

**Matter of Stone St. Capital, LLC v Metropolitan  
Tower Life Ins. Co.**

2014 NY Slip Op 31586(U)

June 20, 2014

Sup Ct, New York County

Docket Number: 150096/2014

Judge: Peter H. Moulton

Cases posted with a "30000" identifier, i.e., 2013 NY Slip Op 30001(U), are republished from various state and local government websites. These include the New York State Unified Court System's E-Courts Service, and the Bronx County Clerk's office.

This opinion is uncorrected and not selected for official publication.

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

-----  
In the Matter of the Petition of  
STONE STREET CAPITAL, LLC  
for Judicial approval of Purchase, Transfer and  
Assignment Agreement with DERRICK  
WASHINGTON Pursuant to Article 5 Title 17 of  
the New York General Obligations Law,

Index No. 150096/2014

Petitioner(s)

-against-

METROPOLITAN TOWER LIFE INSURANCE COMPANY,  
f/k/a METROPOLITAN INSURANCE & ANNUITY  
COMPANY and METROPOLITAN LIFE INSURANCE  
COMPANY

Respondent(s)

-----  
**PETER H. MOULTON, J.S.C.:**

Derrick Washington seeks the transfer of certain structured payment rights due to him under a structured settlement agreement in accordance with 26 U.S.C. 5891 et seq. and GOL § 5-1701 et seq. Under the terms of the structured settlement, Mr. Washington is presently entitled to receive the following payments: 163 monthly payments of \$378.00 from June 10, 2012 through and including December 10, 2025; one lump sum payment of \$45,000.00 due and payable on January 10, 2016; and one lump sum payment of \$55,000.00 due and payable on January 10, 2026.

Mr. Washington is seeking to transfer all of his scheduled payments for the purchase price

of \$72,118.90.<sup>1</sup> On September 27, 2012, J.G. Wentworth Originations, LLC, the assignee in a prior and the current application to transfer Mr. Washington's structured settlement payments, forwarded to Metropolitan Life Insurance Company ("MLIC") a letter enclosing a document entitled "Order," purportedly signed by the Honorable Cynthia S. Kern approving this transaction. MLIC subsequently began making payments to J.G. Wentworth Originations, LLC, who was acting on behalf of Stone Street as an investor. Stone Street in turn paid Mr. Washington \$69,141.65 of the \$72,118.90 purchase price.<sup>2</sup> After receiving notice that the order purportedly signed by Judge Kern had been fabricated by a "rogue" paralegal in Stone Street's counsel's office, MLIC placed the assigned payments on hold in December 2013.

Accordingly, this Decision and Judgment, and the Order separately signed, supersede any prior Decisions, Orders and Judgments made with respect to the transaction at issue, including the purported Order of Judge Kern.

As amended by an updated disclosure e-mail dated April 24, 2014, the new purchase price is \$85,100.00 (\$72,118.90 of which Mr. Washington has already received). In return, Stone Street

---

<sup>1</sup>Originally, Mr. Washington was scheduled to receive \$72,118.90 in connection with this transaction. That number has since been amended to \$85,100. (See Attached E-mail dated April 24, 2014).

<sup>2</sup>Stone Street's contract with Mr. Washington provided for the purchase of monthly payments beginning in June 2012. However, Stone Street did not fund the transaction until October 2012. As such Stone Street's investor, J.G. Wentworth, deducted Mr. Washington's June through October 2012 payments from Mr. Washington's purchase price ( $\$378.00 \times 5 \text{ months} = \$1,890.00$ ). J.G. Wentworth further held back November and December 2012 payments, which Stone Street submits is standard procedure as it usually takes an insurance company 30-60 days to process the change of the payment recipient (from Mr. Washington to J.G. Wentworth). Consequently, another \$756 was deducted from the transaction, reflecting the November and December 2012 monthly payments. Additionally, \$331.25 was deducted from Mr. Washington's purchase price for finance services provided by Larry Kessler to Mr. Washington. Thus a total of \$2,977.25 was held back ( $\$1,890.00 + \$756.00 + \$331.25$ ) from the \$72,118.90 purchase price, resulting in Mr. Washington receiving \$69,141.65.

