

Meshechok v Corporate Solutions Group I, LLC

2023 NY Slip Op 32301(U)

July 6, 2023

Supreme Court, New York County

Docket Number: Index No. 656337/2018

Judge: Andrea Masley

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

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ALEXANDER MESHECHOK,

Plaintiff,

- v -

CORPORATE SOLUTIONS GROUP I, LLC, CSG RE
PARTNERS, LLC, CSG RE II PARTNERS, LLC, CSG RE
III PARTNERS, LLC, and LAWRENCE KAPLAN,

Defendants.

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INDEX NO. 656337/2018

MOTION DATE _____

MOTION SEQ. NO. 007 008

**DECISION + ORDER ON
MOTION**

HON. ANDREA MASLEY:

The following e-filed documents, listed by NYSCEF document number (Motion 007) 457, 458, 459, 460, 461, 463, 465, 500, 501

were read on this motion to/for _____ SEAL _____.

The following e-filed documents, listed by NYSCEF document number (Motion 008) 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 502, 503, 505, 506

were read on this motion to/for _____ SEAL _____.

Upon the foregoing documents, it is

In motion sequence number 007, defendants move to redact NYSCEF Doc. Nos. (NYSCEF) 405, 407, 409, 411, 413, 415, 417, 419, 421, 423, 425, 427, 429, 431, 433, 435, 437, 439, 441, 443, 445, 447, and 453.¹

In motion sequence number 008, defendants move to redact NYSCEF 369, 370, 372, 375, 376, 377, 381, 382, 384-386, 388, 389, 390, and 391.²

¹ These documents are the publicly redacted versions filed in connection with defendants' motion for summary judgment. The highlighted, unredacted counterparts to these documents are filed at NYSCEF 406, 408, 410, 412, 414, 416, 418, 420, 422, 424, 426, 428, 430, 432, 434, 436, 438, 440, 442, 444, 446, 448, and 454.

² These documents are the unredacted exhibits filed, under temporary seal, in connection to plaintiff's motion for summary judgment. Defendants inform the court that, after review, these documents need to be redacted or sealed. Defendants submit

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

Legal Standard

Pursuant to 22 NYCRR § 216.1(a), courts are empowered to seal documents upon a written finding of good cause. It provides:

“[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.”

The “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].) In the business context, courts have sealed records where the disclosure of documents “could threaten a business’s competitive advantage.” (*Id.* at 350-51.) Records concerning 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” and that “sealing a court file may be appropriate to preserve the confidentiality of materials which involve the internal finances of a party and are of minimal public interest.” (*D’Amour v Ohrenstein & Brown*, 17 Misc 3d 1130

proposed highlighted, unredacted counterparts to these documents, available at NYSCEF 484-498. Defendants submit publicly redacted versions of these exhibits, which are available at NYSCEF 469-483.

[A], 2007 NY Slip Op 52207 [U], *20 [Sup Ct, NY County 2007] [citations omitted].)

Additionally, tax documents have been found to be nonpublic and confidential, warranting sealing of those documents. (*Id.*)

Discussion

Motion Sequence Number 007

NYSCEF 405, 407, 409, 411, 413, 415, 417, 419, 421, 423, 425, 427, 429, 431, 433, 435, 437, 439, 441, and 443 are Partners Tax Form 1065 and Member K1s (Tax Documents) for various years from various entities. The Tax Documents contain “confidential tax information regarding amount of corporate distributions, company finances (including income, expenses, assets, investments, and liabilities), and amount of personal distributions and expenses for both parties and nonparties.” (NYSCEF 459, sealing chart at 1.) NYSCEF 445 and 447 are license agreements from 2018 and 2019, respectively. According to defendants, the license agreements disclose defendants’ approach and structure of certain licensing arrangements related to their business activities. (*Id.* at 6.) NYSCEF 453 is an excerpt of plaintiff Alexander Meshechok’s deposition transcript, which discusses specific transactions. (*Id.*)

Defendants argue that the tax information contained within the Tax Documents would disclose private, confidential, and proprietary information and there is not legitimate public interest in this information and the court agrees. (*D’Amour*, 17 Misc 3d 1130 [A], 2007 NY Slip Op 52207 [U] at *20 [citations omitted]; 22 NYCRR 202.5 [e] [1] [ii], [iv].) Moreover, the Tax Documents are narrowly redacted, effectively balancing the needs of the public, if any, and the privacy interests of the parties. (See *Danco Lab Ltd. v Chemical Works of Gedeon Richter, Ltd.*, 274 AD2d 1, 9 [1st Dept 2010].) Defendants

argue that the disclosure of the licensing agreements would provide competitors with knowledge of how defendants approach and structure these agreements related to their business activities. They further argue that the disclosure of certain portions of plaintiff's deposition would disclose confidential and proprietary information.

Defendants have shown good cause to narrowly redact the license agreements and certain portions of plaintiff's deposition. (*Mosallem*, 76 AD3d at 349.)

Motion Sequence Number 008

NYSCEF 369 is plaintiff's memo of law in support of summary judgment. NYSCEF 370 is plaintiff's affidavit filed in connection to his motion for summary judgment. NYSCEF 372, 375, 376, 377, 381, 382, 386, 390, and 391 are deposition transcripts of various parties, nonparties, and/or experts to this action (Deposition Transcripts). NYSCEF 384 and 385 are copies of the license agreements; defendants seek to redact the same information, which were granted in motion sequence number 007 and thus will not be dealt again on this motion. NYSCEF 388 is a copy of an email from Michael Mulpeter, Esq. to George Thacker.

The following is taken from defendants' very detailed sealing chart. (NYSCEF 468, sealing chart.) Defendants seek to redact from the Deposition Transcripts, for example, from the deposition transcript of Andreas Calianos (NYSCEF 372)

“confidential business information, including detailed private financial information such as amount of revenue, allocation of income, compensation, company resources, and budgeting. Additionally, this document contains discussions of private, internal organization structure including employee incentive plans and company operating structure. . . . [and] information about specific agreements and transactions that involve licensing the trade secret, details of specific private meetings and negotiations, internal company communications, and contains private addresses.”

From NYSCEF 388, defendants seek to redact advice from counsel relating to the company organizational structure and information regarding the processes used to protect the company's trade secret. From NYSCEF 369 and 370, defendants seek to redact, for example, information disclosing fee structures, operational and organizational structures, and details regarding allocation of income. Defendants have demonstrated that good cause exists to redact these documents. (See *Mosallem*, 76 AD3d at 349.) Defendants' proposed redactions are also narrowly tailored. (See *Danco Lab*, 274 AD2d at 9.)

According, it is

ORDERED that motion sequence number 007 is granted; and it is further

ORDERED that the New York County Clerk, upon service to him of his order, shall permanently seal NYSCEF 406, 408, 410, 412, 414, 416, 418, 420, 422, 424, 426, 428, 430, 432, 434, 436, 438, 440, 442, 444, 446, 448, and 454; and it is further

ORDERED that motion sequence number 008 is granted; and it is further

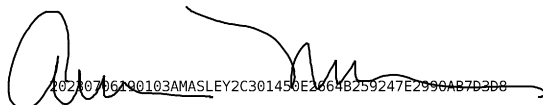
ORDERED that the New York County Clerk, upon service to him of his order, shall permanently seal NYSCEF 369, 370, 372, 375, 376, 377, 381, 382, 384, 385, 386, 388, 389, 390, 391, and 484-498; and it is further

ORDERED that if any party seeks to redact identical information in future filings that the court is permitting to be redacted here, that party shall submit a proposed sealing order to the court (via SFC-Part48@nycourts.gov and NYSCEF) instead of filing another seal motion; and it is further

ORDERED the 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.



7/6/2023
DATE

ANDREA MASLEY, J.S.C.

CHECK ONE:

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| <input type="checkbox"/> | CASE DISPOSED | | |
| <input checked="" type="checkbox"/> | GRANTED | <input type="checkbox"/> | DENIED |

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| <input checked="" type="checkbox"/> | NON-FINAL DISPOSITION | | |
| <input type="checkbox"/> | GRANTED IN PART | <input type="checkbox"/> | OTHER |

APPLICATION:

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| <input type="checkbox"/> | SETTLE ORDER |
| <input type="checkbox"/> | INCLUDES TRANSFER/REASSIGN |

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| <input type="checkbox"/> | SUBMIT ORDER |
| <input type="checkbox"/> | FIDUCIARY APPOINTMENT |
| <input type="checkbox"/> | REFERENCE |

CHECK IF APPROPRIATE: