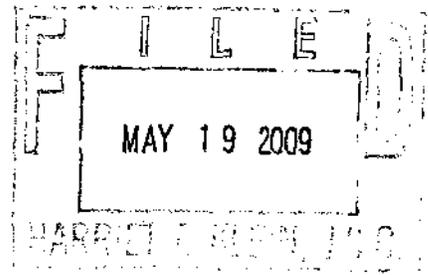


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SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION - COUNTY OF ESSEX  
Docket No. C-0015-05

ANNE MILGRAM, Attorney General  
of New Jersey, on behalf of  
AMY KOPLETON, Acting Chief of  
the New Jersey Bureau of  
Securities,

Plaintiff,

v.

JOSEPH GREENBLATT,  
individually, etc.,  
Defendants.

Civil Action

ORDER GRANTING PLAINTIFF'S  
MOTION FOR PARTIAL SUMMARY  
JUDGMENT AGAINST DEFENDANTS  
JOSEPH GREENBLATT, MAX  
GREENBLATT, AND ALEXANDRA  
HORVATH

THIS MATTER having been brought before the Court by Anne Milgram, Attorney General of New Jersey, on behalf of Amy Kopleton, Acting Chief of the New Jersey Bureau of Securities ("Plaintiff" or "Bureau") (Deputy Attorney General Christopher W. Gerold appearing), pursuant to R. 4:46-2, for an Order granting partial summary judgment as to Counts I, II, III, IV,

and VI against Joseph Greenblatt ("Greenblatt"), Max Greenblatt, and Alexandra Horvath ("Horvath") for violations of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. ("Securities Law"), seeking among other things permanent restraints pursuant to N.J.S.A. 49:3-69, restitution pursuant to N.J.S.A. 49:3-69, and civil monetary penalties pursuant to N.J.S.A. 49:3-70.1, and on notice to defendants, and the Court having considered the papers submitted in support thereof, and *based upon the answers to interrogatories, deposition testimony, certifications\** ~~for the reasons set forth on the record,~~ and for good cause shown,

IT IS on this 19<sup>th</sup> day of May, 2009

1. The Court finds that:

(a) Greenblatt and Max Greenblatt, through Maywood Capital Corp. and the other named entity defendants (collectively, "Maywood Entities"), employed a scheme and course of business that operated to defraud investors in violation of N.J.S.A. 49:3-52(a) and (c), including:

- (i) illegally soliciting millions of dollars from investors and leading them to believe they had secured interests in real property and diverted significant sums of money for their own personal use and benefit;
- (ii) placing Maywood Entity investors who believed they had secured mortgage interests into "suspense" so that additional investors could become mortgage holders;
- (iii) diluting the value of investments by recruiting additional investors in existing properties;

\* from former Maywood employees, Bureau investigators, Maywood investors, and the adverse inference against Greenblatt being applied, 2

- (iv) funding their personal expenses with Maywood Entity funds;
  - (v) paying for restitution related to a criminal conviction on an earlier securities fraud in Kings County, New York;
  - (vi) failing to register the Maywood Entity securities with the Bureau or advise investors that the securities were required to be registered but were not;
  - (vii) misappropriating \$9.2 million in unauthorized "officer loans"; and
  - (viii) paying for the personal homes of Horvath, Max Greenblatt, and Vera Greenblatt.
- (b) Greenblatt and Max Greenblatt, directly and indirectly, omitted material facts and made materially false and misleading statements to investors in connection with the offer and sale of the Maywood Entity securities in violation of N.J.S.A. 49:3-52(b). Among the omitted material facts and materially false and misleading statements were:
- (i) promising investors guaranteed returns of 14% or more plus a bonus upon the conclusion of their investments;
  - (ii) omitting that Greenblatt and Max Greenblatt were using investor funds to pay the restitution agreed to as part of the Kings County guilty pleas;
  - (iii) omitting to investors that vast sums of money were siphoned from various Maywood Entities as "Officer Loans;"
  - (iv) omitting to investors that investor funds were used to pay the personal expenses of Greenblatt and Max Greenblatt and Horvath;

- (v) omitting to investors that their investment would be placed in "suspense," and would be unsecured;
- (vi) omitting to investors that their mortgages failed to be properly recorded.
- (c) Greenblatt and Max Greenblatt acted as agents of the Maywood Entities without registering with the Bureau in violation of N.J.S.A. 49:3-56(a);
- (d) Greenblatt and Max Greenblatt sold unregistered Maywood Entity securities in violation of N.J.S.A. 49:3-60;
- (e) Horvath received the benefit and funds of the securities fraud by Greenblatt and Max Greenblatt.

**AND IT IS FURTHER ORDERED:**

- 2. Plaintiffs' motion for partial summary judgment against Greenblatt and Max Greenblatt is hereby granted as to Counts I, II, III, IV, and VI of Plaintiff's Verified Complaint;

PERMANENT INJUNCTIVE RELIEF

- 3. Greenblatt and Max Greenblatt, individually and by or through any corporation, business entity, agent, employee, partner, officer, director, attorney, stockholder, successor, and/or any other person who is directly or indirectly under its control or direction, is permanently restrained and enjoined from directly or indirectly violating the Securities Law and, specifically, from

engaging in the following conduct:

- (i) engaging in the securities business in New Jersey in any capacity, including, but not limited to, acting as a broker-dealer, agent, investment adviser, investment adviser representative or otherwise;
- (ii) offering for sale or selling, distributing, promoting, advising, advertising, soliciting, negotiating, advancing the sale of and/or promoting unregistered or registered securities in any manner to, from or within the State of New Jersey;
- (iii) issuing securities or engaging in any securities related activity that involves offering for sale or selling, distributing, promoting, advising or advertising, soliciting, negotiating, advancing the sale of and/or promoting securities in any manner to, from or within the State of New Jersey;
- (iv) engaging in the conduct described in plaintiffs' First Amended Verified Complaint.

#### RESTITUTION

8. Greenblatt and Max Greenblatt are jointly and severally liable to make restitution to all the Maywood Entity investors in the amount of \$34,053,095.00.
9. Payment shall be made by certified check or other guaranteed funds, made payable to "Bureau of Securities, State of New Jersey" and delivered to the attention of the Bureau Chief, at the following address: State of New Jersey, Department of Law and Public Safety, Division of Consumer Affairs, Bureau of Securities, 153 Halsey Street, 6<sup>th</sup> Floor, Newark, New Jersey 07101.

CIVIL MONETARY PENALTIES

10. Greenblatt is hereby assessed a civil monetary penalty in the amount of \$500,000.00, pursuant to N.J.S.A. 49:3-70.1.
  11. Max Greenblatt is hereby assessed a civil monetary penalty in the amount of \$250,000.00, pursuant to N.J.S.A. 49:3-70.1.
  12. Payment shall be made by certified check or other guaranteed funds, made payable to "Bureau of Securities, State of New Jersey" and delivered to the attention of the Bureau Chief, at the following address: State of New Jersey, Department of Law and Public Safety, Division of Consumer Affairs, Bureau of Securities, 153 Halsey Street, 6<sup>th</sup> Floor, Newark, New Jersey 07101.
- AND IT IS FURTHER ORDERED THAT:**
13. Plaintiffs' motion for partial summary judgment against Horvath is hereby granted;
  14. A judgment in the amount of \$8,832,960.00 is entered against Horvath.

AND IT IS FURTHER ORDERED THAT:

FINAL JUDGMENT

15. As such, final judgment in the amount of \$8,832,960.00 is entered against Horvath.
16. As such, final judgment in the amount of \$ 34,553,095 is entered against Joseph Greenblatt, representing \$34,053,095.00 in disgorgement/restitution pursuant to N.J.S.A. 49:3-69(a)(2) and \$ 500,000 as a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.
17. As such, final judgment in the amount of \$ 34,303,095 is entered against Max Greenblatt, representing \$34,053,095.00 in disgorgement/restitution pursuant to N.J.S.A. 49:3-69(a)(2) and \$ 250,000 as a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.
18. Payment of the disgorgement/restitution and civil monetary penalty is immediately due and there is no reason for delay of such enforcement. Payment shall be made by attorney trust fund account check, certified check or other guaranteed funds, made payable to the "State of New Jersey, Bureau of Securities" and delivered to the attention of the Bureau Chief, at the following address: Bureau of Securities, 153 Halsey Street, 6<sup>th</sup> Floor, Newark, New Jersey 07102.

**AND IT IS FURTHER ORDERED THAT:**

19. This Court retains full jurisdiction to enforce any and all provisions of this Order;
20. A copy of the within Order be served by Plaintiff's counsel on all parties within 7 days from the date of receipt.

  
\_\_\_\_\_  
Honorable Harriet Klein, J.S.C.

In accordance with the required statement to R. 1:6-2(a), this motion was

\_\_\_\_\_ opposed  unopposed.