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GIBSON DUNN

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New York Court of Appeals Round-Up & Preview

The New York Court of Appeals Round-Up & Preview summarizes key opinions in civil cases issued by the Court over the past year and highlights a number of cases of potentially broad significance that the Court is set to hear during the coming year. The cases are organized by subject.

For nearly 200 years, the New York Court of Appeals has resolved issues of paramount significance for New York and the nation. As the state's court of last resort, its judges regularly issue landmark decisions on issues ranging from state common law to the United States Constitution. Moreover, its broad jurisdiction over a wide array of cases in New York often results in rulings of great importance in commercial and other matters.

In 2025, as in 2024, the Court continued its trend of reviewing a larger number of cases than it had in prior years. The Court issued significant opinions on a wide array of issues, including separation of powers, foreclosure, choice of law, workers' compensation, and insurance.

One of the biggest changes this year was an update to the Court's rules regarding amicus briefing (22 NYCRR 500.23). Effective December 10, 2025, the Court amended its Rules of Practice to prohibit amici from "present[ing] the views of individual lawmaker(s) outside of the publicly available contemporaneous legislative history to address legislative intent." The change stems from the Court's longstanding approach to ascertaining legislative intent when interpreting statutes—official sources and declarations may be considered, but the political statements of individual legislators may not.

This rule appears designed to prevent the submission through amicus briefs of materials that a party cannot properly present to the court, consistent with its aversion to arguments regarding legislative intent made on the basis of isolated, sometimes after-the-fact statements from individual legislators. By limiting amicus briefs to statutory text and officially adopted legislative materials, the Court reinforces the primacy of looking to the text of the legislation and its surrounding materials like legislative preambles or committee reports. Commentators have found the new rule to be unique, as there are few other substantive limits on the kinds of arguments amici may make.

I. CONSTITUTIONAL LAW

In the past year, the Court resolved significant issues of constitutional law relating to separation of powers and the retroactive application of statutes under due process—the latter in the foreclosure context.

a. Separation of Powers

> ***Cuomo v. New York State Comm'n on Ethics & Lobbying in Gov't*, 44 N.Y.3d 141 (2025).**

In a 4-3 decision (Rivera, J., joined by Wilson, C.J., Troutman and Halligan, J.J.), the Court rejected former Governor Cuomo's facial separation-of-powers challenge to the Ethics Commission Reform Act of 2022 (the "Act"), which amended Executive Law § 94 and replaced the Joint Commission on Public Ethics with a new commission—the Commission on Ethics and Lobbying in Government—charged with administering, investigating, and enforcing New York's ethics and lobbying laws. The Act reallocated appointment and removal authority among multiple branches and an external review committee, raising a concern that the commission was exercising core executive investigative and enforcement functions with limited gubernatorial control.

The Court held that, although the Act "goes very near the line of what is constitutionally permissible," the statute does not facially violate separation-of-powers principles, given the strong presumption of constitutionality, the heavy burden required to sustain a facial challenge, and features of the commission's structure. Those features include a multi-branch appointment process subject to approval by an independent review committee of New York law school deans (or designees), good-cause removal protections for commissioners, and the continued role of executive branch officials in enforcing ethics and criminal laws.

Judge Garcia dissented (joined by Judges Singas and Scarpulla), arguing that the Act violates "bedrock principles" of separation of powers because it vests the Commission with "unprecedented responsibility" to administer and enforce ethics and lobbying laws while, in the dissent's view, placing appointment and removal effectively beyond executive control.

b. Retroactivity

> ***Article 13 LLC v. Ponce De Leon Fed. Bank*, 2025 WL 3272351 (N.Y. Nov. 25, 2025), and Van Dyke v. U.S. Bank, N.A., 2025 WL 3272341 (N.Y. Nov. 25, 2025).**

In two unanimous decisions issued the same day, the Court of Appeals addressed the retroactive reach and constitutionality of the Foreclosure Abuse Prevention Act (FAPA), enacted in December 2022. FAPA was designed to prevent lenders from keeping foreclosure claims alive indefinitely through technical maneuvers related to loan acceleration and discontinuance.

In *Article 13 LLC* (Wilson, C.J.), the Court answered certified questions concerning whether FAPA applies to foreclosure actions commenced before its enactment and whether such retroactive application violates due process under the New York Constitution. This case concerned FAPA section 7 (codified at CPLR 213(4)(b)), which prevents a lender from avoiding the statute of limitations by disputing the validity of a prior loan acceleration, unless the earlier foreclosure action was dismissed based on an express judicial determination that the acceleration was invalid. The Court held that the Legislature clearly intended this provision to apply immediately and to all foreclosure actions in which no final judgment of foreclosure and sale has been enforced, including actions commenced before FAPA's enactment.

The Court further held that retroactive application of FAPA section 7 does not violate substantive or procedural due process. On substantive due process, the Court explained that FAPA does not alter the six-year statute of limitations for foreclosure actions but instead limits a lender's ability to evade that limitations period by contesting prior accelerations—an interest the Court concluded is not a vested right and may be regulated by the Legislature. On procedural due process, the Court rejected the argument that a grace period was required, emphasizing that FAPA did not shorten the applicable limitations period.

In *Van Dyke* (Singas, J.), the Court relied heavily on its analysis in Article 13 LLC to reject federal constitutional challenges to FAPA under the Due Process Clause (as well as the Contract Clause) and to apply FAPA sections 4, 7, and 8 to bar a lender's foreclosure claim. Those provisions prohibit lenders from unilaterally resetting the statute of limitations, estop them from disputing prior accelerations absent an express judicial determination, and provide that voluntary discontinuance does not restart the limitations period. The Court explained that the lender lost the right to enforce the mortgage because the six-year statute of limitations had already expired, not because of FAPA itself.

The Court further held that the lender could not revive its foreclosure claim by voluntarily dismissing an earlier action, explaining that such a dismissal did not undo the prior acceleration or insulate the lender from subsequent statutory changes. Nor could the lender avoid FAPA's estoppel provision by relying on prior rulings in the earlier foreclosure action. A denial of summary judgment, the Court explained, is not a determination on the merits and therefore does not constitute an express judicial determination that the loan was not validly accelerated.

II. JURISDICTION & CIVIL PROCEDURE

The Court also addressed several important issues in the areas of jurisdiction and civil procedure, including standing, statutes of limitations, and choice of law.

a. Standing

***Clarke v. Town of Newburgh*, 2025 WL 3235042 (N.Y. Nov. 20, 2025).**

In a unanimous 7-0 decision (Wilson, C.J., joined by Rivera, Singas, Cannataro, Troutman, Kern, and Kennedy, J.J.), the Court determined that the Town of Newburgh (Newburgh) did not have standing to challenge a provision of the New York Voting Rights Act (NYVRA). This case arose after a group of private plaintiffs sued Newburgh for violating the NYVRA. In defending this original lawsuit, Newburgh challenged the NYVRA as facially violating the federal and state Constitutions' Equal Protection Clauses.

The Court was tasked with deciding whether Newburgh, as a political subdivision of the State, had standing to challenge New York State laws. The Court reiterated that political subdivisions of New York generally do not have standing to sue the State, as hearing those cases would involve the judiciary in an intra-legislative-branch dispute. The Court held that the "dilemma exception"—under which courts allow municipal standing when compliance with a state statute would force a municipality to violate the federal Constitution—did not apply because Newburgh could not show that the NYVRA actually forced it to violate the Constitution. The Court emphasized that Newburgh was launching a facial challenge to the law, so Newburgh needed to show that every possible application of the law could require it to take unconstitutional actions. It made no difference that Newburgh was not suing the State directly; the political subdivision rule acts as a near-complete bar to municipalities arguing that state laws are unconstitutional.

b. Statute of Limitations

***Burrows v. 75-25 153rd Street, LLC*, 44 N.Y.3d 74 (2025).**

In a unanimous 7-0 decision (Garcia, J., joined by Wilson, C.J., and Rivera, Singas, Cannataro, Troutman, and Halligan, J.J.), the Court evaluated the statute of limitations for New York's Rent Stabilization Law (RSL). The case originated from a group of tenants who were suing their landlord for allegedly charging illegally high rents. Some of the disputed years were outside the RSL's typical four-year statute of limitations; however, the Court found the "fraud exception" applied, extending the time period over which the plaintiffs could sue.

