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Even Arbitrations Are Not Safe from the Prejudgment Remedy



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We <u>previously wrote</u> about the surprising power of the Connecticut Prejudgment Remedy (PJR) statute, which allows litigants to seek an order to attach or garnish property from another party in cases where there is probable cause that the applicant will win a judgment. C.G.S. § 52-278. Another large PJR <u>issued</u> Tuesday shows yet again the exceptional breadth of the PJR, which can be available to litigants even for out-of-state proceedings, and even for arbitration.

In *Tow v. Frontier Communications Parent Inc.*, No. FST-CV23-5028717-S, Judge Adams of the Connecticut Judicial District of Stamford/Norwalk granted a motion for a prejudgment remedy of over \$21 million. The plaintiff, Tow, is the former CEO of Citizens Communications Co., now known as Frontier Communications Parent Inc. Tow claims that Frontier owes him tax reimbursements and "gross up payments" on several whole life insurance policies that Frontier ceased paying in 2022.

The separation agreement between the parties contains forum and law selection clauses that require Tow to bring his claims before the American Arbitration Association in New York City. Nevertheless, Judge Krumeich, also of the Stamford District, <u>denied</u> Frontier's motion to dismiss the Connecticut proceeding in October 2023 because a proceeding may be brought solely to seek a PJR between two Connecticut parties even if the underlying claim is brought in

an arbitration out of state. The Connecticut Supreme Court <u>rejected</u> without comment Frontier's appeal of Judge Krumeich's decision.

Connecticut-based litigants should consider whether they or their adversaries are able to seek a PJR in a separate Connecticut proceeding, regardless of the forum of the underlying proceedings.

Judge Adams rubbished Frontier's attempt to steer the dispute fully into a New York-based American Arbitration Association proceeding, ruling Connecticut law provides an escape hatch for prejudgment remedy to be heard in state court even though arbitration is a preferred method for resolving disputes in the Constitution State.

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