Royalty Reconciliation — Trust Receipts vs. Defendant's Revenue Base

Litman v. Goldberg, Index No. 524343/2025 (NY Sup. Ct. Kings County · Hon. Brian L. Gotlieb, J.S.C.) Cause of action: NY Civil Rights Law §§ 50–51 (surviving claim) + parallel arbitration-award enforcement (Track 1) **Plaintiff:** Richard C. Litman, Esq. (Reg. No. 30,868), pro se **Defendant:** Joshua B. Goldberg, Esq. (Reg. No. 44,126) **Compiled:** 2026-04-27 — pursuant to Plaintiff's directive of the same date

1. Headline (cautious framing — "do not overstate")

The Plaintiff's position is **not** that the full $32.7M trust-receipts figure is the Revenue base for the 20% royalty calculation. The Plaintiff's position is that the gap between Defendant's $32.7M trust receipts and Defendant's $16.5M reduced revenue base **requires a full equitable accounting** before the Court can determine the correct base. Within that framework:

- **The defensible floor.** At least **$23,694,007.62** of the trust receipts was transferred OUT to Defendant's own operating accounts ("Transfer to Operating," "Trust to Operating," "BOA OP," "Trans OP"). Defendant cannot dispute that funds it itself moved into its own operating accounts were *received* by NGM and therefore are part of "money paid" under the Award's Revenue definition. **20% × $23,694,007.62 = $4,738,801.52. Less Defendant's claimed $2,403,125.66 paid = $2,335,675.86 minimum disputed shortfall.**
- **The unreconciled gap.** Defendant's reconciliation accounting reduces the $32.7M figure to a **$16,506,604.92 period-billed-receipts** base before deducting **$4,494,345.63** in expenses to reach a $12.01M base. The **$16,202,064.16** difference between $32.7M and $16.5M is unreconciled (49.5%) and is the exclusive domain of Defendant's accounting burden.
- **The framing rule.** *Per the Award, Revenue is "money paid" minus only "fees and disbursements advanced by NGM." Defendant must prove every exclusion entry-by-entry. The $32.7M is the starting point that requires Defendant's exclusions to be proven; it is not, on its own, the Plaintiff's claimed Revenue base.*

Line	Source	Amount
Total RL trust receipts (Defendant's own ledger, 6/26/2025)	Trust ledger ending balance audit	$32,708,669.08
Strict OUT-to-Operating (Defendant moved this to its own operating accounts)	Trust ledger transaction labels	**$23,694,007.62**
Defendant's claimed revenue base (period billed receipts)	Defendant's reconciliation accounting	$16,506,604.92
Unreconciled difference (32.7M – 16.5M)	Audit gap requiring full accounting	**$16,202,064.16**
Defendant's claimed expense deduction	Defendant's reconciliation accounting	($4,494,345.63)
Defendant's net revenue base for 20% calculation	$16,506,604.92 – $4,494,345.63	$12,012,259.29
Defendant's calculated 20% allocation	20% × $12,012,259.29	$2,402,451.86
Defendant's claimed payments to Plaintiff	Defendant's reconciliation accounting	$2,403,125.66
Defendant's claimed surplus	"$673.80 over the 20% calculation"	$673.80

The conservative, defensible disputed shortfall is $2,335,675.86 (Plaintiff's lead position — Strict OUT-to-Operating). Higher scenarios are alternative methodologies the Court may consider only if Defendant fails to provide entry-by-entry backup for its claimed exclusions; they should be presented as alternative ceilings, not as Plaintiff's lead claim. See § 5 below.

2. The governing framework — what counts as "Revenue"

The Award. The arbitration award (6/14/2023) awarded Plaintiff "20% of Revenue" from Litman-Originated Clients for a five-year period commencing 6/15/2020. The Award defines Revenue broadly: *"money paid, set-offs of fees owed, or similar bartering / non-cash income, excluding fees and disbursements advanced by NGM."* The Award also characterized the 20% as a **royalty** — *"payment for the privilege of servicing the lucrative client base"* Plaintiff brought to NGM.

Defendant's own characterization. Defendant's motion papers and Defendant Goldberg's affirmation in this action repeatedly describe the arrangement as Plaintiff's right to a *"percentage of revenue generated by clients you originated"* and a *"five-year continued revenue sharing period beginning June 15, 2020."*

The implication. *Revenue* is the controlling category. The starting point is *"money paid."* The burden of proving any exclusion (fees-and-disbursements-advanced-by-NGM, true refunds, internal-only transfers, cost reimbursements) is on Defendant.

