the process of hand carving statues.
55. In 2010, Mihaly was commissioned to create a marble sculpture for the grave of Elizabeth Edwards, late-wife of Senator John Edwards. Mihaly was commissioned by Cate Edwards, daughter of John and Elizabeth Edwards and executor of Elizabeth's estate.
56. In a 13 April 2014 article in the Chicago Sun Times, Mihaly was quoted as saying Elizabeth had originally "just wanted a little rectangular block of stone." Mihaly, who, according to the article, always encourages clients to "think big," ultimately was commissioned to make

a marble sculpture of a flock of doves flying out of a cast of Cate's hands. According to the article, the sculpture cost \$80,000 to construct.

57. According to a 9 July 2012 article in the Daily Mail, years passed without a headstone being placed at Elizabeth Edwards's grave as the family awaited the sculpture Mihaly had been commissioned to build. The family paid for a foot marker to mark the gravesite in absence of the sculpture. According to the article, it was not clear why the sculpture was taking so long.
58. According to a 4 April 2014 article by WRAL news, Mihaly appeared at the gravesite the week of the article's release with the monument. A 2 June 2014 story by ABC 11 news features Mihaly making minor alterations to the monument with hand tools.
59. On 11 November 2023, Mihaly told Julie that he did not craft his marble sculptures by hand, but instead provided drawings of the design to a Chinese company that uses machines to carve computer-made designs into the marble prior to having their own artists finish the pieces by hand. Once delivered, Mihaly would make minor finishing alterations to the piece. According to the 11 November 2023 admission by Mihaly, the sculpture made for Elizabeth Edwards's grave was made using this technique.
60. Julie confirmed that Mihaly had the sculpture made by the Quyang Yiyang Stone Carving Factory through discussions with Hallen Yang, a representative from the Chinese company, in December 2023.
61. As of 2024, the technique page of Mihaly's website lists usage of the Chinese company and other machining companies in creation of his sculptures. According to a 2 December 2023 snapshot of the technique page on the way back machine internet archive, the technique page did not have information about usage of foreign machining companies at that time. No snapshot of the technique page prior to January 2024 mentions usage of foreign machining companies in creation of the sculptures. Instead, prior to the snapshot from January 2024, the technique page has consistently featured only an explanation of the process of hand-carving marble sculptures.
62. Through May and June 2014, Mihaly conducted a fundraising campaign on the internet platform "Kickstarter" to help pay for construction of the Castle.
63. Mihaly represented on the kickstarter campaign that donors would receive "grants of nobility," each grant being an "investment-grade work of art." Donors could also receive

what were represented as 16-inch gargoyle statues. The kickstarter campaign by Mihaly specified that the statues were hand-carved.

64. In Mihaly's admission to Julie on 11 November 2023, Julie learned that these gargoyles had also been manufactured using machines by the company in China.

65. In December 2023, through conversations with Hallen Yang, a representative from the Chinese company, Julie confirmed that the Chinese company had made the gargoyles using their machine process.

**D. Julie continues contributing to the Castle and files a Claim of Lien**

66. Julie has continued to contribute to the Castle project financially and through labor.

67. Since Julie became involved with the Castle project, Mihaly has consistently left various aspects of the project unfinished.

68. Throughout October and November, Julie worked on doors that Mihaly had made in April 2023 and which were improperly crafted.

69. Mihaly's lack of experience and expertise in various aspects of the Castle's construction has necessitated Julie's consulting other professional contractors beyond just plumbers as had originally been represented.

70. Julie has contributed \$282,467.01 to the Castle project.

71. Since August 2023, Julie has worked decreased hours in her psychology practice in order to contribute to the Castle project.

72. On 6 March 2024, Julie paid \$140 for exterior stone storage for February and March.

73. On 16 April 2024, Plaintiff's counsel sent Mihaly a Notice of Claim of Lien pursuant to N.C. Gen. Stat. § 44A-12. The notice lists the real property as 957 Mountain Brook Road, Rougemont, North Carolina. The notice lists the dates of first and last furnishings as 2 July 2023 and 6 March 2024, respectively.

