

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORKGF JUDGMENTS LLC, ZOLOTO REALTY CORP., CORAL
REALTY CORP. and IZUMUD REALTY CORP.,

Plaintiff(s),

-against-

CITIBANK, N.A.,

Defendant(s).

Index No.

Summons

Date Index No. Purchased: December 12, 2023

To the above named Defendant(s)

388 Greenwich Street, New York, New York 10013

You are hereby summoned to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the Plaintiff's attorney within 20 days after the service of this summons, exclusive of the day of service (or within 30 days after the service is complete if this summons is not personally delivered to you within the State of New York); and in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the complaint.

The basis of venue is CPLR § 503(c)
which is Address of plaintiff and defendant

Dated: New York, New York

December 12, 2023

CHIPMAN BROWN CICERO & COLE, LLP

by 

ADAM D. COLE

Attorneys for Plaintiff

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SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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GF JUDGMENTS LLC, individually, and
on behalf of ZOOTO REALTY CORP.,
CORAL REALTY CORP. and IZUMRUD
REALTY CORP.,

Plaintiff,

Index No. _____

- against -

CITIBANK, N.A.,

Defendants.

-----X

Plaintiff GF Judgments LLC (“GF Judgments”), individually, and on behalf of Zoloto Realty Corp., Coral Realty Corp. and Izumrud Realty Corp., by its attorneys Chipman, Brown, Cicero & Cole LLP and as and for this Complaint against Citibank, N.A. (“Citibank”), alleges as follows:

INTRODUCTION

1. This action relates to Citibank’s wrongful attempts to convert for itself, and its actual conversion of proceeds from the sale of real properties located in New York (the “New York Properties”) and in the French Riviera (the “French Properties”).

2. The New York Properties were owned by single purpose entities—Plaintiffs Zoloto Realty Corp., Izumrud Realty Corp., and Coral Realty Corp. (the “New York Entities”)—that, in turn, were 100% owned by Evgeny Freidman (“Freidman”).

3. The French Properties are owned by Monaco-based entities (the “Monaco Entities”) of which Freidman owned a 99% interest.

4. GF Judgments, by assignment from Sterling National Bank (“Sterling”), is a perfected, senior secured creditor of Freidman who, before his death, owed GF Judgments over \$25 million in defaulted loans issued to him in March 2014.

5. As security for the loans, Freidman pledged all his personal property, including his entire “right, title and interest” in his “General Intangibles” and in “Proceeds” of the General Intangibles. The General Intangibles include Freidman’s uncertificated ownership interests in the New York Entities that, in turn, owned the New York Properties and in the Monaco Entities that, in turn, own the French Properties.

6. Citibank also loaned Freidman money, but never received a security interest in his personal property, including in his General Intangibles.

7. After Freidman defaulted on his Citibank loan, Citibank sued Freidman and obtained a judgment against Freidman after GF Judgments’ liens had long been perfected. Citibank has since attempted to avoid and “prime” GF Judgments’ priority liens on Freidman’s personal property in multiple courts in New York and now in Monaco.

8. In four foreclosure actions in New York, Citibank misrepresented the nature of its judgment against Freidman and obtained surplus moneys from the sale of the four New York Properties knowing full well of the New York Entities’ entitlement to those proceeds and GF Judgments’ ultimate priority interest in a distribution of those proceeds by the New York Entities.

9. Citibank proceeded in those actions without notifying GF Judgments and converted the surplus proceeds to which the New York Entities were entitled, impaired GF Judgment’s collateral, and was unjustly enriched thereby, in violation of New York common law and New York’s Uniform Commercial Code.

10. This action seeks recovery by the New York Entities of the nearly \$2.7 million in surplus proceeds Citibank unlawfully converted and through which it was unjustly enriched.

11. In Monaco, Citibank secretly obtained—without any notice to Sterling or GF Judgments—a court order preliminarily seizing control over Freidman’s ownership interests in the Monaco Entities that own the French Properties.

12. After a sale of the French Properties and exhaustion of any debts and liens directly against the properties and of the Monaco Entities, it appears Citibank intends to cause the entities to distribute the remaining proceeds of the property sales to Citibank.

13. GF Judgments’ possesses a perfected priority security interest in Freidman’s ownership interests in the Monaco Entities that own the French Properties and those same proceeds, and Citibank would take those proceeds subject to GF Judgments’ lien.

14. Once in possession, Citibank may attempt to commingle the proceeds with its other cash and thereby attempt to avoid GF Judgments’ lien on proceeds by making them untraceable and unidentifiable.

15. This action seeks to confirm GF Judgments’ priority interest in Freidman’s ownership interests in the Monaco Entities that own the French Properties and in the proceeds Citibank receives and to ensure Citibank does not unilaterally undercut GF Judgments’ liens and convert those proceeds by simply comingling them with its other moneys.

16. GF Judgments thus respectfully requests a judgment (1) declaring its priority security interest in the ownership interests in the Monaco Entities including its priority to receive any distribution of proceeds from the Monaco Entities and from the sale of the French Properties Citibank receives, (2) requiring Citibank to turn over to GF Judgments any ownership interests, including, without limitation, management and voting rights, in the French Properties Citibank

seized, (3) requiring Citibank to turn over to GF Judgments any ownership interests, including, without limitation, management and voting rights, in the Monaco Entities Citibank seized, (4) permanently enjoining Citibank from commingling any moneys received—whether directly or indirectly—from the Monaco Entities and/or the French Properties with its other moneys, (5) requiring Citibank deliver any proceeds received from the Monaco Entities or from the sale of the French Properties to GF Judgments, and (6) requiring Citibank to turn over to GF Judgments, on behalf of the New York Entities, all surplus moneys Citibank received from the sale of the New York Entities’ real properties.

THE PARTIES

17. GF Judgments LLC is a limited liability company organized and existing under the laws of the State of New York with an office located at 100 Park Avenue, New York, New York.

