

UNREPORTED\*  
IN THE APPELLATE COURT  
OF MARYLAND\*\*

No. 897

September Term, 2022

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GINA KOCHHAR

v.

MILLER, LONG & ARNOLD CO., INC.

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Shaw,  
Ripken,  
Raker, Irma S  
(Senior Judge, Specially Assigned),

JJ.

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Opinion by Shaw, J.

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Filed: May 19, 2023

\* This is an unreported opinion, and it may not be cited in any paper, brief, motion, or other document filed in this Court or any other Maryland Court as either precedent within the rule of stare decisis or as persuasive authority. Md. Rule 1-104.

\*\* At the November 8, 2022 general election, the voters of Maryland ratified a constitutional amendment changing the name of the Court of Special Appeals of Maryland to the Appellate Court of Maryland. The name change took effect on December 14, 2022.

Miller, Long & Arnold Co., Inc. (“MLA”), Appellee, filed a civil action, in the Circuit Court for Montgomery County, against Gina Kochhar, Appellant, and Core Investments, LLC. MLA contended that Appellant’s grandmother, Baljit Kochhar, fraudulently conveyed ownership in Core Investments to Appellant to avoid a prior judgment that had been entered in a separate action against Baljit Kochhar and her daughter (Gina’s mother), Sonia Kochhar.<sup>1</sup>

The parties filed cross motions for summary judgment. After the court granted MLA’s motion and denied Gina’s, she noted this appeal. She raises five issues for our consideration, which we have condensed to one:<sup>2</sup>

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<sup>1</sup> To avoid confusion, occasionally we shall refer to the various Kochhars by their first names and intend no disrespect in doing so.

<sup>2</sup> As presented by Appellant, those issues are:

1. Did the lower court err by holding that a valid transfer of ownership interest in Core Investments, LLC, to appellant occurred despite Baljit Kochhar’s admission of fraud and forgery in a sworn affidavit?
2. Did the lower court err by failing to invalidate any attempted transfer of interest in Core Investments, LLC, to appellant as required by the September 2, 2021, charging order issued by Hon. Ronald B. Rubin?
3. Did the lower court err in piercing the corporate veil against the appellant in light of the September 2, 2021, charging order issued by Hon. Ronald B. Rubin?
4. Did the lower court err and/or abuse its discretion by entering a monetary judgment against the appellant without any evidence that appellant profited and/or derived any financial benefit from Core Investments, LLC, and in light of Baljit Kochhar’s admitted fraud and forgery?

(continued)

1. Whether the Circuit Court erred in granting summary judgment in favor of Appellee and holding her personally liable for the monetary judgment.

Perceiving no error or abuse of discretion, we affirm the judgment.

### **BACKGROUND**

Appellant’s grandmother, Baljit, previously owned and operated American General Contractor (“AGC”), Inc., a minority business enterprise (“MBE”). Appellee MLA is a concrete subcontractor that had a contract to perform work on construction of a life science building at the University of Maryland Baltimore County. Under Maryland law, MLA was required to do business with MBEs for a certain fraction of the work, and it contracted with AGC to provide concrete. Under the terms of their contract, AGC obtained concrete from Vulcan Materials Company and resold it to MLA at a four percent markup.<sup>3</sup> A dispute arose because, according to MLA, AGC abused its position and diverted funds it received under the contract, intended to pay Vulcan for concrete it had supplied, to the personal use of Baljit and Sonia.

In June 2018, MLA filed a civil action in the Circuit Court for Montgomery County, Case No. 449530-V, against AGC and Baljit, alleging breach of contract, deceit, and

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5. Did the lower court err in granting appellee’s motion for summary judgment against the appellant despite the existence of a genuine issue of material fact?

<sup>3</sup> Vulcan delivered the concrete directly to the construction site, and it never was in the actual possession of AGC.

violation of the Maryland Construction Trust Fund Statute.<sup>4</sup> Three amended complaints followed; the second amended complaint added Sonia as a defendant and added a fourth count, alleging civil conspiracy. The third amended complaint added two more counts, alleging aiding and abetting, and seeking to nullify or set aside a fraudulent conveyance.

In 2019, MLA filed a motion for summary judgment as to counts I and III of its third amended complaint. The court granted that motion. Following a bench trial, the court found, by clear and convincing evidence, that AGC, Baljit, and Sonia had engaged in fraud, and entered judgment in favor of MLA on the remaining counts. In addition, the court imposed punitive damages on both Baljit and Sonia.<sup>5</sup> Appeals were taken but were dismissed for failure to comply with the Maryland Rules.

MLA is still attempting to collect on that judgment. As part of its efforts, it asked the court to enter a charging order against the interest Baljit and Sonia held in Core Investments, LLC, which owns several real properties in Montgomery and Prince George’s Counties, including the residences of both judgment debtors.<sup>6</sup> In September 2021, the Circuit Court granted that request and entered a charging order, which provided:

ORDERED that charging order is hereby issued and shall be attached to the economic interest of Sonia Kochhar in the entity known as CORE INVESTMENTS, LLC; and it is further

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<sup>4</sup> The defendants were domiciled in Montgomery County.

<sup>5</sup> Notably, the court found, among other things, that Baljit and Sonia had engaged in a scheme to “hide assets” from creditors. The court further expressed its dismay at the behavior of Sonia, who was, at the time, an attorney licensed to practice in Maryland.

<sup>6</sup> Baljit lives at a residence in Derwood, and Sonia lives at a residence in Rockville; both residences are, in turn, owned by Core Investments, LLC.

ORDERED that a receiver . . . is hereby appointed for the purpose of making the distributions from CORE INVESTMENTS, LLC to MLA that were due from the limited liability company to Sonia Kochhar; and it is further

ORDERED that a receiver . . . is hereby appointed for the purpose of exercising the inquiries that MLA is entitled to make of CORE INVESTMENTS, LLC, including, but not limited to, review and analysis of the complete financial information of the LLC for the past five years in order to examine and determine its financial condition and whether the distributions from the LLC are likely to pay the judgment within a reasonable time and / or whether other relief is appropriate to be granted; and it is further

ORDERED that if the distributions from CORE INVESTMENTS, LLC will not pay the debt due to the Plaintiff / Judgment Debtor, MLA, within a reasonable time, then MLA shall be entitled to a further order stating that Sonia Kochhar’s economic interest in CORE INVESTMENTS, LLC should be foreclosed and sold within thirty (30) days from the date of that order; and it is further

ORDERED that any transfers that impair Sonia Kochhar’s sole unencumbered economic interest in CORE INVESTMENTS, LLC are hereby invalidated; and it is further

ORDERED that a Writ of Execution levying on the real and personal property held by CORE INVESTMENTS, LLC may issue.

At the time the charging order was entered, Sonia Kochhar was the sole member and owner of Core Investments. Less than two weeks after the charging order was entered, articles of amendment were filed with the Maryland State Department of Assessments and Taxation (“SDAT”), purportedly signed by Gina, stating that the “controlling interest in Core Investments, LLC was transferred to Gina Kochhar on June 30th, 2021.”

Several weeks later, in October 2021, MLA filed the present two-count civil action in the Circuit Court for Montgomery County, Case No. 487454-V, against Core Investments, LLC, and Gina Kochhar, and *Notice of Lis Pendens* against the Montgomery

County residences owned by the LLC. Count I asserted a claim invoking “reverse-piercing” of the corporate veil against Core Investments and Count II asserted a violation of the Maryland Uniform Fraudulent Conveyance Act (“MUFCA”)<sup>7</sup> against both defendants. Although both defendants were served, only Gina filed an answer, and her attorney entered his appearance on her behalf individually and filed an amended answer. Accordingly, the Circuit Court, in January 2022, entered an order of default against the LLC.

In her Answers to Interrogatories, Gina stated:

I never owned any interest in Core Investments, LLC. I was apparently transferred . . . interest in the Core Investments, LLC without my knowledge or consent by my grandmother Baljit Kochhar. I did not consent to any such transfer, did not know about it at the time of the transfer, and I did not sign any documents to that effect. I never gave my grandmother Baljit Kochhar or anyone else any permission to sign on my behalf. My grandmother Baljit Kochhar signed my name to the transfer documents and listed me as the Resident Agent of the company without my knowledge or consent. I did not know that I apparently had ownership interest in the company and was listed a resident agent until I got served with lawsuit in this case.

Gina further averred that she never received any “significant” assets from the LLC and that the “only money” she received from Baljit or Sonia “would be occasional cash money for” birthdays or holidays. Throughout her life until she moved out in 2022, Gina lived with her grandmother in Derwood.

In May 2022, the parties filed cross-motions for summary judgment. Gina attached to her motion two affidavits, one sworn by her and the other, purportedly, by her

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<sup>7</sup> Md. Code (1975, 2013 Repl. Vol.), Commercial Law Article (“CL”), §§ 15-201 through 15-214.

grandmother, Baljit. Gina averred that she “was never involved, owned, managed and/or derived any income or received any financial distributions from any of the businesses owned or operated by either [her] mother Sonia Kochhar or [her] grandmother Baljit Kochhar including Core Investments, LLC.” She further averred that, on September 14, 2021,<sup>8</sup> her grandmother, “unbeknownst to” her and “without [her] consent,” filed articles of amendment, listing Gina as resident agent as well as the owner and managing member of Core Investments. According to Gina, she never consented to her grandmother taking those actions, and the signature of Gina on the articles of amendment was forged by Baljit.

In the affidavit purportedly sworn by Baljit, she claimed to have filed the articles of amendment herself, that she “never discussed” the matter with “her daughter, nor did [she] secure her consent” to file the articles, that she “essentially forged” Gina’s signature on the articles “in an attempt to transfer the company to her in order to evade creditors,” that Gina was unaware that she, Baljit, had done so and that Gina “presently has no ownership interest in the company.”

In late June 2022, the Circuit Court held a hearing on the motions, and it granted MLA’s motion and denied Gina’s. As for Count I of the complaint, the court observed that Core Investments never filed an answer, previously had been found in default, and never filed a motion to vacate that default, and thereby was deemed to have admitted the allegations. As for Count II, the court declared:

The plaintiff in this matter has established a fraudulent conveyance, in this Court’s mind, as a matter of fact and as a matter of law. The plaintiff

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<sup>8</sup> Gina’s affidavit indicates September 14, 2022, an obvious typographic error.

has established that Sonia Kochhar conveyed her assets to Gina Kochhar. As a result of that conveyance, Sonia was rendered insolvent, as she had no other income and no other assets. It is, this Court finds as a matter of fact and as a matter of law, there was no consideration for that conveyance, and the plaintiff had a matured claim against Sonia under a judgment.

Another way the plaintiff may show a violation of the Fraudulent Conveyances Act is to show the defendant is liable under that Act, if the plaintiff shows the defendant debtor made the conveyance with actual intent to defraud present and future creditors.

Maryland courts recognize nine general indicia of intent [to] defraud creditors. They are insolvency or indebtedness of the transferor, lack of consideration for the conveyance, the relationship between the transferor and the transferee, a pendency or threat of litigation, secrecy or concealment in the conveyance, departure from the usual means of business, transfer of the debtor's entire estate, reservation of benefit to the transferor, and retention by the debtor of possession of the property.

In this matter the plaintiff has shown, as a matter of fact and as a matter of law, there was an actual intent to defraud. First, the transfer rendered Sonia insolvent. Second, there was no consideration for the conveyance whatsoever. In fact it is the position of Gina that she had no knowledge or participation in the end or of the conveyance.

The next factor that the plaintiff has established, that shows this Court as a matter of law and fact and intent to defraud, is that Sonia is Gina's mother, and Baljit is Gina's grandmother, the relationship between the parties.

Next, the plaintiff was pursuing a matured claim against the debtors. I think all the parties recognize as a matter of fact and law that Miller Long & Arnold was pursuing a claim against Gina and Baljit.<sup>[9]</sup>

And finally, the next fact the Court considers is Sonia is still living in one of the properties owned by this LLC, which is now insolvent and in default, Core Investments.

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<sup>9</sup> It appears the court misspoke here and intended to say that MLA was pursuing a claim against Sonia and Baljit.



Judge Rubin issued an order in this matter back on, I just want to get the date correct, April 28th of 2021. On September 2nd of 2021, Judge Rubin issued a charging order which has been referenced in this argument, in the case number 449530V.

The transfer from Sonia to Gina, which was evidenced by the SDAT, State Department of Assessment & Taxation filing, was ruled invalid, excuse me, pursuant to the charging order issued by Judge Rubin.

Moreover, the plaintiff established a, if the plaintiff establishes a fraudulent conveyance, the Court has discretion on the relief granted, and may enter any order under the circumstances that the case requires. And that is found in the Courts & Judicial Proceedings Article, 15-210(b)(4).

This Court does not need to assess the credibility of any witnesses in this matter this morning. Given the facts that are alleged, and viewing those facts in the light most favorable to the defendant, the undisputed facts demonstrate a violation of the Fraudulent Conveyances Act. And I find that as a matter of law and as a matter of fact.

I do not need to assess the credibility of any witnesses, although the Court notes that the only affidavit submitted in this case that suggests that the conveyance by Sonia to Gina was fraudulent was submitted by Baljit, and not by Sonia. But that, I say that as an aside. I am not assessing the credibility of anything outside of the facts that I have just alleged.

I find as a matter of fact, based on the circumstances of this case, and based on prior rulings in this case, that a fraudulent conveyance occurred when Sonia transferred assets to Gina, with the sole intent to leave herself insolvent so that she would be unable to satisfy any claims that the plaintiff had against her, and that was the sole purpose, based on the facts of this case, that I find for the conveyance.

The court entered judgment in the amount \$290,070.40 against both Core Investments and Gina. Gina then noted a timely appeal.

## **DISCUSSION**

### **Standard of Review**

A Circuit Court may grant summary judgment in a civil case if “there is no genuine dispute” of material fact, and “the party in whose favor judgment is entered is entitled to judgment as a matter of law.” Md. Rule 2-501(f). We review a trial court’s grant of summary judgment without deference. *Frankel v. Deane*, 480 Md. 682, 700 (2022); *Webb v. Giant of Md., LLC*, 477 Md. 121, 136 (2021).

### **Analysis**

*Whether the Circuit Court erred in failing to invalidate the transfer of Core Investments, LLC, to Gina*

Gina contends that the Circuit Court erred in ruling that a valid transfer of ownership interest in Core Investments, LLC, to her occurred despite Baljit Kochhar’s admission of fraud and forgery in a sworn affidavit. According to Gina, MLA failed to carry its burden of proof to establish that a conveyance occurred. Moreover, she maintains that, under the terms of the charging order entered in Case No. 449530-V, the court in this case was required to invalidate the transfer of Core Investments to Gina.

Although the “party alleging that a conveyance should be set aside as fraudulent initially bears the burden of proving the fraud,” it is nonetheless “well established in this State that facts and circumstances may be such as to shift the burden to the grantee to establish the bona fides of the transaction.” *Wellcraft Marine Corp. v. Roeder*, 314 Md. 186, 189 (1988) (quotation marks and citations omitted). The Court of Appeals (now the

Supreme Court of Maryland)<sup>10</sup> recognizes nine “indicia of fraud” in such a case (although the list is “not exhaustive”):

1. insolvency or indebtedness of the transferor;
2. lack of consideration for the conveyance;
3. relationship between the transferor and transferee;
4. the pendency or threat of litigation;
5. secrecy or concealment;
6. departure from the usual means of business;
7. transfer of the debtor’s entire estate;
8. reservation of benefit to the transferor;
9. retention by the debtor of possession of the property.

*Id.* at 189-90 (quoting *Berger v. Hi-Gear Tire & Auto Supply, Inc.*, 257 Md. 470, 476 (1970)).

Here, the Circuit Court carefully considered these indicia and noted that, based upon undisputed facts, there was a total absence of consideration for the conveyance, which rendered Sonia, the former sole owner of the LLC and a judgment debtor in Case No. 449530-V, insolvent; Sonia still resided at one of the residences belonging to the LLC; the conveyance was effected just after entry of the charging order, and the judgment had matured with respect to Baljit and Sonia; and Gina had lived in one of the residences

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<sup>10</sup> At the November 8, 2022 general election, the voters of Maryland ratified a constitutional amendment changing the name of the Court of Appeals of Maryland to the Supreme Court of Maryland. The name change took effect on December 14, 2022.

belonging to the LLC her entire life and has a close familial relationship with Baljit and Sonia. Under these circumstances, the burden shifted to Gina to show that the conveyance was not fraudulent and she made no attempt to do so.<sup>11</sup>

As for Gina’s contention that the Circuit Court was required to invalidate the transfer of interest in Core Investments, LLC, under the charging order, we look to Commercial Law Article (“CL”), § 15-210, governing the rights of creditors whose claims have not matured,<sup>12</sup> which states:

(a) If a conveyance made or obligation incurred is fraudulent as to a creditor whose claim has not matured, he may proceed in a court of competent jurisdiction against any person against whom he could have proceeded had his claim matured.

(b) In the proceeding, the court may:

(1) Restrain the defendant from disposing of his property;

(2) Appoint a receiver to take charge of the property;

(3) Set aside the conveyance or annul the obligation; or

(4) Enter any order which the circumstances of the case require.

Here, the Circuit Court exercised its discretion to “[e]nter any order which the circumstances of the case require.” If “the subject of the fraudulent conveyance has been disposed of or cannot be reached, the person defrauded should be able to recover from the

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<sup>11</sup> As MLA points out, Gina failed to present an affidavit or any other evidence from Sonia, the sole owner of Core Investments at the time the charging order was entered.

<sup>12</sup> At the time the present case was filed, until final judgment was entered, any claim that MLA had against Gina was not matured.

person to whom the transfer was wrongfully made, and through whose hands it passed[.]” *Damazo v. Wahby*, 269 Md. 252, 256 (1973) (citations omitted). Indeed, the legislative purpose in enacting the MUFCA was “to enhance and not impair the remedies of the creditor.” *Id.* at 257 (quotation marks and citation omitted). Accordingly, a court exercising its equitable powers under the MUFCA is not precluded from entering an in personam judgment merely because the Act “offers the alternative of setting aside the conveyance or executing upon the property conveyed.” *Id.* “The form of the relief should be so framed as ‘to place the judgment creditor in the same or similar position he held with respect to the fraudulent transferor prior to the fraudulent conveyance.’” *Molovinsky v. Fair Emp. Council of Greater Washington, Inc.*, 154 Md. App. 262, 284 (2003) (quoting *Damazo*, 269 Md. at 257). And in any event, the Circuit Court, in imposing personal liability, was seeking to implement the charging order, not to act contrary to its terms.

The charging order was not a straight-jacket intended to frustrate the judgment creditor’s efforts to enforce its judgment. As MLA points out, “in the absence of a money judgment, Gina would be (forever) the safe-harbor to whom Sonia and Baljit could perpetually transfer their assets for the sole purpose of shielding them from their creditors.” We hold that the Circuit Court properly exercised its discretion to fashion an appropriate remedy, as authorized by CL § 15-210(b)(4).

