

24 Capital LLC v CRT Children Servs. LLC
2026 NY Slip Op 30422(U)
February 3, 2026
Supreme Court, Kings County
Docket Number: Index No. 509903-2024
Judge: Peter P. Sweeney
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SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF KINGS, PART 73

Index No.: 509903-2024
Motion Date: 2-2-26
Motion. Seq. No.: 2

-----X
24 CAPITAL LLC,

Plaintiff,

-against-

DECISION/ORDER

CRT CHILDREN SERVICES LLC and CALVIN ROGER
STOWE,

Defendants.

-----X

The following papers, which are e-filed with NYSCEF as items 10-36 were read on this motions:

In Motion. Seq. No.: 2, Defendants CRT Children Services LLC and Calvin Roger Stowe move by Order to Show Cause for an order: (i) pursuant to CPLR § 3025 permitting Defendants to file an Amended Verified Answer with Counterclaims; (ii) granting a preliminary injunction pursuant to CPLR § 6301 restraining Plaintiff from further contact with Defendants' clients and business contacts; (iii) pursuant to CPLR § 5240 requiring Plaintiff to return any funds it has collected from Defendants; and (iv) for such other and further relief as may be just, proper, and equitable.

BACKGROUND

This action arises from a Future Receivables Sale and Purchase Agreement (the "Agreement") dated September 14, 2022, between Plaintiff 24 Capital LLC and Defendant CRT Children Services LLC ("Merchant"). Pursuant to the Agreement, Plaintiff purchased 18% of Merchant's total future receipts up to the sum of \$84,000 in exchange for an upfront purchase price of \$60,000. Defendant Calvin Roger Stowe ("Guarantor") executed a Personal Guaranty of Performance. Merchant was to deliver the purchased amount through weekly remittances of \$2,896.55, which was an initial good faith approximation of the 18%.

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Plaintiff alleges that after receiving a net advance of \$54,000, Merchant remitted only \$35,965.50 and subsequently defaulted on or about January 3, 2023, by revoking Plaintiff's ACH authorization and interfering with collections. Following the alleged default, Plaintiff claims that it exercised its contractual and statutory rights under UCC § 9-607 to collect the purchased receivables directly from Merchant's account debtors by issuing UCC lien notices.

Defendants argue that Plaintiff's campaign to contact third-party clients, such as the State Controller of Idaho, is wrongful interference conducted without a judgment. Defendants assert that these actions have caused clients to terminate business relationships with them, resulting in significant financial loss and potential business closure.

DISCUSSION

I. Leave to Amend the Answer

That branch of the Motion Seq. #1 in which Defendants seek leave to file an Amended Verified Answer with Counterclaims is DENIED. Pursuant to CPLR § 3025(b), leave to amend a pleading shall be freely given. However, where the party opposing a motion for leave meets the burden of demonstrating that the proposed amendment is palpably improper or insufficient as a matter of law, the motion should be denied (*Burger v. Village of Sloatsburg*, 216 A.D.3d 730, 731, 187 N.Y.S.3d 333; *Ave. 37, LLC v. Imperial Palace II, Inc.*, 244 A.D.3d 1038, 1039.)

Plaintiff argues that the proposed counterclaims for tortious interference, UCC violations, and abuse of process are futile because Plaintiff's conduct was expressly authorized by the Agreement and the UCC. The Court agrees. Under UCC § 9-607(a)(1), a secured party may, after default, notify an account debtor to make payment directly to the secured party. The Agreement specifically authorized Plaintiff to notify account debtors of its security interest upon default. Because Plaintiff acted within its contractual and statutory rights, Plaintiff has demonstrated that the defendant cannot prove a necessary element of such cause of action, which is the improper procurement of a breach and damages (*see White Plains Coat & Apron Co., Inc. v. Cintas Corp.*, 8 N.Y.3d 422, 426, 835 N.Y.S.2d 530, 867 N.E.2d 381; *L. Offs. of Ira H. Leibowitz v. Landmark Ventures, Inc.*, 131 A.D.3d 583, 585, 15 N.Y.S.3d 814, 817).

The claim for abuse of process also fails because a UCC lien notice is a private communication, not "regularly issued process" by a court (*S&M Indus., LLC v. Advantage Platform Servs., Inc.*, 80 Misc. 3d 1203(A), 194 N.Y.S.3d 464). Furthermore, Defendants' thirteen-month delay in seeking to amend without a reasonable excuse weighs against granting leave.

II. Preliminary Injunction

That branch of the Motion Seq. #1 in which Defendants seek a preliminary injunction restraining Plaintiff from further contact with Defendants' clients is DENIED. To obtain a preliminary injunction, a movant must demonstrate, by clear and convincing evidence, (1) a likelihood of success on the merits, (2) irreparable injury absent a preliminary injunction, and (3) a balancing of the equities in the movant's favor (*see* CPLR 6301; *Aetna Ins. Co. v. Capasso*, 75 N.Y.2d 860, 862, 552 N.Y.S.2d 918, 552 N.E.2d 166; *Arcamone-Makinano v. Britton Prop., Inc.*, 83 A.D.3d 623, 624, 920 N.Y.S.2d 362). As stated, Defendants have failed to establish a likelihood of success on the merits as their claims are based on conduct authorized by the Agreement and UCC § 9-607.

III. Relief Under CPLR § 5240

That branch of the Motion Seq. #1 in which Defendants seek an order pursuant to CPLR § 5240 requiring Plaintiff to return collected funds is also DENIED. CPLR § 5240 is intended to aid a party "inequitably burdened by the use of enforcement procedures" to meet a legal obligation or postpone enforcement of a judgment. Here, Plaintiff does not yet have a judgment, and the issuance of UCC lien notices does not constitute an "enforcement procedure" within the meaning of the statute.

Based on the foregoing, it is hereby

ORDERED that the motion of Defendants CRT Children Services LLC and Calvin Roger Stowe (Motion Seq. #1) is **DENIED** in its entirety.

This constitutes the decision and order of the Court.

Dated: February 3, 2026



HON. PETER P. SWEENEY, J.S.C.

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