

Circuit Court for Baltimore County  
Case No. C-03-CV-24-002971

UNREPORTED\*  
IN THE APPELLATE COURT  
OF MARYLAND

No. 836

September Term, 2025

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CJN REALTY INVESTMENTS, LLC

v.

JERMILE CHEATHAM, *et al.*

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Berger,  
Tang,  
Kenney, James A., III,  
(Senior Judge, Specially Assigned),

JJ.

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Opinion by Tang, J.

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Filed: June 8, 2026

\*This is an unreported opinion. This opinion may not be cited as precedent within the rule of stare decisis. It may be cited for its persuasive value only if the citation conforms to Rule 1-104(a)(2)(B).

This appeal arises from an order of the Circuit Court for Baltimore County that granted a motion for sanctions filed by appellees, Jermile Cheatham and DR Dominican Barber Hair Salon, LLC (collectively, “Cheatham”), against appellant, CJN Realty Investments, LLC (“CJN”). CJN filed a motion to alter or amend the decision under Maryland Rule 2-534, which the court denied. CJN filed a timely appeal, raising two questions that we have rephrased as follows:<sup>1</sup>

1. Did the circuit court err or abuse its discretion in granting Cheatham’s motion for sanctions?
2. Did the court err or abuse its discretion in denying CJN’s Maryland Rule 2-534 motion without a hearing?

For the reasons explained herein, we answer the first question in the affirmative. Accordingly, we shall vacate the court’s order and remand for further proceedings consistent with this opinion. Given our disposition of the first issue, we need not decide the second.

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<sup>1</sup> CJN presents the issues in its brief as follows:

1. Whether the Circuit Court erred and abused its discretion by imposing compounded and dispositive sanctions—dismissal with prejudice, a monetary fine, and a substantial attorney’s-fee award—without making the explicit, independent findings of intentional misconduct required by *Talley v. Talley* for Rule 1-341, and without analyzing the proportionality of the fee award or considering lesser sanctions.
2. Whether the Circuit Court abused its discretion and/or violated procedural due process by denying [CJN’s] timely Motion to Alter or Amend under Maryland Rule 2-534 without granting the requested hearing required by the mandatory language of Rule 2-311(f).

## BACKGROUND

CJN owns commercial property where Cheatham leased space. On August 7, 2024, CJN filed a complaint seeking to recover unpaid rent and contractual charges under the lease agreement. The parties engaged in mediation, which initially resulted in a settlement. However, on January 18, 2025, CJN withdrew the settlement offer, and the case proceeded.

According to the scheduling order, a settlement conference was set for April 15, 2025. However, neither CJN nor its counsel appeared at the conference.

On April 18, 2025, Cheatham filed a motion for sanctions and sought attorneys' fees. Relying primarily on Rule 1-341, Cheatham argued that CJN's attorney engaged in bad faith conduct and pursued unjustified proceedings by failing to appear at the settlement conference, submitting deficient and unsupported court filings, and violating various rules of professional conduct.<sup>2</sup> Cheatham requested dismissal of the complaint with prejudice and an award of attorneys' fees. He attached an invoice totaling \$13,517.50 in fees, of which \$11,947.50 were incurred after the settlement was withdrawn.

CJN opposed the motion. CJN's attorney explained that he had originally calendared the settlement conference for April 14, 2025 based on the court's initial scheduling order, which the clerk later changed to April 15, 2025. CJN's counsel overlooked this change in

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<sup>2</sup> In addition to Rule 1-341, Cheatham cited Rule 6-141, which allows for the award of fees based on bad faith or lack of substantial justification, but this rule applies specifically to estate proceedings; the underlying case was not such a proceeding. Cheatham also cited Rules 19-301.1 (attorney must provide competent representation), 19-303.2 (attorney must make reasonable efforts to expedite litigation consistent with client's interest), and "19-308," which appears to refer to Rules 19-308.1–.5 ("Maintaining the Integrity of the Profession").

date. He stated that he arrived at the courthouse on April 14, believing that was the correct date, and, for support, counsel attached to the motion a scan of his planner showing the April 14 date, along with parking receipts from that day. Additionally, counsel argued that the amount of fees requested by Cheatham was unreasonable.

On April 28, 2025, without a hearing, the circuit court granted Cheatham’s motion for sanctions and filled in the proposed order that Cheatham submitted with the motion. In its entirety, the order read as follows:

Upon consideration of [Cheatham’s] Motion for Sanctions and Attorney’s Fees and any opposition thereto it is hereby this 28th day of April, 2025;

ORDERED, *in accordance with Maryland Rule 1-341*:

Sanctions awarded in the amount of \$750.00 due to failure to appear.

