

JK3 Partners LLC v Krane

2025 NY Slip Op 30686(U)

February 28, 2025

Supreme Court, New York County

Docket Number: Index No. 654117/2023

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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JK3 PARTNERS LLC,

Plaintiff,

- v -

JONATHAN KRANE,

Defendant.

INDEX NO. 654117/2023

MOTION DATE --

MOTION SEQ. NO. 004

**DECISION + ORDER ON
MOTION**

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HON. ANDREA MASLEY:

The following e-filed documents, listed by NYSCEF document number (Motion 004) 65, 66, 67, 68, 69, 70, 71

were read on this motion to/for SEAL.

In motion sequence 004, defendant Jonathan Krane moves pursuant to the Uniform Rules for Trial Courts (22 NYCRR) § 216.1 to seal (i) Jonathan and Regina Krane’s tax return for 2023 (NYSCEF Doc. No. [NYSCEF] 62), and (ii) nonparty KFA One Holdings, LLC’s operating agreement (NYSCEF 61). This motion is unopposed. There is no indication that the press or public have an interest in this matter.

Legal Standard

“Under New York law, there is a broad presumption that the public is entitled to access to judicial proceedings and court records.” (*Mosallem v Berenson*, 76 AD3d 345, 348 [1st Dept 2010] [citations omitted].) The public’s right to access is, however, not absolute, and under certain circumstances, “public inspection of court records has been limited by numerous statutes.” (*Id.* at 349.) One of those statutes is section 216.1

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

“Except 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 of the parties. Where it appears necessary or desirable, the court may prescribe appropriate notice and opportunity to be heard.” (Uniform Rules for Trial Cts [22 NYCRR] § 216.1.)

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

(*Mosallem*, 76 AD3d at 349 [citations omitted].) Good cause must “rest on a sound basis or legitimate need to take judicial action.” (*Danco Lab Ltd. v Chemical Works of Gedeon Richter, Ltd.*, 274 AD2d 1, 8 [1st Dept 2000] [internal quotation marks omitted].)

In the business context, courts have sealed records where the disclosure of documents “could threaten a business’s competitive advantage.” (*Mosallem*, 76 AD3d at 350 [citations omitted].) Further, 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].) More specifically, and in the context of tax returns, “disclosure of tax returns is disfavored because of their confidential and private nature.” (*Weingarten v Braun*, 158 AD3d 519, 519 [1st Dept 2019] [citation omitted].) Thus, courts have found good cause to seal tax returns because they contain private, confidential, and sensitive information about personal finances and where there is minimal public interest. (See *People ex rel. Qui Tarn v Bayrock Group LLC*, 2017 NY Slip Op 30358[U], *4-5 [Sup Ct, NY County 2017].)

Additionally, courts have recognized a compelling interest in sealing a third-party's financial or private information as disclosure could imping upon the privacy rights of these nonparties. (*See Mancheski v Gabelli Group Capital Partners*, 39 AD3d 499, 502 [2d Dept 2007]; *Natixis Real Estate Capital Tr. 2007-HE2 v Natixis Real Estate Capital, Inc.*, 77 Misc 3d 1224[A], 2023 NY Slip Op 50027[U], *2 [Sup Ct, NY County 2023].)

Discussion

Defendant has demonstrated good cause to seal the tax return which contains private sensitive financial information, and there has been no indication of any public interest. (*Id.*; see also *D'Amour v Ohrenstein & Brown LLP*, 17 Misc3d 1130[A], 2007 NY Slip Op 52207[U], *21 [Sup Ct, NY County 2007] [finding good cause to seal tax returns].)

Further, defendant has demonstrated good cause to seal the operating agreement of nonparty KFA One Holdings, LLC, as the operating agreement includes sensitive business and financial information pertaining to this entity and its members, who are also nonparties. Moreover, there is no indication of substantial public interest in the disclosure.

Accordingly, it is

ORDERED that the motion is granted, and the County Clerk is directed to seal NYSCEF 61 and 62; and it is further

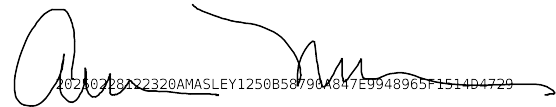
ORDERED the County Clerk shall restrict access to the sealed documents with access to be granted only to authorized court personnel and designees, the parties and counsel of record in this action, and any representative of a party or of counsel of record

upon presentation to the County Clerk of written authorization from counsel; and it is further

ORDERED that movant shall serve a copy of this order on the County Clerk in accordance with the procedures set forth in the Protocol on Courthouse County Clerk Procedures for Electronically Filed Cases (accessible at the "E-Filing" page on the court's website at the address www.nycourts.gov/supctmanh); 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 that this order does not authorize sealing or redacting for purposes of trial or other court proceedings on the record, e.g., arguments on motions.



2/28/2025

DATE

ANDREA MASLEY, J.S.C.

CHECK ONE:

CASE DISPOSED

NON-FINAL DISPOSITION

GRANTED

DENIED

GRANTED IN PART

OTHER

APPLICATION:

SETTLE ORDER

SUBMIT ORDER

CHECK IF APPROPRIATE:

INCLUDES TRANSFER/REASSIGN

FIDUCIARY APPOINTMENT

REFERENCE