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SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION
HUDSON COUNTY
DOCKET NO. C-125-12

JOHN J. HOFFMAN, Acting Attorney General of the State of New Jersey on behalf of his office and AMY KOPLETON, Acting Chief of the New Jersey Bureau of Securities, [1]

Plaintiffs,

v.

PETER ZUCK, individually and as an officer, general partner, and member of certain entity defendants, MICHAEL J. SPAK, individually and as an officer and member of certain entity defendants, JOSEPH C. SPAK, individually and as an officer and member of certain entity defendants, JOHN R. NAJARIAN, individually and as an officer and member of certain entity defendants, BRIAN J. SPAK, individually and as a member of certain entity defendants, OSIRIS FUND LIMITED PARTNERSHIP, a New Jersey limited partnership, OSIRIS PARTNERS, LLC, a New Jersey limited liability company, VICTORIA BRIALMONT, individually, JOHN

Civil Action

CONSENT ORDER AND FINAL JUDGMENT AS TO DEFENDANT JOHN R. NAJARIAN, RELIEF-DEFENDANT JESSICA NAJARIAN, AND RELIEF-DEFENDANT IGF CONSULTING LLC

[1] This action was commenced by former Attorney General Jeffrey S. Chiesa on behalf of Abbe R. Tiger, Chief of the New Jersey Bureau of Securities. In accordance with R. 4:34-4, the caption has been revised to reflect the current Acting Attorney General, John J. Hoffman and current Acting Bureau Chief, Amy Kopleton.

SCHEIRER, individually, LAURIE MAZZA, individually, JAY JOHN SOOJIAN, individually, and WAYNE G. PLAYER, individually,

Defendants,

and

PETER L. ZUCK, BRYAN J. ZUCK, NICOLE ZUCK, JESSICA NAJARIAN, LORETTA SPAK, ANS ENTERPRISES LLC, a limited liability company, IGF CONSULTING LLC, a limited liability company, DEXTER GROUP LLC, a limited liability company, and WAYNE PLAYER PRODUCTIONS, LLC, a limited liability company,

Relief Defendants.

THIS MATTER was presented to the Court by Attorney General of New Jersey on behalf of the Chief of the New Jersey Bureau of Securities ("Bureau" or "Bureau Chief") (collectively, "Plaintiffs") (Deputy Attorneys General Emanuel Asmar and Paul E. Minnefor, appearing), pursuant to N.J.S.A. 49:3-69(a)(2) for violations of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 et. seq. (the "Securities Law"). On August 22, 2012, the Court entered a "Consent Order Granting Preliminary and Ancillary Relief as to Defendant John R. Najarian, Relief-Defendant Jessica Najarian, and Relief-Defendant IGF Consulting LLC," appointing Richard W. Barry as Receiver ("Receiver") (Thomas W. Halm, Jr., Esq. appearing) over defendant John R. Najarian ("John Najarian"), relief defendant Jessica Najarian ("Jessica Najarian"), and relief defendant IGF Consulting LLC ("IGF") (Jennifer Mara, Esq. appearing), with the powers set forth in N.J.S.A. 49:3-69(c) and (d) and Title 14 of the New Jersey Statutes, Corporations, General, among other powers, and establishing a receivership estate (the "Receivership Estate"). The Bureau

Chief, the Receiver, defendant John Najarian, relief defendant Jessica Najarian, and relief defendant IGF have agreed to resolve any and all issues in controversy in this action under the terms set forth in this Consent Order and Final Judgment ("Consent Order").

The Court, having reviewed and approved the terms of this Consent Order, has found good and sufficient cause to enter this Consent Order.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Bureau Chief makes the following findings of fact and conclusions of law, which defendant John Najarian, relief defendant Jessica Najarian, and relief defendant IGF neither admit nor deny:

1. John Najarian resides in Hillsdale, New Jersey.

2. Jessica Najarian is married to John Najarian, and also resides with him in Hillsdale, New Jersey.

3. IGF is a New Jersey limited liability company with a place of business at 156 Chestnut Street, Northvale, New Jersey 07647.

4. Defendant Osiris Fund Limited Partnership ("Osiris Fund") is a limited partnership formed under the laws of New Jersey with a principal place of business at 55 Spruce Street, Jersey City, New Jersey 07306.

5. From 2009 through 2011, the Osiris Fund issued securities in the form of limited partnership interests ("Osiris Securities"), which were not registered with the Bureau, federally covered, or exempt from registration.

6. Defendant Osiris Partners, LLC ("Osiris Partners") is a limited liability company formed under the laws of New Jersey with a principal place of business at 55 Spruce Street, Jersey City, New Jersey 07306.

7. Osiris Partners is a general partner and the investment manager of Osiris Fund. Osiris Partners' primary source of income was a monthly management fee ("Management Fee") paid by the Osiris Fund and, generally calculated as 3% of the Osiris Fund's net asset value ("NAV").

8. In general, each member of Osiris Partners benefitted from each sale of an Osiris Security because each sale increased the Osiris Fund's "managed portfolio" and, consequently, increased each member's monthly income from the Management Fee.

9. John Najarian was the Chief Operating Officer, a senior partner, and a member of Osiris Partners.

10. IGF, which is owned by Jessica Najarian, was a member of Osiris Partners.

11. From about June 2009 to November 2011, defendant John Najarian and others raised approximately $12 million from the offer and/or sale of Osiris Securities to at least seventy-six investors.

12. John Najarian was one of the people who controlled and/or substantially participated in all aspects of the Osiris Fund and Osiris Partners' operations, including efforts to offer and sell the Osiris Securities, bookkeeping and accounting, and communications with and disclosures to investors.

13. John Najarian was not registered with the Bureau as an agent of Osiris Fund.

14. In connection with the offer and sale of Osiris Securities, the Osiris Entities, John Najarian and others drafted and provided investors with some or all of the following documents (collectively referred to herein as the "Offering Materials"):

a. "Osiris Partners LLC Offering Memorandum;"

b. "Limited Partners Agreement of Osiris Fund Limited Partnership;"

c. "Subscription Agreement;"

d. presentations;

e. written communications, including letters and e-mails;

f. financial statements and investor updates; and

g. performance results analyses published by Bloomberg.

15. The Osiris Fund and Osiris Partners, through John Najarian and others, drafted and sent investors monthly financial statements, quarterly financial statements, and letters and newsletters.

16. John Najarian and others used the Offering Materials to make false representations and made false oral representations in connection with the offer and sale of the Osiris Securities. The written and oral false representations were replete with material misrepresentations and omissions of material information. For instance, the Offering Materials failed to disclose Zuck's criminal history and the misuse of the Osiris Fund's assets. The Offering Materials falsely stated that:

a. the Osiris Fund would "concentrate its trading activities in highly liquid, large capitalization stocks [and] . . . limit individual positions in the [Fund's] portfolio to thirty percent (30%) . . . .";

b. Osiris Partners' Management Fee would be "equal to 3% of the managed portfolio Net Worth paid on a monthly basis;" and

c. Osiris Entities would "keep true and complete records and books of account."

17. Starting in or about January 2010, John Najarian and others began diverting assets of the Osiris Fund to Osiris Partners by:

a. making "loans" to Osiris Partners by the Osiris Fund;

b. making transfers of funds from the Osiris Fund to Osiris Partners without any terms or conditions; and

c. over paying Management Fees from Osiris Fund to Osiris Partners.

18. The diversion of assets from the Osiris Fund to Osiris Partners was undisclosed to investors and undisclosed in the Offering Materials.

19. Beginning or about January 2010, the Osiris Fund's NAV was falsified on the monthly and quarterly statements by including the outstanding balance of all diverted funds as assets when calculating the Osiris Fund's NAV.

20. Then, in April and May 2010, the Osiris Fund incurred substantial trading losses of at least $4.52 million, or about 50% of the Osiris Fund's NAV, which were not disclosed to investors.

21. From at least May 2010 to late 2011, the monthly and quarterly statements were falsified because, among other things, they overstated the Osiris Fund's NAV by including a fictitious asset with a value of at least $5 million when calculating the Osiris Fund's NAV, and then used those falsified statements to sell Osiris Securities. During the same period, Osiris Partners took a larger Management Fee than it was entitled to by calculating the fee as a percentage of the Osiris Fund's false NAV with the fictitious asset.

22. By late 2011, a combination of the inflated Management Fees, misuse of funds, trading losses and payments to investors reduced the Osiris Fund's NAV to near zero. As a result, Osiris Investors lost much of their investment.

23. The scheme to defraud unjustly and improperly enriched John Najarian, Jessica Najarian, and IGF by the Osiris Fund's overpayment of Management Fees.

