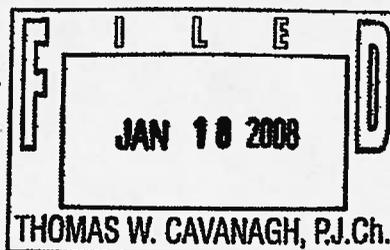


ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07102
Attorney for Plaintiff



By: Samuel Scott Cornish
Deputy Attorney General

ZULIMA V. FARBER, Attorney
General of the State of New
Jersey, on behalf of VICTOR J.
OLIVA, Chief of the New Jersey
Bureau of Securities,

Plaintiff,

v.

GARY S. KLEIN, JOSEPH SPUGANI,
NIZAR AZZAM, R.E.I. GROUP,
INC., a New Jersey
Corporation, R.E.I. HIGHLAND
PARK, LLC, a New Jersey
Limited Liability Company,
HOBE SOUNDS INVESTORS, LLC, a
New Jersey Limited Liability
Company, HOBE SOUND FL -
GOMEZ, LLC, a New Jersey
Limited Liability Company,
HOBE SOUND, FL - DOTTIE, LLC,
a New Jersey Limited Liability
Company, JUMPING BROOK ROAD,
LLC, a New Jersey Limited
Liability Company, 218 1/2 4TH
AVENUE, LLC, a New Jersey
Limited Liability Company, 601
BANGS AVENUE, LLC, a New
Jersey Limited Liability
Company, 711 BANGS AVENUE
ASBURY PARK, LLC, a New Jersey

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION - COUNTY OF
MONMOUTH

Docket No. C-109-06

Civil Action

CONSENT ORDER AND FINAL
JUDGMENT AGAINST DEFENDANT

GARY S. KLEIN

Limited Liability Company, 613 BANGS AVENUE ASBURY PARK, LLC, a New Jersey Limited Liability Company, 600 MAIN STREET, LLC, a New Jersey Limited Liability Company, 1001 MAIN STREET ASBURY PARK, LLC, a New Jersey Limited Liability Company, 400 MAIN STREET AVON, LLC, a New Jersey Limited Liability Company, RIVERDALE COMMONS LLC, a New Jersey Limited Liability Company, RIVERDALE MORTGAGE INVESTORS, LLC, a New Jersey Limited Liability Company, 716 COOKMAN AVENUE, LLC, a New Jersey Limited Liability Company, 633 COOKMAN AVENUE, LLC, a New Jersey Limited Liability Company, 310 MAIN STREET ASBURY PARK, LLC, a New Jersey Limited Liability Company, 505 SUMMERFIELD AVENUE, LLC, a New Jersey Limited Liability Company, 508 MONROE AVENUE, LLC, a New Jersey Limited Liability Company, REI GROUP @ THE DELMONTE HOTEL, LLC, a New Jersey Limited Liability Company, REI GROUP @ THE STERLING, LLC, a New Jersey Limited Liability Company, REI GROUP AT INZA AND SOUTH 11TH, LLC, a New Jersey Limited Liability Company, REI GROUP AT 205 SECOND AVENUE, LLC, a New Jersey Limited Liability Company, HSM PROPERTY, L.P., a New Jersey Limited Liability Partnership, ROAN LANE DEVELOPMENT GROUP, LLC, a Florida Limited Liability Company, MT. DORA DEVELOPMENT

GROUP, LLC, a Florida Limited
Liability Company, FORT
PIERCE, FL - HOPE POINT, LLC,
a Florida Limited Liability
Company.

Defendants.

