

October 16, 2020

Chairman William H. Freeman  
North Carolina State Ethics Commission  
Post Office Box 27685  
Raleigh, NC 27611

**RE: REQUEST FOR INVESTIGATION  
JOHN D. WOOTEN IV  
CANDIDATE FOR NORTH CAROLINA SENATE  
STATEMENT OF ECONOMIC INTEREST**

Chairman Freeman,

I am writing to you today to request that the North Carolina State Ethics Commission conduct an investigation into the Statement of Economic Interest filed on January 9, 2020 by John D. Wooten IV, who is a candidate for the North Carolina State Senate District 24. In response to item numbered six (6) on the Statement of Economic Interest filed by Mr. Wooten, the only source of income identified by Mr. Wooten was his salary from his legal practice; however, it has recently come to light that Mr. Wooten also owns and rents two properties in Guilford. This information is derived from a legal action filed by Mr. Wooten in Guilford County, bearing Guilford County file number 20 CVS 7143. For your convenience, I have attached a copy of the lawsuit to this correspondence.

On or about January 13, 2017, Mr. Wooten purchased a home located at 204 Wilson Street, Greensboro, North Carolina 27401. This property is subject to a deed of trust, which secures a promissory note in the initial amount of three hundred thousand dollars (\$300,000.00). Averment number twenty-four (24) of the above referenced legal action states that "In July 2018, Mr. Wooten had rented out the home he owned in Greensboro to help cover the costs of that house." On or about March 18, 2019, Mr. Wooten purchased a second home located at 101 South Lindell Road, Greensboro, North Carolina 27403. This property is subject to a deed of trust, which secures a promissory note in the initial amount of one hundred and sixty-five thousand dollars (\$165,000.00). Averment number twenty-nine (29) of the above referenced legal action states, in reference to the property located on South Lindell Road, "There is no specific time period a veteran has to live in a residence financed with a VA certified loan prior to moving out or turning it into a rental property." According to the lawsuit, Mr. Wooten moved out of his South Lindell Road property in October of 2019. Recently, WXII Channel 12 ran a story about the properties being rented. A video of that story can be found at the following link <https://www.wxii12.com/article/senate-candidate-jd-wooten-doesn-t-offer-an-explanation-for-rental/34330273>

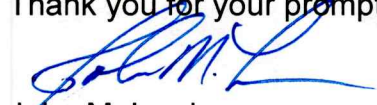
While none of the above information reveals what amount of income Mr. Wooten received as a result of the renting of these two properties, the amounts of the initial

loans and the statement that the 204 Wilson Street property was rented beginning in July 2018 to "help cover the costs of that house" certainly suggest that the rental income would have exceeded the five thousand dollars (\$5,000.00) threshold. I would like to draw your attention to Formal Advisory Opinion AO-E-15-001, which addresses the issues of "gross income" and "net income" and which further addresses the potential criminal penalties for a violation pursuant the **N.C.G.S. §138A-26** and **N.C.G.S. §138A-27**.

Finally, I would like to address the reason for presenting this information to you in this particular format. **N.C.G.S. §138A-12(a)** grants jurisdiction to the Ethics Commission to "receive complaints alleging unethical conduct by covered persons and legislative employees and shall conduct inquiries of complaints alleging unethical conduct by covered persons and legislative employees, as set forth in this section." **N.C.G.S. §138A-3(21)** defines a covered person as "a legislator, public servant, or judicial officer, as identified by the Commission under G.S. 138A-11." Since Mr. Wooten is not presently a legislator, nor has he been elected as a legislator, nor is he presently a legislative employee, and his name is not identified pursuant to **N.C.G.S. §138A-12(a)** as a person subject to the Ethics Act, I do not believe that the jurisdiction granted to receive a complaint covers this particular situation. This opinion is further supported by the format of the Complaint Form, created by the State Ethics Commission, which does not list "legislative candidate" as one of the "positions of the person whom this complaint is filed."

The State Ethics Commission, however, does have the authority pursuant to **N.C.G.S. §138A-28(a)** to "review all statements of economic interest pursuant to G.S. 138A-10(a)(4) and shall evaluate whether (i) the statements conform to the law and the rules of the commission." Accordingly, I would request that the State Ethics Commission investigate this matter to determine whether or not a violation under the State Ethics Act has occurred pursuant to **N.C.G.S. §138A-26** and **N.C.G.S. §138A-27**, or to refer the matter to the Attorney General for investigation or to take action pursuant to **N.C.G.S. §138A-25**.

Thank you for your prompt attention to this matter.



John M. Lewis

STATE OF NORTH CAROLINA

GUILFORD COUNTY

IN THE GENERAL COURT OF JUSTICE

SUPERIOR COURT DIVISION

FILE NO: 20 CVS 7143

J.D. WOOTEN,

Plaintiff,

v.

AMY S. GALEY, COMMITTEE TO ELECT  
AMY GALEY, J. KEITH HALL, NORTH  
CAROLINA SENATE MAJORITY FUND,  
AMY B. ELLIS, TIMOTHY C.  
WIGGINTON, CITIZENS FOR A BETTER  
NC SENATE, and C. KEITH TATUM,

Defendants.

**COMPLAINT**

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NOW COMES Plaintiff J.D. Wooten ("Mr. Wooten" or "Plaintiff"), and complaining of Defendants, alleges and says as follows:

**INTRODUCTION**

1. J.D. Wooten is running for a seat in the N.C. Senate from District 24, which is comprised of Alamance County and a part of Guilford County. Defendant Amy Galey is his opponent. This case arises out of Defendants' demonstrably false, misleading, scurrilous, and defamatory statements related to Mr. Wooten's loan application when purchasing a home in March 2019. Defendants have run repeated TV advertisements, have disseminated flyers and mailings throughout the district, and have made public statements that contain defamatory falsehoods about the nature of Mr. Wooten's loan application. Plaintiff has warned Defendants in writing about their libelous conduct and has explained in detail why their accusations are false. Even after being advised of the falsity of their publications, Defendants have continued to pursue their false and defamatory smear campaign. Mr. Wooten, by this Complaint, seeks to hold

Defendants accountable for the false and defamatory statements Defendants have made about him.

