

**Mavridakis v Litvack**

2024 NY Slip Op 33971(U)

November 7, 2024

Supreme Court, New York County

Docket Number: Index No. 154031/2024

Judge: Anar R. Patel

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SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK: COMMERCIAL DIVISION PART 45

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DIMITRI MAVRIDAKIS, TINA EY-VEAN LIU,

**INDEX NO.** 154031/2024

Petitioners,

**MOTION DATE** 04/30/2024

- v -

JAY LITVACK,

**MOTION SEQ. NO.** 001

Respondent.

**DECISION + ORDER ON MOTION**

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**HON. ANAR RATHOD PATEL:**

Petitioners Dimitri Mavridakis and Tina Ey-Vean Liu move pursuant to their Verified Petition seeking (1) to dissolve and wind up Styleline Studios, LLC (“Styleline” or the “Company”) pursuant to New York Limited Liability Law (“LLC Law”) § 702, (2) an order directing the appointment of a receiver pursuant to LLC Law § 703 to oversee the liquidation of assets and wind up of affairs, (3) the liquidation of Styleline, (4) an accounting, and (5) injunctive relief. Non-party and proposed Intervenor-Respondent Hilldun Corporation (“Hilldun”) filed a Notice of Cross-Motion to Intervene on May 28, 2024. NYSCEF Doc. Nos. 16–23, 37–41.

The following e-filed documents, listed by NYSCEF document number (Motion 001) were read on this Motion: 1–23, 27, 32–41, and 47.

Pursuant to the parties’ So Ordered Stipulation dated September 30, 2024, the parties stipulated to the dissolution of Styleline pursuant to LLC § 702 thereby rendering that portion of the Petition as moot. *See* NYSCEF Doc. No. 47 (9/30/24 Stip.). The parties and the proposed Intervenor-Respondent appeared before this Court on September 18, 2024, at which time, and for the reasons set forth on the record, the Court denied Hilldun’s Cross-Motion to Intervene. *See* NYSCEF Doc. No. 48 (9/18/24 Tr.). The Court notes that Hilldun commenced a separate action captioned *Hilldun Corporation v. Styleline Studios, LLC et al* (Index No. 652334/2024) (“Hilldun Action”) on May 6, 2024, which has been assigned to this Court and wherein Hilldun seeks to recover approximately \$5.9 million pursuant to an agreement between Hilldun and Styleline. The parties in the Hilldun Action settled all claims, except for affirmative defenses and cross-claims asserted by Defendants Liu and Mavridakis against Defendant Litvak. NYSCEF Doc. Nos. 68, 72–74.

The parties appeared for oral argument as to the remaining items of relief sought in Petitioner’s application on November 7, 2024. NYSCEF Doc. No. 50.

### Background

Petitioners commenced this dissolution proceeding on April 30, 2024, alleging that their business partner in Styleline, Respondent Litvak, “grossly mismanaged the Company and squandered the Company’s assets, causing the Company to incur liabilities which far exceed its assets.” NYSCEF Doc. No. 1 (Ver. Pet) at ¶ 3. Styleline is a limited liability company created on or about December 18, 2014, and organized under the laws of the State of New York with its principal place of business located at 27 West 24th Street, New York, New York. *Id.* at ¶¶ 12, 19.

On February 1, 2024, Petitioners voted to dissolve the Company and engage in an orderly liquidation of its assets. *Id.* at ¶¶ 5, 49; *see also* NYSCEF Doc. No. 2 (Operating Agreement) at Article 8: Dissolution. Petitioners maintain that Respondent has refused to cooperate in the liquidation, has withheld documents and other information necessary for the liquidation, and has continued to represent and operate Styleline, thereby incurring additional debt. *Id.* at ¶¶ 6, 53, 54. Petitioners allege that the relationship among the three members has become so acrimonious so as to impair any communication and agreement as to the orderly liquidation of assets and payment towards a debt owed to Styleline’s largest secured creditor (Hilldun). *Id.* at ¶ 6.

Because it is impracticable to operate Styleline, let alone engage with Respondent in the liquidation of assets, Petitioners move for the requested relief, which they argue is consistent with the parties’ Operating Agreement. *Id.* at ¶¶ 8, 58; *see also* NYSCEF Doc. No. 2. In the Verified Petition, Petitioners assert the following five causes of action: (1) declaratory judgment pursuant to CPLR § 3001; (2) judicial dissolution and liquidation of Styleline pursuant to LLC Law § 702; (3) appointment of a receiver for Styleline pursuant to LLC Law § 703; (4) accounting; and (5) injunctive relief. For the reasons discussed *supra*, the first, second, and fifth causes of action are deemed as moot in that the parties have stipulated to the dissolution and liquidation of Styleline pursuant to LLC § 702,<sup>1</sup> and therefore Respondent Litvak is necessarily precluded from transacting business on behalf of the now dissolved company.