18. By orders dated August 9, 2018, November 20, 2018, December 4, 2018 and January 27, 2023 issued by the Supreme Court, New York County, and with Citibank’s consent, Freidman’s ownership interests, including his voting and management control, in the New York Entities were ordered and deemed turned over to GF Judgments’ predecessor, Sterling National Bank (“Sterling”) and also to GF Judgments itself. The Supreme Court action was entitled *Sterling National Bank v. Evgeny Freidman, et al.*, Index No. 160715/2017 (the “Sterling Action”).

19. GF Judgments is also entitled to exercise its rights to protect the value of its collateral pursuant to Section 9-607(a)(3) of New York’s Uniform Commercial Code.

20. Zoloto Realty Corp. is a New York Corporation that was 100% owned by Freidman and that held real property in Brooklyn, New York.

21. Coral Realty Corp. is a New York Corporation that was 100% owned by Freidman and that held real property in Brooklyn, New York.

22. Izumrud Realty Corp. is a New York Corporation that was 100% owned by Freidman and that held real property in Brooklyn, New York.

23. Upon information and belief, Defendant Citibank, N.A. is a national banking association organized and existing under the laws of the United States with an office located at 388 Greenwich Street, New York, New York.

JURISDICTION AND VENUE

24. The Court has jurisdiction over Citibank under CPLR §§ 301 and 302 because Citibank is located in New York, Citibank transacts business in New York and the present action arises out of a Citibank transaction in New York. The Court has jurisdiction to enter the declaratory and injunctive relief involving any proceeds distributed—whether directly or indirectly—to Citibank from the Monaco Entities because it possesses personal jurisdiction over Citibank. *See Hotel 71 Mezz Lender LLC v. Falor*, 14 N.Y.3d 303, 312 (2010).

25. Venue is proper in this Court pursuant to CPLR § 503(c) because GF Judgments and Citibank are located in New York County.

FACTUAL BACKGROUND

Freidman Pledges All of His Existing and Future “Right, Title and Interest” in his Intangible Property

26. On or about March 25, 2014, GF Judgments’ predecessor, Sterling, made seventeen term loans, each for \$1,350,000, to taxicab medallion entities that Freidman owned, and a personal loan to Freidman for \$2 million. Freidman absolutely and unconditionally guaranteed repayment of the loans made to the taxicab medallion entities.

27. In connection with the loans, and also on March 25, 2014, Freidman entered a “Security Agreement (All Personal Property of Grantor)” under which he pledged as collateral a

lien on “all right, title and interest of [Freidman] in and to” among other personal property, “all General Intangibles” and “all Proceeds and products of the foregoing” (the “Security Agreement”).

28. Under Section 6 of the Security Agreement, Freidman agreed to “promptly execute and deliver all instruments and documents, and take all actions, . . . than may be necessary or desirable, or that [GF Judgments] may request” to, among other things, “enable [GF Judgments] to exercise and enforce any and all of its rights, powers and remedies under this Security Agreement with respect to any and all of the Collateral.”

29. Under Section 10 of the Security Agreement, GF Judgments is entitled to exercise “all rights, remedies and powers provided for in this Security Agreement, by law, in equity or otherwise available to it, including all rights and remedies of a secured party under the UCC”

30. Section 10 of the Security Agreement further provides that GF Judgments may require Freidman to “assemble all or any part of the Collateral as directed by [GF Judgments] and make it available to [GF Judgments] at a place designated by [GF Judgments] that is reasonably convenient to both [GF Judgments] and [Freidman].”

31. Section 10 further provides that GF Judgments is entitled to “take possession of all or part of the Collateral and remove such collateral to a location specified by [GF Judgments].”

32. Section 9-609 of the Uniform Commercial Code provides that, after a default, a secured party may take possession of the collateral with or without judicial process.

33. Section 9-315(a)(2) of the Uniform Commercial Code provides that “a security interest attaches to any identifiable proceeds of collateral.”

34. A diversion of collateral or its proceeds from their owner or the lien holder constitutes conversion.

35. An uncertificated ownership interest in a corporate entity constitutes a General Intangible under Section 9-102(a)(42) of the Uniform Commercial Code.

36. The situs of a General Intangible, including an uncertificated ownership interest in a corporate entity, is the location of the loan debtor while alive or the state and county in which the loan debtor passes away.

37. Pursuant to the Security Agreement, the collateral Freidman pledged secures the prompt and complete payment when due of all of Freidman's and the taxicab medallion companies' then present and future liabilities and obligations to Sterling (or its successor), whether incurred by Freidman as principal or guarantor or otherwise, whether due to or to come due, secured or unsecured, absolute or contingent, joint or several, direct or indirect, acquired outright, conditionally or as collateral security by Sterling (or its successor) from another, liquidated or unliquidated, arising by operation of law or otherwise.

38. Sterling perfected its security interest in Freidman's personal property on March 25, 2014 by duly filing a UCC-1 Financing Statement and thereafter timely renewing the Financing Statement.

39. Thus, the security interest in and lien on Freidman's General Intangibles existed and was perfected as of March 25, 2014.

40. On or about March 25, 2014, as further security, Freidman also executed individually, and on behalf of the taxicab medallion companies, Affidavits for Judgment by Confession along with related Hypothecation Agreements and other related documents relating to each of the loans made to the taxicab medallion companies.

Freidman Defaults and Sterling Obtains Judgments Against Freidman

41. In or about November and December 2015, Freidman and his taxicab medallion companies defaulted on their loan obligations to Sterling.

42. After a forbearance period, on August 8, 2016, Sterling filed Affidavits of Judgment by Confession and judgments were entered against Freidman and the taxicab medallion companies. On January 31, 2017, a judgment was entered against Freidman for the outstanding amount of his personal loan.

43. On or about December 28, 2020, Sterling transferred its interests in the Freidman loans and the judgments to GF Judgments.

The French Properties

44. Through single purpose entities, Freidman purchased residential and commercial real estate in various cities in the United States.