### **PARTIES**

2. Plaintiff J.D. Wooten is a citizen and resident of Guilford County, North Carolina. Mr. Wooten is currently the Democratic candidate for the North Carolina Senate seat from Senate District 24.

3. Amy S. Galey ("Ms. Galey") is a citizen and resident of Alamance County, North Carolina. Ms. Galey is currently the Republican candidate for the North Carolina Senate seat from Senate District 24.

4. The Committee to Elect Amy Galey ("Galey Committee") is a political candidate committee as defined in N.C. Gen. Stat. §163-278.6(14) and organized and existing pursuant to N.C. Gen. Stat. §163-278.7 and 163-278.9. The Galey Committee is an unincorporated association with its principal place of business in Alamance County, North Carolina. The Galey Committee was formed solely to manage, supervise, and support Ms. Galey's candidacy for the North Carolina Senate.

5. Upon information and belief, J. Keith Hall ("Mr. Hall") is a citizen and resident of Alamance County, North Carolina. Mr. Hall is the treasurer, sole identified officer, and manager of the Galey Committee. Given that the Galey Committee is an unincorporated association, all actions taken by the Galey Committee complained of herein were necessarily also taken by Mr. Hall as its treasurer and manager. All persons who cause or participate in the publication of libelous matter are deemed responsible, jointly and severally, for such publication.

6. The North Carolina Senate Majority Fund ("NC Senate Fund") is an affiliated party political committee organized and existing pursuant to N.C. Gen. Stat. § 163-278.8B. The NC Senate Fund is an unincorporated association with its principal place of business in Wake

County, North Carolina. The NC Senate Fund is the Republican controlled caucus formed solely to fund advertising for and to otherwise support Republican candidates for the NC Senate and to fund advertising against and to otherwise oppose Democratic candidates for NC Senate.

7. Upon information and belief, Amy B. Ellis ("Ms. Ellis") is a citizen and resident of Wake County, North Carolina. Ms. Ellis is the organizer, treasurer, sole identified officer, and manager of the NC Senate Fund. Given that the NC Senate Fund is an unincorporated association, all actions taken by the NC Senate Fund complained of herein were necessarily also taken by Ms. Ellis as its sole organizer and manager. All persons who cause or participate in the publication of libelous matter are deemed responsible, jointly and severally, for such publication.

8. Upon information and belief, Timothy C. Wigginton ("Mr. Wigginton") is a citizen and resident of Orange County, North Carolina. Mr. Wigginton is the press secretary and spokesperson for The North Carolina Republican Party ("NCGOP"), which is an unincorporated association with its principal place of business in Wake County, North Carolina. All persons who cause or participate in the publication of libelous matter are deemed responsible, jointly and severally, for such publication.

9. Citizens for a Better NC Senate ("CBNCS") is an independent expenditure political action committee. CBNCS is an unincorporated association with a principal place of business in Wake County, North Carolina. CBNCS was formed solely to fund advertising for and to otherwise support Republican candidates for the NC Senate and to fund advertising against and to otherwise oppose Democratic candidates for NC Senate.

10. Upon information and belief, C. Keith Tatum ("Mr. Tatum") is a citizen and resident of Caswell County, North Carolina. Mr. Tatum is the organizer, treasurer, sole identified officer, and manager of CBNCS. Given that CBNCS is an unincorporated association,

all actions taken by CBNCS complained of herein were necessarily also taken by Mr. Tatum as its sole organizer and manager. All persons who cause or participate in the publication of libelous matter are deemed responsible, jointly and severally, for such publication.

### **JURISDICTION AND VENUE**

11. The Court has subject matter jurisdiction over this action under and by virtue of, *inter alia*, N.C.G.S. § 7A-240 and N.C.G.S. § 7A-243 and N.C.G.S. § 1-253 *et seq.*

12. The Court has personal jurisdiction over Defendants under and by virtue of, *inter alia*, N.C.G.S. §1-75.4.

13. Venue is proper in this Court under by virtue of, *inter alia*, N.C.G.S. §1-79 and §1-82.

### **FACTS**

#### **Background.**

14. Mr. Wooten graduated from the U.S. Air Force Academy in 2007. He thereafter honorably served in the U.S. Air Force for more than five years as a commissioned officer. He returned to North Carolina upon the completion of his active duty military service and is now a lawyer in the Greensboro office of the firm Womble Bond Dickinson practicing primarily in the field of intellectual property.

15. Commensurate with his long and devoted commitment to his country, Mr. Wooten has always looked for ways to remain actively involved in public service. In late 2017 and early 2018, he began having discussions with close associates and colleagues about the possibility of one day running for public office.

16. In August 2016, a three-judge panel of the U.S. District Court for the Middle District of North Carolina declared 28 of the 170 N.C. General Assembly legislative districts to be racially gerrymandered and therefore unconstitutional. The U.S. Supreme Court affirmed that

ruling in June 2017. In the fall of 2017, the Middle District of North Carolina appointed a special master to draw new districts after the General Assembly failed to submit acceptable remedial electoral maps.

17. In that process, District 24 of the State Senate was reconfigured to include a large portion of Guilford County and all of Alamance County. As of early February 2018, no Democratic Candidate had announced an intention to run in District 24, leaving the incumbent Republican Rick Gunn presumably unchallenged for re-election.

18. Rather than allow Senator Gunn, a co-sponsor of Senate Bill 4 which blocked Medicaid Expansion in North Carolina, to run unopposed in 2018, Mr. Wooten decided to run for the District 24 NC Senate seat to challenge Senator Gunn. On February 26, 2018, Mr. Wooten announced his candidacy and filed for office with the State Board of Elections.

19. During the majority of 2018, Mr. Wooten resided at 1607 Hargrove Drive in McLeansville. The election was on November 6, 2018. Mr. Wooten lost.

20. After the election, Mr. Wooten was uncertain as to his political future. While he recognized he may run for public office again someday, he was not sure, and if he did run again, he did not know what office he might seek.

21. A lawsuit was filed on November 13 challenging the North Carolina General Assembly legislative maps, adding further uncertainty to Mr. Wooten's political options. In that lawsuit, the Plaintiffs specifically identified areas of concern in southern Guilford County directly impacting Senate Districts 26 and 27. Both Districts 26 and 27 share borders in southern Guilford County with District 24. Accordingly, Mr. Wooten believed it was possible that any or all of the state senate districts in the county grouping could change, depending on the outcome of the litigation. Mr. Wooten began considering and had conversations with his former campaign

manager and others about running for other offices, ranging from city council to state-wide positions.

22. Mr. Wooten did not immediately shut down his campaign office. He was still winding down the business from the 2018 campaign and conducting a review of the outcome of that race in the event that lessons learned might be beneficial for any future campaigns, including for whomever ran for state senate next in that area. Mr. Wooten also continued to make a few calls and keep in contact with donors to maintain those relationships developed in 2018 in the event that he chose to run for some political office in the future.

23. During this whole time, Mr. Wooten continued to work as a lawyer at Womble Bond Dickinson. His office was in downtown Greensboro. It was approximately a nine-mile commute, one way, from his Hargrove Drive, McLeansville residence to work.

24. In July 2018, Mr. Wooten had rented out the home he owned in Greensboro to help cover the costs of that house. Mr. Wooten decided to purchase a second home in downtown Greensboro that would allow him to live closer to his work, and focus more on his work, during this period of political uncertainty for him.

25. Mr. Wooten closed on the purchase of the residence at 101 S. Lindell Road, Greensboro ("Lindell Road home") on March 18, 2019. He used a U.S. Department of Veterans Affairs ("VA") secured, First Bank financed loan.

26. In the VA Report and Certification of Loan Disbursement for the closing of 101 S. Lindell Road ("VA Certification"), Mr. Wooten certified as follows:

I now actually occupy the above-described property as my home or intend to move into and occupy said property as my home within a reasonable period of time or intend to reoccupy it after the completion of major alterations, repairs or improvements.



27. At the time he purchased his Lindell Road home, Mr. Lindell absolutely intended to live there. Mr. Wooten rented a U-Haul to move his furniture into his new residence. He updated his bank, credit card, and insurance records reflecting his new address. He completed his move-in by March 28, 2019.

28. Mr. Wooten eventually made the decision to run for the State Senate seat from District 24 again. However, he continued to believe there was uncertainty in the state senate electoral boundaries in Guilford County until the Wake County Superior Court entered an order that the General Assembly submit new electoral maps without modification to Districts 24 or 28, also in Guilford County. Accordingly, he continued to live in his Lindell Road home until October 16, 2019, when he moved to a rental residence at 4817 Redland Court, McLeansville, which was in District 24.

29. Regardless of Mr. Wooten's political plans, he intended to, and in fact did, live in his Lindell Road home for seven months. There is no specific time period a veteran has to live in a residence financed with a VA certified loan prior to moving out or turning it into a rental property. He wholly and completely satisfied his VA Certification.

30. The Deed of Trust for Mr. Wooten's Lindell Road home, which was executed for the benefit of the lender, First Bank, and has nothing to do with the VA Certification above, has an "Occupancy" provision which states as follows:

Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, *or unless extenuating circumstances exist which are beyond Borrower's control.*

(emphasis added) (hereinafter referred to as "Deed of Trust Occupancy Provision").

31. The real estate attorney who coordinated Mr. Wooten's closing on the Lindell Road home, Chris Justice, advised Mr. Wooten that the "extenuating circumstances" provision is broad and permits a borrower to move out of a residence in the event that future plans change. Subsequently, Mr. Justice has again confirmed that Mr. Wooten's decision to run for office definitely fits this broad provision, allowing him to move out of his home without breaching the deed of trust.

32. It cannot be overstated that any reference or reliance on the Deed of Trust Occupancy Provision to implicate a misrepresentation or fraud upon the VA is a complete falsehood. The Deed of Trust was a First Bank document, not a VA document.

33. Further, any reference or reciting of the Deed of Trust Occupancy Provision that includes the first part of the provision without including the last part of the provision, the "extenuating circumstances" language, is a material omission that drastically and materially alters the meaning of the provision.

34. At no time did Mr. Wooten ever make any misrepresentations to the VA or to the mortgage lender, First Bank.

**Defamatory Statements and Publications.**

**A. Ms. Galey July 25, 2020 On-Air Statements.**

35. WXII Channel 12 aired a news story about this matter on or about July 25, 2020. In the story, reporter Bill O'Neill starts out by crediting his primary source as Ms. Galey's campaign. He interviews Ms. Galey who is quoted directly, "[I]n my mind, it would raise a question of fraudulent intent" (hereinafter referenced as "the on-air statements"). A true and accurate copy of the transcript of this news story is attached hereto as Exhibit A.

36. In this statement, Ms. Galey is directly accusing Mr. Wooten, a long-time Air Force veteran and upstanding member of the North Carolina Bar, of the felony of defrauding the Veterans Administration.

37. Ms. Galey could have easily discovered that Mr. Wooten did in fact live in the residence for seven months, which meant he absolutely complied with the VA Certification, and she either did or should have known about the "extenuating circumstances" provision in the Deed of Trust Occupancy Provision.

38. The relevant documents were available for Ms. Galey's inspection prior to making this accusation. Ms. Galey also could have inquired directly from Mr. Wooten regarding these circumstances, which she failed to do.

39. Ms. Galey either knew what she was saying was false or carelessly and recklessly made the statements in complete disregard of the truth or falsity of what she was saying.

