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PETER C. HARVEY, ATTORNEY GENERAL OF NEW JERSEY, and FRANKLIN L. WIDMANN, CHIEF OF THE NEW JERSEY BUREAU OF SECURITIES, Plaintiffs, v. COBALT INVESTORS SERVICES, INC., a New Jersey Corporation, ABC CORP., a fictitious business, XYZ CORP., a fictitious business, RICHARD THOMAS GECK, individually, and as an officer, shareholder and/or managing member of Cobalt Investors Services, Inc., ABC Corp., and/or XYZ Corp., JOHN DOES 1-3, fictitious names, individually, and as officers, shareholders and/or managing members of Cobalt Investors Services, Inc., ABC Corp., and/or XYZ Corp., JANE DOES 1-3, fictitious names, individually, and as officers, shareholders and/or managing members of Cobalt Investors Services, Inc., ABC Corp., and/or XYZ Corp., Defendants.	SUPERIOR COURT OF NEW JERSEY CHANCERY DIVISION ESSEX COUNTY DOCKET NO. Civil Action VERIFIED COMPLAINT

Plaintiffs, Peter C. Harvey, Attorney General of New Jersey, having offices at 124 Halsey Street in the City of Newark, County of Essex, State of New Jersey, and Franklin L. Widmann, Chief of the New Jersey Bureau of Securities, having offices at 153 Halsey Street in the City of Newark, County of Essex, State of New Jersey (collectively referred to as "Plaintiffs"), by way of their attorney, Peter C. Harvey, Attorney General of New Jersey (Deputy Attorney General James L. Esposito appearing), say:

STATEMENT OF THE CASE

Plaintiffs bring this civil action under N.J.S.A. 49:3-69(a)(2) of the New Jersey Uniform Securities Law of 1997 (N.J.S.A. 49:3-47 to -76) (hereinafter "the Securities Law"), for the following violations of the Securities Law: N.J.S.A. 49:3-56(a) (acting as an unregistered investment adviser, unregistered broker-dealer, or agent thereof); N.J.S.A. 49:3-56(h)(employing unregistered agents); N.J.S.A. 49:3-52(a) (employing a device, scheme or artifice to defraud relating to the offer, sale or purchase of securities); N.J.S.A. 49:3-52(b) (making materially false and misleading statements and omitting facts necessary to make statements made not misleading relating to the offer, sale or purchase of securities); N.J.S.A. 49:3-52(c) (engaging in an act, practice, or course of business which operates as a fraud or deceit upon any person).

In March 2004, the New Jersey Bureau of Securities ("NJBOS") began investigating the claims of various investors who have been defrauded or deceived by Richard Thomas Geck ("Geck"), Cobalt Investors Services, Incorporated ("Cobalt"), ABC Corporation, XYZ Corporation, John Does 1-3, and/or Jane Does 1-3 (collectively referred to as "the Defendants"). The NJBOS's investigation revealed that Geck is actively doing business as a broker-dealer and/or representing himself to be an agent of Cobalt, ABC Corporation, and/or XYZ Corporation, notwithstanding the fact that Geck is not registered with the NJBOS and was previously barred from the securities industry in 2001 by the National Association of Securities Dealers ("NASD") for misappropriating investor funds and preparing false account summaries.

The NJBOS has discovered through its investigation that the Defendants have engaged in a scheme or device to defraud elderly New Jersey investors in violation of the Securities Law. A scheme that includes: (i) acting as unregistered broker dealers, investment advisers, or agents thereof in violation of N.J.S.A. 49:3-53; (ii) employing unregistered agents in violation of N.J.S.A. 49:3-56(h); and (iii) making materially false and misleading statements or omissions relating to the offer, sale or purchase of securities in violation of N.J.S.A. 49:3-52. It is very likely that the Defendants have already converted more than $400,000 of investors' funds for the Defendants' personal benefit.

PARTIES

1. Plaintiffs, Peter C. Harvey, Attorney General of New Jersey and Franklin L. Widmann, Chief of the NJBOS, bring this action to enforce the provisions of the Securities Law.

2. At various times relevant to this complaint, Defendant Cobalt, a New Jersey corporation, had its principal place of business at 2520 Highway 35, Suites 201, 202, 203, and/or 208, Manasquan, New Jersey. The NJBOS believes that Cobalt is presently operating out of Suite 201 at 2520 Highway 35, Manasquan, New Jersey. Cobalt was incorporated by Defendant, Geck, in April 1999. Cobalt has never been registered in any capacity with the NJBOS and is not exempt from registration under the Securities Law.

3. Geck is a New Jersey resident. Geck currently resides at 7 Carter Street, Toms River, New Jersey. At all relevant times, Geck was an officer, shareholder and/or managing member of Cobalt, ABC Corporation, and/or XYZ Corporation. Geck has not been registered with the NJBOS since he was terminated as an agent of FSC Securities ("FSC") in May 2000. Geck was subsequently barred from the securities industry by the NASD in 2001 for misappropriating investor funds and preparing false account summaries. Geck is not exempt from registration under the Securities Law.

4. The NJBOS believes that ABC Corporation and XYZ Corporation have their principal places of business in New Jersey.

5. The NJBOS believes that John Does 1-3 and Jane Does 1-3 are New Jersey residents as well.

FACTUAL ALLEGATIONS

Jill Montana

6. Jill Montana is a seventy-one year old lifelong resident of New Jersey.

7. Mrs. Montana began using Geck as her financial adviser approximately four years ago. At that time, Mrs. Montana had a variable annuity with US Allianz ("Allianz") worth more than $75,000.

8. In April 2003, Geck asked Mrs. Montana for a $25,000 loan, to fund a new company he was developing. Mrs. Montana later learned that the new company was a mortgage brokering company called Apple Ridge Financial. Geck provided Mrs. Montana with a promissory note for the $25,000 loan. A copy of the promissory note executed by Geck and Mrs. Montana is attached to the Certification of Jill Montana as Exhibit A and incorporated herein by reference.

9. In May 2003, Mrs. Montana received a statement from Allianz indicating that Geck cashed out her variable annuity, which was worth approximately $82,805 at the time. Geck did so without Mrs. Montana's knowledge or permission.

10. Mrs. Montana asked Allianz to send her copies of the annuity surrender. The signatures authorizing the cash surrender of

Mrs. Montana's Allianz annuity are not her own. The annuity surrender documents that Geck submitted to Allianz, which purportedly contained Mrs. Montana's signature, are attached to Mrs. Montana's Certification as Exhibit H and incorporated herein by reference.

11. When confronted by Mrs. Montana, Geck said he had a better investment vehicle for her. Geck told Mrs. Montana that he placed a portion of the cash surrender into a cash account with Cobalt and the rest into two stocks.

12. Mrs. Montana received statements from Cobalt showing approximately $78,000 in a cash account with Cobalt and $6,000 in common stocks. Copies of the monthly statements Cobalt provided Mrs. Montana are attached to Mrs. Montana's Certification attached as Exhibit C and incorporated herein by reference.

13. Geck never told Mrs. Montana the NASD had barred him from the securities industry for misappropriating investor funds or for providing false account summaries to investors. Nor did Geck inform Mrs. Montana that his registration with the NJBOS ended when Geck was terminated by FCS.

14. On or about July 15, 2003, Geck gave Mrs. Montana a $25,781 check drawn on Cobalt's account, representing repayment of Mrs. Montana's April 2003 loan. However, the check could not be processed because Cobalt's account had insufficient funds. A copy of the check is attached to Mrs. Montana's

Certification as Exhibit D and incorporated herein by reference.

15. On or about September 20, 2003, Geck mailed Mrs. Montana two more checks drawn on Cobalt's account, one for $15,000 and another for $10,000. Those checks also could not be processed due to insufficient funds in Cobalt's account. Copies of those checks are attached to Mrs. Montana's Certification as Exhibit E and incorporated herein by reference.

16. On or about January 16, 2004, Geck mailed Mrs. Montana a $2,500 check drawn on his personal account, as payment towards her April 2003 loan. Mrs. Montana contacted the bank prior to cashing the check and was advised that Geck's account did not have sufficient funds to cover Geck's $2,500 check. A copy of the check is attached to Mrs. Montana's Certification as Exhibit F and incorporated herein by reference.

17. On or about January 21, 2004, Geck issued Mrs. Montana another $2,500 personal check, which the bank also could not process because Geck's account did not have sufficient funds. A copy of this check is attached to Mrs. Montana's Certification as Exhibit G and incorporated herein by reference.

18. Mrs. Montana thereafter directed Geck to transfer all of her funds (approximately $84,000) into Mrs. Montana's Smith-Barney account. However, to date, no such transfer has occurred.

19. The NJBOS estimates that the Defendants have defrauded Mrs. Montana of approximately $108,000.

Joan Stacy

20. Joan Stacy is seventy-one years old and has been a resident of New Jersey for sixty-eight years.

21. When Mrs. Stacy met Geck in 2002, he was operating under the Cobalt name, which he represented to be his company.

22. On or about August 1, 2002, Geck convinced Mrs. Stacy to cash in her American Skandia Life Assurance ("American Skandia") annuity worth $85,177, in order to purchase a Fidelity and Guarantee ("F&G") annuity. Geck said the F&G annuity was a much better investment and established an F&G annuity for Mrs. Stacy in the amount of $82,226.

23. In July 2003, Mrs. Stacy received a check in the amount of $76,088 from F&G representing a cash surrender of her account. However, Mrs. Stacy did not authorize the surrender.

24. Like Mrs. Montana, the signatures contained in the cash surrender documents submitted to F&G are not Mrs. Stacy's. The annuity surrender documents that Geck submitted to F&G, which purportedly contained Mrs. Stacy's signature, are attached to the Certification of Joan Stacy as Exhibit A and incorporated herein by reference.

25. Mrs. Stacy confronted Geck about the cash surrender and instructed him to place the funds back into the F&G annuity. However, Geck told Mrs. Stacy that he could not return those funds to the annuity and advised her that the F&G annuity was a bad investment. Geck told Mrs. Stacy that he would roll the

funds into his Cobalt IRA until he found an investment vehicle that would provide her with more income.

26. Like Mrs. Montana, Mrs. Stacy also received Cobalt statements showing that a portion of her funds were placed in a cash account and the remainder invested in stocks. Copies of the monthly statements Geck, acting on Cobalt's behalf, provided Mrs. Stacy are attached to Mrs. Stacy's Certification as Exhibit B and incorporated herein by reference.

27. Geck never told Mrs. Stacy the NASD had barred him from the securities industry for misappropriating investor funds or for providing false account summaries to investors. Nor did Geck inform Mrs. Stacy that his registration with the NJBOS ended when Geck was terminated by FCS.

28. Beginning in November 2003, Mrs. Stacy called Geck numerous times requesting distributions from her IRA, but Geck simply made excuses.

29. Finally, on or about January 2, 2004, Mrs. Stacy received a check in the amount of $3,015 from Geck written on a Cobalt account. The check was later returned by Mrs. Stacy's bank because Cobalt's account had insufficient funds. A copy of the check is attached to Mrs. Stacy's Certification as Exhibit C and incorporated herein by reference.

30. Geck sent Mrs. Stacy another check on or about January 16, 2004, in the amount of $3,045, which was written on Geck's personal account. The check could not be processed because Geck's account had insufficient funds. A copy of the check is attached to Mrs. Stacy's Certification as Exhibit D and incorporated herein by reference.

31. On January 27, 2004, Geck gave Mrs. Stacy $3,100 in cash and suggested that the rest of Mrs. Stacy's funds be transferred into Mrs. Stacy's Smith-Barney account.

32. In February 2004, Geck told Mrs. Stacy to come to his office under the false pretense of returning her money. However, when Mrs. Stacy arrived, Geck did not have the funds Mrs. Stacy was promised. Instead, Geck had an attorney present who drafted an agreement, which required Geck to repay Mrs. Stacy's debt in full. A copy of the agreement executed by Geck and Mrs. Stacy is attached to the Certification of the NJBOS Investigator Adam Heck as Exhibit 5 and incorporated herein by reference.

33. Geck defaulted on the agreement.

34. On or about March 5, 2004, Geck deposited a $6,000 check into Mrs. Stacy's personal checking account. The check was written on a personal account that Geck holds with his wife. This check also could not be processed because Geck's joint account had insufficient funds. A copy of the check is attached to

Mrs. Stacy's Certification as Exhibit E and incorporated herein by reference.

35. On or about March 16, 2004, Geck deposited a $5,710 check into Mrs. Stacy's personal checking account. Like Geck's other checks, the $5,710 check could not be processed because Geck's account had insufficient funds. A copy of the check is attached to Mrs. Stacy's Certification as Exhibit F and incorporated herein by reference.

36. On or about March 18, 2004, Geck deposited another check in the amount of $4,000 directly into Mrs. Stacy's personal checking account. Geck's $4,000 personal check also bounced. A copy of the check is attached to Mrs. Stacy's Certification as Exhibit G and incorporated herein by reference.

37. The NJBOS estimates that the Defendants have defrauded Mrs. Stacy of approximately $83,000.

38. Mrs. Stacy is in danger of losing her house to foreclosure due to the financial loss the Defendants have caused her.

Rexam Medical Packaging Employees

39. Before being barred by the NASD, Geck provided investment counseling to a large group of Rexam Medical Packaging Company ("Rexam") employees who were approaching retirement.

40. Ruth Edmunds is seventy-four years old and a former Rexam employee.

41. Mrs. Edmonds was recently widowed.

42. Mrs. Edmunds had a $60,000 annuity with The Equitable Life Assurance Society of the United States ("Equitable"), which represented Mrs. Edmunds's entire life's savings.

43. Geck convinced Mrs. Edmunds to surrender the annuity and enter into an arrangement whereby she would receive a $500.00 monthly distribution from Cobalt's investments.

44. The last two checks purporting to be Mrs. Edmunds's monthly distributions were written on Geck's personal checking account. Neither check could be processed because Geck's personal account had insufficient funds. Copies of these checks are attached to the Certification of Robert Shalack as Exhibit A, pp. 6-7, and incorporated herein by reference.

45. In February 2004, Mrs. Edmunds completed papers with Paulson Investments to have her funds transferred out of Geck's control. To date, Geck has not transferred Mrs. Edmunds's funds to Paulson Investments.

46. The NJBOS estimates that the Defendants have defrauded Mrs. Edmunds of approximately $60,000.

47. Ronald Nowacki is also a former Rexam employee.

48. Before Rexam was bought out, Mr. Nowacki suggested that Geck provide investment counseling to the large group of Rexam employees who were facing retirement.

49. Mr. Nowacki subsequently contacted the NJBOS after learning about the concerns of his former co-workers that Geck may have stolen their money.

50. Mr. Nowacki personally invested approximately $300,000 with Geck in an annuity and another $300,000 with Geck in an E-Trade account.

51. Geck had authorization to access Mr. Nowacki's E-Trade account until very recently, and on July 15, 2002, sold a portion of the stock in Nowacki's E-Trade account. Geck's trade took place while Geck was not registered with the NJBOS and after the NASD barred Geck from the securities industry.

52. Diane Balderossi is Rexam's former Human Resources Manager.

53. Ms. Balderossi has been dealing with Geck since February 2001, and has invested $50,000 of her own money with Cobalt.

54. $20,000 of Mrs. Balderossi's funds were in an Alliance Bond and she received monthly statements from Alliance. The remaining $30,000 was under Cobalt's control.

55. Initially, Mrs. Balderossi received regular monthly statements from Cobalt, which abruptly ended after a short time.

56. In January 2003, Mrs. Balderossi lost her job and instructed Geck to liquidate what was left of her $30,000 Cobalt account, and return the money to her.

57. After six months of excuses, Geck supplied Mrs. Balderossi with at least three bad checks.

58. On July 23, 2003, Mrs. Balderossi contacted the Mount Laurel Police Department. Later that day, Geck promised Mrs. Balderossi that she should be able to cash the checks in two days. However, two days later, when Mrs. Balderossi went to Geck's bank (Allaire Community Bank in Sea Girt, New Jersey), the Bank's Manager told her that Geck did not have sufficient funds to cover the checks.

59. The Bank's Manager contacted Geck who came to the bank and issued a check for $23,271, which the Manager immediately converted to a bank check. While Mrs. Balderossi has been repaid $23,271, there is still no accounting to explain her loss of close to $7,000 or where her funds were being held for two years.

60. Mrs. Gloria Rapagna is also a former Rexam employee. Mrs. Rapagna began using Geck's services in 1996 when Geck was employed by Equitable.

61. Mrs. Rapagna's $105,000 investment with Equitable was originally yielding $700 per month in distributions until 2001, when Geck persuaded her to transfer her account to Cobalt.

62. From that point forward, Mrs. Rapagna began receiving her distribution checks from Cobalt. The amount received in those distributions has decreased in recent years, and since the middle of 2003, has dropped to $400 per month. Since then, a number of Cobalt's checks have not been processed due to insufficient funds in Cobalt's account.

63. In January 2004, Mrs. Rapagna learned about the problems Geck's other investors were having and demanded a cashout of her account.

64. To date, Geck has not refunded the balance of Mrs. Rapagna's funds.

65. The NJBOS estimates that the Defendants have defrauded Mrs. Rapagna of at least $48,000.

66. Mary Ann Sager is also a former Rexam employee.

67. In September 2000, Geck offered to open an IRA account with Equitable on Ms. Sager's behalf. Ms. Sager received a letter from Geck confirming that the IRA account was opened with the $13,226 Ms. Sager turned over to Geck.

68. However, by September 2003, three years later, Ms. Sager still had not received any statements or other papers from Equitable and decided to contact the company directly. Equitable advised Ms. Sager that the company had no record of any account in her name.

69. Ms. Sager then contacted Geck who said her money was in a common account. She instructed Geck to immediately return the money to her from the common account. Geck told Ms. Sager that she should have a check within seven to ten days.

70. From September 2003 through January 2004, Ms. Sager called Geck numerous times regarding the status of her money. Geck responded to many of the calls with excuses or simply failed to return Ms. Sager's calls.

71. Finally, in February of 2004, Ms. Sager contacted Geck and was told to come to Geck's office where he would give her a check.

72. On February 14, 2004, Ms. Sager appeared at Geck's office and was given three checks: (i) a $7,515 check dated February 19, 2004; (ii) a $4,162 check dated February 19, 2004; and (iii) a $1,840 check dated March 31, 2004.

73. Geck's checks bounced, and on March 10, 2004, Ms. Sager received confirmation from Fleet bank that the account upon which all three checks were drawn had been closed.

74. The NJBOS's investigation has also revealed that Geck's account at Allaire Community Bank was closed in January 2004.

75. Claire Heisser had a 401K program with American Skandia worth approximately $57,000, which was being administered by Geck.

76. On September 11, 2003, Geck partially surrendered the 401K and received $23,548 therefrom.

77. Mrs. Heisser did not authorize the surrender. Mrs. Heisser could not have authorized the surrender form because she was in the hospital when the partial surrender occurred.

78. The NJBOS estimates that the Defendants have defrauded Mrs. Heisser of approximately $24,000.

79. The NJBOS recently discovered that the Defendants have issued more than one hundred and fifty bad checks within the last year alone.

80. The NJBOS's investigation also reveals that Geck has closed out at least one New Jersey bank account since January 2004.

81. The NJBOS estimates that the Defendants have misappropriated more than $400,000 of investors' funds for the Defendants' personal benefit in violation of numerous provisions of the Securities Law.

FIRST COUNT

Defendants Acted as Unregistered Broker-Dealers, Investment Advisers, or Agents Thereof, in Violation of N.J.S.A. 49:3-56(a)

82. Plaintiffs repeat the allegations in the preceding paragraphs as if fully set forth herein.

83. Cobalt has never been registered with the NJBOS in any capacity.

84. Geck has not been registered with the NJBOS since he was terminated as an agent of FSC Securities in May 2000. Geck was subsequently barred from the securities industry by the NASD in 2001 for misappropriating investor funds and preparing false account summaries.

85. Notwithstanding the fact that Geck was barred from the securities industry by the NASD in 2001, and is not registered with the NJBOS in any capacity, Geck continued to engage in the purchase of securities individually, and through Cobalt, ABC Corporation, and/or XYZ Corporation, in contravention of N.J.S.A. 49:3-56(a).

86. From 2001 until the present, the Defendants, acting in concert with each other, offered to buy, bought, offered to sell, or sold securities to, from, or within, New Jersey.

87. Each offer to buy, purchase, offer to sell, or sale, by any of the unregistered Defendants is a violation of N.J.S.A. 49:3-56(a).

88. Each violation of N.J.S.A. 49:3-56(a) was a separate violation of the statute and is cause for the imposition of a civil monetary penalty for each separate violation, pursuant to N.J.S.A. 49:3-70.1.

SECOND COUNT

Defendants Employed Unregistered Agents in violation of N.J.S.A. 49:3-56(h)

89. Plaintiffs repeat the allegations in the preceding paragraphs as if fully set forth herein.

90. The Defendants employed unregistered agents or representatives in effecting or attempting to effect transactions in securities from, in or within New Jersey.

91. Said Defendants violated N.J.S.A. 49:3-56(h), which prohibits any broker-dealer from employing an agent who is not registered with the NJBOS.

92. Each instance of said Defendants' employment of an unregistered agent constitutes a separate violation of N.J.S.A. 49:3-56(h).

93. Each violation is cause for the imposition of a civil monetary penalty for each separate violation, pursuant to N.J.S.A. 49:3-70.1.

THIRD COUNT

Fraud in Connection with the Offer, Sale, or Purchase of Securities in Violation of N.J.S.A. 49:3-52.

94. Plaintiffs repeat the allegations in the preceding paragraphs as if fully set forth herein.

95. The Defendants, acting in concert with each other, employed a scheme to defraud New Jersey investors in violation of N.J.S.A. 49:3-52, by engaging in the conduct described in this Verified Complaint, which includes:

    (i) Forging investors' signatures;

    (ii) Cashing out investors' funds without the investors' knowledge or authorization;

    (iii) Generating bogus financial statements;

    (iv) Withholding investors' funds; and

    (v) Issuing more than one hundred and fifty bad checks in the last year.

96. Each violation of N.J.S.A. 49:3-52 was a separate violation of the statute and is cause for the imposition of a civil monetary penalty for each separate violation, pursuant to N.J.S.A. 49:3-70.1.

FOURTH COUNT

Defendants Made Materially False and Misleading Statements in Connection with the Offer, Sale or Purchase of Securities in Violation of N.J.S.A. 49:3-52

97. Plaintiffs repeat the allegations in the preceding paragraphs as if fully set forth herein.

98. The Defendants, acting in concert with each other, made materially false and misleading statements in connection with the offer, sale or purchase of Securities in violation of N.J.S.A. 49:3-52, by engaging in the conduct described in this Verified Complaint, which includes:

(i) Forging investors' signatures;

(ii) Cashing out investors' funds without the investors' knowledge or authorization;

(iii) Generating bogus financial statements;

(iv) Representing that Geck was authorized to purchase securities on behalf of investors when, in fact, Geck was not registered with the NJBOS in any capacity and in fact has been barred from the securities industry by the NASD; and

(v) Issuing more than one hundred and fifty bad checks in the last year.

99. Each violation of N.J.S.A. 49:3-52 was a separate violation of the statute and is cause for the imposition of a civil monetary penalty for each separate violation, pursuant to N.J.S.A. 49:3-70.1.

FIFTH COUNT

Defendants Omitted Material Facts in Connection with the Offer, Sale or Purchase of Securities in Violation of N.J.S.A. 49:3-52.

100. Plaintiffs repeat the allegations in the preceding paragraphs as if fully set forth herein.

101. The Defendants, acting in concert with each other, omitted material facts in connection with the offer, sale or purchase of Securities in violation of N.J.S.A. 49:3-52, by engaging in the conduct described in this Verified Complaint, which includes, inter alia, failing to disclose to investors that the NASD barred Geck from the securities industry in 2001 and that Geck was not registered with the NJBOS.

102. Each violation of N.J.S.A. 49:3-52 was a separate violation of that statute and is cause for the imposition of a civil monetary penalty for each separate violation, pursuant to N.J.S.A. 49:3-70.1.

DEMAND FOR RELIEF

WHEREFORE, Plaintiffs petition this Court for an order:

(A) Finding that Defendants engaged in the acts and practices alleged above;

(B) Finding that such acts and practices constituted violations of the Securities Law;

(C) Enjoining all Defendants from violating the Securities Law in any manner;

(D) Enjoining the issuance, sale, offer for sale, purchase, offer to purchase, promotion, negotiation, advertisement or distribution from or within New Jersey of any securities by any of the named Defendants, their officers, directors, employees, agents, brokers, partners, stockholders, attorneys, successors, subsidiaries and affiliates, or anyone acting on their behalf;

(E) Freezing the Defendants' assets and enjoining the Defendants, their officers, directors, employees, agents, attorneys, successors, subsidiaries and affiliates, and all persons who receive actual or constructive notice of this order, from directly or indirectly disposing of, transferring, selling, dissipating, encumbering, liquidating, or withdrawing any assets or property owned or controlled by said Defendants, except that they may pay ordinary and necessary business expenses that have been approved in advance by the receiver described below. These assets shall include, but are not limited to, cash, accounts in any and all financial institutions, brokerage and trading accounts,

securities, real property, personal property, pension and retirement accounts;

(F) Providing members of the Bureau's staff immediate access to the Defendants' office located at 2520 Highway 35, Suites 201, 202, 203 and 208, Manasquan, New Jersey, to photograph and videotape the offices and to inventory, inspect and copy documents relating to the Defendants' activities. The access includes but is not limited to any areas where documents are stored including closets, file cabinets and desks or where trading or investor solicitation has been conducted. The Defendants, its officers, directors and employees shall make available for immediate inspection any and all business records and documents relating to the activities of the Defendants including, but not limited to, stock certificates, bank records, correspondences, telephone toll records and all other books, records and documents of any kind relating to the purchase, offer to purchase or sell, sale, distribution, promotion or advertisement of any security. The Bureau staff shall be entitled to examine and photocopy any and all such records or documents without interference. The Bureau shall provide counsel for the Defendants with notice as to which documents were copied. This is without prejudice to the Defendants right to object to production or use of said documents by filing an appropriate motion with the court.

(G) Enjoining the Defendants, their officers, directors, employees, agents, attorneys, successors, subsidiaries and affiliates, and all persons who receive actual or constructive notice of this order, from destroying or concealing any books, records and documents relating in any way to the business, financial and/or personal affairs of all Defendants, their successors, subsidiaries or affiliates;

(H) Appointing a receiver, pursuant to N.J.S.A. 49:3-69(a)(2), to serve without bond, who will:

(i) immediately take into possession all of the Defendants' assets that are frozen including, but not limited to, holdings and interests in all financial institutions, brokerage and trading accounts, and undertake all actions necessary or appropriate to maintain optimal value of the assets, including the liquidation of any such assets;

(ii) review all the books and records of and pertaining to all Defendants whose assets are frozen and report to the Court within ninety (90) days of the requested Order:

(a) the identities of all investors of the Defendants and creditors of all Defendants whose assets are frozen, past and present, and the status of their accounts;

(b) the financial condition of all Defendants whose assets are frozen, their successors, subsidiaries and affiliates; and

(c) a preliminary plan to distribute the Defendants' assets to investors and creditors, which includes the NJBOS;

(iii) determine the necessity of retaining professionals including, but not limited to, accountants and attorneys, to assist the receiver in fulfilling the receiver's responsibilities as ordered by the Court, and upon making a determination of necessity and obtaining Plaintiffs' consent, make application to the Court for an order permitting the retention of such professionals by the receiver;

(iv) be held harmless from and against any liabilities, including costs and expenses of defending claims, for which the receiver may become liable or incur by reason of any act or omission to act in the course of performing the receiver's duties, except upon a finding by this Court of gross negligence or willful failure of the receiver to comply with the terms of this or any other order of this Court, irrespective of the time when such claims are filed;

(v) be compensated out of the estate of all Defendants whose assets are frozen, their successors, subsidiaries and affiliates;

(vi) be permitted to resign as receiver upon giving written notice to this Court and Plaintiffs of the receiver's intention to resign, which resignation shall not become effective until appointment by the Court of a successor, which shall be subject to Plaintiffs' approval; and

(vii) have the full statutory powers to perform the receiver's duties delineated in N.J.S.A. 49:3-69 (c) and (d) and Title 14A of the New Jersey Statutes, Corporations, General, including, but not limited to N.J.S.A. 14A:14-1 to -27, or so far as the provisions thereof are applicable.

(I) Affording each purchaser of securities the option of receiving restitution of losses incurred on disposition of the securities, plus interest and expenses incident to effecting the purchase and restitution;

(J) Assessing Defendants civil monetary penalties for each violation of the Securities Law in accordance with N.J.S.A. 49:3-70.1;

(K) Requiring Defendants to pay restitution and disgorge all profits and/or funds gained through violations of the Securities Law; and

(L) Affording Plaintiffs and affected third parties any additional relief the Court may deem just and equitable.

PETER C. HARVEY
ATTORNEY GENERAL OF NEW JERSEY

On behalf of Franklin L. Widmann
Chief of the New Jersey Bureau
of Securities

By: _____
James L. Esposito
Deputy Attorney General

Dated: April 15, 2004

RULE 4:5-1(b)(2) CERTIFICATION

I certify that Plaintiffs in this matter have not initiated any other civil action in any court of this State against Defendants and are not now engaged in any arbitration proceeding against Defendants, nor is any other civil action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action.

PETER C. HARVEY
ATTORNEY GENERAL OF NEW JERSEY

By: _____
James L. Esposito
Deputy Attorney General

Dated: April 15, 2004

DESIGNATION OF TRIAL COUNSEL
PURSUANT TO R. 4:5-1(c)

Deputy Attorney General James L. Esposito is hereby designated as trial counsel for this matter.

PETER C. HARVEY
ATTORNEY GENERAL OF NEW JERSEY

By: _____
James L. Esposito
Deputy Attorney General

Dated: April 15, 2004

VERIFICATION

I, Richard Barry, of full age do hereby certify and say:

1. I am the Enforcement Chief of the New Jersey Bureau of Securities.

2. I have read this Verified Complaint and verify that the information contained in this Verified Complaint is true and correct to the best of my knowledge, information and belief.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I may be subject to punishment.

Richard Barry

Dated: April 15, 2004