

**KINGS COUNTY****CONTRACTS****Fraudulent Inducement — Real Estate Transactions****Building's buyer claimed rent-stabilized status not disclosed**

<b>VERDICT</b>	<b>Defense</b>
<b>CASE</b>	Sigalit Sharabi v. Lorraine Morales, Eugene DeGennaro, Antoinette DeGennaro, No. 10214/04
<b>COURT</b>	Kings Supreme
<b>JUDGE</b>	Ellen M. Spodek
<b>DATE</b>	1/13/2010
<b>PLAINTIFF ATTORNEY(S)</b>	Sharon Weintraub Dashow, Brooklyn, NY Howard Pludwin, Gonshorek & Pludwin, Brooklyn, NY
<b>DEFENSE ATTORNEY(S)</b>	Noah L. Pusey, Cilmi & Associates PLLC, New York, NY (Antoinette DeGennaro, Eugene DeGennaro) None reported (Lorraine Morales)

**FACTS & ALLEGATIONS** On June 4, 2002, plaintiff Sigalit Sharabi, a real estate developer, signed a contract for the purchase of a property that was located at 315 56th St., in Brooklyn. The property was owned by Antoinette DeGennaro

and Eugene DeGennaro, and it included a multiple-family dwelling that housed one tenant, Lorraine Morales. The transaction closed on Oct. 9, 2002.

Sharabi claimed that she subsequently learned that Morales was a rent-stabilized tenant whose monthly rent totaled \$650. Sharabi contended that she would not have made the purchase if she had been aware of Morales' rent-stabilized status.

Sharabi sued Antoinette DeGennaro, Eugene DeGennaro and Morales. Sharabi alleged that Antoinette DeGennaro and Eugene DeGennaro fraudulently induced her to agree to the sale contract's terms. Sharabi also sought a declaratory judgment that Morales was not entitled to rent stabilization.

Morales was ultimately let out of the case, and the matter proceeded to a trial against the remaining defendants.

Sharabi claimed that the defendants withheld or misrepresented Morales' status during the sale negotiations.

Defense counsel contended that the contract's tenant rider clearly disclosed that Morales held a two-year unsigned lease as a result of a stipulation of settlement negotiated with a prior owner of the building, but Sharabi's counsel argued that the contract did not explain the stipulation's terms, which specified that the owner's successors were also bound to the agreement.

Defense counsel claimed that the stipulation was clearly referenced in the contract and thus not hidden. He claimed that its terms could have been confirmed through a public source. Alternatively, he argued that Sharabi could have refused to close until the defendants provided a copy of the stipulation.

Eugene DeGennaro contended that he did not intentionally withhold any information regarding Morales. He claimed that he did not meet, or speak to, Sharabi until the closing—some four months after the contract was signed.

Prior to summations, Judge Elaine Spodek dismissed the claim against Antoinette DeGennaro. The matter proceeded against Eugene DeGennaro.

**INJURIES/DAMAGES** The trial was bifurcated, so damages were not before the court.

Sharabi purchased the subject property for \$395,000, and Morales remained in the premises until 2008. Sharabi claimed that Morales' presence prevented her from developing the property and realizing its full value. Sharabi sought recovery of compensatory damages of \$1.1 million.

**RESULT** The jury rendered a defense verdict.

**TRIAL DETAILS** Trial Length: 3 days  
Trial Deliberations: 1 hour  
Jury Vote: 6-0

**EDITOR'S NOTE** This report is based on information that was provided by counsel of Antoinette DeGennaro and Eugene DeGennaro. Plaintiff's counsel did not respond to the reporter's phone calls, and Morales' counsel was not asked to contribute.

—Jaclyn Stewart