

UNITED STATES DISTRICT COURT
DISTRICT OF RHODE ISLAND

_____)	
SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Case No. 15-cv-00191-S-LDA
)	
PATRICK CHURCHVILLE,)	
CLEARPATH WEALTH MANAGEMENT, LLC)	
)	
Defendants,)	
and)	
)	
CLEARPATH MULTI-STRATEGY FUND I, L.P.)	
CLEARPATH MULTI-STRATEGY FUND II, L.P.)	
CLEARPATH MULTI-STRATEGY FUND III, L.P.)	
HCR VALUE FUND, L.P.)	
)	
Relief Defendants.)	
_____)	

**PLAINTIFF’S MEMORANDUM IN SUPPORT OF
THE RECEIVER’S DESIGNATION OF THE ROSENBERGS AS INSIDERS**

Linda Rosenberg and the Estate of S. Michael Rosenberg have challenged their designation as “insiders” ineligible to recover from the receivership here. The Commission supports the Receiver’s determination that the Rosenbergs are insiders and their claim should not be paid. The Court should either a) instruct the Receiver to determine the eligibility of the Rosenbergs for recovery from the Receivership Estate based on their “net winner” status as detailed in this Memorandum and the Declaration of Trevor Donelan; or b) uphold the Receiver’s designation of the Rosenbergs as insiders and find they are ineligible for recovery of funds from the receivership. Either way, the Rosenbergs claim should not be paid by the Receiver.

I. The Rosenbergs Are “Net Winners”

The Rosenbergs received \$312,869 more from ClearPath and from the illegal schemes of Churchville and Jonathan Rosenberg than they invested with ClearPath. In other words, the Rosenbergs are “net winners” in the amount of \$312,869. As a result, this Court need not reach the issue of whether the Rosenbergs should be designated as “insiders.” Instead, the Court can and should instruct the Receiver to use the data and calculations described below and set forth in the Declaration of Trevor Donelan, an SEC forensic accountant, to determine their eligibility for recovery from the Receivership Estate using the rising tide methodology.¹ *See* Declaration of Trevor T. Donelan (“Donelan Decl.”), ¶ 9.

A. Net Loss of the Rosenbergs from ClearPath

Looking solely at the money the Rosenbergs gave to and received back from ClearPath, the Rosenbergs have a net loss of \$1,216,131.² Linda Rosenberg had a net loss of \$649,978. S. Michael Rosenberg had a net loss of \$566,153. Donelan Decl., ¶¶ 10-11. Mr. Donelan has determined these amounts by summarizing the relevant records from ClearPath’s audited 2010 and 2011 financial statements, its 2011 audit workpapers including the partner capital schedule, and its general ledger entries for 2012. Donelan Decl., ¶11. A chart of the net amounts received by the Rosenbergs from ClearPath appears in the Donelan Declaration at paragraph 12. The money the Rosenbergs gave to ClearPath was invested in the JER Receivables series (which are at the center of the Maryland Ponzi scheme) and the RP Loan Series (which is at the center of the Churchville Ponzi scheme). *See* Donelan Decl., ¶ 13.

¹ The Commission believes that, as the Rosenbergs have recovered more money than they invested, this instruction will result in the Rosenbergs being ineligible for recovery from the Receivership.

² This approximately \$1.2 million loss is net of ClearPath fees. Because investments were recorded and remained on ClearPath’s books at a cost basis, it is not necessary to adjust this figure for changes in the value of the investments over time. The \$1.2 million figure represents the actual money paid by the Rosenbergs to ClearPath (net of fees) less any distributions received.

The Commission's determination of the net amount the Rosenbergs invested with and received from ClearPath differs from the amounts listed in Linda Rosenberg's affidavit, and in particular, Exhibit A to that affidavit. The Rosenbergs appear not to have accounted for money they received from ClearPath over time. Mrs. Rosenberg's affidavit states, in paragraphs 10 and 12, that she does not recall receiving any distributions or making any withdrawals, and does not recall her husband doing so either. Yet ClearPath's audited and financials and general ledger entries detail amounts received by the Rosenbergs from ClearPath. The Commission has deducted these amounts from the Rosenbergs' investment contributions to determine their net loss from their investments with ClearPath.

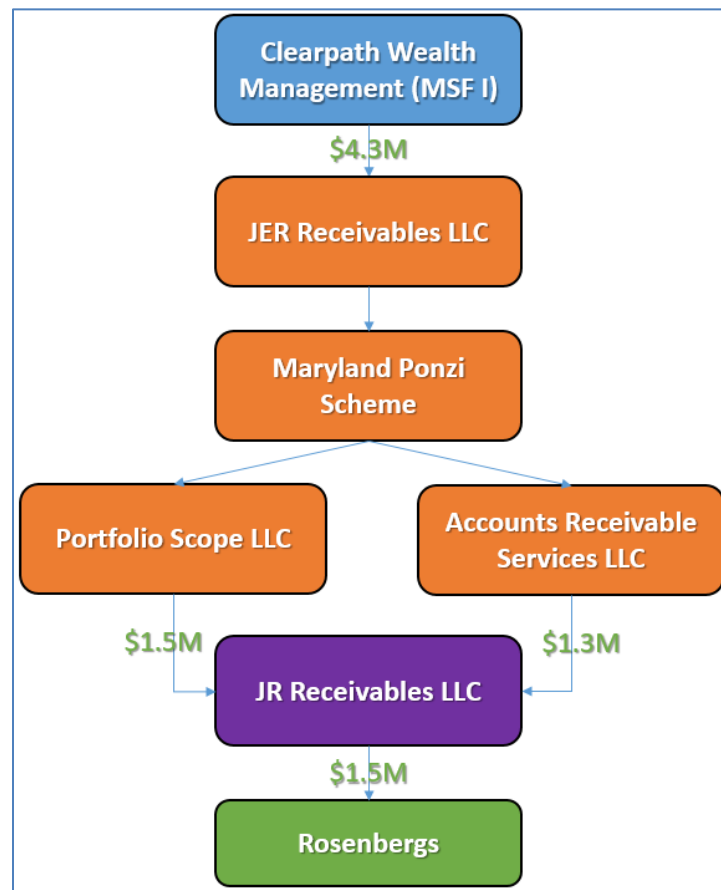
In addition to accounting for these withdrawals, the Commission calculation of the Rosenbergs' net loss from ClearPath is more reliable than the information submitted by the Rosenbergs for at least two reasons. First, Rosenberg Affidavit Exhibit A only includes data from 2009 and earlier, and does not take into account later investments or withdrawals, such as the RP investments later made by the Rosenbergs. Second, Rosenberg Affidavit Exhibit B details the value of the investments assets (which differs from the amounts invested) as stated by Patrick Churchville in November 2009, and does not account for later changes to these amounts. The Commission believes it is more accurate to use general ledger entries and audited financial statements to determine the Rosenberg's net investment with ClearPath.³

B. The Rosenbergs Received Money through the Maryland Ponzi Scheme

The Rosenbergs received money through the Maryland Ponzi scheme, which was funded, in part, with funds from ClearPath and its clients. Donelan Decl., ¶ 14. As described in more detail below, money flowed from ClearPath clients, through JER Receivables, and into the

³ As is the case for all ClearPath clients, the Receiver and the Commission have access to more comprehensive information than the individual investors.

Maryland Ponzi scheme. Funds from that scheme flowed to Portfolio Scope and ARS, which then passed money on to JR Receivables. JR Receivables passed a portion of that money on to the Rosenbergs. Donelan Decl., ¶¶ 14-19. The following chart illustrates this flow of funds.



ClearPath, using money raised from its investors in the Multi-Strategy Fund I, paid \$4.3 million in 2008 to JER Receivables (an entity controlled by Jonathan Rosenberg) supposedly to purchase participation interests in loan portfolios. Donelan Decl., ¶ 18 & Ex. 1, p. 15 (J. Rosenberg Plea Agreement). Jonathan Rosenberg used JER Receivables to funnel funds to his Maryland Ponzi scheme. *Id.*

Jonathan Rosenberg also controlled, in whole or in part, two other entities named “Accounts Receivable Services, LLC” (“ARS”) and “Portfolio Scope, LLC.” Donelan Decl. ¶15 & Ex. 1, p. 15. He used both entities as part of the Maryland Ponzi scheme, and these entities received money from the victims of that fraud. *Id.* In 2008, approximately \$2.8 million flowed from Portfolio Scope, LLC (\$1.5 M) and Accounts Receivable Services LLC (“ARS”) (\$1.3 M) to another entity Jonathan Rosenberg controlled called “JR Receivables LLC.” Donelan Decl., ¶18 & Ex. 2 (bank transfer documents).⁴

Jonathan Rosenberg then used JR Receivables LLC to pass money from ARS and Portfolio Scope through to the Rosenbergs. Donelan Decl., ¶¶16-19. Approximately \$1.5 million was paid from JR Receivables to Linda Rosenberg or for the benefit of Linda Rosenberg during 2008. Donelan Decl., ¶19 & Ex. 3 (wire transfers & checks).

JR Receivables made some of these payments to a third-party for the benefit of Linda Rosenberg or for the joint benefit of Linda and Jonathan Rosenberg. *Id.*, ¶20. \$587,500 in payments were made to “Fanny Haim & Associates, Inc.,” an interior designer and decorator for luxury properties in the Miami, Florida area, for the benefit of Linda Rosenberg or Linda and Jonathan Rosenberg. Donelan Decl., ¶20 & Ex. 4 (Haim website). \$171,500 in payments were made to “Advanced Home Theater,” a luxury audio/visual and home control systems vendor with offices in Miami, Florida, for the benefit of Linda and Jonathan Rosenberg. *Id.*, ¶20 & Ex. 5 (AHT website). Linda Rosenberg purchased a 5,266 square foot luxury condominium in Bal

⁴ The indictment of Jonathan Rosenberg (D. Md. 13-cr-00460, ECF No. 1) states that JER Receivables was “primarily in the business of recruiting investors for medical accounts receivable portfolios purchased from IPI.” (¶6). ARS was “primarily involved in the business of investing in medical accounts receivable purchased from IPI.” (¶5). Portfolio Scope was “a shell company with no active business purpose,” (¶7) used to “kickback the loan proceeds in excess of the true purchase prices to Rosenberg...” (¶25). The indictment also details the use of ARS and Portfolio Scope to channel the proceeds of the Maryland Ponzi scheme. (¶¶10-14, 20-23 (p. 17 due to numbering error in indictment)).

Harbor, Florida, adjacent to Miami Beach, in January 2018. The payments to the Miami-based interior design and home theater companies occurred shortly after Linda Rosenberg acquired the luxury condominium. *Id.*, ¶¶ 20-23 & Ex. 6 (internet real estate profile for the condominium).

C. The Rosenbergs Received More Money Than They Lost

In conclusion, the Rosenbergs' net investment loss with ClearPath was \$1,216,131, but they received at least \$1,529,000 in funds that flowed from the Maryland Ponzi scheme.

Investors in ClearPath's funds lost millions of dollars due to their investments in Jonathan Rosenberg's entities, JER Receivables LLC and Receivables Partners LLC, which were part of the Maryland Ponzi scheme. Thus, the Rosenbergs received \$312,869 more than they lost through ClearPath. Donelan Decl., ¶25.

II. Because the Rosenbergs Are Net Winners, They Are Ineligible to Recover From the Receivership Regardless of Their Insider Status

This Court approved the use of the "rising tide" method of determining the eligibility of ClearPath's clients for distributions from the Receivership. (ECF No. 118). The Receiver's Motion for an Order Approving Distribution Procedures and Certain Other Related Relief describes that method:

[U]sing this method, the receiver will only make a distribution to a claimant in an instance where the overall aggregate amount the receiver has to distribute to claimants on a pro-rata basis is more than the amount such claimant has been distributed in the past. To determine the amount the claimant will receive, the receiver will compute the pro-rata amount such claimant would be paid absent any deductions on account of prior distributions and subtract the amount of such prior distributions. If that difference is positive, the Receiver will pay such claimant based on the amount of that difference, subject to the distribution procedures. If that amount is negative or zero, the claimant will not receive any distribution.

(ECF No. 117, pp. 14-16).

The Court should instruct the Receiver to account both for the distributions made to the Rosenbergs by ClearPath *and* from the Maryland Ponzi scheme (which was funded in part with

ClearPath clients' money). While this expands the scope of deductions used for the Rosenbergs when compared to other clients, this method still treats the Rosenbergs equitably for two reasons. First, the Commission is not aware of any other ClearPath clients who received money from the Maryland Ponzi scheme, so this issue is unique to the Rosenbergs. Second, the Rosenbergs received money from a scheme funded in part by ClearPath's other clients, so it is fair to take this receipt of money into account in this case. To do otherwise, would be to let the Rosenbergs have a ClearPath-client-funded windfall.

Accounting for the Rosenbergs' receipt of funds from the Maryland Ponzi scheme, "the pro-rata amount [the Rosenbergs] would be paid absent any deductions on account of prior distributions" is negative (because the Rosenbergs received more than they gave). Thus, the Rosenbergs should not receive a distribution using the method the Receiver has used for all other ClearPath clients. Accordingly, the Commission respectfully requests this Court instruct the Receiver to account for the Rosenbergs' receipt of funds from the Maryland Ponzi scheme, as detailed above, when determining whether the Rosenbergs are entitled to recover from the Receivership.

III. The Rosenbergs Are Insiders and Should Not Recover from the Receivership

Because the Rosenbergs are net winners, the Court could stop there. If the Court wishes to go further, the following information (taken together with the flow of funds described above) strongly suggests that the Rosenbergs are ineligible to recover from the receivership because of their insider status:

1. The Rosenbergs received more than \$1.5 million from JR Receivables in 2008 (detailed above). JR Receivables did not have any legitimate business, so it is reasonable for the Court to find that the Rosenbergs were not receiving this cash in exchange for any valuable services. Right after the Rosenbergs began to receive this

money, they purchased the Bal Harbour condominium and spent hundreds of thousands of dollars on decorating and improving it.

2. Linda Rosenberg's company, Rosenberg & Associates ("RA"), was at the center of discussions of a loan arrangement between ClearPath and Receivable Partners (Jonathan Rosenberg's entity at the center of the Churchville RP Loan Ponzi scheme. In January 2011, Jonathan Rosenberg and Patrick Churchville discussed using RA "to borrow \$1M from ClearPath and then in turn go to the BOA [Bank of America] and offer them a cash settlement with money in hand." Declaration of Marc Jones, ¶ 2 & Ex. A. Churchville responds that he would need financial statements from RA, and that "RA would need to be the collateral." *Id.*
3. Documents from the Bank of Princeton indicate that there were two loan arrangements between RA (Linda Rosenberg's company) and Receivable Partners. In June 2011, December 2011, and February 2012, money appears to flow from a Receivable Partners account to two loan accounts in Rosenberg & Associates' name (accounts ending in x458 and x459). Jones Decl., ¶3 & Ex. B. Receivable Partners made these payments to RA at the same time the RP loan agreements began to be funded with ClearPath investor funds. (ECF No. 85-1 (Amended Complaint), ¶¶ 87-89 (fake Receivable Partners investments, the RP loans 1-9, were funded with ClearPath client funds starting in February 2011).
4. Linda Rosenberg had some business relationship with the entity at the center of the Maryland Ponzi scheme, International Portfolio, Inc. ("IPI"). Jonathan Rosenberg's co-conspirators used IPI to "promot[e] investments in credit card and medical accounts receivables." Ex. 1, pp. 9-10 (Rosenberg Plea Agreement). As part of the scheme, ARS purchased these receivables from IPI. Linda Rosenberg appears on an April 3, 2008 Uniform Commercial Code filing in New Jersey as a debtor, along with her son Jonathan. IPI is the secured party listed on the filing. Jones Decl., ¶ 4.
5. Lauren Topelsohn, the former general counsel of Rosenberg & Associates (Linda Rosenberg's company), accused Linda of knowingly assisting Jonathan Rosenberg with raising money to purchase medical debt portfolios. These portfolios were the

subject of Jonathan Rosenberg’s criminal case. In a RICO suit filed in the United States District Court for the District of New Jersey, *Topelsohn v. Jonathan Rosenberg, Linda Rosenberg, JER Receivables, LLC, et al.*, 11-cv-4932 (Aug. 25, 2011), Topelsohn states that, “since October 2007, JRosenberg, with the knowing assistance of LRosenberg and by and through Rosenberg & Associates [and] JER [Receivables] ... has raised substantial monies and now claims to manage over \$155 million in medical debt receivables.” Jones Decl. ¶ 5, and Ex. C, ¶ 6 (Topelsohn Complaint). Linda Rosenberg denied these allegations and the case was settled in June 2014.

6. Linda Rosenberg’s affidavit is notable in what it does not say. While she claims that she had no knowledge of Churchville’s Ponzi scheme or other financial crimes (ECF No. 166-1, ¶¶ 14-15), she does not say she was ignorant of Jonathan Rosenberg’s scheme and financial crimes. And, while she claims that she had “no knowledge or agreement between Patrick Churchville and ... Jonathan Rosenberg, regarding Churchville’s Ponzi scheme or any other fraudulent activities” (*Id.*, ¶16), she does not say she was unaware of money flowing from ClearPath to Rosenberg and to the entities the Rosenberg family controlled.

In sum, it would not be equitable for the Rosenbergs to recover from the Receivership because of their personal and business connections to the on-going Maryland and ClearPath schemes.

IV. “Equitable Subordination” Law Does Not Control Insider Status

The Commission and the Rosenbergs agree that this Court has “broad powers and wide discretion to determine the appropriate relief in an equity receivership” *SEC v. Pension Fund of America L.C.*, 377 Fed. Appx. 957, 961 (11th Cir. 2010) (former sales agents of company that committed fraud prevented from recovering from receivership) (cited in Rosenberg Mem., p. 5). “Any action by a trial court in supervising an equity receivership is committed to his sound discretion and will not be disturbed unless there is a clear showing of abuse.” *Id.*; see also *SEC*

v. Aquacell Batteries, 2009 WL 1854671, at *2 (M.D. Fla., June 29, 2009) (confirming that “equitable theories govern distribution plans in SEC receiverships” and disallowing a claim where the insider’s action “furthered the fraud”) (Rosenberg Mem., p. 5). Thus, the Court is free to apply its discretion in determining whether the Rosenbergs can recover from the receivership.

The Rosenbergs assert that the Court should follow bankruptcy case law concerning equitable subordination of claims in determining this issue. While this Court has that option, the cases cited above show that the Court is not compelled to do so. But even if this Court were to apply the equitable subordination test, the Rosenbergs would not recover from the receivership. A court can equitably subordinate the claim of a creditor, “if it finds that the creditor's claim, while not lacking a lawful basis nonetheless results from inequitable behavior on the part of that creditor.” *SEC v. Am. Bd. of Trade*, 719 F. Supp. 186, 196 (S.D.N.Y. 1989), *aff'd*, 932 F.2d 957 (2d Cir. 1991). The Rosenbergs’ received money from the Maryland Ponzi scheme, likely knowing that the funds were not in exchange for any service or investment. That money came, at least in part, from the investment funds of other ClearPath clients. They spent some of that money on a lavish condominium, interior decoration, and home technology. Linda Rosenberg’s business appears to have borrowed and lent money through the entities involved in the Maryland and ClearPath Ponzi scheme. And Linda Rosenberg is alleged (though it is not proven) to have participated in raising funds for the Maryland Ponzi scheme. This Court is well within its power to find that the Rosenbergs’ claim should be equitably subordinated. Regardless of whether the Court applies equitable subordination or more general principles of equity, the Court should find that the Receiver has properly designated the Rosenbergs as insiders ineligible to recover from the receivership.

CONCLUSION

For the reasons stated above, the Commission respectfully requests that this Court either a) instruct the Receiver to determine the eligibility of the Rosenbergs for recovery from the Receivership Estate based on their “net winner” status as detailed in this Memorandum and the Declaration of Trevor Donelan; or b) uphold the Receiver’s designation of the Rosenbergs as insiders and find they are ineligible for recovery of funds from the receivership.

Respectfully submitted,

SECURITIES AND EXCHANGE COMMISSION
By its attorneys,

/s/ Marc J. Jones

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DATED: July 20, 2020

UNITED STATES DISTRICT COURT
DISTRICT OF RHODE ISLAND

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SECURITIES AND EXCHANGE COMMISSION,)	
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Plaintiff,)	
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v.)	Case No. 15-cv-00191-S-LDA
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PATRICK CHURCHVILLE,)	
CLEARPATH WEALTH MANAGEMENT, LLC)	
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Defendants,)	
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CLEARPATH MULTI-STRATEGY FUND I, L.P.)	
CLEARPATH MULTI-STRATEGY FUND II, L.P.)	
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HCR VALUE FUND, L.P.)	
)	
Relief Defendants.)	
_____)	

DECLARATION OF TREVOR T. DONELAN

I, Trevor T. Donelan, pursuant to 28 U.S.C. §1746, hereby declare as follows:

1. Since September 2014, I have been employed as an Enforcement Accountant with the U.S. Securities and Exchange Commission (“the Commission”) in its Boston Regional Office. My duties include conducting investigations relating to potential violations of the federal securities laws.

2. I received a Bachelor of Science degree in business administration, with a concentration in accounting, from the University of Richmond in Virginia in 2000. Before joining the Commission, I was most recently a managing director in the forensic accounting and complex business litigation unit at StoneTurn Group, LLP (“StoneTurn”), in Boston,

where I worked for over seven years. Before joining StoneTurn, I held forensic accounting and auditor positions for a total of approximately seven years with Deloitte Financial Advisory Services LLP, and Arthur Andersen LLP, both in Boston.

3. I am a Certified Public Accountant in the Commonwealth of Massachusetts, and a Certified Fraud Examiner by the Association of Certified Fraud Examiners. I am also Certified in Financial Forensics by the American Institute of Certified Public Accountants.

4. I make this Declaration based upon my personal knowledge and upon information and belief as set forth below, and in support of the Commission's Support of the Receiver's Designation of Linda and S. Michael Rosenberg as Insiders.

5. On or about October 8, 2014, I became actively involved in the Commission's investigation into possible violations of the federal securities laws by ClearPath Wealth Management, LLC ("ClearPath"), Patrick Evans Churchville ("Churchville"), and other affiliated businesses.

6. In the course of that investigation, I reviewed documents and data produced to the Commission and attended witness interviews and testimony. The purpose of this declaration is to relay certain information that the Commission has gathered about Linda and S. Michael Rosenberg (collectively, "the Rosenbergs"), the entities they owned and controlled, the money they paid to ClearPath, and the money they received from ClearPath, Patrick Churchville, and his co-conspirator Jonathan Rosenberg, through the review and analysis of certain documents, including bank statements.

7. The principal sources of documentation produced to the Commission that I have relied upon for this declaration include, but are not limited to:

- a. Bank records accounts in the name of, or under the control of, Churchville, ClearPath, or Jonathan Rosenberg, including bank records for JR Receivables LLC;
- b. Accounting records including general ledgers, trial balances, and financial statements for ClearPath and the funds it advised (the “Funds”);
- c. The Plea Agreement of Jonathan Rosenberg, dated February 25, 2016 and signed by Jonathan Rosenberg on January 12, 2016, an Attachment A (“Statement of Facts”) to that Agreement.¹
- d. Audited financial statements for the Funds and audit workpapers; and,
- e. Publicly available records and websites, including a Thompson Reuters CLEAR Report.

8. I have been asked by counsel for the Commission to analyze the net gain or loss obtained by the Rosenbergs as a result of their investment with ClearPath and their receipt of money through Churchville’s and Rosenberg’s schemes.

The Rosenbergs Obtained More Money from the Churchville/Rosenberg Schemes than They Invested in Clearpath.

9. Using the analysis detailed below, I determined that the Rosenbergs are “net winners” in the amount of \$312,869, that is, the amount of money they received from ClearPath and from the illegal schemes of Churchville and Jonathan Rosenberg exceeds the amount they invested with ClearPath by \$312,869.

¹ The “Statement of Facts” states that “The Defendant [Jonathan Rosenberg] stipulates and agrees that if this case had proceeded to trial, the government would have proved the following facts beyond a reasonable doubt.” (Ex. ____, p. 9).

Net Loss of the Rosenbergs from ClearPath

10. As detailed below, the Rosenbergs have a net loss of \$1,216,131 from investing with ClearPath.² Linda Rosenberg had a net loss of \$649,978. S. Michael Rosenberg had a net loss of \$566,153.

11. I have analyzed the ClearPath audited 2010 and 2011 financial statements, 2011 audit workpapers including the partner capital schedule, and general ledger entries for 2012 to determine the Rosenbergs' net gain or loss for each investment they made with ClearPath. I believe that these materials also provided a basis for the Receiver's calculations of net gain or loss of each ClearPath client.

12. The following summary table shows yearly net amounts (amounted invested minus amounts received) for the Rosenbergs:

Investor	Series	Net Capital as of 12/31/2010	Net Contributions / (Distributions) in 2011	Net Contributions / (Distributions) in 2012	Total Gain / (Loss)
Linda Rosenberg	MSF I: JER / ETA	\$ 154,120	\$ (242,715)	\$ -	\$ 88,595
	MSF I: JER / MU	\$ 47,143	\$ (67,646)	\$ -	\$ 20,503
	MSF I: JER / ZETA	\$ 118,923	\$ (185,623)	\$ -	\$ 66,699
	MSF III: JER / OMICRON	\$ 410,398	\$ -	\$ -	\$ (410,398)
	MSF III: RP 2	\$ -	\$ 226,511	\$ (14,244)	\$ (212,267)
	MSF III: RP 3	\$ -	\$ 216,740	\$ (13,630)	\$ (203,110)
Linda Rosenberg Total		\$ 730,585	\$ (52,732)	\$ (27,874)	\$ (649,978)
Michael Rosenberg	MSF I: JER / ETA	\$ 154,120	\$ (242,715)	\$ -	\$ 88,595
	MSF I: JER / MU	\$ 141,430	\$ (202,939)	\$ -	\$ 61,509
	MSF I: JER / ZETA	\$ 457,943	\$ (714,785)	\$ -	\$ 256,843
	MSF III: RP 2	\$ -	\$ 821,659	\$ (51,671)	\$ (769,989)
	MSF III: RP 3	\$ -	\$ 216,740	\$ (13,630)	\$ (203,110)
Michael Rosenberg Total		\$ 753,493	\$ (122,040)	\$ (65,300)	\$ (566,153)
Linda and Michael Rosenberg Total		\$ 1,484,078	\$ (174,773)	\$ (93,174)	\$ (1,216,131)

[A]

[A]

[B]

Sources:

[A] Clearpath Wealth Management Partner Capital Schedule for 2011 obtained from audit workpapers for Multi-Strategy Funds I and III

[B] Clearpath Wealth Management, Multi-Strategy Fund III general ledger for 2012

² This approximately \$1.2 million loss is net of ClearPath fees. Because investments were recorded and remained on ClearPath's books at a cost basis, it is not necessary to adjust this figure for changes in the value of the investments over time. The \$1.2 million figure represents the actual money paid by the Rosenbergs to ClearPath (net of fees) less any distributions received.

13. Through ClearPath, the Rosenbergs were invested in the JER Receivables series and the RP Loan series.

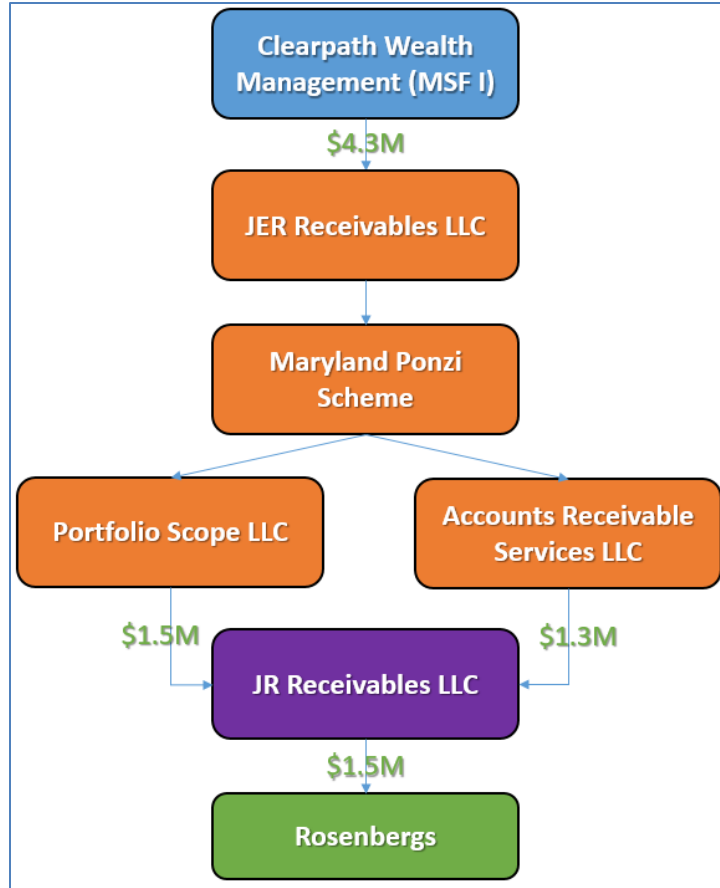
The Rosenbergs Received Money through the Maryland Ponzi Scheme

14. The Rosenbergs received money through the Maryland Ponzi scheme, which was funded, in part, with funds from ClearPath and its clients.

15. Based on my review of the plea agreement of Jonathan Rosenberg in the Maryland criminal case (attached here as **Exhibit 1**), I understand that Jonathan Rosenberg controlled, in whole or in part, two entities called “Accounts Receivable Services, LLC” (“ARS”) and “Portfolio Scope, LLC.” According to the agreed-upon facts contained in that plea agreement, I understand that Jonathan Rosenberg admitted that he used both of these entities as part of the Maryland Ponzi scheme, and that these entities received money from the victims of that fraud.

16. Based on bank records I reviewed, Jonathan Rosenberg controlled an entity called “JR Receivables LLC.” JR Receivables received money from ARS and Portfolio Scope and passed a portion of that money on to the Rosenbergs.

17. The following chart summarizes the flow of funds in 2008:



18. Based on audited financial statements for the ClearPath funds, ClearPath, using money raised from investors for the Multi-Strategy Fund I in 2008, paid \$4.3 million to purchase participation interests in supposed loan portfolios from JER Receivables LLC, which was controlled by Jonathan Rosenberg, and an admitted part of the Maryland Ponzi. (**Exhibit 1**, p. 15). From that scheme, approximately \$2.8 million flowed to Portfolio Scope, LLC (\$1.5 M) and Accounts Receivable Services LLC (“ARS”) (\$1.3 M) to JR Receivables LLC during 2008. The table below summarizes the movement of funds from Portfolio Scope and ARS to JR Receivables based on records from TD Bank N.A. for accounts in the name of JR Receivables LLC. Bank transfer documents are attached as **Exhibit 2**.

DATE	SOURCE	RECIPIENT	AMOUNT
1/24/2008	ACCOUNTS RECEIVABLE SERVICES LLC	JR RECEIVABLES LLC	\$ 150,000
1/24/2008	ACCOUNTS RECEIVABLE SERVICES LLC	JR RECEIVABLES LLC	\$ 150,000
3/18/2008	PORTFOLIO SCOPE LLC	JR RECEIVABLES LLC	\$ 437,407
6/19/2008	PORTFOLIO SCOPE LLC	JR RECEIVABLES LLC	\$ 250,000
7/15/2008	PORTFOLIO SCOPE LLC	JR RECEIVABLES LLC	\$ 200,000
8/11/2008	PORTFOLIO SCOPE LLC	JR RECEIVABLES LLC	\$ 125,000
9/29/2008	ACCOUNTS RECEIVABLE SERVICES LLC	JR RECEIVABLES LLC	\$ 1,000,000
11/25/2008	PORTFOLIO SCOPE LLC	JR RECEIVABLES LLC	\$ 200,000
12/16/2008	PORTFOLIO SCOPE LLC	JR RECEIVABLES LLC	\$ 250,000
TOTAL			\$ 2,762,407

Source: TD Bank NA bank records for JR Receivables LLC accounts ending in x9208 and x5783

19. Approximately \$1.5 million was paid from JR Receivables to Linda Rosenberg or for the benefit of Linda Rosenberg during 2008. The bank records for some of these payments indicate that the payments were made to a third-party for the benefit of Linda Rosenberg or for the joint benefit of Linda and Jonathan Rosenberg. The following table summarizes payments from JR Receivables to Linda Rosenberg (or for her benefit) based on records from TD Bank N.A. for accounts in the name of JR Receivables LLC. Wire transfer and checks are attached as **Exhibit 3**.

DATE	SOURCE	RECIPIENT	AMOUNT
1/28/2008	JR RECEIVABLES LLC	MERRILL LYNCH F/B/O LINDA ROSENBERG	\$ 100,000
3/19/2008	JR RECEIVABLES LLC	MERRILL LYNCH F/B/O LINDA ROSENBERG	\$ 70,000
4/1/2008	JR RECEIVABLES LLC	ADVANCED HOME THEATER F/B/O LINDA & JONATHAN ROSENBERG	\$ 121,500
6/20/2008	JR RECEIVABLES LLC	FANNY HAIM & ASSOCIATES INC F/B/O LINDA ROSENBERG	\$ 100,000
7/15/2008	JR RECEIVABLES LLC	FANNY HAIM & ASSOCIATES INC F/B/O LINDA ROSENBERG	\$ 200,000
9/30/2008	JR RECEIVABLES LLC	LINDA ROSENBERG	\$ 20,000
10/1/2008	JR RECEIVABLES LLC	MERRILL LYNCH F/B/O LINDA ROSENBERG	\$ 580,000
11/26/2008	JR RECEIVABLES LLC	FANNY HAIM & ASSOCIATES INC F/B/O LINDA & JONATHAN ROSENBERG	\$ 100,000
11/26/2008	JR RECEIVABLES LLC	FANNY HAIM & ASSOCIATES INC F/B/O LINDA & JONATHAN ROSENBERG	\$ 37,500
12/16/2008	JR RECEIVABLES LLC	ADVANCED HOME THEATER F/B/O LINDA & JONATHAN ROSENBERG	\$ 50,000
12/16/2008	JR RECEIVABLES LLC	FANNY HAIM & ASSOCIATES INC F/B/O LINDA & JONATHAN ROSENBERG	\$ 100,000
12/16/2008	JR RECEIVABLES LLC	FANNY HAIM & ASSOCIATES INC F/B/O LINDA & JONATHAN ROSENBERG	\$ 50,000
TOTAL			\$1,529,000

Source: TD Bank NA bank records for JR Receivables LLC accounts ending in x9208 and x5783

20. The table above includes \$587,500 in payments to “Fanny Haim & Associates, Inc.” for the benefit of Linda Rosenberg or Linda and Jonathan Rosenberg. Based on publicly available websites, I determined that Fanny Haim & Associates is an interior designer and decorator for luxury properties in the Miami, Florida area. A screen capture of the Fanny Haim website is attached as **Exhibit 4**. The table also includes \$171,500 in payments to “Advanced Home Theater” for the benefit of Linda and Jonathan Rosenberg. Based on publicly available websites, I determined that “Advanced Home Theater” is a luxury audio/visual and home control systems vendor with offices in Miami, Florida. Screen captures of the AHT website are attached as **Exhibit 5**.

21. According a report I ran using the Thompson Reuters CLEAR service, an investigative database tool consolidating public records, Linda Rosenberg purchased a luxury condominium in Bal Harbor, Florida, adjacent to Miami Beach in January 2018. Her name appears on deed transfers for this property and she appeared as the mortgage holder on this property. Her driver’s license lists this as her address and vehicles were registered to her at this address. She had at least two businesses registered to this address. This address is also listed on a federal tax lien in her name.

22. The payments to the Miami-based interior design and home theater companies listed in paragraph 20 above, occurred shortly after Linda Rosenberg acquired the luxury condominium.

23. Based on searches of internet real estate postings for the address of Linda Rosenberg’s condominium, the condominium has 5,266 square feet, 4 bedrooms, and 5.5 bathrooms and last sold in 2015 for over \$9 million. An internet real estate profile for this condominium is attached as **Exhibit 6**.

24. I reviewed the sources of funds flowing into the JR Receivables bank account. Substantially all of the funds deposited into the JR Receivables account come from either ARS or Portfolio Scope.

Summary

25. In summary, the Rosenbergs' net investment loss with ClearPath was \$1,216,131, but they received at least \$1,529,000 in funds that flowed from the Maryland Ponzi scheme. Investors in ClearPath's funds lost millions of dollars due to their investments in Jonathan Rosenberg's entities, JER Receivables LLC and Receivables Partners LLC, which were part of the Maryland Ponzi scheme.³ Therefore, the Rosenbergs received \$312,869 more from the Maryland Ponzi scheme than they lost through ClearPath.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on July 20, 2020, in Boston, Massachusetts.

/s/ Trevor T. Donelan
Trevor T. Donelan

³ Jonathan Rosenberg's plea agreement (**Exhibit 1**, p. 15) states that "ClearPath invested \$18.7 million in nine different transactions" through JER Receivables and that "ClearPath Health Care Receivables Fund made a series of loans totaling \$18.6 million to Receivable Partners, LLC, which was also owned by" Jonathan Rosenberg.

EXHIBIT 1



U.S. Department of Justice

*United States Attorney
District of Maryland*

*Leo J. Wise
Assistant United States Attorney
Leo.Wise@usdoj.gov*

*Suite 400
36 S. Charles Street
Baltimore, MD 21201-3119*


*DIRECT: 410-209-4909
MAIN: 410-209-4800
FAX: 410-962-3091*

January 6, 2016

Elizabeth G. Oyer
Federal Defender - Northern Division
100 South Charles Street
BankAmerica Tower II,
Suite 900
Baltimore, Maryland 21201

FILED _____ **ENTERED** _____
LOGGED _____ **RECEIVED** _____

FEB 25 2016

AT BALTIMORE
CLERK, U.S. DISTRICT COURT
DISTRICT OF MARYLAND
BY  DEPUTY

Re: *United States v. Jonathan E. Rosenberg*
Case No. 13-0460

Dear Counsel:

This letter, together with the Sealed Supplement, confirms the plea agreement which has been offered to Jonathan E. Rosenberg, the Defendant, by the United States Attorney's Office for the District of Maryland ("this Office"). If the Defendant accepts this offer, please have him execute it in the spaces provided below. If this offer has not been accepted by January 15, 2016, it will be deemed withdrawn. The terms of the agreement are as follows:

Offense of Conviction

1. The Defendant agrees to plead guilty to Count One of the Indictment now pending against him, which charges him with conspiracy to commit wire fraud, in violation of 18 U.S.C. § 1349. The Defendant admits that he is, in fact, guilty of this offense and will so advise the Court.

Elements of the Offense

2. The elements of the offense to which the Defendant has agreed to plead guilty, and which this Office would prove if the case went to trial, are as follows:

Conspiracy to Commit Wire Fraud

a. The Defendant and at least one other person entered into an unlawful agreement;

- b. The purpose of the agreement was to knowingly execute or attempt to execute a scheme or artifice to defraud and to obtain money or property by means of false or fraudulent pretenses, representations, or promises;
- c. An interstate or foreign wire was knowingly transmitted or caused to be transmitted for the purpose of executing the scheme to defraud; and
- d. The Defendant knowingly and willfully became a member of the conspiracy.

Penalties

3. The maximum sentence provided by statute for the offense to which the Defendant is pleading guilty is as follows: twenty years imprisonment, \$250,000 fine or not more than the greater of twice the pecuniary gain or loss from the fraud, pursuant to 18 U.S.C. § 3571(d), and three years supervised release. In addition, the Defendant must pay \$100 as a special assessment pursuant to 18 U.S.C. § 3013, which will be due and should be paid at or before the time of sentencing. This Court may also order him to make restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3664.¹ If a fine or restitution is imposed, it shall be payable immediately, unless, pursuant to 18 U.S.C. § 3572(d), the Court orders otherwise. The Defendant understands that if he serves a term of imprisonment, is released on supervised release, and then violates the conditions of his supervised release, his supervised release could be revoked - even on the last day of the term - and the Defendant could be returned to custody to serve another period of incarceration and a new term of supervised release. The Defendant understands that the Bureau of Prisons has sole discretion in designating the institution at which the Defendant will serve any term of imprisonment imposed.

Waiver of Rights

4. The Defendant understands that by entering into this agreement, he surrenders certain rights as outlined below:

a. If the Defendant pled not guilty, he would have had the right to a speedy jury trial with the close assistance of competent counsel. That trial could be conducted by a judge, without a jury, if the Defendant, this Office, and the Court all agreed.

b. If the Defendant elected a jury trial, the jury would be composed of twelve individuals selected from the community. Counsel and the Defendant would have the opportunity to challenge prospective jurors who demonstrated bias or who were otherwise unqualified, and would have the opportunity to strike a certain number of jurors peremptorily.

¹ Pursuant to 18 U.S.C. § 3612, if the Court imposes a fine in excess of \$2,500 that remains unpaid 15 days after it is imposed, the Defendant shall be charged interest on that fine, unless the Court modifies the interest payment in accordance with 18 U.S.C. § 3612(f)(3).

All twelve jurors would have to agree unanimously before the Defendant could be found guilty of any count. The jury would be instructed that the Defendant was presumed to be innocent, and that presumption could be overcome only by proof beyond a reasonable doubt.

c. If the Defendant went to trial, the government would have the burden of proving the Defendant guilty beyond a reasonable doubt. The Defendant would have the right to confront and cross-examine the government's witnesses. The Defendant would not have to present any defense witnesses or evidence whatsoever. If the Defendant wanted to call witnesses in his defense, however, he would have the subpoena power of the Court to compel the witnesses to attend.

d. The Defendant would have the right to testify in his own defense if he so chose, and he would have the right to refuse to testify. If he chose not to testify, the Court could instruct the jury that they could not draw any adverse inference from his decision not to testify.

e. If the Defendant were found guilty after a trial, he would have the right to appeal the verdict and the Court's pretrial and trial decisions on the admissibility of evidence to see if any errors were committed which would require a new trial or dismissal of the charges against him. By pleading guilty, the Defendant knowingly gives up the right to appeal the verdict and the Court's decisions.

f. By pleading guilty, the Defendant will be giving up all of these rights, except the right, under the limited circumstances set forth in the "Waiver of Appeal" paragraph below, to appeal the sentence. By pleading guilty, the Defendant understands that he may have to answer the Court's questions both about the rights he is giving up and about the facts of his case. Any statements the Defendant makes during such a hearing would not be admissible against him during a trial except in a criminal proceeding for perjury or false statement.

g. If the Court accepts the Defendant's plea of guilty, there will be no further trial or proceeding of any kind, and the Court will find him guilty.

h. By pleading guilty, the Defendant will also be giving up certain valuable civil rights.

