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*The Beth Din of America takes confidentiality very seriously. Before publishing any case, we modify key details to protect the identities of all parties involved. Names, dates, locations, and other identifying information are changed or omitted, and certain unique facts may be altered. For example, the industry in which the dispute took place is often modified.*

## Atlantic Nautical LLC v. Blue Ocean Transport LLC

ט"ו תמוז תשפ"ו

July 1, 2026

The Beth Din of America has been chosen as arbitrators pursuant to an arbitration clause embedded in the operating agreement (the “Operating Agreement”) of Maritime Shipping LLC (“Maritime”), by and between Atlantic Nautical LLC (“Plaintiff”) and Blue Ocean Transport LLC (“Defendant”) in reference to monies owed arising from their maritime shipping business. The parties appeared before the Beth Din of America and testified over the course of multiple hearings. Having given the matter due consideration, the Beth Din decides as follows:

### Background

Plaintiff and Defendant, both LLCs, are the two members of Maritime Shipping LLC, a business that specializes in overseas shipping. Plaintiff is the managing member. The dispute arises from the fact that Plaintiff has infused substantial capital into Maritime while Defendant has declined to do so. Plaintiff seeks to compel Defendant to contribute funds into Maritime, or to reimburse Plaintiff for the money it has contributed.

On December 1, 2024, Maritime borrowed \$15 million from Citigroup. The terms of that loan included guarantees from Plaintiff and Defendant as corporate entities. In addition, Plaintiff’s individual members – Elliot Robinson and Jason Steiner – gave personal guarantees on the debt, while Aaron Fish – the sole member of Defendant – did not. Maritime lacks sufficient funds to cover its debt payments and operations.

Plaintiff has been infusing capital into Maritime to ensure that it can make timely payments on the Citigroup loan, while continuing to cover the costs of its operations. Defendant has refused to contribute additional funds to Maritime. Plaintiff seeks to compel Defendant to contribute towards the Citigroup payments, either by contributing funds to Maritime or by reimbursing it for the payments it has made.

To date, Plaintiff has made contributions in the amount of \$3,000,000.00 specifically to cover Maritime's Citigroup debt. Defendant has not made any payments towards the debt.

#### Contribution under the Operating Agreement and Common Law

Plaintiff's argument stems from Section 3.7 of Maritime's Operating Agreement, which assigns liability for "guaranteed obligations" by the members. The provision allocates 50% liability to each member of Maritime for any guaranteed obligations. (Each member is defined in the Operating Agreement as a "Guarantor Group", with Plaintiff and Defendant being the two members of Maritime.) And it entitles a member to reimbursement for payments made towards the guaranteed obligations in excess of its proportionate share. Section 3.7 provides:

Each Guarantor Group shall be liable to each other Guarantor Group for its own proportionate share of the guaranteed obligations. Each Guarantor Group's proportionate share of the guaranteed obligations shall be equal to the product obtained by multiplying the guaranteed obligations by fifty percent (50%)... Each of the Guarantor Groups shall, within fifteen days of written request by any other Guarantor Group, reimburse the requesting Guarantor Group to the extent that the requesting Guarantor Group makes or causes to be made any payments or incurs any expenses in connection with the guaranteed obligations.

Both Plaintiff and Defendant signed as guarantors on the \$15 million Citigroup loan to Maritime. Plaintiff argues that this provision obligates Defendant to reimburse 50% of the amount Plaintiff has contributed to meet Maritime's debt service obligation. At a minimum, Plaintiff seeks to obligate Defendant to contribute to further payments on the Citigroup loan and match Plaintiff's contributions.

In addition to the Operating Agreement, Plaintiff sources its claim for reimbursement in common law principles of contribution, whereby co-obligors can demand contribution from one another after paying more than their fair share of the obligation.