### Accounting

Petitioners seek access to Styleline’s books and records from Respondent Litvak to determine, *inter alia*, Styleline’s inventory, purported debts, and assets available to pay down any debts that are properly attributed to Styleline. Petitioners offer no legal argument in favor of an accounting; Respondent does not address the issue in his opposition papers. Nevertheless, in light of the parties’ Stipulation to dissolve the Company and consensus to proceed with the winding up of Styleline’s affairs, *see* NYCEF Doc. Nos. 11 (Pet. Mem. of Law) at 1; 27 (Resp. Opp’n) at 2, as well as Article 5 of the Operating Agreement, each of the three members of Styleline retains his/her right to inspect and copy the Company’s books and records.

Accordingly, the Court directs Respondent Litvak to make available any and all books and records of Styleline to Petitioners. Based upon the representations of counsel at the November 7, 2024 oral argument as to the settlement agreement reached in the Hilldun Action, the Court directs counsel to meet and confer to select a mutually agreeable date and time for the inspection and

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<sup>1</sup> In his opposition papers, Respondent Litvak stated that he does not oppose the entry of an order judicially dissolving Styleline. NYSCEF Doc. No. 27 (Resp. Opp’n).

copying of books and records. Said date shall occur within fourteen (14) days of this Decision and Order.

### **Appointment of a Receiver**

Petitioners seek the appointment of a receiver pursuant to LLC Law § 703 to (1) ascertain the assets and liabilities of Styleline, (2) maintain the remaining assets of Styleline to proportionally cover outstanding debts, (3) wind up the affairs of Styleline, and (4) direct the remaining property of Styleline be sold to compensate the company's creditors in a commercially reasonable manner.

Pursuant to LLC Law § 703, the Court may appoint a receiver or "liquidating trustee" to wind up the LLC's affairs. Section 704 mandates that, in the event of dissolution, a dissolution order be issued under which the assets shall be distributed, beginning with all creditors.

Here, the parties agree to the winding up of the Company's affairs and liquidation of assets to repay outstanding debts, including the debt to Hilldun. *See* NYSEF Doc. Nos. 11 at 2; 27 at 2. The parties disagree as to how to execute a liquidation plan. Petitioners cite to mistrust among the parties, Respondent's historical mismanagement of the Company, and Respondent's failure to coordinate directly with Petitioners—although they admit the parties communicate through counsel. Respondent asserts that the expense associated with a court-appointed receiver, which would be paid from the Company's remaining assets and therefore reduce the amount available to repay Hilldun, militates in favor of foregoing a receiver.

The Operating Agreement is silent as to the distribution of assets upon dissolution and therefore the Court turns to LLC Law § 704, which explicitly addresses the distribution of assets upon the winding up of a limited liability company. Here, the Court—consistent with Article 5 of the parties' Operating Agreement—has directed that Petitioners are provided with the Company's book and records, and with the assistance of the parties' respective counsel. The parties do not dispute that Hilldun seeks to recover an amount from the Company that very likely exceeds its assets, and—as of the date of the November 7 Oral Argument—represented that pursuant to the settlement in the Hilldun Action, the parties agreed to the liquidation of all assets over an eight-month period to be overseen by Respondent Litvak and whereby the proceeds from the sale of assets would be provided to Hilldun. Accordingly, it is unclear to this Court what, if any, purpose a court-appointed receiver would serve at this juncture, particularly where the Company is dissolved and inoperative. The Court therefore determines that the appointment of a receiver pursuant to LLC § 703 is unwarranted, although Petitioner may renew its application.

Accordingly, it is hereby

**ORDERED** that Hilldun Corporation's Cross-Motion to Intervene is denied; and it is further

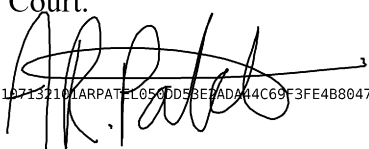
**ORDERED** that Petitioners' application is granted to the extent that Respondent shall make the books and records of the LLC available to the Petitioners as set forth herein, but is otherwise dismissed without prejudice; and it is further

**ORDERED** that counsel shall meet and confer to select a mutually agreeable date and time for the inspection and copying of books and records to occur within fourteen (14) days of this Decision and Order.

The foregoing constitutes the decision and order of this Court.

11/7/2024

DATE

  
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ANAR R. PATEL, A.J.S.C.

CHECK ONE:

CASE DISPOSED

NON-FINAL DISPOSITION

GRANTED

DENIED

GRANTED IN PART

OTHER

APPLICATION:

SETTLE ORDER

SUBMIT ORDER

CHECK IF APPROPRIATE:

INCLUDES TRANSFER/REASSIGN

FIDUCIARY APPOINTMENT

REFERENCE