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SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK: CIVIL TERM: 61

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ASPIRE MUSIC GROUP, LLC,

Index No.:  
652029/2017

Plaintiff(s)

-against-

CASH MONEY RECORDS, INC., YOUNG MONEY  
ENTERTAINMENT, LLC, YOUNG MONEY ENTERTAINMENT,  
A joint venture, BRYAN "BABY" WILLIAMS,  
RONALD "SLIM" WILLIAMS, and UMG RECORDINGS,  
INC.,

Defendant(s).

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60 Centre Street  
New York, New York  
March 25th, 2019,

B E F O R E:

HONORABLE BARRY OSTRAGER, J.S.C.,

A P P E A R A N C E S:

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Appearances continued on next page

1 APPEARANCES CONTINUED:

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BY: JONATHAN D. DAVIS, ESQ.

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Reported by:  
William Leone

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## Proceedings

1           There's been several cases that have permitted in a  
2           situation where a plaintiff entity files a claim. Then the  
3           defendant counterclaims against both that plaintiff entity  
4           and individual member or shareholder of that entity.

5           Your Honor, if you have no further questions that's  
6           all I have.

7           MR. MULLANEY: The cases that Mr. Young has  
8           referred to are not cited in their opposition brief, ones  
9           that allegedly permit counterclaims against members of an  
10          LLC. It's not known whether anyone raised the capacity  
11          arguments or Professor Siegal's rule, if we can call it  
12          that, or Ruzicka rule. Partnership law is routinely  
13          imported in the LLC law because they are very similar  
14          entities in New York.

15          I don't see any reason why partnership law should  
16          not apply to this case. It seems it applies exactly the way  
17          Ruzicka case would have it done. It is a fact in all  
18          corporations I believe in New York an executive company who  
19          commits a fraud can be named even though he is a member of  
20          corporation. I don't think that's sort of flamboyant torts  
21          are involved here. Claims against Mr. Bryant simply repeat  
22          the claims against Aspire, and purport to violate limited  
23          liability part of LLC.

24          Nothing further, your Honor.

25          THE COURT: All right. We've had three hours of

## Proceedings

1 excellent oral argument on motions 10 and 11 and two rounds  
2 of briefing on those motions. We've had briefing and oral  
3 argument on motion sequence 12. I've already been reversed  
4 once in this case.

5 I commend counsel for their excellent  
6 presentations, both orally and in writing. I'm going to  
7 deny all of the motions to dismiss.

8 Cash Money raised counterclaims in its initial  
9 answer to the second amended complaint which is the  
10 operative pleading. Filing of an amended complaint gets the  
11 reset button and amended complaint enables defendants to  
12 assert new defenses and count are claims.

13 I find that counterclaims arise from the  
14 transaction occurrences or series of transactions, or  
15 occurrences upon which a claim was asserted in plaintiff's  
16 complaint depends under CPLR 203(d). Counterclaims that are  
17 based upon negotiations leading up to the execution of a  
18 contract may arise from the same transaction or series of  
19 transactions that form the basis of plaintiff's breach of  
20 contract claim. That's because the counterclaims relate to  
21 the same transactions or occurrences as plaintiff's  
22 complaint and are not barred by the Statute of Limitations.  
23 The only exception to this rule appears to be for  
24 counterclaims seeking reformation of contract.

25 I think the plaintiff's reading of the pertinent

## Proceedings

1 case law is correct. Counterclaims relate to a plaintiff's  
2 claim when the counterclaim seeks to recover for plaintiff's  
3 wrongdoing in obtaining the contract under which the  
4 plaintiff sues except where the counterclaim seeks to reform  
5 the contract.

6 Counterclaims apply to Ronald Sweeney as well, even  
7 though Sweeney is not a plaintiff in the action. Sweeney is  
8 a person who fits within category of claims asserted against  
9 a plaintiff or other persons alleged to be liable.

10 Arguments with respect to Bryant are similar, though not  
11 identical. Bryant makes the same Statute of Limitations  
12 argument as Sweeney. That argument fails.

13 Bryant makes the additional argument based in part  
14 Aspire cannot be sued for individual capacity for the same  
15 claims also alleged against Aspire which is a partnership.  
16 Cash Money can counterclaim against Bryant for his alleged  
17 conduct in his capacity as a member of this LLC.

18 Again, I don't know Sweeney suing Bryant is going  
19 to achieve much in the way collecting damages but that's the  
20 disposition of court on these motions. I'm sure there will  
21 be appellate proceedings.

22 MR. SAUNDERS: If your Honor may recall, we were  
23 here last year in the same situation where Cash Money was  
24 moving to dismiss Aspire's. Your Honor, partially granted  
25 that motion with respect to any sums paid for March 2010

Proceedings

1 which the Court found were outside the statute.

2 Given that 203(d) equitable recoupment based offset  
3 provision we would just ask same time limitation with  
4 respect to counterclaims so they are not recovering for  
5 damages that we're not allowed to sue for. There's no  
6 recoupment there.

7 THE COURT: That's not before me today.

8 MS. ARATO: I would ask your Honor reserve decision  
9 on that.

10 THE COURT: That's not before me today so I will  
11 refrain from expressing a view on it.

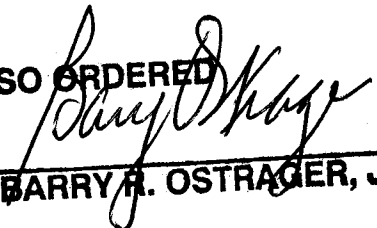
12 Have a nice day.

13 \* \* \* \*

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15 Certified to be a true and accurate transcript of  
16 the stenographic minutes taken within.



17  
18 William D. Leone  
19 Senior Court Reporter  
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21  
22 **SO ORDERED**  
  
23 **BARRY R. OSTRAGER, J.S.C.**  
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