

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF BRONX

.....X

CORNER FURNITURE DISCOUNT CENTER, INC.
and 2901 FURNITURE OUTLET, INC.,

Plaintiffs,

Index No. 30522/2018E

vs.

SUMMONS

GARY SAPIRSTEIN,

Defendant.

.....X

GARY SAPIRSTEIN,

Defendant/Counterclaimant,

vs.

CORNER FURNITURE DISCOUNT CENTER, INC.
and 2901 FURNITURE OUTLET, INC.,

Plaintiffs/Counterclaim
Defendant,

and

RONGAR REALTY OF N.Y., INC. and 2926 REALTY CORP,

Additional Counterclaim
Defendants.

.....X

To the above-named Additional Counterclaim Defendants:

YOU ARE HEREBY SUMMONED and required to serve upon
Defendant/Counterclaimant's attorney an answer to the Counterclaim in this action within twenty
(20) days after the service of this summons, exclusive of the day of service, or within thirty (30)

days after service is complete if this summons is not personally delivered to you within the State of New York. In case of your failure to answer, judgment will be taken against you by default for the relief demanded in the complaint.

The basis for venue in Bronx County is CPLR § 503.

Dated: November 7, 2018

Respectfully submitted,

/s/ Carlos F. Gonzalez

Carlos F. Gonzalez

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Gary Sapirstein

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF BRONX

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CORNER FURNITURE DISCOUNT CENTER, INC.
and 2901 FURNITURE OUTLET, INC.,

Plaintiffs,

Index No. 30522/2018E

vs.

GARY SAPIRSTEIN,

Defendant.

**VERIFIED ANSWER,
AFFIRMATIVE DEFENSES AND
VERIFIED COUNTERCLAIMS
TO VERIFIED COMPLAINT**

.....X

GARY SAPIRSTEIN,

Defendant/Counterclaimant,

vs.

CORNER FURNITURE DISCOUNT CENTER, INC.
and 2901 FURNITURE OUTLET, INC.,

Plaintiffs/Counterclaim
Defendant,

and

RONGAR REALTY OF N.Y., INC. and 2926 REALTY CORP.

Additional Counterclaim
Defendants.

.....X

Defendant/Counterclaimant Plaintiff, Gary Sapirstein, files his Verified Answer and Affirmative Defenses and his Verified Counterclaims to the Verified Complaint and alleges as follows:

VERIFIED RESPONSE TO ALLEGATIONS IN SECOND AMENDED COMPLAINT

1. Sapirstein denies paragraph 1.
2. Sapirstein admits that he has known the Stechlers for decades but denies the rest of paragraph 2.
3. Sapirstein denies paragraph 3.
4. Sapirstein denies paragraph 4.
5. Sapirstein denies paragraph 5.
6. Sapirstein admits paragraph 6.
7. Sapirstein admits paragraph 7.
8. Sapirstein admits paragraph 8.
9. Sapirstein admits paragraph 9.
10. Sapirstein admits to venue as the Companies have their principal places of business in Bronx County, but denies the rest of paragraph 10.
11. Sapirstein admits paragraph 11.
12. Sapirstein admits paragraph 12.
13. Sapirstein denies paragraph 13.
14. Sapirstein denies he was acting as a manager but admits the rest of paragraph 14.
15. Sapirstein is without knowledge as to a preliminary review conducted by Plaintiffs, thereby denying paragraph 15.
16. Sapirstein is without knowledge as to an investigative firm's findings for any alleged self-dealing and misappropriation, thereby denying paragraph 16.
17. Sapirstein is without knowledge as to an investigative firm's findings for any alleged self-dealing and misappropriation, thereby denying paragraph 17.

18. Sapirstein denies paragraph 18.

19. Sapirstein denies paragraph 19.

20. Sapirstein denies paragraph 20.

21. Sapirstein denies paragraph 21.

22. Sapirstein denies paragraph 22.

23. Sapirstein adopts his prior responses to the allegations of paragraphs 1 through 22.

24. Sapirstein admits he was on the Board of Directors of the Companies, and acted as Treasurer of the Companies, and denies the rest of paragraph 24.

25. Sapirstein denies paragraph 25.

26. Sapirstein denies paragraph 26.

27. Sapirstein denies paragraph 27.

28. Sapirstein denies paragraph 28.

29. Sapirstein denies paragraph 29.

30. Sapirstein denies paragraph 30.

31. Sapirstein adopts his prior responses to the allegations of paragraphs 1 through 22.

32. Sapirstein admits paragraph 32.

33. Sapirstein admits he was on the Board of Directors of the Companies, and acted as Treasurer of the Companies, and denies the rest of paragraph 33.

