

<b>Eastmore Mgt., LLC v Gunta</b>
2019 NY Slip Op 31771(U)
June 14, 2019
Supreme Court, New York County
Docket Number: 653592/2018
Judge: Andrea Masley
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**SUPREME COURT OF THE STATE OF NEW YORK  
NEW YORK COUNTY**

PRESENT: HON. ANDREA MASLEY

PART IAS MOTION 48EFM

*Justice*

-----X

INDEX NO. 653592/2018

EASTMORE MANAGEMENT, LLC

MOTION DATE \_\_\_\_\_

Plaintiff,

MOTION SEQ. NO. 004

- v -

SUMAN GUNTA,

**DECISION + ORDER ON  
MOTION**

Defendant.

-----X

Masley, J.:

The following e-filed documents, listed by NYSCEF document number (Motion 004) 33, 34, 35, 36, 37, 38, 39, 40, 44, 67

were read on this motion to/for SEAL

In motion sequence number 004, plaintiff Eastmore Management, LLC (Eastmore) moves to redact and seal NYSCEF Doc. Nos. 2, 28, 29, 30, and 31. (NYSCEF Doc. No. 44.)

**Background**

Eastmore, a securities investment firm, utilizes proprietary trading strategies that analyze data to determine the optimal time for purchasing and selling securities. (NYSCEF Doc. No. 1 at ¶ 1.) Eastmore allegedly developed many of these strategies because such development is a key component of its business model. (*Id.* at ¶ 6.) Indeed, Eastmore hired defendant Suman Gunta to implement a pre-existing strategy created by Gunta, Strategy A. (*Id.* at ¶ 22.) The parties entered into an employment agreement, the terms of which allegedly required Gunta to maintain the confidentiality of Eastmore's data, information, and strategies. (*Id.* at ¶ 11.) - Subsequently, Eastmore

terminated Gunta and now alleges that Gunta breached the employment agreement, misappropriated trade secrets, and seeks disgorgement. (*Id.* at ¶¶ 37, 46, 51.)

In support of this order to show cause, Eastmore argues that the documents at issue should be sealed because they contain the length and nature of the restrictive covenants agreed to by Gunta, Gunta's base salary, details concerning Gunta's bonus structure, and a description of the proprietary quantitative trading strategy developed by Gunta. Eastmore asserts that disclosure of this information would threaten its competitive advantage in the industry. Gunta opposes. At oral argument, no member of the public expressed interest in this action. (NYSCEF Doc. No. 67 at 4:22-5:10)

#### Discussion

Section 216.1(a) of the Uniform Rules for Trial Courts empowers courts to seal documents upon a written finding of good cause. It provides:

“(a) Except where otherwise provided by statute or rule, a court shall not enter an order in any action or proceeding sealing the court records, whether in whole or in part, except upon a written finding of good cause, which shall specify the grounds thereof. In determining whether good cause has been shown, the court shall consider the interests of the public as well as the parties. Where it appears necessary or desirable, the court may prescribe appropriate notice and an opportunity to be heard.

(b) For purposes of this rule, ‘court records’ shall include all documents and records of any nature filed with the clerk in connection with the action. Documents obtained through disclosure and not filed with the clerk shall remain subject to protective orders as set forth in CPLR 3103 (a).”

Judiciary Law § 4 provides that judicial proceedings shall be public. “The public needs to know that all who seek the court’s protection will be treated evenhandedly,” and “[t]here is an important societal interest in conducting any court proceeding in an open forum.” (*Baidzar Arkun v Farman-Farma*, 2006 NY Slip Op 30724[U],\*2 [Sup Ct, NY County 2006] [citation omitted]). The public right of access, however, is not

absolute. (*see Danco Lab, Ltd. v Chemical Works of Gedeon Richter, Ltd.*, 274 AD2d 1, 8 [1st Dept 2000]).

The “party seeking to seal court records bears the burden of demonstrating compelling circumstances to justify restricting public access” to the documents. (*Mosallem v Berenson*, 76 AD3d 345, 348-349 [1st Dept 2010] [citations omitted]). The movant must demonstrate good cause to seal records under Rule § 216.1 by submitting “an affidavit from a person with knowledge explaining why the file or certain documents should be sealed.” (*Grande Prairie Energy LLC v Alstom Power, Inc.*, 2004 NY Slip Op 51156 [U], \*2 [Sup Ct, NY County 2004]). Good cause must “rest on a sound basis or legitimate need to take judicial action.” (*Danco Labs.*, 274 AD2d at 9). Agreements to seal are insufficient as such agreements do not establish “good cause.” (*MBIA Ins. Corp. v Countrywide Home Loans, Inc.*, 2012 NY Slip Op 33147[U], \*9 [Sup Ct, NY County 2012]).

In the business context, courts have sealed records where trade secrets are involved or where the disclosure of documents “could threaten a business’s competitive advantage.” (*Mosallem*, 76 AD3d at 350-351 [citations omitted]). Additionally, the First Department has affirmed the sealing of records concerning financial information where there has not been a showing of relevant public interest in disclosure of the financing. (*see Dawson v White & Case*, 184 AD2d 246, 247 [1st Dept 1992].) For instance, in *Dawson v White & Case*, the First Department stated that the plaintiff appellant failed to show “any legitimate public concern, as opposed to mere curiosity, to counter-balance the interest of defendant’s partners and clients in keeping their financial arrangement private.” (*Id.* [internal quotation marks and citation omitted]).

Here, good cause exists to redact the description of the proprietary quantitative trading strategy and the precise number concerning Gunta's noncompete term because disclosure of this information could threaten Eastmore's competitive advantage in the industry. (*see* NYSCEF Doc. No. 67 at 8.) Additionally, good cause exists to redact Gunta's base salary because it has an interest in keeping its financial arrangement private and no member of the public expressed interest in this action. (*Id.* at 4-5, 8.)

Pursuant to, and in accordance with, Rule 216, having determined that good cause exists for the redacting of NYSCEF Doc. Nos. 2, 28, 29, 30, and 31 as detailed in this decision, and the grounds having been specified, it is now accordingly,

ORDERED that the motion is granted to the extent that Eastmore shall redact all references to the description of the proprietary quantitative trading strategy, the precise number concerning Gunta's noncompete term, and Gunta's base salary as directed by this decision from NYSCEF Doc. Nos. 2, 28, 29, 30, and 31; and it is further

ORDERED that Eastmore is directed to re-file NYSCEF Doc. Nos. 2, 28, 29, 30, and 31 in unredacted form within 10 days of the date of this decision. Future submissions containing or referencing confidential information, as outlined in this decision, shall be redacted prior to being filed publicly in NYSCEF; and it is further

ORDERED that the County Clerk, upon service on him of a copy of this order, is directed to seal and accept NYSCEF Doc. Nos. 2, 28, 29, 30, and 31 in unredacted form; and it is further

ORDERED that NYSCEF Doc. Nos. 2, 28, 29, 30, and 31 shall also be filed in redacted form. Until further order of the court, the County Clerk shall deny access to the unredacted documents to anyone (other than the staff of the County Clerk or the court) except for counsel of record for any party to this case, a party, and any representative of

counsel of record for a party upon presentation to the County Clerk of written authorization from the counsel; and it is further

ORDERED that this order does not authorize sealing or redacting for purposes of trial.

6/14/19  
DATE

HON. ANDREA MASLEY  
ANDREA MASLEY, J.S.C.

CHECK ONE:

- CASE DISPOSED
- GRANTED  DENIED
- SETTLE ORDER
- INCLUDES TRANSFER/REASSIGN

- NON-FINAL DISPOSITION
- GRANTED IN PART
- SUBMIT ORDER
- FIDUCIARY APPOINTMENT

- OTHER
- REFERENCE

APPLICATION:

CHECK IF APPROPRIATE: