

TH Holdco LLC v RL Real Ventures, Inc.

2025 NY Slip Op 33610(U)

September 26, 2025

Supreme Court, New York County

Docket Number: Index No. 150983/2025

Judge: Melissa A. Crane

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SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY

PRESENT: HON. MELISSA A. CRANE PART 60M

Justice

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TH HOLDCO LLC

Petitioner,

- v -

RL REAL VENTURES, INC., AS TRUSTEE OF 99 BROADWAY TRUST,

Respondent.

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INDEX NO. 150983/2025

MOTION DATE 01/23/2025

MOTION SEQ. NO. 001

DECISION + ORDER ON MOTION

The following e-filed documents, listed by NYSCEF document number (Motion 001) 28, 29, 30, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44

were read on this motion to/for TURNOVER PROCEEDING

In this Article 52 special proceeding, Petitioner moves pursuant to New York Debtor and Creditor Law ("NY DCL") §§ 273 and 274 and CPLR 5225(b) for an order and judgment: (a) declaring that nonparty debtor Lipa Rubin ("Debtor") fraudulently transferred LLC membership interests to Respondent, and those transfers are void; and (b) directing Respondent to turn over certain LLC membership interests to Petitioner. Respondent opposes the application, and cross-moves to dismiss the petition.

Petitioner commenced the underlying related CPLR 3213 action against Debtor in February 2023 (TH Holdco LLC v Rubin, Index No. 650955/2023). In the related case, the court granted petitioner's motion for summary judgment in lieu of complaint and awarded petitioner judgment for \$49,889,000 (Docs 38 [decision] and 42 [judgment] in the related action, Index No. 650955/2023). On November 14, 2023, the County Clerk entered this judgment against debtor.

In this post-judgment fraudulent conveyance proceeding, petitioner asserts that debtor Lipa Rubin formed the Respondent trust, 99 Broadway Trust, about one month after the CPLR

3213 motion was fully briefed (see Doc 1, ¶¶ 2, 11-12 [verified petition]). Specifically, petitioner alleges:

“On June 29, 2023, the Judgment Debtor formed the Respondent [trustee, RL Real Ventures, Inc.,] as part of his judgment-proofing scheme. . . . At or about the same time, the Judgment Debtor formed [the respondent trust] 99 Broadway Trust as grantor and named [RL Real Ventures] as trustee. . . . The Judgment Debtor is the President of the Respondent, so he is, in effect, the trustee of the 99 Broadway Trust. . . .

. . . . On July 5, 2023, less than six weeks after Petitioner’s motion for summary judgment was fully briefed and one day before the Court held oral argument on Petitioner’s motion for summary judgment (see Main Action, NYSCEF Doc. No. 37), the Judgment Debtor transferred his membership interests in the [11] LLCs . . . to 99 Broadway Trust”

(Doc 1, ¶¶ 11-12; *see also* Doc 26 [First Information Subpoena Response], Item 73 [indicating that Debtor is RL Real Ventures’ president]).

DISCUSSION

Petitioner demonstrates that debtor transferred his membership interests in the following LLCs to the trust: 53 South 11 Realty LLC, 120 Skillman LLC, 297 Schaeffer St LLC, 366 South 5 St LLC, 374 South 5 St LLC, 501 Dean LLC, 863 Hancock NY LLC, Dov Mann LLC, Skillman Plaza 3 LLC, and Skillman Plaza 2 LLC (Doc 1, ¶ 12; Docs 5-25, 27 [K-1s]).¹

Petitioner asserts that debtor transferred his interests to the trust for no consideration, and that the transfers left debtor insolvent (Doc 1, ¶ 13; *see also* Doc 26 [debtor states that he has no assets whatsoever, apart from the home he co-owns with his wife]). Petitioner now seeks an order directing respondent to turnover these LLC membership interests.

¹ Petitioner does not seek a turnover order with respect to respondent 45 Broadway NY LLC. Petitioner withdrew its request for a turnover order as to the 45 Broadway NY LLC interests, only (*see* Doc 43 [Petitioner’s Reply Mem] at 4 n1 [withdrawing the request to turnover 45 Broadway interest “because Respondent has raised an issue of fact regarding that one LLC interest”]).

Petitioner establishes that the transfers violate the Debtor and Creditor Law. DCL

Section 273 (a) states:

“(a) A transfer made or obligation incurred by a debtor is voidable as to a creditor, whether the creditor's claim arose before or after the transfer was made or the obligation was incurred, if the debtor made the transfer or incurred the obligation:

(1) with actual intent to hinder, delay or defraud any creditor of the debtor; or

(2) without receiving a reasonably equivalent value in exchange for the transfer or obligation, and the debtor:

(i) was engaged or was about to engage in a business or a transaction for which the remaining assets of the debtor were unreasonably small in relation to the business or transaction; or

(ii) intended to incur, or believed or reasonably should have believed that the debtor would incur, debts beyond the debtor's ability to pay as they became due.”

