

**GNHC 1703-518, LLC v Venari Partners, LLC**

2022 NY Slip Op 33969(U)

November 25, 2022

Supreme Court, New York County

Docket Number: Index No. 651347/2022

Judge: Andrea Masley

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This opinion is uncorrected and not selected for official publication.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: COMMERCIAL DIVISION PART 48

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GNHC 1703-518, LLC,

Plaintiff,

- v -

VENARI PARTNERS, LLC, SWEETBRIAR CAPITAL, LLC,
MIN-FAM-HOLDING, LLC, 110 PARTNERS LIMITED
LIABILITY COMPANY, UPTOWN INVESTORS L.P., JOHN
MININNO, BRAD J. BLASCHAK, JOSEPH P. RICCARDO,
PETER RICCARDO, MICHAEL CALLAGHAN, JEREMIAH
CALLAGHAN, DOES 1-25, NHCALILLY, LLC,
NHCAGILEAD, LLC, NHCABAYLASH, LLC, HEALTH
CHOICE ALLIANCE, LLC, HEALTH CHOICE
ADVOCATES, LLC, and HEALTH CHOICE GROUP, LLC

Defendants.

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INDEX NO. 651347/2022

MOTION DATE N/A

MOTION SEQ. NO. 008 010

DECISION + ORDER ON MOTION

HON. ANDREA MASLEY:

The following e-filed documents, listed by NYSCEF document number (Motion 008) 119, 120, 121, 122, 123, 128

were read on this motion to/for SEAL

The following e-filed documents, listed by NYSCEF document number (Motion 010) 130, 131, 132, 133, 134, 135, 136, 137

were read on this motion to/for SEAL

In motion sequence number 008, plaintiff GNHC 1703-518, LLC renews its motion to redact portions of NYSCEF Doc. No. (NYSCEF) 17<sup>1</sup>, the complaint in this action, which was previously denied without prejudice for failing to comply with Part 48 Procedures.<sup>2</sup> (See NYSCEF 110, Decision and Order [mot. seq. no. 001].) The court notes that Part 48 Procedures have been complied with in this motion.

<sup>1</sup> An unredacted version of the complaint with the highlighted proposed redactions is filed at NYSCEF 122.

<sup>2</sup> As in motion sequence number 001, plaintiff opposes redaction of any portion of its complaint, but rather, is moving to inform the court of the confidentiality concerns raised by defendants Venari Partners, LLC, Min-Fam Holdings, LLC, and John Mininno

In motion sequence number 010, the Venari Defendants renew their motion sequence number 002 to redact the parties' Funding Agreement along with related exhibits and schedules (NYSCEF 69<sup>3</sup>), which was previously denied without prejudice for being overbroad. (See NYSCEF 110, Decision and Order [mot. seq. no. 002].) In this motion, the Venari Defendants adopt the proposed redactions submitted by plaintiff on motion sequence number 002, filed at NYSCEF 78, and further modified plaintiff's redactions by removing boilerplate clauses.

There is no indication that the press or public have an interest in this matter.

### Legal Standard

Section 216.1(a) of the Uniform Rules for Trial Courts empowers courts to seal documents upon a written finding of good cause. It provides:

“(a) [e]xcept where otherwise provided by statute or rule, a court shall not enter an order in any action or proceeding sealing the court records, whether in whole or in part, except upon a written finding of good cause, which shall specify the grounds thereof. In determining whether good cause has been shown, the court shall consider the interests of the public as well as the parties. Where it appears necessary or desirable, the court may prescribe appropriate notice and an opportunity to be heard.”

“[T]he party seeking to seal court records has the burden to demonstrate compelling circumstances to justify restricting public access” to the documents.

(*Mosalle v Berenson*, 76 AD3d 345, 349 [1st Dept 2010] [citations omitted].) For

example, in the business context, courts have sealed records where the disclosure of

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(collectively, Venari Defendants). Plaintiff places the burden to demonstrate good cause to redact upon the Venari Defendants.

<sup>3</sup> An unredacted version of the Funding Agreement with proposed redactions is filed at NYSCEF 134.

documents “could threaten a business’s competitive advantage.” (*Id.* at 350-351 [citations omitted].) Records concerning private financial information may be sealed where there has not been a showing of relevant public interest in the disclosure of that information. (See *Dawson v White & Case*, 184 AD2d 246, 247 [1st Dept 1992].) A party “ought not to be required to make their private financial information public ... where no substantial public interest would be furthered by public access to that information.” (*D’Amour v Ohrenstein & Brown*, 17 Misc.3d 1130[A], 2007 NY Slip Op 52207[U], \*20 [Sup Ct, NY County 2007] [citations omitted].)

Courts have also permitted the sealing or redaction of the private information of third-parties as disclosure could impinge on the privacy rights of third parties who are not litigants. (See *Manufacturers and Traders Tr. Co. v Client Server Direct, Inc.*, 156 AD3d 1364, 1366 [4th Dept 2017], citing *Mancheski v Gabelli Group Capital Partners*, 39 AD3d 499, 502 [2d Dept 2007].)