Defendant offers several defenses. First, it points to Section 3.2.1 of the Operating Agreement, which caps total capital contributions from the members to Maritime at \$300,000.00. That section of the Operating Agreement provides:

The Manager may, at any time and from time to time, require that the Interest Holders make additional Capital Contributions, not to exceed a maximum of Three Hundred Thousand Dollars (\$300,000.00) in the aggregate ... Each Interest Holder shall be responsible for contributing fifty percent (50%) of any additional Capital Contribution required at any time.

Both Plaintiff and Defendant have already contributed \$150,000.00 a piece under Section 3.2.1 for capital calls made by Maritime over the years. Since it already contributed \$150,000.00 under section 3.2.1 at Plaintiff's demand, Defendant claims that it has reached its maximum contribution obligation to Maritime, and cannot become obligated to contribute further capital.

Second, Defendant argues that it has no contribution obligation under section 3.7 of the Operating Agreement for guaranteed obligations so long as there was no enforcement action by Citigroup against the guarantors. Plaintiff has been infusing money into Maritime in order for it to meet its payment schedule with Citigroup. Since Maritime has not defaulted on its payments, Citigroup has not pursued any enforcement action against the guarantors. Therefore, Defendant argues, no "guaranteed obligations" have been triggered, and thus no basis for liability under section 3.7.

In other words, Defendant claims that Maritime must first default on its debt, and Citigroup must take legal action against the guarantors before Section 3.7 becomes operative.

Plaintiff counters that it would be absurd to allow Maritime to default on its debt, which will trigger default interest rates and put Maritime's assets that serve as collateral for the loan at risk of foreclosure, just to activate the contribution obligation of Section 3.7. Plaintiff claims that it has been making the debt payments to keep the company running and because it was financially on the hook for the debt as a guarantor; hence these were clearly "payments or . . . expenses in connection with the guaranteed obligations" that qualify under Section 3.7 for reimbursement from the other Guarantor Group for its proportional share.

## Decision

### Governing Law

The Operating Agreement specifies that the parties are bound by Jewish law and that arbitration before the Beth Din of America should be governed by Jewish law. Section 9.9.1 of the Operating Agreement provides: "The arbitration shall be administered by the Beth Din in accordance with Jewish Law as set forth in the Shulchan Oruch as interpreted by Orthodox Rabbinical authorities."

### Capital Contribution Obligations and Guaranteed Obligations

The Operating Agreement sets forth the basic obligations, rights, powers and liabilities of the parties. Sections 3.2.1 and 3.7 establish two distinct types of obligations. Section 3.2.1 creates a mechanism for the manager to make capital calls, at his discretion, from the interest holders. It caps *that* obligation at

\$150,000.00 each. Section 3.7 establishes a separate obligation for guarantor groups to reimburse each other for payments made in connection with guarantees on the company's debts. The cap imposed on Section 3.2.1 does not limit the guaranteed obligations of Section 3.7.

### Co-Suretor Contribution Obligations

The Citigroup loan documents to Maritime reflect that Plaintiff and Defendant both guaranteed the \$15 million loan to Maritime. Notwithstanding the fact that multiple entities and individuals guaranteed the Citigroup loan, the operating agreement specifically allocates liability for the guarantee 50-50 between the two guarantor groups. This leaves Plaintiff and Defendant each responsible for 50% of the guaranteed obligations. Section 3.7 of the operating agreement sets each member's liability at 50% of the guaranteed obligations:

Each Guarantor Group shall be liable to each other Guarantor Group for its own proportionate share of the guaranteed obligations. Each Guarantor Group's proportionate share of the guaranteed obligations shall be equal to the product obtained by multiplying the guaranteed obligations by fifty percent (50%).

Furthermore, the guaranty agreement with Citigroup provides: "Guarantor waives any right to require Lender to proceed against Borrower [Maritime LLC], any other guarantor or any other person directly or contingently liable for the payment of any of the Obligations."