This case was filed on behalf of the plaintiff, Chief of the New Jersey Bureau of Securities, now Vincent J. Oliva¹, (the "Bureau Chief" or "Plaintiff"), (Deputy Attorney General Samuel Scott Cornish, appearing), under R. 4:52-1 and R. 4:67-1 for violations of the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (the "Securities Law"); and the Court having appointed Jerold L. Zaro, Esq. as the receiver in this case (the "Receiver") (Bunce D. Atkinson, Esq. of Atkinson & Debartolo, PC, appearing); and Defendant Gary S. Klein ("Klein") (Robert Kipnees, Esq. of Lowenstein Sandler, P.C., appearing) now, under R. 4:42-1, seeks to resolve the entire case and controversy in this case against Klein under the terms of this Consent Order and Final Judgment ("Consent Judgment"), with Klein neither admitting nor denying the truth of the allegations in the Verified Complaint; and Klein having cooperated with the Receiver and hereby agreeing to continue to cooperate with the Receiver and with the Bureau, and with the Honorable Thomas W.

¹ Under R. 4:34-4, when a public officer ceases to hold office, the successor is "deemed to have been substituted." Id.

Cavanagh, Jr. finding that all parties and parties-in-interest have received notice, and that good cause was shown:

IT IS on this 19th day of Jan 2008 AGREED AND ORDERED

that:

PERMANENT INJUNCTIVE RELIEF

1. Defendant Klein is HEREBY PERMANENTLY ENJOINED AND RESTRAINED from:

- a. For a period of fifteen (15) years from the entry of this Consent Judgment, applying for registration with the New Jersey Bureau of Securities to act as an agent, as defined by N.J.S.A. 49:3-49(b), broker-dealer, as defined by N.J.S.A. 49:3-49(c), or any other securities professional within the purview of the regulatory authority of the New Jersey Bureau of Securities;
- b. offering for sale or selling, distributing, providing advice regarding, advertising, issuing, negotiating the sale of, advancing the sale of, and/or promoting securities in any manner to, from, or within New Jersey;
- c. violating the Securities Law; and
- d. engaging in the conduct described in the Verified Complaint.

CIVIL MONETARY PENALTY

2. Klein is assessed a civil monetary penalty of \$80,000.00, which he must pay to the Bureau by a certified bank check or a check issued from an attorney trust account payable to the "State of New Jersey, Bureau of Securities" and delivered to the Bureau at 153 Halsey Street, 6th Floor, Newark, New Jersey 07102. The parties agree and understand that the civil monetary penalty in this paragraph is imposed under N.J.S.A. 49:3-70.1 for remedial purposes only (e.g., to recoup costs incurred in litigating and investigating this case) and is not punitive in nature.

RESTITUTION

3. Klein shall pay \$5,856,500.00 as restitution. The restitution under this Consent Judgment is for those individuals and entities that purchased REI Notes (the "REI Note Holders"), as defined in the Verified Complaint, including, but not limited to, documents titled "Assignments of Interest - Preferred Return on Investment (ROI)," "Investment Agreements," and "Notes," sold by or in connection with Klein, REI, any other defendant, and/or any Real Estate LLC (as defined in the Verified Complaint). The amount of restitution due and owing from Klein under this Consent Judgment shall be reduced, as an operation of law, by the amount of funds or value of consideration transferred to or received by any REI Note Holder

as a result of or attributable to their status as an REI Note Holder, including, but not limited to, for the purpose of remedying or restoring losses caused by their purchase of an REI Note.

4. Upon the entry of this Consent Judgment, all interest, claims, and rights of Klein (including any person or entity controlled by Klein, holding such an interest, claims or right on behalf of Klein, and/or to whom a court finds Klein fraudulently or preferentially transferred such an interest, claim, or right) to any property or asset that is or becomes part of the Receivership are hereby transferred to the Receiver.

5. Klein is hereby precluded from seeking recovery based on any claims, including known, unknown, and unvested claims, from the assets of the Receivership and from participating in any distribution of the Receivership's assets.

6. The right of Klein and Alvin Klein under the Court's Orders of April 24, 2006 and July 13, 2006, to receive funds or assets from the Receivership for any reason whatsoever, including, but not limited to, for reimbursement or payment of reasonable living expenses, is hereby terminated and extinguished as of November 30, 2007. Notwithstanding any prior orders for the period of July 1, 2007 to November 30, 2007, the living expenses shall be limited to payments of rent, utilities, food, \$660.00 of education expenses, and \$175.00 for medical

expenses. There shall be deducted any amount previously paid on account of these expenses.

