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SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION, ESSEX COUNTY
DOCKET NO. ESX C- 1164-06

ZULIMA V. FARBER, Attorney General of New Jersey, on behalf of FRANKLIN L. WIDMANN, Chief of the New Jersey Bureau of Securities, Plaintiffs, v. CRYSTAL SKY ENTERPRISES, L.L.C., a New Jersey Limited Liability Company; CRYSTAL STEPHENS, individually, and member of Crystal Sky Enterprises, L.L.C.; and CHRISTINA FOSTER, individually, and member of Crystal Sky Enterprises, L.L.C., Defendants.	CIVIL ACTION **COMPLAINT**

Plaintiffs, Zulima V. Farber, Attorney General of New Jersey, having offices at 124 Halsey Street in the City of Newark, County of Essex, State of New Jersey, on behalf of Franklin L. Widmann, Chief of the New Jersey Bureau of Securities (the "Bureau Chief")(collectively "Plaintiffs"), having a principal office at 153 Halsey Street in the City of Newark, County of Essex, State of

New Jersey, by way of Complaint against the above-named defendants (collectively, "Defendants") say:

STATEMENT OF THE CASE

Plaintiffs bring this civil action pursuant to the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., ("Securities Law") for violations of the Securities Law, specifically, N.J.S.A. 49:3-52(b) (making materially false and misleading statements and omitting facts necessary to make statements made not misleading).

Defendants, Crystal Stephens ("Stephens") and Christina Foster, owned and/or operated Crystal Sky Enterprises, L.L.C. ("Crystal Sky"). Crystal Sky purported to be in the business of purchasing and rehabilitating dilapidated buildings for resale as residential properties. In fall 2003, Crystal Sky sold a promissory note to Gerald Foster to finance Crystal Sky's first building rehabilitation project. Subsequently, Gerald Foster reinvested three additional times. Finally, Gerald Foster requested the return of his funds plus accrued interest. No monies were ever returned to Gerald Foster.

PARTIES

1. Plaintiffs, Zulima V. Farber, Attorney General of New Jersey, on behalf of Franklin L. Widmann, Chief of the New Jersey

Bureau of Securities bring this action to enforce the provisions of the Securities Law.

2. At all relevant times, Stephens, a New Jersey resident, residing at 238 Raritan Street, Keyport, New Jersey 07735, was a managing member of Crystal Sky.

3. At all relevant times, Christina Foster, a Connecticut resident, residing at 216 Dwight Street, New Haven, Connecticut 06511, was a managing member of Crystal Sky.

4. On or about February 2002, Stephens and Christina Foster incorporated Crystal Sky. Crystal Sky's offices were located at Stephens' residence, 238 Raritan Street, Keyport, New Jersey, 07735.

FACTUAL ALLEGATIONS

5. On or about October 2003, Crystal Sky, through Christina Foster and Stephens, began offering unregistered securities for sale in Crystal Sky. The unregistered securities were in the form of promissory notes.

6. On or about October 21, 2003, Crystal Sky made an offer to purchase the former Bloomfield South Middle School building, located in Bloomfield, New Jersey (the "Bloomfield Project"). Crystal Sky submitted a "Letter of Intent" to the City of Bloomfield outlining Crystal Sky's desire to purchase the building.

7. On or about November 2003, upon the advice of his sister, Christina Foster, Gerald Foster, invested $50,000 in Crystal Sky for the Bloomfield Project.

8. In return for Gerald Foster's investment, on or about November 7, 2003, he signed an investor prospectus that set forth the terms of the investment, and accepted a promissory note from Crystal Sky.

9. The investor prospectus represented that within 90 days, Gerald Foster would receive a guaranteed twenty percent (20%) return on his investment and if the Bloomfield Project went to loan settlement, Gerald Foster would receive a guaranteed one hundred percent (100%) return on his investment.

10. At the end of the initial 90 day period, Crystal Sky, through Christina Foster and Stephens, informed Gerald Foster that the Bloomfield Project had not reached loan settlement and requested that he reinvest his funds plus accrued interest of twenty percent (20%) with Crystal Sky for an additional 90 day period under the identical terms of the initial Bloomfield Project promissory note. Gerald Foster agreed to the terms of the second promissory note.

11. The Bloomfield Project failed to proceed to loan settlement.

12. After Gerald Foster was informed that the Bloomfield project would not proceed to loan settlement, Crystal Sky, through

Christina Foster and Stephens, requested that Gerald Foster reinvest his funds plus accrued interest from the Bloomfield Project promissory notes in a new Crystal Sky venture, the "Lace Manufacturing Mill Development Project." Gerald Foster agreed under the identical terms of the previous investments in the Bloomfield Project.

13. The Lace Manufacturing Mill Development Project failed to proceed to loan settlement.

14. After Gerald Foster was informed that the Lace Manufacturing Mill Development Project would not proceed to loan settlement, Crystal Sky, through Christina Foster and Stephens, requested that Gerald Foster reinvest his funds plus accrued interest from the Bloomfield and Lace Manufacturing Mill Development Projects promissory notes in another new Crystal Sky venture, the "New York Project." Gerald Foster agreed under the identical terms of the previous investments in the Bloomfield and Lace Manufacturing Mill Development Projects.

15. On or about June 7, 2004, Crystal Sky, through Christina Foster and Stephens, informed Gerald Foster that the New York Project had not moved to settlement and that he now had the option of having his investment returned, which totaled $103,680 ($50,000.00 plus interest from the previous promissory notes) or reinvesting.

16. Gerald Foster refused to reinvest his funds and requested that the principal plus interest be returned. Stephens informed Gerald Foster it would take ten (10) days to process the request. No funds were distributed to Gerald Foster.

17. After several attempts by Gerald Foster, despite a letter from Stephens recognizing Gerald Foster's claim and assuring the matter would be given expedited attention, no funds were returned to Gerald Foster.

18. Defendants have repeatedly refused to reimburse Gerald Foster and have engaged in evasive behavior designed to delay the repayment of Gerald Foster's investment.

FIRST COUNT

Making Materially False and Misleading Statements and Omitting Facts Necessary to Make Statements Made Not Misleading in Violation of N.J.S.A. 49:3-52(b)

(As to Defendants Stephens, Christina Foster, and Crystal Sky)

19. Plaintiffs repeat and re allege the allegations in the preceding paragraphs as if fully set forth herein.

20. The promissory notes sold by Crystal Sky, through Stephens and Christina Foster, were securities, as defined in N.J.S.A. 49:3-49(m) of the Securities Law.

21. Defendants Christina Foster, Stephens, and/or Crystal Sky, acting in concert with each other, directly or indirectly, made materially false and misleading statements to Gerald Foster in

connection with the offer and sale of securities in violation of N.J.S.A. 49:3-52(b).

22. Among the materially false and misleading statements told to Gerald Foster by Crystal Sky, through Stephens and Christina Foster, in violation of N.J.S.A. 49:3-52(b) were:

a. Gerald Foster was guaranteed a minimum twenty percent (20%) return on his investment; and

b. Gerald Foster's investment would be returned in an expeditious manner.

23. Defendants Christina Foster, Stephens, and/or Crystal Sky, acting in concert with each other, directly and/or indirectly, omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they are made, not misleading to Gerald Foster in connection with the offer and sale of securities in violation of N.J.S.A. 49:3-52(b).

24. Among the omitted material facts not stated to Gerald Foster by Crystal Sky, through Stephens and Christina Foster, in violation of N.J.S.A. 49:3-52(b) were:

a. Defendants failed to disclose to Gerald Foster the significant risks involved in the investment;

b. the investor prospectus provided to Gerald Foster failed to disclose any risks associated with the investment;

c. Defendants failed to disclose that a significant portion of the entities assets had allegedly been absconded by a venture capital firm;

d. Defendants failed to disclose that Crystal Sky did not have the funds to repay Gerald Foster.

25. Each instance of Defendants' conduct constitutes a separate violation of N.J.S.A. 49:3-52(b).

26. Each violation of N.J.S.A. 49:3-52(b) 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.

PRAYER FOR RELIEF

WHEREFORE, as to Count One, Plaintiffs respectfully demand the entry of a judgment pursuant to the Securities Law against all Defendants:

(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 to, from, or within New Jersey of the securities of Crystal Sky Enterprises, L.L.C., and any other security as that term is defined in the Securities Law by Crystal Sky Enterprises, L.L.C., its members, officers, directors, employees, agents, brokers, partners, stockholders, attorneys, successors, subsidiaries, affiliates, and Christina Foster and Crystal Stephens, including their agents and anyone acting on their behalf;

(E) Enjoining Crystal Sky Enterprises, L.L.C., its members, officers, directors, employees, agents, brokers, partners, stockholders, attorneys, successors, subsidiaries, affiliates, and Crystal Stephens and Christina Foster and all persons who receive actual or constructive notice of this order, from destroying or concealing any books, records and documents resulting in any way to the business, financial and personal affairs of all Defendants, successors, subsidiaries or affiliates;

(F) Affording each purchaser of securities issued by or on behalf of Crystal Sky Enterprises, L.L.C., the option of receiving restitution of losses incurred on disposition of the securities, plus interest and expenses incidental to effecting the purchase and restitution in accordance with N.J.S.A. 49:3-69(a)(2);

(G) Requiring Defendants to disgorge all profits and/or funds gained through violations of the Securities Law in accordance with N.J.S.A. 49:3-69(a)(2);

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

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

ZULIMA V. FARBER
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: _____
Christopher W. Gerard
Deputy Attorney General

May 25, 2006

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: _____
Christopher W. Gerold
Deputy Attorney General

Dated: May 25, 2006

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

Deputy Attorney General Christopher W. Gerold is hereby designated as trial counsel for this matter.

PETER C. HARVEY
ATTORNEY GENERAL OF NEW JERSEY

By: _____
Christopher W. Gerold
Deputy Attorney General

Dated: May 25, 2006