B. Late July 2020 Flyers and Mailers.

40. Around the same time that Ms. Galey made her damaging on-air statements referenced above, Ms. Galey, the Galey Committee, Mr. Hall, the NC Senate Fund, and Ms. Ellis circulated thousands of flyers and mailers throughout District 24 repeating, at a more egregious and scurrilous level, the same false and defamatory accusations. In the mailer, the words **"FRAUD ALERT"** appear in red at the top, directly above a picture of Mr. Wooten. Directly below the picture of Mr. Wooten, it reads, **"State Senate Candidate JD Wooten committed fraud on his VA mortgage loan."** On the reverse side of this mailer, there is an additional quote from the veterans united website that reads "Veterans and active duty personnel who secure a VA loan have to certify that they intend to personally occupy the property as a primary residence." And then later in the mailer it reads in bold **"but Wooten never moved in."** This, as explained above, is a complete and utter falsehood. Mr. Wooten moved into his Lindell Road

home and resided there for over seven months. The mailer makes no mention of this whatsoever. A true and accurate copy of this mailer is attached as Exhibit B. There could not be a more direct and damaging accusation than the accusation that Mr. Wooten has committed the felony of defrauding the VA.

41. This mailer also includes a materially altered and misleading quote from Mr. Wooten's Deed of Trust Occupancy Provision referenced above. The mailer states, "Borrower shall . . . occupy the Property as Borrower's principal residence for at least one year after the date of occupancy . . ." This quote intentionally omits the next section which reads, *unless extenuating circumstances exist which are beyond Borrower's control*. The reader is absolutely unable to understand the actual meaning and intention of the Deed of Trust Occupancy Provision without including the "extenuating circumstances" language.

42. Including this quote from the Deed of Trust directly under the quote from the Veterans United website is also materially misleading in that it implies this requirement from the Deed of Trust is related to the VA Certification requirements, which it absolutely is not.

43. At the bottom of this mailer attached as Exhibit B is the bold statement in red, **"JD WOOTEN IS CORRUPT."**

44. Defendants Ms. Galey, the Galey Committee, Mr. Hall, the NC Senate Fund, and Ms. Ellis knew Mr. Wooten had previously lived in Greensboro; they knew he worked in downtown Greensboro. Defendants knew or should have known that Mr. Wooten had in fact moved into his Lindell Road home, they knew or should have known that the VA did not have a minimum time requirement that a veteran had to live in a residence before moving out or turning it into a rental property, and they knew or should have known that the extenuating circumstances provision in the Deed of Trust directly applied to Mr. Wooten's situation. Defendants Ms. Galey, the Galey Committee, Mr. Hall, the NC Senate Fund, and Ms. Ellis produced, published,

and disseminated these scurrilous and defamatory mailers, Exhibit B attached to this Complaint, knowing they were false or with a reckless disregard as to their truth.

C. NCGOP and Tim Wigginton July 30, 2020 Press Release.

45. On July 30, 2020, the NCGOP and Mr. Wigginton issued a press release regarding this matter captioned **“Democrat J.D. Wooten Attempts to Cover-Up VA Loan Fraud.”** A true and accurate copy of the press release is attached hereto as Exhibit C. The most damaging and defamatory aspect of this press release is the caption itself. In the caption, the NCGOP is accusing Mr. Wooten of the felonious crime of loan fraud, which, as explained above, is absolutely false. Then the caption states Mr. Wooten has committed a cover-up of a (non-existent) fraud, which is an accusation of a crime in and of itself.

46. The purported basis of the NCGOP and Mr. Wigginton’s accusation of a “cover-up” is that Mr. Wooten had recently filed an amended 2019 Campaign Finance Report accurately reflecting that his residence back during that time period was his Lindell Road home. Mr. Wooten merely corrected a mistake on a form that had been the result of an oversight on his part, it was not any sort of cover-up. These documents are all public record. There is absolutely no way Mr. Wooten could have conceived that he was “covering-up” anything when these documents were all available for everyone to inspect. The fact that the only basis for this accusation of a “cover-up” is an address change on a public record finance report is evidence of the complete lack of due diligence performed by the Defendants prior to making these baseless defamatory statements.

47. In the text of the press release, Mr. Wigginton is quoted as saying, **“JD Wooten’s VA loan fraud cover-up demonstrates that he is dishonest and unfit for office.”** Mr. Wigginton is also quoted as saying, **“Wooten admitted that he failed to live up to the terms of his VA loan. Now he is trying to cover it up.”** Mr. Wooten never admitted that he failed to

live up to the terms of his VA loan, and of course there was no cover-up. These statements are patently false.

48. The press release contains other false and defamatory statements including but not limited to that WXII “broke the news story” when in fact the “story” was fed to WXII by Ms. Galey and the other Defendants.

49. The NCGOP and Defendant Wigginton knew Mr. Wooten had previously lived in Greensboro; they knew he worked in downtown Greensboro. NCGOP and Mr. Wigginton knew or should have known that Mr. Wooten had in fact moved into his Lindell Road home, they knew or should have known that the VA did not have a minimal time requirement that a veteran had to live in a residence before moving out or turning it into a rental property, and they knew or should have known that the extenuating circumstances provision in the Deed of Trust directly applied to Mr. Wooten’s situation. The NCGOP and Mr. Wigginton produced, published, and disseminated this press release attached as Exhibit C, knowing it was false or with a reckless disregard for its truth.

D. Cease and Desist Letters.

50. On August 3, 2020, August 4, 2020, and August 7, 2020, Mr. Wooten, through counsel Robert Zaytoun, wrote letters to Ms. Galey, the Galey Committee, the NC Senate Majority Fund, and the NCGOP putting them on notice that the allegations they were making were false and defamatory. The letters explained in detail the explanation as to why Defendants’ allegations were false, including the fact that Mr. Wooten had in fact moved into the Lindell Road home and had lived there for over seven months. The letters explained in detail the “extenuating circumstances” exception contained in the Deed of Trust Occupancy Provision. The letters explained in detail the extremely serious nature of Defendants’ allegations and

requested that Defendants retract their statements and cease further publication. True and accurate copies of these letters are attached hereto as Exhibits D, E, F, and G.

