

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

RJK Auto Brokers, LLC v. Dream Carz, Inc.

2026 NY Slip Op 02684 (N.Y. Ct. App. 2026) · No. 2021-07369 · Decided April 29, 2026

SUMMARY

The Appellate Division, Second Department affirmed an order granting summary judgment to Lakeview Auto Sales and Service, Inc., Herold Motor Cars, Inc., and John C. Herold in an action arising from the attempted sale of vehicles without transferred title. The court held that the plaintiff failed to establish claims for breach of contract, fraud, unjust enrichment, prima facie tort, economic duress, or punitive damages.

CASE DETAILS

COURT	Supreme Court of the State of New York, Appellate Division, Second Department
WRITING FOR THE COURT	Cheryl E. Chambers, J.P.; Deborah A. Dowling, J.; James P. McCormack, J.; Susan Quirk, J.
JURISDICTION	Supreme Court of the State of New York, Appellate Division, Second Department
DECIDED	April 29, 2026
DOCKET	2021-07369
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiff appealed from an order granting defendants' motions for summary judgment dismissing the claims against them and denying plaintiff's cross-motion for summary judgment.
STANDARD OF REVIEW	On a summary judgment motion, the movant must establish prima facie entitlement to judgment as a matter of law; if that showing is made, the opposing party must raise a triable issue of fact. The Appellate Division reviewed whether defendants established prima facie entitlement and whether plaintiff raised a triable issue.
PRECEDENTIAL VALUE	published
PARTIES	RJK Auto Brokers, LLC v. Lakeview Auto Sales and Service, Inc., Herold Motor Cars, Inc., John C. Herold

TOPICS

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QUESTIONS PRESENTED

1. Whether plaintiff acquired good title to the vehicles as a good-faith purchaser for value under UCC 2-403(1).
2. Whether Dream Carz was a merchant to whom the vehicles had been entrusted, permitting transfer of title under UCC 2-403(2).
3. Whether plaintiff's breach of contract claims failed for lack of contractual relationship or privity with the moving defendants.
4. Whether plaintiff's fraud claims survived summary judgment.
5. Whether plaintiff's prima facie tort and economic duress claims survived summary judgment.
6. Whether plaintiff was entitled to punitive damages.

HOLDINGS

1. Defendants established prima facie that plaintiff did not obtain title to the vehicles as a good-faith purchaser for value and that Dream Carz was not a merchant to whom the vehicles had been entrusted. Plaintiff failed to raise a triable issue of fact.
2. Defendants established prima facie that they were not unjustly enriched at plaintiff's expense by plaintiff's payment to Herold Motor, and plaintiff failed to raise a triable issue of fact.
3. The moving defendants were entitled to summary judgment dismissing the breach of contract claims because there was no contractual relationship or privity between them and plaintiff, and the contract between defendants was not intended to benefit plaintiff.
4. Defendants established prima facie that they did not knowingly make misrepresentations to plaintiff with the intent to induce plaintiff's reliance, and plaintiff failed to raise a triable issue of fact.
5. Defendants established prima facie that the alleged conduct was at least partly motivated by legitimate interests and did not constitute actionable economic duress. Plaintiff failed to raise a triable issue of fact.
6. Defendants were entitled to summary judgment dismissing the punitive-damages demands because their conduct was not sufficiently gross, wanton, willful, or morally culpable to warrant punitive damages.

KEY QUOTATIONS

"A purchaser of goods acquires all title which his [or her] transferor had or had power to transfer except that a purchaser of a limited interest acquires rights only to the extent of the interest purchased. A person with voidable title has power to transfer a good title to a good faith purchaser for value" ([*1])

*“Any entrusting of possession of goods to a merchant who deals in goods of that kind gives him [or her] power to transfer all rights of the entruster to a buyer in ordinary course of business” ([*1])*

*“Liability for breach of contract does not lie absent proof of a contractual relationship or privity between the parties” ([*1])*

*“To recover damages for fraud, a plaintiff must prove (1) a misrepresentation or an omission of material fact which was false and known to be false by the defendant, (2) the misrepresentation was made for the purpose of inducing the plaintiff to rely upon it, (3) justifiable reliance of the plaintiff on the misrepresentation or material omission, and (4) injury” ([*2])*

