SUPREME COURT OF THE STATE OF NEW YORK, APPELLATE DIVISION, FIRST DEPARTMENT

BH 336 Partners LLC v. Sentinel Real Estate Corp.

2026 NY Slip Op 00305 · No. Index No. 653867/23; Appeal No. 5646; Case No. 2025-02914 · Decided January 22, 2026

SUMMARY

The Appellate Division, First Department modified an order denying defendants' motion to dismiss, holding that claims by most plaintiffs were time-barred under CPLR 213(8), while claims by EZ Wadsworth Partners LLC and BH 336 Partners LLC survived. The court also held that the assignee plaintiffs' standing presented a factual issue because broad assignment language and the surrounding circumstances could establish an intent to transfer fraud claims.

CASE DETAILS

COURT	Supreme Court of the State of New York, Appellate Division, First Department
WRITING FOR THE COURT	Manzanet-Daniels, J.P.; Webber, J.; Friedman, J.; González, J.; Michael, J.
JURISDICTION	New York Supreme Court, Appellate Division, First Department
DECIDED	January 22, 2026
DOCKET	Index No. 653867/23; Appeal No. 5646; Case No. 2025-02914
DISPOSITION	other
PROCEDURAL POSTURE	Defendants appealed from an order denying their motion to dismiss the complaint under CPLR 3211(a)(1), (3), (5), and (7).
STANDARD OF REVIEW	On a CPLR 3211 motion to dismiss, the court determines whether the pleading states a cognizable claim and whether documentary evidence establishes a defense as a matter of law; defendants bear the burden of establishing the standing defect and other grounds for dismissal.
PRECEDENTIAL VALUE	Published
PARTIES	Sentinel Real Estate Corporation, GRF I Manager Corp. v. BH 336 Partners LLC, EZ Wadsworth Partners LLC, other plaintiffs

TOPICS

fraud statute of limitations motions to dismiss standing appellate procedure

PRACTICE AREAS

fraud contracts statute of limitations civil procedure appellate procedure real estate

QUESTIONS PRESENTED

1. Whether the fraud claims of plaintiffs other than EZ Wadsworth Partners LLC and BH 336 Partners LLC were barred by the applicable statute of limitations.
2. Whether plaintiffs could invoke the two-year fraud-discovery period despite receiving information placing them on inquiry notice of the alleged deregulation scheme.
3. Whether the assignee plaintiffs lacked standing because they did not contract directly with defendants and their assignments did not expressly assign fraud claims.
4. Whether the contracts' general disclaimer barred the plaintiffs' fraud claims.

HOLDINGS

1. The fraud claims of plaintiffs other than EZ Wadsworth Partners LLC and BH 336 Partners LLC were time-barred because the relevant contracts were executed more than six years before the action was commenced, including applicable COVID-related tolling.
2. The time-barred plaintiffs could not rely on the two-year discovery period because they were placed on inquiry notice of the possibility of the fraudulent deregulation scheme no later than June 20, 2019 and failed to investigate.
3. Defendants did not establish on the motion to dismiss that EZ Wadsworth Partners LLC and BH 336 Partners LLC lacked standing merely because their affiliates, rather than the plaintiffs themselves, entered the original purchase contracts.
4. The general disclaimer in the contracts did not bar the fraud claims because it did not specifically disclaim reliance on the particular type of facts allegedly misrepresented or undisclosed, which were peculiarly within the sellers' knowledge.

KEY QUOTATIONS

> *“the right to assert a fraud claim related to a contract or note does not automatically transfer with the respective contract or note”* (at 550)

> *“Thus, where an assignment of fraud or other tort claims is intended in conjunction with the conveyance of a contract or note, there must be some language—although no specific words are required—that evinces that intent and effectuates the transfer of such rights”* (at 550)

FACTUAL BACKGROUND

Plaintiffs and their affiliates entered five contracts between December 18, 2015, and May 31, 2017, to purchase Manhattan apartment buildings owned by entities controlled by Sentinel. Plaintiffs alleged that defendants fraudulently represented that rent-stabilized units had been legally deregulated, when the deregulation had allegedly been achieved through inflated renovation costs and other conduct by employees of Newcastle Realty Services. Two plaintiffs, EZ Wadsworth Partners LLC and BH 336 Partners LLC, obtained their contractual interests through assignments from affiliated purchasers rather than by contracting directly with defendants.

PROCEDURAL HISTORY

The Supreme Court, New York County, denied defendants Sentinel Real Estate Corporation and GRF I Manager Corp.'s motion to dismiss. The Appellate Division modified the order to dismiss as time-barred all claims except those asserted by EZ Wadsworth Partners LLC and BH 336 Partners LLC, and otherwise affirmed.

DISPOSITION

other

CASES CITED

- Aozora Bank, Ltd. v. Credit Suisse Group, 144 A.D.3d 437, 437-440 (1st Dep't 2016), lv. denied, 28 N.Y.3d 914 (2017)
- Commonwealth of Pennsylvania Public School Employees' Retirement System v. Morgan Stanley & Co., Inc., 25 N.Y.3d 543, 550, 552 (2015)
- Banque Arabe, 57 F.3d 146, 151-153 (2d Cir. 1995)
- International Design Concepts, LLC v. Saks Inc., 486 F. Supp. 2d 229 (S.D.N.Y. 2007)
- North Fork Bank v. Cohen & Krassner, 44 A.D.3d 375, 375 (1st Dep't 2007)
- Dexia SA/NV v. Stanley, 132 A.D.3d 497, 497 (1st Dep't 2016), lv. denied, 28 N.Y.3d 903 (2016)
- Royal Park Sealink Funding Ltd. v. Morgan Stanley, 133 A.D.3d 458 (1st Dep't 2015), lv. denied, 32 N.Y.3d 1143 (2019)
- Basis Yield Alpha Fund (Master) v. Goldman Sachs Group, Inc., 115 A.D.3d 128, 137 (1st Dep't 2014)
- People v. David Drumheller