45. Freidman did the same with regard to the two French Properties located in Saint-Jean-Cap-Ferrat, France.

46. Upon information and belief, Freidman caused two special partnerships—SCI Horatio Street and SCI Jane Street—to be formed to own the French Properties and, upon information and belief, Freidman possessed a 99% ownership interest in each partnership before his death.

47. The identities of Freidman's interests in the French Properties are governed by Monaco law. (*See* CPLR 3016(e).) Each of the Monaco Entities is a Société Civile Particulière ("SCP") under Monaco law. SCPs are regulated by (i) Articles 1670 to 1711 of the Monegasque Civil Code, (ii) Law n°797 of 18 February 1966 on civil companies and (iii) Sovereign Order n°3.573 of 11 May 1966 implementing Law n°797 of 18 February 1966 on civil companies.

48. Unlike certain types of Monegasque corporate interests, the owner interest in an SCP is not represented by a stock certificate, like those referred to in Article 8 of the Uniform Commercial Code.

49. Rather, like most partnerships in New York, an owner's interest in an SCP is stated in the articles of association reflecting the percentage and nominal value of the interests in accordance with article 1672-1 of the Civil Code

50. Freidman's 99% interests in the Monaco Entities are uncertificated General Intangibles.

The New York Properties

51. Through single purpose entities that he 100% owned, Freidman purchased residential and commercial real estate in New York.

52. Among the New York Properties was real property purchased by Zoloto Realty Corp. ("Zoloto"). Freidman's 100% interest in Zoloto is an uncertificated General Intangible.

53. Among the New York Properties was real property purchased by Coral Realty Corp. ("Coral"). Freidman's 100% interest in Coral is an uncertificated General Intangible.

54. Among the New York Properties was real property purchased by Plaintiff Izumrud Realty Corp. ("Izumrud"). Freidman's 100% interest in Izumrud is an uncertificated General Intangible.

55. On October 24, 2021, Freidman passed away in New York County. Accordingly, the situs of Freidman's General Intangibles, including his ownership interests in the Monaco Entities and the New York Entities, was and remains in New York County. *See Hotel 71 Mezz Lender*, 14 N.Y.3d at 314.

Citibank

56. Upon information and belief, Citibank loaned approximately \$31.5 million to Freidman and certain of his taxicab medallion companies.

57. Unlike Sterling, however, Citibank received no pledge from Freidman of his personal property, including no pledge of his “right, title and interest” in his General Intangibles.

58. After Freidman defaulted on the Citibank loans in or about early 2015, Citibank commenced an action in state court against Freidman and the related taxicab medallion companies, but not against the New York Entities.

59. The taxicab medallion companies to which Citibank lent money thereafter filed for relief under chapter 11 of the Bankruptcy Code, and Citibank’s action was removed to the Bankruptcy Court for the Eastern District of New York.

60. On November 5, 2015, Citibank obtained an *ex parte* order of attachment in the Bankruptcy Action permitting attachment of property in which Freidman had an interest.

61. On January 12, 2016, the Bankruptcy Court confirmed the attachment order, but the order did not mention the New York Properties. Rather, the Bankruptcy Court ruled that “Citibank is authorized to attach the Real Estate Entities,” which the court defined as Freidman’s “interests in LLCs and corporations owning all of his personal residences and investment real estate holdings in the United States.”

62. Thus, Citibank served levies of attachment against Freidman’s interests in the New York Entities.

63. Shortly thereafter, Citibank learned of Sterling’s lien on Freidman’s ownership interest in the New York Entities.

64. On April 28, 2016, accordingly, Citibank attempted to “prime” Sterling by filing notices of the attachment order directly against the New York Properties owned by the New York Entities.

65. Given Freidman owned no direct interest in the New York Properties, on January 17, 2017, Citibank sought a declaration in the Bankruptcy Court that its levies against the New York Properties were effective.

66. The Bankruptcy Court denied Citibank’s motion on February 27, 2017.

67. Citibank again sought an order validating its purported levies against the New York Properties on March 20, 2017.

68. The Bankruptcy Court again denied Citibank’s motion on October 4, 2017.

69. Citibank obtained a judgment against Freidman on October 12, 2018, but not a judgment against the New York Entities.

70. To the contrary, the judgment was adverse to Citibank as it concerned the New York Entities because the Bankruptcy Court twice denied Citibank’s request to validate the purported attachment of the New York Properties. The interlocutory denials merged into the judgment as a matter of law and became final on October 12, 2018. *See Amara v. Cigna Corp.*, 53 F.4th 241, 248 (2d Cir. 2022), *cert. denied*, 143 S. Ct. 2484 (2023). Accordingly, Citibank’s purported attachment of the New York Properties was annulled as of October 12, 2018 under CPLR § 6224.

71. Given its prior failures to validate its purported attachment, on February 21, 2019, Citibank commenced a new action in New York Supreme Court. *Citibank, N.A., v. East 65th Street Owners LLC, et al.*, Index No. 651089/2019 (the “Citibank Action”).

72. In the Citibank Action, Citibank sought again to validate the purported attachment of the New York Properties asserting, among other things, that (1) the New York Entities were Freidman's alter egos, and therefore (2) the notices of attachment Citibank filed against the New York Properties were effective.

73. On October 24, 2023, the court in the Citibank Action granted GF Judgments' motion for summary judgment and dismissed the Citibank Action.

74. Citibank has always lacked and continues to lack any basis upon which to demand a distribution of surplus moneys from the sale of the New York Properties because its pre-judgment notices of attachment were annulled and in any event, have never been confirmed or validated through a judgment against the New York Entities.

Citibank's Actions in Monaco

75. Despite GF Judgment's priority interest, upon information and belief, Citibank commenced an action in Monaco to seize Freidman's ownership interests in the Monaco Entities and sought appointment of an administrator to manage, list for sale and sell the French Properties.

