

**SUPREME COURT OF THE STATE OF NEW YORK, APPELLATE DIVISION,
SECOND JUDICIAL DEPARTMENT**

Lehman Bros. Bank v. Hickson

2020 NY Slip Op 04932 (N.Y. Ct. App. 2020) · No. 2017-05031 · Decided September 16, 2020

SUMMARY

The New York Appellate Division, Second Department, modified an order in a mortgage foreclosure action. It affirmed vacatur of the foreclosure judgment against Cassandra Hickson and dismissal of the complaint against her for lack of personal jurisdiction because the plaintiff failed to establish proper service. The court held that the Supreme Court improperly dismissed claims against the remaining defendants sua sponte, as the defense of improper service is personal to the defendant served.

CASE DETAILS

COURT	Supreme Court of the State of New York, Appellate Division, Second Judicial Department
WRITING FOR THE COURT	William F. Mastro, J.P.; Jeffrey A. Cohen, J.; Linda Christopher, J.; Paul Wooten, J.
JURISDICTION	New York
DECIDED	September 16, 2020
DOCKET	2017-05031
DISPOSITION	other
PROCEDURAL POSTURE	In a mortgage-foreclosure action, the nonparty successor-in-interest to the plaintiff appealed by permission from an order vacating the foreclosure judgment as to Cassandra Hickson, dismissing the complaint against her for lack of personal jurisdiction, and sua sponte vacating the judgment and dismissing the complaint as to the remaining defendants.
STANDARD OF REVIEW	The Appellate Division reviewed the order on the law and considered whether the Supreme Court properly exercised its authority to dismiss sua sponte and whether the plaintiff met its burden to establish personal jurisdiction by a preponderance of the evidence.
PRECEDENTIAL VALUE	published
PARTIES	VVS1 Corp., nonparty-appellant v. Cassandra Hickson, respondent

TOPICS

service of process

personal jurisdiction

foreclosure

appellate procedure

civil procedure

PRACTICE AREAS

civil procedure

foreclosure

mortgages

appellate procedure

personal jurisdiction

QUESTIONS PRESENTED

1. Whether the Supreme Court could sua sponte vacate the foreclosure judgment and dismiss the complaint for lack of personal jurisdiction as to defendants who had not moved for that relief.
2. Whether Hickson was required to testify at the service hearing to establish that the court had obtained personal jurisdiction over her.
3. Whether the plaintiff's successor-in-interest met its burden to establish by a preponderance of the evidence that Hickson was properly served.
4. Whether Hickson's motion to vacate the judgment and dismiss the complaint for lack of personal jurisdiction should be granted.

HOLDINGS

1. A court's authority to dismiss a complaint sua sponte must be used sparingly and only in extraordinary circumstances; because the defense of lack of jurisdiction based on improper service is personal to the improperly served party, the Supreme Court had no basis to vacate the foreclosure judgment and dismiss the complaint as to defendants other than Hickson.
2. The defendant challenging personal jurisdiction is not required to testify at the service hearing to establish that jurisdiction was obtained by proper service.
3. VVS1 failed to establish by a preponderance of the evidence that Hickson was properly served, so the Supreme Court properly vacated the foreclosure judgment as against Hickson and dismissed the complaint against her for lack of personal jurisdiction.

KEY QUOTATIONS

"A court's power to dismiss a complaint, sua sponte, is to be used sparingly and only when extraordinary circumstances exist to warrant dismissal" ([*2])

"[T]he defense of lack of jurisdiction based on improper service is personal in nature and may only be raised by the party improperly served" ([*2])

FACTUAL BACKGROUND

The action concerned foreclosure of a mortgage encumbering real property in Brooklyn. Cassandra Hickson defaulted in answering, and the Supreme Court entered a judgment of foreclosure and sale against all defendants. Hickson later asserted that she had never been served with process; at the ensuing service hearing, VVS1 Corp., the plaintiff's successor-in-interest, failed to produce the process server and presented no evidence or testimony.

PROCEDURAL HISTORY

The plaintiff commenced the foreclosure action in 2007. After all defendants defaulted, the Supreme Court, Kings County, entered a judgment of foreclosure and sale in 2016. Hickson moved to vacate the judgment as against her and dismiss the complaint for lack of personal jurisdiction, asserting that she had not been served. After ordering a hearing on service, the Supreme Court granted Hickson's motion and also sua sponte granted equivalent relief as to the other defendants. The Appellate Division affirmed the relief granted to Hickson but modified the order by deleting the sua sponte relief concerning the other defendants.

DISPOSITION

other

CASES CITED

- JP Morgan Chase Bank, N.A. v. Laszlo, 169 AD3d 885, 887
- Wells Fargo Bank, N.A. v. Bachmann, 145 AD3d 712, 714
- IMC Mtge. Co. v. Vetere, 142 AD3d 954, 955
- Aurora Loan Servs., LLC v. Gaines, 104 AD3d 885, 886
- Zhuoya Luo v. Wensheng Wang, 176 AD3d 1016

OPINION

PER CURIAM.

Lehman Bros. Bank v Hickson (2020 NY Slip Op 04932) Lehman Bros. Bank v Hickson 2020 NY Slip Op 04932 Decided on September 16, 2020 Appellate Division, Second Department Published by New York State Law Reporting Bureau pursuant to Judiciary Law § 431. This opinion is uncorrected and subject to revision before publication in the Official Reports. Decided on September 16, 2020 SUPREME COURT OF THE STATE OF NEW YORK Appellate Division, Second Judicial Department WILLIAM F. MASTRO, J.P.

