

SIG CRE 2023 Venture LLC v CSP 2294 LLC
2026 NY Slip Op 30262(U)
January 13, 2026
Supreme Court, New York County
Docket Number: Index No. 655826/2024
Judge: Nancy M. Bannon
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**SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY**

PRESENT: HON. NANCY M. BANNON PART 61M

Justice

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SIG CRE 2023 VENTURE LLC,

Plaintiff,

- v -

CSP 2294 LLC, DAVID BLATT, 2294 LOAN LLC

Defendant.

INDEX NO. 655826/2024
MOTION DATE 09/16/2025
MOTION SEQ. NO. 003

**DECISION + ORDER ON
MOTION**

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The following e-filed documents, listed by NYSCEF document number (Motion 003) 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 120, 125

were read on this motion to/for DISMISS.

In this breach of contract action arising from a note securing a mortgage, defendant David Blatt, a guarantor, moves pursuant to CPLR 3211(a)(1), (a)(3) and (a)(7) to dismiss the complaint insofar as asserted against him. The motion is granted in part.

I. BACKGROUND

On December 15, 2014, nonparty 2294 FDB, LLC (FDB) executed a note (the FDB note) in the principal sum of \$4,000,000.00 (the FDB loan) in favor of Signature Bank, the plaintiff's predecessor-in-interest (original lender). The FDB loan was secured by a mortgage agreement dated December 15, 2014, encumbering the subject property (FDB mortgage). As collateral for the loan, FDB provided the original lender with a first priority lien against the property. The FDB loan was also secured by an assignment of leases, rents, and other contract rights.

On August 12, 2021, defendant CSP 2294 LLC (CSP) entered into an agreement with the original lender whereby CSP purchased the rights, title, and interest in the FDB loan for the principal sum of \$3,527,825.51. To finance that purchase, CSP obtained a loan from the original lender through an agreement (the CSP loan agreement) in the principal sum of \$2,998,651.68 (the CSP loan). Importantly, section 6 of the CSP loan agreement stated that should CSP, the defendant David Blatt, or their affiliates obtain possession, control, or ownership of any portion

of or interest in the property, CSP must pay the remainder of the FDB loan upon taking title of the property “or (b) [a]t least five (5) Business Days prior to its receipt of fee ownership, [CSP] shall notify [original] Lender that it requests a conversion of the Collateral to a first mortgage encumbering the [property].”

The CSP loan was secured by a note in the principal sum of \$2,998,651.68 (CSP note), collateral assignments of certain personal property, and a Guaranty of Recourse Obligations dated August 12, 2021 (the guaranty), signed by the defendant and movant David Blatt. Pursuant to section 2(a) of the CSP note, CSP was required to make monthly payments to the original lender on the 10th day of each month., and section 2(b) provided that the balance of the principal would become due on the maturity date of the loan. Pursuant to the guaranty, Blatt agreed to pay all monetary losses imposed upon or incurred by the plaintiff in connection with the “Recourse Obligations of [CSP].” The recourse obligations included, but were not limited to, “any acts or omissions constituting fraud or misrepresentation by [CSP].”

CSP commenced an action to foreclose on the FDB mortgage (Index No. 850263/21) which resulted in a sale of the property to CSP on June 28, 2023, but CSP did not pay off the remaining principal of the CSP loan or convert the collateral into a first priority mortgage. Through a series of assignments, the plaintiff became the holder of the CSP note in December 2023. In the meantime, in a letter agreement dated September 19, 2023, CSP elected to extend the maturity date of the CSP loan from August 12, 2023, to June 30, 2024. On April 10, 2024, CSP failed to remit the monthly payment due, and made no payment thereafter, defaulting on maturity date. Subsequently, according to the plaintiff, CSP obtained a loan from defendant 2294 Loan LLC (2294 Loan) in the principal sum of \$500,000.00, which was secured by a first-priority mortgage on the property.

On November 1, 2024, the plaintiff commenced this action against CSP, Blatt and 2294 Loan, alleging four causes of action – breach of contract (CSP note and loan agreement), declaratory judgment for equitable mortgage, fraudulent and/or negligent misrepresentation, and breach of contract (guaranty). By an order dated April 14, 2025, this court denied Blatt’s pre-answer motion to dismiss pursuant to CPLR 3211(a)(1) and (a)(7), without prejudice (MOT SEQ 001). Blatt moved for a second time to dismiss the complaint insofar as asserted against him - breach of the guaranty and fraudulent and/or negligent misrepresentation – on the same grounds, as well as CPLR 3211(a)(3).

