

**In the Circuit Court of Kanawha County, West Virginia**

**EZRA SCHOOLCRAFT,**  
Plaintiff,

v.

Case No. CC-20-2022-C-910  
Judge Joseph Reeder

**JEFFREY ISNER,**  
**PBC ENERGY, LLC,**  
Defendants

**FINAL JUDGMENT ORDER**

This matter came before the Court this 23rd day of August, 2024, upon Plaintiff Ezra Schoolcraft's Motion for Order Governing the Dissolution and Winding Up of Nominal Defendant PBC Energy, LLC and Defendant Jeffrey Isner's Motion for Attorney Fees, Costs, and Experts. These motions have been fully briefed and were argued at a hearing before the undersigned on August 15, 2024. So, upon the full consideration of the issues, the record, the oral arguments of counsel, and the pertinent legal authorities, the Court rules as follows.

**FINDINGS OF FACT**

1. This cause of action stems from disputes between Plaintiff Ezra Schoolcraft (hereinafter "Plaintiff" or "Schoolcraft") and Defendant Jeffrey Isner (hereinafter "Defendant" or "Isner") concerning a series of oil and gas companies they formed (along with other individuals). Those companies include Pillar Energy, LLC ("Pillar Energy"), Pillar Enterprises, LLC ("Pillar Enterprises"), PBC Energy, LLC ("PBC"), Pillar Fund 1, LLC ("PF1"), Pillar Fund 2, LLC ("PF2"), and Sycamore Midstream, LLC ("Sycamore")(collectively, "the Companies").
2. Plaintiff and Defendant each own 50% of PBC and are PBC's only two employees. PBC has no operating agreement.

3. After the adjudication of certain claims via dispositive motions practice, on March 18, 2024, the parties tried their claims to a jury. The jury rendered its verdict on March 22, 2024. The jury found in Defendant's favor on all remaining counts except Count XIII.
4. The jury found that Defendant Isner, in his capacity as a member of PBC Energy, "has acted, is acting, or will act in a manner that is illegal, oppressive, fraudulent or unfairly prejudicial to Schoolcraft." Verdict Form, Question 8 (Mar. 22, 2024). Specifically, the jury found as follows:

**Question 8:** Do you find that Defendant Jeffrey Isner, in his capacity as a member of PBC Energy, LLC, has acted, is acting, or will act in a manner that is illegal, oppressive, fraudulent or unfairly prejudicial to Schoolcraft?

Yes ☒ No ☐

5. The Court now considers these post-trial motions. On or about June 3, 2024, Plaintiff filed Plaintiff Ezra Schoolcraft's Motion for Order Governing the Dissolution and Winding Up of Nominal Defendant PBC Energy, LLC, seeking to obtain entry of an order that PBC Energy, LLC is dissolved and wound up under West Virginia Code § 31B-8-801. Relevant to this motion, Count XIII of Plaintiff's complaint alleged a statutory claim for the dissolution of PBC Energy, LLC.
6. On or about June 24, 2024, Defendant filed its Response to Plaintiff's Motion for Order Governing the Dissolution and Winding Up of PBC Energy, LLC, arguing the Court should not order dissolution under § 31B-8-801 because the member requesting dissolution should be bought out instead. See Def's Resp., p. 1. Further, Defendant argues if the Court does dissolve PBC, Defendant should not be prohibited from purchasing PBC's assets. *Id.*
7. On or about July 9, 2024, Plaintiff filed his Reply, "Plaintiff's Rebuttal Memorandum

Supported Motion for Order Governing the Dissolution and Winding Up of Nominal Defendant PBC Energy, LLC”, reiterating his argument that he is entitled to a declaration of dissolution and limited judicial supervision over the winding up of PBC Energy. See Reply, p. 1. Plaintiff argues Plaintiff should not be forced to disassociate himself and sell his interests in PBC because of the mandatory language of the West Virginia Uniform Limited Liability Company Act. *Id.* at 2.

8. Meanwhile, on or about June 24, 2024, Defendant filed Defendant Jeffrey Isner’s Motion for Attorney Fees, Costs, and Experts, arguing relevant operating agreements direct that Isner should be paid these costs as the substantially prevailing party in this lawsuit. See Mot., p. 1.
9. On or about August 13, 2024, Plaintiff filed Plaintiff’s Response in Opposition to Defendant’s Motion for Attorney Fees, Costs, and Expenses, arguing the matter is premature as the motion was filed before the Final Judgment Order and arguing Defendant is not the substantially prevailing party. See Pl’s Resp., p. 2-4.
10. A hearing was held August 15, 2024.
11. The Court finds the issue is now ripe for adjudication.