Advisory Sentencing Guidelines Apply

5. The Defendant understands that the Court will determine a sentencing guidelines range for this case (henceforth the "advisory guidelines range") pursuant to the Sentencing Reform Act of 1984 at 18 U.S.C. §§ 3551-3742 (excepting 18 U.S.C. §§ 3553(b)(1) and 3742(e)) and 28 U.S.C. §§ 991 through 998. The Defendant further understands that the Court will impose a sentence pursuant to the Sentencing Reform Act, as excised, and must take into account the advisory guidelines range in establishing a reasonable sentence.

Factual and Advisory Guidelines Stipulation

6. This Office and the Defendant understand, agree and stipulate to the Statement of Facts set forth in Attachment A hereto, which this Office would prove beyond a reasonable doubt, and to the following applicable sentencing guidelines factors:

- a. Pursuant to U.S.S.G. § 2B1.1(a)(1), the base offense level is seven (7).
- b. Pursuant to U.S.S.G. § 2B1.1(b)(1)(M), the base offense level is increased by twenty-four (24) levels because the loss was more than \$65,000,000 but less than \$150,000,000, resulting in an adjusted base offense level of thirty-one (31).
- c. Pursuant to U.S.S.G. § 2B1.1(b)(10)(C), the base offense level is further increased by two (2) levels because the offense involved sophisticated means, resulting in an adjusted offense level of thirty-three (33).
- d. This Office does not oppose a two-level reduction in the Defendant's adjusted offense level, based upon the Defendant's apparent prompt recognition and affirmative acceptance of personal responsibility for his criminal conduct. This Office agrees to make a motion pursuant to U.S.S.G. § 3E1.1(b) for an additional one-level decrease in recognition of the Defendant's timely notification of his intention to plead guilty. This Office may oppose *any* adjustment for acceptance of responsibility if the Defendant (a) fails to admit each and every item in the factual stipulation; (b) denies involvement in the offense; (c) gives conflicting statements about his involvement in the offense; (d) is untruthful with the Court, this Office, or the United States Probation Office; (e) obstructs or attempts to obstruct justice prior to sentencing; (f) engages in any criminal conduct between the date of this agreement and the date of sentencing; or (g) attempts to withdraw his plea of guilty.

7. The Defendant understands that there is no agreement as to his criminal history or criminal history category, and that his criminal history could alter his offense level if he is a career offender or if the instant offense was a part of a pattern of criminal conduct from which he derived a substantial portion of his income.

8. This Office and the Defendant agree that with respect to the calculation of criminal history and the calculation of the advisory guidelines range, no other offense characteristics, sentencing guidelines factors, potential departures or adjustments set forth in the United States Sentencing Guidelines will be raised or are in dispute.

Obligations of the United States Attorney's Office

9. At the time of sentencing, this Office will recommend a sentence within the applicable guideline range. At the time of sentencing, this Office will move to dismiss any open counts against the Defendant.

10. The parties reserve the right to bring to the Court's attention at the time of sentencing, and the Court will be entitled to consider, all relevant information concerning the Defendant's background, character and conduct.

Forfeiture

11. The Defendant agrees to consent to the entry of an order of forfeiture. By so doing, the Defendant understands that the Court will, upon acceptance of his guilty plea, enter an order of forfeiture as part of his sentence, and that the order of forfeiture may include assets directly traceable to his offense, substitute assets and/or a money judgment equal to the value of the property derived from, or otherwise involved in, the offense. Specifically, the Court will order the forfeiture of any property, real or personal, which represents or is traceable to the gross receipts obtained, directly or indirectly, from the violation of 18 U.S.C. § 1349, not to exceed \$148,251,859. The parties agree and stipulate that any assets forfeited pursuant to the Consent Order of Forfeiture will be used to reduce the amount of restitution the Defendant is required to pay.

Restitution

12. The Defendant agrees to the entry of a Restitution Order for the full amount of the victims' losses of \$148,251,859. The Defendant agrees that, pursuant to 18 U.S.C. §§ 3663 and 3663A and §§ 3563(b)(2) and 3583(d), the Court may order restitution of the full amount of the actual, total loss caused by the offense conduct set forth in the factual stipulation. The Defendant further agrees that he will fully disclose to the probation officer and to the Court, subject to the penalty of perjury, all information, including but not limited to copies of all relevant bank and financial records, regarding the current location and prior disposition of all funds obtained as a result of the criminal conduct set forth in the factual stipulation. The Defendant further agrees to take all reasonable steps to retrieve or repatriate any such funds and to make them available for restitution. If the Defendant does not fulfill this provision, it will be considered a material breach of this plea agreement, and this Office may seek to be relieved of its obligations under this agreement.

Collection of Financial Obligations

13. The Defendant expressly authorizes the U.S. Attorney's Office to obtain a credit report in order to evaluate the Defendant's ability to satisfy any financial obligation imposed by the Court. In order to facilitate the collection of financial obligations to be imposed in connection with this prosecution, the Defendant agrees to disclose fully all assets in which the Defendant has any interest or over which the Defendant exercises control, directly or indirectly, including those held by a spouse, nominee or other third party. The Defendant will promptly submit a completed financial statement to the United States Attorney's Office, in a form this Office prescribes and as it directs. The Defendant promises that the financial statement and

disclosures will be complete, accurate and truthful, and understands that any willful falsehood on the financial statement will be a separate crime and may be punished under 18 U.S.C. § 1001 by an additional five years' incarceration and fine.

Waiver of Appeal

14. In exchange for the concessions made by this Office and the Defendant in this plea agreement, this Office and the Defendant waive their rights to appeal as follows:

- a) The Defendant knowingly waives all right, pursuant to 28 U.S.C. § 1291 or otherwise, to appeal the Defendant's conviction;
- b) The Defendant and this Office knowingly waive all right, pursuant to 18 U.S.C. § 3742 or otherwise, to appeal whatever sentence is imposed (including the right to appeal any issues that relate to the establishment of the advisory guidelines range, the determination of the defendant's criminal history, the weighing of the sentencing factors, and the decision whether to impose and the calculation of any term of imprisonment, fine, order of forfeiture, order of restitution, and term or condition of supervised release).
- c) Nothing in this agreement shall be construed to prevent the Defendant or this Office from invoking the provisions of Federal Rule of Criminal Procedure 35(a), or from appealing from any decision thereunder, should a sentence be imposed that resulted from arithmetical, technical, or other clear error.
- d) The Defendant waives any and all rights under the Freedom of Information Act relating to the investigation and prosecution of the above-captioned matter and agrees not to file any request for documents from this Office or any investigating agency.

Obstruction or Other Violations of Law

15. The Defendant agrees that he will not commit any offense in violation of federal, state or local law between the date of this agreement and his sentencing in this case. In the event that the Defendant (i) engages in conduct after the date of this agreement which would justify a finding of obstruction of justice under U.S.S.G. § 3C1.1, or (ii) fails to accept personal responsibility for his conduct by failing to acknowledge his guilt to the probation officer who prepares the Presentence Report, or (iii) commits any offense in violation of federal, state or local law, then this Office will be relieved of its obligations to the Defendant as reflected in this agreement. Specifically, this Office will be free to argue sentencing guidelines factors other than those stipulated in this agreement, and it will also be free to make sentencing recommendations

other than those set out in this agreement. As with any alleged breach of this agreement, this Office will bear the burden of convincing the Court of the Defendant's obstructive or unlawful behavior and/or failure to acknowledge personal responsibility by a preponderance of the evidence. The Defendant acknowledges that he may not withdraw his guilty plea because this Office is relieved of its obligations under the agreement pursuant to this paragraph.

Court Not a Party

16. The Defendant expressly understands that the Court is not a party to this agreement. In the federal system, the sentence to be imposed is within the sole discretion of the Court. In particular, the Defendant understands that neither the United States Probation Office nor the Court is bound by the stipulation set forth above, and that the Court will, with the aid of the Presentence Report, determine the facts relevant to sentencing. The Defendant understands that the Court cannot rely exclusively upon the stipulation in ascertaining the factors relevant to the determination of sentence. Rather, in determining the factual basis for the sentence, the Court will consider the stipulation, together with the results of the presentence investigation, and any other relevant information. The Defendant understands that the Court is under no obligation to accept this Office's recommendations, and the Court has the power to impose a sentence up to and including the statutory maximum stated above. The Defendant understands that if the Court ascertains factors different from those contained in the stipulation set forth above, or if the Court should impose any sentence up to the maximum established by statute, the Defendant cannot, for that reason alone, withdraw his guilty plea, and will remain bound to fulfill all of his obligations under this agreement. The Defendant understands that neither the prosecutor, his counsel, nor the Court can make a binding prediction, promise, or representation as to what guidelines range or sentence the Defendant will receive. The Defendant agrees that no one has made such a binding prediction or promise.

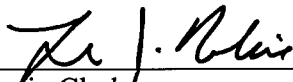
Entire Agreement

17. This letter supersedes any prior understandings, promises, or conditions between this Office and the Defendant and, together with the Sealed Supplement, constitutes the complete plea agreement in this case. The Defendant acknowledges that there are no other agreements, promises, undertakings or understandings between the Defendant and this Office other than those set forth in this letter and the Sealed Supplement and none will be entered into unless in writing and signed by all parties.

If the Defendant fully accepts each and every term and condition of this agreement, please sign and have the Defendant sign the original and return it to me promptly.

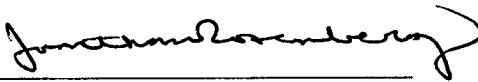
Very truly yours,

Rod J. Rosenstein
United States Attorney

By: 
Martin Clarke
Leo J. Wise
Assistant United States Attorneys

I have read this agreement, including the Sealed Supplement, and carefully reviewed every part of it with my attorney. I understand it, and I voluntarily agree to it. Specifically, I have reviewed the Factual and Advisory Guidelines Stipulation with my attorney, and I do not wish to change any part of it. I am completely satisfied with the representation of my attorney.

1-12-2016
Date


Jonathan E. Rosenberg

I am Mr. Rosenberg's attorney. I have carefully reviewed every part of this agreement with him, including the Sealed Supplement. He advises me that he understands and accepts its terms. To my knowledge, his decision to enter into this agreement is an informed and voluntary one.

1/14/16
Date


Elizabeth G. Oyer, Esq.

Attachment A

Statement of Facts

The Defendant stipulates and agrees that if this case had proceeded to trial, the government would have proven the following facts beyond a reasonable doubt. The Defendant also stipulates and agrees that the following facts do not encompass all of the evidence that would have been presented had this matter proceeded to trial.

In late 2006, Richard Shusterman and his business partner, Robert M. Feldman, began promoting investments in credit card and medical accounts receivables via a company called International Portfolio, Inc. (“IPI”). In early 2007, the Shusterman and Feldman began to focus almost exclusively on the sale and promotion of medical accounts receivable that Shusterman had purchased from Jackson Memorial Hospital in Miami, Florida. Feldman’s primary responsibilities in the venture were to solicit and develop new business relationships with investment fund managers and wealthy individuals who might be interested in investing in IPI’s medical debt portfolios and to use his contacts at hospitals to acquire more medical accounts receivable. Shusterman’s primary responsibility was to manage the debt portfolios.

Beginning in or about February 2007, Shusterman and Feldman entered into a business relationship with the Defendant, Jonathan Rosenberg, and Douglas Kuber and their company, Accounts Receivable Services, LLC (“ARS”), in New York, New York, to promote the sale of IPI debt portfolios. Under the proposed venture, IPI would acquire accounts receivables from hospitals, bundle them into investment portfolios, and then sell the portfolios to ARS at an agreed upon discount rate. The money used to finance ARS’s purchase of the medical debt portfolios from IPI would come from investors who agreed to lend money to ARS on a fixed-term basis in return for a high, fixed interest rate. As part of the purchase price paid to IPI by ARS, IPI agreed to oversee and administer the collection activity on the outstanding accounts in the portfolio. Any funds collected by IPI were to be forwarded to escrow accounts opened and maintained by ARS, which, in turn, would use the funds to cover the periodic interest payments and outstanding balances owed to the investors. The terms of ARS’s repayment obligations were set forth in fixed-rate promissory notes and, at times, other agreements signed by the parties.

The defendant, Shusterman, Feldman and Kuber told investors that the IPI debt portfolios could achieve certain projected rates of return based upon the cash flow generated by the collection of outstanding patient accounts receivable using various data analyses and debt collection strategies. The portfolios would be placed with collection agencies, which would forward the collections to special purpose bank accounts created for the investors. Some collections on the accounts, known as direct payments, would be sent directly from the hospitals where the debt originated. The second source of cash flow could come from the resale of the IPI debt portfolios to purchasers in the debt-buying secondary market, such as large collection agencies or law firms specializing in debt collections.

A. The Fraudulent Inflation of Purchase Prices for IPI Debt Portfolios to Obtain Larger Investor Loans

The Defendant, Shusterman, and Kuber made or caused to be made material misrepresentations to investors about their investment model. In reliance on those misrepresentations, investors such as Platinum Partners and IITA provided loans to ARS of approximately \$145,000,000 to purchase IPI debt portfolios, which IPI managed. Other investors, such as Roundstone and Greenfish, purchased approximately \$122,500,000 worth of IPI debt portfolios, which IPI also managed.

The first misrepresentation made to certain investors by the Defendant, Shusterman, and Kuber was that a loan secured by IPI debt portfolios would not be used to pay up-front fees and commissions associated with the investment offering. Kuber and Rosenberg represented to those investors that ARS would use 100% of the investor's loan proceeds to purchase the accounts receivable from IPI, and that ARS would only pay itself from collections or from the sale of the portfolio, after the interest promised to the investor was paid in full and after the investor's principal was returned. Indeed, ARS and IPI devised an elaborate process involving the use of multiple escrow accounts and independent accountants to feign a transparent tracking of the deposit of the loan proceeds, the revenue from collection activity, the repayment of interest, and the sale of portfolios.

In truth and fact, however, Shusterman agreed to provide the Defendant and Kuber via ARS an upfront fee for each new investment loan used to purchase an IPI debt portfolio. It was further agreed that the funds to pay a 5% to 10% fee would come from the investor's loan proceeds. Pursuant to this undisclosed fee arrangement, ARS and IPI would calculate and agree to a concealed purchase price for a debt portfolio. Then they would tell the investor that the portfolio price was 5% to 10% higher than concealed price. In other words, ARS and IPI agreed to over-represent the value of the collateral pledged to the investor/lenders, thereby increasing the requested loan amount in order to use a portion of the loan proceeds to fulfill their pre-loan transactional fee arrangement. ARS agreed to pay IPI's asking price for a particular portfolio, which was calculated by using a buy rate negotiated between ARS and IPI, and then the parties jointly agreed to increase that price by 5% to 10%, which would be kicked back by IPI to ARS. The net effect of this transactional fee arrangement, besides being an undisclosed and material conflict of interest, was that it falsely represented that the loans were 100% collateralized by the purported value of the accounts receivable.

IPI and ARS used a contractual provision in their Purchase Agreements called "Purchase Price Adjustment" to conceal this transactional fee arrangement. IPI would routinely pay ARS the predetermined transactional fee under the guise of a "refund" or "rebate" for unqualified accounts. To conceal the payment and receipt of the kickbacks, such "refunds" or "rebates" were not sent directly to ARS, but rather, were wired to one of ARS's subsidiaries, usually a company called Portfolio Scope. The wire transactions were referenced as a "rebate," "advisory fee," or "consulting fee." In so doing, ARS and IPI avoided the intricate escrow arrangement they had created to convince investors to finance the joint venture. In sum, not only did the fraudulent use of the "Purchase Price Adjustment" provision provide cover for the undisclosed transactional fee arrangement between ARS and IPI, it also contravened the material promise made by ARS to the investors that ARS would not receive compensation from the investment offering until after the principal and interest on the loan was paid in full.

Between in or about June 2007 and continuing to until in or about March 2009, the Defendant, Shusterman, and Kuber made or caused to made kickbacks of investor loan proceeds to the Defendant and Kuber totaling in excess of \$8 million.

B. The Fraudulent Inflation of Collection Results

To entice new investors to participate in the investment scheme, ARS and IPI falsely represented the amount of income being generated from the collection activity for the various medical debt portfolios. Soon after the Defendant, Shusterman, and Kuber entered into their relationship to promote the sale of IPI debt portfolios, it became apparent that collections were significantly inadequate, not only in their failure to cover periodic interest payments that ARS owed its investors, like Platinum and IITA, but also to repay the investors' principal.

Between approximately February and July 2008, the Defendant, Shusterman, Feldman and Kuber discussed ways they could cover outstanding investment obligations without disclosing to current and potential investors the insufficient performance of collections coming from the collection agencies and directly from the hospitals. In July 2008, Shusterman and Kuber decided and Feldman and the Defendant agreed that IPI would advance ARS the money needed to make ARS's periodic interest payments to Platinum and to IITA. Between in or about July 2008 and in or about December 2009, and without the knowledge of Platinum, IITA, the escrow agent for the ARS special purpose accounts, or any other investors, the Defendant, Shusterman, Feldman and Kuber wired or caused to be wired approximately 209 advances from IPI into the SPE bank accounts of the various ARS debt portfolios, which advances were subsequently used to pay periodic interest payments due to Platinum and/or inflate the collection history of the respective Platinum and IITA debt portfolios.

Furthermore, the Defendant, Shusterman, Feldman, and Kuber and agreed to conceal from Platinum and other investors the fact that the Defendant and Shusterman were using the advances from IPI to subsidize ARS, although the Defendant did not have any direct communications with Platinum. To that end, the advances were represented as a particular type of collection received during the liquidation of IPI debt portfolios called "direct payments." When Shusterman and Feldman wired or caused to be wired funds from IPI into the SPE bank accounts, odd numbers and skewed totals were used to conceal the true purpose of the advances and to make them appear to be direct payments wired during the ordinary course of the collection process. Consequently, false and misleading collection reports were created to deceive Platinum and IITA because the weekly collection totals were inflated by the amount of money IPI had

advanced to ARS under the pretense of direct payments. The inflated collection reports created the false impression that collections from IPI debt portfolios were much higher than they actually were. In truth and fact, the actual collections for each of the ARS portfolios financed by Platinum and IITA was far below the projected liquidations for those portfolios. Between in or about July 2008 and in or about March 2010, the Defendant, Shusterman, Feldman and Kuber represented or caused to be represented in weekly collection reports provided to Platinum, IITA and other investors that more than \$56 million in "direct payments" were collected during the liquidation of IPI debt portfolios financed by Platinum and IITA investors.

C. False Representations About Purported Resales of IPI Debt Portfolios to Purchasers in the Debt-Buying Secondary Market

During the continued promotion, sale, and management of IPI debt portfolios, the Defendant, Shusterman, Feldman, and Kuber failed to disclose to existing and potential investors the existence and necessity of the IPI advances that were used to cover interest payments and inflate collection histories. Subsequent to implementing their plan to subsidize ARS with monthly advances, Platinum was induced to fund the purchase of twelve more portfolios over four months, between July and November 2008 (Portfolios Slice 7-12 and 14-15), totaling approximately \$43 million in new investments. And an IITA representative living in West River, Maryland, was induced to fund the purchase of Portfolio 13 on November 8, 2008 for \$10 million and another portfolio via IPA on May 26, 2009 for \$5 million. And there were further sales of multiple portfolios through JER Receivables and other entities owned or managed by the Defendant.

After investors purchased or lent money to purchase IPI debt portfolios, IPI oversaw the collection process and made recommendations about when to sell the portfolios. IPI purportedly solicited bids from potential purchasers in the debt-buying industry, and IPI served as an intermediary between the investor and the new purchaser, ostensibly to protect IPI proprietary information. In this way, IPI controlled both the sales and purchase price of the particular IPI debt portfolio being sold. The investors were told that the resale value of the IPI debt portfolios

would be based upon (1) the demonstrated total collection activity for the portfolio and (2) bids from new purchasers in the debt-buying secondary market.

To induce investors to buy and/or maintain their investment positions in IPI debt portfolios, and to further conceal substantially lower than projected collection results, IPI fraudulently repurchased and resold to investors IPI debt portfolios at artificially inflated prices that neither corresponded to a particular debt portfolio's actual collection results, nor to an asking price from a purchaser in the debt-buying industry. In truth and fact, none of IPI's debt portfolios financed or purchased by Platinum, IITA, or other investors was ever sold to a third party in the debt-buying industry, although this fact was not known to the Defendant. For the portfolios that were falsely represented to have been sold to such third parties, the purchaser was actually another IPI investor or IPI itself, and the portfolios were almost always sold at prices higher than what the investor originally paid so as to create a contrived rate of return high enough to induce an existing investor to reinvest or a new investor to join the investment scheme.

The Defendant, Shusterman, Feldman and Kuber represented to their respective investors that the IPI debt portfolios sold to them or used as collateral were comprised of medical accounts receivable that IPI had purchased directly from hospitals and medical providers after those institutions had exhausted their efforts to collect from their debtor patients. In truth and fact, IPI intentionally and fraudulently sold to some investors IPI debt portfolios that IPI had repurchased from an earlier IPI investor and sometimes multiple investors.

