

RK Capital LLC v Eocine Mgt. Advisors Inc.

2024 NY Slip Op 32071(U)

June 13, 2024

Supreme Court, New York County

Docket Number: Index No. 652821/2023

Judge: Lyle E. Frank

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

PRESENT: HON. LYLE E. FRANK PART 11M

Justice

-----X

RK CAPITAL LLC, ROBERT KOPTIEV,

Plaintiff,

- v -

EOCINE MANAGEMENT ADVISORS INC., BLACK GOLD
CAPITAL LLC, JIM ZIMBLER, DARSHAN VYAS,
RAJKUMAR SEECHARRAN

Defendant.

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INDEX NO. 652821/2023

**MOTION DATE 01/22/2024,
02/06/2024**

MOTION SEQ. NO. 001 002

**DECISION + ORDER ON
MOTION**

The following e-filed documents, listed by NYSCEF document number (Motion 001) 17, 18, 19, 20, 21, 22, 23, 24, 28, 29, 30, 31, 33, 36

were read on this motion to/for DISMISS.

The following e-filed documents, listed by NYSCEF document number (Motion 002) 25, 26, 32, 34, 35

were read on this motion to/for DISMISSAL.

Plaintiffs Counterclaim Defendants RK Capital, LLC (“RK Capital”) and Robert Koptiev (“Koptiev”) filed an action against defendants alleging breaches of Membership Interest Purchase Agreement (“MIPA”) for a company TureFacet LLC (“TrueFacet”) and for breaches of a promissory note.¹ Defendants-Counterclaim Plaintiffs Black Gold Capital, LLC and Darshan Vyas filed a counterclaim against RK Capital, Koptiev, and counterclaim Defendant Rajkumar Seecharran (“Seecharran”) alleging fraudulent inducement and civil conspiracy surrounding a loan modification agreement (“Loan Modification Agreement”), and other documents, related to the MIPA and promissory note. The Loan Modification Agreement contains a release whereby Defendants-Counterclaim Plaintiffs Black Gold Capital, LLC and Darshan Vyas released the counterclaim defendants in this case.

¹ The Court would like to thank the Court’s Special Master, Jason Lowe, Esq. for his assistance in this matter.

RK Capital and Koptiev filed a motion to dismiss the counterclaims (mot seq no 1). Separately, Counterclaim Defendant Rajkumar Seecharran (“Seecharran”) moves to dismiss the counterclaim asserted against him (mot seq no 2).

Both motions to dismiss argue, *inter alia*, the counterclaims are barred by a release in the Loan Modification agreement. Counterclaim-Plaintiffs argue that the release does not bar the counterclaims because the Counterclaim-Plaintiffs were fraudulently induced into signing the Loan Modification Agreement which contains the release.

Generally, “a valid release constitutes a complete bar to an action on a claim which is the subject of the release” (*Global Mins. & Metals Corp. v Holme*, 35 AD3d 93, 98, 824 NYS2d 210 [1st Dept 2006]). Counterclaim-Defendants have met their initial burden of showing a release applies to the counterclaim.

The release at issue is broad since the Counterclaim-Plaintiffs released all claims, defenses, and counterclaims against RK Capital and Koptiev “with respect to the Obligations, the Loan Documents, or otherwise”. Counterclaim Plaintiffs argue that the terms “Obligations” and “Loan Documents” are not defined and therefore the release does not apply to the counterclaim. However, even if “Obligations” and “Loan Documents” does not apply to the counterclaims, since the release includes the language “or otherwise”, the release applies to the counterclaims because the Loan Modification Agreement explicitly relates to the transaction between the parties, including the MIPA and Promissory Note, and therefore the “or otherwise” language acts as a catchall to release the counterclaims.

The release in this case also bars claims against Seecharran because it applies to “representatives and agents” of the Lenders. Paragraph 58 of the counterclaim states that Seecharran was making representations on behalf of Koptiev making Seecharran a representative

and agent of Koptiev, who is explicitly defined to be a Lender. Therefore, Seecharan is included in the definition of the parties being released and the release applies to Seecharan because a release may apply to a non-signatory if that non-signatory is included in the definition of released parties (*LMM Capital Partners, LLC v Mill Point Capital, LLC*, 2023 NY Slip Op 31612[U], *5 [Sup Ct, NY County 2023] *affd* 224 AD3d 504 [1st Dept. 2024]).

Nevertheless, if a release was obtained under duress, through illegality, fraud or mutual mistake, it may be invalidated (*Centro Empresarial Cempresa S.A. v AmÉrica MÓvil, S.A.B. de C.V.*, 17 NY3d 269, 275 [2011]). The burden to show fraudulent inducement is on the party seeking to invalidate the release. *Id.* Critically for this case, “the party seeking to set aside the release ‘may later challenge that release as fraudulently induced only if it can identify a separate fraud from the subject of the release’” (*LMM Capital Partners, LLC v Mill Point Capital, LLC*, 224 AD3d 504, 506 [1st Dept 2024] *quoting Centro* 17 NY3d at 276).

The fraud alleged by Counterclaim-Plaintiffs regards the financial condition of Truefacet. Counterclaim, Paragraph 58. The transaction in this case regards buying an interest in Truefacet. Therefore, claims based on allegations regarding the financial condition of Truefacet arise out of, relate to, are connected with or incidental to the transaction contemplated by the Loan Modification Agreement which are claims Counterclaim Plaintiff explicitly released when it signed the Termination Agreement (*LMM Capital Partners, LLC v Mill Point Capital, LLC*, 224 AD3d 504, 506 [1st Dept 2024]).

Therefore, the Counterclaim-Defendants’ motions to dismiss are granted based on the release of claims in the Loan Modification Agreement. Since the Court is granting the motion to dismiss pursuant to the release in the Loan Modification Agreement, it is unnecessary to consider the other arguments raised in the motion to dismiss.

Accordingly, it is hereby

ORDERED that Plaintiffs/Counterclaim Defendants RK Capital, LLC and Robert Koptiev’s motion to dismiss the counterclaims is granted; and it is further

ORDERED that, Counterclaim Defendant Rajkumar Secharran motion to dismiss the counterclaim is granted.

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6/13/2024
DATE

LYLE E. FRANK, J.S.C.

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