The guaranty agreement expressly authorizes Citigroup to proceed against a guarantor without first pursuing Maritime or any other liable party. Under Jewish law, a guarantor against whom the lender may proceed directly is classified as an *arev kablan*.<sup>1</sup> An *arev kablan* is treated in Jewish law as a primary obligor because the lender may seek payment directly from the guarantor before pursuing the borrower.

Under Jewish law, a co-obligor who makes a payment towards a debt is entitled to seek pro-rata contribution/restitution from his co-obligors. This rule applies to both co-borrowers and co-guarantors. In fact, under Jewish law, the case of co-borrowers is conceived of as just a special case of co-guarantors. Under this rule, a guarantor who pays the lender can demand restitution from the borrower and/or pro-rata contribution from a co-guarantor.<sup>2</sup>

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<sup>1</sup> Rambam, Malveh ve-Loveh 25:3-4:

המלוה את חבירו ע"י ערב... אמר על מנת שאפרע ממי שארצה תחלה או שהיה קבלן הרי זה יתבע את הערב הזה או את הקבלן תחלה ויפרע מהן אף על פי שיש נכסים ללוח.

<sup>2</sup> For the guarantor's right to restitution from the borrower, see Rambam Malveh ve-Loveh 26:6:

ערב שקידם ונתן לבעל חוב את חובו הרי זה חוזר וגובה מן הלוח כל מה שפרע על ידו.

See also Shulchan Arukh, Choshen Mishpat 130:1-2.

Defendant has argued that it cannot be held liable as a guarantor so long as there has been no enforcement action by Citigroup to collect on the guarantee. Since Maritime has not defaulted, and Citigroup has not pursued the guarantors, Defendant reasons that it cannot be held liable for contribution.

Jewish law, however, is clear that a guarantor who has preemptively paid a debt on behalf of the borrower has a legal claim for contribution from his co-obligors *even before* any enforcement action is taken by the lender against the guarantors.<sup>3</sup> This is because, unlike an outside party who voluntarily pays another person's debt on his behalf, the *arev kablan* bears direct liability for the debt. As a liable party, his preemptive payment to the lender is not construed as a gift or a benevolent act for which he has no right to receive restitution, but as satisfaction of the legal burden he shoulders.<sup>4</sup> Accordingly, Jewish law entitles an *arev*—and certainly an *arev kablan*—to seek contribution for payments made toward the debt even before the lender has enforced the guarantee.

The common law also recognizes a right to contribution. In the language of one court, “As to co-debtors, equity permits one who has paid the debt to recover from the other the portion he should have borne.”<sup>5</sup> The common law doctrine of contribution differs in at least one important way from its analogue in Jewish law. At common law, in order to be entitled to contribution, the claimant “must have first paid the debt or more than her proportionate share thereof.”<sup>6</sup> The *Restatement of Restitution* reports:

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For the guarantor's right to pro-rata contribution from a co-guarantor, see Shulchan Arukh, Choshen Mishpat 132:3-4:

שנים שערכו לאחד, כשיבא המלוה ליפרע מהערב יפרע מאיזה מהם שירצה... פרע אחד מהם כל החוב למלוה... חוזר ותובע מחבירו חלקו.

For the case of co-borrowers, and for the idea that co-borrowers are just a special case of co-guarantors, see Shulchan Arukh Choshen Mishpat 77:1:

שנים שלוו כאחד... שניהם ערבים זה לזה אף על פי שלא פירשו... ואם פרע אחד מהם כל החוב, חוזר וגובה מחבירו חלקו. ולכן שנים שלוו ופרע אחד מהן, ודאי פרע בעד חבירו.

<sup>3</sup> Shulchan Arukh, Choshen Mishpat 130:1-2:

ערב או קבלן שפרעו למלוה בפני עדים... אם אמר ליה הלוח: הכנס קבלן בעבורי, אף ע"פ שלא הרשהו לשלם, אם עמד הקבלן ופרע מדעתו, אפילו עד שלא עמד המלוה עם הלוח בדין ולא נמצאו לו נכסים, חייב לשלם לו.

