

APPELLATE COURT OF ILLINOIS, FIRST DISTRICT, FIFTH DIVISION

GF Judgments LLC v. Estate of Evgeny Freidman

2026 IL App (1st) 250546 · No. 1-25-0546 · Decided June 26, 2026

SUMMARY

The Illinois Appellate Court considers whether third-party citation respondents have standing to challenge a charging order entered against distributional interests held by trusts alleged to be alter egos of a judgment debtor. The court holds that the respondents have limited standing to contest whether the charging order reaches a judgment-debtor interest, but may not relitigate the prior New York alter-ego determination in the supplementary proceeding. It concludes that the respondents’ separate argument that the interests terminated upon the debtor’s death presents ownership and contractual issues that must be resolved in a plenary proceeding, not in the summary citation proceeding.

CASE DETAILS

COURT	Appellate Court of Illinois, First District, Fifth Division
WRITING FOR THE COURT	Justice Wilson; Presiding Justice Mitchell; Justice Mikva
JURISDICTION	Illinois Appellate Court, First District
DECIDED	June 26, 2026
DOCKET	1-25-0546
DISPOSITION	affirmed
PROCEDURAL POSTURE	Third-party citation respondents appealed from an order of the Circuit Court of Cook County granting GF Judgments LLC a charging order against distributional interests held by trusts that had previously been determined to be alter egos of the judgment debtor. The appellate court affirmed.
STANDARD OF REVIEW	Standing and the applicability of collateral estoppel's threshold requirements are reviewed de novo. The circuit court's discretionary decision whether to apply collateral estoppel after the threshold requirements are met is reviewed for abuse of discretion.
PRECEDENTIAL VALUE	published and precedential
PARTIES	Azurite LLC, 4532 N. Elston, LLC, 4514 Elston, LLC v. GF Judgments LLC, as assignee of Sterling National Bank

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QUESTIONS PRESENTED

1. Whether the LLCs had standing to appeal and challenge the charging order.
2. Whether the LLCs' standing was forfeited or limited because they were third-party citation respondents in a supplementary proceeding.
3. Whether collateral estoppel could be applied offensively to give preclusive effect to the prior New York alter-ego determination for purposes of treating the trusts' distributional interests as property attributable to the judgment debtor.
4. Whether applying the prior alter-ego determination exceeded the permissible scope of an Illinois supplementary proceeding or constituted a new veil-piercing adjudication.
5. Whether the LLCs' ownership and termination arguments could be finally resolved in the summary citation proceeding.

HOLDINGS

1. The LLCs had standing, at least in part, because the charging order imposed obligations on them as third-party citation respondents and required them to divert distributions they claimed were not payable on a judgment-debtor interest.
2. GFJ forfeited its argument that the LLCs lacked standing because it raised that argument for the first time on appeal.
3. The circuit court properly applied offensive collateral estoppel to treat the trusts' distributional interests as property attributable to Freidman for purposes of the charging order.
4. The LLCs' claim that any membership interest attributable to Freidman terminated at his death could not be finally resolved in the summary supplementary proceeding; that dispute belonged in a plenary proceeding.
5. The charging order was within the scope of the supplementary proceeding because the circuit court did not conduct a new veil-piercing inquiry; it gave preclusive effect to an already litigated alter-ego determination and applied it to identifiable distributional interests.

KEY QUOTATIONS

“Thus, unlike an ordinary civil action, a supplementary proceeding is confined to the enforcement of an existing judgment and does not open the door to litigate every tangential dispute.” (§ 18)

“Their role is confined to whether they hold assets of the judgment debtor or whether the charging order exceeds its statutory bounds.” (§ 27)

“The circuit court gave that prior determination preclusive effect and then applied it to the issue properly before it in supplementary proceedings: whether the Trusts’ distributional interests in the LLCs were attributable to Freidman and could be applied toward satisfaction of the judgment.” (¶ 57)

FACTUAL BACKGROUND

A New York state court entered a multimillion-dollar judgment against Evgeny Freidman, which GF Judgments LLC later acquired and domesticated in Illinois. In supplementary proceedings, GFJ discovered that three Illinois LLCs were owned in part by trusts that a New York bankruptcy court had determined were Freidman’s alter egos and held interests transferred to hinder creditors. GFJ sought a charging order against the trusts’ distributional interests in the LLCs, and the circuit court granted the request. The LLCs claimed that the trusts independently owned the interests or that any interest attributable to Freidman terminated at his death under the operating agreements.

PROCEDURAL HISTORY

A New York judgment against Evgeny Freidman was assigned to GF Judgments LLC and domesticated in Cook County. GFJ served citations to discover assets on Freidman’s estate and three LLCs, then sought a charging order against distributional interests held by the Evelyn and Lindy Funding Trusts. The circuit court applied collateral estoppel based on a prior New York bankruptcy-court alter-ego determination and entered the charging order. The LLCs appealed, challenging standing, the use of collateral estoppel, and the scope of supplementary proceedings.

DISPOSITION

affirmed

CASES CITED

- Davis v. Yenchko, 2024 IL 129751, ¶ 16
- Wexler v. Wirtz Corp., 211 Ill. 2d 18, 23 (2004)
- Greer v. Illinois Housing Development Authority, 122 Ill. 2d 462, 492-93 (1988)
- In re Marriage of Rodriguez, 131 Ill. 2d 273, 280 (1989)
- Lebron v. Gottlieb Memorial Hospital, 237 Ill. 2d 217, 252-53 (2010)
- Powell v. Dean Foods Co., 2012 IL 111714, ¶ 36
- American Freedom Insurance Co. v. Garcia, 2021 IL App (1st) 200231, ¶ 36
- Shipley v. Hoke, 2014 IL App (4th) 130810, ¶¶ 1, 77, 92-96
- Bank of Aspen v. Fox Cartage, Inc., 126 Ill. 2d 307, 314-15 (1989)
- Xcel Supply, LLC v. Horowitz, 2018 IL App (1st) 162986, ¶ 40
- Bank of America, N.A. v. Freed, 2012 IL App (1st) 110749, ¶¶ 39-41
- Kauffman v. Wrenn, 2015 IL App (2d) 150285, ¶¶ 23, 26
- Pyshos v. Heart-Land Development Co., 258 Ill. App. 3d 618, 623 (1994)

- *Hayward v. Scorte*, 2020 IL App (1st) 190476, ¶¶ 27, 35-36
- *Lange v. Misch*, 232 Ill. App. 3d 1077, 1080-82 (1992)
- *In re Estate of Ivy*, 2019 IL App (1st) 181691, ¶¶ 28, 38
- *Nowak v. St. Rita High Sch.*, 197 Ill. 2d 381, 390-91 (2001)
- *In re Owens*, 125 Ill. 2d 390, 397-400 (1988)
- *In re Haley D.*, 2011 IL 110886, ¶ 67
- *Marine Midland Bank v. Murkoff*, 120 A.D.2d 122, 132 (N.Y. App. Div. 1986)
- *JR&J Holding Co. v. Rabinowitz*, 607 N.Y.S.2d 724, 725 (N.Y. App. Div. 1994)
- *Du Page Forklift Service, Inc. v. Material Handling Services, Inc.*, 195 Ill. 2d 71, 77, 85-86 (2001)
- *Amara v. Cigna Corp.*, 53 F.4th 241, 248 (2d Cir. 2022)
- *State Farm Fire & Casualty Co. v. John J. Rickhoff Sheet Metal Co.*, 394 Ill. App. 3d 548, 559 (2009)
- *Peabody-Waterside Development, LLC v. Islands of Waterside, LLC*, 2013 IL App (5th) 120490, ¶ 9
- *Kessinger v. Grefco, Inc.*, 173 Ill. 2d 447, 460-61 (1996)
- *Downtown Acupuncture PC v. State Wide Insurance Co.*, 21 N.Y.S.3d 548, 554-55 (N.Y. Civ. Ct. 2015)
- *A to Z Associates v. Cooper*, 613 N.Y.S.2d 512, 516-17 (N.Y. Sup. Ct. 1993)
- *Herzog v. Lexington Township*, 167 Ill. 2d 288, 296 (1995)
- *Star Insurance Co. v. Risk Marketing Group Inc.*, 561 F.3d 656, 660-61 (7th Cir. 2009)
- *Kennedy v. Four Boys Labor Service, Inc.*, 279 Ill. App. 3d 361, 367 (1996)

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