76. Upon information and belief, on or about October 13, 2020, Citibank obtained an order in Monaco authorizing Citibank (i) to seize any sums, securities or other assets held on behalf of Evgeny Friedman by the Monaco Entities, and (ii) to seize Freidman's 99% Ownership Interests in the Monaco Entities into the hands of a bailiff. The Court also appointed Mr. Christian Boisson, a chartered accountant, as *ad hoc* administrator, with all the powers granted to the manager of an SCP.

77. Upon information and belief, the *ad hoc* administrator of the Monaco Entities is in contract to sell the French Properties in mid-December 2023.

78. Upon information and belief, after the French Properties are sold and any creditors against the properties and of the Monaco Entities are paid, Citibank will cause 99% of any remaining surplus be distributed to Citibank.

Citibank Wrongfully Claims and Converts Surplus Moneys in New York

79. In separate foreclosure actions, the New York Properties were sold and, upon information and belief, direct lienholders against the real properties were paid from the proceeds.

80. Though intentional misrepresentations, omissions, manipulation and collusion, Citibank secured for itself and converted nearly \$2.7 million in surplus moneys attributable to the New York Properties sales.

81. Citibank possessed no right to surplus moneys because its attachment orders filed against the New York Properties were knowingly invalid and Citibank never obtained a judgment against the New York Entities.

Coral

82. Coral's real property was sold on or about May 9, 2019 yielding \$749,423.86 in surplus moneys.

83. Despite knowing that the Bankruptcy Court twice rejected Citibank's request to validate its pre-judgment attachment against Coral's real property in interlocutory orders that were merged into the October 12, 2018 judgment and the later decision in the Citibank Action, Citibank asserted in a claim for surplus moneys that "on October 12, 2018, in connection with its prior attachment, [Citibank] obtained judgment from the District Court of the Eastern District of New York."

84. Founded upon that assertion, Citibank then claimed that “Citibank has a secured lien against the foreclosed premises, as of April 28, 2016, that is next in priority after the lien of the Plaintiff.”

85. Citibank’s assertions were materially false because the October 12, 2018 judgment was not “in connection with” the attachment notice filed against Coral’s property. If anything, the attachment notice had been annulled since the Bankruptcy Court twice refused to validate the attachment notice and the attachment notice was nevertheless invalid because Citibank failed to obtain a judgment against Coral.

86. Indeed, the only lien Citibank obtained by virtue of the October 18, 2018 judgment was against Freidman’s property.

87. On December 26, 2019, Citibank filed an Amended Claim for Surplus Funds repeating its false claim that “on October 12, 2018, in connection with its prior attachment, [Citibank] obtained judgment from the District Court of the Eastern District of New York.”

88. Founded upon that assertion, Citibank again claimed that “Citibank has a secured lien against the foreclosed premises, as of January 11, 2017, that is next in priority after the lien of the Plaintiff.” The assertion was also false.

89. On March 6, 2020, Citibank moved to conform the Referee’s Report of Sale of the Coral property and for a reference to a surplus moneys proceeding.

90. Citibank submitted a sworn “Attorney’s Statement” stating, again, that by virtue of its notice of attachment filed against Coral’s property and the October 12, 2018 judgment, Citibank had a “lien” on Coral’s property and “Citibank is entitled to the Surplus Money.” Citibank’s assertion was again false.

91. Citibank never notified GF Judgments—as the party to which turnover of control of Coral had been ordered in the Sterling Action and the party contesting Citibank’s attachment claims in the Citibank Action—that the Coral foreclosure action had been commenced or that Citibank had falsely asserted that its attachment notice against Coral’s property was valid.

92. On November 29, 2020, a lawyer—Joshua Bronstein—purported to file a surplus moneys demand of Coral’s behalf.

93. Upon information and belief, Mr. Bronstein was retained by YG Investors Corp. (“YG”) which purported to be the “agent” for Coral.

94. As control of Coral had been ordered turned over to GF Judgments two years before, Citibank knew Mr. Bronstein and YG lacked authority to appear on Coral’s behalf.

95. Citibank never contacted GF Judgments to confirm Mr. Bronstein’s or YG’s authority.

96. Despite knowing that YG lacked authority and knowing it lacked a valid lien that would entitle it to a distribution of surplus moneys, on August 18, 2022, Citibank entered a purported “Settlement Agreement” with Coral, signed by YG.

97. In the purported Settlement Agreement with YG, Citibank agreed and acknowledged that “Coral authorized YG to act as Coral’s exclusive agent to process Coral’s claim to the Surplus and to retain attorneys its YG’s choosing to perform and manage the claiming process.”

98. Citibank knew its acknowledgement was false because control of Coral had been ordered turned over to GF Judgments and Citibank never notified GF Judgments of the Coral foreclosure action or of the purported Settlement Agreement.

99. In the Settlement Agreement, Coral and YG also agreed and acknowledged that “Citibank has a valid judgment lien on the Property because Coral is an alter ego of Evgeny Freidman” and, therefore, its “levy of attachment on the Property was effective.”

100. Citibank knew the acknowledgement was false because Coral was, in fact, not Freidman’s alter ego and no judgment had ever been entered against Coral.

101. A Referee was appointed to determine the appropriate distribution of surplus moneys from the sale of Coral’s real property.

102. According to the Referee’s Report filed on January 2, 2023, Citibank was the only party that appeared at the surplus moneys hearing and “requested that the Surplus Moneys be disbursed in accordance with the Settlement Agreement.”

103. Based upon Citibank’s misrepresentations and omissions, the Referee determined that the surplus moneys from the sale of Coral’s property be distributed in accordance with the unauthorized “Settlement Agreement” signed by Citibank and YG.

104. Citibank was awarded and, upon information and belief, received \$678,563.15 in surplus moneys that should have been delivered to Coral as owner for distribution to GF Judgments as lienholder of distributable Proceeds attributable to its lien on ownership interests in Coral.

105. The improper distribution of proceeds to Citibank impaired the value of the ownership interests in Coral and thus of GF Judgments’ collateral.

106. Citibank knew that whoever entered the purported “Settlement Agreement” upon which the Referee relied lacked authority to do so.