*“there is no recovery in prima facie tort unless malevolence is the sole motive for defendant's otherwise lawful act, that is, unless defendant acts from disinterested malevolence” ([*2])*

FACTUAL BACKGROUND

RJK Auto Brokers purportedly purchased nine vehicles from Dream Carz for \$156,700 after Dream Carz represented that it held legal title, but Dream Carz never transferred title because it had not paid Herold Motor for the vehicles. Lakeview had obtained the vehicles as trade-ins and sold them to Herold Motor, which had provided possession to Dream Carz without receiving payment. RJK later paid Herold Motor \$161,000 to obtain title to eight vehicles it had resold and returned the remaining vehicle.

PROCEDURAL HISTORY

RJK Auto Brokers commenced an action asserting breach of contract, fraud, unjust enrichment, prima facie tort/economic duress, and punitive damages claims arising from the purchase of vehicles from Dream Carz. Supreme Court, Nassau County, granted Lakeview's motion for summary judgment, granted the Herold defendants' motion in part, and denied plaintiff's cross-motion. The Appellate Division affirmed the order insofar as appealed from.

DISPOSITION

affirmed

CASES CITED

- Kaminsky v. Karmin, 187 A.D.2d 488, 489-490 (2d Dep't 1992)
- Porter v. Wertz, 53 N.Y.2d 696, 698 (1981)
- Kozar v. Christie's, Inc., 109 A.D.3d 967, 968 (2d Dep't 2013)
- Keane v. Keane, 193 A.D.3d 838, 840 (2d Dep't 2021)
- Hong Qin Jiang v. Li Wan Wu, 179 A.D.3d 1035, 1040 (2d Dep't 2020)
- KTG Hospitality, LLC v. Cobra Kitchen Ventilation, Inc., 201 A.D.3d 710, 711-712 (2d Dep't 2022)
- Hamlet at Willow Cr. Dev. Co., LLC v. Northeast Land Dev. Corp., 64 A.D.3d 85, 104 (2d Dep't 2009)
- CDJ Bldrs. Corp. v. Hudson Group Constr. Corp., 67 A.D.3d 720, 722 (2d Dep't 2009)
- Sukhram v. Forest City Myrtle Assoc., LLC, 231 A.D.3d 890, 891-892 (2d Dep't 2024)

- Michael Anthony Contr. Corp. v. Queens N.Y. Realty, LLC, 225 A.D.3d 848, 852 (2d Dep't 2024)
- Wallkill Med. Dev., LLC v. Catskill Orange Orthopaedics, P.C., 178 A.D.3d 987, 990 (2d Dep't 2019)
- Bernardi v. Spyritos, 79 A.D.3d 684, 687 (2d Dep't 2010)
- Apollo H.V.A.C. Corp. v. Halpern Constr., Inc., 55 A.D.3d 855, 857 (2d Dep't 2008)
- Hersh v. Cohen, 229 A.D.3d 524, 526-527 (2d Dep't 2024)
- Diorio v. Ossining Union Free School Dist., 96 A.D.3d 710, 712 (2d Dep't 2012)
- Yang v. Northwell Health, Inc., 195 A.D.3d 662, 666 (2d Dep't 2021)
- Liberman v. Gelstein, 80 N.Y.2d 429, 434-435 (1992)
- Edwards v. Walsh, 169 A.D.3d 865, 869 (2d Dep't 2019)
- Burns Jackson Miller Summit & Spitzer v. Lindner, 59 N.Y.2d 314, 333 (1983)
- Smith v. Meridian Tech, Inc., 86 A.D.3d 557, 559 (2d Dep't 2011)
- Redcom CM, Inc. v. Frederick S. Fish Inv. Co. No. 32-Scarsdale, LLC, 218 A.D.3d 615, 616-617 (2d Dep't 2023)
- Overbay, LLC v. Berkman, Henoch, Peterson, Peddy & Fenchel, P.C., 185 A.D.3d 707, 709 (2d Dep't 2020)
- Umlas v. Britton, 222 A.D.3d 1031, 1032 (2d Dep't 2023)
- M.V.B. Collision, Inc. v. Allstate Ins. Co., 187 A.D.3d 881, 882 (2d Dep't 2020)

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