74. Julie has been damaged in excess of \$25,000 by Mihaly's misconduct.

**FIRST CLAIM FOR RELIEF**

*(Fraud in the Inducement against Mihaly and CMRV)*

75. Plaintiff incorporates by reference paragraphs 1 through 74.

76. Mihaly made numerous false representations to Julie throughout the course of their dealings. Such false representations include:

- a. That Mihaly was a licensed and insured general contractor in North Carolina;

- b. That Mihaly had the experience and expertise to complete all aspects of the Castle project except plumbing and that Julie would not have to hire other contractors to complete work outside of the plumbing;
  - c. That the construction loan from Julie to Mihaly would be secured against the Castle property;
  - d. That Julie would become part owner of a revenue-generating event venue on the property;
  - e. That Julie would become part owner of CMRV;
  - f. That title to the Castle property and all other real properties in the Red Mountain area owned or being bought at the time of the Understanding would be transferred to CMRV;
  - g. That Mihaly would draft enforceable instruments that reflected the proposal he presented to Julie in July 2023.
77. Julie relied on each of these false representations when agreeing to lend Mihaly money to complete the Castle project.
78. Mihaly knew or should have known that his general contractor license had expired.
79. Mihaly knew or should have known that he did not have the expertise and experience to handle all aspects of the project.
80. Since execution and recording of a Deed of Trust securing the loan with Julie as the beneficiary was solely in Mihaly's power as owner of the Castle and surrounding properties in his individual capacity, Mihaly knew or should have known that the construction loan was not secured as he previously had represented.
81. Since usage of the property is within Mihaly's control as owner in his individual capacity, Mihaly knew or should have known that revenue was not being generated at the property.
82. Since amendment of the CMRV operating agreement is fully within Mihaly's control, Mihaly knew or should have known that Julie had not actually become a part owner of CMRV.
83. Mihaly represented that, as a law school graduate, he could draft enforceable instruments to reflect the prior proposal to Julie. Mihaly intentionally drafted documents that were patently ambiguous, vague, and contradicted the prior proposal to Julie, and represented to Julie that hiring attorneys would not be necessary given his education and background.

84. Mihaly intended for Julie to rely on his fraudulent representations.
85. Julie in fact did rely on Mihaly's fraudulent representations.
86. Mihaly made these false representations to Julie with the intent to deceive.
87. Mihaly's false representations did, in fact, deceive Julie, who would not have joined the project had she known of the falsity of these representations.
88. Julie reasonably relied upon Mihaly's fraudulent representations in joining the Castle project.
89. Julie had no reason to distrust the facts, statements, and circumstances surrounding Julie's interaction with Mihaly.
90. Julie's harm was a direct and proximate result of Mihaly's false representations.
91. As a direct and proximate result of Mihaly's fraudulent misrepresentations, Julie acted to her detriment and has been damaged in an amount in excess of \$25,000.
92. As a remedy for Mihaly's misrepresentations and omissions, Mihaly should disgorge all monies paid by Julie in furtherance of the Castle project, which amount is \$282,467.01.

## **SECOND CLAIM OF RELIEF**

### *(Negligent Misrepresentation against Mihaly and CMRV)*

93. Plaintiff incorporates by reference paragraphs 1 through 92.
94. Mihaly made several misrepresentations to Julie throughout the course of their dealings. Such misrepresentations include:
- a. That Mihaly was a licensed and insured general contractor in North Carolina;
  - b. That Mihaly had the experience and expertise to complete all aspects of the Castle project except plumbing and that Julie would not have to hire other contractors to complete work outside of the plumbing;
  - c. That the construction loan from Julie to Mihaly would be secured against the Castle property;
  - d. That Julie would become part owner of a revenue-generating event venue on the property;
  - e. That Julie would become part owner of CMRV;
  - f. That title to the Castle property and all other real properties owned or being bought at the time of the Understanding would be transferred to CMRV;