7. Nothing in any paragraph of this Consent Judgment, including paragraphs five and six, shall allow, disallow, or impact either way the standing of Lowenstein Sandler, P.C. to apply for and seek recovery from the Receivership estate for fees and costs: for services rendered to Klein that were for the benefit of the Receivership estate; and, as a general creditor, for other services rendered to Klein. Nothing in this Order shall limit the parties' right to contest any such claim.

8. Klein hereby transfers and assigns to the Receiver all of his rights and claims, both known and unknown, against the Receiver, the Receivership, and any entity or individual that is or becomes part of the Receivership; except nothing in this paragraph or elsewhere in this Consent Judgment is intended to or shall limit the rights of Klein to assert or defend claims for contribution or indemnification against or by any party (other than such claims against the Receiver or the Receivership estate).

9. Klein hereby releases the Receiver and any professionals of the Receiver from any and all claims, both known and unknown, that he could have asserted based on their conduct in this case.

10. Both Plaintiff and the Receiver may enforce the restitution award in this Consent Judgment, but the Receiver's enforcement rights expire upon cessation of the Receivership.

11. Until cessation of the Receivership, any funds or assets transferred to the Receiver as restitution for REI Note Holders under this Consent Judgment, shall be administered and distributed by the Receiver in accordance with the Orders of this Court.

12. After cessation of the Receivership, Plaintiff may administer and distribute any assets or funds it obtains under this Consent Judgment in accordance with the law.

FINAL RESOLUTION

13. All claims and causes of action that the Receiver could assert against Klein based on the allegations in the Verified Complaint are hereby fully resolved and settled; except the Receiver may pursue claims against Klein or others to obtain property that may become part of the Receivership that is unknown at this time and/or was not disclosed in Klein's verified accounting to the Court.

14. All claims and causes of action that the Bureau Chief asserted against Klein in the Verified Complaint are hereby fully resolved and settled.

FINAL JUDGMENT

15. Final Judgment is hereby entered against Defendant Gary S. Klein in the amount of \$5,936,500.00, which represents the civil monetary penalty of \$80,000.00 payable to the Bureau and restitution of \$5,856,500.00.

GENERAL PROVISIONS

16. This Consent Judgment is immediately enforceable.

17. This Consent Judgment is non-dischargeable debt pursuant to the provisions of 11 U.S.C. § 523, including 11 U.S.C. § 523 (a) (19).

18. The right of Klein to participate in this action is limited to objecting to applications of the Receiver to sell or abandon the Receivership's assets.

19. In the event Klein violates this Consent Judgment by engaging in the conduct prohibited by the permanent injunctive relief the Bureau Chief may either:

- a. seek to enforce this Consent Judgment in any manner permitted under the law, including under R. 4:59 and R. 1:10-3; or
- b. move to vacate this Consent Judgment thereby terminating this settlement and compromise, reinstating this matter against Klein, and returning the parties to their rights and positions prior to the date of the entry of

this Consent Judgment, and Klein shall consent to such a motion.

20. New Jersey law governs this Consent Judgment for purposes of interpretation and enforcement.

21. This Court retains jurisdiction for the resolution of any disputes relating to and enforcement of the Consent Judgment.

22. The signatories of this Consent Judgment represent that they have authority to bind their respective party.

23. With the aid of their counsel, the parties have negotiated, jointly drafted, and carefully reviewed the terms of this Consent Judgment and agree that any rules of construction or interpretation that construe ambiguities against the drafter are inapplicable to this Consent Judgment.

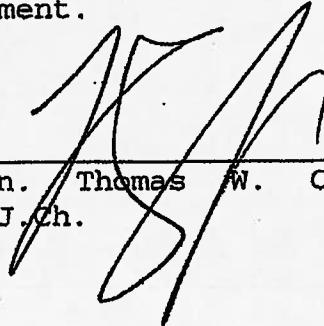
24. If any portion of this Consent Judgment is held invalid or unenforceable, the remaining terms and provisions shall remain in full force and effect.

