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THE COUNSELOR

NEW YORK PASSES THE ARTIFICIAL INTELLIGENCE COMPANION MODEL LAW

— Alexander Kerzhner

On November 5, 2025, New York enacted the Artificial Intelligence (AI) Companion Model Law. Codified as General Business Law Article 47, the AI Companion Model Law establishes mandatory safety protocols for companies operating AI companion models in New York.

The new law defines an “AI companion” as a system using artificial intelligence, generative artificial intelligence, or emotional recognition algorithms, designed to simulate a sustained or human-like relationship with a user by: (i) retaining information on prior interactions to personalize the interaction and facilitate ongoing engagement with the AI companion; (ii) asking unprompted emotion-based questions that go beyond a direct response to a user prompt; and (iii) sustaining an ongoing dialogue concerning matters personal to the user.

The law requires operators using AI companions to clearly and regularly notify users that they are interacting with an artificial intelligence system and that the user is not interacting with an actual human. The disclosure must be clear and conspicuous, must be made verbally or in writing, and must be made at the start of a session and at periodic intervals (at least every three hours) of continued use. In addition, AI companions must contain a protocol to reasonably detect and address user expressions of suicidal ideation or self-harm and direct users to crisis service providers, such as by calling the U.S. Suicide and Crisis Lifeline, upon detection of suicidal or self-harm expressions.

AI companion systems are used in various types of industries, including, retail, finance, healthcare, wellness, education, hospitality, and media. It appears that the focus of New York’s AI Companion Model Law is on businesses that use artificial intelligence in connective, emotionally engaging, and high risk conversational and companion systems, such as those focusing on dating, relationships, crisis response, crisis management, medical, and quasi-medical purposes. Businesses that use artificial intelligence systems must immediately implement processes and procedures to comply with the new disclosure and detection requirements.

Notably, the definition of AI Companion excludes: (i) any system used by a business entity solely for customer service or to strictly provide users information about available commercial services or products provided by such entity, customer service account information, or other information strictly related to its customer service; (ii) any system that is primarily designed and marketed for providing efficiency improvements, or research or technical assistance; or (iii) any system used by a business entity solely for internal purposes or employee productivity.

There is currently no private right of action, but non-compliance with the AI Companion Model Law may be enforced by the New York attorney general and may result in significant civil penalties of up to \$15,000 per day for a violation.

If you have any questions, or if you believe your business may be affected by this new New York law, our FDT attorneys are here to help.



Alexander Kerzhner, Partner



BANKING & FINANCE

James C. Ricca negotiated and closed a \$15,000,000 mortgage loan on behalf of an Institutional Lender, secured by commercial property in Queens, New York.

On behalf of an Institutional Lender, **Lindsay Mesh Lotito** and **James C. Ricca** negotiated and closed a mortgage loan refinance in the amount of \$31,500,000 secured by a hotel in Melville, New York.

Lindsay Mesh Lotito and **Steven G. Gaebler** negotiated and closed a refinance of a commercial mortgage loan for \$17,226,974 on behalf of an Institutional Lender secured by commercial condominium units in New York, New York.

On behalf of a Firm client, the Sponsor of a Condominium Building in New York City consisting of 1 commercial unit and 191 residential units, **James C. Ricca** and **Lindsay Mesh Lotito** negotiated and closed a \$90,000,000 mortgage loan with East West Bank with corporate document amendments and opinion letter review done by **Joseph V. Cuomo**, **Rachel L. Partain**, and **Caroline G. Frisoni** and the non-consolidation opinion letter done by **Gerard R. Luckman** and **Gabriella E. Botticelli**.



LAND USE & ZONING

Andrea Tsoukalas Curto obtained variances from the Village of Flower Hill Board of Zoning and Appeals and a special use permit from the Village's Board of Trustees to maintain an outdoor glass dining pavilion for Limani restaurant on Northern Boulevard in Roslyn.

Taylor L. Gonzalez obtained a use variance, area variances, and site plan approval for the development of an auto body repair shop in the Village of Hempstead.

Kathleen Deegan Dickson obtained a change of zone, conditional use permit, and variances from the Town of North Hempstead Town Board and Board of Zoning Appeals to permit the Goddard School to open in Manhasset.

Philip A. Butler secured final site plan approval for a new, 49-unit rental apartment building in the Village of Manorhaven.

Philip A. Butler secured multiple variances for a new free-standing Citibank and drive-thru at Huntington Square Plaza in Commack.



TRUSTS & ESTATES

Stephanie M. Alberts, **Lorraine S. Boss**, and **Robert H. Groman** designed and implemented a comprehensive estate tax plan for a client using coordinated Wills, Revocable Trusts and Irrevocable Grantor Trusts. The plan leveraged lifetime gifting to use estate and GST exemptions, and also utilized a Grantor Retained Annuity Trust to transfer future appreciation in marketable securities out of the taxable estate without consuming additional exemption.

After the firm successfully moved to dismiss the Respondent's counter-claims filed against our client as the Court-appointed Executor, the Nassau County Surrogate's Court wholly granted **Cheryl L. Katz**, **Jonathan P. Weiss**, and **Nicholas F. Bekker's** motion for summary judgment relating to our client's Petition seeking an Order to eject a non-beneficiary from Estate-owned real property. Notably, this Decision and Order allows a 13-year-old Estate to be distributed in accordance with the Decedent's probated last will and testament.



TAX CERTIORARI

Nicole S. Forchelli resolved a property tax matter for a Fortune-500 company in Upstate New York, obtaining a real estate tax refund of approximately \$125,000 for the client.



CONSTRUCTION

As part of the Subcontractor's Trade Association Legislative Committee, **Bret L. McCabe** recently had success as related to the provisions of NYS General Business Law, in that Chapter 657 has been modified to reflect that the maximum amount of retainage allowed to be withheld is capped at 5% on any private construction contract that exceeds \$150,000.

John M. Comiskey obtained a favorable decision granting summary judgment to a construction client resulting in dismissal of a lawsuit alleging the client was negligent.

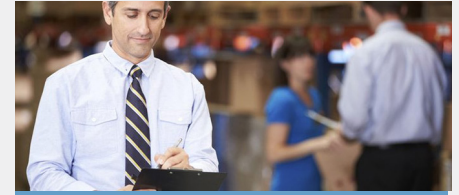


LITIGATION

Richard A. Blumberg, Danielle E. Tricolla, and Judy L. Simoncic succeeded on a motion for summary judgment in Nassau County Supreme Court in a case involving easement rights, commenced by a homeowners' association in Roslyn (the "HOA") neighboring our client's property. The HOA claimed that our client's easement had expired in 1991 and, thus, our client's use of the easement area was impermissible. In our motion for summary judgment, we established that the easement did not, in fact, expire but rather, that it is a perpetual easement. The Court agreed, disposing of all claims arising out of our client's use of the easement area.

Jacqueline A. Rappel and **Gabriella E. Botticelli** successfully represented a client against an aiding and abetting breach of fiduciary duty claim.

Ms. Rappel and **Ms. Botticelli's** pre-answer motion to dismiss on behalf of FDT's client was granted in its entirety such that the client was completely released from the litigation.



EMPLOYMENT & LABOR

Gregory S. Lisi and **Lisa M. Casa** won a motion for summary judgement completely dismissing a case against our client for fraudulent sale of a residential property and active concealment of defects.

Gregory S. Lisi, Lisa M. Casa, and the Employment & Labor group received a positive summary judgment decision from the Federal District Court in the Eastern District of Virginia. The case concerned our client, who was accused of violating non-compete and non-solicitation clauses in his employment contract when he was hired by our other client, a former customer of the Plaintiff, to perform essentially the same job, as well as other complaints.



VETERINARY

The Veterinary Group represented the seller of a veterinary clinic in New Jersey in the multimillion dollar sale of 60% of its business to a national consolidator. The seller also retained partial ownership of the real estate in which the practice is located.

EVENTS & SPEAKING ENGAGEMENTS

FDT was a sponsor of Build Green Long Island's 12th Annual Golf Outing. **Brian R. Sahn** and **Elbert F. Nasis** golfed as part of a foursome. **Mr. Sahn** is a Board Member of this organization.



FDT's Long Island General Counsel Network (LIGCN) hosted a Fall Networking Dinner at Volpe Restaurant in Woodbury. **Joseph V. Cuomo** and **Lisa M. Casa** co-chair this Firm initiative.

Alexander Kerzhner co-chaired, and FDT sponsored, a reception for the GenAI Connect networking group. **Caroline G. Frisoni**, **Mary E. Mongioi**, **Joseph V. Cuomo**, **Rachel L. Partain**, **Camila Morcos**, **Taylor L. Gonzalez**, **Jeremy M. Musella**, **Jonathan P. Weiss**, and **Nicole Deegan** attended.



FDT was a Gold sponsor of the Long Island Business Development Council's (LIBDC) 55th Annual Conference. **Daniel P. Deegan**, **Judy L. Simoncic**, **Brian W. Kennedy**, **John P. Gordon**, and **Lauren Harris** attended.