To conceal poor collection results and the artificiality of the resale prices for IPI debt portfolios, and to assure a continuing flow of new funding into the investment scheme, the Defendant, Shusterman, Feldman, and Kuber continued to solicit, and caused others to solicit, existing and prospective investors to purchase or finance IPI debt portfolios. In so doing, they fraudulently used new investor funds to make interest and resale payments in order to meet the investment benchmarks of prior investors.

In furtherance of all of the IPI debt portfolio transactions discussed above, interstate and foreign emails and wire transfers were transmitted, including transmissions from and to the District of Maryland.

D. Transactions with Clear Path Wealth Management and Clear Path Health Care Receivables Fund

In April 2008, Patrick Churchville, the owner of Clear Path Wealth Management LLC (hereafter "Clear Path") met the Defendant for the purposes of discussing an investment in hospital accounts receivable. Subsequently, Churchville invested with a company owned and controlled by the Defendant, JER Receivables, LLC (JER), under a participation agreement which was structured as a loan but provided a guaranteed 30 percent rate of return over 16 months. Clear Path provided funds to JER to purchase portfolios of health care accounts receivable from IPI.

From July 1, 2008 through February 2, 2010, Clearpath invested \$18.7 million in nine different transactions. The portfolios were named after greek letters: Alpha, Epsilon, Eta, Mu, Omicron, PI, Rho, Xi and Zeta. In each of these transactions, Clear Path signed a participation agreement with JER. In turn, JER used 100 percent of the proceeds of the participation agreement loan to purchase medical debt portfolios from IPI. The first two investments, Alpha and Epsilon portfolios, were eventually repurchased by IPI from JER for a profit of \$930 thousand to Clearpath.

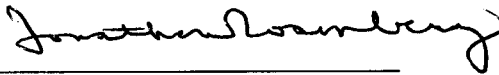
In October 2010, Clear Path issued demand notices to JER on a number of the outstanding participation agreement transactions due to JER failing to make required payments.

Churchville formed a new investment fund he named Clear Path Health Care Receivables Fund LP. On October 10, 2009, Clear Path Health Care Receivables Fund, LP entered into a \$750,000 loan agreement with International Portfolio Access, LLC (IPA). IPA was owned and controlled by the Defendant. The \$750,000 loan was to be used to secure a larger credit line to purchase additional healthcare accounts receivable portfolios. The credit line never materialized.

From February 9, 2011 through January 5, 2012, Clear Path Health Care Receivables Fund made a series of loans totaling \$18.6 million to Receivable Partners, LLC, which was also owned by the Defendant. These loans were used to pay back some of the Clear Path investors that purchased portfolios through JER

I have read this statement of facts and carefully reviewed it with my attorney. I agree that the United States could prove these facts at trial and that I am guilty of the conduct described herein.

1-12-2016
Date


Jonathan E. Rosenberg

1/14/16
Date



Elizabeth G. Oyer, Esquire

EXHIBIT 2

COMMERCE BANK / N.A. DEMAND CREDIT

WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW		AMOUNT
xfer from acct 79 [redacted] Mrs LLC		\$150,000-
BRANCH NO. 1487	CUSTOMER NAME: <i>SK Receivables</i> (Please Print)	
ENTERED BY: <i>[Signature]</i>	APPROVED BY: <i>[Signature]</i>	DATE: 1/24/08

A-22-NA (2/07)

ACCT. # 79 [redacted] \$ 150000.-

70 9:52 AM # 01/24/08 8 79 [redacted]
 Checking Deposit \$150,000.00
 136 55TH STREET AND 6TH AVENUE 407

⑆5023⑆0136⑆

SPL 0642239510
 R014 B3 P4
 01/24/2008

[redacted]
 COMMERCE BANK NA
 CHERRY HILL, NJ

Account 79 [redacted] Check# 0 Amount 150000.00 Date Presented 01-24-2008

COMMERCE BANK / N.A. DEMAND CREDIT

WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW		AMOUNT
xfer from acct 79 [redacted] Mrs LLC		\$150,000-
BRANCH NO. 1487	CUSTOMER NAME: <i>SK Receivables</i> (Please Print)	
ENTERED BY: <i>[Signature]</i>	APPROVED BY: <i>[Signature]</i>	DATE: 1/24/08

A-22-NA (2/07)

ACCT. # 79 [redacted] \$ 150000.-

89 9:52 AM # 01/24/08 8 79 [redacted]
 Checking Deposit \$150,000.00
 136 55TH STREET AND 6TH AVENUE 407

⑆5023⑆0136⑆

SPL 0642239520
 R014 B3 P4
 01/24/2008

[redacted]
 COMMERCE BANK NA
 CHERRY HILL, NJ

Account 79 [redacted] Check# 0 Amount 150000.00 Date Presented 01-24-2008

COMMERCE BANK / N.A.

DEMAND

DEBIT

WE DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW

AMOUNT

WE DEBIT \$150K TO JR Receivables part and \$150K
to ULTRA MFG. AS PER Doug Kuper
CUSTOMER NAME JR Receivables Service
(Please Print)

\$300,000 -

ENTERED BY [Signature] APPROVED BY [Signature] DATE 1/24/08

ACCT.# 79 [Redacted] 300,000.-

SB 9:51 AM H 01/24/08 B 79 [Redacted]
Checkings Withdrawal \$300,000.00

WE DEBIT TO ACCESS 557 [Redacted] JR Receivables LLC

⑆50270036⑆

A-23-NA (1/06)

SPL 0642239530
RD14 B3 PO
01/24/2008

>03 [Redacted]
COMMERCE BANK NA
CHERRY HILL, NJ

Account 79 [Redacted] Check# 0 Amount 300000.00 Date Presented 01-24-2008

COMMERCE BANK / N.A. DEMAND CREDIT

WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW		AMOUNT
XFER FROM ACCT 79 [REDACTED]		\$ 437,406.82
BRANCH NO. 1457	CUSTOMER NAME: JR RECEIVABLES LLC (Please Print)	
ENTERED BY	APPROVED BY	DATE 3/18/08

A-23-NA (2/07)

SPL 0658073510
R062 B2 P4
03/18/2008

>03 [REDACTED]
COMMERCE BANK NA
CHERRY HILL, NJ

ACCT. # 79 [REDACTED] \$ 437406.82

195 2:53 PM # 03/18/08 2 79 [REDACTED]
Checking Deposit \$437,406.82
136 55TH STREET AND 6TH AVENUE 407

⑆5023⑆⑆0⑆36⑆

Account 79 [REDACTED] Check# 0 Amount 437406.82 Date Presented 03-18-2008

COMMERCE BANK / N.A. DEMAND DEBIT

WE DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW		AMOUNT
XFER TO ACCT 79 [REDACTED]		\$ 437,406.82
BRANCH NO. 1407	CUSTOMER NAME: PORTFOLIO SCORE, LLC (Please Print)	
ENTERED BY	APPROVED BY	DATE 3/18/08

A-23-NA (1/06)

SPL 0658073520
R062 B2 P0
03/18/2008

>03 [REDACTED]
COMMERCE BANK NA
CHERRY HILL, NJ

ACCT. # 79 [REDACTED] \$ 437406.82

194 2:53 PM # 03/18/08 2 79 [REDACTED]
Checking Withdrawal \$437,406.82
136 55TH STREET AND 6TH AVENUE 407

⑆5027⑆⑆0⑆36⑆

Account 79 [REDACTED] Check# 0 Amount 437406.82 Date Presented 03-18-2008

TD Bank, N.A.		DEMAND		CREDIT	
WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW					AMOUNT
XFER FROM Acct # [REDACTED]					250,000.-
BRANCH NO. 1407 CUSTOMER NAME: J. Decurcio (Please Print)					
ENTERED BY	APPROVED BY	DATE			
		6/19/08			
ACCT. # 79 [REDACTED]			\$	250,000.-	
145 2:47 PM # 06/19/08 7 793 [REDACTED]					
Checkings Deposit \$250,000.00					
136 55TH STREET AND 6TH AVENUE 407					
⑆5023⑆0⑆36⑆					

A-22-NA-TD (5/08)

MEL 0795824598
06/19/2008

>03 [REDACTED]
COMMERCIAL BANK NA
CHERRY HILL, NJ

Account 79 [REDACTED] Check# 0 Amount 250000.00 Date Presented 06-19-2008

T.D. Bank, N.A.		SAVINGS		DEBIT	
WE DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW					AMOUNT
XFER TO Acct # [REDACTED]					250,000.-
BRANCH NO. 1407					
ENTERED BY	APPROVED BY	DATE			
		6/19/08			
ACCT. # 79 [REDACTED]			\$	250,000.-	
144 2:47 PM # 06/19/08 7 79 [REDACTED]					
Checkings Withdrawal \$250,000.00					
136 55TH STREET AND 6TH AVENUE 407					
⑆5048⑆0⑆36⑆					

A-23A-NA-TD (5/08)

MEL 0795824600
06/19/2008

>03 [REDACTED]
COMMERCIAL BANK NA
CHERRY HILL, NJ

Account 79 [REDACTED] Check# 0 Amount 250000.00 Date Presented 06-19-2008

TD Bank, N.A.		DEMAND		CREDIT	
WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW				AMOUNT	
XFER FROM Acct # [REDACTED] BRANCH NO. 1407 CUSTOMER NAME: <u>Porto JR Receivables</u> (Please Print) \$200,000-					
ENTERED BY	APPROVED BY	DATE			
[Signature]	[Signature]	7/15/08			
ACCT. #	79 [REDACTED]	\$		200000.-	
63 10:21 AM # 07/15/08 4 79 [REDACTED]					
Checkings Deposit		\$200,000.00			
135 55TH STREET AND 6TH AVENUE		407			
⑆5023⑆0⑆36⑆					

A-22-NA-TD (5/08)

SPL 0563347920
R024 B2 P4
07/15/2008

>03 [REDACTED] <
COMMERCE BANK NA
CHERRY HILL, NJ

Account 79 [REDACTED] Check# 0 Amount 200000.00 Date Presented 07-15-2008

TD Bank, N.A.		DEMAND		DEBIT	
WE DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW				AMOUNT	
XFER TO Acct # [REDACTED] BRANCH NO. 1407 CUSTOMER NAME: <u>Portofolio Scope LLC</u> (Please Print) \$200,000-					
ENTERED BY	APPROVED BY	DATE			
[Signature]	[Signature]	7/15/08			
ACCT. #	79 [REDACTED]	\$		200000.-	
62 10:21 AM # 07/15/08 4 79 [REDACTED]					
Checkings Withdrawal		\$200,000.00			
135 55TH STREET AND 6TH AVENUE		407			
⑆5027⑆0⑆36⑆					

A-23-NA-TD (5/08)

SPL 0563347930
R024 B2 P0
07/15/2008

>03 [REDACTED] <
COMMERCE BANK NA
CHERRY HILL, NJ

Account 79 [REDACTED] Check# 0 Amount 200000.00 Date Presented 07-15-2008

TD Bank, N.A.

DEMAND

CREDIT

WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW		AMOUNT
Xfer From Acct # [REDACTED]		125,000-
BRANCH NO. 1467	CUSTOMER NAME: <u>Dr. Receivables</u> (Please Print)	
ENTERED BY [Signature]	APPROVED BY [Signature]	DATE 8/11/08

A-22-NA-TD (5/08)

SPL 0617691580
R069 B2 P4
08/11/2008

>03 [REDACTED]
COMMERCE BANK NA
CHERRY HILL, NJ

ACCT. # 79 [REDACTED] \$ 125,000.-

55 2:31 PM H 08/11/08 3 79 [REDACTED]
Checking Deposit \$125,000.00
136 55TH STREET AND 6TH AVENUE 407

⑆5023⑆0136⑆

Account 79 [REDACTED] Check# 0 Amount 125000.00 Date Presented 08-11-2008

TD Bank, N.A.

DEMAND

CREDIT

WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW		AMOUNT
Xfer From Acct # [REDACTED]		125,000-
BRANCH NO. 1467	CUSTOMER NAME: <u>Dr. Receivables</u> (Please Print)	
ENTERED BY [Signature]	APPROVED BY [Signature]	DATE 8/11/08

A-22-NA-TD (5/08)

SPL 0617691590
R069 B2 P4
08/11/2008

>03 [REDACTED]
COMMERCE BANK NA
CHERRY HILL, NJ

ACCT. # 79 [REDACTED] \$ 125,000.-

54 2:30 PM H 08/11/08 3 79 [REDACTED]
Checking Deposit \$125,000.00
136 55TH STREET AND 6TH AVENUE 407

⑆5023⑆0136⑆

Account 79 [REDACTED] Check# 0 Amount 125000.00 Date Presented 08-11-2008

TD Bank, N.A.

DEMAND

DEBIT

WE DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW		AMOUNT
XFER TO ACCTS OAK 79 [REDACTED] \$125M and [REDACTED] \$125M		250,000 -
BRANCH NO. TO JR Rec. 79 [REDACTED]		
CUSTOMER NAME: <u>Port Hills Scorp</u> (Please Print)		
ENTERED BY: <u>BK</u>	APPROVED BY: <u>[Signature]</u>	DATE: <u>8 11 08</u>

A-23-NA-TD (5/08)

SPL 0617691600
R069 B2 P0
08/11/2008

>03 [REDACTED]
COMMERCE BANK NA
CHERRY HILL, NJ

ACCT. # 79 [REDACTED] \$ 250,000.-

53 2:29 PM H 08/11/08 3 79 [REDACTED]
Checking Withdrawal \$250,000.00
136 55TH STREET AND 6TH AVENUE 407

⑆5027⑉0136⑆

Account 79 [REDACTED] Check# 0 Amount 250000.00 Date Presented 08-11-2008

TD Bank, N.A.		DEMAND	CREDIT
WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW			AMOUNT
<i>Transferred from 79 [redacted]</i> <i>as per cust. request</i>			5,000.00
BRANCH NO. 1447	CUSTOMER NAME: JB Receivables LLC <small>(Please Print)</small>		
ENTERED BY <i>[Signature]</i>	APPROVED BY <i>[Signature]</i>	DATE 8/29/08	
ACCT. # 79 [redacted]		\$ 5000.00	
61 10:15 AM # 08/29/08 5 732 [redacted] Checking Deposit \$5000.00 136 55TH STREET AND 6TH AVENUE 407			
⑆5023⑆0⑆36⑆			

A-22-NA-TD (5/08)

MEL 0793307690
R068 82 P4
08/29/2008

>031 [redacted]
COMMERCE BANK NA
CHERRY HILL, NJ

Account 792 [redacted] Check# 0 Amount 5000.00 Date Presented 08-29-2008

TD Bank, N.A.		DEMAND	DEBIT
WE DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW			AMOUNT
<i>Transferred to Acct # 79 [redacted]</i> <i>as per customer request</i>			5,000.00
BRANCH NO. 1447	CUSTOMER NAME: JB Receivables LLC <small>(Please Print)</small>		
ENTERED BY <i>[Signature]</i>	APPROVED BY <i>[Signature]</i>	DATE 8/29/08	
ACCT. # 79 [redacted]		\$ 5000.00	
60 10:15 AM # 08/29/08 5 73 [redacted] Checking Withdrawal \$5000.00 136 55TH STREET AND 6TH AVENUE 407			
⑆5027⑆0⑆36⑆			

A-23-NA-TD (5/08)

MEL 0793307700
R068 82 P0
08/29/2008

>031 [redacted]
COMMERCE BANK NA
CHERRY HILL, NJ

Account 792 [redacted] Check# 0 Amount 5000.00 Date Presented 08-29-2008

TD Bank, N.A.		DEMAND		CREDIT
WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW			AMOUNT	
as per cust req from 79 [REDACTED]			1,000,000	
BRANCH NO. 11457	CUSTOMER NAME: Acct Rec. JP Recievals			
ENTERED BY: [Signature]	APPROVED BY: [Signature]	DATE: 9/29/08		
ACCT. # 79 [REDACTED]	\$ 1000000.00			
133 1:55 PM # 09/29/08 4 79 [REDACTED]				
Checking Deposit \$1,000,000.00				
136 55TH STREET AND 6TH AVENUE 407				
⑆5023⑆0136⑆				

SPL 0583858290
R083 B1 P4
09/29/2008

>031 [REDACTED]
COMMERCE BANK NA
CHERRY HILL, NJ

Account 792 [REDACTED] Check# 0 Amount 1000000.00 Date Presented 09-29-2008

TD Bank, N.A.		DEMAND		CREDIT
WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW			AMOUNT	
as per cust req from 79 [REDACTED]			1,000,000	
BRANCH NO. 11457	CUSTOMER NAME: Acct Rec. JP Recievals			
ENTERED BY: [Signature]	APPROVED BY: [Signature]	DATE: 9/29/08		
ACCT. # 79 [REDACTED]	\$ 1000000.00			
134 1:55 PM # 09/29/08 4 792 [REDACTED]				
Checking Deposit \$1,000,000.00				
136 55TH STREET AND 6TH AVENUE 407				
⑆5023⑆0136⑆				

SPL 0583858280
R083 B1 P4
09/29/2008

>031 [REDACTED]
COMMERCE BANK NA
CHERRY HILL, NJ

Account 7926 [REDACTED] Check# 0 Amount 1000000.00 Date Presented 09-29-2008

TD Bank, N.A.		DEMAND		CREDIT	
WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW					AMOUNT
Xfer From acct 791 [REDACTED]					200,000-
BRANCH NO. 1457	CUSTOMER NAME: Jk Receivables (Please Print)				
ENTERED BY	APPROVED BY	DATE		11/25/08	
ACCT. #	[REDACTED]		\$		200,000.-
107 2:48 PM # 11/25/08 4 79 [REDACTED]					
Checkings Deposit \$200,000.00					
136 55TH STREET AND 6TH AVENUE 407					
⑆5023⑆0136⑆					

MEL 0775406750
R052 B0 P4
11/25/2008

>0312
TD BANK NA
CHERRY HILL NJ

Account 792 [REDACTED] Check# 0 Amount 200000.00 Date Presented 11-25-2008

TD Bank, N.A.		DEMAND		CREDIT	
WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW					AMOUNT
Xfer From acct 791 [REDACTED]					200,000-
BRANCH NO. 1457	CUSTOMER NAME: Jk Receivables (Please Print)				
ENTERED BY	APPROVED BY	DATE		11/25/08	
ACCT. #	791 [REDACTED]		\$		200,000.-
108 2:49 PM # 11/25/08 4 79 [REDACTED]					
Checkings Deposit \$200,000.00					
136 55TH STREET AND 6TH AVENUE 407					
⑆5023⑆0136⑆					

MEL 0775406750
R052 B0 P4
11/25/2008

>0312
TD BANK NA
CHERRY HILL NJ

Account 79 [REDACTED] Check# 0 Amount 200000.00 Date Presented 11-25-2008

TD Bank, N.A.

DEMAND

DEBIT

A-23-NATD (6/08)

WE DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW		AMOUNT
From \$200,000 TO SR receivable R2		\$400,000 -
BRANCH NO. \$200,000 TO DAY RECEIVABLE R2		
ENTERED BY	APPROVED BY	DATE
		11/25/08

ACCT. # 79 [REDACTED] \$ 400,000.-

106 2:47 PM # 11/25/08 4 79 [REDACTED]

Checking Withdrawal \$400,000.00

136 55TH STREET AND 6TH AVENUE 407

⑆5027⑉0136⑆

MEL 0775405770

R05Z 80 P0

11/25/2008

106 2:48 PM # 11/25/08 4 791860033

Checking Withdrawal \$400,000.00

136 55TH STREET AND 6TH AVENUE 407

Account 79 [REDACTED] Check# 0 Amount 400000.00 Date Presented 11-25-2008

TD Bank, N.A.

DEMAND

CREDIT

WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW

AMOUNT

Transferred from 79 [redacted] as per customer request.
BRANCH NO. 11407 CUSTOMER NAME: JB Receivable LLC
(Please Print)

250,000.00

ENTERED BY [signature] APPROVED BY [signature] DATE 12/16/08

ACCT. # 79 [redacted] \$ 250,000.00

44 10:42 AM # 12/16/08 7 79 [redacted]
Checking Deposit \$250,000.00
136 55TH STREET AND 6TH AVENUE 407

⑆5023⑆0136⑆

A-22-NA-TD (5/08)

SPL 0604286730
R017 B2 P4
12/16/2008

>03 [redacted]
TD BANK NA
CHERRY HILL, NJ

Account 79 [redacted] Check# 0 Amount 250000.00 Date Presented 12-16-2008

TD Bank, N.A.

DEMAND

CREDIT

WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW

AMOUNT

Transferred from 79 [redacted] as per customer request.
BRANCH NO. 11407 CUSTOMER NAME: DAV Receivable
(Please Print)

250,000.00

ENTERED BY [signature] APPROVED BY [signature] DATE 12/16/08

ACCT. # 79 [redacted] \$ 250,000.00

40 10:43 AM # 12/16/08 7 79 [redacted]
Checking Deposit \$250,000.00
136 55TH STREET AND 6TH AVENUE 407

⑆5023⑆0136⑆

A-22-NA-TD (5/08)

SPL 0604286720
R017 B2 P4
12/16/2008

>03 [redacted]
TD BANK NA
CHERRY HILL, NJ

Account 79 [redacted] Check# 0 Amount 250000.00 Date Presented 12-16-2008

TD Bank, N.A.

