

TradeGuard LLC v Denim & Beyond LLC
2026 NY Slip Op 31411(U)
April 7, 2026
Supreme Court, New York County
Docket Number: Index No. 650973/2026
Judge: Sabrina Kraus
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**SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY**

PRESENT: HON. SABRINA KRAUS PART 57M

Justice

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TRADEGUARD LLC

Petitioner,

- v -

DENIM & BEYOND LLC,

Respondent.

-----X

INDEX NO. 650973/2026

MOTION DATE 02/20/2026

MOTION SEQ. NO. 001

**DECISION + ORDER ON
MOTION**

The following e-filed documents, listed by NYSCEF document number (Motion 001) 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18

were read on this motion to/for CONFIRM/DISAPPROVE AWARD/REPORT.

BACKGROUND AND RELEVANT PROCEDURAL HISTORY

In this Article 75 proceeding, Petitioner TradeGuard LLC seeks to confirm the arbitration award against Respondent Denim & Beyond LLC.

Petitioner is a limited liability company that offers credit protection to suppliers through “put options” to suppliers dealing with financially weak counterparties. A put option is “an option to sell something (esp. securities) at a fixed price even if the market declines” or “the right to require another to buy” (Black’s Law Dictionary [12th ed. 2024], *option*).

Respondent is a Texas limited liability company. On August 1, 2025, the parties entered into a Master Claims Purchase Agreement (“MCPA”) that provided that the parties could execute put agreements. These puts would require Respondent to pay Petitioner “put fees” for the right to sell, transfer and assign account claims to the Petitioner (NYSCEF Doc No. 3, at 2). The MCPA provided that any put that Petitioner issued Respondent would be evidenced in an executed confirmation that would stipulate the put fee (*id.* at 3). It also provided that any and all

disputes arising out of the agreement would be settled solely and exclusively by a binding arbitration before the American Arbitration Association (the “AAA”) governed by the laws of the State of New York (*id.* at 5).

On August 1, 2025, the parties executed a confirmation containing the put agreement (“Put Agreement”), which covered Respondent for \$2,000,000.00 from August 1, 2025, to April 30, 2026, with a put fee of \$225,000.00 to be paid in three \$75,000.00 installments on August 14, 2025, November 1, 2025, and February 1, 2026 (*see* NYSCEF Doc No. 4, at 2).

Respondent did not pay the first put fee by August 14, 2025, and Petitioner commenced an arbitral proceeding with the AAA on September 5, 2025 (NYSCEF Doc No. 11, at 25). Respondent did not appear for the arbitration proceeding (NYSCEF Doc No. 2). The Arbitrator found Respondent in breach of the Put Agreement and awarded Petitioner \$225,000.00, together with prejudgment interest and also administrative and compensatory fees for the AAA (*id.* at 1, 3). The Arbitrator denied Petitioner’s request for recovery of attorney’s fees (*id.* at 2).

PENDING MOTIONS

On February 18, 2026, Petitioner applied to confirm the arbitration award pursuant to CPLR § 7510 (NYSCEF Doc No. 1 [mot. seq. 001]).

On March 19, 2026, Respondent cross-petitioned to vacate the arbitration award pursuant to CPLR § 7511 (NYSCEF Doc No. 10 [mot. seq. 001]).

The applications were marked submitted on March 26, 2026, and the Court reserved decision.

The Court grants the petition and denies Respondent’s cross-petition as Respondent fails to establish any ground for vacating the arbitration award.

DISCUSSION

CPLR § 7510 provides:

The court shall confirm an award upon application of a party made within one year after its delivery to them, unless the award is vacated or modified upon a ground specified in section seventy-five hundred eleven of this article.