And it is further,

ORDERED that, this case is dismissed with prejudice[.]

ORDERED, *in accordance with Maryland Rule(s) 1-341, 6-141, 19-301, 19-303, and 19-308*; [Cheatham] shall be awarded attorney’s fees in the amount of \$11,947.50.

(emphases added).

On May 7, 2025, CJN filed a motion to alter or amend the sanctions order and requested a hearing, which Cheatham opposed. CJN’s counsel reiterated that his absence at the scheduling conference was unintentional and argued that other errors in his filings did not constitute bad faith or unjustified conduct. He continued to maintain that the fees requested by Cheatham were unreasonable. However, the court denied CJN’s motion to

alter or amend and its request for a hearing on June 10, 2025. CJN timely noted this appeal on June 20, 2025.<sup>3</sup>

### DISCUSSION

CJN contends that the circuit court abused its discretion in granting Cheatham’s motion for sanctions. Regarding the fees, CJN argues that the court made no findings of bad faith or lack of substantial justification under Rule 1-341, nor did it address the reasonableness of Cheatham’s fee request. Additionally, CJN asserts that awarding \$750 to Cheatham for CJN’s failure to appear at the settlement conference and dismissing the case with prejudice were improper.

As mentioned, the court primarily relied on Rule 1-341 in granting Cheatham’s motion for sanctions. In relevant part, Maryland Rule 1-341 reads as follows:

**(a) Remedial Authority of Court.** In any civil action, *if the court finds that the conduct of any party in maintaining or defending any proceeding was in bad faith or without substantial justification*, the court, on motion by an adverse party, may require the offending party or the attorney advising the conduct or both of them to pay to the adverse party *the costs of the proceeding and the reasonable expenses, including reasonable attorneys’ fees, incurred by the adverse party in opposing it.*

Md. Rule 1-341(a) (emphases added).

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<sup>3</sup> The final judgment in this matter was entered on April 28, 2025. On May 7, 2025, within ten days of the entry of final judgment, CJN filed a motion to alter or amend under Rule 2-534, which was denied on June 10, 2025. CJN noted its appeal on June 20, 2025. Pursuant to Rule 8-202(c)(2), CJN’s appeal was timely because its motion to alter or amend was filed within ten days of the final judgment, which extended the time to file an appeal to 30 days after the denial of the post-trial motion. *See* Md. Rule 2-534.

Rule 1-341 requires a court to make two separate findings, each with its own standard of review. *Christian v. Maternal-Fetal Med. Assocs. of Md., LLC*, 459 Md. 1, 20 (2018). First, “a court must make an explicit finding that a party conducted litigation either in bad faith or without substantial justification.” *URS Corp. v. Fort Myer Constr. Corp.*, 452 Md. 48, 72 (2017).

The justification for this requirement lies not only in the clear language of the rule, but also in the logic that before such an extraordinary sanction is imposed there should be evidence that there has been a clear focus upon the criteria justifying it and a specific finding that those criteria have been met. Moreover, some brief exposition of the facts upon which the finding is based and an articulation of the particular finding involved are necessary for subsequent review.

*Talley v. Talley*, 317 Md. 428, 436 (1989). We will uphold such a finding “unless it is clearly erroneous or involves an erroneous application of law.” *URS Corp.*, 452 Md. at 72.

Bad faith is when a party acts “vexatiously, for the purpose of harassment or unreasonable delay, or for other improper reasons.” *Inlet Assocs. v. Harrison Inn Inlet, Inc.*, 324 Md. 254, 268 (1991). A party lacks substantial justification to maintain or defend a proceeding when it has no “reasonable basis for believing that the claims would generate an issue of fact for the fact finder” or when “the lawyer is unable to either make a good faith argument on the merits of the action taken or to support the action taken by a good faith argument for extension, modification or reversal of existing law.” *Id.* By contrast, a claim or defense has substantial justification when it is “fairly debatable and within the realm of legitimate advocacy.” *Id.* (citation modified).

Our appellate courts have consistently applied the requirement that a trial court must find, on the record, that a litigant acted in bad faith or without substantial justification before awarding attorney’s fees under Rule 1-341. *See, e.g., Zdravkovich v. Bell Atl.-Tricon Leasing, Corp.*, 323 Md. 200, 211–12 (1991) (holding that trial court erred in awarding fees under Rule 1-341 because, among other reasons, the “judge made no express finding that the appeal was taken in bad faith or without substantial justification,” and the “order signed by the circuit court judge d[id] not establish that the judge expressly found bad faith or that the appeal was without substantial justification”); *accord Barnes v. Rosenthal Toyota, Inc.*, 126 Md. App. 97, 106 (1999) (“Here, the record is devoid of the requisite findings of fact about bad faith and a lack of substantial justification and, accordingly, we hold that the court’s award of attorney’s fees was clearly erroneous.”); *Legal Aid Bureau, Inc. v. Bishop’s Garth Assocs. Ltd. P’ship*, 75 Md. App. 214, 220 (1988) (“Before a court metes Rule 1-341 sanctions, it must make an evidentiary finding of ‘bad faith’ or ‘lack of substantial justification.’”); *see also Hess v. Chalmers*, 33 Md. App. 541, 545 (1976) (holding that trial court’s remark, “I don’t think there was a basis for a cause of action,” was *not* a finding that the proceeding was brought without substantial justification, as required to justify award of counsel fees under the predecessor to Rule 1-341).

Once the court makes a finding of bad faith and/or no substantial justification on the record and articulates the basis for such finding, “the second step in determining an award of attorney’s fees under Rule 1-341 is a determination of how much, if any, in fees should be awarded.” *Christian*, 459 Md. at 30. Even where a party has litigated in bad faith or

without substantial justification, the court has discretion whether to award fees. *Id.* However, “[a] court must make findings of fact regarding its award of attorney’s fees, and those findings must be made on the record.” *Id.* at 30–31. In particular, the court must find that the fees requested were actually incurred by the requesting party and that the fees are reasonable. *Id.* at 31. “The findings *must be on the record* in order for the court not to abuse its discretion in imposing attorney’s fees.” *Id.* at 32 (emphasis added); *see also Sczudlo v. Berry*, 129 Md. App. 529, 551 n.3 (1999) (“The [court] . . . must affirmatively state, for the record[,] . . . the reasonableness of attorney’s fees.”).

We address the dismissal with prejudice first. Dismissal of the case is not a prescribed remedy under Rule 1-341. The plain language of Rule 1-341 permits a court to award the moving party reasonable attorney’s fees and/or costs incurred by the adverse party in opposing the proceeding—nothing more—based on a finding that the offending party litigated in bad faith or without substantial justification. That is, Rule 1-341 is not a mechanism for a court to dismiss the offending party’s claims. Thus, the circuit court erred in dismissing the case under Rule 1-341.<sup>4</sup>

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<sup>4</sup> Maryland Rule 2-504 provides that “the court shall enter a scheduling order in every civil action.” Md. Rule 2-504(a)(1). Though the authority is not contained in any particular Rule, Maryland courts have the inherent power to issue sanctions for the violation of a scheduling order. *See Manzano v. S. Md. Hosp., Inc.*, 347 Md. 17, 29 (1997) (“Indeed, if our courts could not enforce their scheduling orders through the threat and imposition of sanctions, the entire process of expedited case management would be at risk.”). However, in such context, “[t]he dismissal of a claim . . . is among the gravest of sanctions, and as such, is warranted only in cases of egregious misconduct, such as willful or contemptuous behavior, a deliberate attempt to hinder or prevent effective presentation

Regarding the “costs of the proceeding and the reasonable expenses, including reasonable attorneys’ fees, incurred by the adverse party” opposing the offending proceeding under the Rule, the court made no finding that CJN acted in bad faith or without substantial justification. Because the record lacks the necessary findings of fact on bad faith and lack of substantial justification, we hold that the award of \$750 and attorneys’ fees was clearly erroneous. *See Barnes*, 126 Md. App. at 106.

CJN requests that this Court reverse the circuit court’s decision granting the motion for sanctions and attorneys’ fees based on CJN’s recitation of the facts. We decline to do so. The circuit court is the proper forum to determine whether sanctions are appropriate. *See, e.g., Fowler v. Printers II, Inc.*, 89 Md. App. 448, 481 (1991). While we have the authority to review the circuit court’s factual findings, the court failed to make any such findings in its order granting the motion for sanctions. Therefore, there are no factual findings for us to review.

For these reasons, we must vacate the order granting Cheatham’s motion for sanctions and attorneys’ fees, including the provision dismissing the case with prejudice. We remand the case for further proceedings for the circuit court to reconsider the motion for sanctions and attorneys’ fees in accordance with the Rules and the principles established in the relevant case law.

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of defenses or counterclaims, or stalling in revealing one’s own weak claim or defense.” *Id.* (citation modified). Neither Cheatham nor the court relied on these authorities to justify dismissal of the case.

**ORDER OF THE CIRCUIT COURT FOR  
BALTIMORE COUNTY ISSUING  
SANCTIONS VACATED; CASE  
REMANDED FOR PROCEEDINGS  
CONSISTENT WITH THIS OPINION;  
COSTS TO BE PAID BY APPELLEES.**