<sup>4</sup> For the distinction between the voluntary payment of a liable party, such as a guarantor, and that of a third party, see Responsa Rosh 73:9:

וששאלתם שנים שלוו ונעשו אחראין וערבאין זה לזה והאחד מהם פרע כל החוב ונתן המלוה שטר החוב ביד הפורע אם יוכל לגבות חצי החוב מחברו או נאמר שהפסיד מעותיו כדין פורע שטר חוב של חברו.

תשובה הא מילתא דפשיטא היא כיון שמן הדין יכול להוציא המלוה ולגבות ממנו כל חובו, שחברו חייב לפרוע לו חלקו. דהא דאמרינן (בדרים לג) הפורע חובו של חברו הפסיד מעותיו, היינו היכא דמדעתו קם ופרע ולא היה מוכרח לכך דהוי כמו מבריה ארי מנכסי חברו. אבל היכא דמתחלה נעשו אחראין וערבאין זה לזה אין בכאן מבריה ארי וצריך חברו לפרוע חלקו.

For a discussion of an outside third party who pays off a borrower's debt and why he may not be entitled to be reimbursed, see Shulchan Arukh Choshen Mishpat 128:1, Rambam Malveh ve-Loveh, 26:6, and Tosafot Ketubot 108a s.v. *ha*.

<sup>5</sup> *Estate of Leinbach v. Leinbach*, 486 N.E.2d 2, 3 (Ind.Ct.App.1985).

<sup>6</sup> *Id.* at 5; see also *Konger v. Schillace*, 875 N.E.2d 343, 349 (Ind.Ct.App.2007).

See, as well, *Thomas v. Jacobs*, 751 A.2d 732 (R.I. 2000) (contribution arises only when a guarantor has discharged more than his fair share of the debt) and Restatement of Restitution, Section 82(1), stating: “A person is entitled to contribution from another when, and only when, he has discharged more than his proportionate share.”

"A person who, with another, is subject to a duty as to which between the two neither has a prior duty of performance, is entitled to contribution from the other when, and only when, he has discharged more than his proportionate share, if the time for performance has arrived."<sup>7</sup>

In other words, according to the common law tradition, where two borrowers cosign a note, one borrower must pay at least 50% of debt before he can sue his co-debtor for contribution. According to Jewish law, however, a borrower can sue his co-borrower for a 50% contribution on each payment he makes towards the debt, even before he has cleared the threshold of 50% of the entire debt obligation.<sup>8</sup> In essence, while the common law views co-obligor's contribution obligations through the lens of equity—allocating 50% of the total liability to each guarantor—Jewish law views co-obligors as sharing a joint burden and as acting as agents for each other. It therefore treats each payment made by an obligor as made partly on behalf of his co-obligor.<sup>9</sup>

Applied to the facts of the case, the common law may deny Plaintiff's claim to contribution until it has paid down its equitable half of the \$15 million debt. To date, Plaintiff has only contributed \$3 million towards the debt. But Jewish law views the two guarantors as partners sharing the burden of the debt, and views any payment advanced by a guarantor as advanced on behalf of the co-guarantor as well, thereby generating a right of contribution against the co-guarantor for 50% of any amount paid.

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<sup>7</sup> Restatement of Restitution, page 369, par. 82.

<sup>8</sup> See Pitchei Choshen, Halva'ah 7:2:

**פרע אחד מהם כל החוב יכול לגבות מחבירו חצי החוב שפרע עבורו, ואם פרע חצי החוב סתם, הרי זה כאילו פירש שנותן רביע עבור חוב שלו ורביע עבור חוב חבירו.**

See Shakh, Choshen Mishpat 77:7:

נ"מ שאם שילם אחד חצי חוב... אמרינן שפרע גם בעד חבירו.

