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

Way Family Trust v. Sagepoint Fin., Inc.

2020 NY Slip Op 06410 (N.Y. Ct. App. 2020) · No. Appeal No. 12323; Case No. 2020-02252; Index No. 161431/18 · Decided November 10, 2020

SUMMARY

The New York Appellate Division, First Department affirmed dismissal of a breach of fiduciary duty action as time-barred. The court held that the claim accrued when the broker left the defendants' employment in 2009 and that neither continuous representation, the discovery rule, nor equitable estoppel rendered the 2018 action timely.

CASE DETAILS

COURT	Appellate Division of the Supreme Court of the State of New York, First Department
WRITING FOR THE COURT	Friedman, J.P.; Renwick, J.; Oing, J.; Mendez, J.
JURISDICTION	New York
DECIDED	November 10, 2020
DOCKET	Appeal No. 12323; Case No. 2020-02252; Index No. 161431/18
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiff appealed an order granting defendants' motion to dismiss the complaint as time-barred.
STANDARD OF REVIEW	The Appellate Division reviewed the dismissal of the complaint as time-barred and affirmed the lower court's legal determination.
PRECEDENTIAL VALUE	precedential
PARTIES	Way Family Trust, by and through its Co-Trustees Gregory Elmore v. Sagepoint Financial, Inc., et al.

TOPICS

statute of limitations · motions to dismiss · trusts · commercial litigation · civil procedure

PRACTICE AREAS

trusts · commercial litigation · civil procedure

QUESTIONS PRESENTED

1. Whether plaintiff's breach of fiduciary duty claim was barred by the applicable three- or six-year statute of limitations.
2. Whether the continuous representation doctrine tolled the limitations period.
3. Whether the discovery rule delayed accrual or otherwise shielded the claim from dismissal.
4. Whether defendants should be equitably estopped from asserting the statute of limitations based on alleged fraudulent conduct.

HOLDINGS

1. The breach of fiduciary duty claim was time-barred under either the three-year or six-year statute of limitations because it accrued in 2009, when the broker left defendants' employ.
2. The continuous representation doctrine did not render plaintiff's claims timely.
3. The discovery rule did not shield plaintiff's claim from dismissal.
4. Plaintiff could not invoke equitable estoppel to prevent defendants from asserting the statute of limitations.

FACTUAL BACKGROUND

Plaintiff invested approximately $1.4 million and instructed its broker or investment adviser that the paramount goal was preservation and safety of the investments. The broker allegedly placed the funds in risky investments, causing losses of approximately $550,000, and left defendants' employment in 2009. Plaintiff allowed the broker to continue servicing its financial needs through other institutions and commenced the action in 2018.

PROCEDURAL HISTORY

Supreme Court, New York County, granted defendants' motion to dismiss the complaint as barred by the statute of limitations. The Appellate Division, First Department, unanimously affirmed without costs.

DISPOSITION

affirmed

CASES CITED

- Starr v. Fuoco Group LLP, 137 A.D.3d 634, 634 (1st Dep't 2016), leave dismissed, 28 N.Y.3d 1083 (2016)
- Leather v. United States Trust Co. of N.Y., 279 A.D.2d 311, 311-312 (1st Dep't 2001)
- Aozora Bank, Ltd. v. Credit Suisse Group, 144 A.D.3d 437, 438 (1st Dep't 2016), leave denied, 28 N.Y.3d 914 (2017)
- Gutkin v. Siegal, 85 A.D.3d 687, 688 (1st Dep't 2011)
- Knobel v. Shaw, 90 A.D.3d 493, 494 (1st Dep't 2011)
- Kaufman v. Cohen, 307 A.D.2d 113, 122 (1st Dep't 2003)