DEMAND

DEBIT

WE DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW		AMOUNT
<i>Transferring money to 79 [redacted] per cust. request</i> BRANCH NO. [redacted] CUSTOMER NAME: <i>Portfolio Secs LLC</i> (Please Print)		500,000.00
ENTERED BY: <i>[Signature]</i>	APPROVED BY: <i>[Signature]</i>	DATE: 12/16/08

A-23-NA-TD (5/08)

SPL 0604286740
R017 E2 FC
12/16/2008

>031201360<
TD BANK NA
CHERRY HILL, NJ

ACCT. # 79 [redacted] \$ 500,000.00

SR 10:41 AM # 12/16/08 7 79 [redacted]
 (Checking Withdrawal) \$500,000.00
 136 55TH STREET AND 6TH AVENUE 407

⑆5027⑆0136⑆

Account 79 [redacted] Check# 0 Amount 500000.00 Date Presented 12-16-2008

COMMERCE BANK / N.A.

DEMAND

CREDIT

WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW <i>Transferred from acct 79 [redacted] ARS LLC</i>		AMOUNT
BRANCH NO. 1487	CUSTOMER NAME: <i>JK Receivables</i> (Please Print)	\$150,000-
ENTERED BY <i>[Signature]</i>	APPROVED BY <i>[Signature]</i>	DATE 1/24/08

ACCT. # 79 [redacted] \$ 150,000.-

89 9:52 AM # 01/24/08 8 79 [redacted]
 Checking Deposit \$150,000.00
 135 55TH STREET AND 6TH AVENUE 407

⑆5023⑆0136⑆

SPL 0642239520
R014 B3 P4
01/24/2008

>03 [redacted]
COMMERCE BANK NA
CHERRY HILL, NJ

Account 792 [redacted] Check# 0 Amount 150000.00 Date Presented 01-24-2008

COMMERCE BANK / N.A.

DEMAND

CREDIT

WE CREDIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW <i>Transferred from acct 79 [redacted] ARS LLC</i>		AMOUNT
BRANCH NO. 1487	CUSTOMER NAME: <i>JK Receivables</i> (Please Print)	\$150,000-
ENTERED BY <i>[Signature]</i>	APPROVED BY <i>[Signature]</i>	DATE 1/24/08

ACCT. # 79 [redacted] \$ 150,000.-

70 9:52 AM # 01/24/08 8 79 [redacted]
 Checking Deposit \$150,000.00
 135 55TH STREET AND 6TH AVENUE 407

⑆5023⑆0136⑆

SPL 0642239510
R014 B3 P4
01/24/2008

>03 [redacted]
COMMERCE BANK NA
CHERRY HILL, NJ

Account 792 [redacted] Check# 0 Amount 150000.00 Date Presented 01-24-2008

COMMERCE BANK / N.A.

DEMAND

DEBIT

WE DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW		AMOUNT
<i>From \$150M TO Mr. DeWade's acct and \$150M to ULTRA MFG. AS PER QING KUPIN</i> BRANCH NO. <i>1407</i> CUSTOMER NAME <i>West Receivables Service</i> <small>(Please Print)</small>		\$300,000.00
ENTERED BY	APPROVED BY	DATE
		<i>1/24/08</i>

AZ22NA 11000

SPL 0642239530
R014 B3 PO
01/24/2008

>03
COMMERCE BANK NA
CHERRY HILL, NJ

ACCT. # *79* [REDACTED] *300 000.00*

68 9:51 AM M 01/24/08 B 79 [REDACTED]
 Checkings Withdrawal \$300,000.00
 XFER TO AC 4365 55 [REDACTED] 107
 792 [REDACTED] *West Receivables LLC*

⑆5027⑉0136⑆

Account 79 [REDACTED] Check# 0 Amount 300000.00 Date Presented 01-24-2008

EXHIBIT 3

PAYMENT ARCHIVE AND RESEARCH CENTER

Query Results Report

Printed On : 8/20/2015



Account No [REDACTED]
Amount 100,000.00
Bene Bank Linda Rosenberg
Beneficiary Merrill Lynch
BNF ADDR1 500 grand st
BNF ADDR3 pittsburghPA
BNF ID [REDACTED]
Branch ID 9999
Country Code US
Currency USD
Wire Date 01/28/2008
Direction O
Fee 15.00
IMAD 20080128C1B76E1C000899
MID 080128111524XI00
Paymt Method FED
Msg Status COMPLETE
Msg Type 10
Msg Subtype 00
Office 136
Originator JR RECEIVABLES, LLC
ORG ADDR1 19 CLIFF STREET
ORG ADDR2 WEST ORANGE, NJ 07052-
ORG ID [REDACTED]
ORG ID Code AC
Recv ABA 043000261
Recv Name MELLON BANK N.A.
Reference 080128111524XI00
Sender ABA 026013673
Sender Name COMMERCE BK MARLTN
Paymt Source MAX
Time 11:41:32
UserID ANNA
Value Date 01/28/2008

Account No [REDACTED]
Amount 70,000.00
Beneficiary Merrill Lynch
BNF ADDR1 NA
BNF ADDR3 NANA
BNF ID [REDACTED]
Branch ID 9999
Country Code US
Currency USD
Wire Date 03/19/2008
Direction O
Fee 15.00
IMAD 20080319C1B76E1C000930
MID 080319120259XI01

PAYMENT ARCHIVE AND RESEARCH CENTER

Query Results Report

Printed On : 8/20/2015

Paymt Method FED
Msg Status COMPLETE
Msg Type 10
Msg Subtype 00
OBI ACCOUNT# 859-17643LINDA ROSENBERG
Office 136
Originator JR RECEIVABLES, LLC
ORG ADDR1 19 CLIFF STREET
ORG ADDR2 WEST ORANGE, NJ 07052-
ORG ID ██████████
ORG ID Code AC
Recv ABA 043000261
Recv Name MELLON BANK N.A.
Reference 080319120259XI01
Sender ABA 026013673
Sender Name COMMERCE BK MARLTN
Paymt Source MAX
Time 12:02:59
Value Date 03/19/2008

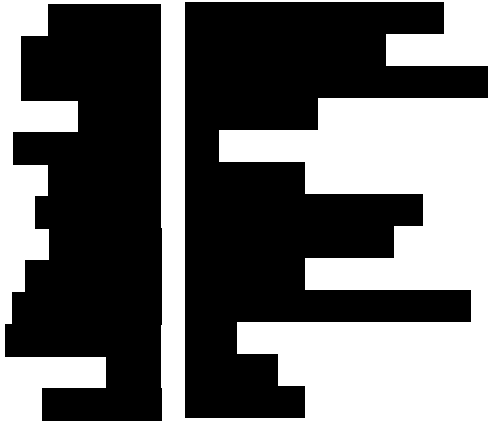
Account No ██████████
Amount 121,500.00
Beneficiary Advanced Home Theater
BNF ADDR1 na
BNF ADDR3 miamiFL
BNF ID ██████████
Branch ID 9999
Country Code US
Currency USD
Wire Date 04/01/2008
Direction O
Fee 15.00
IMAD 20080401C1B76E1C000503
MID 080401091819XI00
Paymt Method FED
Msg Status COMPLETE
Msg Type 10
Msg Subtype 00
OBI Attn: DeloresFBO Jonathan and Linda Rosenberg
Office 136
Originator JR RECEIVABLES, LLC
ORG ADDR1 19 CLIFF STREET
ORG ADDR2 WEST ORANGE, NJ 07052-
ORG ID ██████████
ORG ID Code AC
Recv ABA 061000104
Recv Name SUNTRUST BANK
Reference 080401091819XI00
Sender ABA 026013673
Sender Name COMMERCE BK MARLTN
Paymt Source MAX
Time 09:18:19
Value Date 04/01/2008

Account No ██████████

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Account No [REDACTED]
Amount 100,000.00
Beneficiary Fanny Haim & Associates, Inc
BNF ADDR1 21338 West Dixie Highway
BNF ADDR3 North Miami BeachFL
BNF ID [REDACTED]
Branch ID 9999
Country Code US
Currency USD
Wire Date 06/20/2008
Direction O
Fee 15.00
IMAD 20080620C1B76E1C001786
MID 080620145756X100
Paymt Method FED
Msg Status COMPLETE
Msg Type 10
Msg Subtype 00
OBI FBO Linda Rosenberg
Office 136
OMAD 20080620F7B74I2C00020906201458FT01
Originator JR RECEIVABLES, LLC
ORG ADDR1 19 CLIFF STREET
ORG ADDR2 WEST ORANGE, NJ 07052-
ORG ID [REDACTED]
ORG ID Code AC
Recv ABA 067009646
Recv Name MELLON UNITED NATI
Reference 080620145756X100
Sender ABA 026013673
Sender Name COMMERCE BK MARLTN
Paymt Source MAX
Time 14:57:56
Value Date 06/20/2008



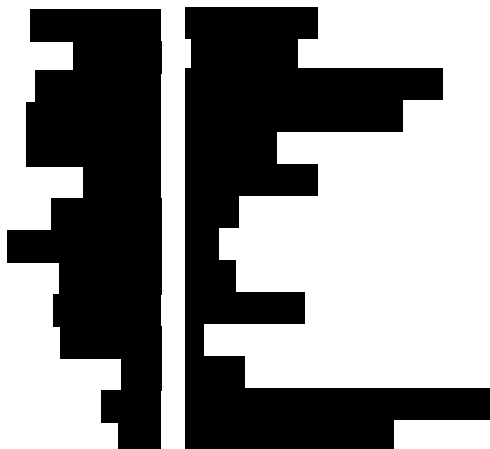
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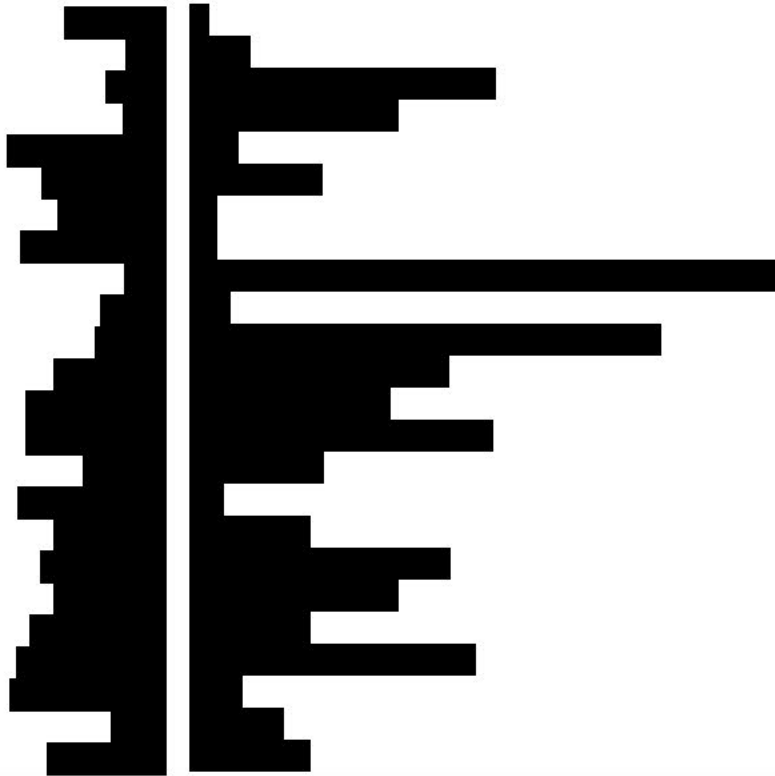
Account No [REDACTED]
Amount 200,000.00
Beneficiary Fanny Haim & Associates Inc
BNF ADDR1 21338 west dixie highway
BNF ADDR3 north miami beachFL
BNF ID [REDACTED]
Branch ID 9999
Country Code US
Currency USD
Wire Date 07/15/2008
Direction O
Fee 15.00
IMAD 20080715C1B76E1C002292
MID 080715151909XI01
Paymt Method FED
Msg Status COMPLETE
Msg Type 10
Msg Subtype 00
OBI fbo linda rosenberg
Office 136
OMAD 20080715F7B74I2C00021607151519FT01
Originator JR RECEIVABLES, LLC
ORG ADDR1 19 CLIFF STREET
ORG ADDR2 WEST ORANGE, NJ 07052-
ORG ID [REDACTED]
ORG ID Code AC
Recv ABA 067009646
Recv Name MELLON UNITED NATI
Reference 080715151909XI01
Sender ABA 026013673
Sender Name COMMERCE BK MARLTN
Paymt Source MAX
Time 15:19:09
Value Date 07/15/2008



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Account No [REDACTED]
Amount 580,000.00
Beneficiary Merrill Lynch
BNF ADDR1 500 Grand Street
BNF ADDR3 PittsburghPA
BNF ID [REDACTED]
Branch ID 9999
Country Code US
Currency USD
Wire Date 10/01/2008
Direction O
Fee 15.00
IMAD 20081001C1B76E1C002895
MID 081001161422X100
Paymt Method FED
Msg Status COMPLETE
Msg Type 10
Msg Subtype 00
OBI Acct: 859-17643Linda RosenbergRef: IPI Reimbursement
Office 136
OMAD 20081001B1B7TQ1C00523510011620FT01
Originator JR RECEIVABLES, LLC
ORG ADDR1 19 CLIFF STREET
ORG ADDR2 WEST ORANGE, NJ 07052-
ORG ID [REDACTED]
ORG ID Code AC
Recv ABA 043000261
Recv Name THE BANK OF NEW YO
Reference 081001161422X100

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Printed On : 8/20/2015

Sender ABA 026013673
Sender Name COMMERCE BK MARLTN
Paymt Source MAX
Time 16:19:47
UserID MATTHEW
Value Date 10/01/2008

[REDACTED]

Account No [REDACTED]
Amount 100,000.00
Beneficiary Fanny Haim & Associates, Inc.
BNF ADDR1 21338 West Dixie Highway
BNF ADDR2 North Miami Beach
BNF ADDR3 FL 33180
BNF ID [REDACTED]
Branch ID 9999
Country Code US
Currency USD
Wire Date 11/26/2008
Direction O
Fee 15.00

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Printed On : 8/20/2015

IMAD 20081126C1B76E1C000890
MID 081126110120H400
Paymt Method FED
Msg Status COMPLETE
Msg Type 10
Msg Subtype 00
OBI FBO Linda and Jonathan Rosenberg
Office 136
OMAD 20081126F7B74I2C00009811261101FT01
Originator JR RECEIVABLE LLC
ORG ADDR1 19 CLIFF STREET
ORG ADDR2 WEST ORANGE
ORG ADDR3 NJ 07052
ORG ID [REDACTED]
ORG ID Code AC
Recv ABA 067009646
Recv Name MELLON UNITED NATI
Reference 081126110120H400
Sender ABA 031201360
Sender Name TD BANK
Paymt Source SBA
Time 11:01:20
Value Date 11/26/2008

Account No [REDACTED]
Amount 37,500.00
Beneficiary Fanny Haim & Associates, Inc.
BNF ADDR1 21338 West Dixie Highway
BNF ADDR2 North Miami Beach
BNF ADDR3 FL 33180
BNF ID [REDACTED]
Branch ID 9999
Country Code US
Currency USD
Wire Date 11/26/2008
Direction O
Fee 15.00
IMAD 20081126C1B76E1C001274
MID 081126120057H400
Paymt Method FED
Msg Status COMPLETE
Msg Type 10
Msg Subtype 00
OBI FBO Linda and Jonathan Rosenberg 2 of 2
Office 136
OMAD 20081126F7B74I2C00013211261201FT01
Originator JR RECEIVABLE LLC
ORG ADDR1 19 CLIFF STREET
ORG ADDR2 WEST ORANGE
ORG ADDR3 NJ 07052
ORG ID [REDACTED]
ORG ID Code AC
Recv ABA 067009646
Recv Name MELLON UNITED NATI

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Query Results Report

Printed On : 8/20/2015

Reference 081126120057H400
Sender ABA 031201360
Sender Name TD BANK
Paymt Source SBA
Time 12:00:57
Value Date 11/26/2008

Account No [REDACTED]
Amount 100,000.00
Beneficiary Fanny Haim & Associates, Inc.
BNF ADDR1 21338 West Dixie Highway
BNF ADDR2 North Miami Beach
BNF ADDR3 FL 33180
BNF ID [REDACTED]
Branch ID 9999
Country Code US
Currency USD
Wire Date 12/16/2008
Direction O
Fee 15.00
IMAD 20081216C1B76E1C001024
MID 081216120212H400
Paymt Method FED
Msg Status COMPLETE
Msg Type 10
Msg Subtype 00
OBI FBO Linda and Jonathan Rosenberg
Office 136
OMAD 20081216F7B74I2C00013012161202FT01
Originator JR RECEIVABLE LLC
ORG ADDR1 19 CLIFF STREET
ORG ADDR2 WEST ORANGE
ORG ADDR3 NJ 07052
ORG ID [REDACTED]
ORG ID Code AC
Recv ABA 067009646
Recv Name MELLON UNITED NATI
Reference 081216120212H400
Sender ABA 031201360
Sender Name TD BANK
Paymt Source SBA
Time 12:02:13
Value Date 12/16/2008

Account No [REDACTED]
Amount 50,000.00
Beneficiary Advanced Home Theater
BNF ADDR1 8312 NW 30th Terrace
BNF ADDR2 Miami
BNF ADDR3 FL 33122
BNF ID [REDACTED]
Branch ID 9999
Country Code US
Currency USD
Wire Date 12/16/2008

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Printed On : 8/20/2015

Direction O
Fee 15.00
IMAD 20081216C1B76E1C001028
MID 081216120222H400
Paymt Method FED
Msg Status COMPLETE
Msg Type 10
Msg Subtype 00
OBI Attn Delores FBO Jonathan and Linda Rosenberg
Office 136
OMAD 20081216F1QCZ68C00292112161203FT01
Originator JR RECEIVABLE LLC
ORG ADDR1 19 CLIFF STREET
ORG ADDR2 WEST ORANGE
ORG ADDR3 NJ 07052
ORG ID ██████████
ORG ID Code AC
Recv ABA 061000104
Recv Name SUNTRUST BANK
Reference 081216120222H400
Sender ABA 031201360
Sender Name TD BANK
Paymt Source SBA
Time 12:02:22
Value Date 12/16/2008

Account No 7 ██████████
Amount 50,000.00
Beneficiary Fanny Haim & Associates, Inc.
BNF ADDR1 21338 West Dixie Highway
BNF ADDR2 North Miami Beach
BNF ADDR3 FL 33180
BNF ID ██████████
Branch ID 9999
Country Code US
Currency USD
Wire Date 12/16/2008
Direction O
Fee 15.00
IMAD 20081216C1B76E1C001029
MID 081216120225H400
Paymt Method FED
Msg Status COMPLETE
Msg Type 10
Msg Subtype 00
OBI FBO Linda and Jonathan Rosenberg
Office 136
OMAD 20081216F7B74I2C00013212161203FT01
Originator JR RECEIVABLE LLC
ORG ADDR1 19 CLIFF STREET
ORG ADDR2 WEST ORANGE
ORG ADDR3 NJ 07052
ORG ID ██████████
ORG ID Code AC

PAYMENT ARCHIVE AND RESEARCH CENTER

Query Results Report

Printed On : 8/20/2015

Recv ABA 067009646
Recv Name MELLON UNITED NATI
Reference 081216120225H400
Sender ABA 031201360
Sender Name TD BANK
Paymt Source SBA
Time 12:02:25
Value Date 12/16/2008

Total messages : 25

Total Amount : 2.319.866.12

JR RECEIVABLES, LLC
19 CLIFF STREET
WEST ORANGE, NJ 07052

1033

DATE 9/29/08

F-1361/280
407

PAY TO THE ORDER OF Linda Rosenberg \$ 20,000.00

Twenty Thousand and 00/100 DOLLARS

Commer^{ce} Bank
America's Most Convenient Bank®
1-800-YES-2000

FOR personal expenses - loan - Jonathan Rosenberg

⑈001033⑈ ⑆0260⑆3673⑆

UNDEPOSITED FUNDS WILL BE DEPOSITED TO THE FIRST AVAILABLE ACCOUNT SUBSEQUENT TO THE DATE OF DEPOSIT

*Linda Rosenberg
for deposit only*

Account [REDACTED] Check# 1033 Amount 20000.00 Date Presented 09-30-2008



EXHIBIT 4



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EXHIBIT 5

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(<https://plus.google.com/+Ahtglobal>), (<https://www.linkedin.com/company/advanced-home-theater>),
(<http://www.youtube.com/user/AHTAutomation?feature=mhee#p/a/u/0/jETSJn-hlaU>).

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A DIVISION OF AHT GLOBAL COMPANY WHY AHT TECHNOLOGY BRANDS SHOWCASES
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Alexander Yahr
CFO www.apure-systems.com

“ Thank you!

AHT just installed the entire control system for our new apure showroom, sensational work, thank you!