25. As used in this Consent Judgment, the plural shall include the singular and the singular shall include the plural. In addition, "or" and "and" shall be interpreted conjunctively.

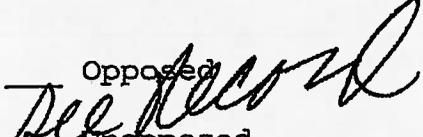
26. Nothing herein shall be construed to limit the authority of the Attorney General or the Bureau Chief to protect the interests of the State or the people of the State.

27. Upon request by Klein, the Bureau Chief (or one of his designees) and the Receiver shall make known to any judicial, prosecutorial, and/or regulatory body the nature and extent of Klein's cooperation.

28. This Consent Judgment may be signed in counterparts, which shall each be deemed originals and together constitute the same Consent Judgment.



Hon. Thomas W. Cavanaugh, Jr.,
P.J.Ch.

Opposed

Unopposed

Consent to the Form, Content,
And Entry of this Consent Judgment
Lowenstein Sandler, P.C.
Attorneys for Defendant Gary S. Klein

By: _____
Robert Kipnees, Esq.

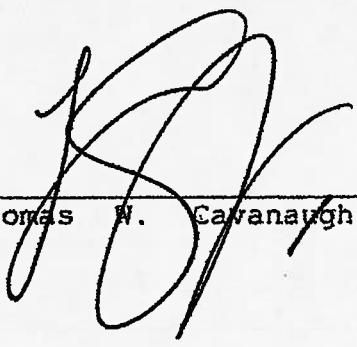
Dated: December __, 2007

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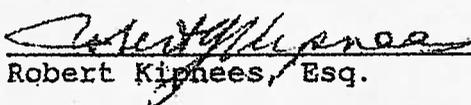
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Not Recored
Opposed
Unopposed



Hon. Thomas W. Cavanaugh, Jr.,
P.J.Ch.

Consent to the Form, Content,
And Entry of this Consent Judgment
Lowenstein Sandler, P.C.
Attorneys for Defendant Gary S. Klein

By: 
Robert Kiphees, Esq.

Dated: December 17, 2007

26. Nothing herein shall be construed to limit the authority of the Attorney General or the Bureau Chief to protect the interests of the State or the people of the State.

27. Upon request by Klein, the Bureau Chief (or one of his designees) and the Receiver shall make known to any judicial, prosecutorial, and/or regulatory body the nature and extent of Klein's cooperation.

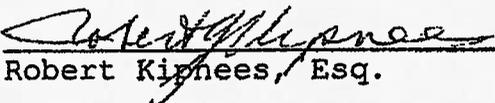
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Hon. Thomas W. Cavanaugh, Jr.,
P.J.Ch.

Opposed

Unopposed

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Lowenstein Sandler, P.C.,
Attorneys for Defendant Gary S. Klein

By: 
Robert Kiphees, Esq.

Dated: December 17, 2007

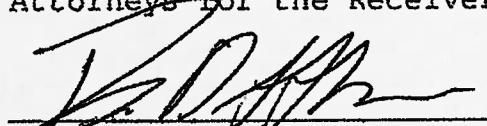
Consent to the Form, Content,
And Entry of this Consent Judgment

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiff

By: _____
Samuel Scott Cornish
Deputy Attorney General

Dated: December ____, 2007

Consent to the Form, Content,
And Entry of this Consent Judgment
Atkinson & Debartolo, PC
Red Bank, New Jersey 07701
Attorneys for the Receiver, Jerold L. Zaro, Esq.

By: 
Bunce D. Atkinson, Esq.

Dated: December 18, 2007

Consent to the Form, Content,
And Entry of this Consent Judgment

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiff

By: 
Samuel Scott Cornish
Deputy Attorney General

Dated: December 18, 2007

Consent to the Form, Content,
And Entry of this Consent Judgment
Atkinson & Debartolo, PC
Red Bank, New Jersey 07701
Attorneys for the Receiver, Jerold L. Zaro, Esq.

By: _____
Bunce D. Atkinson, Esq.

Dated: December ____, 2007