

NW Media Holdings Corp. v IBT Media Inc.

2025 NY Slip Op 33218(U)

August 26, 2025

Supreme Court, New York County

Docket Number: Index No. 652344/2022

Judge: Melissa A. Crane

Cases posted with a "30000" identifier, i.e., 2013 NY Slip Op 30001(U), are republished from various New York State and local government sources, including the New York State Unified Court System's eCourts Service.

This opinion is uncorrected and not selected for official publication.

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

PRESENT: HON. MELISSA A. CRANE PART 60M

Justice

-----X

NW MEDIA HOLDINGS CORP., NEWSWEEK
LLC,NEWSWEEK DIGITAL LLC,NEWSWEEK MAGAZINE
LLC,NEWSWEEK PUBLISHING LLC,NW DIGITAL LLC,NW
MAGAZINE LLC,

Plaintiff,

- v -

IBT MEDIA INC.,OLIVET UNIVERSITY, ETIENNE UZAC,
DAVID JANG,

Defendant.

-----X

INDEX NO. 652344/2022

MOTION DATE 06/13/2025

MOTION SEQ. NO. 017

**Amended DECISION + ORDER
ON MOTION**

The following e-filed documents, listed by NYSCEF document number (Motion 017) 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 356, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 388

were read on this motion to/for PARTIAL SUMMARY JUDGMENT.

Upon the foregoing documents, it is

For the reasons stated on the record of August 26, 2025, the court grants plaintiffs' NW Media Holdings, Corp., Newsweek LLC, Newsweek Digital LLC, Newsweek Magazine LLC, Newsweek Publishing LLC, NW Digital LLC, and NW Magazine LLC (collectively NW Media or plaintiffs) motion for partial summary judgment as to liability and puts the case over for a hearing on damages on September 29, 2025 at 9:30 am in person. Should the parties agree to an amount prior to that date, they should inform the court. The court denies defendants' cross motion.

In sum, it is clear that defendant IBT agreed to indemnify NW Media for Newsweek LLC's taxes. Under the Membership Interest Purchase Agreement (MIPA [EDOC 296]), dated

September 13, 2018, the parties agreed that plaintiff NW Media would purchase IBT's membership interest in Newsweek LLC, "free and clear of any and all claims, liens, options, charges, taxes, security interests, restrictions or encumbrances whatsoever (whether voluntarily incurred or arising by operation of applicable law, rule, regulation or under a Court of competent jurisdiction, hereinafter "Law") (collectively the "Claims or Restrictions") effective as of the Effective Time. The "Effective Time" was the closing date of September 13, 2018.

Section 5(a) states "The consummation of the transactions contemplated hereby will convey to Buyer good title ...free and clear of all Claims or Restrictions, except for those disclosed on Schedule 5(a). Meanwhile, Schedule 5(a) of the MIPA reveals the tax liabilities and describes how IBT intended to address those liabilities. No where does the MIPA state that NW Media would be responsible for these tax liabilities.

Instead, IBT agreed to be responsible should NW Media find itself in a position where it was forced to pay Newsweek's taxes. In Section 10 of the MIPA, entitled "Indemnification," IBT agreed to indemnify NW Media for "any and all losses, damages claims, obligations, liabilities, costs and expenses. . .**arising out of or in connection with**...(iii) Seller's ownership of the Membership interest prior to the Closing; and/or (iv) Seller's management of the Company [i.e. Newsweek] prior to the closing." Certainly, the failure to pay taxes arises out of or is in connection with the Seller's management of the Company.

It is undisputed that plaintiffs had to pay Newsweek's taxes that accrued prior to the closing date, after taxing authorities pursued them for those liabilities. Accordingly, IBT must indemnify NW Media for the taxes it paid on behalf of Newsweek LLC that accrued prior to the closing.

In addition, as explained on the record, IBT must also indemnify plaintiffs for paying IBT's taxes. First, the indemnification provision requires IBT to indemnify NW Media for “losses arising out of Seller’s ownership of the Membership Interest prior to the Closing.” If it were not for IBT’s sale of its Membership Interest to NW Media, the taxing authorities would not have proceeded against NW Media. Accordingly, the taxes NW Media had to pay were “arising out of or in connection with...(iii) Seller’s ownership of the Membership interest prior to the Closing.” Therefore, IBT has a duty to indemnify NW Media for those payments.

But, even if the MIPA did not cover IBT’s taxes, plaintiff was not a volunteer. It is undisputed that NW Media satisfied IBT’s tax debt through levies on the plaintiffs’ revenue and \$4.4 million in direct payments to the IRS. Defendant also does not contest that plaintiffs took out heavy loans to pay off the tax debt. To the extent that IBT did not pay its own tax liabilities, it has been unjustly enriched at plaintiffs’ expense. Unjust enrichment is, therefore, an alternative theory upon which plaintiffs can recover.

However, as explained on the record, IBT has raised an issue of fact as to whether plaintiffs used some of IBT's revenue to pay the tax debt (see in particular EDOCS 365-368). Therefore, the court will hold a hearing on September 29, 2025, at 9:30 am, to determine, how much, if any, of IBT’s revenue should be offset against plaintiffs’ recovery. The court notes that there is a prevailing party provision in the MIPA (section 12[i]), such that the hearing will likely add to the attorney’s fees plaintiff is entitled to recover.

Finally, for the reasons stated on the record, the court denies that part of the cross motion in which defendant Uzac moved to dismiss the claims against him based on alter ego liability.

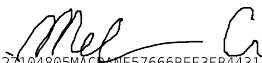
Accordingly, it is

ORDERED THAT plaintiff's motion for partial summary judgment is granted as to liability; and it is further

ADJUDGED, DECREED AND DECLARED that IBT must indemnify plaintiffs under the MIPA for the taxes plaintiffs paid; and it is further

ORDERED THAT the court will hold a hearing to determine the amounts plaintiffs have actually paid on September 29, 2025 in the courtroom, room 248, at 9:30 am; and it is further

ORDERED THAT defendants' cross motion is denied.


20250827104805MACRANE57666BEF3FB4431EBC9D0546A78613CE

<u>8/26/2025</u> DATE					<hr/> MELISSA A. CRANE, J.S.C.
CHECK ONE:	<input type="checkbox"/> CASE DISPOSED	<input type="checkbox"/> DENIED	<input checked="" type="checkbox"/> NON-FINAL DISPOSITION	<input type="checkbox"/> OTHER	
APPLICATION:	<input type="checkbox"/> GRANTED		<input checked="" type="checkbox"/> GRANTED IN PART		
CHECK IF APPROPRIATE:	<input type="checkbox"/> SETTLE ORDER		<input type="checkbox"/> SUBMIT ORDER		
	<input type="checkbox"/> INCLUDES TRANSFER/REASSIGN		<input type="checkbox"/> FIDUCIARY APPOINTMENT	<input type="checkbox"/> REFERENCE	