34. Sapirstein denies paragraph 34.

35. Sapirstein denies paragraph 35.

36. Sapirstein denies paragraph 36.

37. Sapirstein denies paragraph 37.

38. Sapirstein denies paragraph 38.

- 39. Sapirstein denies paragraph 39.
- 40. Sapirstein denies paragraph 40.
- 41. Sapirstein denies paragraph 41.
- 42. Sapirstein adopts his prior responses to the allegations of paragraphs 1 through
22.
- 43. Sapirstein admits he was on the Board of Directors of the Companies, and acted as
Treasurer of the Companies, and denies the rest of paragraph 43.
- 44. Sapirstein denies paragraph 44.
- 45. Sapirstein denies paragraph 45.
- 46. Sapirstein denies paragraph 46.
- 47. Sapirstein denies paragraph 47.
- 48. Sapirstein adopts his prior responses to the allegations of paragraphs 1 through
22.
- 49. Sapirstein admits he was on the Board of Directors of the Companies, and acted as
Treasurer of the Companies, and denies the rest of paragraph 49.
- 50. Sapirstein denies paragraph 50.
- 51. Sapirstein denies paragraph 51.
- 52. Sapirstein denies paragraph 52.
- 53. Sapirstein denies paragraph 53.
- 54. Sapirstein denies paragraph 54.
- 55. Sapirstein denies paragraph 55.

AFFIRMATIVE DEFENSES

56. As the first affirmative defense, Plaintiffs have failed to state a cause of action as to all counts upon which relief can be granted as Corporate Plaintiffs have failed to sufficiently plead a basis upon which relief can be granted. Corporate Plaintiffs fail to allege with specificity any factual allegations to establish the requisite elements and fail to set forth ultimate facts to show that the Corporate Plaintiffs are entitled to relief.

57. As the second affirmative defense, Plaintiffs' claim is barred because it lacks standing. Plaintiffs are not the proper parties in interest as the claims are derivative in nature and must be brought by a shareholder of corporate Plaintiffs in its derivative capacity.

58. As the third affirmative defense, Plaintiffs are barred from filing this Complaint because it failed to join a necessary party. Plaintiffs are not the proper party in interest as this claim is derivative in nature, therefore this claim must be brought by a shareholder of the corporate Plaintiff in its derivative capacity who is a necessary and indispensable party to this action.

59. As the fourth affirmative defense, Plaintiffs failed to mitigate any damages allegedly sustained. As such, any damages actually sustained by Plaintiffs should be reduced proportionally for the failure to mitigate such losses.

60. As for the fifth affirmative defense, Plaintiffs' claims are barred, in whole or in part, by the doctrine of "unclean hands".

61. As for the sixth affirmative defense, Plaintiffs are barred from recovery by virtue of the doctrine of offset. Plaintiffs are barred from recovery against Defendant because all the payments that Plaintiffs are requesting represent monies actually owed to Defendant by Plaintiffs.

62. As for the seventh affirmative defense, Plaintiffs' fraud-based cause of action is barred because they have failed to plead fraud with particularity.

63. As for the eighth affirmative defense, Plaintiffs are barred from recovery because of the doctrine of unjust enrichment, whereby giving Plaintiffs the amount they requested in the lawsuit would result in Plaintiffs receiving more money than they are entitled to.

64. As for the ninth affirmative defense, Plaintiffs' damages are limited to the period allowed by the State of New York Statute of Limitations.

65. As for the tenth affirmative defense, Plaintiffs' damages are void pursuant to consent and approval of the method of Gary Sapirstein operated as chief financial officer of the Companies by the majority owners of the Plaintiffs.

66. Defendant Gary Sapirstein reserves his rights to amend or add affirmative defenses as discovery proceeds.

VERIFIED COUNTERCLAIMS

JURISDICTION, VENUE, AND THE PARTIES

1. This is an action for damages by Defendant/Counterclaim Plaintiff, Gary Sapirstein, for judicial dissolution against Corner Furniture Discount Center, Inc., 2901 Furniture Outlet, Inc, 2926 Realty Corp, and Rongar Realty of N.Y., Inc, and for breach of an oral agreement.

2. The Court has jurisdiction over this action pursuant to its general jurisdiction under the New York Constitution, Art. VI, § 7, and New York Judiciary Law § 140-b.

3. Venue is proper in this county pursuant to New York CPLR § 503. The Plaintiffs/Counterclaim Defendants have their principal places of business in Bronx County. In addition, a substantial portion of the events giving rise to the claims in this action occurred in Bronx County, and much, if not all, of the evidence is located in Bronx County.

4. Defendant/Counterclaim Plaintiff, Gary Sapirstein, is a resident of Bronx, New York.

5. Plaintiff/Counterclaim Defendant, Corner Furniture Discount Center, Inc, is a New York for-profit Company, located in Bronx, New York.

6. Plaintiff/Counterclaim Defendant, 2901 Furniture Outlet, Inc., is a New York for-profit Company, located in Bronx, New York.