- g. That Mihaly would draft enforceable instruments that reflected the proposal he presented to Julie in July 2023.
95. Julie relied on each of these misrepresentations when agreeing to lend Mihaly money to complete the Castle project.
96. Mihaly knew or should have known that his general contractor license had expired.
97. Mihaly knew or should have known that he did not have the expertise and experience to handle certain aspects of the project.
98. Since execution and recording of a Deed of Trust securing the loan with Julie as the beneficiary was solely in Mihaly's power as owner of the Castle and surrounding properties in his individual capacity, Mihaly knew or should have known that the construction loan was not secured as he previously had represented.
99. Since usage of the property is within Mihaly's control as owner in his individual capacity, Mihaly knew or should have known that revenue was not being generated at the property.
100. Since amendment of the CMRV operating agreement is fully within Mihaly's control, Mihaly knew or should have known that Julie had not actually become a part owner of CMRV.
101. Mihaly represented that, a law school graduate, he could draft enforceable instruments to reflect the prior proposal to Julie. Mihaly intentionally drafted documents that were inherently ambiguous and contradicted the prior proposal to Julie, and represented to Julie that hiring attorneys would not be necessary given his education and background.
102. Mihaly made these misrepresentations with the actual intent to deceive Julie.
103. Julie reasonably relied on these misrepresentations when joining the Castle project.
104. Julie had no reason to distrust the facts, statements, and circumstances surrounding Julie's interaction with Mihaly.
105. Julie's harm was a direct and proximate result of Mihaly's misrepresentations.
106. As a direct and proximate result of Mihaly's misrepresentations, Julie acted to her detriment and has been damaged in an amount in excess of \$25,000.
107. As a remedy for Mihaly's misrepresentations and omissions, Mihaly should disgorge all monies paid by Julie in furtherance of the Castle project, which amount is \$282,467.01.

### **THIRD CLAIM OF RELIEF**

#### *(Unfair and Deceptive Trade Practices)*

108. Plaintiff incorporates by reference the allegations in paragraphs 1 through 107.
109. Mihaly's conduct, as alleged herein, violated the provisions of the North Carolina Unfair and Deceptive Trade Practices Act codified at N.C. Gen. Stat. § 75-1.1 *et. seq.* (the "UDTPA").
110. At all times relevant hereto, Mihaly held himself out to be engaged in the general contractor business and other businesses, and also represented the Castle and CMRV as a business enterprise in the event venue business, all of which fall within Chapter 75's definition of "commerce."
111. By engaging in the conduct described herein, Mihaly violated the UDTPA by, among other things, engaging in unfair and deceptive trade practices as defined by the UDTPA by making fraudulent misrepresentations that had the capacity, tendency, or effect of deceiving and misleading Julie as set forth herein.
112. Mihaly's unfair and deceptive practices include the following:
  - a. Representing that he is a licensed and insured general contractor when in reality his license had expired;
  - b. Representing that Julie's construction loan would be secured against the Castle property when in reality he never executed a Deed of Trust, which was in his sole power to do;
  - c. Representing to Julie that there had never been problems with the Castle in the past and that failures in financing were caused by a lack of other comparable properties for lenders to review, when in reality the Castle had been rejected as an unacceptable property;
  - d. Representing that he had the experience and expertise to carryout all work on the Castle except for the plumbing, when in reality he lacked the experience and expertise necessary for several parts of the Castle's development which prompted a need for Julie to consult other contractors;
  - e. That Julie would become part owner of a revenue-generating event venue on the property, when in reality no such venue existed or was created and usage of the



property for such a purpose was in Mihaly's sole discretion as owner of the property in his individual capacity;

- f. That Julie would become part owner of CMRV when in reality Mihaly is the sole member of CMRV and the operating agreement was not changed to reflect another member;
- g. That title to the Castle property and all other real properties owned or being bought at the time of the Understanding would be transferred to CMRV when in reality Mihaly would not transfer the properties which were in his sole discretion to transfer as owner of them in his individual capacity;
- h. That Mihaly would draft enforceable instruments that reflected the proposal he presented to Julie in July 2023 when in reality Mihaly drafted ambiguous and contradictory documents to mislead Julie into believing her loan was secured and her interest in the business enterprise was as represented in July 2023.

113. Plaintiff is entitled to treble damages pursuant to N.C. Gen. Stat. § 75-16

114. Because Mihaly has willfully engaged in the conduct alleged herein, Plaintiff is entitled to attorney fees pursuant to N.C. Gen. Stat. § 75-16.1.

#### **FOURTH CLAIM OF RELIEF**

*(Constructive Trust and Equitable Lien against Mihaly and CMRV)*

115. Plaintiff incorporates by reference the allegations in paragraphs 1 through 114.

116. The Note executed between Mihaly and Julie lists the borrower as both Mihaly and CMRV.

117. Mihaly is the managing member of CMRV. Upon information and belief, Mihaly is the sole owner of CMRV.

118. Upon information and belief, Mihaly never transferred the Castle property to CMRV and still holds title to it in his individual capacity.