### **CONCLUSIONS OF LAW**

#### **Dissolution and Windup**

Here, Plaintiff seeks dissolution of PBC under West Virginia Code § 31B-8-801. Under West Virginia Code § 31B–8–801(b), “[a] limited liability company is dissolved, and its business must be wound up, upon the occurrence of any” of a number of “events.” One such event occurs when a member seeks a “judicial decree” that the “managers or members in control of the company have acted, are acting or will act in a manner that is illegal, oppressive, fraudulent or unfairly prejudicial to the petitioner.” W. Va. Code 31B–8–801(b)(5)(v).

Under West Virginia Code § 31B–8–801, a limited liability company “must” be dissolved upon a finding that, among other things, “[a]nother member has engaged in conduct relating to the company’s business that makes it not reasonably practicable to carry on the company’s business with that member,” or “[t]he managers or members in control of the company have acted, are acting or will act in a manner that is illegal, oppressive, fraudulently or unfairly prejudicial to [another member.]” W. Va. Code 31B–8–801(b)(5)(ii) & (v).

The Court finds that at the trial, the jury made the specific findings necessary to trigger the judicial dissolution of PBC Energy under Section 801(5) and the subsequent winding-up process. The jury found that, in Verdict Question 8, Defendant Isner, in his capacity as a member of PBC Energy, “has acted, is acting, or will act in a manner that is illegal, oppressive, fraudulent or unfairly prejudicial to Schoolcraft.” Verdict Form, Question 8 (Mar. 22, 2024).

The Court concludes that the jury made the requisite findings that warrant a judicial decree of dissolution of the winding up of PBC Energy under the mandatory language West Virginia Code §§ 31B–8–801 & 802. Accordingly, the Court declares the dissolution of PBC Energy and orders it be wound up in accordance with the Uniform Limited Liability Company Act, *see* W. Va. Code § 31B–1–101, *et seq.*

The Court next addresses the issue of judicial supervision of this windup. Plaintiff requests a limited judicial supervision. West Virginia Code provides that “[a]fter dissolution, . . . any member” or their “legal representative” may apply for judicial supervision “of the winding up” process for “good cause shown.” W. Va. Code § 31B–8–802(a).

Here, the Court finds that good cause exists. First, the Court considers the fact that with respect to PBC, the jury found that Defendant Isner, in his capacity as a

member of PBC Energy, “has acted, is acting, or will act in a manner that is illegal, oppressive, fraudulent or unfairly prejudicial to Schoolcraft.” See Verdict Form, Question 8 (Mar. 22, 2024). Accordingly, the Court concludes that some level of judicial supervision of the wind up is necessary and appropriate. The Court notes that Plaintiff is seeking only limited judicial supervision—that is, supervision only to the extent necessary to facilitate the winding-up of PBC Energy in an equitable and timely manner. Accordingly, the Court concludes that it is prudent to set forth the limited judicial supervision necessary to accomplish the winding-up process required by statute.

In connection with the Court’s limited judicial supervision necessary to ensure the orderly and equitable winding up of PBC Energy, the Court orders as follows:

1. That Defendant Isner and Plaintiff Schoolcraft, by and through their counsel (as may be necessary), shall participate jointly and in good faith in the winding up process to maximize the value of their respective interests and to limit the need for judicial intervention moving forward;
2. That Defendant Isner shall immediately provide full access to all books and records of PBC Energy, LLC, including any and all bank or financial accounts, asset listings, contracts or agreements, ledgers, and tax documents, to Plaintiff Schoolcraft or his representatives;
3. That the parties shall within 30 days of the Court’s order hire a broker or brokers to facilitate the sale of the assets of PBC Energy, and that if the parties cannot come to an agreement within 14 days of entry of this order as to the hiring of such brokers, the parties shall within 7 days thereafter submit the name(s) of their respective proposed broker(s) to the Court for selection, with any supporting explanation and documentation as may be necessary; and,
4. That the parties shall submit a joint status report to the Court every 30 days, with the first

joint status report being due within 30 days of the Court's order, concerning the winding up of PBC Energy, and a final report and proposed agreed final judgment order upon the completion of the winding up and formal termination of PBC Energy, which must occur no later than December 31, 2024.

The Court notes that it is not granting Plaintiff's request that Defendant Isner, directly or indirectly, or through any person or entity acting on his behalf, be barred from purchasing PBC assets. Further, the Court is not granting Plaintiff's request that PBC Energy shall exclusively bear the costs of dissolution and winding up, but not including any attorney fees or costs incurred by Defendant Isner.

#### Attorney's Fees

Next, the Court addresses Defendant Jeffrey Isner's Motion for Attorney Fees, Costs, and Experts. It is undisputed that Plaintiff signed the Pillar Energy, LLC and Pillar Enterprises, LLC operating agreements as a member of those companies. Those two operating agreements contain identical fee-shifting provisions, which state as follows:

Disputes Involving Company. In the event there is any dispute, litigation, arbitration or other controversy between any Member or Members and the Company, or between the Members, the party substantially prevailing in such controversy shall be entitled to recover from the adverse party all costs and expenses with regard to that controversy, including all attorney's fees, accountant's fees, witness's fees and other costs and expenses.

See Def's Mot., Ex. A, §7(h); Ex. B, § 7(h).

By signing, Plaintiff agreed that the substantially prevailing party in any dispute with another member would be entitled to recover their attorney fees, costs, and expenses.

West Virginia law is clear that contractual clauses providing for the recovery of attorney fees and litigation expenses by a prevailing party are valid and enforceable.

*See Mimi's Inc. v. BAI Riverwalk, L.P.*, 2020 WL 1487804, at \*8 (W. Va. Mar. 23, 2020); *Amaker v. Hammond's Mill Homeowners Ass'n, Inc.*, 2015 WL 6954981, at \*3, \*8-9 (W. Va. Nov. 6, 2015); *Moore v. Johnson Serv. Co.*, 219 S.E.2d 315, 322 (W. Va. 1975). In fact, our Supreme Court of Appeals has upheld such clauses even where they were one-sided. *See Vance v. Smallridge*, 2012 WL 3055439, at \*2 (W. Va. June 22, 2012).

The West Virginia Supreme Court of Appeals has held that a plaintiff substantially prevails when he or she recovers an amount equal to or approximating the amount claimed. *See Miller v. Fluharty*, 500 S.E.2d 310, 319, 321 (W. Va. 1997).

Here, the Court considers that before the trial in this matter, the Court granted summary judgment in Defendant's favor on Counts IV, VIII, IX, X, and XI. Count III was stayed after Defendant moved to enforce an arbitration clause. The Court granted judgment as a matter of law in Defendant's favor at trial on all claims involving Pillar Enterprises (parts of Counts I and IV). At trial, the jury found in favor of Defendant on all other claims except one: a statutory claim for dissolution of PBC Energy, LLC (not Pillar Energy or Pillar Enterprises).

The Court considers the monetary award awarded by the jury to Plaintiff. The Court considers the fact that in his opening statement, Plaintiff sought damages of over \$15 million. After the Court granted judgment as a matter of law to Defendant on all claims alleging misconduct with respect to Pillar Enterprises (parts of Counts I and IV), the Court notes and considers that Plaintiff then argued in closing arguments for a jury award of over \$7.4 million. Having recovered less than 7% of the special damages he asked the jury to award during his closing argument, Plaintiff cannot be said to have substantially prevailed. Further, as discussed and argued at the hearing, the \$476,000 awarded represented a relatively undisputed amount. The Court notes

the jury awarded Plaintiff an amount equal to the deferred compensation amount, which Defendant testified he would pay no matter what, plus Plaintiff's initial investment in the company.

Therefore, the Court concludes that although the jury did award Plaintiff \$476,000, that does not render Plaintiff the substantially prevailing party. Rather, analyzing the totality of this civil action, it is clear that it was Defendant was the substantially prevailing party.

Thus, the Court concludes there is no question that Defendant substantially prevailed for purposes of the Pillar Energy and Pillar Enterprises operating agreements, and that, as a result, he is entitled to recover his attorney fees, costs, and expenses from Plaintiff.

The Court finds and concludes that it shall be ORDERED that Defendant is awarded his attorney fees, costs, and expenses. The amount of Isner's attorney fees, costs, and expenses—as set demonstrated in the Affidavit of Steven R. Ruby and attachments thereto—is \$700,261.27. See Def's Mot., Ex. E.

### **CONCLUSION**

**WHEREFORE**, it is hereby **ORDERED** and **ADJUDGED** that Plaintiff Ezra Schoolcraft's Motion for Order Governing the Dissolution and Winding Up of Nominal Defendant PBC Energy, LLC is hereby **GRANTED**. It is further hereby **ORDERED** and **ADJUDGED** that PBC Energy, LLC shall be wound up as described herein.

It is further hereby **ORDERED** and **ADJUDGED** that Defendant Jeffrey Isner's Motion for Attorney Fees, Costs, and Experts is hereby **GRANTED**.

The Court notes the objections and exceptions of the parties to any adverse ruling herein. This is a FINAL ORDER. There being nothing further to accomplish in this matter, the Clerk is directed to retire this matter from the active docket. This being the



final order of the Court, the parties are advised that the period for appeal to the Supreme Court of Appeals of West Virginia runs from the date of the entry of this Order. The Clerk is directed to enter this Order as of the date first hereinabove appearing, and send attested copies to all counsel of record, as well as to the Business Court Central Office, electronically.

ENTERED this 23rd day of August, 2024.

**/s/ Joseph K. Reeder**

Circuit Court Judge

13th Judicial Circuit

Note: The electronic signature on this order can be verified using the reference code that appears in the upper-left corner of the first page. Visit [www.courtswv.gov/e-file/](http://www.courtswv.gov/e-file/) for more details.