

CERTIFIED TRUE COPY

FILED

JOHN J. FARMER, JR.  
ATTORNEY GENERAL OF NEW JERSEY  
Division of Law - 5th Floor  
124 Halsey Street  
P.O. Bo 45029  
Newark, New Jersey 07101

October 21, 1999  
NEW JERSEY STATE BOARD  
OF ACCOUNTANCY

By: Marianne W. Greenwald  
Deputy Attorney General  
Tel. (973) 648-4738

STATE OF NEW JERSEY  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF CONSUMER AFFAIRS  
STATE BOARD OF ACCOUNTANCY

IN THE MATTER OF THE SUSPENSION	:	
OR REVOCATION OF THE LICENSE OF:	:	Administrative Action
	:	
CHARLES T GENOVESE, CPA <sup>cc8640</sup>	:	
CERTIFIED PUBLIC ACCOUNTANT	:	CONSENT ORDER
	:	
TO PRACTICE ACCOUNTANCY IN THE	:	
STATE OF NEW JERSEY	:	
	:	

This matter was opened to the New Jersey State Board of Accountancy by receipt of information that on or about December 1, 1998 respondent entered into a plea agreement with the United States Attorney's Office, Southern District of New Jersey, for conspiracy to obstruct justice and to commit perjury in connection with an investigation of the United States Securities and Exchange Commission into the affairs of the Bennett Funding Group, Inc. (Plea agreement attached hereto and made a part of this Order).

Respondent wishing to voluntarily surrender his license to practice accountancy and the parties having agreed and consented to the resolution of this matter without the necessity of formal administrative proceedings available to the Board, and it therefore appearing that due cause exists for the entry of the within Order,

IT IS ON THIS 21 DAY OF October 1999,

ORDERED:

1. That respondent shall have leave to surrender at the office of the State Board of Accountancy, 124 Halsey Street, 6th Floor, Newark, New Jersey, his license to practice accountancy in the State of New Jersey, to be deemed a revocation with prejudice to seeking reinstatement prior to the termination of the criminal matter to include all periods of probation and/or supervised release. Such surrender shall be made contemporaneously with respondent's tendering of the executed Order to the Board.

2. That contemporaneously with the surrender of his license to practice accountancy, respondent shall cease and desist the practice of accountancy in the State of New Jersey.

NEW JERSEY STATE BOARD OF ACCOUNTANCY

By: R. H. Pisano V.P.  
Alfonso Pisano, Esq., President

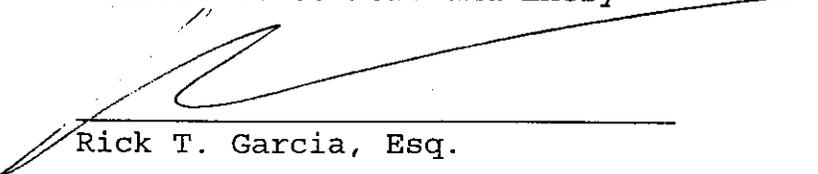
I have read the within Order  
and understand its terms. I  
consent to its entry and agree  
to be bound by its terms.

*Charles T. Genovese*

---

Charles T. Genovese, Respondent

Consent as to Form and Entry



---

Rick T. Garcia, Esq.



U.S. Department of Justice

United States Attorney  
Southern District of New York

The Silvio J. Mollo Building  
One Saint Andrew's Plaza  
New York, New York 10007

December 1, 1998

Rick Garcia, Esq.  
1135 Clifton Ave.  
Clifton, NJ 07013

Re: United States v. Charles T. Genovese  
SI 97 Cr. 639 (TPG)

Dear Mr. Garcia:

On the understandings specified below, the Office of the United States Attorney for the Southern District of New York ("this Office") will accept a guilty plea from Charles T. Genovese to Count Ninety-Five of the above referenced Indictment (the "SDNY Indictment"). In addition, Genovese will waive indictment and plead guilty to a two-count information to be filed in the District of New Jersey (the "New Jersey Information") by the Office of the United States Attorney for the District of New Jersey (the "New Jersey Office").

Count Ninety-Five of the SDNY Indictment charges Charles T. Genovese with conspiracy to obstruct justice and to commit perjury in connection with an investigation of the United States Securities and Exchange Commission (the "SEC") into the affairs of The Bennett Funding Group, Inc. ("BFG"), in violation of Title 18, United States Code, Section 371. This charge carries a maximum sentence of five years' imprisonment, a maximum fine, pursuant to Title 18, United States Code, Section 3571 of the greatest of (i) \$250,000; (ii) twice the gross pecuniary gain derived from the offense; or (iii) twice the gross pecuniary loss to persons other than the defendant as a result of the offense; a \$50 special assessment; and a term of supervised release of up to three years.

Count One of the New Jersey Information will charge Charles T. Genovese with a conspiracy to commit mail fraud in connection a scheme to defraud investors in Hemlock Investor Associates, a New Jersey investment partnership, from in or about June 1995

until on or about March 29, 1996, in violation of Title 18, United States Code, Section 371. This charge carries a maximum sentence of five years' imprisonment, a maximum fine, pursuant to Title 18, United States Code, Section 3571 of the greatest of (i) \$250,000, (ii) twice the gross pecuniary gain derived from the offense, or (iii) twice the gross pecuniary loss to persons other than the defendant as a result of the offense; a \$50 special assessment; and a term of supervised release of up to three years.

Count Two of the New Jersey Information will charge Charles T. Genovese with failure to file a federal income tax return for calendar year 1995 in violation of Title 26, United States Code, Section 7203. This charge carries a maximum sentence of one year in prison; a maximum fine, pursuant to Title 18, United States Code, Section 3571, of the greatest of (i) \$25,000; (ii) twice the gross pecuniary gain derived from the offense; or (iii) twice the gross pecuniary loss to persons other than the defendant as a result of the offense; assessment of the costs of prosecution; a \$25 special assessment; and a term of supervised release of up to one year.

The total maximum term of imprisonment is eleven years.

It is understood that the Offices' agreement to accept Genovese's plea of guilty to a charge of failing to file a tax return is subject to approval by the Tax Division of the Department of Justice (the "Tax Division"). The New Jersey Office will seek but has not yet obtained that approval. It is understood and agreed that, if the Tax Division does not grant its approval for Genovese to plead guilty to the failure to file charge, this agreement will be null and void insofar, but only insofar as it relates to the filing of that charge.

This agreement does not prohibit the United States, any agency thereof (including the IRS), or any third party from initiating or prosecuting any civil proceeding against Genovese. Prior to the date of his sentencing, Genovese shall: (i) file individual income tax returns (or amended returns) for any years from 1992 to 1997 for which he has not previously filed accurate returns; (ii) provide the IRS, upon request, with all appropriate documentation in support of those returns; (iii) pay to the IRS any taxes, interest, and penalties owed on those returns or, in the event he lacks sufficient funds to do so, make satisfactory repayment arrangements with the IRS; and (iv) fully cooperate with the IRS and comply with the tax laws of the United States.

Further, Genovese waives any right of confidentiality or privacy he may have pursuant to 28 U.S.C. § 7213, Fed. R. Crim. P. 6(e), or any other provision of law with respect to disclosure by the government of information relating to the criminal charges against him to civil attorneys of the IRS.

It is understood that after Charles T. Genovese has entered his plea to the New Jersey Information in the District of New Jersey, the New Jersey Office and Genovese shall jointly move for, and this Office shall consent to, the transfer of the New Jersey Information to the Southern District of New York for sentence pursuant to Fed. R. Crim. P. 21(b). Alternatively, if all parties to this Agreement so agree, this Office and the New Jersey Office may consent to the transfer of the New Jersey Information to the Southern District of New York for plea and sentencing pursuant to Fed. R. Crim. P. 20. Upon its transfer to the Southern District of New York, this Office shall request that the New Jersey Information be consolidated with the SDNY Indictment for sentencing.

It is further understood that Genovese shall make restitution to the victims of the conspiracy offense charged in the New Jersey Information in an amount to be specified by the Court in accordance with 18 U.S.C. §§ 3663 and 3664. This amount shall be paid according to a plan established by the Court.