107. Nevertheless, Citibank falsely relied upon the ultra vires Settlement Agreement to convince the Referee to award Citibank most of the surplus moneys to which it was otherwise not entitled.

108. Upon information and belief, the surplus moneys Citibank received were delivered by check to Citibank's attorneys, Zeichner Ellman & Krause LLP ("Zeichner").

109. To the extent that Zeichner delivered the proceeds to Citibank, the proceeds may be traced to a Citibank account or through a lowest intermediate balance analysis of the particular account.

Zoloto

110. Zoloto's real property was sold at foreclosure on or about July 26, 2018 yielding \$1,006,595.60 in surplus moneys.

111. GF Judgments never received notice and remained unaware of the Zoloto foreclosure action.

112. As with Coral, Citibank asserted in a claim for surplus moneys in the Zoloto foreclosure action that "on October 12, 2018, in connection with its prior attachment, [Citibank] obtained judgment from the District Court of the Eastern District of New York."

113. Founded upon that assertion, Citibank then claimed that "Citibank has a secured lien against the foreclosed premises, as of April 28, 2016, that is next in priority after the lien of the Plaintiff."

114. And as with Coral, Citibank's assertions were materially false because the October 12, 2018 judgment was not "in connection with" the attachment notice filed against Zoloto's property. The attachment notice had been annulled and the attachment notice was nevertheless invalid because Citibank failed to obtain a judgment against Zoloto.

115. The only lien Citibank obtained by virtue of the October 18, 2018 judgment was against Freidman's property.

116. Citibank never notified GF Judgments—as the party to which turnover of control of Zoloto had been ordered in the Sterling Action and the party contesting Citibank’s attachment claims in the Citibank Action—that the Zoloto foreclosure action had been commenced or that Citibank had falsely asserted that its attachment notice against Zoloto’s property was valid.

117. On May 9, 2022, the lawyer YG retained—Joshua Bronstein—again purported to file a surplus moneys demand, this time on Zoloto’s behalf.

118. As control of Zoloto had been ordered turned over to GF Judgments, Citibank knew Mr. Bronstein and YG lacked authority to appear on Zoloto’s behalf.

119. Citibank never contacted GF Judgments to confirm Mr. Bronstein’s or YG’s authority.

120. As with Coral, upon information and belief, Citibank and YG entered into a “Settlement Agreement” regarding disposition of the Zoloto property sale surplus.

121. A referee was appointed to determine the appropriate distribution of surplus moneys from the sale of Zoloto’s real property.

122. According to the Referee’s Report filed on April 6, 2023, Citibank was the only party that appeared at the surplus moneys hearing and “requested that the Surplus Moneys be disbursed in accordance with the Settlement Agreement.”

123. Based upon Citibank’s misrepresentations and omissions, the Referee determined that the surplus moneys from the sale of Zoloto’s property be distributed in accordance with the unauthorized “Settlement Agreement” signed by Citibank and YG.

124. Upon information and belief, Citibank was awarded and received \$980,995.60 in surplus moneys that should have been delivered to Zoloto as owner for distribution to GF

Judgments as lienholder of distributable Proceeds attributable to its lien on ownership interests in Zoloto.

125. The improper distribution of proceeds to Citibank impaired the value of the ownership interests in Zoloto and thus of GF Judgments' collateral.

126. Citibank knew that whoever entered the purported "Settlement Agreement" upon which the Referee directly relied lacked authority to do so.

127. Nevertheless, Citibank falsely relied upon the ultra vires Settlement Agreement to convince the Referee to award Citibank most of the surplus moneys to which it was otherwise not entitled.

128. Upon information and belief, the surplus moneys Citibank received was, by court order, delivered to Zeichner.

129. To the extent that Zeichner delivered the proceeds to Citibank, the proceeds may be traced to a Citibank account or through a lowest intermediate balance analysis of the particular account.

Izumrud I

130. Izumrud owned two lots located at 2804 and 2806 Mermaid Avenue in Kings County.

131. A foreclosure action was commenced against Izumrud relating to 2806 Mermaid Avenue in or about May 2015 ("Izumrud I").

132. The Izumrud I real property was sold at foreclosure on or about May 30, 2019 yielding \$693,413.10 in surplus moneys.

133. GF Judgments never received notice and remained unaware of the Izumrud I foreclosure action.

134. Citibank asserted in a claim for surplus moneys in the Izumrud I foreclosure action that “on October 12, 2018, in connection with its prior attachment, [Citibank] obtained judgment from the District Court of the Eastern District of New York.”

135. Founded upon that assertion, Citibank then claimed that “Citibank has a secured lien against the foreclosed premises, as of April 28, 2016, that is next in priority after the lien of the Plaintiff.”

136. Citibank’s assertions were, again, materially false because the October 12, 2018 judgment was not “in connection with” the attachment notice filed against the Izumrud I property. The attachment notice had been annulled and the attachment notice was nevertheless invalid because Citibank failed to obtain a judgment against Izumrud.

137. The only lien Citibank obtained by virtue of the October 18, 2018 judgment was against Freidman’s property.

138. Citibank never notified GF Judgments—as the party to which turnover of control of Izumrud had been ordered in the Sterling Action and the party contesting Citibank’s attachment claims in the Citibank Action—that the Izumrud I foreclosure action had been commenced or that Citibank falsely asserted that its attachment notice against Izumrud’s property was valid.

139. On July 14, 2020, YG purported to file a surplus moneys demand on Izumrud’s behalf.

140. As control of Izumrud had been ordered turned over to GF Judgments, Citibank knew YG lacked authority to appear on Izumrud’s behalf.

141. Citibank never contacted GF Judgments to confirm YG’s authority.

142. Despite knowing that YG lacked authority and knowing it lacked a valid lien that would entitle it to a distribution of surplus moneys, on or about December 28, 2021, Citibank entered a purported “Settlement Agreement” with Izumrud, signed by YG.

143. In the purported Settlement Agreement with YG, Citibank agreed and acknowledged that “Izumrud authorized YG to act as Izumrud’s exclusive agent to process Izumrud’s claim to the Surplus and to retain attorneys of its YG’s choosing to perform and manage the claiming process.”

144. Citibank knew its acknowledgement was false because control of Izumrud had been ordered turned over to GF Judgments and Citibank had never notified GF Judgments of the Izumrud I foreclosure action or of the purported Settlement Agreement.

145. In the Settlement Agreement, YG also agreed and acknowledged that “Citibank has a valid judgment lien on the Property because Izumrud is an alter ego of Evgeny Freidman” and, therefore, its “levy of attachment on the Property was effective.”

146. Citibank knew the acknowledgement was false because Izumrud was, in fact, not Freidman’s alter ego and no judgment had ever been entered against Izumrud.

147. On January 10, 2022, Citibank and YG entered a “Stipulation” in which they agreed to a distribution of the surplus moneys.

148. In the Stipulation, Citibank represented to the court that YG was Izumrud’s “authorized agent.” Citibank’s knew its representation was false.

149. On or about February 28, 2022, the court “SO ORDERED” the Stipulation containing Citibank’s false representation and ordered that the surplus moneys be distributed in accordance with the purported Settlement Agreement.

150. Upon information and belief, Citibank was awarded and received \$671,733.10 in surplus moneys that should have been delivered to Izumrud as owner for distribution to GF Judgments as lienholder of distributable Proceeds attributable to its lien on ownership interests in Izumrud.

151. The improper distribution of proceeds to Citibank impaired the value of the ownership interests in Izumrud and thus of GF Judgments' collateral.

152. Citibank knew that whoever entered the purported "Settlement Agreement" upon which the court relied lacked authority to do so.

153. Nevertheless, Citibank falsely relied upon the ultra vires Settlement Agreement to convince the court to award Citibank most of the surplus moneys to which it was otherwise not entitled.

154. Upon information and belief, the surplus moneys Citibank received was, by court order, delivered to Zeichner.

155. To the extent that Zeichner delivered the proceeds to Citibank, the proceeds may be traced to a Citibank account or through a lowest intermediate balance analysis of the particular account.

Izumrud II

156. A foreclosure action was commenced against Izumrud relating to 2804 Mermaid Avenue in or about March 2019 ("Izumrud II").

157. The Izumrud II real property was sold at foreclosure on or about February 13, 2020 yielding \$347,915.88 in surplus moneys.

158. GF Judgments never received notice and remained unaware of the Izumrud II foreclosure action.

159. Citibank asserted in a claim for surplus moneys in the Izumrud II foreclosure action that “on October 12, 2018, in connection with its prior attachment, [Citibank] obtained judgment from the District Court of the Eastern District of New York.”

160. Founded upon that assertion, Citibank then claimed that “Citibank has a secured lien against the foreclosed premises, as of April 28, 2016, that is next in priority after the lien of the Plaintiff.”

161. Citibank’s assertion was materially false because the October 12, 2018 judgment was not “in connection with” the attachment notice filed against the Izumrud I property. The attachment notice had been annulled and the attachment notice was nevertheless invalid because Citibank failed to obtain a judgment against Izumrud.

162. The only lien Citibank obtained by virtue of the October 18, 2018 judgment was against Freidman’s property.

163. Citibank never notified GF Judgments—as the party to which turnover of control of Izumrud had been ordered in the Sterling Action and the party contesting Citibank’s attachment claims in the Citibank Action—that the Izumrud II foreclosure action had been commenced or that Citibank falsely asserted that its attachment notice against Izumrud’s property was valid.

164. After the Referee declared the surplus from sale, Citibank moved to confirm the Referee’s Report of Sale and requested appointment of a referee to distribute surplus moneys.

165. With its motion, Citibank submitted a sworn affirmation stating, again, that by virtue of its notice of attachment filed against Izumrud’s property and the October 12, 2018 judgment, Citibank had a lien on Izumrud’s property and “Citibank is entitled to the Surplus Money.”

166. Citibank's assertion was again false, and Citibank again failed to notify GF Judgments of its false claim.

167. On July 9, 2020, YG purported to file a surplus moneys demand on Izumrud's behalf.

168. As control of Izumrud had been ordered turned over to GF Judgments, Citibank knew YG lacked authority to appear on Izumrud's behalf

169. Citibank never contacted GF Judgments to confirm YG's authority.

170. Despite knowing that YG lacked authority and knowing it lacked a valid lien that would entitle it to a distribution of surplus moneys, on or about May 10, 2022, Citibank entered a purported "Settlement Agreement" with Izumrud, signed by YG.

171. In the purported Settlement Agreement with YG, Citibank agreed and acknowledged that "Izumrud authorized YG to act as Izumrud's exclusive agent to process Izumrud's claim to the Surplus and to retain attorneys of its YG's choosing to perform and manage the claiming process."

172. Citibank knew its acknowledgement was false because control of Izumrud had been ordered turned over to GF Judgments and Citibank never notified GF Judgments of the Izumrud II foreclosure action or the purported Settlement Agreement.

173. In the Settlement Agreement, YG also agreed and acknowledged that "Citibank has a valid judgment lien on the Property because Izumrud is an alter ego of Evgeny Freidman" and, therefore, its "levy of attachment on the Property was effective."

174. Citibank knew the acknowledgement was false because Izumrud was, in fact, not Freidman's alter ego and no judgment had ever been entered against Izumrud.

175. A referee was appointed to determine the appropriate distribution of surplus moneys from the sale of Izumrud II real property.

176. According to the Referee's Report filed on December 22, 2022, Citibank was the only party that appeared at the surplus moneys hearing and "requested that the Surplus Moneys be disbursed in accordance with the Settlement Agreement."

177. Based upon Citibank's misrepresentations and omissions, the Referee determined that the surplus moneys from the sale of the Izumrud II property be distributed in accordance with the unauthorized "Settlement Agreement" signed by Citibank and YG.