The fraud exception allowed plaintiffs to sue based on activity that would have otherwise been outside the statute of limitations because plaintiffs sufficiently alleged that their landlord was engaged in a scheme to fraudulently deregulate their rent. The Court decided that the fraud exception was to be applied broadly, as the RSL statute of limitations was enacted to give honest landlords respite from old claims, not to provide a safe harbor for landlords acting in bad faith. In this case, the Court declined to import the common law's requirement that a plaintiff plead reasonable reliance on a dishonest statement to survive a motion to dismiss. In so doing, the Court noted that requiring reasonable reliance could allow a landlord to collude with a tenant to deregulate rents for future tenants, as rents are always based on the previous lease term's amount. Instead of pleading each element of common law fraud, to survive a motion to dismiss, a plaintiff need only allege a colorable claim that their landlord is engaging in a scheme to fraudulently evade the RSL.

c. Choice of Law

***Ezrasons, Inc. v Rudd*, 2025 WL 1436000 (N.Y. May 20, 2025).**

In a 6-1 decision (Cannataro, J., joined by Rivera, Singas, Troutman, Halligan and Landicino, J.J.), the Court addressed whether the New York Legislature, by enacting Business Corporation Law (BCL) sections 626(a) and 1319(a)(2), partially overrode the internal affairs doctrine—a choice-of-law rule which generally provides that the substantive law of the place of a business's incorporation governs disputes relating to the business's internal operations, such as director duties, shareholder rights, and governance. The Court answered in the negative. Plaintiff argued that BCL sections 626(a) and 1319(a)(2) grant all beneficial owners of shares in foreign corporations standing to litigate derivatively on behalf of their companies in New York, regardless of conflicting foreign substantive law. The Court disagreed, reasoning that BCL section 626(a) merely serves as a baseline standing rule that does not displace the substantive determination as to whether a particular stakeholder is legally authorized to represent a company in litigation. The Court further found that BCL section 1319(a)(2) does not clearly manifest legislative intent to displace the internal affairs doctrine, as the statutory text fails to provide a directive that section 626(a) controls in the event of a conflict with foreign substantive law.

Chief Judge Wilson dissented, arguing that, when BCL sections 626(a) and 1319(a)(2) were enacted in 1961, there was no common law choice of law doctrine for the statutory provisions to override. He went on to argue that "[i]t would be Kafkaesque to require the legislature to manifest a clear intent to displace something nonexistent," challenging the logic behind the canon of construction used by the majority—which requires the legislature to "clearly and specifically override common law."

III. ADMINISTRATIVE LAW

This year, the Court resolved several challenges to administrative action, including the standard for reviewing agency determinations in COVID-19-related workers' compensation proceedings.

a. Workers' Compensation

***Aungst v. Family Dollar*, 2025 WL 3259877 (N.Y. Nov. 24, 2025).**

In a unanimous 7-0 decision (Singas, J., joined by Wilson, C.J., Rivera, Garcia, Cannataro, Troutman, and Halligan, J.J.), the Court evaluated whether evidence of COVID-19's prevalence at a workplace was proper in determining whether contracting COVID-19 constituted an injury sustained in the course of employment. This case arose after an employee suffered complications from COVID-19; the employee filed a claim under the Workers' Compensation Law, which provides compensation for injuries arising in the course of employment. The Court held that it was enough for a claimant to show that a disease was prevalent at their workplace, as extraordinary exposure to a particular disease could be enough to infer that the claimant contracted that disease at their workplace. As such, the Workers' Compensation Board could properly consider the prevalence of disease in an area when evaluating whether there was substantial evidence that a claimant contracted that disease at work. The Court then reiterated that the substantial evidence standard was a minimal burden—it only requires a plaintiff to provide enough evidence to support a reasonable and plausible inference that they contracted a disease from work. Testimony about working with the public and a virus's prevalence in the local community was enough to meet this substantial evidence standard.

