



**Legal Alert: Horing Welikson Rosen & Digrugilliers PC secures major victory with Appellate Division Second Department ruling**

**February 14, 2025**

On Thursday, February 13, 2025, partners of the firm Randi Gilbert and Richard Walsh, secured a major victory with a favorable ruling from the Appellate Division, Second Department, in the appeal *Gomes v. Vermyck, LLC*. This ruling sets a clear precedent that under Chapter 95 of the Laws of 2024 (the Chapter Amendments), fraud in rent stabilization cases requires actual proof of intent; neither ignorance of the law nor negligence is sufficient to establish fraud. Furthermore, by mandating that intent must be proven on a unit-by-unit basis, the decision reinforces the need for specific evidence rather than broad allegations. Even in the context of class actions, each tenant will be required to show fraud occurred with respect to their specific apartment before being entitled to apply the default formula.

The full Order/Decision may be found [here](#).