178. Citibank was awarded and, upon information and belief, received \$328,565.88 in surplus moneys that should have been delivered to Izumrud as owner for distribution to GF Judgments as lienholder of distributable Proceeds attributable to its lien on ownership interests in Izumrud.

179. The improper distribution of proceeds to Citibank impaired the value of the ownership interests in Izumrud and thus of GF Judgments' collateral.

180. Citibank knew that whoever entered the purported "Settlement Agreement" upon which the Referee directly relied lacked authority to do so.

181. Nevertheless, Citibank falsely relied upon the ultra vires Settlement Agreement to convince the Referee to award Citibank most of the surplus moneys to which it was otherwise not entitled.

182. Upon information and belief, the surplus moneys Citibank received was, by court order, delivered to Zeichner.

183. To the extent that Zeichner delivered the proceeds to Citibank, the proceeds may be traced to a Citibank account or through a lowest intermediate balance analysis of the particular account.

184. Upon information and belief, in all, Citibank was wrongfully awarded, received and converted \$2,659,857.73 in surplus moneys to which it was not entitled from the sale of the New York Properties.

CAUSES OF ACTION

FIRST CAUSE OF ACTION **(Declaratory Judgment)**

185. GF Judgments repeats and realleges the allegations of paragraphs 1 through 184 above as if fully set forth herein.

186. GF Judgments is a perfected, senior secured creditor of Freidman and, as of March 25, 2014, possesses a first priority blanket lien on Freidman's personal property, including on his General Intangibles.

187. Freidman's 99% ownership interests in the Monaco Entities constitute General Intangibles on which GF Judgments possesses a first priority blanket lien.

188. GF Judgments also possesses a first priority blanket lien on any "Proceeds" of the General Intangibles.

189. Distributions of property made directly or indirectly from the Monaco Entities attributable to Freidman's 99% ownership interests constitutes "Proceeds" of the ownership General Intangibles.

190. GF Judgments is also entitled under the Security Agreement and the Uniform Commercial Code to possession of Freidman's 99% ownership interests in the Monaco Entities

and any Proceeds distributed from the Monaco Entities on account of Freidman's 99% ownership interests.

191. Upon information and belief, Citibank seized the 99% ownership interests in the Monaco Entities that Friedman possessed that are subject to GF Judgments' blanket lien on Freidman's General Intangibles.

192. Upon information and belief, the Monaco Entities are in the process of selling the real properties they own and that after paying their debts, intend to distribute any remaining proceeds from the sales to holders of ownership interests, including 99% of such proceeds to Citibank.

193. GF Judgments respectfully requests a declaration that (i) the 99% ownership interests in the Monaco Entities Citibank seized and any proceeds Citibank receives attributable to those ownership interests are encumbered by and subject to GF Judgments' blanket lien on Freidman's personal property, including his General Intangibles, (ii) GF Judgments' interest in the 99% ownership interests in the Monaco Entities Citibank seized and any Proceeds Citibank receives attributable to those ownership interests is superior to any interest Citibank possesses, and (iii) GF Judgment is entitled to possession of the ownership interests in the Monaco Entities Citibank seized and to any distribution of proceeds from the sale of the French Properties Citibank receives in accordance with GF Judgments' lien.

SECOND CAUSE OF ACTION
(Injunction/Replevin)

194. GF Judgments repeats and realleges the allegations of paragraphs 1 through 193 above as if fully set forth herein.

195. The 99% ownership interests in the Monaco Entities Citibank seized, and any proceeds Citibank receives attributable to those ownership interests are encumbered by and subject to GF Judgments' blanket lien on Freidman's personal property, including his General Intangibles.

196. GF Judgments' interest in the 99% ownership interests in the Monaco Entities Citibank seized and any proceeds Citibank receives attributable to those ownership interests is superior to any interest Citibank possesses.

197. GF Judgments is also entitled under the Security Agreement and the Uniform Commercial Code to possession of Freidman's 99% ownership interests in the Monaco Entities and any proceeds distributed from the Monaco Entities on account of Freidman's 99% ownership interests.

198. Upon information and belief, the Monaco Entities are in the process of selling the French Properties and after paying their debts, intend to distribute any remaining proceeds from the sales to holders of ownership interests, including 99% of such proceeds to Citibank.

199. Should Citibank receive Proceeds and commingle the Proceeds with its other moneys or property, GF Judgments could lose control of the collateral and risk a lapse of its security interest in the Proceeds.

200. Given its superior interest, GF Judgments is entitled to preliminary and final injunctive relief (i) requiring Citibank to assemble and deliver to GF Judgments the ownership interests in the Monaco Entities seized, (ii) requiring Citibank to preserve the identity of any proceeds received attributable to the 99% ownership interests in the Monaco Entities Citibank

seized, and (iii) requiring Citibank to deliver any proceeds to GF Judgments Citibank receives attributable to the 99% ownership interests in the Monaco Entities Citibank seized.

THIRD CAUSE OF ACTION
(Conversion/Damages)

201. GF Judgments repeats and realleges the allegations of paragraphs 1 through 200 above as if fully set forth herein.

202. After the sale of the New York Properties, Citibank colluded with YG and misrepresented to the appointed Surplus Referees and the foreclosure courts that “on October 12, 2018, in connection with its prior attachment, [Citibank] obtained judgment from the District Court of the Eastern District of New York.”

203. Founded upon that assertion, Citibank then falsely claimed that “Citibank has a secured lien against the foreclosed premises, as of April 28, 2016, that is next in priority after the lien of the Plaintiff.”

204. The purported attachment notices upon which Citibank relied had been annulled since the Bankruptcy Court twice refused to validate the attachment notice and the attachment notice was nevertheless invalid because Citibank failed to obtain judgments against the New York Entities.

205. Accordingly, Citibank never had and has never obtained a lien on the proceeds from the New York Properties sales and thus never had the right to exercise dominion over any surplus moneys to the exclusion of the New York Entities’ competing rights to receive the surplus.