See also R. Shlomo Zalman Mark, "Hilkhot 'Arev: Shnayim Hitchayvu Be-Arvut u-Para Ha-Loveh Chelek Me-Ha-Chov" *Hayashar Ve-Hatov*, vol. 19 (5775) pp. 180-188:

בערב אחד שפרע חלקו ואח"כ פרע הלוה בעצמו את החוב הנשאר, ובא הערב שפרע חלקו ותובע מהערב השני שלא שילם כלל שישתתף עמו במחצית הסכום ששילם הוא... נראה... שזכאי הערב שפרע חלקו לתבוע את הערב השני שישתתף בהפסדו, שעל דעת כן נכנסו לערבות בשותפות שישא כל אחד בשווה בהוצאות והפסד השני... יוצא לדינא, שבשנים שערבו והתנה המלוה שיוכל לגבות את כל הסכום מכל ערב שירצה, בכה"ג י"ל שלכו"ע נתערבו ביחד על דעת שיתחלקו וישתתפו בהפסד הערבות, וגובה הערב שפרע חלקו מהערב השני.

<sup>9</sup> See Shulchan Arukh, Choshen Mishpat 77:1:

שנים שלוו כאחד... שניהם ערבים זה לזה אף על פי שלא פירשו... ואם פרע אחד מהם כל החוב, חוזר וגובה מחבירו חלקו. ולכן שנים שלוו ופרע אחד מהן, ודאי פרע בעד חבירו.

See Mordekhai Ketubot 236 no. 236-238:

ואמרי' בירושלמי [רמז רלח]... אמר רבי יוסי הדא אמרה ב' שלוו מאחד אף על פי שלא כתבו אחראין וערבאין זה לזה כיון דלוו סתם ביחד שליחות דהדדי עבורד ואם אין לאחד לשלם ישלם השני חלקו וחלק חבירו **דכל מעשה השותפות אחד הוא ומסתמא כל חד וחד אדעתא דכולהו עביד**

ועוד ראיה מפ' הגוזל בתרא האי מאן דמשתכח בבי דרי פרע מנתיה דמלכא וה"מ שותפים כו'... אלמא דרך שותפות לפרוע בשביל חבריהם וחזורי' (להם) ופורעים לו מה שנתן עבורם.

See also Responsa Maharik no. 120.

Because the parties selected Jewish law as the governing law in their Operating Agreement, Jewish law supplies the rule determining when and under what circumstances a guarantor's right to contribution arises.

We therefore conclude:

1. Plaintiff and Defendant are each an *arev kablan* with respect to the Citigroup debt.
2. Under Jewish law, an *arev kablan* who pays the debt may seek contribution from a co-obligor even absent enforcement action by the lender.
3. The right to contribution arises upon payment and is not contingent upon the payor having first satisfied more than its equitable share of the overall debt.

Defendant is therefore obligated to reimburse Plaintiff in the amount of \$1.5 million representing Defendant's 50% share of the \$3 million paid by Plaintiff toward the Citigroup debt.<sup>10</sup>

#### Liabile Parties

The guarantor on the Citigroup Bank loan is Defendant—Blue Ocean Transport LLC—not the individual Aaron Fish. Thus, the party liable to reimburse Plaintiff for its pro-rata share of the guarantee on the Citigroup loan is Defendant—Blue Ocean Transport LLC—not Aaron Fish.

Although the corporate structure that shields a shareholder from liability is not native to halakha, Jewish law generally recognizes the legal and financial instruments of the marketplace.<sup>11</sup> This includes the

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<sup>10</sup> Although Plaintiff's payments were made to Maritime and not directly to Citigroup, the evidence establishes that Plaintiff's \$3 million contribution was advanced specifically for the purpose of satisfying Maritime's obligations under the Citigroup loan and was in fact used by Maritime—under Plaintiff's direction as its manager—to make payments on that debt.