E. Early August 2020 Mailers/Flyers.

51. After receiving the above-referenced cease and desist letters, and after directly receiving a clear explanation as to the matter and proof that their prior statements and accusations had been false, Defendants Ms. Galey, the Galey Committee, Mr. Hall, the NC Senate Fund, and Ms. Ellis chose to disregard the explanations provided in the cease and desist letters and continue with impunity their false and defamatory smear campaign against Mr. Wooten by disseminating more mailers and flyers.

52. In one of these August flyers/mailers circulated by Ms. Galey, the Galey Committee, Mr. Hall, the NC Senate Fund, and Ms. Ellis, a caption reads **"JD Wooten: Busted for VA Loan Fraud."** The mailer goes on to include a quote entirely out of context from Bill O'Neil that **"Mr. Wooten told me by phone that he did not meet [the VA loan residency] requirement."** Mr. Wooten never said he did not meet the VA loan residency requirement. He did acknowledge to Mr. O'Neil that he did not reside in the home for one year, which was a Deed of Trust provision and not a VA requirement, but he also clearly explained to Mr. O'Neil about the extenuating circumstances provision referenced above, which directly applied to Mr. Wooten and exempted him from the one-year requirement. So, the fact that the Defendants include the bracketed language "[the VA loan residency]" to replace Mr. O'Neil's reference to the Deed of Trust one-year requirement, and again omitting reference to the extenuating circumstances provision, is a material misrepresentation drastically altering the meaning of the actual statement made by Mr. O'Neil. Defendants deliberately misled readers to believe that Mr. Wooten admitted to a failure to meet the VA occupancy requirement, which is patently false.

53. This mailer further states **"JD Wooten fails to meet the residency requirements of the VA loan."** And **"JD Wooten is exposed as a liar and a hypocrite, but will not apologize for scamming the VA loan systems to buy an investment property."** As described above, Mr. Wooten resided in the home and met all of the terms of his VA loan and his agreement with his lender, and this statement is patently false. A true and accurate copy of this flyer/mailer is attached hereto as Exhibit H.

54. This mailer is further materially misleading by not including the directly relevant and material fact that there is no VA requirement as to how long a veteran has to live in a residence before moving out or renting it.

55. In a subsequent flyer/mailer circulated by Ms. Galey, the Galey Committee, Mr. Hall, the NC Senate Fund, and Ms. Ellis, Defendants repeated many of the false and misleading assertions previously made in the earlier flyers/mailers. In addition, this mailer states that **"JD Wooten took money that could have helped another vet—then tried to cover it up."** Mr. Wooten's VA-secured, First Bank-financed loan was independent to him and not part of a federal program distributing resources to veterans. This false and defamatory statement inaccurately paints Mr. Wooten as depriving fellow veterans of their benefits, but this could not be further from the truth. Mr. Wooten's loan had no impact on other veterans, nor did it impact any other veteran's eligibility to obtain their own VA-secured, privately financed home loan. A true and accurate copy of this mailer is attached as Exhibit I.

56. The reverse side of the mailer shown in Exhibit I contains the materially misleading quote from Bill O'Neil that **"Mr. Wooten told me by phone that he did not meet that requirement."** This quote, taken out of context, and without referencing the extenuating circumstances language of the Deed of Trust, deliberately and materially misleads the reader into



believing that Mr. Wooten failed to meet the terms of his VA loan or his agreement with his lender, when as discussed above, that absolutely is not true.

57. In another of the early August 2020 mailers, the caption **"SHADY"** appears in bold at the top. Underneath that the mailer reads, **"State Senate candidate JD Wooten improperly used a VA loan to buy a second home."** This is followed by another caption that reads **"COVER-UP"** in bold followed by, **"Just last week, JD Wooten tried to amend campaign reports to cover-up where he lived in 2019."** Below that, a bold caption reads, **"THE TRUTH"** followed by, **"JD Wooten is corrupt. He is unfit for office."** A true and accurate copy of this mailer is attached hereto as Exhibit J.

58. As explained above, and as Defendants were clearly made aware in the cease and desist letters, there was nothing improper about Mr. Wooten's purchase of his Lindell Road home, and there was absolutely no "cover-up."

59. Defendants Ms. Galey, the Galey Committee, Mr. Hall, the NC Senate Fund, and Ms. Ellis produced, published and disseminated these scurrilous and defamatory mailers, Exhibits H, I, and J attached to this Complaint, knowing they were false or with a reckless disregard for their truth.

F. More Cease and Desist Letters and Defendants Continue with Defamatory, Scurrilous Publications and TV Commercial by CBNCS and Mr. Tatum.

60. Further cease and desist letters were written to Defendants in Mr. Wooten's continuing good faith effort to stop Defendants' baseless and defamatory smear campaign. Instead of stopping their campaign, Defendants enlisted the services of the independent expenditure political action committee, CBNCS, and Mr. Tatum, and ramped up their false and defamatory smear campaign with TV advertising and more direct mailers/flyers. In the TV ads and the mailers, Defendants repeat the same false and defamatory accusations as set forth above.

True and accurate copies of the CBNCS mailers are attached hereto as Exhibits K, L, M, N, O, and P.

61. Notably, in all of the CBNCS mailers, Defendants intentionally materially altered prior quotes and statements that resulted in the statements being defamatory. Specifically, Defendants repeat prior quotes from prior news stories that "the deed of trust Mr. Wooten signed states he would continue to occupy the property as borrower's principal residence for at least one year. . . ." However, everywhere Defendants include this quote, they omit the critical phrase that comes right after this sentence in the Deed of Trust language, "unless extenuating circumstances exist which are beyond Borrower's control." By the time these mailers were published, there is no doubt all Defendants knew this language was in the Deed of Trust, and they knew this language applied to Mr. Wooten's situation.