II. DISCUSSION

Initially, there is no basis for dismissal under CPLR 3211(a)(3). Contrary to Blatt's contention, plaintiff has capacity to bring this action as the holder of the CSP note, which it affixed to its motion papers. See Aurora Loan Servs., LLC v Taylor, 25 NY3d 335 (2015).

When assessing the adequacy of a pleading in the context of a motion to dismiss under CPLR 3211(a)(7), the court's role is "to determine whether [the] pleadings state a cause of action." 511 W. 232nd Owners Corp. v Jennifer Realty Co., 98 NY2d 144, 151-52 (2002). The court must "liberally construe" the pleading, accept the facts alleged in it as true, accord it "the benefit of every possible favorable inference, and determine only whether the facts, as alleged, fit within any cognizable legal theory. Id. at 152; see Romanello v Intesa Sanpaolo, S.p.A., 22 NY3d 881 (2013); Hurrell-Harring v State of New York, 15 NY3d 8 (2010). Dismissal under CPLR 3211(a)(1) is warranted only when the documentary evidence submitted "resolves all factual issues as a matter of law, and conclusively disposes of the plaintiff's claim." Fortis Financial Services, LLC v Fimat Futures USA, 290 AD2d 383, 383 (1st Dept. 2002); see Amsterdam Hosp.Group, LLC v Marshall-Alan Assoc., Inc., 120 AD3d 431 (1st Dept. 2014).

A. Breach of Guaranty

To state a cause of action for breach of contract, a plaintiff must sufficiently allege (1) the existence of a contract, (2) the plaintiff's performance under the contract; (3) the defendant's breach of that contract, and (4) resulting damages. See Second Source Funding, LLC v Yellowstone Capital, LLC, 144 AD3d 445 (1st Dept. 2016); Harris v Seward Park Housing Corp., 79 AD3d 425 (1st Dept. 2010). Here, there is no dispute that a contract exists, and the complaint includes allegations that the plaintiff performed but defendant Blatt did not, i.e he failed to make required payments, a breach that resulted in monetary damages. While the plaintiff may not ultimately succeed on this cause of action, it sufficiently states a cause of action under the liberal pleading standards of CPLR 3211(a)(7). Since Blatt does not identify any document that "conclusively disposes" (Fortis Financial Services, LLC v Fimat Futures USA, supra at 383) of the breach of guaranty claim, he is not entitled to dismissal on that ground.

B. Fraudulent and/or Negligent Misrepresentation

The allegations of this cause of action are essentially for breach of contract. The complaint states that the borrower took possession of the property without paying all sums due

under the CSP note and without giving the plaintiff a first-priority mortgage "in direct breach of borrower's obligations." The complaint falls short of alleging "fraudulent misrepresentation" as there is no allegation of a representation by any defendant outside the contract terms. See Gomez-Jiminez v New York Law School, 103 AD3d 13, 17 (1st Dept 2012). Nor is there any indication of "special or privity-like relationship imposing a duty on the defendant to impart correct information to the plaintiff" to support a claim of negligent misrepresentation. Id at 18. Moreover, these were arms-length transactions by sophisticated parties who can make no plausible claim of justifiable reliance on any representation by the other. See e.g. Rapaport v Strategic Fin. Solutions, LLC, 190 AD3d 657 (1st Dept. 2021).

C. Punitive Damages

Punitive damages may be awarded only "where the wrong complained of is morally culpable, or is actuated by evil and reprehensible motives, not only to punish the defendant but to deter him, and others who might otherwise be so prompted, from indulging in similar conduct in the future." Walker v Sheldon, 10 NY2d 401, 404 (1961). For that reason, "punitive damages are not recoverable for an ordinary breach of contract." Rocanova v Equitable Life Assur. Soc. of U.S., 83 NY2d 603, 613 (1994). This is an ordinary breach of contract action and the plaintiff makes no specific allegations that Blatt's conduct was immoral, evil, or reprehensible.

III. CONCLUSION

Accordingly, upon the foregoing papers, it is

ORDERED that the motion of defendant David Blatt to dismiss the complaint is granted to the extent that the cause of action alleging "fraudulent and/or negligent misrepresentation" is dismissed pursuant to CPLR 3211(a)(7) and the demand for punitive damages is stricken as against that defendant, and the motion is otherwise denied.

This constitutes the Decision and Order of the court.


NANCY M. BANNON, J.S.C.
HON. NANCY M. BANNON

1-13-26
DATE

CHECK ONE:

CASE DISPOSED
GRANTED

DENIED

NON-FINAL DISPOSITION
GRANTED IN PART

OTHER