206. Realizing it lacked any lien on the proceeds of the New York Properties sales, Citibank colluded with YG to obtain wrongful dominion of the surplus moneys through purported “Settlement Agreements” it entered with YG.

207. YG lacked authority to enter the Settlement Agreements on behalf of the New York Entities and Citibank knew it lacked a valid lien and knew YG lacked authority when the Settlement Agreements were entered.

208. Nevertheless, in the purported Settlement Agreements with YG, Citibank falsely agreed and acknowledged that YG was authorized to act as the New York Entities' "exclusive agent" to "perform and manage the claiming process."

209. Citibank knew its acknowledgement was false because control of the New York Entities had been ordered and deemed turned over to GF Judgments.

210. In the Settlement Agreements, Citibank and YG also falsely agreed and acknowledged that "Citibank has a valid judgment lien" on the New York Properties because the New York Entities are alter egos of Freidman and, therefore, Citibank's "levy of attachment on the Property was effective."

211. Citibank knew the acknowledgement was false because the New York Entities were, in fact, not Freidman's alter egos, no judgment had ever been entered against them and therefore Citibank's levies of attachment on the New York Properties were not effective.

212. Based upon Citibank's misrepresentations and omissions, the Referees appointed in the New York Entities foreclosure actions and the courts in those actions determined that the surplus moneys from the sales of the New York Properties be distributed in accordance with the unauthorized "Settlement Agreement" signed by Citibank and YG.

213. The New York Entities possessed immediate superior rights of possession over Citibank to the proceeds of the real property sales.

214. Citibank was awarded and, upon information and belief, received the \$2,659,857.73 in surplus moneys over which the New York Entities possessed superior rights that

should have been delivered to the New York Entities as owners for payment of their direct liabilities and for later distribution of any remainder to GF Judgments as lienholder of distributable Proceeds attributable to its lien on ownership interests in the New York Entities.

215. By wrongfully and deceptively causing distribution of the \$2,659,857.73 in surplus moneys to itself, Citibank converted the surplus moneys to its own benefit by knowingly exercising unauthorized dominion and control over property in which the New York Entities possessed superior property interests.

216. By wrongfully and deceptively converting the surplus moneys to itself, Citibank undermined and exhausted the value of the New York Entities and, in turn, the \$2,659,857.73 value of the ownership interests in the New York Entities in which GF Judgments maintained a perfected security interest.

217. Accordingly, GF Judgments, individually and on behalf of the New York Entities, is entitled to disgorgement and damages from Citibank of the \$2,659,857.73 over which Citibank exercised wrongful and unauthorized dominion and through which Citibank caused the reduction in value of GF Judgments' security interest.

218. Citibank's repeated deceptive actions in seeking and obtaining wrongful dominion of the surplus moneys amounts to a pattern of willful dishonesty and wrongdoing in knowing disregard of the New York Entities' and GF Judgments' rights entitling the Plaintiffs to an award of punitive damages in an amount to be determined at trial.

FOURTH CAUSE OF ACTION
(Unjust Enrichment)

219. GF Judgments repeats and realleges the allegations of paragraphs 1 through 218 above as if fully set forth herein.

220. By wrongfully and deceptively causing distribution of the surplus moneys to itself, Citibank received and was enriched by \$2,659,857.73.

221. Citibank's enrichment in its receipt of \$2,659,857.73 in surplus moneys was at the expense of the New York Entities and of GF Judgments.

222. Citibank knew that its receipt of the \$2,659,857.73 in surplus moneys was deceptive and knew that the New York Entities and GF Judgments possessed superior property interests in the surplus moneys.

223. It is against equity and good conscience to permit Citibank to retain the \$2,659,857.73 in surplus moneys it received.

224. Accordingly, GF Judgments, individually and on behalf of the New York Entities, is entitled to a judgment against Citibank for unjust enrichment and ordering Citibank to pay \$2,659,857.73 attributable to Citibank's unjust receipt of the surplus moneys.

225. Citibank's repeated deceptive actions in seeking and obtaining the surplus moneys amounts to a pattern of willful dishonesty and wrongdoing in knowing disregard of the New York Entities' and GF Judgments' rights entitling the Plaintiffs to an award of punitive damages in an amount to be determined at trial.

WHEREFORE, GF Judgments, individually and on behalf of the New York Entities, respectfully requests the Court enter judgment in GF Judgments' favor as follows:

a. On the First Cause of Action, declaring (i) the 99% ownership interests in the Monaco Entities Properties Citibank seized and any proceeds Citibank receives attributable to those ownership interests encumbered by and subject to GF Judgments' blanket lien on Freidman's personal property, including his General Intangibles, (ii) GF Judgments' interest in the 99% ownership interests in the Monaco Entities Citibank seized and any proceeds Citibank receives attributable to those ownership interests superior to any competing interest Citibank possesses, and (iii) GF Judgment entitled to possession of the ownership interests in the Monaco Entities Citibank seized and to any distribution of proceeds from the sale of the French Properties Citibank receives;

b. On the Second Cause of Action, ordering Citibank to assemble and deliver to GF Judgments the ownership interests in the Monaco Entities Citibank seized;

c. On the Second Cause of Action, preliminarily and permanently enjoining Citibank from commingling any proceeds Citibank receives attributable to the 99% ownership interests in the Monaco Entities Citibank seized and ordering Citibank to preserve the identity of any cash proceeds received attributable to the 99% ownership interests in the Monaco Entities Citibank seized;

d. On the Second Cause of Action, ordering Citibank to deliver all proceeds Citibank receives attributable to the 99% ownership interests in the Monaco Entities Citibank seized to GF Judgments;

e. On the Third and Fourth Causes of Action, entering a judgment ordering Citibank to disgorge and pay to GF Judgments, on the New York Entities' behalf, \$2,659,857.73 on account of the surplus moneys Citibank received; and

f. Granting GF Judgments such other and further relief as the Court may deem just and proper.

Dated: New York, New York
December 12, 2023

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