In opposition, respondent argues that petitioner does not prove that debtor transferred the interests with intent to hinder or defraud. This argument is unavailing.

Even if the transfers did not qualify as fraudulent conveyances under DCL section 273

(b), petitioner adequately establishes that debtor's transfers to the trust violated DCL Section 273

(a) (2) (ii). Debtor did not receive adequate consideration for the transfers, and he knew or reasonably should have believed that he would incur debts beyond his ability to pay as the debts came due. For those reasons, debtor's argument that the transfers were made in good faith do not render the transfers permissible under the DCL (Doc 39 [debtor's aff]; *see also CIT Grp./Com. Servs., Inc. v 160-09 Jamaica Ave. Ltd. P'ship*, 25 AD3d 301, 302 [1st Dept 2006] [“A conveyance that renders the conveyor insolvent is fraudulent as to creditors without regard to actual intent, if the conveyance was made without fair consideration”]). In response to the first information subpoena, debtor stated that, as of August 2024 after the transfers, he: was not employed; had no cash, bank accounts, LLC interests or other business interests; was not owed

money; and had no other assets, other than the marital home he co-owned with his wife that has a \$457,811 outstanding mortgage loan (Doc 26, Items Nos. 29-54, 59, 63, 65-71, 74-82, 92-93, 95, 111, 114-115, and 123-134).

Thus, the court grants the petition to the extent that debtor fraudulently conveyed the LLC interests, and the transfers are declared void.

The court rejects respondent's argument, in its cross motion, that the petition must be denied because petitioner did not serve debtor. Petitioner filed affidavits of service demonstrating that it served gave debtor adequate notice of this proceeding (Docs 41-42). In its cross motion, respondent further argues, in the alternative, that the membership interests should be turned over to the Sheriff, not to petitioner directly (see Doc 40 [resp's mem.] at 4-5, citing CPLR 5225 [a]). Petitioner objects to that procedure and asks the court to direct respondent to turnover the 10 LLCs' interests to petitioner based on CPLR 5240.

CPLR 5240 states that "[t]he court may at any time, . . . make an order . . . modifying the use of any enforcement procedure," such as those contained in CPLR 5225 [a]. While the court *may* direct respondent to turnover the property to petitioner, directly (*79 Madison LLC v Ebrahimzadeh*, 203 AD3d 589, 590-91 [1st Dept 2022] ["The court providently exercised its discretion in ordering a direct turnover, given that the value of defendant's membership interest is uncertain and that defendant has obstructed plaintiff's efforts to pursue the judgment."]), the court elects, in its discretion, to first hold a hearing. The hearing will cover whether the LLC membership interests should be turned over to petitioner or the Sheriff, in the first instance, plus any collateral issues relating to the turnover procedures, such as whether a receiver is needed to manage the LLCs.

The court has considered the parties' remaining contentions and finds them unavailing.

Accordingly, it is

ORDERED that the petition is granted in part, as set forth in this decision and order, and the cross-motion is denied; and it is further

ADJUDGED and DECLARED that the conveyances of the following LLC membership interests were fraudulent and void, and these conveyances are set aside:


- 1. 53 South 11 Realty LLC,
- 2. 120 Skillman LLC,
- 3. 297 Schaeffer St LLC,
- 4. 366 South 5 St LLC,
- 5. 374 South 5 St LLC,
- 6. 501 Dean LLC,
- 7. 863 Hancock NY LLC,
- 8. Dov Mann LLC,
- 9. Skillman Plaza 3 LLC, and
- 10. Skillman Plaza 2 LLC.

And it is further

ORDERED that the parties shall appear in person at 60 Centre Street, Room 248, for a hearing at 2:15 p.m. on 12/3/25. The parties must exchange any witness lists and proposed exhibits by 10/17/25, otherwise waived. Witnesses and exhibits not exchanged by that date will not be permitted at the hearing. All hearing-related materials must be e-filed in the Virtual Evidence Courtroom in the NYSCEF Docket for this proceeding by 10/20/25; and it is further

ORDERED that the parties must appear for a status conference over MS Teams on 10/21/25 at 2:30 p.m.

9/26/25
DATE


MELISSA A. CRANE, J.S.C.

CHECK ONE: CASE DISPOSED DENIED NON-FINAL DISPOSITION

APPLICATION: GRANTED SETTLE ORDER GRANTED IN PART OTHER

SUBMIT ORDER