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- ☒ Lights
- ☒ Shades
- ☒ Security
- ☒ Personal computers
- ☒ Temperature
- ☒ TV's
- ☒ Door locks
- ☒ Appliances
- ☒ Humidity
- ☒ Music
- ☒ Home theater
- ☒ Video games
- ☒ Saunas
- ☒ Fish tanks
- ☒ Pool
- ☒ Hot tubs

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4555 Pine Tree Drive



[\(http://ahtresidential.com/4555-pine-tree-drive/\)](http://ahtresidential.com/4555-pine-tree-drive/)

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July 23, 2018 5:35 pm | By [AHT Media](http://ahtresidential.com/author/ahtmedia/) (<http://ahtresidential.com/author/ahtmedia/>)

According to the National Association of Remodeling Industry (NARI), around 50% of homeowners surveyed in suburban and urban areas say they are willing to remodel..

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@AHTGlobal
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[f \(https://www.facebook.com/pages/Advanced-Home-Theater-Inc/197978403555764\)](https://www.facebook.com/pages/Advanced-Home-Theater-Inc/197978403555764), [t \(https://twitter.com/AHTGlobal\)](https://twitter.com/AHTGlobal),
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[yt \(http://www.youtube.com/user/AHTAutomation?feature=mhee#p/a/u/0/jETSJn-hlaU\)](http://www.youtube.com/user/AHTAutomation?feature=mhee#p/a/u/0/jETSJn-hlaU)

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 (<https://www.facebook.com/pages/Advanced-Home-Theater-Inc/197978403555764>)
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 (<http://www.youtube.com/user/AHTAutomation?feature=mhee#p/a/u/0/jETSJn-hlaU>)



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First Last

Email *

Phone *

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 Naples Los Angeles
 Philadelphia Germany

Select AHT Division

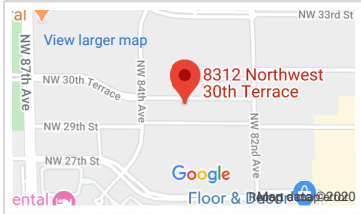
Residential
 Commercial
 Marine

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MIAMI

AHT Miami Location:
8312 NW 30th Terrace,
Miami, Florida 33122
Phone: (305) 593-1965 Fax (305) 593-0499



NAPLES

AHT Naples Location:
3425 Radio Road Suite 217
Naples, FL. 34104
Phone: (239) 231-1139



NEW YORK

AHT New York Location:
200 Blydenburgh Rd Unit. 14
Islandia, NY 11749
Phone: (212) 203-8633



PHILADELPHIA

AHT Philadelphia Location:
804 East Main Street
Norristown, PA 19401
Phone: (215)-966-8626



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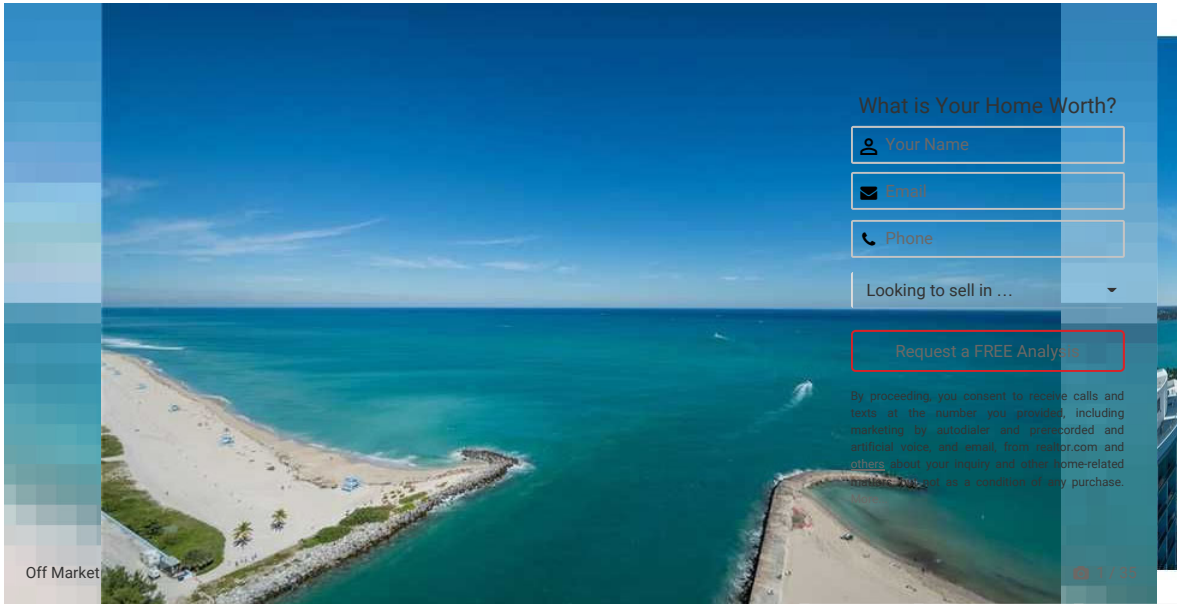
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AHT GLOBAL 2014

Translate »

EXHIBIT 6

< Back Bal Harbour, FL x Q Florida > Miami Dade County > Bal Harbour > Collins Ave Public View Owner's View



Map 4 beds 5.5 baths 5,266 sq ft

Commute Time 10295 Collins Ave Unit 2408, Bal Harbour, FL 33154

Est. \$5,093,700

View up to 3 home estimates

Share Edit Facts Print

Bal Harbour Housing Market Schools

Popular Searches Newest Listings Open Houses Price Reduced

Refi Rates

Property Overview - EXTRAORDINARY RESIDENCE IN THE SKY LOCATED AT THE ULTIMATE PRESTIGIOUS ADDRESS IN ALL OF S. FLORIDA. THE UNIT'S WRAPAROUND TERRACES BOAST OF BREATHTAKING AND SPECTACULAR UNOBSTRUCTED VIEWS OF THE OCEAN, INTRACOASTAL INLET AND CITY. RARELY ON THE MARKET. THE MOST SOUGHT AFTER DOUBLE UNIT (F/G-OVER 5,200 SQ.FT). YOU 'LL FALL IN LOVE AT FIRST SIGHT WITH THIS "ONE OF A KIND" DREAM HOME, WHERE NO DETAIL AND/ OR COST WAS SPARED. A MUST SEE!!! OFFERED FULLY FURNISHED AND COMPLETE.

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Get a better idea of this home's value by comparing valuations from multiple providers.

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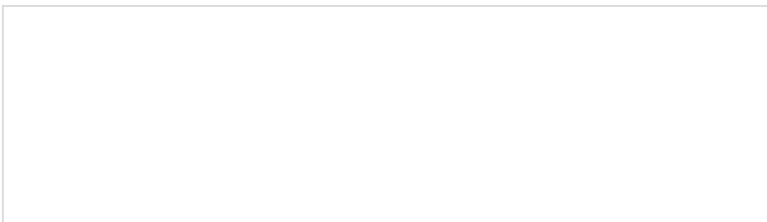
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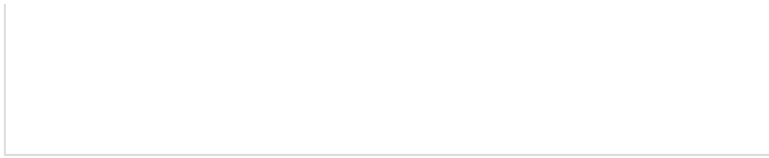
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\$4,950,000	\$4,950,000	\$5,495,000
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<ul style="list-style-type: none"> ↓ 2% less expensive ↓ 2,146 sq ft smaller ● Same year built 	<ul style="list-style-type: none"> ↓ 2% less expensive ↓ 2,503 sq ft smaller ● Same year built 	<ul style="list-style-type: none"> ↑ 8% more expensive ↓ 1,081 sq ft smaller ↑ 9 years newer

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Homes around Collins Ave









Property History


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- Mar 4, 2011  **Listed for \$13,000,000**

Listing presented by Diane Lieberman with Mar Non Mls Member
- Feb 4, 2008  **Sold for \$5,875,000**

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Property Details

			
Status	Price/Sq Ft	Type	Built
Off Market	\$967	Condo Town...	2007

Public Records

- Beds: 4
- Stories: 0
- Year renovated: 2007
- Date updated: 06/06/2020
- House size: 5,266 sq ft
- Year built: 2007
- Property type: Condo

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Nearby Schools

Rating*	School Name	Grades	Distance
10	Ruth K. Broad Bay Harbor K-8 Center School	PK-8	1.2 mi
4	Nautilus Middle School	6-8	5.8 mi
4	Miami Beach Senior High School	9-12	6.9 mi

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Neighborhood

10295 Collins Ave Unit 2408 is located in [Bal Harbour](#) neighborhood in the city of [Miami Beach, FL](#).

\$447,000	\$369,500	146	\$477
Median Listing Price	Median Sales Price	Median Days on Market	Price Per Sq Ft

Nearby Neighborhoods in Bal Harbour, FL

North Beach	South Beach	North Shore	Downtown Miami
Median Listing: \$395,000	Median Listing: \$365,000	Median Listing: \$185,000	Median Listing: N/A

Request a FREE Analysis

Explore Schools, Safety, Noise, and Lifestyle around Collins Ave

[Learn more about the flood risk of this property](#)

 **Price & Tax History**

Property Price

Date	Event	Price	Price/Sq Ft	Source
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[See More](#) ▾

Property Tax

Year	Taxes	Land	Additions	Total Assessment
2019	\$111,769	- +	\$6,402,000 =	\$6,402,000
2018	\$108,938	- +	\$6,401,550 =	\$6,401,550
2017	\$110,515	- +	\$6,401,550 =	\$6,401,550
2016	\$118,902	- +	N/A =	\$6,738,474
2015	\$81,573	- +	N/A =	\$4,568,602
2014	\$83,135	- +	N/A =	-
2013	\$81,572	- +	N/A =	\$4,465,364

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\$380,000

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0 bd · 181 sq ft

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9595 Collins Ave Unit Npha, Surfside...
3 bd · 3+ ba · 3,000 sq ft

38 Indian Creek I

\$17,027,500

38 Indian Cree...
8 bd · 10+ ba

[View all](#)

\$\$\$ Nearby Home Values

Address	Estimate	Bed	Bath	Sq Ft
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10295 Collins Ave Unit 2308, Bal Harb...	\$9,665,000	4	5	5,266
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10295 Collins Ave Unit 2508, Bal Harb...	\$5,499,100	4	4	5,266
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Learn more about 10295 Collins Ave Unit 2408

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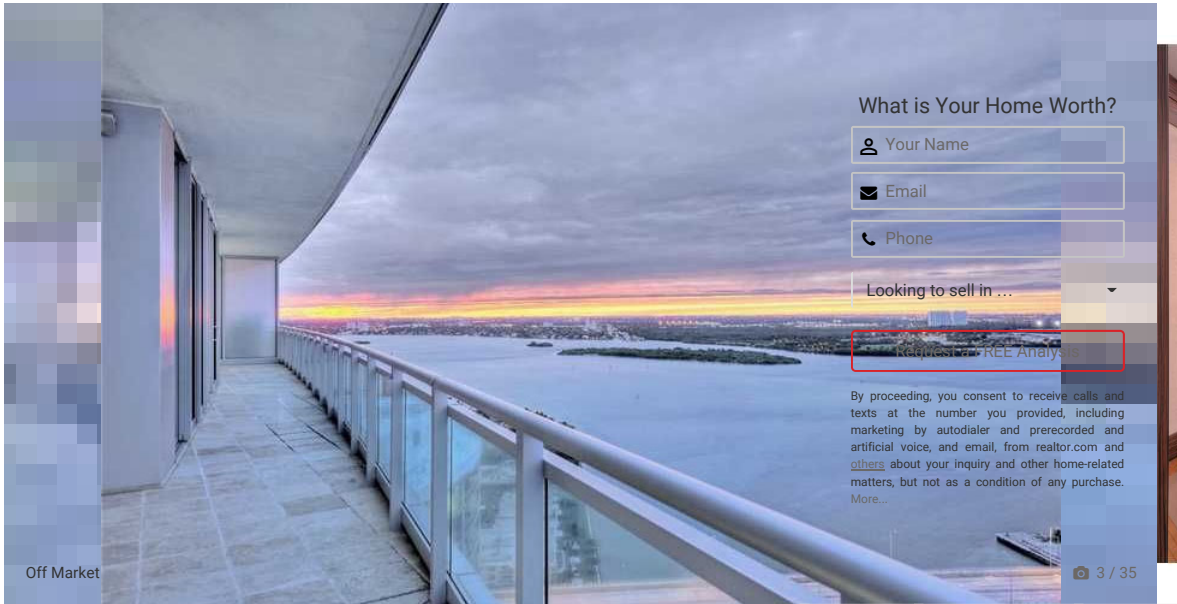
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< Back Bal Harbour, FL x Q Florida > Miami Dade County > Bal Harbour > Collins Ave Public View Owner's View



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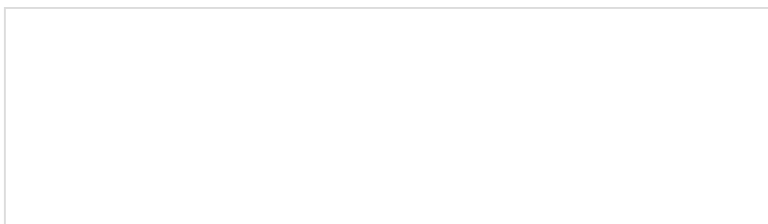
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\$17,027,500

38 Indian Cree...
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UNITED STATES DISTRICT COURT
DISTRICT OF RHODE ISLAND

_____)	
SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Case No. 15-cv-00191-S-LDA
)	
PATRICK CHURCHVILLE,)	
CLEARPATH WEALTH MANAGEMENT, LLC)	
)	
Defendants,)	
)	
and)	
)	
CLEARPATH MULTI-STRATEGY FUND I, L.P.)	
CLEARPATH MULTI-STRATEGY FUND II, L.P.)	
CLEARPATH MULTI-STRATEGY FUND III, L.P.)	
HCR VALUE FUND, L.P.)	
)	
Relief Defendants.)	
_____)	

DECLARATION OF MARC JONES

I, Marc Jones, pursuant to 28 U.S.C. §1746, hereby declare as follows:

1. I am a member in good standing of the Bar of the Commonwealth of Massachusetts and counsel to the Commission in the above-captioned action. Since August 2010, I have been employed by the U.S. Securities and Exchange Commission (“the Commission”) in its Boston Regional Office, currently as a Senior Trial Attorney.
2. The emails attached as **Exhibit A** to this declaration contain a discussion between Jonathan Rosenberg and Patrick Churchville concerning a \$1 million loan from ClearPath to Rosenberg & Associates. These emails are true and accurate copies of documents produced to the Commission during its investigation of this matter.

3. The bank documents attached as **Exhibit B** to this declaration show loan payments made by Receivable Partners to or on behalf of Rosenberg & Associates. There appear to be two loans, designated with account numbers ending in x458 and x459. These documents are true and accurate copies of bank records produced to the Commission in its investigation of this matter that have been redacted.

4. On July 20, 2020, I reviewed a Thompson Reuters CLEAR report about Linda Rosenberg. Thompson Reuters CLEAR is a database service available to the Commission that consolidates and indexes information from public records. The CLEAR report indicated that Linda Rosenberg's name appeared on a Uniform Commercial Code filing in New Jersey as a debtor. International Portfolio, Inc. ("IPI") appears on the UCC filing as the secured party. Jonathan Rosenberg's plea agreement (attached to the Donelan Declaration as Ex. 1) states that IPI was used by Jonathan Rosenberg's co-conspirators to promote receivables investments that were central to that criminal case.

5. Attached as **Exhibit C**, is a true and accurate copy of portions of a complaint filed on behalf of Lauren Topelsohn in a RICO suit filed in the United States District Court for the District of New Jersey, *Topelsohn v. Jonathan Rosenberg, Linda Rosenberg, JER Receivables, LLC, et al.*, 11-cv-4932, Aug. 25, 2011. Several pages have been excluded from this excerpt because they were not relevant. Ms. Topelsohn's complaint states that she served as general counsel to Rosenberg & Associates. It alleges that Linda Rosenberg knowingly assisted Jonathan Rosenberg in raising money for medical debt receivables from Ms. Topelsohn and others. (Ex. C, ¶ 6). From my review of the answer filed by Mrs. Rosenberg and the docket in this case, I determined that Linda Rosenberg denied these allegations and the case was settled out of court in June 2014.

6. I make this Declaration based upon my personal knowledge and upon information and belief as set forth above, and in support of the Commission's Memorandum in Support of the Receiver's Designation of the Rosenbergs as Insiders.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on July 20, 2020, in Boston, Massachusetts.

/s/ Marc Jones _____
Marc Jones

EXHIBIT A

From: Patrick Churchville <O=NETWORK ALLIANCE/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=PCHURCHVILLE>
Sent: Thursday, January 13, 2011 5:55 PM
To: 'Jonathan Rosenberg' <JRosenberg@trantech.net>
Subject: RE:

It would depend who the loan was to – we can't do personal loans or mortgages, but it's possible we could do a loan to Rosenberg & Associates. However, it also may be a conflict of interest due to our other investments with JER. Call me to discuss...

Patrick E. Churchville
President
CLEARPATH WEALTH MANAGEMENT
170 Westminster Street - 9th Floor
Providence, RI 02903
Direct 401-455-3794 (ext 101)
Toll Free 877-455-3794 (ext 101)
Fax 866-422-3245

From: Jonathan Rosenberg [mailto:JRosenberg@trantech.net]
Sent: Thursday, January 13, 2011 5:52 PM
To: Patrick Churchville
Subject:

Patrick,

It looks promising we may be able to refinance a portion if not all of the Bank of America loan? If we can't do the whole thing and we do this fund, is there a potential for us to borrow from Clearpath some money for a fixed period of time?

Thanks,

Jonathan

From: Patrick Churchville <O=NETWORK ALLIANCE/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=PCHURCHVILLE>
Sent: Wednesday, January 26, 2011 4:04 PM
To: 'Jonathan Rosenberg' <JRosenberg@trantech.net>
Subject: RE:

Here's the deal on lending to companies (we don't do individuals).

- I would need to have copies of 3 years financial statements for RA
- If financials are not strong that's going to be a problem
- We can't mix collateral anymore (IPA is causing problems with that), so RA would need to be the collateral with ClearPath as primary/senior lender with foreclosure rights.
- Interest rate will have to be mid-teens (standard for private company lending) – less and I will look bad
- Interest payments will have to be made in cash – can't do an accrual notes any more (again b/c of IPA)

If all of these are ok then we can look at it. The biggest problem you may run into is timing – not going to be able to turn this around in 5 days – going to need to review statements etc...

Patrick E. Churchville
President
CLEARPATH WEALTH MANAGEMENT
170 Westminster Street - 9th Floor
Providence, RI 02903
Direct 401-455-3794 (ext 101)
Toll Free 877-455-3794 (ext 101)
Fax 866-422-3245

-----Original Message-----
From: Jonathan Rosenberg [mailto:JRosenberg@trantech.net]
Sent: Wednesday, January 26, 2011 3:22 PM
To: Patrick Churchville
Subject:

Patrick,

Quick idea which I briefly addressed last week and you told me to call you and I forgot to discuss:

1. We have term letter from two banks now in hand for \$1M
2. I want to settle BOA claim now and move on to better waters
3. My idea would be for R&A to borrow \$1M from ClearPath and then in turn go to the BOA and offer them a cash settlement now with money in hand
4. Then in turn the banks are giving me letters of commitment and I get funded from either one within next several weeks to 45 days and pay back Clearpath

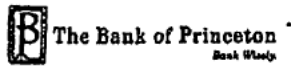
This idea is so that I have cash in hand now before arbitration and this way I can offer them a flat settlement now as I know the money is coming back to pay Clearpath via the replacement line of credit as well as if necessary a little from my mom's money in her IRA (which I would rather leave for the time being in her IRA)

Any thoughts or suggestions?