Capital will receive the aggregate of Mr. Washington's monthly payments of \$378.00 from June 10, 2012 through and including December 10, 2025, the lump sum payment of \$45,000.00 due and payable on January 10, 2016, and the other lump sum payment of \$55,000.00 due and payable on January 10, 2026, totaling \$161,614.00. The discounted present value of the payments Mr. Washington is transferring is \$130,630.96 as determined by discounting the future payments to be transferred using the applicable federal rate of 2.4%. Originally, the transaction was the equivalent of interest payments to petitioner of 11.86% annually, but has since been amended to the equivalent of interest payments to petitioner of 9% annually (*See Attached E-mail dated April 24, 2014*). The \$85,100.00 that Mr. Washington is expected to receive after selling his structured settlement, \$12,981.10<sup>3</sup> of which he has yet to be paid, represents 65.1% of the estimated current value of the payments.

Mr. Washington's affidavit reflects the following: He is 41 years old, resides in New York, and at the time that his petition was submitted was employed as a clothing designer earning a monthly income of approximately \$6,666.66. If approved, Mr. Washington intends to use the money that he receives (and the money that he has already been advanced) to fund a fashion apparel business that he owns.

The court met with Stone Street's counsel and Mr. Washington on the scheduled return date for the Order to Show Cause, April 16, 2014 at 3:30 PM. On that date, Mr. Washington further expounded on the need for funds to finance his fashion apparel business. Mr. Washington also mentioned that the next six months are critical to the continued success of his business. He

---

<sup>3</sup> This figure reflects the difference between the new purchase price of this transaction (\$85,100.00) minus the amount of money that Mr. Washington has already received (\$72,118.00).

anticipates costs for garment samples, studio rent, and launching a website to run in excess of \$12,000.00. Moreover, Mr. Washington expects additional steps in his company's business plan to add at least \$4,000.00 to his expenses. Beyond that, he will incur workforce-related expenses such as paying employee salaries that could add thousands of additional dollars to his instant expenses. Mr. Washington further states that due to his immediate need for money, lack of significant savings, and absence of outside financial support, the transfer of his structured settlement payments represents the best pathway for him to finance his business.<sup>4</sup>

The court finds that the transaction herein is both fair and reasonable and in the best interest of Mr. Washington. The additional \$12,981.10 that Mr. Washington will receive (which he was not expecting to receive), and the \$72,118.90 which he has already received, represent 65.1% of the estimated current value of the payments. The annual discount rate of 9% is fair and reasonable under the circumstances, and in Mr. Washington's best interest. Moreover, given the very favorable rate here, it would not be in Mr. Washington's best interest for the court to disapprove this transaction, especially when Mr. Washington has already received \$72,118.90, which petitioner would undoubtedly want returned. Furthermore, because Mr. Washington states that no other sources, including family or friends, can assist him in financing his business, the transfer of his structured settlement payments represents the best, and perhaps, only chance for him to fulfill his dream of having a successful fashion apparel business.

It is hereby

---

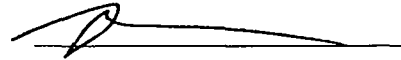
<sup>4</sup>Mr. Washington further stated in an e-mail dated June 10, 2014 attempting to clarify the current state of his employment that he no longer is working and earning a monthly income of \$6,666.66 and is devoting all of his time to the implementation of his business. (See E-mail dated June 10, 2014).

**ADJUDGED** that the petition is granted; and an Order is signed simultaneously herewith.

**This constitutes the Decision and Judgment of the Court.**

Dated: June 20, 2014

ENTER:



J.S.C.

**HON. PETER H. MOULTON**