

Supreme Court of the State of New York
Appellate Division, First Judicial Department

Moulton, J.P., Mendez, Gesmer, O'Neill Levy, Michael, JJ.

7019	In the Matter of VERONICA BULGARI etc. Petitioner-Respondent, -against- ILARIA BULGARI, etc., Respondent-Appellant.	File No. 2021-3336/A 2021-33336/B 2021-3336/E 2021-3336/F Case No. 2025-02003
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Meltzer, Lippe, Goldstein & Breitstone, LLP, Mineola (David A. Bamdad of counsel), for appellant.

Gibson, Dunn & Crutcher LLP, New York (Mitchell A. Karlan of counsel), for respondent.

Order, Surrogate's Court, New York County (Hilary Gingold, S.), entered March 24, 2025, which, to the extent appealed from, granted petitioner's petition and directed respondent's trust to refund \$1,050,000 to a trust created by Nicola Bulgari (the Family Trust), unanimously reversed, on the law, without costs, the order vacated and the petition held in abeyance until the conclusion of a related federal action.

Nicola Bulgari created the Family Trust to benefit his wife Anna and, upon her death, their three daughters, Veronica, Ilaria and Natalia. Upon Anna's death, Veronica was named as trustee of the Family Trust and charged with distributing its assets to three trusts, one for each daughter.

In a federal action, Ilaria alleges that Veronica breached her fiduciary duties as trustee of the Family Trust (*see Bulgari v Bulgari*, 2024 US Dist LEXIS 177254, *3, 2024 WL 4345580, *1 [SD NY, Sept. 30, 2024, 22 Civ. 5072]). The federal court denied

Veronica’s motion for summary judgment as to some of the claims (*see Bulgari*, 2024 US Dist LEXIS 177254 at *26-27, 2024 WL 4345580 at *8). If it is found after trial in the federal action that Veronica breached her fiduciary duties (i.e., committed misconduct), then attorneys’ fees related to her misconduct would not be a proper charge against the Family Trust (*see Matter of Hyde*, 15 NY3d 179, 184 n 3 [2010]). Indeed, in the federal action, Ilaria “seeks . . . a declaratory judgment that [Veronica] is not entitled to reimbursement from [the Family Trust] of expenses she incurred defending [the federal] action” (*Bulgari v Bulgari*, 2023 US Dist LEXIS 92179, *23, 2023 WL 3647378, *7 [SD NY, May 25, 2023, 22 Civ. 5072]).

We agree with respondent Ilaria’s argument that the Surrogate’s Court should not have ordered Ilaria’s trust to refund \$1,050,000 to the Family Trust before a determination of whether Veronica breached her fiduciary duty. The argument may be raised for the first time on appeal because it is legal argument which could not have been avoided if brought to the adverse party’s attention (*see Vanship Holdings Ltd. v Energy Infrastructure Acquisition Corp.*, 65 AD3d 405, 408 [1st Dept 2009]).

When the Surrogate takes up the petition again, Ilaria should be afforded an opportunity to challenge the reasonableness of the requested attorneys’ fees (*see Lehman Commercial Paper, Inc. v Point Prop. Co., LLC*, 146 AD3d 1192, 1196 [3d Dept 2017]; *see also Mullane v Central Hanover Bank & Trust Co.*, 339 US 306, 314 [1950]). Furthermore, if the court orders Ilaria’s trust to refund money to the Family Trust, it should clarify whether it is relying solely on the submissions of nonparty Gibson, Dunn

& Crutcher, LLP or if it is also ordering a refund based on the submissions of nonparty Katten Muchin Rosenman LLP (*see Lehman*, 146 AD3d at 1196).

THIS CONSTITUTES THE DECISION AND ORDER
OF THE SUPREME COURT, APPELLATE DIVISION, FIRST DEPARTMENT.

ENTERED: July 2, 2026

A handwritten signature in black ink, reading "Susanna Molina Rojas". The signature is fluid and cursive, with the first name "Susanna" and last name "Rojas" being more prominent than the middle name "Molina".

Susanna Molina Rojas
Clerk of the Court