P.S. Working on contacts right now for paper

-JR

EXHIBIT B



CHECKING WITHDRAWAL

DATE 6/17/11 SIGNATURE Per customer [redacted] to pay loan
AMOUNT Eleven thousand four hundred five and 5/100 DOLLARS

ACCOUNT NUMBER

[redacted] 954

AMOUNT

\$ 11405.51

5863 2020

046

Account Number	[redacted] 954	OF6	0
Amount	\$11,405.51	Trans	46
Post Date	20110617	Routing Number	586320204
Sequence	540400517	Serial	0

The Bank of Princeton [redacted]

3AYAR0 21 06/17/11 1201
Transfer from CDA
From CDA [redacted]
\$11,405.51 14:42



The Bank of Princeton
Bank Weekly

LOAN SYSTEM - CREDIT TRANSACTION FORM

ACCOUNT NAME *Rosenberg & Associates*

DATE 6 17 11

PREPARED BY *KD*

LOAN CREDIT TRANSACTIONS

- | | |
|--------------------------------------|--|
| 326 - CHARGE OFF PRINCIPAL | 329 - ESCROW ONLY PAYMENT |
| 373 - REGULAR PAYMENT | 338 - LATE CHARGE PAYMENT |
| 375 - REGULAR PAYMENT | 339 - LATE CHARGE WAIVED (OFFSET TO LIP) |
| EXCESS TO PRINCIPAL | 382 - EXTENSION FEE PAYMENT |
| 377 - PRINCIPAL ONLY PAYMENT | 385-387 - PAYOFF (CLIENT DEFINED) |
| 379 - INTEREST ONLY PAYMENT | |
| 328 - INTEREST WAIVED(OFFSET TO LIP) | |

AMOUNT

\$ 11405.51

TRAN CODE

375

ACCOUNT NUMBER

[REDACTED] 458

⑆5863⑈30⑆0⑆

Account Number	[REDACTED] 458	OF6	0
Amount	\$11,405.51	Trans	375
Post Date	20110617	Routing Number	586330100
Sequence	540400516	Serial	0

The Bank of Princeton



\$11,405.51

Acct# [REDACTED] 458

24:42

1201 22 05/17/11
Loan Payment
BAYARD

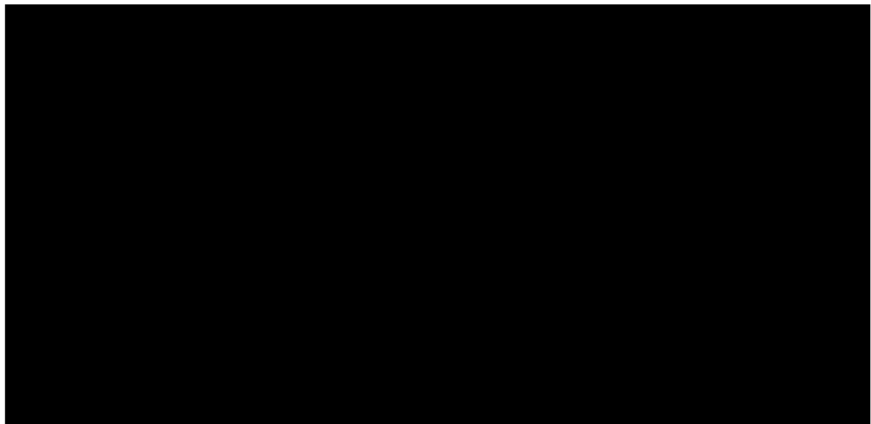
PAYMENT ARCHIVE AND RESEARCH CENTER


Query Results Report

Printed On : 8/20/2015



Account No [REDACTED] 972
Amount 14,100.00
Bene Bank THE BANK OF PRINCETON
Beneficiary Bank of Princeton Loan Operations
BNF ADDR1 403 Wall Street
BNF ADDR2 Princeton, NJ 08540
BNF ID [REDACTED] 458
Branch ID 9999
Currency USD
Wire Date 12/30/2011
Direction O
Fee 0.00
IMAD 20111230C1B76E1C004681
MID 111230163623H400
Paymt Method FED
Msg Status COMPLETE
Msg Type 10
Msg Subtype 00
OBI Rosenberg and Associates Inc Nov and Dec 2011 line of credit and loan payment
Office 004
OMAD 20111230QMGFNP7300428612301719FT03
Originator RECEIVABLE PARTNERS LLC
ORG ADDR1 184 SOUTH LIVINGSTON AVE
ORG ADDR2 STE 9 305
ORG ADDR3 LIVINGSTON, NJ 07039-
ORG ID 4249202972
ORG ID Code AC
Recv ABA 031207940
Recv Name THE BANK OF PRINCE
Reference 111230163623H400
Sender ABA 011103093
Sender Name TD BANK
Paymt Source HST
Time 17:19:38
UserID AUSTINJP
Value Date 12/30/2011



 <p>The Bank of Princeton <i>Bank Weekly</i></p> <p>ACCOUNT NAME <i>Receivable Partners</i></p> <p>CUSTOMER SIGNATURE <i>As per Jeanie TO</i> <i>PAY</i></p> <p>REGULAR DEMAND DEPOSIT TRANSACTIONS</p> <table border="0"> <tr> <td>24 - INTEREST ACCRUAL DECREASE</td> <td>44 - LOAN PAYMENT</td> </tr> <tr> <td>39 - OVERDRAFT CHARGE</td> <td>45 - PAY FIRST CHECK</td> </tr> <tr> <td>34 - CHECK HANDLING CHARGE</td> <td>52 - PAY LAST CHECK</td> </tr> <tr> <td>35 - FEDERAL WITHHOLDING</td> <td>53 - SERVICE CHARGE</td> </tr> <tr> <td>38 - STATE WITHHOLDING</td> <td>54 - SALES TAX</td> </tr> <tr> <td>37 - MISC DEBIT</td> <td>61 - CLOSE ACCOUNT WITHDRAWAL</td> </tr> <tr> <td>43 - OFFICER APPROVED CHECK</td> <td></td> </tr> </table> <p>⑆ 5863 3020⑆</p>	24 - INTEREST ACCRUAL DECREASE	44 - LOAN PAYMENT	39 - OVERDRAFT CHARGE	45 - PAY FIRST CHECK	34 - CHECK HANDLING CHARGE	52 - PAY LAST CHECK	35 - FEDERAL WITHHOLDING	53 - SERVICE CHARGE	38 - STATE WITHHOLDING	54 - SALES TAX	37 - MISC DEBIT	61 - CLOSE ACCOUNT WITHDRAWAL	43 - OFFICER APPROVED CHECK		<p>DDA - DEBIT TRANSACTION FORM</p> <p>DATE <i>2 13 12</i></p> <p>APPROVED BY AMOUNT</p> <p>\$. <i>5611.05</i></p> <p>TRAN CODE <i>037</i></p> <p>ACCOUNT NUMBER <i>954</i></p>
24 - INTEREST ACCRUAL DECREASE	44 - LOAN PAYMENT														
39 - OVERDRAFT CHARGE	45 - PAY FIRST CHECK														
34 - CHECK HANDLING CHARGE	52 - PAY LAST CHECK														
35 - FEDERAL WITHHOLDING	53 - SERVICE CHARGE														
38 - STATE WITHHOLDING	54 - SALES TAX														
37 - MISC DEBIT	61 - CLOSE ACCOUNT WITHDRAWAL														
43 - OFFICER APPROVED CHECK															

Account Number	██████████954	OF6	0
Amount	\$5,611.05	Trans	37
Post Date	20120213	Routing Number	586330207
Sequence	814326429	Serial	0

BALANCE
 1108 17 02/13 12 TO 05:06
 Transfr from DDA
 From DDA ██████████954 55,611.05
 15,925,499.49

BOFD >031207940<
 2012-02-13
 814326429



The Bank of Princeton
Bank Works

LOAN SYSTEM - CREDIT TRANSACTION FORM

ACCOUNT NAME

Rosenberg & Assoc

DATE *2/13/12*

PREPARED BY

Russo

LOAN CREDIT TRANSACTIONS

- 326 - CHARGE OFF PRINCIPAL
- 373 - REGULAR PAYMENT
- 375 - REGULAR PAYMENT EXCESS TO PRINCIPAL
- 377 - PRINCIPAL ONLY PAYMENT
- 379 - INTEREST ONLY PAYMENT
- 328 - INTEREST WAIVED(OFFSET TO LIP)
- 329 - ESCROW ONLY PAYMENT
- 338 - LATE CHARGE PAYMENT
- 339 - LATE CHARGE WAIVED (OFFSET TO LIP)
- 362 - EXTENSION FEE PAYMENT
- 385 387 - PAYOFF (CLIENT DEFINED)

AMOUNT

\$ 5611.05

TRAN CODE

375

ACCOUNT NUMBER



459

⑆ 5863 ⑆ 3010 ⑆

Account Number

459

OF6

0

Amount

\$5,611.05

Trans

375

Post Date

20120213

Routing Number

586330100

Sequence

814326428

Serial

0

BOARD
 1113 17 02/13/12 TO 09-38
 Loan Payment
 Acct# [REDACTED] 455 \$5,611.05
 04297299

BOFD >031207940<
 2012-02-13
 814326428

The Bank of Princeton
Bank Privately

DDA - DEBIT TRANSACTION FORM

ACCOUNT NAME *Receivable Partners* DATE *2/13/12*

CUSTOMER SIGNATURE *Aspu Jelani Polite* APPROVED BY AMOUNT

\$ *334930*

REGULAR DEMAND DEPOSIT TRANSACTIONS

24 - INTEREST ACCRUAL DECREASE	44 - LOAN PAYMENT
33 - OVERDRAFT CHARGE	45 - PAY FIRST CHECK
34 - CHECK HANDLING CHARGE	52 - PAY LAST CHECK
35 - FEDERAL WITHHOLDING	53 - SERVICE CHARGE
36 - STATE WITHHOLDING	54 - SALES TAX
37 - MISC DEBIT	01 - CLOSE ACCOUNT WITHDRAWAL
43 - OFFICER APPROVED CHECK	

TRAN CODE *037*

ACCOUNT NUMBER [REDACTED] *854*

⑆ 5863 3020 ⑆

Account Number	[REDACTED] 854	OF6	0
Amount	\$3,349.30	Trans	37
Post Date	20120213	Routing Number	586330207
Sequence	814326445	Serial	0

3A-4FD
1103 22 02/13/12 1:12:43
Trans-2. 000 DDA
From DDA [REDACTED] \$3,349.30
CASH

BOFD >031207940<
2012-02-13
814326445

HTML Report



The Bank of Princeton
Bank of Princeton

LOAN SYSTEM - CREDIT TRANSACTION FORM

ACCOUNT NAME

Rosenberg Assoc

DATE

2/13/12

PREPARED BY

Russ

LOAN CREDIT TRANSACTIONS

- 326 - CHARGE OFF PRINCIPAL
- 375 - REGULAR PAYMENT
- 375 - REGULAR PAYMENT EXCESS TO PRINCIPAL
- 377 - PRINCIPAL ONLY PAYMENT
- 379 - INTEREST ONLY PAYMENT
- 328 - INTEREST WAIVED (OFFSET TO LIP)
- 329 - ESCROW ONLY PAYMENT
- 338 - LATE CHARGE PAYMENT
- 339 - LATE CHARGE WAIVED (OFFSET TO LIP)
- 382 - EXTENSION FEE PAYMENT
- 385-387 - PAYOFF (CLIENT DEFINED)

AMOUNT

\$ 334930

TRAN CODE

375

ACCOUNT NUMBER



459

⑆ 5863 ⑆ 30 10 ⑆

Account Number

██████████ 459

OF6

0

Amount

\$3,349.30

Trans

375

Post Date

20120213

Routing Number

586330100

Sequence

814326444

Serial

0

SAYARD
 1103 12 02/13/12 TO 12 48
 LOAN PAYMENT
 ACCT# ██████████ 58 \$3,349.30
 02 12 02 12

BOFD >031207940<
 2012-02-13
 814326444

EXHIBIT C

**COLE, SCHOTZ, MEISEL,
FORMAN & LEONARD, P.A.**
A Professional Corporation
Court Plaza North
25 Main Street
P.O. Box 800
Hackensack, New Jersey 07602-0800
201-489-3000
201-489-1536 Facsimile
Steven I. Adler
Attorneys for Plaintiff, Lauren X. Topelsohn

LAUREN X. TOPELSOHN, : UNITED STATES DISTRICT COURT
 : FOR THE DISTRICT OF NEW JERSEY
 Plaintiff, : CIVIL ACTION NO.

v. :

Document Electronically Filed

JONATHAN ERIC ROSENBERG, an :
 individual; JER RECEIVABLES, LLC, a :
 New Jersey limited liability company; :
 REGENCY REPORTING, INC., a New :
 Jersey corporation; LINDA ROSENBERG, :
 an individual; ROSENBERG & :
 ASSOCIATES, INC., a New Jersey :
 corporation; INTERNATIONAL :
 PORTFOLIO, INC., a corporation; and :
 JOHNS DOE 1-10 :

Civil Action

COMPLAINT AND JURY DEMAND

Defendants.

Plaintiff Lauren Topelsohn, Esq. (“Plaintiff” or “Topelsohn”), residing at 82 East
Madison Avenue, Florham Park, New Jersey, 07932 by way of Complaint alleges and says as
follows:

NATURE OF THE ACTION

1. This action arises from a fraudulent scheme perpetrated by defendant Jonathan Eric Rosenberg (“JRosenberg”) through his alter-ego, defendant JER Receivables, Inc. (“JER”) by which he preyed upon Plaintiff, took advantage of her trust and their long-term professional relationship in an effort to cheat her out of \$200,000, which he used for defendants’ own personal financial gain and advantage.

2. Specifically, JRosenberg, individually and on behalf of JER, and with the knowledge and assistance of defendant Rosenberg & Associates, Inc. (“Rosenberg & Associates”), Plaintiff’s former employer and a company of which JRosenberg is an officer, convinced Plaintiff to loan JER \$200,000, pursuant to a written promissory note which later was secured by JRosenberg’s personal guaranty, for the alleged purpose of pooling such monies with loans from other individuals and purchasing a “portfolio” of uncollected, medical accounts receivable, either directly or through Defendant International Portfolio, Inc. (“IPI”), a company whose owners JRosenberg referred to as his “partners.”

3. In consideration for Plaintiff’s loan, JER and JRosenberg promised to pay Plaintiff a specified rate of interest based on the principal amount of her loan during its term.

4. In truth, however, it appears that JRosenberg used Plaintiff’s monies to pay himself enormous “management fees” based on JER’s purported oversight of Plaintiff’s “investment,” to pay his own personal expenses and those of his mother, defendant Linda Rosenberg (“LRosenberg”), who owns ninety-nine percent of Rosenberg & Associates, in order to subsidize their lavish life styles, including their \$10 million home in Florida.

5. In addition, upon information and belief, JRosenberg used Plaintiff’s monies to pay other creditors of JER and the debts of Rosenberg & Associates and defendant Regency Reporting, Inc. (“Regency”), a company owned by JRosenberg and managed by Rosenberg &

Associates, including a \$1.75 million loan from Bank of America and to pay the interest or repay the principal due other individuals, creating an illusion of profitability which the Rosenbergs touted to potential new contributors.

6. Upon information and belief, since October 2007, JRosenberg, with the knowing assistance of LRosenberg and by and through Rosenberg & Associates, Regency, JER and John Does 1-10, has raised substantial monies and now claims to manage over \$155 million in medical debt receivables.

7. Upon the maturity of Plaintiff's loan, JRosenberg, individually and on behalf of JER, repeatedly appealed to Plaintiff's "friendship" to excuse JER's failure to pay Plaintiff and his failure to honor his personal guaranty, and ultimately, despite Plaintiff's repeated requests and JRosenberg's valueless promises that Plaintiff would be paid in full, failed to return her money.

8. As set forth herein, defendants JER and JRosenberg, with the knowledge and assistance of Rosenberg & Associates and LRosenberg, obtained the loan from Plaintiff by means of mail fraud and wire fraud, in violation of, among other things, 18 U.S.C. §§1961 et seq., the Federal Racketeer Influenced and Corrupt Organizations Act ("RICO"), based upon a pattern of racketeering activity consisting of mail fraud under 18 U.S.C. §1341 and wire fraud under 18 U.S.C. §1343.

9. This action further arises from the termination of Plaintiff's employment from Rosenberg & Associates and, more specifically, by the actions of JRosenberg and LRosenberg. Those defendants terminated Plaintiff's employment in violation, inter alia, of the New Jersey Conscientious Employee Protection Act, N.J.S.A. 34:19-1 et seq. ("CEPA"), and breached

Plaintiff's contract of employment by failing to pay Plaintiff severance, benefits and other perquisites of employment owed to Plaintiff under that contract.

10. Plaintiff also asserts claims against those defendants under Section 12 of the Securities Act, 15 U.S.C. § 771, Title I of the Federal Electronic Communications Privacy Act (the "ECPA"), 18 U.S.C. § 2510-22 (hereafter, the "Wiretap Act"), Title II of the ECPA, 18 U.S.C. §§ 2701-12, the Stored Communications Act (the "SCA"), 18 U.S.C. § 1030 et seq., the Federal Computer Fraud and Abuse Act ("CFAA"), and the New Jersey Wiretapping and Electronic Surveillance Act, N.J.S.A. 2A:38A et seq. ("WESA"), arising out of those defendants' continuing and wrongful interference with, and exercise of dominion and control over, confidential and legally privileged electronic communications between Plaintiff, an attorney at law, and her clients other than defendants.

11. This action is further brought under common law and includes claims for fraud, negligent misrepresentation, breaches of contract, promissory estoppel, breaches of fiduciary duty, tortious interference with contract and with prospective economic advantage, invasion of privacy, an accounting, a declaratory judgment and a constructive trust.

12. As a result of the fraudulent, malicious and tortious conduct of JRosenberg and LRosenberg (together the "Rosenbergs"), JER, Regency and Rosenberg & Associates, Plaintiff was deprived of her money, her employment was abruptly and wrongfully terminated, her reputation was damaged, and her statutory, constitutional and contractual rights were eviscerated.

JURISDICTION AND VENUE

13. This action arises under the laws of the United States, more specifically 18 U.S.C. § 1964 (RICO), 15 U.S.C. § 77 (the Securities Act), 18 U.S.C. § 2510 (the Wiretap Act), 18 U.S.C. § 2701 (the SCA) and 18 U.S.C. 1030 et seq. (the CFAA), such that this Court has

original jurisdiction under 28 U.S.C. §1331. This Court also has supplemental jurisdiction over the related state law causes of action pursuant to 28 U.S.C. § 1367.

14. Venue is appropriate under 28 U.S.C. §1391(b) in that each of the defendants resides in this State and/or a substantial part of the events or omissions giving rise to the claims occurred in this District.

THE PARTIES

15. At all times hereinafter mentioned, Plaintiff was an individual residing at 82 East Madison Avenue, Florham Park, New Jersey, 07932.

16. At all relevant times, JRosenberg was an individual residing at 19 Cliff Street, West Orange, New Jersey.

17. Upon information and belief, at all relevant times JER was a New Jersey limited liability company with offices located at 425 Eagle Rock Avenue, Roseland, New Jersey 07068 and 1464 Camborn Drive, Macedon, NY 14502-8829.

18. At all relevant times, JRosenberg was the founder, President and, upon information and belief, managing member of JER. In fact, JER is an acronym for JRosenberg's initials.

19. Upon information and belief, at all relevant times JER was in the business of soliciting loans from private and institutional "investors," pooling those monies for the alleged purpose of purchasing uncollected accounts receivable from medical institutions (hereafter "Debt Instruments") and collecting the debt due thereon through various collection agencies and law firms.

20. Upon information, at all relevant times JER purchased such Debt Instruments directly and through other persons and entities including, but not limited to, IPI.

21. At all relevant times, Regency was a New Jersey corporation engaged in the business of transcription court reporting services with offices located at 425 Eagle Rock Avenue, Roseland, New Jersey, 07068.

22. At all relevant times, JRosenberg was the President and owner of Regency.

23. At all relevant times, LRosenberg was an individual residing in Maplewood, New Jersey, and was the President and majority shareholder of Rosenberg & Associates.

24. At all relevant times, Rosenberg & Associates was a New Jersey corporation engaged in the business of transcription court reporting services with offices located at 425 Eagle Rock Avenue, Roseland, New Jersey, 07068, and managed the operations of Regency.

25. Upon information and belief, IPI was a corporation with offices located in Norristown, Pennsylvania, and was engaged in the business of buying, selling and collecting uncollected Debt Instruments.

26. Defendants Johns Doe 1-10 are persons and/or entities who, upon information and belief, contributed, in whole or in part, to the losses sustained by Plaintiff, are in possession of the money loaned by Plaintiff to JER and/or tortiously interfered with Plaintiff's employment at Rosenberg & Associates, and whose names are not yet known and as to whom leave will be sought to amend this Complaint to state their names and appropriate claims in the event that the facts revealed in the course of discovery warrant such amendment.

FACTS COMMON TO ALL CLAIMS

The Fraudulent Scheme

27. In or around June 2002, Plaintiff accepted employment at Rosenberg & Associates as General Counsel and Chief Operating Officer for that corporation and its affiliated companies including, but not limited to, Regency, Atlantic City Court Reporting, LLC, Albert J. Grosser & Associates, Guy J. Renzi & Associates, Inc. and Verbatim Court Reporting Services.

(Hereinafter, Rosenberg & Associates and its affiliates are referred to collectively as the “Companies”).

28. The Companies are all engaged in providing litigation support services, including court reporting services.

29. Upon information and belief, in or around 2007, JRosenberg founded JER.

30. In or about 2007, JRosenberg informed Plaintiff that JER was in the business of pooling money loaned by individuals to purchase a “file” or “portfolio” of Debt Instruments and collecting same through collection companies and attorneys.

31. According to JRosenberg, individuals typically loaned JER a sum of money for a period ranging from six to thirteen (13) months, during which time they were paid a monthly sum by JER reflecting the debt collected during that period and, at the conclusion of the loan, received a full return of their principal with interest thereon based on the duration of the loan period.

32. JRosenberg claimed in an e-mail to Plaintiff dated October 17, 2007, that JER’s “last investors” had seen a twenty-two percent (22%) return on their principal in five months.

33. Based on their long-standing relationship and JRosenberg’s assurances that he was looking out for Plaintiff’s best interests, on or about October 24, 2007, Plaintiff agreed to loan JER \$50,000 by way of two checks which, at JRosenberg’s direction, were made payable to IPI, in exchange for which JRosenberg, individually and on behalf of JER, expressly promised Plaintiff an annual rate of return of thirty percent (30%).

34. JRosenberg referred to IPI’s principals as his “partners” and informed Plaintiff that IPI would be overseeing the collection of the unpaid medical receivables.

