
New York Court of Appeals Elucidates the Requirement of Pleading Damages in a Fraudulent Inducement Case

Date: 05/05/17

On March 2, 2017, the New York Court of Appeals ruled, in a 5-0 decision, that in order to successfully allege fraudulent inducement, the plaintiff must clearly allege actual out-of-pocket loss. The Court clarified that allegations of lost opportunity, potential loss of reputation, and potential to incur litigation expenses are too speculative to permit recovery for fraudulent inducement. The Court also clarified that nominal damages are not available when actual harm is an element of the tort and, thus, because actual harm is an element of fraudulent inducement, a plaintiff claiming fraudulent inducement is not entitled to nominal damages.

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