

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

Buccellato v. High View Estates Owners, Corp.

131 A.D.3d 912 (N.Y. App. Div. 2015) · No. 2014-02391 · Decided September 2, 2015

SUMMARY

The Appellate Division, Second Department, reversed an order denying summary judgment to a residential cooperative corporation, its board, and individual board members. The court held that the business judgment rule protected the decision not to approve the plaintiff's proposed sale of cooperative shares, and that the plaintiff failed to raise a triable issue concerning fiduciary-duty and fraud claims. It also dismissed the declaratory-judgment claim as seeking an advisory opinion and dismissed the punitive-damages demand because no substantive claims remained.

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.; Ruth C. Balkin, J.; Cheryl E. Chambers, J.; Joseph J. Maltese, J.
JURISDICTION	New York
DECIDED	September 2, 2015
DOCKET	2014-02391
DISPOSITION	reversed
PROCEDURAL POSTURE	Defendants appealed from the portion of an order denying their motion for summary judgment dismissing the complaint in an action alleging breach of fiduciary duty and fraud and seeking declaratory and punitive relief.
STANDARD OF REVIEW	Summary judgment is appropriate where the movant establishes entitlement to judgment as a matter of law and the opposing party fails to raise a triable issue of fact.
PRECEDENTIAL VALUE	Published New York Appellate Division decision
PARTIES	High View Estates Owners, Corp., High View Estates Owners, Corp. Board of Directors, Individual Board members v. Paul A. Buccellato

TOPICS

breach of fiduciary duty

business judgment rule

summary judgment

declaratory judgment

corporate governance

PRACTICE AREAS

corporate law

real estate

civil procedure

remedies

QUESTIONS PRESENTED

1. Whether the cooperative defendants were entitled to summary judgment on the breach-of-fiduciary-duty claim under the business judgment rule.
2. Whether the defendants were entitled to summary judgment dismissing the fraud claims.
3. Whether a declaratory judgment was available when the plaintiff had not identified or secured a qualifying prospective purchaser.
4. Whether the demand for punitive damages could survive dismissal of all substantive causes of action.

HOLDINGS

1. The defendants were entitled to summary judgment dismissing the breach-of-fiduciary-duty claim because the business judgment rule protected the board's determination not to approve the proposed sale of the cooperative shares.
2. The defendants were entitled to summary judgment dismissing the fraud claims because they made a prima facie showing of entitlement to judgment as a matter of law and the plaintiff failed to raise a triable issue of fact.
3. The declaratory-judgment claim was properly dismissed because no justiciable controversy existed where the plaintiff had not identified or secured a fiscally responsible purchaser offering \$42,500.
4. The punitive-damages demand was subject to dismissal because New York does not recognize an independent cause of action for punitive damages, and all substantive causes of action were dismissed.

KEY QUOTATIONS

“New York does not recognize an independent cause of action for punitive damages. Instead, [a] demand or request for punitive damages is parasitic and possesses no viability absent its attachment to a substantive cause of action” (131 A.D.3d at 913)

FACTUAL BACKGROUND

Paul A. Buccellato was a shareholder tenant of High View Estates Owners, Corp., a residential cooperative corporation. The cooperative's board declined to approve a sale of the shares referable to Buccellato's apartment in the manner he proposed. Buccellato alleged breach of fiduciary duty and fraud, sought damages and punitive damages, and requested a declaration requiring the board to approve any fiscally responsible purchaser offering at least \$42,500.

PROCEDURAL HISTORY

The plaintiff, a shareholder tenant in a residential cooperative, sued the cooperative, its board, and individual board members after the board declined to approve a proposed sale of the shares allocated to his apartment. The Supreme Court, Dutchess County, denied defendants' motion for summary judgment. The Appellate Division reversed insofar as appealed from and granted summary judgment dismissing the complaint.

DISPOSITION

reversed

CASES CITED

- Jacobs v. Grant, 127 A.D.3d 924, 925
- Pink v. Half Moon Coop. Apts., S., Inc., 68 A.D.3d 739, 740
- Oakwood On the Sound, Inc. v. David, 63 A.D.3d 893, 894
- Island Sports Physical Therapy v. Kane, 84 A.D.3d 879, 881
- Village of Mount Kisco Police Benevolent Assn. v. Village of Mount Kisco, 280 A.D.2d 469
- Fragoso v. Romano, 268 A.D.2d 457
- Randi A. J. v. Long Is. Surgi-Ctr., 46 A.D.3d 74, 80
- Rocanova v. Equitable Life Assurance Society of the United States, 83 N.Y.2d 603, 616