

Singh v TrueChain, Inc.

2025 NY Slip Op 32590(U)

June 30, 2025

Supreme Court, New York County

Docket Number: Index No. 654537/2019

Judge: Lori S. Sattler

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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. LORI S. SATTLER PART 02M

Justice

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RINA SINGH

Plaintiff,

- v -

TRUECHAIN, INC.,

Defendant.

-----X

INDEX NO. 654537/2019

MOTION DATE 03/13/2025

MOTION SEQ. NO. 003

**DECISION + ORDER ON
MOTION**

The following e-filed documents, listed by NYSCEF document number (Motion 003) 40, 41, 42, 43, 44, 45, 46, 47

were read on this motion to/for JUDGMENT - DEFAULT.

Plaintiff Rina Singh (“Plaintiff”) moves for an Order dismissing Defendant TrueChain, Inc.’s (“Defendant”) counterclaims and granting Plaintiff summary judgment on her claims.

Although Defendant was initially represented by counsel in this proceeding, this Court permitted counsel to withdraw and issued a 45-day stay in an order dated July 2, 2024 (NYSCEF Doc. No. 31). After the stay was lifted, Defendant did not retain counsel, has not appeared in this action, and has filed no opposition to the instant motion. Pursuant to CPLR 321(a), a corporation must be represented by counsel and as such Defendant is in default.

The Notice of Motion states that Plaintiff seeks relief pursuant to CPLR 3211 and 3212, although the supporting affidavits and memorandum of law submitted seek dismissal under CPLR 3215. Despite this discrepancy, the Court will treat this as a motion for summary judgment and dismissal of the counterclaims.

A party seeking summary judgment pursuant to CPLR 3212(b) “must make a prima facie showing of entitlement to judgment as a matter of law, tendering sufficient evidence to demonstrate the absence of any material issues of fact” (*Alvarez v Prospect Hosp.*, 68 NY2d 320,

324 [1986]). Failure to make such a showing requires denial of the motion (*Winegrad v New York Univ. Med. Center*, 64 NY2d 851, 853 [1985]).

This action arises out of an employment agreement that Plaintiff entered with Defendant on November 27, 2017 (NYSCEF Doc. No. 35, Agreement). Plaintiff contends that Defendant breached the Agreement in three ways. First, Defendant purportedly did not compensate her for expenses. Although Plaintiff fails to specify where the Agreement states that she was entitled to have her fees reimbursed, upon review, Section 1(c) of the Agreement provides that Defendant was to provide “reasonable support [to Plaintiff] with any and all resources she may need – including but not limited to . . . financial . . . – in order for [Plaintiff] to achieve the Performance Benchmarks set herein.” Plaintiff submits a purported list of her expenses (NYSCEF Doc. No. 45). This list includes, *inter alia*, charges for car services as well as payments to Amazon without connecting these and other expenses to her employment. Furthermore, her affidavit in support merely references this list without specifying which expenses were attributable to her work (NYSCEF Doc. No. 41, Singh aff ¶ 14). Thus, issues of fact remain precluding an award of summary judgment with respect to Plaintiff’s claim for expenses.

Plaintiff also claims that Defendant breached the Agreement’s anti-dilution provisions by transferring the company’s assets to other entities without due compensation or observance of corporate formalities, and that it breached its fiduciary duties to her in so doing. She specifically points to Defendant’s purported ownership of intellectual property and states that Defendant’s principal, Chadraker Reddy (“Reddy”), “never clarified whether TrueChain owned its intellectual property or if it licensed it from Ensurity or another entity,” (Singh aff ¶ 18). However, Plaintiff does not provide any corroboration for her claim that Defendant diluted its assets, especially any intellectual property it may have owned (*see id.* ¶¶ 18-19 [“TrueChain did

not produce anything in discovery bearing on this topic I have not . . . been provided any documentation regarding any transfer of TrueChain’s intellectual property . . .”). Here, Plaintiff has not met her burden of demonstrating the absence of material issues of fact as to whether Defendant owned intellectual property, transferred it, and whether her interest in the company was diluted.

Lastly, Plaintiff asserts that Defendant breached the Agreement by not paying her “a market competitive salary after obtaining financing” (NYSCEF Doc. No. 46, Plaintiff’s Memorandum of Law at 7). Although Plaintiff asserts in her affidavit that she was owed compensation for a market competitive salary, she fails to demonstrate what that would be. As Plaintiff fails to demonstrate the absence of material issues of fact, her motion requesting summary judgment on her claims must be denied.

Plaintiff next moves to dismiss Defendant’s five counterclaims alleging faithless servant, fraudulent inducement, breach of the covenant of good faith and fair dealing, breach of fiduciary duty, and tortious interference with prospective business relations. Defendant fails to submit any opposition, and its counterclaims are therefore dismissed based on Defendant’s default. The claims are also dismissed on the merits for the reasons set forth below.