3. The June 26, 2025 RL Trust Ledger Report — the computer-generated baseline

The trust ledger is a self-authenticating Soluno PCLaw business record under CPLR 4518(a). It was *generated by Defendant's own software* on **June 26, 2025 at 2:10 AM** for "IntroducingLawyer: RL — Richard Litman" and produced to Plaintiff in the discovery cycle.

Trust-account-level breakout (the report's own totals):

Trust account	Receipts	Disbursements	Balance remaining
Eagle Bank Trust account ending 0495 (t23)	$4,929,597.32	$3,754,666.92	$1,174,930.40
Bank of America Escrow account ending 8777 (t3)	$27,779,071.76	$27,733,162.43	$45,909.33
Total	**$32,708,669.08**	**$31,487,829.35**	**$1,220,839.73**

Transaction-label breakout (parsed from the row-level ledger):

Category	Amount
Direct/non-transfer "IN:" receipt rows (client deposits)	$29,900,675.52
"IN: Transfer" receipt rows (excluding trivial 36372-to-submatter reallocations)	$136,700.00
Total IN-labeled receipt rows	**$30,037,375.52**
Receipt-side "TRF" rows (notation variants)	$2,671,293.56
Total receipt-side movement (matches the report total)	**$32,708,669.08**

OUT-side / disbursement breakout:

Category	Amount
"OUT" rows expressly labeled Transfer to Operating / Trust to Operating / BOA OP / Trans OP	**$23,694,007.62**
Broader OUT including Trust Check, Pay NGM, EagleBank Operating, Trans OP variants	$23,873,424.62
Other disbursement / transfer / invoice movement	$7,793,821.73
Balance remaining in trust (already counted above)	$1,220,839.73

The unambiguous fact pattern: Of the $32.7M in trust receipts, at least $23.69M went OUT to Defendant's own operating accounts, $7.79M went to other disbursement categories, and only $1.22M remained in trust as of 6/26/2025.

4. The defense theory — internal transfers and X-number doubles

Plaintiff anticipates Defendant will argue that some portion of the $32.7M is *internal* trust movement that should not be counted as Revenue. The trust ledger does contain internal-transfer pairs (the same X-numbered transfer appears as both an OUT entry on one matter and a paired IN entry on another). The volume of such pairs is:

Internal-transfer category	Amount
Strict matched X-number transfer pairs (same ID on both sides)	**$3,107,221.40** unique events
Same events double-counted as IN+OUT	$6,214,442.80
Broader matched-transfer review (X-number + paired TRF From/To + BoA-to-Eagle trust-to-trust pairs)	~$3.94M unique events

These figures are the *maximum* amount Defendant can claim was internally double-counted. Even at the broadest defense-favorable reading (~$3.94M), the unreconciled gap remains very large:

- **$32,708,669.08** total receipts
- minus **$3,941,461.35** broadest internal-transfer netting
- equals **$28,767,207.73** in receipts that are NOT internally-paired transfers — and 20% of that is **$5,753,441.55**.

Defendant's reconciliation accounting (which deducts only $4,494,345.63 in *expenses*, not internal transfers) does not credit a single dollar of internal-transfer netting. **Defendant cannot have it both ways**: the $4.5M expense deduction is independent of internal-transfer concerns, so Defendant's reduction of the $32.7M base to $16.5M is unsupported by the netting argument.

5. Damages scenarios — lead with the conservative floor

#	Scenario	Revenue base	20% royalty	Less paid ($2,403,125.66)	Disputed shortfall
(A)	**Defendant's accounting** — period billed receipts $16.5M less $4.5M expenses	$12,012,259.29	$2,402,451.86	($673.80) over	**0** (Defendant's claim)
(B)	**Strict OUT-to-Operating *(Plaintiff's lead position)*** — only the trust-to-operating movement Defendant itself transferred	$23,694,007.62	$4,738,801.52	$2,335,675.86	**$2.34M (floor)**
(C)	*Alternative ceiling* — total trust receipts less broadest internal-transfer netting	$28,767,207.73	$5,753,441.55	$3,350,315.89	$3.35M
(D)	*Alternative ceiling* — total trust receipts (no netting)	$32,708,669.08	$6,541,733.82	$4,138,608.16	$4.14M

Plaintiff's lead position is Scenario (B): a defensible floor of $2.34M. Defendant cannot dispute that funds it itself transferred OUT of trust to its own operating accounts were *received* by NGM. Those funds are squarely "money paid" under the Award's Revenue definition; the only Award-permitted exclusion is for fees-and-disbursements-advanced-by-NGM, which Defendant has not entry-by-entry proved. The OUT-to-Operating amount is the firm's own accounting characterization of the funds — a binding admission against interest.

