

Bixby Bridge Fund IV, LLC v Empire Broome LLC

2022 NY Slip Op 32100(U)

June 27, 2022

Supreme Court, New York County

Docket Number: Index No. 850198/2021

Judge: Francis A. Kahn III

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This opinion is uncorrected and not selected for official publication.

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

PRESENT: HON. FRANCIS KAHN, III PART 32

Justice

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BIXBY BRIDGE FUND IV, LLC, INDEX NO. 850198/2021
Plaintiff, MOTION DATE _____
MOTION SEQ. NO. 001

- v -

EMPIRE BROOME LLC, EMPIRE 430 BROOME INVESTORS, LLC, ARASH RAHMANI, EBRAHIM KHALILI, DR. OMID RAHMANI, DR. SHAWN KHODADADIAN, DR. RABIN RAHMANI, NEW YORK CITY DEPARTMENT OF FINANCE, NEW YORK STATE DEPARTMENT OF TAXATION AND FINANCE, BOARD OF MANAGERS OF CROSBY STREET CONDOMINIUM, 430 BROOME STREET LENDER LLC, JOHN DOE #1 THROUGH JOHN DOE #12, THE LAST TWELVE NAMES BEING FICTITIOUS AND UNKNOWN TO PLAINTIFF, THE PERSONS OR PARTIES INTENDED BEING THE TENANTS, OCCUPANTS, PERSONS OR CORPORATIONS, IF ANY, HAVING OR CLAIMING AN INTEREST UPON THE PREMISES DESCRIBED IN THE COMPLAINT,

**DECISION + ORDER ON
MOTION**

Defendant.

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The following e-filed documents, listed by NYSCEF document number (Motion 001) 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109

were read on this motion to/for APPOINT - FIDUCIARY

Upon the foregoing documents, the motion is determined as follows:

The within action is to foreclose on a commercial consolidated, extended and modified mortgage dated February 29, 2016, encumbering a parcel of real property located at 430 Broome Street, Unit 1, New York, New York 10012 (Block 482, Lot 1201). The mortgages secure a loan in the original principal amount of \$8,100,000.00 given by Plaintiff to Defendant Empire Broome, LLC ("Empire") and memorialized by an amended and restated note, dated February 29, 2016. The notes and mortgages were executed by Defendant Arash Rahmani ("Rahmani") as an authorized signatory of Empire. Concomitantly therewith, Defendants Rahmani, as well as Ebrahim Khalili, Dr. Omid Rahmani, Dr. Shawn Khodadadian and Dr. Rabin Rahmani executed an unlimited personal guarantee of the debt.

The mortgage contains the following provision, in pertinent part, under Section 3.2:

Upon the occurrence of any Event of Default all sums secured hereby shall become immediately due and payable, without notice or demand at the option of Mortgagee and Mortgagee may:

(a) Have a receiver appointed as a matter of right on an ex parte basis without notice to Mortgagor and without regard to the sufficiency of the Property or any other security for the indebtedness secured hereby and, without the necessity of posting any bond or other security. Such receiver shall take possession and control of the Property and shall collect and receive the Rents. If Mortgagee elects to seek the appointment of a receiver for the Property, Mortgagor, by its execution of this Mortgage, expressly consents to the appointment of such receiver, including the appointment of a receiver ex parte if permitted by applicable law. The receiver shall be entitled to receive a reasonable fee for managing the Property, which fee may be deducted from the Rents or may be paid by Mortgagee and added to the Debt secured by this Mortgage. Immediately upon appointment of a receiver, Mortgagor shall surrender possession of the Property to the receiver and shall deliver to the receiver all documents, records (including records on electronic or magnetic media), accounts, surveys, plans, and specifications relating to the Property and all security deposits. If the Rents are not sufficient to pay the costs of taking control of and managing the Property and collecting the Rents, any funds expended by Mortgagee, or advanced by Mortgagee to the receiver, for such purposes shall become an additional part of the Debt secured by this Mortgage. The receiver may exclude Mortgagor and its representatives from the Property.

Now, Plaintiff moves pursuant to RPL §254[10] and RPAPL §1325 for the appointment of a temporary receiver of the rents of the mortgaged premises. Defendants oppose the motion.

Under Real Property Law §254[10], the appointment of a receiver in the event of a default is proper where the parties to the mortgage agree to same even without notice or without regard to the sufficiency of security (*see ADHY Advisors LLC v 530 W. 152nd St. LLC*, 82 AD3d 619 [1st Dept 2011]; *366 Fourth St. Corp. v Foxfire Enters.*, 149 AD2d 692 [2nd Dept 1989]). Despite the parties' contractual assent, the appointment is not perfunctory and the court, in the exercise of its equitable power, retains the discretion to deny the appointment of a receiver (*see ADHY Advisors LLC v 530 W. 152nd St. LLC*, supra; *Nechadim Corp. v Simmons*, 171 AD3d 1195, 1197 [2nd Dept 2019]).

In the present case, it is undisputed that the parties' mortgage provided Plaintiff may apply for the appointment of a receiver regardless of the adequacy of the property as security and that, among other violations, Defendant Mortgagor defaulted in repayment under the note. Accordingly, Plaintiff established its entitlement to the appointment of a receiver of the mortgaged premises (*see eg CSFB 2004-C3 Bronx Apts LLC v. Sinckler, Inc.*, 96 AD3d 680 [2nd Dept 2012]).

In opposition, Defendants' reliance on CPLR §6401 and the cases interpreting same is inapposite as that authority does not concern the situation as presented here where appointment of the receiver was sought under RPL §254[10] and pursuant to an express agreement (*see Mesa W. Real Estate Income Fund III, LLC v Sterling Portfolio 196 LP*, ___ Misc3d ___, 2021 NY Slip Op 30261[U][Sup Ct Kings Cty 2021]). Substantively, Defendants have not demonstrated that denial of the appointment of a receiver is an appropriate exercise of the court's discretion (*see eg Shaw Funding, LP v Bennett*, 185 AD3d 857, 858 [2nd Dept 2020]; *Nechadim Corp. v Simmons*, supra).

The branch of the motion to amend the caption of the action to substitute Broome Lender LLC, the assignee of the note and mortgage, as Plaintiff herein is granted to the extent that Broome Lender LLC is added as a Plaintiff. Since Defendants have asserted counterclaims against the present Plaintiff, that entity shall remain until those claims are adjudicated.

Accordingly, it is

ORDERED that the branch of the motion to amend the caption is granted to the extent that Broome Lender LLC is added as a Plaintiff and the caption is amended to reflect same; and it is further

ORDERED that the motion for the appointment of a Temporary Receiver is granted; and it is further

ORDERED that, **Bruce Lederman Esq., 747 3rd Avenue Floor 23, New York, NY (917) 612-9298** is hereby appointed with the usual powers and directions of a Temporary Receiver for the benefit of Plaintiff of all the rents and profits now due and unpaid or become due during the pendency of this action and issuing out the mortgaged property mentioned in the complaint, known by as 430 Broome Street, Unit 1, New York, New York 10012 (Block 482, Lot 1201); and it is further

ORDERED that the Temporary Receiver is authorized to take charge and enter into possession of the property; and it is further

ORDERED that before entering her/his duties, the Temporary Receiver shall be sworn to fairly and faithfully discharge the duties committed to him and shall execute to the People of the State of New York and file with the Clerk of the Court an undertaking in the sum of **\$87,500.00** conditioned for the faithful discharge of the duties of Temporary Receiver; and it is further

ORDERED that the Temporary Receiver is hereby directed to demand, collect and receive from the occupants, tenants and licensees in possession of said premises, or other persons liable therefor, inclusive of the mortgagor, all the rents and license fees thereof now due or unpaid or hereafter that become fixed or due and the Temporary Receiver is authorized to institute and carry on all legal proceedings necessary for the protection of said premises or to recover possession of the whole, or any part thereof, and apply to this Court to fix reasonable rental value and license fee value and to compel the tenants and occupants to attorn to the Temporary Receiver; and it is further

ORDERED that the Temporary Receiver may institute and prosecute suits for the collection of rent, license fees and other charges now due or hereafter to become due and fixed, and summary proceedings for the removal of any tenants or licensees or other persons therefrom; and it is further

ORDERED that pursuant to the General Obligation Law section 7-105, anybody holding any deposits or advances of rental as security under any lease or license agreement affecting space in the premises affected by this action shall turn same over to said Temporary Receiver within five (5) days after said Temporary Receiver shall be qualified; and thereupon the said Temporary Receiver shall hold such security subject to such disposition thereof as shall be provided in an Order of the Court to be made and entered in this action; and it is further

ORDERED that anybody in possession of same shall turn over to said Temporary Receiver all rent lists, orders, unexpired and expired leases, agreements, correspondence, notices and registration statements relating to rental spaces or facilities in the premises; and it is further

ORDERED that notwithstanding anything to the contrary contained in this order, the

Temporary Receiver shall not, without the further, prior order of this Court, upon prior notice to the plaintiff, make improvements or substantial repairs to the property at a cost in excess of \$2,500.00, except that in an emergency, if funds need to be expended in excess of \$2,500 or would otherwise require Court intervention, no Court approval will be necessary if counsel for plaintiff agrees in writing that the receiver may make such disbursement; and it is further

ORDERED that the Temporary Receiver shall deposit all monies received by her/him into any FDIC-insured bank where she has an account for this purpose and such account shall show the name of this action and the Temporary Receiver shall furnish plaintiff's attorneys with monthly statements of the receipts and expenditures of the Receivership together with a photocopy of the monthly statements received from said depository and no withdrawals shall be made therefrom except as directed by the Court or on a draft or check signed by the Temporary Receiver; and it is further

ORDERED that the Temporary Receiver is authorized from time to time to rent and lease any part of the premises for terms not exceeding one (1) year or such longer terms as may be required by applicable laws or regulations; to keep the premises insured against loss by damage or fire; to pay the taxes, assessments, water rates, sewer rates, vault rents, salaries of employees, supplies and other charges; to comply with all lawful requirements of any municipal department or other authority of the municipality in which the mortgaged premises are situated and to procure such fire, liability and other insurance as may be reasonably necessary; and it is further

ORDERED, that the tenants, licensees or other persons in possession of said premises attorn to the Temporary Receiver and pay over to the Temporary Receiver all rents, license fees, and other charges of such premises now due and unpaid or that may hereafter become due; and that the defendants be enjoined and restrained from collecting the rents, license fees and other charges of said premises from interfering in any manner with the property or its possession; and from transferring, removing or in any way disturbing and of the occupants or employees; and that all tenants, occupants, employees and licensees of the premises and other persons liable for the rents be and hereby are enjoined and restrained from paying any rent or license fees or other charges for such premises to the defendants, their agents, servants or attorneys; and it is further

ORDERED that the Temporary Receiver is prohibited from incurring obligations in excess of the monies in her hands without further Order of this Court or written consent of Plaintiff's attorney and Plaintiff may advance money, which can be recouped in this litigation; and it is further

ORDERED that the Owner turn over to the Temporary Receiver all rents collected from and after the date of this Order; and it is further

ORDERED that all persons now and hereafter in possession of said premises, or any part thereof, and not holding such possession under valid and existing leases or tendencies, do forthwith surrender such possession to the Temporary Receiver, subject to emergency laws, if any, and it is further

ORDERED that the Temporary Receiver after paying the expenses of the management and care of the said premises as above provided retain the balance of the monies which may come into his hands until the sale of the said premises under the judgment to be entered in this action and/or until further Order of this Court, and it is further

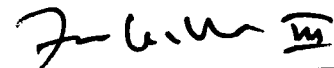
ORDERED that the Temporary Receiver, or any party hereto, may at any time, on proper notice to all parties who have appeared in this action, apply to the Court for further and other instructions or powers necessary to enable the Temporary Receiver to properly fulfill her duties or for interim fee payments; and it is further

ORDERED that the appointed named herein shall comply with Section 35a of the Judiciary Law, Sections 6401-6404 of the CPLR, Section 1325 of RPAPL and Rule 36 of the Chief Judge; and it is further

ORDERED that notwithstanding any other provision of this order, the Temporary Receiver shall not appoint an attorney, managing agent, appraiser, auctioneer or accountant without prior order of this Court, and that the receiver shall apply to the court and file a separate application for appointment of a managing agent, attorney or other managing services pursuant to 36.1 of the Uniform Court Rules.

6/27/2022

DATE



FRANCIS A. KAHN, III, A.J.S.C.

CHECK ONE:

CASE DISPOSED

GRANTED

DENIED

NON-FINAL DISPOSITION

GRANTED IN PART

OTHER J.S.C.

APPLICATION:

SETTLE ORDER

SUBMIT ORDER

CHECK IF APPROPRIATE:

INCLUDES TRANSFER/REASSIGN

FIDUCIARY APPOINTMENT

REFERENCE

HON. FRANCIS A. KAHN III
J.S.C.