IV. CORPORATIONS

The Court took up, but did not definitively resolve, an important issue relating to permissible legal theories for piercing the corporate veil.

a. Piercing the Corporate Veil

> ***Cortlandt Street Recovery Corp. v Bonderman*, 2025 WL 3670592 (N.Y. Dec. 18, 2025).**

In a unanimous 7-0 decision (per curiam), the Court affirmed the Appellate Division in finding that nine entities associated with TPG Capital Management (TPG) satisfied their burden of showing that they did not abuse the privilege of doing business in the corporate form. The question on appeal concerned whether the joint conduct of co-fraudsters, acting together and advertising themselves as a consortium, could be considered in determining the alter ego liability of individual consortium members. While the Court did not directly answer whether a plaintiff may pierce the corporate veil under this theory of a "collective" alter ego, it did consider whether the nine TPG associated entities "when viewed as a collective whole" exercised complete domination over the allegedly dominated companies and whether said domination was used to defraud the plaintiff, leaving the door open to "collective" alter ego arguments in the future. In a concurring opinion, Judge Wilson (joined by Rivera and Halligan, J.J.) wrote to clarify that the plaintiff's failure on appeal "ha[d] nothing to do with veil piercing," but rather "the evidence conclusively shows the absence of any fraud." This suggests the concurring judges viewed this case as an improper vehicle for resolving whether a "collective" alter ego theory is sufficient for piercing the corporate veil.

V. STATUTORY INTERPRETATION

The Court issued an important decision interpreting a state regulation governing insurance reimbursements.

a. Insurance

> ***Gov't Emps. Ins. Co. v. Mayzenberg*, 2025 WL 3259882 (N.Y. Nov. 24, 2025).**

In a 6-1 decision (Rivera, J., joined by Garcia, Singas, Cannataro, Troutman and Halligan, J.J.), the Court addressed the scope of a Department of Financial Services (DFS) no-fault regulation. That regulation, 11 NYCRR 65-3.16(a)(12), renders a healthcare provider ineligible for reimbursement if the provider fails to meet an applicable state or local licensing requirement necessary to perform the billed services. The certified question from the Second Circuit asked whether an insurer may deny no-fault reimbursement based on its determination that a provider paid improper kickbacks or referral fees in violation of the New York Education Law. The Court answered in the negative, holding that alleged kickback-related misconduct does not justify denial of reimbursement unless it results in a fundamental licensing defect, such as loss of professional control to an unlicensed person. The Court warned that a broader rule would undermine the no-fault system by allowing insurers to delay or deny payment based on alleged misconduct better left to regulators.

Chief Judge Wilson dissented, arguing that kickback schemes diverting profits to non-providers are functionally indistinguishable from arrangements in which non-licensed individuals exercise ownership or control over a professional practice. He cited the trial court's finding that the provider paid approximately $390,000 in kickbacks while seeking nearly $4.9 million in no-fault reimbursement. He concluded that such conduct undermines the integrity of the no-fault system and is likely to increase costs for policyholders.

VI. LOOKING AHEAD

We highlight below several civil cases of potentially broad importance that the Court of Appeals is set to decide during the coming year.

a. Torts

> ***Beadell v. Eros Management*, 229 A.D.3d 43 (1st Dept. May 7, 2024), lv. granted, APL-2025-00073.**

The Court will consider whether a hotel owner and operator can be held liable for failing to prevent a guest's suicide under a theory of assumed duty where the hotel did not immediately call the police at a family member's request. Oral argument was held on January 8, 2026.

b. Administrative Law

> ***Russell v. Town of Mount Pleasant*, 227 A.D.3d 1083 (2d Dep't May 29, 2024), lv. granted, APL-2025-000017.**

The Town of Mount Pleasant contends that the protection against unwarranted invasions of personal privacy under the Public Officers Law prevents a municipal body from turning over residential email addresses associated with a local electronic newsletter in response to a FOIL request. The Court granted leave to consider whether the Town was properly directed to disclose private email addresses of town residents. Oral argument was held January 7, 2026.

c. Statutory Interpretation

> ***Quinones Garcia v. Monadnock Construction*, No. 2023-03652 (1st Dep't Jan. 10, 2025), lv. granted, APL-2025-74.**

The Court granted leave to address whether the Justice for Injured Workers Act, which generally prohibits courts from giving collateral estoppel effect to determinations of the Workers' Compensation Board, applies retroactively. Oral argument is scheduled for March 10, 2026.

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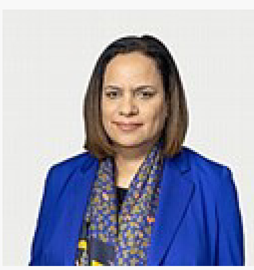

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