Scenarios (C) and (D) are presented as alternative ceilings, not Plaintiff's headline claim. They become relevant only if Defendant fails to provide entry-by-entry backup for the $4.5M expense deduction or for the $16.2M unreconciled gap. Under those circumstances, the Court would shift the burden to Defendant and accept a larger Revenue base by default. Plaintiff does not seek to inflate the case by leading with the higher scenarios; Plaintiff's burden is to anchor the floor.

6. The KFU "JBG / JGB verbal" cluster

Plaintiff identified eight (8) trust-ledger rows for KFU bearing the explanation "JBGverbal" or "JGBverbal" — Defendant Goldberg's verbal authorization to move client funds. After de-duplicating mirror-side entries, four (4) unique transfer events remain:

X-transfer ID	Amount	Explanation	Date
X0517	$298.00	JBGverbal 8.18.2021	8/19/2021
X0518	$3,000.00	JBGverbal 8.18.2021	8/19/2021
X0519	$1,100.00	JBGverbal 8.18.2021	8/19/2021
X0520	$810.00	JGBverbal 08.18.2021	8/19/2021
Total unique JBG/JGB-authorized KFU events	**$5,208.00**		

The "JGB" notation is treated as a likely typographical variant of "JBG" until Defendant explains the notation. The eight ledger rows reflect a four-event pattern of *Goldberg-personally-verbally-authorized* fund movement on KFU dockets — a specific, named direction by the named Defendant. This is independent direct evidence of Goldberg's personal control over Plaintiff's originated-client trust funds.

7. The "TRF: Nath, Goldberg & Meyer, in trust" entries

Defendant's ledgers contain **1,159 strict-label** entries reading *"TRF: Nath Goldberg & Meyer, in trust"* totaling **$5,336,968.79**. Including the variant "TRF: Nath Goldberg & Meyer" (without the *"in trust"* suffix) brings the total to **1,819 rows / $7,169,602.18**.

Important nomenclature: per Defendant's own filings, NGM = "Nath & Associates, PLLC, d/b/a Nath, Goldberg and Meyer." Therefore, Plaintiff treats *"Nath & Associates"*, *"Nath & Associates PLLC"*, *"Nath, Goldberg & Meyer"*, *"Nath Goldberg & Meyer"*, and *"NGM"* as related name variants. The strict TRF entries alone equal **$5.34M** of internal trust movement — independent of and additional to the OUT-to-operating $23.69M.

8. The "duplicate payment" pattern — a separate concern

Plaintiff has separately documented a pattern of "duplicate payment," "dup pymt," and "KFU Duplicate Payments" entries in the ledgers, often paired with subsequent transfers to operating or to the 36372 general matter. These are not the same phenomenon as the matched X-number internal transfers. Examples include KFU rows labeled "dup pymt 9.30.2020" followed by a later transfer marked "JBG verbal 8.18.2021" — a *14-month gap* between deposit-classification and transfer.

The legal concern. Duplicate-entry labels are a recognized mechanism by which originated-client revenue can be misclassified, reallocated, or concealed:

Mechanism	What it does
Double-count both sides of an internal transfer	Inflates ledger movement; obscures which dollar is real revenue
Re-label a real client receipt as "duplicate payment"	Excludes it from the Revenue base unless Defendant proves a genuine refund
Move money through a general/umbrella docket (e.g., 36372 KFU general)	Breaks the connection between the originated client and the specific revenue event
Zero out matter balances after sweeping to operating	Makes each docket appear settled while the firm pockets the receipt
Use negative-IN / correction entries	Reverses receipts without a clear refund/reallocation explanation

Plaintiff does not claim that *every* duplicate entry is fraudulent. Plaintiff claims that *every* such entry must be supported by independent backup (the original client payment, the invoice, the bank deposit, the destination account, any refund record, and how it was treated for the 20% calculation) before Defendant may exclude it from Revenue.

9. The "fees and disbursements advanced by NGM" exception

The Award excludes from Revenue only "fees and disbursements advanced by NGM." The trust ledger contains entries with USPTO-related labels — "Patent and Trademark Office Filing Fee," "PTO Filing Fee," "Future Filing Fee," "Future Filing fee PAID 02.19.21," and similar. Many of those entries are *immediately followed* by transfers to operating or invoice-payment entries.

Critical limitation: The trust ledger nowhere expressly marks any entry as *"reimbursement for disbursement advanced by NGM"* or *"NGM advance recovered."* Filing-fee labels alone are insufficient to establish the exception. Defendant must produce, for each claimed exclusion, the invoice-level backup showing: (a) the actual USPTO charge; (b) the source of payment to USPTO (firm operating funds vs. client trust); (c) the date of the USPTO disbursement; (d) the corresponding client invoice; (e) the client reimbursement (or lack thereof); and (f) the treatment of the disbursement in the 20% revenue calculation.