119. Julie acted to her own detriment in financing improvements to the Castle as a result of her reasonable belief that the debt was secured by a property interest in the Castle. Mihaly failed to execute and record documents to actually secure the debt as Julie had believed.

120. As a direct, foreseeable, and proximate result of the conduct described above, Mihaly has been unjustly enriched at the expense of plaintiff.

121. Plaintiff seeks an order that Mihaly disgorge his wrongfully obtained gains and award Plaintiff full restitution of all monies wrongfully acquired by Mihaly by the actions as

stated above, plus interest, and attorneys' fees. Plaintiff additionally requests that the Court impose a constructive trust on Mihaly, CMRV, and all of their assets, sufficient to cover the sum owed to Plaintiff. Plaintiff further requests that the Court grant an equitable lien on the Castle and surrounding properties to secure Defendants' debts owed to Julie.

#### **FIFTH CLAIM OF RELIEF**

##### *(Enforcement of Claim of Lien)*

122. Plaintiff incorporates by reference the allegations in paragraphs 1 through 121.
123. Plaintiff's counsel sent Mihaly a Notice of Claim of Lien pursuant to N.C. Gen. Stat. § 44A-12 on 16 April 2024.
124. The last date of Julie's furnishment of labor or materials was 6 March 2024.
125. Julie is entitled to a lien on the Castle property in the amount of \$282,467.01.
126. Plaintiff seeks an order that the Castle property be sold in accordance with N.C. Gen. Stat. § 44A to satisfy Plaintiff's lien.
127. Plaintiff is entitled to recover reasonable attorneys' fees pursuant to N.C. Gen. Stat. § 44A-35.

#### **SIXTH CLAIM OF RELIEF**

##### *(Declaratory Judgment)*

128. Plaintiff incorporates by reference the allegations in paragraphs 1 through 127.
129. As a result of the allegations herein, there is an actual controversy between Plaintiff and Defendants as to their respective rights and obligations under the Understanding and the Note, and Plaintiff is entitled to declaratory judgment relating to the parties' respective rights and obligations thereunder pursuant to N.C. Gen. Stat. § 1-253 and N.C. Gen. Stat. § 1A-1-57.
130. Plaintiff seeks declaratory judgment that the Note and Understanding are patently ambiguous and unenforceable. Plaintiff additionally seeks declaratory judgment that the Understanding and Note as written are illusory and without consideration. Plaintiff further seeks declaratory judgment that the representations made to Julie in the original proposal control where the written Understanding and Note contradict them.
131. Plaintiff further requests that the Court grant Plaintiff an equitable lien over the Castle and surrounding properties to secure Defendants' debts owed to Julie.

**WHEREFORE**, Plaintiff prays the Court for the following relief:

1. That plaintiff have and recover of defendants, jointly and severally, compensatory damages in the amount of \$282,467.01;
2. That plaintiff have and recover of defendants, jointly and severally, the costs of this action, including reasonable attorneys' fees;
3. That the Court impose a constructive trust on the assets of Mihaly and CMRV;
4. That the Court grant Plaintiff an equitable lien over the property at 957 Mountain Brook Road, Rougemont, North Carolina 27572;
5. That the Court grant Plaintiff an equitable lien over the properties surrounding the Castle and owned by Mihaly;
6. That the Court order that the Castle and surrounding properties be sold and that the proceeds of the sale be applied toward the satisfaction of Plaintiff's Claim of Lien, the costs of the sale, and Plaintiff's reasonable attorneys' fees;
7. Alternatively, that the Court enter Declaratory Judgment that the Understanding and Note are patently ambiguous, vague, and unenforceable as written, and that the representations made by Mihaly in the July 2023 proposal control the exchange where the Note and Understanding contradict such representations;
8. That the Court make a declaration or otherwise as to the rights, duties, and obligations of all parties with respect to the Note and the Understanding;
9. For a trial by jury on all issues so triable;
10. For such other relief as to the Court seems just and proper.

This the 21<sup>st</sup> day of May 2024.