*Whether the Circuit Court erred in piercing the corporate veil against Gina in light of the September 2, 2021, charging order*

Gina contends that the Circuit Court erred in piercing the corporate veil, in light of the charging order.<sup>13</sup> She asserts that “no conveyance of Sonia Kochhar’s assets, namely her interest in Core Investments, LLC, to [Gina] has ever occurred,” because that purported transfer was “automatically invalidated” by terms of the charging order. Gina further maintains that her only involvement in Core Investments was “being born into Sonia Kochhar’s family and being an unwitting, innocent, and unwilling actor in Baljit Kochhar’s fraudulent scheme,” which should not be attributed to her “solely based on her family association.”

We have two answers to Gina’s assertions: first, the SDAT public records indicate that she is the sole owner of Core Investments, LLC, which has been the vehicle used by her extended family to hide its assets from MLA and perpetrate a fraud; and second, for the reasons previously explained, the Circuit Court properly exercised its equitable powers to fashion appropriate relief for the judgment creditor. Moreover, as we explained previously, the charging order did not circumscribe the Circuit Court’s equitable powers, but rather, the court’s exercise of those powers effectuated the purpose of the charging order.

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<sup>13</sup> MLA counters that, because its claim of reverse piercing was asserted only against Core Investments, which did not enter an appearance in the Circuit Court and is not a party to this appeal, Gina lacks standing to challenge the Circuit Court’s ruling in this regard. Although undoubtedly, we “cannot alter a judgment against a party who did not note an appeal,” *Hoang v. Hewitt Ave. Assocs., LLC*, 177 Md. App. 562, 613 (2007) (footnote omitted), we disagree that Gina lacks standing to challenge this ruling. The very purpose of veil piercing is to impose personal liability on a party, such as Gina, who uses a corporate entity to perpetrate a fraud. *Hildreth v. Tidewater Equip. Co., Inc.*, 378 Md. 724, 733 (2003).

*Whether the Circuit Court erred and/or abused its discretion in entering a monetary judgment against Gina*

Gina contends that the Circuit Court erred and/or abused its discretion in entering a monetary judgment against her without any evidence that she profited and/or derived any financial benefit from Core Investments, LLC, and in light of Baljit Kochhar’s admitted fraud and forgery.

For the reasons we already stated, we hold that the Circuit Court neither erred nor abused its discretion in imposing personal liability on Gina. The Circuit Court acted within its authority under the relevant statute, the undisputed facts demonstrated that a fraudulent conveyance had taken place, and now that Gina is the sole owner of Core Investments as the result of that conveyance, she stands in the shoes of Sonia (as of the date of entry of the charging order) and therefore is subject to garnishment.<sup>14</sup>

*Whether the Circuit Court erred in granting summary judgment in favor of MLA despite the existence of a genuine issue of material fact*

Finally, Gina contends that the Circuit Court erred in granting MLA’s motion for summary judgment against her despite the existence of genuine issues of material fact. She asserts that, given the absence of any documents signed by Sonia “which would establish the transfer of any ownership interest in Core Investments to” Gina, in combination with the sworn affidavits of herself and Baljit, there remain contested issues of material fact which preclude entry of summary judgment.

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<sup>14</sup> We further note that, until early 2022, after the complaint in this case was filed, Gina lived in one of the residences that is titled in the name of Core Investments, LLC, and thus she has derived a financial benefit from the LLC.

As the Circuit Court explained at the hearing on the cross-motions for summary judgment, it was unnecessary “to assess the credibility of any witnesses” in the matter because the undisputed evidence, including the affidavit of Baljit and the admissions of both Baljit and Gina that there had been no consideration given for the conveyance, established that there was a fraudulent conveyance. Moreover, the Circuit Court could take judicial notice of its own judgment in Case No. 449530-V, including the fact that substantially all of Sonia’s assets had been placed in Core Investments, LLC, and, as a result, the conveyance to Gina rendered Sonia (as well as the LLC) insolvent. We hold the Circuit Court was legally correct in entering summary judgment.

**JUDGMENT OF THE CIRCUIT COURT  
FOR MONTGOMERY COUNTY  
AFFIRMED. COSTS TO BE PAID BY  
APPELLANT.**