Defendant first claims that Plaintiff violated the faithless servant doctrine by acting in violation of the Agreement in such a way as to deprive it of all benefits of her services, such that she must forfeit all compensation. The faithless servant doctrine “states that ‘an employee or agent who is faithless in the performance of his or her duties is not entitled to recover either salary or commission’” (*Beach v Touradji Capital Mgt., LP*, 224 AD3d 470, 471 [1st Dept 2024], quoting *Two Rivs. Entities, LLC v Sandoval*, 192 AD3d 528, 529 [1st Dept 2021]). Here, the Answer fails to state a claim under the doctrine as it contains no allegations that Plaintiff

either embezzled from Defendant or directed business away from it to a competitor, and the Court accordingly dismisses the first counterclaim (*see, e.g. Two Rivs. Entities, LLC*, 192 AD3d at 529).

A fraudulent inducement cause of action requires a party to claim “the misrepresentation of a material fact, which was known by the defendant to be false and intended to be relied on when made, and that there was justifiable reliance and resulting injury” (*Ventur Group, LLC v Finnerty*, 68 AD3d 638, 639 [1st Dept 2009] [internal citations and quotations omitted]). Here, Defendant fails to adequately plead its justifiable reliance on Plaintiff’s alleged conduct. The counterclaim merely states that “TrueChain reasonably relied on Plaintiff’s misrepresentations” regarding her relationship to certain contacts in Defendant’s area of business and about the need to make her a shareholder without setting forth with particularity any the basis for reliance (NYSCEF Doc. No. 11, Answer ¶¶ 163-171; *cf. MP Cool Invs. Ltd. v Forkosh*, 142 AD3d 286, 291-292 [1st Dept 2016]). The Court accordingly dismisses the second counterclaim.

Defendant’s third counterclaim alleges that Plaintiff violated the covenant of good faith and fair dealing by acting in a “manner that, although not expressly forbidden by the [Agreement] acted to deprive TrueChain of the right to receive the benefits of the contracted services” (Answer ¶ 174). The covenant of good faith and fair dealing “embraces a pledge that ‘neither party shall do anything which will have the effect of destroying or injuring the right of the other party to receive the fruits of the contract’ ” (*511 W. 232nd Owners Corp. v Jennifer Realty Co.*, 98 NY2d 144, 153 [2002] [internal quotations omitted]). As Defendant fails to allege any facts regarding Plaintiff’s bad faith or unfair dealing, this counterclaim must be dismissed (*see 767 Third Ave. LLC v Greble & Finger, LLP*, 8 AD3d 75 [1st Dept 2004]).

The fourth counterclaim alleging Plaintiff's breach of her fiduciary duty must be denied. Although Defendant alleges that it was damaged "by signing away more equity to Plaintiff" (Answer ¶ 171), it fails to adequately plead the damages that flowed from the alleged breach (*Besen v Farhadian*, 195 AD3d 548, 550 [1st Dept 2021]) or facts in support of its claim that Plaintiff owed it a fiduciary duty (*Burry v Madison Park Owner LLC*, 84 AD3d 699, 700 [1st Dept 2011]).

The fifth counterclaim alleges Plaintiff's tortious interference with prospective business relations, based on her "allowing sensitive corporate information to be shared with" a potential business partner (Answer ¶ 184). To state a claim for tortious interference, a party must "must allege (1) business relations with a third party, (2) the defendant's interference with those business relations, (3) the defendant acted for the sole purpose of harming plaintiff or used wrongful means, and (4) injury to the business relationship" (*Valkyrie AI LLC v PriceWaterhouseCoopers LLP*, 233 AD3d 460, 462 [1st Dept 2024]). Furthermore, "[f]or this cause of action it must be affirmatively alleged that the defendant's conduct was motivated solely by malice or to inflict injury by unlawful means going beyond mere self-interest or other economic considerations" (*id.*). Here, the Answer fails to allege that Plaintiff was solely motivated by malice or used unlawful means to harm Defendant. The Court therefore finds that Defendant fails to state a claim for tortious interference and dismisses the fifth counterclaim.

Accordingly, it is hereby:

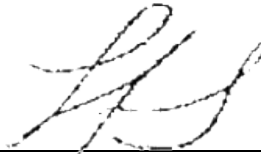
ORDERED that Plaintiff's motion is granted in part to the extent of dismissing Defendant's counterclaims in their entirety and denied with respect to her request for summary judgment; and it is further

ORDERED that a hearing will be held on September 16, 2025 at 11:30 a.m. at 60 Centre Street, Room 212; and it is further

ORDERED that a copy of this Order shall be served on Defendant via service on the Secretary of State and by mail to TrueChain, Inc. c/o Northwest Registered Agent Service, Inc., 8 The Green, Suite B, Dover, DE 19901.

6/30/2025

DATE



LORI S. SATTLER, 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