Lindsay Mesh Lotito, **Kristina Filippi**, **Cynthia Meehan**, **Jennifer Menz**, and **Agatha Rankin** participated in, and raised funds for, the American Cancer Society's Making Strides Walk to advance breast cancer research and support.



Cheryl L. Katz participated in a NYSBA Trusts & Estates sub-committee meeting to prepare for the upcoming House of Delegates presentation of the proposed Lost Trust policy.

FDT Hosted Advantage Title Lunch and Learn with Debra Thompson. **Andrea Tsoukalas Curto**, **Kathleen Deegan Dickson**, **Taylor L. Gonzalez**, **Philip A. Butler**, **John P. Gordon**, **James C. Ricca**, **Lindsay Mesh Lotito**, **Camila Morcos**, **Daniel S. Dornfeld**, **Jad S. Sayage**, **Julia J. Lee**, and **Thomas Huszar** attended.

Cheryl L. Katz and **Jonathan P. Weiss** volunteered at the Nassau County Bar Association's Pro Bono Open House Legal Clinic.



FDT was a Venue Sponsor for The Real Estate Institute 2025 Luncheon. **Daniel P. Deegan**, **Kathleen Deegan Dickson**, **Daniel S. Dornfeld**, **Andrea Tsoukalas Curto**, **Lindsay Mesh Lotito**, **Jad S. Sayage**, **Bret L. McCabe**, **Robert L. Renda**, **John P. Gordon**, **Douglas W. Atkins**, and **Philip A. Butler** attended. **Mr. Dornfeld** is the newest Board Member.

EVENTS & SPEAKING ENGAGEMENTS (CONTINUED)

Mary E. Mongioi attended the NY Vet Show conference and exhibit hall. Following the conference, **Ms. Mongioi** and her business partner, Anthony LaPolla, from Empower Business Strategies, and Bank of America hosted industry professionals at a cocktail reception. **Jeremy M. Musella, Rachel L. Partain, Stephanie M. Alberts, Caroline G. Frisoni, Michael A. Berger, and Kristina Filippi** attended the reception.



Andrea Tsoukalas Curto, Lindsay Mesh Lotito, Kathleen Deegan Dickson, Carol Rizzo, Camila Morcos, Lorraine S. Boss, and Cheryl L. Katz attended HIA-LI Annual Women's Leadership Conference.



John V. Terrana, Nicole S. Forchelli, Douglas W. Atkins, and Robert L. Renda attended the 2025 IPT Property Tax Symposium in California. FDT was a sponsor at the Monday Breakfast.



Jesse Hiney spoke at the Hofstra Energy & Environmental Law Society (HEELS) career panel.

FDT Hosted "One Big Beautiful Breakfast; Important Real Estate Highlights from the 2025 Tax Act." **Kathleen Deegan Dickson, Brian R. Sahn, Daniel S. Dornfeld, Rachel L. Partain, Jamie P. Alpern, John P. Gordon, Carol Rizzo, Robert H. Groman, and Myrna Cadet-Osse** attended.

FDT hosted The XPX December Meeting. **Rachel L. Partain and Judy L. Simoncic** attended.

FDT was a Bronze Sponsor of Vision Long Island's Smart Growth Summit. **Judy L. Simoncic, John P. Gordon, Philip A. Butler, and Julia J. Lee** attended. **Ms. Simoncic** is a member of Vision's Board of Directors. **Mr. Butler** spoke on a panel at the event.

FDT was a Navigator Sponsor for Long Island Association's (LIA) State of the Region Breakfast. **John V. Terrana, Daniel P. Deegan, Judy L. Simoncic, Brian W. Kennedy, Philip A. Butler, and Donald F. Leistman** attended. **Mr. Deegan** is a Board Member of LIA.

Andrea Tsoukalas Curto, Julia J. Lee, Judy L. Simoncic, and Kathleen Deegan Dickson attended the Women Economic Developers of Long Island (WEDLI) Holiday Luncheon. FDT was a sponsor.



FDT participated in the Island Harvest 2025 Turkey & Trimmings Collection Campaign. **Kathleen Deegan Dickson** and **Andrea Tsoukalas Curto** are pictured with the Firm's donations.



Representatives from Options for Community Living stopped by to pick up the holiday donations that were collected from FDT staff. **Judy L. Simoncic** is a Board Member of Options and spearheaded the initiative.