It is understood that Genovese (a) shall truthfully and completely disclose all information with respect to the activities of himself and others concerning all matters about which this Office inquires of him, which information can be used for any purpose; (b) shall cooperate fully with this Office, the New Jersey Office, the Federal Bureau of Investigation, the United States Securities and Exchange Commission, and any other law enforcement agency designated by this Office; (c) shall attend all meetings at which this Office requests his presence; (d) shall provide to this Office, upon request, any document, record, or other tangible evidence relating to matters about which this Office or any designated law enforcement agency inquires of him; (e) shall truthfully testify before the grand jury and at any trial and other court proceeding with respect to any matters about which this Office may request his testimony; (f) shall bring to this Office's attention all crimes which he has committed, and all administrative, civil, or criminal proceedings, investigations, or prosecutions in which he has been or is a subject, target, party, or witness; and, (g) shall commit no further crimes whatsoever. Moreover, any assistance Genovese

may provide to federal criminal investigators shall be pursuant to the specific instructions and control of this Office and designated investigators.

If Genovese fully complies with the understandings specified in this Agreement, he will not be further prosecuted criminally by this Office, the New Jersey Office and, with respect to tax offenses, the Tax Division, Department of Justice, for any crimes related to his participation in the offenses charged in Counts Ninety-Five, Ninety-Eight, One-Hundred Five and One-Hundred Six of the SDNY Indictment; a scheme to defraud investors in Hemlock Investor Associates from in or about June 1995 and on or about March 29, 1996 involving the failure to disclose material facts concerning an investment in Hemlock Investor Associates, including (i) Genovese's participation in the falsification of Hemlock's books and records with respect to the purchase of the Erie Island Note; (ii) Genovese's agreement to participate in the crimes charged in Counts Ninety-Five, Ninety-Eight, One-Hundred Five and One-Hundred Six of the SDNY Indictment; (iii) the nature and existence of the SEC's investigation into the affairs of the Bennett Funding Group, Inc. to which Hemlock Investor Associates had loaned substantially all investor funds; and (iv) the poor financial condition of the Erie Island Resort and Marina (the obligor on the Erie Island Note); and his failure to file a 1995 income tax return; to the extent that he has disclosed such participation to this Office as of the date of this Agreement. This Agreement does not provide any protection against prosecution for any crimes except as set forth above.

It is understood that this Agreement does not bind any federal, state, or local prosecuting authority other than this Office and Office of the United States Attorney for the District of New Jersey. This Office will, however, bring the cooperation of Genovese to the attention of other prosecuting offices, if requested by him.

It is understood that the sentence to be imposed upon Genovese is within the sole discretion of the Court. This Office cannot, and does not, make any promise or representation as to what sentence Genovese will receive, and will not recommend any specific sentence to the Court. However, this Office will inform the Probation Department and the Court of (a) this Agreement; (b) the nature and extent of Genovese's activities with respect to this case and all other activities of Genovese which this Office deems relevant to sentencing; and (c) the nature and extent of Genovese's cooperation with this Office. In so doing, this

Rick Garcia, Esq.

5

December 1, 1998

Office may use any information it deems relevant, including information provided by Genovese both prior to and subsequent to the signing of this Agreement. Further, the New Jersey Office will inform the Court of the nature and extent of Genovese's cooperation with that Office. In addition, if this Office determines that Genovese has provided substantial assistance in an investigation or prosecution, and if he has fully complied with the understandings specified in this Agreement, this Office will file a motion, pursuant to Section 5K1.1 of the Sentencing Guidelines, requesting the Court to sentence Genovese in light of the factors set forth in Section 5K1.1(a)(1)-(5). It is understood that, even if such a motion is filed, the sentence to be imposed on Genovese remains within the sole discretion of the Court. Moreover, nothing in this Agreement limits this Office's right to present any facts and make any arguments relevant to sentencing to the Probation Department and the Court, or to take any position on post-sentencing motions. Genovese hereby consents to such adjournments of his sentence as may be requested by this Office.