<sup>11</sup> See Rabbi Itamar Rosensweig, "Minhag Ha-Sochrim: Jewish Law's Incorporation of Mercantile Custom and Marketplace Norms", *Journal of the Beth Din of America* 3 (2023), pp. 35-72.

corporate structure and its ability to shield a shareholder from liability.<sup>12</sup> As such, Plaintiff's right to demand contribution from its co-guarantor for Maritime's obligation under the Citigroup loan can be exercised only against Blue Ocean Transport LLC, not its individual member.

#### Summary

- Defendant shall pay Plaintiff 50% of the amounts it paid to satisfy the Citigroup Bank debt, for a total amount of \$1,500,000.00.
- Liability under this award is limited to the entity Blue Ocean Transport LLC and does not include Aaron Fish in his individual capacity.

All other claims are hereby denied. Any request for modification of this award by the arbitration panel shall be in accordance with the rules and procedures of the Beth Din of America, the provisions set forth herein, and the arbitration agreement of the parties. The obligations set forth herein shall be enforceable in any court of competent jurisdiction, in accordance with the rules and procedures of the Beth Din of America and the arbitration agreement. Any provision of this agreement may be modified with the written consent of both parties. Except as otherwise indicated, all of the provisions of this decision shall take effect immediately.

IN WITNESS WHEREOF, we hereby sign and affirm this order as of the date written above.

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Rabbi AA

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Rabbi BB, Esq.

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Rabbi CC

<sup>12</sup> See Pitchei Choshen Shutfim 1:33:

חברות ותאגידים שיעקר תקפם הוא מכח החוק, גראה שדנים בהם לפי התקנות ולפי חוקי המדינה.

Iggerot Moshe, Yored De'ah 2:62:

והנה אם הלוה הוא קארפארישאן שגוף האנשים חברי הקארפארישאן אין חייבין כלום ואין על גופם שום חיוב ושעבוד ולא מצות פריעת חוב... בקארפארישאן שהם אין חייבין כלום נמצא שאין כאן לזה כלל אלא הביזנעס הוא הלוה.

See also *Piskei Din Shel Batei Ha-Din Ha-Rabaniyim Be-Yisrael* Vol 10, p. 279 and Responsa Minchat Asher no.

105-106. Even the authorities who question whether the corporate structure is recognized by Jewish law with respect to ritual obligations like the prohibition of owning chametz during Pesach concede that the corporate structure succeeds for the purpose of shielding shareholders from personal liability on the theory that all parties have implicitly consented to limiting liability to the entity and its assets. See Responsa Mishneh Halakhot 6:277:

נלפענ"ד פשוט דהקארפ' הוא באמת שותפות ככל השותפות שבעולם אלא שהשותפות הזו הנקרא קארפ' או בע"מ הוא שותפות שהטילו בו השותפין ב' תנאים בשעה שנשתתפו א' שעל מסחר הזה יהיה מה שיהיה אין מקבלין עליהם שעבוד הגוף רק שיעבוד נכסי... ולזה באמת הוא נקרא בערבון מוגבל כלומר שהערבון הוא מוגבל לנכסים אלו ולא לשיעבוד כל הגוף... וכיון דכל תנאי שבממון קיים הכ"נ לענין קארפ' התנאי קיים ואין עליו שיעבוד הגוף כלל... ב' דאפילו בשיעבוד נכסי... עושים תנאי שיהיו בערבון מוגבל... דלאו כל הנכסים נכנסו בשיעבוד ואין משעבד שאר נכסיו לשותפות זו אלא כסף זה שהכניס לשותפות יהא אחראי ולא כסף אחר ולא שאר נכסיו כלל, וממילא כל מי שעושה מסחר עם השותפות הנ"ל (הקארפ') יודע שזה הוא שיעבוד בערבון מוגבל וכל העוסקים עמהם עוסקים עמהם לשם שם זה כלומר שיודעין כולם שאין כאן לא שיעבוד הגוף ולא שיעבוד נכסים אחרים אלא נכסים אלו ולשם זה הוא נכנס עמהם במסחר וזה ברור בס"ד.