24. Based on the foregoing conduct:

a. John Najarian employed a device, scheme and artifice to defraud in violation of N.J.S.A. 49:3-52(a);

b. John Najarian made materially false and misleading statements and/or omissions in violation of N.J.S.A. 49:3-52(b);

c. John Najarian engaged in an act, practice or course of business which operated as a fraud or deceit in violation of N.J.S.A. 49:3-52(c);

d. John Najarian unlawfully acted as an agent in effecting or attempting to effect transactions in Osiris Securities from and in New Jersey without being registered with the Bureau in violation of N.J.S.A. 49:3-56(a);

e. John Najarian offered and sold securities that were not registered with the Bureau in violation of N.J.S.A. 49:3-60; and

f. John Najarian, Jessica Najarian, and IGF were unjustly enriched.

THEREFORE, based on the Bureau Chief's foregoing findings of fact and conclusions of law, it is on this 30th day of December, 2013, **ORDERED AND AGREED THAT:**

PERMANENT INJUNCTIVE RELIEF

25. John Najarian, individually and by or through any person, corporation, business entity, agent, employee, broker, partner, officer, director, attorneys-in-fact, stockholder, and/or any other person who is directly or indirectly under their control or direction, is permanently enjoined and resetrained from directly or indirectly:

a. violating the Securities Law;

b. engaging in the securities business in New Jersey in any capacity including, but not limited to, acting as an agent as defined in N.J.S.A. 49:3-59(b), a broker-dealer as defined by N.J.S.A. 49:3-49(c), an investment adviser as defined in N.J.S.A. 49:3-49(g), an investment adviser representative as defined in N.J.S.A. 48:3-49(s), or otherwise;

c. issuing, offering for sale or selling, offering to purchase or purchasing, distributing, promoting, advertising, soliciting, negotiating, advancing the sale of and/or promoting securities, or advising regarding the sale of any securities, in any manner to, from or within New Jersey; and

d. engaging in the conduct described in Plaintiffs' Verified Complaint filed in this matter.

26. John Najarian agrees to never re-apply to the Bureau in any capacity, including as a broker-dealer, an agent, investment adviser, or investment adviser representative as defined by the Securities Law.

DENIAL OF REGISTRATION EXEMPTIONS

27. John Najarian is denied all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraphs 9, 10 and 11 and subsection (b), and the exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c) and N.J.S.A. 49:3-56(g).

DISGORGEMENT/RESTITUTION

28. John Najarian, Jessica Najarian and IGF are jointly and severally liable to disgorge and pay restitution in the amount of Two Hundred Seventy Nine Thousand Six Hundred Ninety Two Dollars and Forty-One Cents ($279,692.41) pursuant to N.J.S.A.

49:3-69(a). John Najarian and IGF are jointly and severally liable to disgorge and pay restitution in the additional amount of Four Hundred Forty Four Thousand Eight Hundred Fifty Seven Dollars and Fifty-Nine Cents ($444,857.59) pursuant to N.J.S.A. 49:3-69(a).

CIVIL MONETARY PENALTY

29. Pursuant to N.J.S.A. 49:3-70.1, and in view of John Najarian's cooperation with the Bureau throughout the investigation of this matter and his financial status, among other things, John Najarian is assessed a civil monetary penalty for violations of the Securities Law, as stated herein, in the amount of $25,000.00 for the above stated violations of the Securities Law.

FINAL JUDGMENT

30. Final judgment is hereby entered against John Najarian in the amount of Seven Hundred Forty Nine Thousand Five Hundred Fifty ($749,550.00) Dollars, constituting Seven Hundred Twenty Four Thousand Five Hundred Fifty ($724,550.00) Dollars in disgorgement/restitution pursuant to N.J.S.A. 49:3-69(a)(2) in favor of the Plaintiffs and the Receiver, and Twenty Five Thousand ($25,000.00) Dollars as a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1 in favor of the Plaintiffs only.

31. Final judgment is hereby entered against Jessica Najarian in the amount of Two Hundred Seventy Nine Thousand Six Hundred Ninety Two ($279,692.41) Dollars and Forty-One Cents as disgorgement pursuant to N.J.S.A. 49:3-69(a)(2) in favor of Plaintiffs and the Receiver.

32. Final judgment is hereby entered against IGF in the amount of Seven Hundred Twenty Four Thousand Five Hundred Fifty ($724,550.00) Dollars as