A court’s review of an arbitration award is limited to the grounds set forth in CPLR § 7511(b) and an award “will be upheld when the arbitrator offers even a barely colorable justification for the outcome reached” (*Matter of Tilipman v Korban*, 2026 NY Slip Op 01479[U], at *1 [1st Dept 2026], quoting *Matter of Jackson v Main St. Am. Group*, 210 AD3d 501, 501 [1st Dept 2022]). “Mere errors of fact or law are insufficient to vacate an arbitral award” (*Matter of NRT N.Y. LLC v Spell*, 166 AD3d 438, 438–39 [1st Dept 2018]), and courts will generally not “second-guess the factual findings or the legal conclusions of the arbitrator” (*Matter of Ma v Griffin*, 209 AD3d 614, 614 [1st Dept 2022]). Finally, any ground for vacatur of an arbitration award under CPLR § 7511(b) must be supported by clear and convincing evidence (*Matter of Tender Touch Health Care Servs., Inc. v Tnuzeg LLC*, 211 AD3d 447, 448 [1st Dept 2022]).

The Court Denies Respondent’s Cross Petition for Vacatur of the Award and Grants Petitioner’s Application to Confirm the Award

Respondent asks this Court to vacate the award pursuant to CPLR § 7511(b)(2) or, in the alternative, CPLR § 7511(b)(1)(i) and (iii).

First, CPLR § 7511(b)(2)(ii) provides:

The award shall be vacated on the application of a party who neither participated in the arbitration nor was served with a notice of intention to arbitrate if the court finds that . . . (ii) a valid agreement to arbitrate was not made.

Respondent did not participate in the arbitration. Respondent’s argument that there was no valid arbitration agreement is flatly contradicted by the evidence Petitioner provides in support of the petition (NYSCEF Doc No. 4). Both the MCPA and the Put Agreement were signed in the

handwriting of Khurram Suhail, Respondent's CEO, and also signed electronically by Steven Azarbad, Petitioner's Managing Member (*see* NYSCEF Doc No. 4, at 2).¹ Respondent is thus not entitled to vacatur under this provision.

Alternatively, CPLR § 7511(b)(1) provides:

The award shall be vacated on the application of a party who either participated in the arbitration or was served with a notice of intention to arbitrate if the court finds that the rights of that party were prejudiced by:

(i) corruption, fraud or misconduct in procuring the award; or

* * *

(iii) an arbitrator, or agency or person making the award exceeded his power or so imperfectly executed it that a final and definite award upon the subject matter submitted was not made[.]

Respondent argues that Petitioner's Statement of Claim to the AAA falsely asserted that the documents were duly executed and also misrepresented the due dates of the Put to the arbitrator, constituting fraud under CPLR § 7511(b)(1)(i). However, an essential element of fraud is that the wrongdoer knew that a misrepresentation of fact was false and also that the wrongdoer intended the recipient to rely upon such misrepresentation (*e.g. Eurycleia Partners, LP v Seward & Kissel, LLP*, 12 NY3d 553, 559 [2009]). Even assuming that the dates in the Statement of Claim were incorrect—an issue of fact for the arbitrator to consider—Respondent asserts in a conclusory manner that this alleged misrepresentation was fraudulent while failing to submit clear and convincing evidence that Petitioner knew about the falsity of these dates or intended the arbitrator to misrely on this information.

¹ While Suhail's handwritten signature appears to be scanned from an original document, Azarbad's signature appears to be added electronically onto the scanned version. Respondent, however, raises no issue as to the authenticity of this document, and the Court must defer to the arbitrator regarding factual issues in the absence of clear and convincing evidence to the contrary (*see Spell*, 166 AD3d at 439; *see also Tnuzeg LLC*, 211 AD3d at 448).

In any event, the alteration of the date from August 1, 2025, to August 14, 2025, would have benefited *Respondent* as it would have given Respondent two more weeks to pay its first installment of the put fee. Further, the third installment date of “February 1, 2025,” was an obvious typographical error for the intended date of “February 1, 2026,” and not a fraudulent misrepresentation as the Put Agreement was executed on August 1, 2025.