It is understood that, should this Office determine either that Genovese has not provided substantial assistance in an investigation or prosecution, or that Genovese has violated any provision of this Agreement, such a determination will release this Office from any obligation to file a motion pursuant to Section 5K1.1 of the Sentencing Guidelines, but will not entitle Genovese to withdraw his guilty plea once it has been entered.

It is understood that, should Genovese commit any further crimes or should it be determined that he has given false, incomplete, or misleading testimony or information, or should he otherwise violate any provision of this Agreement, Genovese shall thereafter be subject to prosecution for any federal criminal violation of which this Office has knowledge, including perjury and obstruction of justice. Any such prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against Genovese, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecution. It is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any prosecution that is not time-barred on the date that this Agreement is signed.

It is understood that in the event that it is determined that Genovese has committed any further crimes, given false,

Rick Garcia, Esq.

6

December 1, 1998

incomplete, or misleading testimony or information, or otherwise violated any provision of this Agreement, (a) all statements made by Genovese to this Office or other designated law enforcement agents, and any testimony given by Genovese before a grand jury or other tribunal, whether prior to or subsequent to the signing of this Agreement, and any leads from such statements or testimony shall be admissible in evidence in any criminal proceeding brought against Genovese; and (b) Genovese shall assert no claim under the United States Constitution, any statute, Rule 11(e)(6) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom should be suppressed. It is the intent of this Agreement to waive all rights in the foregoing respects.

It is further understood that this Office will not object to the defendant's continued release on the bail conditions as set at Genovese's initial appearance on the SDNY Indictment. This Office reserves the right to move without notice to the defendant for a revocation or modification of the above bail conditions should it determine that Genovese has violated any provision of this Agreement or condition of his release, or should it determine that such a revocation or modification is otherwise appropriate. The defendant hereby consents to any such revocation or modification.

Rick Garcia, Esq.

7

December 1, 1998

This Agreement supersedes any prior understandings, promises, or conditions between this Office and Genovese. No additional understandings, promises, or conditions have been entered into other than those set forth in this Agreement, and none will be entered into unless in writing and signed by all parties.

Very truly yours,

MARY JO WHITE  
United States Attorney

By: *Patrick J. Smith*  
PATRICK J. SMITH  
Assistant United States Attorney  
(212) 637-2409

APPROVED:

*Mark Pomerantz*  
MARK POMERANTZ  
Chief, Criminal Division

AGREED AND CONSENTED TO:

*Charles T. Genovese*  
CHARLES T. GENOVESE

*12/3/98*  
DATE

APPROVED:

~~*Rick Garcia*~~  
RICK GARCIA, ESQ.  
Attorney for Genovese

*12/3/98*  
DATE

PAUL WEISSMAN  
Deputy Chief, Frauds Division  
United States Attorney for the  
District of New Jersey

DATE

MARIELLEN DUGAN  
Assistant United States Attorney  
District of New Jersey

DATE

7

December 1, 1998

Rick Garcia, Esq.

This Agreement supersedes any prior understandings, promises, or conditions between this Office and Genovese. No additional understandings, promises, or conditions have been entered into other than those set forth in this Agreement, and none will be entered into unless in writing and signed by all parties.

Very truly yours,

MARY JO WHITE  
United States Attorney

By: *Patrick J. Smith*  
PATRICK J. SMITH  
Assistant United States Attorney  
(212) 637-2409

APPROVED:

*Mark Pomerantz*  
MARK POMERANTZ  
Chief, Criminal Division

AGREED AND CONSENTED TO:

*Charles T. Genovese*  
CHARLES T. GENOVESE

12/3/98  
DATE

APPROVED:

*Rick Garcia*  
RICK GARCIA, ESQ.  
Attorney for Genovese

12/13/98  
DATE

*Paul Weissman*  
PAUL WEISSMAN  
Deputy Chief, Frauds Division  
United States Attorney for the  
District of New Jersey

12/2/98  
DATE

*Mariellen Dugan*  
MARIELLEN DUGAN  
Assistant United States Attorney  
District of New Jersey

12/2/98  
DATE