**RANDOLPH M. JAMES, P.C.**



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# EXHIBIT A

## **Basic Castle Understanding**

1. The castle, all land on Red Mountain in Rougemont, NC currently owned or being bought, and all intangible rights related to all land and property, will be transferred to and owned by the existing Castle Mont Rouge Vineyards, LLC. Robert will transfer these deeds and assignments as soon as possible (no later than November 15, 2023). Robert will change Castle Mont Rouge Vineyards, LLC operating agreement and articles of organization prior to the addition of a new member to make sure the operating agreement and articles of organization reflect this understanding. with the NC Secretary of State. Julie will be named as member according to their agreement and partner in all management decisions in future operating agreement and the NC Secretary of State will be notified for all as soon as possible and no later than November 15, 2023. All fees for transactions will be a business expense.
2. There will initially be two entities in operation. In the event venue LLC (to be named), Julie will have 50 percent ownership and management and this LLC will operate with exclusivity for all events on Red Mountain by either Julie or Robert. This LLC will have a signed lease agreement for no less than forty (40) years for the castle and all future buildings on Red Mountain, and all necessary land for those operations. Castle Mont Rouge Vineyards, LLC., will be operated for the sole purpose of holding and securing property, Julie will have 49.999% ownership and Robert will own 50.001%, and there will be 50/50 management of the Castle Mont Rouge Vineyards, LLC, thereby all decisions will require the agreement between the two partners.
3. Robert will own 50.001% of the Castle Mont Rouge Vineyards, LLC—his contributions for this ownership include all existing property, tangible, and intangible, on Red Mountain, material pre-existing on Red Mountain or elsewhere intended for the castle, creative contributions, and labor to finish the castle. Julie will own 49.999% of this LLC and her contribution will be \$200,000 less 50% of expenses paid to obtain and live at 916 Kimball Dr., Durham from July-October 31, 2023 (Sean Grout will be notified to remove Robert from the lease effective October 31, 2023, and he and his children will no longer reside there or be financially responsible for any part of 916 Kimball Dr. thereafter), project management, creative contributions, and labor to finish the castle.
4. All additional event venues to be created officially or unofficially in connection to castle endeavors exclusively will be shared equally by both partners. Neither partner will engage in any exchange of money for services, loans, or any other monetary transaction related to the property, tangible or intangible, held in the LLC, or property on Red Mountain or elsewhere to be intended for use in any competition with this partnership's endeavors or otherwise, without the other partner's knowledge and consent.
5. The castle will be used exclusively to support the event venue, the event venue currently being created or any future one created and is not being finished to be a domicile for Robert, Julie, or for anyone.
6. Either partner will have the option to build a place of residence on a mutually agreed location architecturally consistent with the castle, and will maintain the property in a clean and orderly matter.



7. No access to the property will be given by individual consent for touring, media, filming, photographing, etc., (excluding friends and family) and all access will be limited to reduce liability and risk, and to protect the brand.
8. A waiver will be created for any visitor or worker to sign acknowledging risk and waiving liability.
9. Insurance will be obtained as soon as possible.
10. Robert continues to work long hours/days at the castle, minimum of 65 productive hours per week of work.
11. Julie continues to finance the project through certificate of occupancy and attractive, venue-ready finish, and provide project management, creative contributions, and labor when schedule allows.
12. Once the venue business begins generating revenue, 50% of net profits go to repaying secured loans from Julie to business per agreed upon terms. This loan will be according to the terms of the document that was created and signed. Julie & Robert split the remaining net profits after all agreed upon expenses. Partners will agree to allocate a percentage of profits to the creation of a capital reserve account to be used as an emergency fund to cover unforeseen expenses.
13. Julie will arrange for either payment or refinancing of remaining money owed (currently \$54,854.40 for 2.00 and 2.11 acre lots) on September 1, 2024, if possible, the LLC will be the guarantor of the loan.
14. Once the loan from Julie to business is repaid, 50% of Julie's profits from business go to paying the remaining \$200k owed to Robert as delineated in #3. Robert's loan to Julie will be secured by her property in Wilmington, 3406 Oyster Tabby, Dr.
15. There are no provisions in either operating agreement that can trigger an involuntary separation of Robert from castle property/use, and vice versa for Julie. There is no possible contractual legal buyout of Robert's share, and vice versa for Julie. All contracts to which Julie and Robert are parties will be structured to reflect this agreement between them, considering the application of NC General Statutes.
16. If either partner dies first (or becomes severely impaired, etc.), then the right to the actual running of the business does not transfer to their heirs, unless modified later by agreement of Julie and Robert.
17. If either party chooses to, or is not able to participate in the business for any reason, an agreed upon independent manager, CPA, and/or other person with a fiduciary duty to ensure accurate reporting of revenue and running of businesses will be decided and approved of by both parties and/or their estates, the majority vote of the board if in existence, or a mediator, to ensure protection of agreed upon terms and profit share. All documents will be available for review at any time by either party or their estate.
18. Upon the death of both Julie and Robert, and if both Chloe and Lysander are still alive or should either die, have children of their own, Robert's heirs have the right to buy out any fraction

up to 16 2/3<sup>rd</sup> % of Julie's share to create equal ownership, but not more, amongst the three children, Chloe, Lysander, and Elena and/or their children. In the event of Robert's children or grandchildren wanting to purchase any percentage according to these terms, all LLCs will be appraised by a mutually agreed upon appraiser, and if agreement cannot be made, by obtaining three appraisers, one chosen by Robert's estate, one by Julie's, and one mutually agreed upon. The two closest will be averaged and that will determine the value to be paid for the agreed upon percentage.

19. The website will be professionally created and agreed upon in which the full and accurate history of the castle will be told, to include all contributors and collaborators. Any untrue statement or story that is brought to the attention of either partner will be corrected immediately.

Signature: [Signature] Date: Oct. 20, 2023  
Print Name: Robert Mihaly ROBERT MIHALY

Signature: [Signature] Date: OCTOBER 20, 2023  
Print Name: Julie Seel

#### NORTH CAROLINA NOTARY ACKNOWLEDGMENT

THE STATE OF NORTH CAROLINA

COUNTY OF Person

I, Pamela H. Ferrell Notary Public, do hereby certify that

Robert Mihaly and Julie Seel

(name of individual(s) whose acknowledgment is being taken) personally appeared before me

this day and acknowledged the due execution of the foregoing instrument. Witness my hand

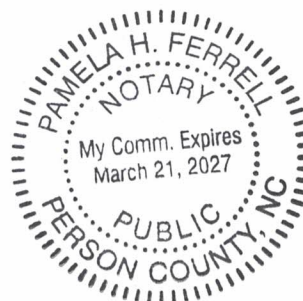
and official seal this 10.20.2023

[Signature]

Notary Public Signature

Print Pamela H. Ferrell

My commission expires: March 21, 2027 (Seal)



# EXHIBIT B



**NORTH CAROLINA  
SECURED PROMISSORY NOTE**

1. **THE PARTIES.** This North Carolina Secured Promissory Note ("Note") made on October 20, 2023, is by and between:

Borrower: Robert Mihaly/future Castle Mont Rouge Vineyards LLC with a mailing address of 916 Kimball Dr., Durham, NC 27705 ("Borrower"), and

Lender: Julie Seel with a mailing address of 916 Kimball Dr., Durham, NC 27705 ("Lender").

2. **LOAN TERMS.** The Lender agrees to lend the Borrower under the following terms:

- a. **Principal Amount:** ~\$250,000, construction loan.
- b. **Interest Rate:** (whatever IRS charges for no and late payments, but no more, currently prime + 3% compounded per: (check one)
  - ☒ - Month
  - ☐ - Annum
  - ☐ - Other: [OTHER]
- c. **Borrower to Receive the Borrowed Money on:** upon receipt of first payment for services, and thereafter, in the amount of 50% of all revenue collected until paid in full.

Hereinafter known as the "Borrowed Money."

3. **PAYMENTS.** The full balance of the Borrowed Money, including all accrued interest and any other fees or penalties, is due and payable in: (check one)

☐ - **A LUMP SUM.** The Borrower shall repay the Borrowed Money as a lump sum, in full, in the amount of \$[AMOUNT] (principal and interest) by [DATE] ("Due Date").

☒ - **INSTALLMENTS.** Borrower shall pay principal and interest installment amounts equal to 50% of all revenue collected from event venue LLC each month: (check one)

☐ - **Weekly** with any remaining balance payable on [DATE] ("Due Date").