Equally unavailing is Respondent’s argument for vacatur under CPLR § 7511(b)(1)(iii). Arbitrators exceed their power under CPLR § 7511(b)(1)(iii) only when “the arbitrator’s award violates a strong public policy, is irrational or clearly exceeds a specifically enumerated limitation on the arbitrator’s power” (*Matter of New York City Tr. Auth. v Transport Workers’ Union of Am.*, 6 NY3d 332, 336 [2005]). Contrary to Respondent’s argument that the arbitrator exceeded his power by ignoring the plain language of the MCPA and the Put Agreement (NYSCEF Doc No. 12, at 3–5), an arbitration award will not be vacated under subparagraph (iii) “due to an arbitrator’s mistake of fact or law or disregard for the plain words of the parties’ agreement” (*Matter of Am. Country Ins. Co. v Mariany*, 118 AD3d 509, 509 [1st Dept 2014]). The misinterpretation of the parties’ agreement must be “totally irrational or violative of a strong public policy and thus in excess of the arbitrator’s powers” (*Hackett v Milbank, Tweed, Hadley & McCloy*, 86 NY2d 146, 155 [1995]).

Respondent’s argument that the arbitrator’s award was totally irrational as the agreement automatically canceled itself after the put fee was not paid within three days of August 1, 2025, is without merit. The Put Agreement expressly stated that the automatic cancelation would cause Petitioner to “be entitled to damages in an amount equal to the outstanding Put Fee, plus interest on any such amount from the date of nonpayment to the date of payment at a rate per annum”

(NYSCEF Doc No. 3, at 3). The automatic cancelation did not render the Put Agreement void and unenforceable.

Finally, Respondent's argument that it was not properly served with the arbitration notice pursuant to CPLR § 7503(c) is immaterial. Respondent only advanced one argument for vacatur under CPLR § 7511(b)(2), which sets forth the grounds for vacating an award when a party neither appears for arbitration nor is served with notice, and the Court denied that relief above.

The Court has considered Respondent's argument in Point III and finds it unavailing as the very performance rendered by Petitioner was the put option enabling Respondent to exercise the option and make Petitioner pay \$2,000,000.00.

Accordingly, the Court denies Respondent's cross-petition to vacate the arbitration award, and the Court grants THE petition to confirm the award.

CONCLUSION

Accordingly, it is hereby:


ORDERED and ADJUDGED that the petition is granted, the cross-petition is denied and the award rendered in favor of Petitioner and against Respondent is confirmed; and it is further

ADJUDGED that Petitioner, having an address at 1460 Broadway, New York NY 10036, do recover from Respondent, having an address at 3422 Hilldale Pt, San Antonio, Texas 78261, the amount of \$235,306.81, plus statutory interest at the rate of 9% per annum from the date of February 11, 2026, as computed by the Clerk in the amount of \$ _____, together with costs and disbursements in the amount of \$ _____ as taxed by the Clerk, for the total amount of \$ _____, and that the petitioner have execution therefor; and it is further

ORDERED that, within twenty (20) days from entry of this order, Petitioner shall serve a copy of this order with notice of entry on the Clerk of the General Clerk’s Office (60 Centre Street, Room 119, New York, NY 10007); and it is further

ORDERED that such service upon the Clerk shall be made in accordance with the procedures set forth in the *Protocol on Courthouse and County Clerk Procedures for Electronically Filed Cases* (accessible at the “E-Filing” page on the court’s website at the address www.nycourts.gov/supctmanh).

This constitutes the decision and order of this Court.

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4/7/2026
DATE

SABRINA KRAUS, J.S.C.

CHECK ONE:

<input checked="" type="checkbox"/>	CASE DISPOSED		
<input type="checkbox"/>	GRANTED	<input type="checkbox"/>	DENIED

<input type="checkbox"/>	NON-FINAL DISPOSITION		
<input checked="" type="checkbox"/>	GRANTED IN PART	<input type="checkbox"/>	OTHER

APPLICATION:

<input type="checkbox"/>	SETTLE ORDER
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<input type="checkbox"/>	SUBMIT ORDER
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CHECK IF APPROPRIATE:

<input type="checkbox"/>	INCLUDES TRANSFER/REASSIGN
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<input type="checkbox"/>	FIDUCIARY APPOINTMENT	<input type="checkbox"/>	REFERENCE
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