John V. Terrana, Robert L. Renda, and **Julia J. Lee** presented FDT's holiday toy donations to Nassau County Assessment Review Commission. Donations were collected for the Marine Corps Toys for Tots campaign.





Forchelli Deegan Terrana LLP is proud to announce the Firm's regional ranking in the 2026 Best Lawyers - Best Law Firms® List. FDT has been ranked a Tier 1 on Long Island in Land Use and Zoning Law and Real Estate Law and a Tier 2 on Long Island in Construction Law, Employment Law – Management, and Litigation - Labor and Employment.

TRUSTEE EMERITUS FOR BROOKLYN LAW SCHOOL

In recognition of his decades of distinguished service to Brooklyn Law School, **Jeffrey D. Forchelli** was named Trustee Emeritus at the school.

Mr. Forchelli joined the Board of Trustees in 2005 and has played a pivotal role in guiding the Law School and supporting generations of students and faculty.

As Trustee Emeritus, **Mr. Forchelli** will continue to be part of the Law School family, offering his insight and institutional knowledge, while enjoying recognition for his decades of commitment.



ANDREA TSOUKALAS CURTO

Andrea Tsoukalas Curto was appointed an affiliate Board Member of the Commercial Industrial Brokers Society of Long Island and co-chair of the CIBS W Committee.



BRET L. MCCABE

Bret L. McCabe was appointed the Advocate for the Knights of Columbus, Council # 6802, St. Paul the Apostle. Mr. McCabe was also elected Vice President of North Shore Coalition Against Substance Abuse.



LONG ISLAND BUSINESS NEWS HONORS

JOHN V. TERRANA

Influencers – Top 100 Long Islanders



John V. Terrana was featured in Long Island Business News' Influencers: Top 100 Long Islanders special editorial section, which was published on LIBN's homepage, website, and morning e-alert.

BRET L. MCCABE

Leaders in Law Awards



Bret L. McCabe was a recipient of Long Island Business News' Leaders in Law Awards, which recognize dedicated individuals whose leadership, both in the legal profession and in the community, has had a positive impact on Long Island.

PRACTICE GROUP HIGHLIGHT: TAX CERTIORARI

The Tax Certiorari practice group concentrates in handling tax certiorari proceedings to challenge real estate tax assessments and reduce real estate taxes. Our team approach involves checking every aspect of a property's taxation to ensure that our clients obtain the largest possible tax refund and reduction in future taxes. We have been successful in obtaining millions of dollars in real estate tax refunds and savings for our clients, which include national, regional, and local owners and tenants of all types of commercial and residential property.

Having a practice group that concentrates in tax certiorari has enabled us to maximize our effectiveness through our experience and strong reputation. This concentration also allows the Firm to provide a very specialized service—that is usually only available in a boutique tax certiorari firm—with the same level of resources and expertise as a large firm, which includes our land use & zoning, environmental, and litigation attorneys.

Our tax certiorari practice is supported by a custom-designed computer software system that allows us to handle each case effectively and expeditiously.

We also maintain an extensive database, which includes detailed property records and real estate market information. The Tax Certiorari practice group also counsels clients in all other aspects of real estate taxation, including tax exemptions, estimation of taxes for new construction, lease tax escalation clauses, and the sale, purchase, and foreclosure of tax liens. The Tax Certiorari practice group also works closely with our IDA Benefits and Government Incentives practice group to ensure that all tax advantages are explored.

Practice Group Co-Chairs

JOHN V. TERRANA
Co-Managing Partner



DONALD F. LEISTMAN



PRACTICE GROUP HIGHLIGHT: IDA BENEFITS AND GOVERNMENT INCENTIVES

The Firm is a leader in representing private sector businesses and developers in their applications to Industrial Development Agencies (IDAs) across Long Island. The Firm's experience has allowed us to assist businesses, property owners, and developers in identifying and maximizing potential benefits. We have handled many high profile clients and projects, including several corporate headquarters relocations, with outstanding results.

Industrial Development Agencies can offer substantial benefits to commercial real estate projects—benefits that are often overlooked by the real estate and business communities. These benefits can often make or break a deal and IDAs are looking to “make” deals that might otherwise not happen. IDAs incentivize businesses to locate, expand, and/or remain in New York State.

The potential benefits include: a sales tax exemption on construction materials and eligible equipment; a mortgage recording tax exemption; and, often the most valuable, a beneficial PILOT agreement with significant savings on real property taxes. A project may also qualify for “Tax Exempt” and/or “Taxable” bonds, providing lower interest rates and allowing a project to tap credit markets not otherwise available.

Practice Group Chair

DANIEL P. DEEGAN

