

**New York State Div. of Hous. & Community Renewal
v Zara Realty Holding Corp.**

2026 NY Slip Op 31435(U)

March 4, 2026

Supreme Court, New York County

Docket Number: Index No. 450245/2019

Judge: Gerald Lebovits

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This opinion is uncorrected and not selected for official publication.

SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY

PRESENT: HON. GERALD LEBOVITS PART 07

Justice

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NEW YORK STATE DIVISION OF HOUSING AND COMMUNITY RENEWAL, and THE PEOPLE OF THE STATE OF NEW YORK, BY LETITIA JAMES, ATTORNEY GENERAL OF THE STATE OF NEW YORK,

Plaintiffs,

- v -

ZARA REALTY HOLDING CORP., ZARA CONTROL LLC, KARRAN A/K/A KENNETH SUBRAJ, RAJESH ANTHONY A/K/A TONY SUBRAJ, JAIRAJ A/K/A JAY SOBHRAJ, AMIR SOBHRAJ, JASMINE SUBRAJ, DEVANAND SUBRAJ, JASMINE HOMES, LLC, JAMAICA MANAGEMENT LLC, 149 ST LLC, 150 PARK LLC, 162-20 LLC, 164-03 LLC, 166 ST LLC, 195 ST LLC, 195-24 LLC, 51-25 VAN KLEECK LLC, 57 ELMHURST, LLC, 8787 HILLSIDE PARK LLC, 88-05 MERRICK BLVD LLC, 88-15 144 ST LLC, 88-22 PARSONS BLVD LLC, 89-21 153 LLC, 91-60 LLC, BELAIR PARK 5 LLC, BELAIR PARK 8825 LLC, HILLSIDE PARK 168 LLC, HILLSIDE PLACE LLC, HUDSON HOUSE LLC, JAMAICA ESTATES LLC, JAMAICA SEVEN LLC, KING'S PARK 148 LLC, KING'S PARK 8809 LLC, NINETY ONE SIXTY ONE LLC, ONE NINETY SIXTH ST LLC, PARK HAVEN, LLC, PARSONS 88 REALTY LLC, PARSONS MANOR LLC, WOODHULL PARK 191 LLC, WOODSIDE PROPERTIES 45 ST LLC, GAGANDEEP SINGH, VIBHA SUBRAJ, MICHAEL J HOMES, LLC, DAVID K HOMES LLC, JAMES BACCHUS, DAVID RAWANA, and LIONS GUARD BROKERAGE LLC,

Defendants.

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The following e-filed documents, listed by NYSCEF document number (Motion 007) 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214

were read on this motion for CONTEMPT.

Letitia James, Attorney General, New York, NY (Brent Meltzer and Rachel Hannaford of counsel), for plaintiffs.

Adam Leitman Bailey, P.C., New York, NY (Ben Rose of counsel), for the Zara defendants.¹

¹ The Zara defendants retained new counsel after this motion was fully submitted.

Gerald Lebovits, J.:

On this motion, plaintiffs, the New York State Division of Housing and Community Renewal and the People of the State of New York (acting through Attorney General Letitia James), move under Judiciary Law § 753 for an order (1) holding defendant Zara Realty Corp., and various individuals and entities affiliated with or controlled by Zara Realty (the Zara defendants), in civil contempt for failing to comply with this court’s November 2024 order and (2) imposing a fine of \$1,000 a day until they satisfy their discovery obligations. The Zara defendants cross-move for additional time to comply with this court’s order or, alternatively, permission to purge their contempt before any penalty is imposed.

The motion and cross-motion are each granted in part and denied in part.

DISCUSSION

I. Whether the Zara Defendants Are in Civil Contempt

In the November 2024 order, this court directed the Zara defendants to supplement their production with respect to five categories of discovery: (1) documents provided by real-estate-brokerage defendant Jasmine Homes, LLC, “to its tax preparer, to shed light on the precise relationship between Jasmine Homes and the other Zara defendants and how much Jasmine Homes collected from defendants’ tenants in allegedly illegal broker fees”; (2) - (3) “documents related to the Zara defendants’ alleged practice of improperly requiring tenants who need front door keys to their units to file an application (supported by a notarized letter or affidavit) and pay a fee to obtain the keys”; (4) “leases and property-management-system entries for a further 138 apartments during particular time periods, along with any other documents concerning adding a tenant to the lease during the time period specified”; and (5) “documents relating to the Zara defendants’ treatment of tenants in eight specified buildings.” (*New York State Div. of Hous. & Community Renewal v Zara Realty Holding Corp.*, 2024 Slip Op 51569(U), *10-12 [Sup Ct, NY County 2024] [internal quotation marks omitted].)

According to plaintiffs, the Zara defendants have produced no category-one documents; no electronic documents for categories three or four; and no leases for five tenants as required by category four. (*See* NYSCEF No. 191 at 8-9.) Plaintiffs contend that the Zara defendants have been dilatory in their discovery production—and in their communications about their discovery production—even after plaintiffs agreed twice since the court’s November 2024 order to extend the production deadline. (*See id.* at 5-6.)

The Zara defendants argue that they should not be held in contempt because, they argue, (1) plaintiffs have not been prejudiced by the delay in discovery production and (2) their delay has not been willful. (NYSCEF No. 213 at 2-3.) The Zara defendants also claim that the delays stem from their collection of large datasets and documents from their email system. (*Id.* at 3.)

With respect to category-one discovery, the Zara defendants assert that their accountant “informed [defendants’ counsel] that his accounting firm does not retain email communications from 2010-2018” and that they uploaded the records they did receive from their accountant to

plaintiff's online portal (*Id.* at 14.) But this information is not responsive. This court ordered that the Zara defendants provide the documents *they* provided to their tax preparer, not documents retained by the accountant—although there might be some overlap. The Zara defendants must supplement their category-one production within 40 days.