7. Plaintiff/Counterclaim Defendant, 2926 Realty Corp, is a New York for-profit Company, located in Bronx, New York.

8. Plaintiff/Counterclaim Defendant, Rongar Realty of N.Y., Inc, is a New York for-profit Company, located in Bronx, New York.

9. All conditions precedent to the filing of this action have occurred, have been fulfilled, waived, excused, or otherwise satisfied.

10. The Plaintiffs have engaged Rimon, P.C. to represent them in the prosecution of this Counterclaim, pursuant to the terms and conditions of a signed engagement letter, whose confidentiality under the attorney-client privilege and work-product doctrine is reserved unless expressly waived.

GENERAL ALLEGATIONS

11. In or about October of 1984, Gary Sapirstein and Ronald Stechler opened Corner Furniture Discount Center, Inc. (“Corner Furniture”).

12. Ronald Stechler and Sapirstein agreed that Stechler would own seventy-five percent of Corner Furniture and Sapirstein would hold the remaining twenty-five percent.

13. In or about 1990, Corner Furniture purchased a building located at 2916 White Plains Road through a newly formed corporate entity, Rongar Realty of N.Y., Inc.

14. In or about 1995, Corner Furniture purchased the adjoining building located at 2926 White Plains Road, using a newly formed corporate entity, 2926 Realty Corp.

15. For tax purposes, the two buildings, along with the parking lot behind the buildings, were merged under the Rongar Realty of N.Y., Inc entity. Ronald Stechler and Sapirstein agreed that Stechler would own seventy-five percent of Corner Furniture and Sapirstein would hold the remaining twenty-five percent.

16. Starting in 2008, Corner Furniture started to see a decline in business income because of the economic turmoil.

17. This is when the dispute between Ronald Stechler and Sapirstein started.

18. Because of a divorce Sapirstein was going through, Ronald Stechler was concerned about the way the business was being ran, therefore he brought in his son, Eric Stechler, to take over the operations.

19. Eric Stechler had no experience in furniture retailing and had just graduated from college. But Ronald Stechler wanted to remove Sapirstein and have his son take over.

20. Sapirstein remained employed as the chief financial officer, Secretary and Executive Vice President of the Companies.

21. In or about 2012, Ronald Stechler decides to give Eric Stechler 24% of Corner Furniture.

22. This left Ronald Stechler with 51%, Eric Stechler with 24%, and Sapirstein with 25%.

23. Within two years, Eric Stechler was causing Corner Furniture to lose significant amounts of monies.

24. In or about 2013 and 2014, a competitor furniture company opens in front of Corner Furniture.

25. This was the second company that operated in the same location since 2005, attempting to compete with Corner Furniture.

26. After a short period, the competitor shut its doors and Ronald Stechler decided to take over the space, opening 2901 Furniture Outlet, Inc (“2901”).

27. Even though Sapirstein raised concerns that Corner Furniture was unable to afford opening a second store, Ronald Stechler as the majority owner went forward with the second store.

28. Ronald Stechler and Sapirstein agreed that Stechler would own fifty-one percent of 2901, with Eric Stechler owning 24% and Sapirstein would hold the remaining twenty-five percent.

29. At this point, Sapirstein’s salary was significantly reduced and his benefits were eliminated in order to save monies. This was yet another step by Ronald Stechler on forcing Sapirstein out.

30. Over the next several years, as Corner Furniture and 2901 started incurring significant debt and invoices were not being paid, Sapirstein and Ronald Stechler sparred over how to best handle the finances of Corner, with Sapirstein recommending bankruptcy.

31. This dispute came to a head in mid-2018, when Ronald Stechler finally got rid of Sapirstein by accusing him of embezzling funds from Corner, removed Sapirstein from the Board of Director of the Companies, and terminated him as Chief Financial Officer.

**AS AND FOR A
FIRST COUNTERCLAIM PURSUANT TO THE NEW YORK CONSILATED LAWS,
BUSINESS CORPORATION LAW § 1104-A – JUDICIAL DISOLUTION AGAINST
CORNER FURNITURE DISCOUNT CENTER, INC., 2901 FURNITURE OUTLET,
INC., 2926 REALTY CORP, AND RONGAR REALTY OF N.Y., INC.**

32. Sapirstein repeats and realleges the allegations set forth in paragraphs 1 – 31.

33. Since the founding of Corner Furniture Discount Center, Inc, and through the formation of 2901 Furniture Outlet, Inc, 2926 Realty Corp, and Rongar Realty of N.Y., Inc (jointly known as “the Companies”), Sapirstein has owned 25% of the stock and has served on the Board of Directors and as Chief Financial Officer of the Companies.

34. All of the Companies are owned and operated by the majority shareholders Ronald and Eric Stechler.

35. As a result of ongoing disputes regarding the operations of the Companies, the majority shareholders, Ronald and Eric Stechler, held a special meeting of the Companies’ Board of Directors on August 9, 2018.

36. At the August 9th meeting, Ronald and Eric Stechler removed Sapirstein from the Companies’ Board of Directors, depriving Sapirstein of any voice in the Companies’ management.

37. Ronald and Eric Stechler also terminated Sapirstein from his employment as Chief Financial Officer of the Companies. Because the Companies do not pay any dividends, the Stechlers’ actions deprived Sapirstein of his sole source of economic benefit in the form of salary and bonuses.

38. By removing Sapirstein from the Companies’ Board of Directors and terminating him as the Companies’ Chief Financial Officer, the Stechlers are guilty of oppressive actions toward Sapirstein as the minority shareholder.

39. Because the Companies’ principal assets constitute the real estate they own, Sapirstein can only be made whole through the dissolution of the Companies and the sale of their assets.

40. Accordingly, and as a result of Ronald and Eric Stechler’s oppressive actions toward Sapirstein, he is entitled to recover damages to be proven in trial equaling twenty-five

percent of the value of the Companies, in an amount no less than two million five hundred thousand dollars (\$2,500,000).

**AS AND FOR A SECOND COUNTERCLAIM FOR BREACH OF ORAL AGREEMENT
AGAINST CORNER FURNITURE DISCOUNT CENTER, INC.**

41. Sapirstein repeats and realleges the allegations set forth in paragraphs 1 – 31.

42. In his capacity as Chief Financial Officer and with the express approval of Ronald Stechler, Sapirstein applied for and obtained two credit cards against which expenses related to Corner Furniture's daily operations were charged.

43. The first credit card, issued by American Express, under Sapirstein's name, has an open balance of \$12,387.55.

44. The second card, issued by Citibank, also under Sapirstein's name, has an open balance of \$11,279.97.

45. Sapirstein has repeatedly requested that Ronald Stechler either directly pay or reimburse him for payments due and owing to American Express and Citibank.

46. Despite making numerous promises to pay the amounts owed, Ronald Stechler have not paid the amounts owed.

47. Sapirstein has been damaged as both credit card companies are now demanding payment from Sapirstein directly.

48. Accordingly, Sapirstein is entitled to recover damages to be proven at trial equaling \$24,667.52 plus interest and penalties incurred by the non-payment of these credit cards.

PRAYER FOR RELIEF

Wherefore, Defendant/Counterclaim Plaintiff, Gary Sapirstein, demands judgment as follows:

A. On the first cause of action for judicial dissolution of the Companies, a judgment in favor of dissolution of the Companies, Corner Furniture Discount Center, Inc., 2901 Furniture Outlet, Inc., 2926 Realty Corp, and Rongar Realty of N.Y., Inc, and that Sapirstein be awarded twenty-five percent of the value of the Companies, in an amount no less than two million five hundred thousand dollars, plus attorneys' fees and costs in amounts to be determined at trial; and

B. On the second cause of action for breach of an oral agreement, a judgment in favor of Sapirstein in the amount of \$24,667.52 plus interest and penalties due and owing as result of the Stechlers' refusal to pay the amounts owed on each of the credit cards.

Dated: November 7, 2018

Respectfully submitted,

/s/ Carlos F. Gonzalez

Carlos F. Gonzalez

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Attorneys for Defendant, Gary Sapirstein

CERTIFICATE OF SERVICE

I hereby certify that on November 7, 2018, I authorized the electronic filing of the foregoing with the Clerk of the Court using the NYSCEF system which will send notification of such filing to the registered participants.

I certify under penalty of perjury under the laws of the State of New York that the foregoing is true and correct.

Dated: November 7, 2018

Respectfully submitted,

/s/ Carlos F. Gonzalez

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Attorneys for Defendant, Gary Sapirstein

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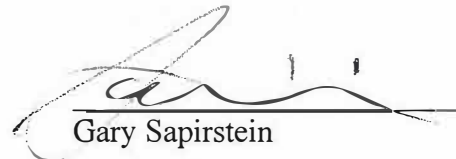
VERIFICATION

STATE OF NEW YORK)

COUNTY OF NEW YORK) ss.:

Gary Sapirstein, being duly sworn, deposes and says:

I have read the foregoing Verified Answer, Affirmative Defenses, and Verified Counterclaims to the Verified Complaint and know the contents thereof, which are to my knowledge true, except as to those matters stated to be alleged on information and belief, and to these matters I believe them to be true.


Gary Sapirstein

Sworn to before me this
6th day of November, 2018



Notary Public

VICKI GREEN
Notary Public, State of New York
No. 01GR6206680
Qualified in Bronx County
Commission Expires May 26, 2017