☒ - **Monthly** with any remaining balance payable on the first of each additional month until all principal and interest is paid in full.

☐ - **Quarterly** with any remaining balance payable on [DATE] ("Due Date").

Hereinafter known as the "Repayment Period."

4. **SECURITY.** In the event of default by the Borrower, this Note shall be secured with the following property: 957 MOUNTAIN BROOK RD ROUEMONT NC 27572, Parcel Number A76 58 ("Security").

5. **CO-SIGNER.** (check one)

☒ - **NO CO-SIGNER.** This Note shall not have a Co-Signer.

☐ - **CO-SIGNER.** This Note shall have a Co-Signer known as [CO-SIGNER'S NAME] ("Co-Signer") who agrees to the liabilities and obligations on behalf of the Borrower under the terms of this Note. If the Borrower does not make payment, the Co-Signer shall be personally responsible and is guaranteeing the payment of the principal and all accrued interest under the terms of this Note.

**6. PREPAYMENT PENALTY.** The Borrower shall be charged: (check one)

☒ - **NO PRE-PAYMENT PENALTY.** The Borrower is eligible to pre-pay the Borrowed Money, at any time, with no pre-payment fee.

☐ - **A PRE-PAYMENT PENALTY.** If the Borrower pays any Borrowed Money to the Lender with the specific purpose of paying less interest, there shall be a pre-payment fee of: (check one)

☐ - \$[AMOUNT]

☐ - [PERCENT]% of the pre-paid amount.

☐ - Other. [OTHER]

**7. ALLOCATION OF PAYMENTS.** Payments shall be first (1<sup>st</sup>) credited to interest due and any remainder will be credited to the principal.

**8. ATTORNEYS' FEES AND COSTS.** Borrower shall pay all costs incurred by Lender in collecting sums due under this Note after a default, including reasonable attorneys' fees. If Lender or Borrower sues to enforce this Note or to obtain a declaration of its rights hereunder, the prevailing party in any such proceeding shall be entitled to recover its reasonable attorneys' fees and costs incurred in the proceeding (including those incurred in any bankruptcy proceeding or appeal) from the non-prevailing party.

**9. WAIVER OF PRESENTMENTS.** Borrower waives presentment for payment, a notice of dishonor, protest, and notice of protest.

**10. NON-WAIVER.** No failure or delay by Lender in exercising Lender's rights under this Note shall be considered a waiver of such rights.

**11. SEVERABILITY.** In the event that any provision herein is determined to be void or unenforceable for any reason, such determination shall not affect the validity or enforceability of any other provision, all of which shall remain in full force and effect.

**12. INTEGRATION.** There are no agreements, verbal or otherwise that modify or affect the terms of this Note. This Note may not be modified or amended except by a written agreement signed by Borrower and Lender.

**13. NOTICE.** Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by facsimile, or (d) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and such notices shall be made to the parties at the addresses listed above.

**14. EXECUTION.** The Borrower executes this Note as a principal and not as a surety. If there is a Co-Signer, the Borrower and Co-Signer shall be jointly and severally liable under this Note.

**15. GOVERNING LAW.** This Note shall be governed under the laws in the State of North Carolina.

**16. ADDITIONAL TERMS & CONDITIONS.** None.

**17. ENTIRE AGREEMENT.** This Note contains all the terms agreed to by the parties relating to its subject matter, including any attachments or addendums. This Note replaces all previous discussions, understandings, and oral agreements. The Borrower and Lender agree to the terms and conditions and shall be bound until the Borrower repays the Borrowed Money in full.

Lender Signature: [Signature] Date: 10/20/2023

Print Name: JULIE SEEL

Borrower Signature: [Signature] Date: OCT 20, 2023

Print Name: ROBERT MIHALY

### NORTH CAROLINA NOTARY ACKNOWLEDGMENT

THE STATE OF NORTH CAROLINA

COUNTY OF Person

I, Pamela H. Ferrell Notary Public, do hereby certify that

Robert Mihaly and Julie Seel

(name of individual(s) whose acknowledgment is being taken) personally appeared before me

this day and acknowledged the due execution of the foregoing instrument. Witness my hand

and official seal this 10-20-2023.

[Signature]

Notary Public Signature

Print Pamela H. Ferrell

My commission expires: March 21, 2027 (Seal)