62. Also, these mailers include the statement VA loans all require borrowers "to live in the properties they purchase." However, Defendants intentionally omit the fact that there is no time requirement for how long a veteran is required to live in the residence prior to moving out or renting the property. By the time these mailers were published, there is no doubt all Defendants knew this. These were intentional omissions that materially altered the meaning of the prior quotes/statements.

63. In a TV advertisement furthering Defendants' scurrilous and defamatory assertions against Mr. Wooten, CBNCS and Mr. Tatum continued to intentionally and materially alter the meaning of prior quotes/statements to deliberately mislead voters. The on-screen text in this TV advertisement includes the altered quote **"An N.C. Senate candidate ... violated the terms of a Department of Veterans Affairs home loan program by borrowing money to buy an investment property."** Replacing critical language with the ellipsis makes it appear as though the author was stating a definitive finding of fact, instead of reporting on the

unsubstantiated claims that had previously been made by Ms. Galey. This omission materially alters the meaning of the quote and leads the viewer to believe that Mr. Wooten had committed the felonious crime of loan fraud, which, as explained above, is absolutely false.

64. The TV advertisement goes on to state **“Our local news caught JD Wooten red-hand”** with the on-screen text reading **“Wooten Caught Red-Handed.”** This false and defamatory statement referencing the WXII news story, when in fact the false and defamatory “story” was fed to WXII by Ms. Galey and the other Defendants.

65. The falsities in the TV Advertisement continue with an excerpt of the WXII story in which Bill O’Neil is heard stating: **“Mr. Wooten told me by phone he did not meet that requirement.”** Defendants fail to explain the context of that quote, which was in reference to the Deed of Trust Occupancy Provision, and which further failed to consider the “extenuating circumstances” provision of the Deed of Trust Occupancy.

66. While CBNCS and Mr. Tatum were the parties that claimed responsibility for the production and publication of these mailers and TV advertisement, upon information and belief, all other named Defendants to this action were aware of, participated in, and condoned the publication of these mailers.

67. Defendants produced, published, and disseminated these scurrilous and defamatory mailers, Exhibits K, L, M, N, O, and P attached to this Complaint, and the above-referenced TV advertisement, knowing they were false or with a reckless disregard for their truth.

G. NCGOP and Tim Wigginton August 21, 2020 Press Release.

68. On August 21, 2020, the NCGOP and Mr. Wigginton issued another press release regarding this matter that repeated many of the same false and defamatory statements:

- “[JD Wooten] used a Veterans Affairs loan to purchase a second home in 2019, **violating the requirements of the VA loan program.**” (emphasis added). Again, as explained above, Mr. Wooten did not violate the requirements of the VA loan program.
- “J.D. Wooten admitted that he did not meet the VA occupancy requirements, even though he signed a deed of trust certifying that he would occupy the house for a year. Now he’s trying to pretend it didn’t happen and hide the truth from the voters,” said NCGOP Press Secretary Tim Wigginton.” This is false.
- “JD Wooten used a VA loan to purchase a home in Greensboro on Lindell Road. The deed of trust he signed stated: “Borrower shall occupy, establish, and use the Property as Borrower’s principal residence within 60 days after the execution of this Security Instrument *and shall continue to occupy the Property as Borrower’s principal residence for at least one year after the date of occupancy...*” Again, as explained above, this is intentionally materially misleading without including the “extenuating circumstances” language contained in the Deed of Trust.
- “WXII-TV reported that Wooten confirmed he did not meet the 1-year residency requirement of his VA loan.” Again this is intentionally materially misleading without including the “extenuating circumstances” language contained in the Deed of Trust.

69. The NCGOP and Defendant Wigginton knew Mr. Wooten had previously lived in Greensboro; they knew he worked in downtown Greensboro. NCGOP and Mr. Wigginton knew or should have known that Mr. Wooten had in fact moved into his Lindell Road home, they knew or should have known that the VA did not have a minimal time requirement that a veteran had to live in a residence before moving out or turning it into a rental property, and they knew or should have known that the extenuating circumstances provision in the Deed of Trust directly applied to Mr. Wooten’s situation. The NCGOP and Mr. Wigginton produced, published, and disseminated this press release knowing it was false or with a reckless disregard as to its truth. A true and accurate copy of this press release is attached hereto as Exhibit Q.

#### H. September 2020 TV Commercial.

70. Defendants Ms. Galey, the Galey Committee, Mr. Hall, the NC Senate Fund, and Ms. Ellis have aired a TV advertisement containing the same false and defamatory narrative.

71. In this TV advertisement, Defendants falsely claim that **"JD Wooten took money that could have helped another vet, and then tried to cover it up."** Defendants further claim **"[Mr. Wooten] used that loan just to buy a second house to get richer. That's not what the program was for."** Defendants further claim **"What he did was a knife in the back. He cheated the system."** Defendants further claim **"JD Wooten, he cashed in by cheating our veterans."** All of these statements are patently false.

72. Throughout the TV advertisement, Defendants also intentionally materially altered prior quotes and statements that resulted in the statements being defamatory. Defendants fail to acknowledge that Mr. Wooten resided in the home as his residence for seven months, or that Mr. Wooten complied with all terms of his VA loan and his agreement with his lender.

73. Furthermore, Mr. Wooten's VA-secured, First Bank-financed loan was independent to him and not part of a federal program distributing resources to veterans. The false and defamatory statements inaccurately paint Mr. Wooten as depriving fellow veterans of their benefits, but this could not be further from the truth. Mr. Wooten's loan had no impact on other veterans, nor did it impact any other veteran's eligibility to obtain their own VA-secured, privately financed home loan.

74. As explained above, and as Defendants were clearly made aware in the cease and desist letters, there was nothing improper about Mr. Wooten's purchase of his Lindell Road home, and there was absolutely no "cover-up."

75. Defendants are continuing with impunity their false and defamatory smear campaign through the present. Defendants have repeated the same defamatory statements, both in word and in print, numerous times since the publications referenced above. These additional defamatory publications will be revealed through discovery and established at trial.