As for the leases sought in category four, the Zara defendants represent that they uploaded the documents they were able to locate onto plaintiffs' document portal. (*Id.* at 14.) To the extent the Zara defendants have been unable to locate any additional leases, they should provide a *Jackson* affidavit to that effect within 40 days. (*See Jackson v City of New York*, 185 AD2d 768 [1st Dept 1992].)

Finally, with respect to the electronic documents required for categories one, three, and four, the Zara defendants maintain that they are working with a third-party contractor to locate relevant documents. Plaintiffs assert, however, that the Zara defendants last communicated with plaintiffs about custodian lists and ESI production on March 28, 2025.² (NYSCEF No. 214 at 2.) They say that, since then, the Zara defendants have conducted unilateral electronic-discovery searches without adhering to the parties' agreed-to ESI protocols, which require the Zara defendants to collaborate with plaintiffs on reasonable search terms and custodians. (*See id.*) Plaintiffs claim that because the Zara defendants have attempted to perform their electronic-discovery searches without plaintiffs' input, the parties will likely need to start the electronic-discovery process anew.

The Zara defendants' failure to collaborate with plaintiffs on electronic discovery and their failure timely to complete electronic-discovery production are contumacious. This court agrees that the Zara defendants' conduct has prejudiced plaintiffs and could have been avoided through collaboration and communication with plaintiffs' counsel.

II. Contempt Sanctions

Given this court's conclusion that the Zara defendants are in civil contempt, the question remaining is what sanction to impose on them. Plaintiffs urge this court to impose a \$1,000 a day fine running from the date of service of this with notice of entry until the Zara defendants comply completely with this court's November 2024 order. Notably, plaintiffs do not request actual damages, such as attorney fees, as permitted by Judiciary Law § 773. The Zara defendants argue that a \$1,000 fine is excessive. They argue that unlike the examples to which plaintiffs cite, they have produced many documents and are not part of a "multinational" company.³

² On March 28, 2025, the Zara defendants sent an email to plaintiffs with a list of emails responsive to category-three requests. (*See* NYSCEF No. 207 [email with list].) On April 2, 2025, plaintiffs submitted to defendants a list of additional emails to be electronically searched, in addition to the Zara defendants' list of emails. (*See* NYSCEF No. 204 at 11.) The Zara defendants have stated that six of those email addresses were deactivated. They do not identify which ones. Plaintiffs are concerned about the impact the deactivations had on the rest of the Zara defendants' ESI searches.

³ Plaintiffs cite *People v Trump Org., Inc.*, 2022 WL 1222708, *1 (Sup Ct, NY County 2022, Engoron, J.), *aff'd* 213 AD3d 503 (1st Dept 2023), and *Pala Assets Holdings Ltd v Rolta, LLC*,

(NYSCEF No. 213 at 6.) The Zara defendants also request time to purge their contempt before the imposition of a fine.

This court concludes that the imposition of a \$1,000 fine is warranted to compel the Zara defendants to comply with this court’s November 2024 order. (*See Ruesch v Ruesch*, 106 AD3d 976, 977 [2d Dept 2013] [explaining that a fine is “civil and remedial if it either coerces the recalcitrant party into compliance with a court order, or compensates the claimant for some loss”]; *Kozel v Kozel*, 161 AD3d 699, 700 [1st Dept 2018].) This fine is not excessive; the Zara defendants form a large real-estate organization and have not shown an inability to pay.

However, because much of the remaining discovery involves ESI searches—about which the parties will need to confer, and which will likely take time to conduct—the fine is stayed for 40 days. The parties must complete the ESI searches within 40 days from entry of this court’s order. Within the first 10 days post-entry, the parties must meet and confer to determine the relevant custodians and search terms to use in the ESI searches. The parties must then proceed to conduct the ESI searches. The Zara defendants must also provide the category-one supplemental discovery responses and the category-four *Jackson* affidavit within 40 days from entry of this order.

If the Zara defendants have not satisfied all their discovery obligations by the deadline set forth above, they will be fined \$1,000 a day. If defendants comply, they will have purged their contempt.

Accordingly, it is

ORDERED that plaintiffs’ motion to hold the Zara defendants in civil contempt is granted to the extent described above; and it is further

ORDERED that the Zara defendants’ cross-motion is granted in part and denied in part to the extent set forth above; and it is further

ORDERED that plaintiffs shall serve notice of entry on the Zara defendants; and shall serve notice of entry on the office of the County Clerk (using the NYSCEF filing event “Notice to the County Clerk - CPLR § 8019 (c)”).

3/4/2026
DATE


HON. GERALD LEBOVITS
J.S.C.

CHECK ONE:	<input type="checkbox"/> CASE DISPOSED	<input checked="" type="checkbox"/> NON-FINAL DISPOSITION
	<input type="checkbox"/> GRANTED <input type="checkbox"/> DENIED	<input checked="" type="checkbox"/> GRANTED IN PART <input type="checkbox"/> OTHER
APPLICATION:	<input type="checkbox"/> SETTLE ORDER	<input type="checkbox"/> SUBMIT ORDER
CHECK IF APPROPRIATE:	<input type="checkbox"/> INCLUDES TRANSFER/REASSIGN	<input type="checkbox"/> FIDUCIARY APPOINTMENT <input type="checkbox"/> REFERENCE

2021 Slip Op 32790[U], *18 (Sup Ct, NY County 2021, Masley, J.), *affd as mod* 205 AD3d 457 (1st Dept 2022), respectively.