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JAN 13

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION - COUNTY OF ESSEX
Docket No. ESX _____

PETER C. HARVEY, Attorney General of New Jersey and FRANKLIN L. WIDMANN, Chief of the New Jersey Bureau of Securities Securities, Plaintiffs, v. JOSEPH GREENBLATT, individually, MAX GREENBLATT, individually and as co-Executor of the Estate of Vera Greenblatt, PETER F. VOGEL, individually and as Co-Executor of the Estate of Vera Greenblatt, ESTATE OF VERA GREENBLATT, JEROME M. ROSENTHAL, ALEXANDRA HORVATH, MAYWOOD CAPITAL CORP., a New Jersey corporation, MAYWOOD MANAGEMENT CORP., a New York corporation, TUMBLERS, INC., a New York corporation, TUMBLERS II, INC., a New York corporation, AP CONSTRUCTION ASSOCIATES, INC., a New York corporation, MAYWOOD CONSOLIDATED PROPERTIES, INC., a New York corporation, MAYWOOD CONSTRUCTION CORP., a New York corporation,	Civil Action **VERIFIED COMPLAINT**

VALUE CAPITAL GROUP, INC., :
a New York corporation, :
942 ATLANTIC AVE. REALTY CORP., :
a New York corporation, :
113 BLAKE AVE. REALTY CORP., :
a New York corporation, :
11 BROOKLYN AVE. REALTY CORP., :
a New York corporation, :
883 CAULDWELL AVE. REALTY CORP., :
a New York corporation, :
162 CENTRAL AVE. REALTY CORP., :
a New York corporation, :
164 CENTRAL AVE. REALTY CORP., :
a New York corporation, :
917 EAGLE AVENUE REALTY CORP., :
a New York corporation, :
216 EDGECOMBE AVE. REALTY CORP., :
a New York corporation, :
2278 EIGHTH AVE. REALTY CORP., :
a New York corporation, :
1230 FRANKLIN AVE. REALTY CORP., :
a New York corporation, :
67 HANCOCK ST. REALTY INC., :
A New York corporation, :
1055 HERKIMER AVE. REALTY CORP., :
a New York corporation, :
190-01-190-13 HOLLIS AVE. REALTY CORP., :
a New York corporation, :
2006 HONEYWELL AVE. REALTY CORP., :
a New York corporation, :
161 HULL ST. REALTY CORP., :
a New York corporation, :
242 LENOX AVE. REALTY CORP., :
a New York corporation, :
2093 MADISON AVE. REALTY CORP., :
a New York corporation, :
2093 MADISON LLC, :
a New York corporation, :
64 PATCHEN AVE. REALTY LLC, :
a New York limited liability :
company, :
653-655 ROGERS AVE. REALTY CORP., :
a New York corporation, :
2035-2037 SEVENTH AVE. REALTY CORP., :
a New York corporation, :
957 ST. NICHOLAS AVE. REALTY CORP., :
a New York corporation, :

133 SUYDAM ST. REALTY CORP., :
a New York corporation, :
135 SUYDAM ST. REALTY CORP., :
a New York corporation, :
173 UTICA AVE. REALTY CORP., :
a New York corporation, :
49-51 & 55-57 WYONA ST. REALTY CORP., :
a New York corporation, :
243 EAST 118TH ST. REALTY CORP., :
a New York corporation, :
65-67 EAST 125TH ST. REALTY CORP., :
a New York corporation, :
77 EAST 125TH ST. REALTY LLC, :
a New York limited liability :
company, :
79 EAST 125TH ST. CORP., :
a New York corporation, :
79 EAST 125TH STREET REALTY LLC, :
a New York limited liability :
company, :
27 EAST 131ST ST. REALTY CORP., :
a New York corporation, :
6 EAST 132ND ST. APARTMENTS CORP., :
a New York corporation, :
6 EAST 132 ST. LLC, :
a New York limited liability :
company, :
313 EAST 140TH ST. REALTY CORP., :
a New York corporation, :
335 EAST 140TH ST. REALTY CORP., :
a New York corporation, :
522 EAST 148TH ST. REALTY CORP., :
a New York corporation, :
108 WEST 119TH ST. APARTMENTS CORP. :
A New York corporation, :
121 WEST 122ND ST. CORP., :
a New York corporation, :
148 WEST 124TH ST. REALTY CORP., :
a New York corporation, :
308 WEST 127TH ST. REALTY CORP., :
a New York corporation, :
358-360 WEST 127TH ST. REALTY CORP., :
a New York corporation, :
360 WEST 127TH ST. REALTY CORP., :
a New York corporation, :
18 WEST 129TH ST. REALTY CORP., :
a New York corporation, :

108 WEST 130TH ST. REALTY CORP.,
a New York corporation,
304-306 WEST 133RD ST. REALTY CORP.,
a New York corporation,
118-120 WEST 137TH ST. REALTY CORP.,
a New York corporation,
142 WEST 139TH ST. REALTY LLC,
a New York limited liability
company,
459 WEST 147TH STREET REALTY CORP.,
a New York corporation,
459 WEST 147TH ST. REALTY LLC,
a New York limited liability
company,
535 WEST 147TH ST. REALTY CORP.,
a New York corporation,
549 WEST 147TH ST. REALTY CORP.,
a New York corporation,
308 WEST 148TH ST. REALTY LLC,
a New York limited liability
company,
515 WEST 148TH ST. REALTY CORP.,
a New York corporation,
540 WEST 148TH ST. REALTY CORP.,
a New York corporation,
536 WEST 149TH ST. REALTY CORP.,
a New York corporation,
452 WEST 150TH STREET REALTY CORP.,
a New York corporation,
510 WEST 159th ST. REALTY CORP.,
a New York corporation,
544 WEST 160TH APARTMENTS CORP.,
a New York corporation,
559 WEST 185TH ST. REALTY LLC,
a New York limited liability
company,

Defendants.

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 (the "Bureau"), having offices

at 153 Halsey Street in the City of Newark, County of Essex, State of New Jersey, through their attorney, Peter C. Harvey, Attorney General of New Jersey (Deputy Attorney General, David M. Puteska, appearing), say:

STATEMENT OF THE CASE

1. Plaintiffs bring this civil action under N.J.S.A. 49:3-69(a)(2) of the New Jersey Uniform Securities Law (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. 49:3-52(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); 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); and N.J.S.A. 49:3-60 (selling of unregistered securities).

2. The Attorney General also brings this action pursuant to the New Jersey Racketeering Influenced and Corrupt Organizations ("RICO") laws, N.J.S.A. 2C:41-1, et seq., for violations of such laws, specifically, N.J.S.A. 2C:41-2(a) and N.J.S.A. 2C:41-2(c).

PARTIES

3. Plaintiffs, Peter C. Harvey, Attorney General of New Jersey, and Franklin L. Widmann, Chief of the Bureau, bring this action to enforce the provisions of the Securities Law, and the Attorney General also brings this action to enforce the provisions of the New Jersey RICO Laws.

4. At all relevant times, defendant Joseph Greenblatt ("J. Greenblatt") was a shareholder, officer, director, manager and/or managing member of the defendant entities.

5. J. Greenblatt is not now, nor has he ever been registered with the Bureau in any capacity.

6. Defendant Max Greenblatt ("M. Greenblatt") is named as a defendant both individually and as co-executor of the Estate of Vera Greenblatt. M. Greenblatt is the father of defendant J. Greenblatt.

7. M. Greenblatt is not now, nor has he ever been, registered with the Bureau in any capacity.

8. Peter Vogel ("Vogel") is a disbarred New Jersey attorney who served as outside and subsequently in-house legal counsel for defendant Maywood Capital Corporation ("Maywood Capital"). Following his disbarment, Vogel was and is an employee and/or agent of Maywood Capital.

9. Defendant Vogel is the co-executor of the Estate of Vera Greenblatt.

10. Vogel is not now, nor has he ever been registered with the Bureau in any capacity.

11. Defendant Jerome Rosenthal ("Rosenthal") is an employee and/or agent of Maywood Capital.

12. Rosenthal solicited Florida investors for Maywood Capital to invest in the securities offered by Maywood Capital.

13. Rosenthal referred investors to defendant J. Greenblatt who would complete the securities sales process.

14. Upon information and belief, Rosenthal received salary and/or commissions for his services.

15. The Estate of Vera Greenblatt (the "Estate of V. Greenblatt") is not named in the substantive counts of this Verified Complaint, however, upon information and belief, the Estate of V. Greenblatt has received direct or indirect proceeds of the fraud. Thus, the Estate of V. Greenblatt is named as a defendant for the purposes of ancillary relief including the freezing of estate assets and appointment of a receiver over same.

16. V. Greenblatt was the mother of defendant J. Greenblatt and was the wife of defendant M. Greenblatt.

17. Defendant Alexandra Horvath ("Horvath") is the wife of defendant J. Greenblatt.

18. Defendant Horvath is not named in the substantive counts of this Verified Complaint, however, upon information and belief, Horvath has received direct or indirect proceeds of the fraud.

Thus, Horvath is named as a defendant for the purposes of ancillary relief, including the freezing of her assets and appointment of a receiver over same.

19. Defendants J. Greenblatt, M. Greenblatt, Vogel and Rosenthal are hereinafter identified as the "Individual Defendants."

20. Defendant Maywood Capital is a New Jersey corporation that was incorporated on February 13, 1996. At the time of Maywood Capital's incorporation, and for much of the activity detailed in this Complaint, its principal place of business was East 80 Route 4, Suite 215, Paramus, New Jersey. As of April 27, 2004, Maywood Capital's principal place of business has been 27 East 131st Street, New York, New York.

21. At all relevant times, defendants J. Greenblatt and M. Greenblatt were members of the Board of Directors of Maywood Capital.

22. Defendant Maywood Management Corporation ("Maywood Management") is a New York corporation. The purpose of Maywood Management is to manage the properties that Maywood Capital and its affiliated companies owned.

23. At all relevant times, defendants J. Greenblatt and M. Greenblatt were members of the Board of Directors of Maywood Management.

24. Defendants Tumblers, Inc. ("Tumblers") and Tumblers II, Inc. ("Tumblers II") are New York corporations.

25. At all relevant times, defendants J. Greenblatt with the support and assistance of M. Greenblatt and Vogel controlled and managed Tumblers and Tumblers II.

26. At all relevant times, V. Greenblatt was the Chairman of Tumblers and Tumblers II.

27. Defendant AP Construction Associates, Inc. ("AP Construction") is a New York corporation.

28. At all relevant times, defendant J. Greenblatt controlled and managed AP Construction.

29. Defendant Maywood Consolidated Properties, Inc. ("Maywood Consolidated") is a New York corporation.

30. At all relevant times, defendant J. Greenblatt, with the support and assistance of M. Greenblatt and Vogel, controlled and managed Maywood Consolidated.

31. Defendant Maywood Construction Corporation ("Maywood Construction") is a New York corporation.

32. At all relevant times, defendant J. Greenblatt controlled and managed Maywood Construction.

33. The registered agent for service of process for both Maywood Consolidated and Maywood Construction is listed as "Greenblatt, 220 East 65th Street, New York, New York."

34. On or about March 18, 2004, defendants Vogel and J. Greenblatt incorporated Value Capital Group, Incorporated ("Value Capital") in New York.

35. Upon information and belief, J. Greenblatt, M. Greenblatt and Vogel are using Value Capital to solicit money from investors and engage in violations of the Securities Law.

36. The Individual Defendants created and/or operated a series of shell entities whose primary, and often only, asset was real estate purchased for use to secure investments from individuals.

37. The Individual Defendants managed and maintained control over all corporate defendants with no direct control residing in the investors.

38. The Individual Defendants, acting alone or in concert with one or more of them, created the entities at the place and on the date listed in the following chart:

Name of Corporate Defendant	**Place of Incorporation**	**Date of Incorporation**
942 Atlantic Ave. Realty Corp.	New York	September 1999
113 Blake Avenue Realty Corp.	New York	August 1999
133 Blake Ave. Realty Corp.	New York	August 1999
11 Brooklyn Ave. Realty Corp.	New York	October 1999
883 Cauldwell Ave. Realty Corp.	New York	September 1999
162 Central Ave. Realty Corp.	New York	December 1999
164 Central Ave. Realty Corp.	New York	December 1999
917 Eagle Ave. Realty Corp.	New York	September 1997

216 Edgecombe Ave. Realty Corp.	New York	March 2000
2278 Eighth Ave. Realty Corp.	New York	August 1996
1230 Franklin Ave. Realty Corp.	New York	January 2000
67 Hancock St. Realty Inc.	New York	May 1996
1055 Herkimer Ave. Realty Corp.	New York	October 1999
190-01 - 190-13 Hollis Ave. Realty Corp.	New York	April 1997
2006 Honeywell Ave. Realty Corp.	New York	December 1999
161 Hull St. Realty Corp.	New York	September 1999
242 Lenox Ave. Realty Corp.	New York	February 1996
2093 Madison Ave. Realty Co.	New York	November 1999
2093 Madison LLC	New York	March 2004
64 Patchen Ave. Realty LLC	New York	October 2002
653-655 Rogers Ave. Realty Corp.	New York	October 1999
2035-2037 Seventh Ave. Realty Corp.	New York	February 1997
957 St. Nicholas Ave. Realty Corp.	New York	January 2000
133 Suydam St. Realty Corp.	New York	July 1999
135 Suydam St. Realty Corp.	New York	December 1999
173 Utica Ave. Realty Corp.	New York	December 1997
49-51 & 55-57 Wyona St. Realty Corp.	New York	February 1997
243 East 118th St. Realty Corp.	New York	May 1999
65-67 East 125th Street Realty Corp.	New York	May 1996
77 East 125th St. Realty LLC	New York	January 2002
79 East 125th St. Corp.	New York	March 2001
79 East 125th St. Realty LLC	New York	September 2001
27 East 131st St. Realty Corp.	New York	February 1999

6 East 132nd St. Apartments Corp.	New York	October 1997
6 East 132 St. LLC	New York	April 2004
313 East 140th St. Realty Corp.	New York	August 1999
335 East 140th St. Realty Corp.	New York	September 1999
522 East 148th St. Realty Corp.	New York	February 1999
108 West 119th St. Apartments Corp.	New York	January 1998
121 West 122 Street Realty Corp.	New York	November 1995
148 West 124th St. Realty Corp.	New York	January 1999
308 West 127th St. Realty Corp.	New York	August 1999
358-360 West 127th St. Realty Corp.	New York	December 1996
360 West 127th St. Realty Corp.	New York	November 2000
18 West 129th St. Realty Corp	New York	November 1999
108 West 130th St. Realty Corp.	New York	March 1999
304-306 West 133rd St. Realty Corp.	New York	March 1998
118-120 West 137th St. Realty Corp.	New York	October 1996
142 West 139th St. Realty LLC	New York	July 2002
459 West 147th St. Realty Corp.	New York	September 1996
459 West 147th St. Realty LLC	New York	September 2002
535 West 147th St. Realty Corp.	New York	March 2000
549 West 147th St. Realty Corp.	New York	July 1996
308 West 148th St. Realty LLC	New York	May 2002
515 West 148th Realty Corp.	New York	May 1996
540 West 148th St. Realty Corp.	New York	June 1996
536 West 149th St. Realty Corp.	New York	May 1998
452 West 150th St. Realty Corp.	New York	June 2000

510 West 159th St. Realty Corp.	New York	November 1999
544 West 160th Apartments Corp.	New York	January 1998
559 West 185th St. Realty LLC	New York	November 2002

THE DEFENDANTS' WRONGFUL CONDUCT

Maywood Capital Fraud Scheme

39. The current fraud committed by the defendants involves the solicitation of investors by placing advertisements in newspapers offering a 14% interest in "safe" mortgages. The advertisements stated that the mortgages were ideal for IRA's, Keoghs, pensions and personal portfolios.

40. Entities controlled by the Individual Defendants would allegedly purchase properties for renovation and or resale through Maywood Capital. Maywood sold securities to investors in these properties.

41. Investor funds were invested in the entity owning the property and secured by mortgage interests in the property.

42. Frequently, Maywood Capital created new entities to be the actual record owner of the properties. Each property was purportedly owned by an entity that usually had the same name as the street address of the property.

43. The properties were residential dwellings located in New York City neighborhoods.

44. J. Greenblatt controlled the day-to-day activities including the financial decisions of the entities.

45. In order to secure the financing necessary to purchase real estate, J. Greenblatt solicited investors in the states of California, Florida, Massachusetts, New Jersey and New York, among others, to invest in properties in need of repair that Maywood would renovate and then resell at a profit. Maywood then sold to investors interests in the properties that were securities.

46. In reality, the properties controlled by defendants were over-mortgaged, thus significantly reducing the value of the investments. The properties did not produce the unrealistic profits promised to investors and, in certain cases, the defendants did not own the properties that they mortgaged to investors.

47. More than 100 investors invested more than $42 million in investments, not including unsecured loans or unpaid interest payments and penalties that have accrued.

48. Investor funds were placed in "suspension" or "suspense" accounts on Maywood Capital's records by defendants Vogel and J. Greenblatt so the secured interests of existing investors could be reassigned to allow for additional moneys to be placed in mortgages on buildings.

49. The first investors' mortgage interests were extinguished and they became unsecured creditors.

50. These transfers of the investors' interests on Maywood Capital's records occurred without investor knowledge.

51. Approximately 150 mortgage assignments to investors were not recorded due to problems with title work and associated fees.

52. The following three real estate transactions are examples of some of defendants' fraudulent activity:

559 West 185 Street, New York, New York (the "559 Property").

53. In January of 2003, investor Laura Taubes and her husband, the late Frank Taubes, were solicited by defendant J. Greenblatt.

54. The Taubeses were asked to invest in the 559 Property. They were told by defendant J. Greenblatt that in order to secure their investment, they would receive a first mortgage interest with a 14% interest rate of return on the 559 Property with an additional profit at the sale of the building. Defendant J. Greenblatt stated that he was in the process of purchasing the building. The Taubes invested $310,000 in the building through a security sold by Maywood. Mrs. Taubes was later informed by her husband that the closing was routine. Several weeks later, Mrs. Taubes learned through her attorney that the deed was not filed because Maywood Capital stopped payment on the check to the seller, Shapur Paul Sohayegh. Despite promises to the contrary, and the payment of significant sums for investment, Mrs. Taubes never had a security or ownership interest in the 559 Property, nor did she ever receive a return on her principal investment of $310,000 from defendants.

55. Between January 10, 2003 and February 26, 2003, defendants J. Greenblatt and Maywood Capital received total investments of $810,000 from approximately eleven investors in the 559 Property.

56. Mrs. Taubes and other investors never had an ownership interest in the property because Maywood Capital never owned the property.

459 West 147 Street, New York, New York (the "459 Property").

57. Between October 8, 2002 and April 15, 2003, Maywood Capital and defendant J. Greenblatt received $968,000 in total investments from thirteen investors in the 459 Property, of which $400,000 was in suspense.

58. On October 4, 2002, title for the 459 Property was vested with Alex Stewart and was then granted to Neighborhood Restore Housing Development Fund Corporation on November 20, 2003. The investors who invested through defendant J. Greenblatt $968,000 never had an ownership interest in the 459 Property because Maywood Capital and/or its affiliated entities never had an interest in the property from the time they solicited these investments.

64 Patchen Ave., Queens, New York (the "64 Patchen Property").

59. On December 19, 2002, defendant J. Greenblatt received $205,000 from Richard and Cynthia Malkin as an investment in the 64 Patchen Property.

60. The 64 Patchen Property was owned by 64 Patchen Realty Corp., an entity that was not affiliated with defendants J. Greenblatt and Maywood Capital or its affiliated entities, from March 5, 1992 until November 21, 2003. Ownership of the 64 Patchen Property was then granted to Neighborhood Restore Housing Development Fund Corporation. The Malkins were left with no ownership interest in the 64 Patchen Property because Maywood Capital and/or its affiliated entities never had an interest in the property.

Misappropriation of Investor Funds for Personal Expenses

61. Funds maintained in individual accounts for individual properties were transferred to Maywood Capital's main corporate account at various banks at the end of each day, which resulted in funds designated for the various properties being co-mingled with Maywood's corporate account. The defendants co-mingled investor funds and treated the various entities as their own personal bank accounts using investor funds for personal expenses.

62. Disbursements were made from defendant Maywood Capital accounts for:

(A) monthly payments on defendant M. Greenblatt's home in Rego Park, New York and condominium in Florida;

(B) payment of various personal expenses of defendant J. Greenblatt and his wife, Horvath such as travel, clothing purchases from Saks Fifth Avenue and Neiman Marcus, jewelry and gifts; and

(C) payment of personal expenses for Vogel.

63. The funds in the Maywood Capital account were used to pay for numerous credit card bills for personal expenses incurred by defendants J. Greenblatt, M. Greenblatt, Vogel and Horvath.

64. The payments for personal expenses of defendants J. Greenblatt, M. Greenblatt, Vogel and Horvath were labeled as "officer loans" in the Maywood accounting records.

65. Defendants J. Greenblatt, M. Greenblatt and Vogel have received more than $9.4 million in "officer loans" from investor funds, which they used to pay their personal expenses and to maintain their lifestyle.

66. Defendant J. Greenblatt received more than $8,832,960 in officer's loans to pay personal expenses for himself and his wife, Alexandra Horvath, which included charges at Neiman Marcus, the Ritz Carlton and Polo/Ralph Lauren.

67. Defendant Vogel received over $200,151 in officer loans even though he is not listed as an officer of Maywood Capital or its affiliated entities.

68. Defendant M. Greenblatt received at least $61,354 in officer loans.

69. Defendant Maywood Capital also paid salaries from January 2002 until March 2004 to the following defendants: J. Greenblatt: ($602,484.21); Vogel ($298,465.67); M. Greenblatt: ($173,077.80); and V. Greenblatt ($60,119.16).

70. The investors were not informed that investor funds would be used for the personal benefit and enrichment of J. Greenblatt, M. Greenblatt or Vogel, nor were such transactions authorized by investors.

71. In circumstances where proper authorization was obtained from investors to change first mortgages to second mortgages, J. Greenblatt stopped payment on the checks for such transactions after closing thus rendering the mortgages impossible to record because the deals were not consummated.

Prior History of Securities Violations

72. On November 17, 1995, the Bureau issued a Cease and Desist Order against J. Greenblatt, M. Greenblatt and Maywood Funding, Incorporated ("Maywood Funding"), an entity owned and controlled by the Greenblatts (the "C&D Order").

73. In the C&D Order, the Bureau Chief found that J. Greenblatt, M. Greenblatt and Maywood Funding violated the New Jersey Uniform Securities Law (1967), specifically N.J.S.A. 49:3-56 (a) and N.J.S.A. 49:3-56(h), by acting as unregistered agents and/or broker-dealers, and employing unregistered agents in the offer and sale of unregistered securities in and from New Jersey.

74. Pursuant to the C&D Order, J. Greenblatt, M. Greenblatt and Maywood Funding were prohibited from acting as unregistered broker-dealers and/or employing persons to act as unregistered agents in violation of the N.J.S.A. 49:3-56 (a) & (h). The C&D

Order also prohibited Maywood Funding, J. Greenblatt and M. Greenblatt from offering, promoting or selling unregistered securities in or from New Jersey in violation of N.J.S.A. 49:3-56(b).

75. The C&D Order remains in full force and effect.

76. Defendants J. Greenblatt and M. Greenblatt have again violated N.J.S.A. 49:3-56, among other statutes in the Securities Law.

77. During April through August of 1995, the District Attorney's Office for Kings County, New York, obtained indictments against J. Greenblatt and M. Greenblatt for numerous criminal violations including, but not limited to, grand larceny, criminal possession of a forged instrument, offering a false instrument and engaging in a scheme to defraud. The Greenblatts pled guilty to each indictment.

78. Howard Singer ("Singer"), a New York attorney, was appointed by a New York Court as a receiver to oversee the five million dollars ($5,000,000) in restitution J. Greenblatt and M. Greenblatt were required to pay back to aggrieved investors as a result of J. Greenblatt and M. Greenblatt's criminal activity.

79. Upon information and belief, J. Greenblatt and M. Greenblatt caused the restitution payments to Singer to be paid from Maywood Capital's account (i.e., using the money from

investments by new investors to pay the restitution to the earlier investors).

Ongoing Value Capital Fraud

80. On or about March 18, 2004, Vogel and J. Greenblatt incorporated Value Capital.

81. Bank records filed by Value Capital indicated that defendant J. Greenblatt and M. Greenblatt are officers of Value Capital.

82. Defendant Value Capital is located at 304-306 West 133rd Street, New York, New York 10030-2702.

83. Upon information and belief, the Greenblatts and Vogel are now utilizing Value Capital as their primary corporation to continue the fraud described herein.

84. Vogel tried to place a Value Capital advertisement with the Investor's Business Daily to solicit investors, which was virtually identical to prior Maywood Capital advertisements.

85. On April 27, 2004, Maywood moved their offices from Paramus New Jersey to New York City. Banking records indicate that Maywood Capital, Maywood Management and Value Capital all are using 2082 Madison Ave as their address.

86. Value Capital has solicited additional money from new investors, including $165,000 from Nissan Perla for the purchase of 242 Lenox Ave. This property is a Maywood property which has been mortgaged to Maywood investors in the amount of $1,005,000.

87. Value Capital banking records also reflect an additional deposit of $95,000 from Mr. Perla for unknown investment.

88. Value Capital Account records further indicate wire transfers between Value Capital and the other Maywood entities and payments to Maywood investors and J. Greenblatt and Horvath.

89. The defendants, under the banner of Value Capital, are continuing to defraud Maywood investors and raise money from new investors to continue the Ponzi scheme.

COUNT I

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

90. Plaintiffs repeat and reallege the allegations in the preceding paragraphs as if fully set forth herein.

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

(i) failing to register the securities sold to investors with the Bureau and failing to advise investors that the securities were required to be registered but were not;

(ii) co-mingling investor funds;

(iii) using investor funds for the payment of personal expenses;

(iv) using investor funds for the payment of sums to individuals including J. Greenblatt, M. Greenblatt and Vogel under the guise of "Officer Loans;" and

(v) using investor funds to pay restitution pursuant to a guilty plea entered in Kings County, New York by J. Greenblatt and M. Greenblatt for securities fraud.

92. Each violation of N.J.S.A. 49:3-52(a) is 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.

COUNT II

Materially False and Misleading Statements and/or Omissions in Connection with the Offer, Sale or Purchase of Securities in Violation of N.J.S.A. 49:3-52 (b).

93. Plaintiffs repeat and reallege the allegations in the preceding paragraphs as if fully set forth herein.

94. The Individual Defendants and defendant entities, acting in concert with each other, made materially false and misleading statements and/or omissions 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) promising investors 14% interest in "safe" investments plus a bonus upon the conclusion of their investments;

(ii) omitting that J. Greenblatt and M. Greenblatt were ordered to cease and desist from the selling of securities by the Bureau in November 1995;

(iii) omitting that J. Greenblatt and M. Greenblatt had been charged and pled guilty to criminal securities fraud violations in Kings County, New York in 1997;

(iv) omitting that as a result of the guilty plea in Kings County, that J. Greenblatt and M. Greenblatt were required to pay $5,000,000 in restitution to investors;

(v) omitting that defendants were using investor funds to pay the restitution agreed to as part of the Kings County guilty pleas;

(vi) omitting to investors that vast sums of money were syphoned from various Maywood entities as "Officer Loans;" and

(vii) omitting to investors that investor funds were used to pay the personal expenses of J. Greenblatt, M. Greenblatt, Vogel and/or Horvath.

95. Each violation of N.J.S.A. 49:3-52 is 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.

COUNT III

Engaging in a Course of Business that Operates as a Fraud or Deceit upon Any Person. N.J.S.A. 49:3-52(c)

96. Plaintiffs repeat and reallege the allegations in the preceding paragraphs as if fully set forth herein.

97. The Individual Defendants and defendant entities conduct, including but not limited to the following:

(i) selling unregistered securities;

(ii) co-mingling investor funds;

(iii) using investor funds for the payment of personal expenses;

(iv) using investor funds for the payment of vast sums to individuals including J. Greenblatt, M. Greenblatt and Vogel under the guise of "Officer Loans;"

(v) using investor funds to pay restitution pursuant to a guilty plea entered in Kings County, New York by J. Greenblatt and M. Greenblatt for securities fraud; and

(vi) repeatedly issuing checks to investors and others for which insufficient funds were available,

were acts, practices and courses of business which operated as frauds or deceit upon the investors and others, in violation of N.J.S.A. 49:3-52(c).

98. Each violation of N.J.S.A. 49:3-52(c) is 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.

COUNT IV

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

99. Plaintiffs repeat and reallege the allegations in the preceding paragraphs as if fully set forth herein.

100. From at least 1995 until the present, the Individual Defendants, acting in concert with each other, offered to buy, bought, offered to sell, or sold securities to, from, or within, New Jersey.

101. None of the Individual Defendants has ever been registered with the Bureau in any capacity.

102. Notwithstanding the fact that J. Greenblatt and M. Greenblatt were ordered to cease and desist from selling unregistered securities by the Bureau in its November 17, 1995 C&D Order and that they were not registered with the Bureau in any

capacity, J. Greenblatt and M. Greenblatt continued to engage in the sale of securities individually, and through the defendant entities, in violation of N.J.S.A. 49:3-56(a).

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

104. Each violation of N.J.S.A. 49:3-56(a) is 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.

COUNT V

The Defendant Entities Employed Unregistered Agents in Violation of N.J.S.A. 49:3-56(h)

105. Plaintiffs repeat and reallege the allegations in the preceding paragraphs as if fully set forth herein.

106. The defendant entities employed unregistered agents or representatives in effecting or attempting to effect transactions in securities from, to or within New Jersey.

107. The defendant entities violated N.J.S.A. 49:3-56(h), which prohibits any broker-dealer from employing an agent who is not registered with the Bureau.

108. Each instance of the defendant entities' employment of an unregistered agent constitutes a separate violation of N.J.S.A. 49:3-56(h).

109. 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.

COUNT VI

Offering and Selling Unregistered Securities In Violation of N.J.S.A. 49:3-60

110. Plaintiffs repeat and reallege the allegations in the preceding paragraphs as if fully set forth herein.

111. The securities sold by the Individual Defendants and defendant entities, through the defendant entities' officers, directors, employees and agents, acting in concert with each other, were securities, as defined in N.J.S.A. 49:3-49(m) of the Securities Law.

112. The securities offered or sold to, from or within New Jersey by the Individual Defendants and/or defendant entities or through the defendant entities' officers, directors, employees and agents, acting in concert with each other, were required to be registered with the Bureau.

113. The securities offered or sold to, from or within New Jersey by the Individual Defendants and defendant entities or through the defendant entities' officers, directors, employees and agents, acting in concert with each other, were not registered with the Bureau as required by N.J.S.A. 49:3-60 nor were they exempt from registration.

114. Each offer to sell and sale by the Individual Defendants and/or defendant entities or through the defendant entities officers, directors, employees and agents, acting in concert with each other, of unregistered securities was made in violation of N.J.S.A. 49:3-60.

115. Each violation of N.J.S.A. 49:3-60 is 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.

RICO COUNTS

COUNT VII

As to Defendants J. Greenblatt, M. Greenblatt, Vogel and Rosenthal, Investing Income Derived From a Pattern of Racketeering Activity In an Enterprise Engaged in an Activity which Affects Trade or Commerce in New Jersey N.J.S.A. 2C:41-2(a)

116. The Attorney General repeats and realleges the allegations in the preceding paragraphs as if fully set forth herein.

117. The enterprise, within the meaning of N.J.S.A. 2C:41-1(c), are the defendant entities each of which engaged in the business of offering for sale, purchasing and selling securities from, to or within New Jersey. At all times relevant, the defendant entities were engaged in trade or commerce or in activities affecting trade or commerce in connection with the offer, sale, purchase, promotion, negotiation, advertisement or distribution of securities to, from or within the State of New Jersey.

118. Defendants J. Greenblatt, M. Greenblatt, Vogel and Rosenthal (the "RICO Defendants") are persons within the meaning of N.J.S.A. 2C:41-19(b).

119. The RICO Defendants, in violation of N.J.S.A. 2C:41-2(a), received income, directly or indirectly, from a pattern of racketeering activity in the defendant entities.

120. The pattern of racketeering activity from which the income was received includes, but is not limited to, the fraud in the offering, sale or purchase of securities within the meaning of 2C:41-(1)(a)(p) to, from, and within New Jersey to investors who where primarily New Jersey residents.

121. As a result of the facts alleged above, the Rico Defendants, through the defendant entities violated N.J.S.A. 2C:41-2(a).

COUNT VIII

As to Defendants J. Greenblatt, M. Greenblatt, Vogel and Rosenthal Participating In the Conduct of an Enterprise's Affairs Through a Pattern of Racketeering Activities. N.J.S.A. 2C:41-2(c)

122. The Attorney General repeats and realleges the allegations in the preceding paragraphs as if fully set forth herein.

123. The enterprise, within the meaning of N.J.S.A. 2C:41-1(c), are the defendant entities each of whom engaged in the business of offering for sale, purchasing and selling securities from, to and/or within New Jersey. At all times relevant, the defendant entities were engaged in trade or commerce or in activities affecting trade or commerce in connection with the offer, sale, purchase, promotion, negotiation, advertisement or distribution of securities to, from or within the State of New Jersey.

124. The RICO Defendants are persons as defined in N.J.S.A. 2C:41-1(b).

125. The RICO Defendants were employed by or associated with the defendant entities and conducted or participated, directly or indirectly, in the conduct of the affairs of these enterprises through a pattern of racketeering activity in violation of N.J.S.A. 2C:41-2(c) by engaging in fraudulent acts and practices in connection with the offer, sale or purchase of securities to, from or within the state of New Jersey, in violation of the Securities Laws. The RICO Defendants, among other things, participated in or were associated with the use of fraudulent sales practices in connection with the offer, purchase or sale of securities in violation of N.J.S.A. 49:3-52.

126. The fraudulent sale of those securities in and or though the defendant entities to the public constituted a pattern of racketeering activity.

127. As a result of the facts alleged, the RICO Defendants violated N.J.S.A. 2C:41-2(c).

PRAYER FOR RELIEF - SECURITIES LAWS COUNTS I TO VI

WHEREFORE, as to Counts One through Six, plaintiffs respectfully request the entry of a judgment pursuant to N.J.S.A. 49:3-47 et seq.:

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

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

(C) Enjoining all the Individual Defendants and defendant entities 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, to or within New Jersey of the securities of any of the defendant entities and/or any other security as that term is defined in the Securities Law by any of the defendant entities, their officers, directors, managing members employees, agents, brokers, partners, stockholders, attorneys, successors, subsidiaries, affiliates and/or any of the Individual Defendants including their agents and anyone acting on their behalf;

(E) Freezing the assets of and enjoining the Individual Defendants and defendant entities, Estate of Vera Greenblatt and Alexandra Horvath 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 which have been approved in advance by the Receiver described below. These assets shall include, but are not limited to, accounts in any and all financial institutions, brokerage and trading accounts, real property, personal property, pension and retirement accounts;

(F) Enjoining all defendant entities, their officers, directors, managing members, employees, agents, brokers, partners, stockholders, attorneys, successors, subsidiaries, affiliates and all Individual Defendants, 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 personal affairs of all defendants, their successors, subsidiaries or affiliates;

(G) Pursuant to N.J.S.A. 49:3-69, appointing a Receiver, to serve without bond, who will:

(i) immediately take into possession all of the assets of defendants whose assets 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 90 days of the requested Order:

(a) the identities of all investors of the defendant entities and creditors of all defendants whose assets are frozen, past and present, and the status of their account;

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

(c) a preliminary plan to distribute the assets of defendants to investors and creditors, including the Bureau;

(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 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 14 of the New Jersey Statutes, Corporations, General, including, but not limited to, those set forth at N.J.S.A. 14A:14-1, et seq., or so far as the provisions thereof are applicable.

(H) Affording each purchaser of securities issued by or on behalf of the defendant entities the option of rescinding such purchase and obtaining a refund of monies paid, plus interest and expenses incident to effecting the purchase and rescission;

(I) Affording each purchaser of securities issued by or on behalf of the defendant entities the option of receiving restitution for losses incurred on purchases of the securities, plus interest and expenses incident to effecting the purchase and restitution;

(J) Requiring all defendants to disgorge all profits and/or funds gained through violations of the Securities Law;

(K) Assessing the Individual Defendants and defendant entities civil monetary penalties for each incident of violating the Securities Law in accordance with N.J.S.A. 49:3-70.1; and

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

PRAYER FOR RELIEF - RICO COUNTS VII AND VIII

WHEREFORE, as to Counts VII and VIII, Plaintiff Peter C. Harvey, Attorney General of New Jersey respectfully demands the entry of a judgment pursuant to N.J.S.A. 2C:41-4 against the RICO Defendants:

(A) Finding that the RICO Defendants engaged in acts and practices in violation of N.J.S.A. 2C:41-2;

(B) Declaring whether the RICO Defendants have any interest, direct or indirect, in the defendant entities and whether such interest should be divested.

(C) Permanently enjoining the RICO Defendants from engaging in any direct or indirect activity, in any capacity whatsoever,

relating to the offer, purchase or sale of securities from, to or within the State of New Jersey and from engaging in the same type of endeavor as the enterprise found to be in violation of N.J.S.A. 2C:41-2;

(D) Permanently enjoining the defendant entities from registration as broker-dealers and or issuers with the New Jersey Bureau of Securities;

(E) Permanently enjoining the RICO Defendants from having any direct or indirect ownership, management or supervisory interest in, or control of any broker-dealer and or issuer registered with the New Jersey Bureau of Securities;

(F) Declaring the amount of civil monetary penalties to be imposed as a deterrent against future violations in an amount three times the gain that the RICO Defendants acquired or maintained; and

(G) Any additional legal or equitable relief that the Court finds to be necessary and proper to effectuate remedial purposes and to prevent any continuing violations.

PETER C. HARVEY
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: _____
David M. Puteska
Deputy Attorney General

January 13, 2005

RULE 4:5-1 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
Attorney for Plaintiffs

By: _____
David M. Puteska
Deputy Attorney General

January 13, 2005

DESIGNATION OF TRIAL COUNSEL

Deputy Attorney General David M. Puteska is hereby designated as trial counsel for this matter.

PETER C. HARVEY
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: _____
David M. Puteska
Deputy Attorney General

January 13, 2005