10. Discrete next actions for counsel

1. **CPLR 3122-a demand on the full Soluno reconciliation worklog.** For the six monthly cycles whose Payment Allocation by Client (PAR) reports underlie the $16.5M base, Defendant must produce: (i) the underlying Soluno *period-billed-receipts* query; (ii) the matter-level expense allocations totaling $4,494,345.63; (iii) the matched X-number audit log identifying every internal transfer; (iv) the Write-Off Journal already demanded; (v) the AR Adjustment Journal already demanded.
2. **Goldberg deposition exhibit** — the 6/26/2025 RL Trust Ledger Report itself. Cross-exam on: *(a) the $32.7M total — does Defendant dispute it? (b) the $1.22M ending balance — confirm the $31.49M went*

somewhere. (c) the $23.69M Transfer-to-Operating amount — where did this go? (d) the $5.34M TRF-Nath-Goldberg-Meyer-in-trust label — what does it mean? (e) the JBG/JGB-verbal entries — Goldberg's personal authorization of fund movement on KFU dockets.

3. **CPLR 3123 Notice to Admit additions.** Add admissions tied to: (a) Defendant generated the 6/26/2025 RL Trust Ledger Report; (b) the report shows $32,708,669.08 in trust receipts; (c) the report shows $1,220,839.73 remaining in trust; (d) Defendant moved at least $23.69M out of trust to operating; (e) the JBG/JGB-verbal authorization on KFU 36372 series.
4. **Statement of Material Facts (CPLR 19-A) addition for MSJ.** Anchor the $32.7M figure as Material Fact ¶ X; the $16.5M Defendant-claimed base as ¶ X+1; the $16.2M unreconciled difference as ¶ X+2; the three damages scenarios as ¶ X+3.
5. **Equitable accounting cause of action (Track 1).** The Award itself contemplates a quarterly true-up with backup detail. Defendant has not produced full backup. The unreconciled difference ($16.2M) supports an equitable-accounting claim independent of the contract-enforcement claim.

11. The reconciliation framework — what Defendant must prove for each exclusion

For *every* dollar Defendant seeks to exclude from the $32.7M trust-receipts base, Defendant must independently establish:

If Defendant claims…	Defendant must prove…
The entry is an internal trust-to-trust transfer	The matched X-number on the receiving side, with a single net economic effect
The entry is a refund	The original receipt, the refund processing record, the bank wire reversal
The entry is a "fee/disbursement advanced by NGM"	The USPTO/vendor receipt, the firm-operating-account payment, the client reimbursement chain
The entry is a "duplicate payment"	The original payment, the duplicate, and the corrective reversal — with timing
The entry is a write-off	The Write-Off Journal entry, the firm policy, the disclosure to Plaintiff
The entry is a non-revenue retainer	The retainer agreement, the application of the retainer to subsequent invoices

Until Defendant satisfies these requirements per entry, the entry remains in the Revenue base. The Award's Revenue definition starts with "money paid"; Defendant's burden is to remove items from that universe with backup, not to start from a pre-reduced number.

12. Bottom line — conservative

> *The trust ledgers Defendant itself generated show* **$32,708,669.08** *in receipts on Plaintiff's originated-client matters and only* **$1,220,839.73** *remaining in trust as of 6/26/2025. At least* **$23,694,007.62** *was moved out to Defendant's own operating accounts — that figure is Plaintiff's lead Revenue base because it represents funds Defendant itself transferred into its own operating accounts and therefore squarely "money paid" under the Award.* **The defensible disputed shortfall is no less than $2,335,675.86** *(20% × $23,694,007.62 = $4,738,801.52, minus Defendant's claimed $2,403,125.66 paid). Defendant's reconciliation accounting then reduces the Revenue base to $16,506,604.92 with no entry-level support — leaving $16,202,064.16 unreconciled and supporting an equitable-accounting cause of action.* **Plaintiff is not claiming the full $32.7M as Revenue; Plaintiff is claiming that the floor is $23.7M-OUT-to-Operating and that the $16.2M gap requires a Court-ordered accounting before any larger figure is determined.**

Prepared 2026-04-27 by Litman Intelligence Research Team in support of Plaintiff R.C. Litman, pro se. Attorney work product — privileged and confidential. Calculations derived from Defendant's own June 26, 2025 RL Trust Ledger Report (Soluno PCLaw business record under CPLR 4518) and Defendant's reconciliation accounting produced through outside counsel.