### **Damages**

76. Mr. Wooten, as a long-time Air Force veteran and practicing attorney in good-standing with the North Carolina State Bar, has suffered significant distress, embarrassment, injury to moral character, and injury to reputation as a result of Defendants' libel, slander, and other wrongful actions. Mr. Wooten is entitled to an award of all damages presumed by law to have been suffered by such defamatory actions in an amount to be determined by the trier of fact. Mr. Wooten has suffered other actual damages as a result of Defendants' libel, slander, and other wrongful actions.

77. As Defendants' actions were committed intentionally, with a reckless disregard for Mr. Wooten's rights, and with actual malice, all as more specifically set forth in paragraphs 35 through 75, above, Mr. Wooten is entitled to an award of punitive damages as allowed by law to deter Defendants from committing this type of conduct again in the future.

### **FIRST CLAIM FOR RELIEF** **(Libel *Per Se*)**

78. Plaintiff incorporates herein by reference paragraphs 1 through 77 of this Complaint as if fully set forth herein.

79. Defendants wrote, printed, caused to print, and possessed in printed form the mailers/flyers attached as Exhibits B, H, I, J, K, L, M, N, O, and P (hereinafter referred to as the "subject mailers") to the Complaint.

80. Defendants wrote, printed, caused to print, and possessed in printed form the press releases attached as Exhibits C and Q to the Complaint.

81. Defendants published the subject mailers and press releases.

82. Statements in the subject mailers and press releases, as described herein, were false.

83. Statements in the subject mailers and press releases were defamatory.

84. Statements in the subject mailers and press releases falsely accused Mr. Wooten of a crime and also tended to impeach Mr. Wooten in his trade and profession.

85. At the time of the publication of the subject mailers and press releases, Defendants either knew the statements in the subject mailers and press release were false or failed to exercise ordinary care in order to determine whether the statements were false.

86. Additionally, at the time of the publication of the subject mailers and press releases, Defendants either knew that the statements in the subject mailers and press release were false or acted with reckless disregard of whether the statements were false. As such, Defendants published the statements with actual malice.

87. The false, defamatory statements contained in the subject mailers and press releases were of and concerning Mr. Wooten, as described herein.

88. The words published by Defendants by means of the subject mailers and press releases defamed and libeled Mr. Wooten.

89. Mr. Wooten has suffered presumed and actual damages in excess of Twenty-Five Thousand Dollars (\$25,000.00), proximately caused by Defendants, as a result of their defamation of Mr. Wooten, in a specific amount to be proven during the trial of this matter.

90. Mr. Wooten is entitled to punitive damages as more specifically set forth above as allowed by law.

**SECOND CLAIM FOR RELIEF**  
**(Libel Per Quod)**

91. Plaintiff incorporates herein by reference paragraphs 1 through 91 of this Complaint as if fully set forth herein.

92. Defendants wrote, printed, caused to print, and possessed in printed form the subject mailers and press releases.

93. Defendants published the subject mailers and press releases.

94. Statements in the subject mailers and press releases, as described herein, were false.

95. Statements in the subject mailers and press releases were defamatory.

96. Statements in the subject mailers and press releases accused Mr. Wooten of a crime and tended to impeach Mr. Wooten in his trade and profession.

97. At the time of the publication of the subject mailers and press releases, Defendants either knew the statements in the subject mailers and press releases were false or failed to exercise ordinary care in order to determine whether the statements were false.

98. Additionally, at the time of the publication of the subject mailers and press releases, Defendants either knew that the statements in the subject mailers and press releases were false or acted with reckless disregard of whether the statements were false. As such, Defendants published the statements with actual malice.

99. The false, defamatory statements contained in the subject mailers and press releases were of and concerning Mr. Wooten, as described herein.

100. The words published by Defendants by means of the subject mailers and press releases defamed and libeled Mr. Wooten.

101. The false statements are defamatory when considered in connection with innuendo, colloquium, and the circumstances in which they were made, thus constituting libel per quod.



102. Mr. Wooten has suffered presumed and actual damages in excess of Twenty-Five Thousand Dollars (\$25,000.00), proximately caused by Defendants, as a result of their defamation of him, in a specific amount to be proven during the trial of this matter.

103. Mr. Wooten is entitled to punitive damages as more specifically set forth above as allowed by law.

**THIRD CLAIM FOR RELIEF**  
**(Slander *Per Se*)**

104. Plaintiff incorporates herein by reference paragraphs 1 through 103 of this Complaint as if fully set forth herein.

105. Ms. Galey in the July 25, 2020 on-air statement, and Ms. Galey and the other Defendants in the numerous TV ads referenced herein, uttered, and caused to be uttered words that were false and defamatory.

106. Mr. Wigginton's comments he made that were quoted in his press releases were false and defamatory.

107. Statements uttered in the on-air statement, press releases, and referenced TV ads falsely accused Mr. Wooten of a crime and also tended to impeach Mr. Wooten in his trade and profession.

108. At the time of the statements in the on-air statement, press releases, and referenced TV ads were uttered, Defendants either knew the statements were false or failed to exercise ordinary care in order to determine whether the statements were false.

109. Additionally, at the time the statements were uttered, Defendants either knew that the statements in the on-air statement, press releases, and referenced TV ads were false or acted with reckless disregard of whether the statements were false. As such, Defendants uttered the statements with actual malice.

110. The false, defamatory statements contained in the on-air statement, press releases, and referenced TV ads were of and concerning Mr. Wooten, as described herein.

111. The words uttered by Defendants by means of the on-air statement, press releases, and the referenced TV ads defamed and slandered Mr. Wooten.

112. Mr. Wooten has suffered presumed and actual damages in excess of Twenty-Five Thousand Dollars (\$25,000.00), proximately caused by Defendants, as a result of their defamation of Mr. Wooten, in a specific amount to be proven during the trial of this matter.

