

**Technology Ins. Co., Inc. v Machon Chana Women's
Inst., Inc.**

2024 NY Slip Op 32941(U)

August 19, 2024

Supreme Court, New York County

Docket Number: Index No. 652724/2023

Judge: Louis L. Nock

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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. LOUIS L. NOCK PART 38M

Justice

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TECHNOLOGY INSURANCE COMPANY, INC.,

Plaintiff,

- v -

MACHON CHANA WOMEN'S INSTITUTE, INC.,
CONGREGATION MACHON CHANA, 556 CROWN
LENDER LLC, ATLANTIC A PROGRAM OF DE LAGE
LANDEN FINANCIAL SERVICES, TLOA MORTGAGE LLC,
and NEW YORK CITY DEPARTMENT OF FINANCE,

Defendants.

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INDEX NO. 652724/2023
MOTION DATE 05/15/2024
MOTION SEQ. NO. 002

**DECISION + ORDER ON
MOTION**

The following e-filed documents, listed by NYSCEF document numbers (Motion 002) 44, 45, 46, 47, 48, and 49

were read on this motion for REARGUMENT.

LOUIS L. NOCK, J.S.C.

Upon the foregoing documents, the motion by defendant Machon Chana Women’s Institute Inc. (“Machon”) to reargue the court’s prior decision and order granting plaintiff’s motion for interpleader relief (NYSCEF Doc. No. 41) is granted for the purposes of addressing Machon’s argument that plaintiff should pay interest on the funds it pays into court, which the court did not address. Contrary to plaintiff’s opposition to the motion, Machon explicitly argued this point in its memorandum of law in opposition to plaintiff’s motion (memorandum of law in opposition, NYSCEF Doc. No. 37 at 3).

Upon reargument, the court agrees with Machon that interest should be assessed against plaintiff on the funds paid into court. The court assumes familiarity with the facts and circumstances of the matter as set forth in its prior decision. As is set forth in the interpleader statute as well as by the Court of Appeals in a case cited by both sides, interest may be assessed

against a stakeholder on the funds paid into court, which ceases upon the stakeholder's payment thereof (CPLR 1006 [f]; *Manufacturer's & Traders Trust Co. v Reliance Ins. Co.*, 8 NY3d 583, 588 [2007] ["The statute governing interpleader, CPLR 1006, provides for an award of interest against a stakeholder up to the time of discharge"]). Plaintiff's arguments that interest is not appropriate because it has not breached its contract with Machon are unavailing; CPLR 1006 (f) does not require a finding of breach of contract to award interest. Moreover, plaintiff acknowledged in its own complaint that insurance proceeds were due to be paid out to one of multiple claimants, and stated that it was "ready and willing to pay the proceeds" (complaint, NYSCEF Doc. No. 1, ¶ 30). Plaintiff cannot now claim that the proceeds are not due to be paid.

There remain the issues of the rate of interest and from when it should run. Machon argues that interest should accrue at the statutory rate of 9% as provided by CPLR 5001, and from either the date of the fire from which this action arises, November 15, 2022, or when defendant 556 Crown Lender LLC, Machon's mortgagee, informed plaintiff of the fire and demanded payment of the proceeds, December 22, 2022. However, at that time, the claim had not yet been adjusted, as evidenced by the ensuing communications among the parties regarding the loss processing (NYSCEF Doc. Nos. 15, 22). At the latest then, plaintiff acknowledged that the proceeds were payable by the filing of its complaint on June 6, 2023, from which the court will direct interest to run. As to the rate, CPLR 1006 (f) provides that

[I]n the absence of an agreement by the stakeholder as to the rate of interest, he shall be liable to such party for interest to the date of discharge at a rate no greater than the lowest discount rate of the Federal Reserve Bank of New York for discounts for, and advances to, member banks in effect from time to time during the period for which, as found by the court, interest should be paid.

As of July 27, 2023, the lowest discount rate offered by the Federal Reserve Bank of New York was 5.50% (Federal Reserve Bank of New York, Discount Window, Primary and Secondary

Credit Rates (2003-Present), <https://www.newyorkfed.org/banking/discountwindow> [last accessed August 19, 2024]).

Accordingly, it is hereby

ORDERED that Machon's motion for reargument is granted, and, upon reargument, the court amends so much of its prior decision and order – which directed plaintiff to deposit the sum of \$496,812.49 in insurance proceeds, offset by the court's determination as to plaintiff's just expenses, costs, and disbursements following a framed issue hearing – is amended to direct that plaintiff shall also deposit interest on that sum at the rate of 5.50% per annum from June 6, 2023, through the date of deposit; and it is further

ORDERED that the framed issue hearing to determine just terms relating to plaintiff's expenses, costs, and disbursements is adjourned to Tuesday, September 24, 2024, at 10:00 a.m., at the Courthouse, 111 Centre Street, Courtroom 1166, New York, New York; and it is further

ORDERED that a settlement conference will occur on Tuesday, September 10, 2024, at 2:15 p.m., at the Courthouse, 111 Centre Street, Courtroom 1166, New York, New York, at which counsel for all the parties, along with their respective clients possessing negotiation and settlement authority, shall attend.

This constitutes the decision and order of the court.

ENTER:

Louis L. Nock

<u>8/19/2024</u>				<u>LOUIS L. NOCK, J.S.C.</u>	
	DATE				
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
APPLICATION:	<input type="checkbox"/>	SETTLE ORDER		<input type="checkbox"/>	OTHER
CHECK IF APPROPRIATE:	<input type="checkbox"/>	INCLUDES TRANSFER/REASSIGN		<input type="checkbox"/>	REFERENCE
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