## Discussion

### Motion Sequence Number 008

The Venari Defendants contend that the complaint should be redacted to prevent disclosing the details of a complex financing transaction involving some defendants and a third party which are not of public interest. Mininno states that the complaint contains proprietary financing amounts, details about how the transaction was structured, specifics of bank transfers, and designations of particular collateral, the disclosure of which would harm the Venari Defendants’ competitive advantage. (NYSCEF 52, Mininno Aff ¶¶ 1-3.) Here, the court finds good cause exists to the extent that the complaint alleges specific pricing terms of the deal and proprietary details about the

deal structure, the disclosure of which could put the Venari Defendants at a business disadvantage. These narrow redactions effectively balance the Venari Defendants' interest in keeping private their proprietary business terms and the interests of the public, if any.

However, there are proposed redactions that do not concern financing amounts and negotiated terms that do not reveal sensitive and proprietary financial information or business strategy that would economically harm the Venari Defendants. Therefore, there is no basis to redact these portions of the complaint. For example, allegations that the Venari Defendants' cash reserves fell below an unidentified, non-specific amount or general allegations that form the basis of plaintiff's legal theories, e.g., actions amounting a breach of contract, without any mention of specific business or pricing terms, are not reasons to redact. Allegations that are merely embarrassing but do not implicate any proprietary or confidential information do not constitute good cause to redact court documents. (See *In re Will of Hofmann*, 284 AD2d 92, 94 [1st Dept 2001] [finding that embarrassing allegations do not constitute good cause, absent consideration of privacy interests and/or harm to competitive advantage].) In any event, neither Mininno nor the Venari Defendants provide any support to redact these allegations.

The Venari Defendants' contention that plaintiff improperly disclosed, in the allegations of the complaint, information obtained during discovery in an arbitration is not supported by law, and the court cannot tell which allegations the Venari Defendants believe were improperly disclosed. Additionally, the Venari Defendants do not provide support as to why the plaintiff's claims that are based upon the Funding Agreement, in

which there is a confidentiality and arbitration clause, should also be redacted in light of plaintiff's contention that the arbitration clause does not apply.

Motion Sequence Number 010

The court refers to the counter proposed redactions to the Funding Agreement filed by plaintiff. The proposed redactions primarily target (i) personally identifiable information of the signatories (emails and phone numbers), negotiated transaction terms, bank account information, and proprietary information regarding the qui tam actions (underlying subject of this action) and (ii) the "Retention Agreement" between certain defendants and third-party law firms, which contain and incorporate information about the transaction, investment return structure, budget forecasts, and definitions and formulae. Disclosure of this information contained in the Funding Agreement and related exhibits and schedules, as the Venari Defendants and plaintiff argue, would put them at a competitive disadvantage.

Here, good cause exists to redact the personally identifiable information of the signatories and the Retention Agreement as it discloses personal information and bank account information. (See *In re Afilalo*, 139 AD3d 175, 180 [1st Dept 2016] [granting motion to redact bank account numbers].) Moreover, the Retention Agreement discloses the negotiated pricing and agreement terms between third-party law firms, which implicate their privacy interests, and certain defendants.

Accordingly, it is

ORDERED that motion sequence number 008 is granted, in part, on the condition that a publicly available redacted complaint shall be filed in accordance with this decision and order within 10 days from the date of this order; and it is further

ORDERED that the parties shall email Part 48 ([SFC-Part48@nycourts.gov](mailto:SFC-Part48@nycourts.gov)) upon the filing of the redacted copy of the complaint; and it is further

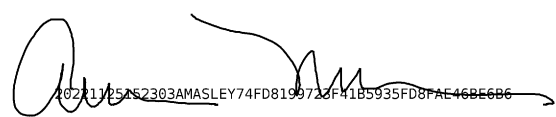
ORDERED that motion sequence number 010 is granted; and it is further

ORDERED that as a redacted version of the Funding Agreement is publicly available (NYSCEF 135), no duplicates need to be refiled; and it is further

ORDERED that the County Clerk, upon service to him of this order by movant, shall permanently seal NYSCEF 63, 64, 69, 70, 122, and 134; and it is further

ORDERED the New York County Clerk shall restrict access to the sealed documents with access to be granted only to authorized court personnel and designees, the parties and counsel of record in the above-captioned action, and any representative of a party or of counsel of record upon presentation to the County Clerk of written authorization from counsel; and it is further

ORDERED that this order does not authorize sealing or redacting for purposes of trial.



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11/25/2022  
DATE

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ANDREA MASLEY, J.S.C.

CHECK ONE:	<input type="checkbox"/> CASE DISPOSED	<input checked="" type="checkbox"/> NON-FINAL DISPOSITION
	<input type="checkbox"/> GRANTED <input type="checkbox"/> DENIED	<input checked="" type="checkbox"/> GRANTED IN PART <input type="checkbox"/> OTHER
APPLICATION:	<input type="checkbox"/> SETTLE ORDER	<input type="checkbox"/> SUBMIT ORDER
CHECK IF APPROPRIATE:	<input type="checkbox"/> INCLUDES TRANSFER/REASSIGN	<input type="checkbox"/> FIDUCIARY APPOINTMENT <input type="checkbox"/> REFERENCE