113. Mr. Wooten is entitled to punitive damages as more specifically set forth above as allowed by law.

**FOURTH CLAIM FOR RELIEF**  
**(Slander *Per Quod*)**

114. Plaintiff incorporates herein by reference paragraphs 1 through 113 of this Complaint as if fully set forth herein.

115. Ms. Galey in the July 25, 2020 on-air statement, and Ms. Galey and the other Defendants in the numerous TV ads referenced herein, uttered, and caused to be uttered words that were false and defamatory.

116. Mr. Wigginton's comments he made that were quoted in his press releases were false and defamatory.

117. Statements uttered in the on-air statement, press releases, and referenced TV ads falsely accused Mr. Wooten of a crime and also tended to impeach Mr. Wooten in his trade and profession.

118. At the time of the statements in the on-air statement, press releases, and referenced TV ads were uttered, Defendants either knew the statements were false or failed to exercise ordinary care in order to determine whether the statements were false.

119. Additionally, at the time the statements were uttered, Defendants either knew that the statements in the on-air statement, press releases, and referenced TV ads were false or acted with reckless disregard of whether the statements were false. As such, Defendants uttered the statements with actual malice.

120. The false, defamatory statements contained in the on-air statement, press releases, and referenced TV ads were of and concerning Mr. Wooten, as described herein.

121. The words uttered by Defendants by means of the on-air statement, press releases, and the referenced TV ads defamed and slandered Mr. Wooten.

122. The false statements are defamatory when considered in connection with innuendo, colloquium, and the circumstances in which they were made, thus constituting slander per quod.

123. Mr. Wooten has suffered presumed and actual damages in excess of Twenty-Five Thousand Dollars (\$25,000.00), proximately caused by Defendants, as a result of their defamation of Mr. Wooten, in a specific amount to be proven during the trial of this matter.

124. Mr. Wooten is entitled to punitive damages as more specifically set forth above as allowed by law.

#### **FIFTH CLAIM FOR RELIEF**

**(Declaratory Judgment Pursuant to N.C. Gen. Stat. §163-274 *et. seq.*)**

125. Plaintiff incorporates herein by reference paragraphs 1 through 124 of this Complaint as if fully set forth herein.

126. The actions of the Defendants as heretofore alleged constitute violations of the election laws of the State of North Carolina, specifically N.C. Gen. Stat. §163-274 (8) that provides that it is unlawful:

[f]or any person to publish or cause to be circulated derogatory reports with reference to any candidate in any primary or election,

knowing such report to be false or in reckless disregard of its truth or falsity, when such report is calculated or intended to affect the chances of such candidate for nomination or election.

127. Mr. Wooten is entitled to judgment declaring that the Defendants violated N.C. Gen. Stat. §163-274 (8).

**SIXTH CLAIM FOR RELIEF**  
**(Conspiracy to Violate Rights Under N.C. Gen. Stat. §163-274 et. seq.)**

128. Plaintiff incorporates herein by reference paragraphs 1 through 127 of this Complaint as if fully set forth herein.

129. The Defendants conspired and, in concert, agreed to engage in unlawful conduct that violated Plaintiff's legal rights, the rights of all citizens, and that is against the public policy of the State of North Carolina for a fair and honest election of persons to serve as public officers of the State. Moreover, the Defendants have acted in furtherance of such conspiracy by participating in or assisting in the publication of the false negative ad and the unjustified refusal to retract the ad when notified of the true facts.

130. The Plaintiff has suffered damages, proximately caused by the Defendants, in an amount to be proven during the trial of this matter.

**SEVENTH CLAIM FOR RELIEF**  
**(Unfair and Deceptive Trade Practices)**

131. Plaintiff incorporates herein by reference paragraphs 1 through 130 of this Complaint as if fully set forth herein.

132. As set forth above, specifically including but not limited to paragraphs 35 through 75, and in other ways to be established through discovery and at trial, Defendants acted in a manner which had the capacity or tendency to deceive and acted unfairly.

133. Defendants' actions, as set forth herein, were acts in or affecting commerce and constitute unfair and deceptive trade practices in violation of N.C. Gen. Stat. § 75-1.1 et seq.

134. Defendants' unfair and deceptive trade practices have directly and proximately caused Plaintiff damages in an amount in excess of Twenty-Five Thousand Dollars (\$25,000.00).

135. By reason of the foregoing, Plaintiff is entitled to have his damages trebled and have the costs of this action, including reasonable attorney's fees, taxed against Defendants, pursuant to N.C. Gen. Stat. § 75-16 and N.C. Gen. Stat. § 75-16.1.

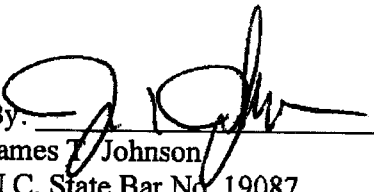
#### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff J.D. Wooten demands judgment against the Defendants as follows:

1. That Plaintiff have and recover against the Defendants, jointly and severally, all such monetary relief, injunctive relief, and equitable relief to which Plaintiff may be entitled under the law, including but not limited to compensation for mental anguish, injury to reputation, injury to moral character, humiliation, embarrassment, loss of earnings capacity, loss of enjoyment of life, and other out-of-pocket expenses;
2. That Plaintiff have and recover punitive damages against Defendants, jointly and severally;
3. That judgment against Defendants bears interest from the time of the institution of this action or earlier as provided by law;
4. That the costs of this action, including reasonable attorney's fees as allowed by law, be taxed against Defendants;
5. That Defendants be ordered to issue a public retraction, apology, and removal of the false statements as contained herein;
6. That the Court grant a trial by jury on all issues so triable; and
7. For such other and further relief as may be deemed appropriate by the Court.

This the 14<sup>th</sup> day of September, 2020.

**DeMENT ASKEW & JOHNSON**

By:   
James T. Johnson  
N.C. State Bar No. 19087  
Post Office Box 711  
Raleigh, North Carolina 27602  
Tel: 919-833-5555  
Email: [jjohnson@dementaskew.com](mailto:jjohnson@dementaskew.com)  
*Attorneys for Plaintiff*