JEFFREY A. COHEN LINDA CHRISTOPHER PAUL WOOTEN, JJ. 2017-05031 (Index No. 29272/07) [*1]Lehman Brothers Bank, plaintiff, vCassandra Hickson, respondent, et al., defendants, VVS1 Corp., nonparty-appellant. Law Offices of Michael B. Wolk, P.C., New York, NY, for nonparty-appellant. Berg & David, PLLC, Brooklyn, NY (Shane Wax and Abraham David of counsel), for respondent.

DECISION & ORDER In an action to foreclose a mortgage, nonparty VVS1 Corp., as successor-in-interest to the plaintiff, appeals, by permission, from an order of the Supreme Court, Kings County (Johnny L. Baynes, J.), dated April 24, 2017.

The order, made after a hearing to determine the validity of service of process, insofar as appealed from, granted those branches of the motion of the defendant Cassandra Hickson which were

pursuant to CPLR 5015(a)(4) to vacate so much of a judgment of foreclosure and sale of the same court dated July 21, 2016, issued upon her default, as was against her, and thereupon, pursuant to CPLR 3211(a)(8) to dismiss the complaint insofar as asserted against her for lack of personal jurisdiction, and, sua sponte, vacated so much of the judgment of foreclosure and sale as was against the remaining defendants and directed the dismissal of the complaint insofar as asserted against the remaining defendants.

ORDERED that on the Court's own motion, the notice of appeal from so much of the order as, sua sponte, vacated so much of the judgment of foreclosure and sale as was against the defendants other than the defendant Cassandra Hickson is deemed to be an application for leave to appeal from that portion of the order, and leave to appeal is granted (see CPLR 5701[c]); and it is further, ORDERED that the order is modified, on the law, by deleting the provisions thereof, sua sponte, vacating so much of the judgment of foreclosure and sale as was against the defendants other than Cassandra Hickson and directing the dismissal of the complaint insofar as asserted against those defendants; as so modified, the order is affirmed insofar as appealed from; and it is further, ORDERED that one bill of costs is awarded to the respondent.

In August 2007, the plaintiff commenced this action to foreclose a mortgage encumbering certain real property located in Brooklyn. On July 21, 2016, upon the default of all defendants in answering the complaint, the Supreme Court issued a judgment of foreclosure and sale, inter alia, directing the sale of the subject property. Thereafter, the defendant Cassandra Hickson moved, among other things, pursuant to CPLR 5015(a)(4) to vacate so much of the judgment of foreclosure and sale as was against her and pursuant to CPLR 3211(a)(8) to dismiss the complaint [*2]insofar as asserted against her, arguing that she was never served with process and that the court lacked personal jurisdiction over her.

Nonparty VVS1 Corp. (hereinafter VVS1), as successor-in-interest to the plaintiff, opposed the motion. In an order dated February 23, 2017, the court, inter alia, determined that a hearing was required on the issue of whether service was properly effectuated upon Hickson. VVS1 failed to produce the process server at the hearing, and in an order dated April 24, 2017, the court granted those branches of Hickson's motion which were pursuant to CPLR 5015(a)(4) to vacate so much of the judgment of foreclosure and sale as was against her and pursuant to CPLR 3211(a)(8) to dismiss the complaint insofar as asserted against her.

The court also, sua sponte, vacated so much of the judgment of foreclosure and sale as was against the remaining defendants and directed dismissal of the complaint insofar as asserted against the remaining defendants for lack of personal jurisdiction. By decision and order dated May 23, 2017, this Court granted that branch of VVS1's motion which was for leave to appeal from so much of the order as, sua sponte, directed the dismissal of the complaint insofar as asserted against all of the defendants except Hickson.

"A court's power to dismiss a complaint, sua sponte, is to be used sparingly and only when extraordinary circumstances exist to warrant dismissal" (JP Morgan Chase Bank, N.A. v Laszlo, 169 AD3d 885, 887 [internal quotation marks omitted]). "[T]he defense of lack of jurisdiction based on improper service is personal in nature and may only be raised by the party improperly served" (Wells Fargo Bank, N.A. v Bachmann, 145 AD3d 712, 714, quoting IMC Mtge.

Co. v Vetere, 142 AD3d 954, 955; see CPLR 5015[a][4]). Here, Hickson was the only defendant who moved to vacate the judgment of foreclosure and sale and to dismiss the complaint for lack of personal jurisdiction. Accordingly, under the circumstances of this case, the Supreme Court had no basis to, sua sponte, vacate so much of the judgment of foreclosure and sale as was against the defendants other than Hickson and to direct the dismissal of the complaint insofar as asserted against those defendants for lack personal jurisdiction.

Contrary to VVS1's contention, Hickson was not required to testify at the hearing to establish that jurisdiction over her was obtained by proper service of process. It is the plaintiff that bears the burden at the hearing to establish by a preponderance of the evidence that personal jurisdiction was acquired over the defendant (see Aurora Loan Servs., LLC v Gaines, 104 AD3d 885, 886).

Here, the transcript of the hearing reflects that VVS1 failed to satisfy its burden as it did not present any evidence or testimony whatsoever. VVS1's contention that Hickson did not have standing to challenge the judgment of foreclosure and sale because she was not the fee owner of the property, having allegedly conveyed her interest in a short sale, was improperly raised for the first time in sur-reply papers, and therefore has not been considered on this appeal (see Zhuoya Luo v Wensheng Wang, 176 AD3d 1016).

VVS1's remaining contentions either need not be reached in light of our determination, are without merit, or are not properly before this Court. Accordingly, we agree with the Supreme Court's determination to grant those branches of Hickson's motion which were pursuant to CPLR 5015(a)(4) to vacate so much of the judgment of foreclosure and sale as was against her and pursuant to CPLR 3211(a)(8) to dismiss the complaint insofar as asserted against her.

MASTRO, J.P., COHEN, CHRISTOPHER and WOOTEN, JJ., concur. ENTER: Aprilanne Agostino Clerk of the Court