35. Although Plaintiff's principal of \$50,000 was ultimately repaid, the rate of return received by Plaintiff was 18.95% rather than the 30% promised.

36. After Plaintiff advised JRosenberg and JER of this shortfall, they repeatedly promised, orally and in writing, that Plaintiff would be paid the full rate of return that had been promised, equaling approximately \$8,750.

37. To date, despite JRosenberg's repeated representations, neither JER nor JRosenberg has paid Plaintiff any amount related to such shortfall.

38. Thereafter, in furtherance of Defendants' fraudulent scheme, as aforesaid, in or about early March 2008 JRosenberg excitedly informed Plaintiff that he was offering his closest friends a "unique" opportunity to participate in what he referred to as a "country club deal."

39. Specifically, JRosenberg advised Plaintiff that IPI was involved in litigation with a Florida hospital and that IPI was offering JRosenberg's "friends and family" an opportunity to loan IPI, through JER, the money required to fund the cost of that litigation.

40. JRosenberg advised Plaintiff that his mother, LRosenberg, other family members and his "partner's" daughter, were investing with him and that the returns would be "unbelievable."

41. When Plaintiff advised JRosenberg that she had little available money inasmuch as her \$50,000 principal had not yet been repaid, JRosenberg told her that several of his "investors" were borrowing against their homes and that, based on the projected returns, she should borrow whatever she could to participate in the "deal."

42. During the next several days, JRosenberg ratcheted up his pressure tactics to extract the monies defendants required from Plaintiff. JRosenberg repeatedly inquired, both orally and in writing, whether Plaintiff intended to participate, attempted to convince her to do

so, and advised her that he was making this opportunity available to her based on “their friendship” and because she was “virtually family” to him.

43. JRosenberg also boasted of the enormous success he had realized through JER, the “phenomenal” returns he and LRosenberg had received as a result of purchasing Debt Instruments, that one of his “partners” had retired from the practice of law to devote his full-time efforts to one of JRosenberg’s other medical-debt businesses, and described the fortunes that IPI’s owners had amassed whom he described as “multi-millionaires.”

44. On or about March 11, 2008 JRosenberg sent Plaintiff an e-mail advising her that the “[d]eal [was] closing Friday, but have [sic] a little while longer for people trying to get money together.” In that same e-mail, JRosenberg provided Plaintiff with a monthly interest payment schedule based upon a \$200,000 loan, including the date and amount of each payment and the total return she would receive if the loan was not prepaid prior to the expiration of its term.

45. In his e-mail, JRosenberg further informed Plaintiff that, although the “deal has a term of 12 months, it [was] very possible that [her] money will be held out only for 5 to 7 months” and that “[u]pon payment of the last interest payment, [she would] receive [her] initial investment back.”

46. In reliance upon JRosenberg’s representations and assurances, Plaintiff drew down on her home equity line of credit and agreed to loan JER the sum of \$200,000 (the “Principal”), and Plaintiff and JER entered into a written Promissory Note dated March 15, 2008 (the “Promissory Note”). A copy of the Promissory Note is annexed hereto and incorporated herein as Exhibit “A”).

47. The Promissory Note incorporated the terms set forth in JRosenberg's March 11, 2008 email including, among other matters, a one year term, a prepayment provision, and the schedule of twelve (12) monthly payments in the amounts specified by JRosenberg, which were to be made on the 15th day of each month during the term of the Promissory Note.

48. Commencing on April 15, 2008 and continuing up to and including November 15, 2008, Plaintiff received a monthly payment from JER in accordance with the terms of the Promissory Note.

49. Each of the eight payments on the Promissory Note was made from an account held in the name of JER and was mailed from JER's offices in Macedon, New York to Plaintiff at her office in Roseland, New Jersey.

50. By December 29, 2008, however, Plaintiff had not received the December 15, 2008 payment and contacted JRosenberg to inquire as to its status.

51. By e-mail dated that same day, JRosenberg advised Plaintiff that what he identified as the Jackson Hospital litigation (the "Jackson Hospital Litigation"), had been settled for "approximately \$20M," and that the "deal was now over."

52. The Jackson Hospital Litigation had, in fact, settled three months earlier. At no time did JRosenberg disclose this material fact to Plaintiff but instead intentionally and fraudulently concealed it from her.

53. By way of his December 29th e-mail JRosenberg further informed Plaintiff that she would receive the December 15, 2008 payment and her Principal "by the second week in January."

54. However, in furtherance of defendants' scheme, which included avoiding the return of Plaintiff's \$200,000 Principal, by that same e-mail JRosenberg urged Plaintiff to "roll over" the Principal into a "new investment" with JER.

55. As JRosenberg put it, because "IPI [had] won so much money" in the Jackson Hospital Litigation, "it is willing to do my investors a courtesy which will allow them to make even more money."

56. According to JRosenberg:

95% of my investors are doing this, including my mom, you can roll your \$200,000 back into a brand new debt deal If you choose to reinvest the money, then that new investment will be put into a brand new deal for January (and you can add to it as well if you'd like) and that deal will produce approximately a 25% to 30% return over the next 13 to 15 months just like all my deals have done and will continue to do as they all have no correlation to the equity markets. If you choose to take your \$200,000 and last interest payment back, then you will be hit with ordinary income taxes. ... Think about it and let me know by Friday.

A copy of the JRosenberg e-mail, dated December 29, 2008, is annexed hereto and incorporated herein as Exhibit "B" (emphasis added).

57. During the next several weeks, JRosenberg continued to barrage Plaintiff with inquiries as to whether she intended to "roll over" her Principal, encouraging her to do so, describing the terms of her participation and advising her by email, dated January 6, 2009, that she would "be invested in JER Receivables, LLC – this is my deal."

58. Despite JRosenberg's pressure tactics, on January 28, 2009 Plaintiff advised JRosenberg that she did not want to "roll over" her Principal and participate in the proposed "deal."

59. JRosenberg was unwilling to accept Plaintiff's decision. Although JRosenberg responded by e-mail that same day that it was her decision to make, he continued to press

Plaintiff to rollover her \$200,000 Principal, which JER still had not returned despite his promise that it would be repaid by “the second week in January,” by emphasizing that this was one of the deals his family was in, that he was “trying to help [her] achieve success,” and representing to and assuring Plaintiff that her money would be protected at all times.

60. As part of his pressure tactics, on February 2, 2009 JRosenberg forwarded to Plaintiff an article, dated January 23, 2009, that apparently had appeared on the website www.insidearm.com in which Richard Schusterman, referred to therein as IPI’s Chief Executive, touted the upward market trend that medical debt purchasing companies were experiencing.

61. In addition, that same day JRosenberg e-mailed Plaintiff a letter, dated December 16, 2008, from Peter J. Tucci, Esq. of Fox Rothschild, LLP, which had been purportedly sent to IPI’s “major investor groups,” including JER.

62. Based on Mr. Tucci’s letter, Plaintiff understood that JER received and monitored collection reports that enabled JER to assess the value and security of the debt in its portfolios, and that JER filed UCC-1 financing statements as recommended to protect the interests of JER participants.

63. Upon information and belief, JER did not follow the procedures outlined in Mr. Tucci’s letter, facts that JRosenberg and JER intentionally failed to disclose to Plaintiff.

64. In reliance upon the foregoing, and on JRosenberg’s repeated representations that he would never do anything to hurt her, Plaintiff informed JRosenberg during an interstate telephone call on or about February 5, 2009 that she would consider “rolling over” the Principal she had loaned to JER if JRosenberg would personally guaranty the return of her money.

65. During that telephone call Plaintiff further informed JRosenberg that, without his personal guaranty, she would not rollover her Principal and asked that he return it immediately.

66. In response, JRosenberg agreed to personally guaranty the re-payment of Principal, but not the “approximately 25% to 30%” rate of interest that he had repeatedly promised would be earned on it.

**The Amended And Restated Promissory
Note And Personal Guaranty**

67. Following multiple communications by telephone and e-mail over the next few days, during which JRosenberg assured Plaintiff that she “co[uld] pull out [of the investment] after 13 months” and that he was “capping the return at 30% over sixteen months” with respect to the new debt portfolio, which he later referred as “Theta”, Plaintiff agreed to extend the term of the loan of her Principal to JER.

68. However, when Plaintiff presented JRosenberg with a one-year amended and restated promissory note for signature, that amended and restated the terms of the Promissory Note, and incorporated the representations JRosenberg had repeatedly made with regard to Theta, he balked.

69. JRosenberg advised Plaintiff that, although he was certain she would realize a return in excess of twenty-five percent (25%), he was only comfortable committing to an interest rate of fifteen percent (15%), but would pay her whatever amount was realized as a result of her loan in excess of that amount.

70. JRosenberg also asked Plaintiff to revise the proposed amended and restated promissory note by extending its term to fifteen (15) months, since he purportedly wanted to ensure that Plaintiff earned the maximum amount of interest possible.

71. Convinced by JRosenberg that he only had her best interests in mind, on or about February 9, 2009 Plaintiff entered into a written, amended and restated promissory note with JER

dated January 1, 2009 (the “Restated Promissory Note”), a true copy of which is annexed hereto and incorporated herein as Exhibit “C.”

72. As an accommodation to JRosenberg’s request for a longer term, Plaintiff agreed to a term of 13 months which Plaintiff had the option to extend to 15 months, that is, until May 1, 2010 (the “Extended Maturity Date”), in which event interest would “continue to accrue on the unpaid principal through the Extended Maturity Date.” (*Id.* at §1).

73. The Restated Promissory Note required full payment of the unpaid Principal and all interest in the “event of default” by JER, as “Payor,” that continued for a period of five (5) days from the date of notice of same. An “event of default” included, among other matters:

- a. If Payor shall default in the timely payment of principal or interest on this Note when as the same shall become due and payable, whether at maturity, or by acceleration or otherwise; or
- b. Payor shall fail to perform or observe, in any material respect, any other material covenant, term, provision, condition, agreement or obligation under this Note, as may be amended from time to time.

(See Restated Promissory Note at §5, Exhibit C).

74. The Restated Promissory Note further provided as follows:

No failure or delay by [Plaintiff] in exercising any right, power or privilege under this Note shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law. No course of dealing between the Payor and the Payee shall operate as a waiver of any rights by the Payee.

(See Restated Promissory Note at §3, Exhibit C).

75. In addition, the Restated Promissory Note required JER, as Payor, to pay Plaintiff the following:

any reasonable expenses (including reasonable legal fees, whether or not the Payee may act as her own attorney) arising out of or in connection with any action or proceeding ... taken to protect, enforce, determine or assert any right or remedy under this Note. Such costs will be added to the balance of the principal.

(See Restated Promissory Note at §13, Exhibit C).

76. Simultaneously with the execution of the Restated Promissory Note, JRosenberg, as “Guarantor,” executed a written, personal guaranty dated as of January 1, 2009 (the “Guaranty”) in favor of Plaintiff as the “secured party,” pursuant to which JRosenberg, as “primary obligor and not as a surety”, “unconditionally, absolutely and irrevocably personally” guaranteed:

the full and punctual payment of the full amount of the principal due pursuant to the Restated Promissory Note as and when the same shall in any manner be or become due, either according to the terms and conditions provided in the Restated Promissory Note or upon acceleration of the payment thereof by reason of a default (the “Guaranteed Obligation”), as a primary not a secondary liability of Guarantor.

(See Guaranty at §1, a true copy of which is annexed hereto and incorporated herein as Exhibit “D”.)

77. The Guaranty further provided that:

... it is an absolute, unconditional, continuing guarantee of payment and not of collectability and is the primary obligation of the Guarantor. In the event JER Receivables defaults in the repayment of the Principal, Guarantor’s liability pursuant to this Guaranty shall be direct, immediate, absolute and continuing and shall not be subject to any counterclaim, recoupment, set off, reduction or defense and the Secured Party shall not be required to pursue any remedies which it may have against JER Receivables or proceed in the first instance against JER Receivables to collect any obligation pursuant to the Restated Promissory Note as a condition to the enforcement of this Guaranty.

(See Guaranty at §2, Exhibit “D”.)

78. Pursuant to the Guaranty, Plaintiff could elect in her “sole discretion and without affecting, impairing or releasing Guarantor’s liability under this Guaranty” and without notice or consideration to:

renew, waive, extend, change the time or terms for payment of the principal and/or interest under the Restated Promissory Note; (b) modify, compromise, substitute, release or otherwise deal with in any manner satisfactory to the Secured Party any or all of the provisions of the Restated Promissory Note; (c) delay to enforce any right, power, privilege or remedy conferred upon the Secured Party under this Guaranty or applicable laws; (d) grant consents or indulgences or take action or omit to take action under, or in respect of, any or all of rights and/or obligations under the Restated Promissory Note and/or this Guaranty

(See Guaranty at §3, Exhibit “D”)

79. The Guaranty also included an identical provision to that contained in the Restated Promissory Note relating to costs and fees incurred by Plaintiff arising out of any action or proceeding taken to enforce its terms. (See Guaranty at §10, Exhibit “D”).

JER and JRosenberg Default

80. Between May 8, 2009 and continuing through January 22, 2010, JER paid Plaintiff ten (10) monthly interest payments by check mailed from JER’s offices in Macedon, New York to Plaintiff’s offices in Roseland, New Jersey in the following amounts which purportedly reflected the accounts collected as part of the Theta file:

5/8/2009	\$ 352.93
6/4/2009	\$ 387.86
7/2/2009	\$ 394.12
8/3/2009	\$ 264.79
8/28/2009	\$ 294.63
9/29/2009	\$ 312.07
10/23/2009	\$ 159.30
11/13/2009	\$ 231.84
12/23/2009	\$ 168.45
1/22/2010	<u>\$ 246.91</u>
Total Paid:	\$2,812.90

81. When Plaintiff did not receive an interest payment in February 2010, she contacted JRosenberg to inquire about its status.

82. In response, JRosenberg advised Plaintiff that the Theta collections were progressing slowly and, as a result, JER and JRosenberg had unilaterally decided to aggregate the interest payments in quarterly amounts for purposes of administrative efficiency.

83. Notwithstanding JRosenberg's representation, JER made no further payments to Plaintiff pursuant to the Restated Promissory Note.

84. As the March 1, 2010 maturity date approached, JRosenberg, individually and on behalf of JER, repeatedly promised and assured Plaintiff that she would be paid in full and that she had no reason to be concerned.

85. Although JRosenberg continued to promise and assure Plaintiff that she would be paid in full, by e-mail dated February 13, 2010, JRosenberg informed her he would talk to her "this week" regarding "an idea" he had "for an investment which will guaranty" Plaintiff a "fantastic return which is being offered only to my mom from Bob and I will talk to you about maybe somehow amending your contract."

86. Upon information and belief, the "Bob" to which JRosenberg was referring was Robert Feldman, a principal of IPI.

87. Plaintiff replied that she did not want to extend her loan to JER nor loan any other money, but simply wanted to be paid what was owed to her by JER.

88. Throughout March and April 2010, Plaintiff repeatedly inquired of JRosenberg when the Restated Promissory Note would be paid which was now past due.

89. Although JRosenberg repeatedly promised that her payment was forthcoming, he offered varying excuses for JER's failure to abide by the terms of the Restated Promissory Note.

90. For example, on March 24, 2010, JRosenberg represented to Plaintiff in writing that “we are waiting for funding and will get you out in full. Deal was delayed ... but I told Richard [Schusterman] and Bob [Feldman] they need to get you out first.”

91. Similarly, on April 3, 2010, while JRosenberg told Plaintiff she was “number 1 on the list of [his] investors to get out in full” and that he had met with and notified IPI’s principal, Richard Schusterman, “to buy [Plaintiff] out.”

92. Although JRosenberg continued to assure Plaintiff her payment was imminent, JRosenberg failed to provide her with a firm date by which such payment would be made despite her repeated requests.

93. Accordingly, on May 4, 2010, Plaintiff reluctantly served JER and JRosenberg with a notice of default (the “Default Notice”), advising them, in relevant part, that based upon JER’s failure to pay the Restated Promissory Note, JER was in default of same and the entire Principal amount and all accrued interest was due within five (5) days of receipt of such notice.

94. In response, by e-mail that same day, JRosenberg asked whether Plaintiff was “calling the note,” to which Plaintiff responded in the affirmative. (A true copy of the Default Notice and JRosenberg’s response thereto are attached hereto and incorporated herein by reference as Exhibit “E”.)

95. Notwithstanding the Default Notice, JER failed to make any further payment under the Restated Promissory Note.

96. Instead, JRosenberg continued to promise Plaintiff that she would be paid imminently. JRosenberg’s representations included, but were not necessarily limited to, the following:

(a) An e-mail, dated May 10, 2010, in which he assured Plaintiff that she was “on the top 3 people to get paid. ... We anticipate getting out in the next 10 days.”

(b) An e-mail, dated May 18, 2010, in which JRosenberg advised Plaintiff that “you are the absolute very next person on the list to get out. We need another week to do so. We are working as hard as we can and I will also give you the additional money promised.”

(c) An e-mail, dated May 28, 2010, which Plaintiff received while in New York, in which JRosenberg advised Plaintiff that he “was pushing to complete it. Been very tight due to waiting for pension fund to close. ... It is imminent however and I will get you all of your funds.”

(d) An e-mail, dated June 22, 2010, in which JRosenberg represented that he was “working on Theta with Richard and Bob like crazy. We are now closer than ever to buying you out”; and

(e) In another e-mail, dated that same day, representing that “Dean and Michael, my partners are waiting for a huge deal to close which all the old JER investors will be paid off in full ... I expect this deal to close at the end of next week and Dean and Michael agreed to buy out your file.

97. By e-mail, dated July 7, 2010, Plaintiff informed JRosenberg that her patience was at end and that if she was not fully paid by July 30, 2010 she would initiate legal action against JER and JRosenberg.

98. JRosenberg continued to put off Plaintiff’s demands for payment with fraudulent misstatements as to his and JER’s actions to get Plaintiff paid including, *inter alia*, the following email dated July 11, 2010:

I spoke with Richard per Bob. He is planning on having your principal back the last week of July. The interest on Theta as well as the [under]age on the last deal will be paid sometime in August. Most likely around the third week.

Breach Of The Settlement Agreement

99. Following extensive communications, on August 3, 2010 Plaintiff, JER and JRosenberg entered into an agreement (the “Settlement Agreement”), pursuant to which

JRosenberg personally agreed to refund Plaintiff's Principal and to pay to Plaintiff the sum of \$50,000 (together with the Principal, the "Settlement Amount") in full satisfaction of the underage due from the prior loan, the interest due under the Restated Promissory Note and all other rights and remedies Plaintiff had against JER and JRosenberg pursuant to the Restated Promissory Note and Guaranty. (A true copy of the Settlement Agreement is attached hereto and incorporated herein by reference as Exhibit "F.")

100. According to the terms of the Settlement Agreement, JRosenberg represented and agreed, among other things, as follows:

This is my absolute game plan:
I will cut you a check for \$10,000 tomorrow [August 4, 2010]
I will pay you \$90,000 between August 10th and the 15th [2010] ...
I will pay you \$80,000 by September 15th [2010]
I will pay you \$80,000 by October 15th [2010].

(Id.) (emphasis added).

101. On or about August 4, 2010, JRosenberg provided Plaintiff with a JER check in the amount of \$10,000 representing the first payment due pursuant to the Settlement Agreement.

102. Thereafter, however, JER and JRosenberg failed to make any further payments due under the Settlement Agreement.

103. Instead, by e-mail, dated September 21, 2010, to Plaintiff on which LRosenberg was copied, JRosenberg again appealed to their "friendship". (A true copy of said e-mail is annexed hereto and incorporated herein by reference as Exhibit "G.") JRosenberg claimed "I would never ever not pay you" and represented that because JRosenberg "and his mom" had insisted that IPI pay Plaintiff's entire funds,

both my mom and myself ended up having a personal fight with Bob Feldman and the[n] in turn with Richard Schusterman. Your friendship and importance to us to get your funds first over my own family's is what caused the dissolution of our friendship with Feldman.

... I have always tried to put you in deals that we, ourselves, as a family, have our own skin in the game. On top of that, we are going to bat for you way over us and I intend to get you paid no matter what.

(Id., Exhibit “G”).

104. In that same e-mail, JRosenberg further claimed that “no other JER investors received monies within the last two weeks.” (Id.)

105. JRosenberg’s representation regarding payments to other “JER investors” was directly contradicted by LRosenberg the following day, who informed Plaintiff that two other persons involved in Theta had been paid on September 15, 2010.

106. However, what most shocked Plaintiff was the disclosure in JRosenberg’s e-mail that he had “signed a Repurchase & Sale Agreement for [Plaintiff] approximately 4 to 5 weeks ago” with IPI (emphasis added) pursuant to which IPI was to pay JER the sum of \$250,000, which JRosenberg pledged to “turn over to [Plaintiff] as the investor,” in three monthly installments of \$65,000 and a final installment of \$55,000, commencing on September 15, 2010 and continuing through and including December 15, 2010, although IPI had the right to extend the date of any schedule payment by “120 days”. (Id.)

107. Alarmed that JRosenberg, without right or authority, had committed Plaintiff’s money to a repurchase agreement (the “Repurchase Agreement”) of which she had no knowledge and to a repayment schedule that extended the March 1, 2010 maturity date by potentially a full year, Plaintiff replied to JRosenberg by e-mail that same day that her payment was long overdue and that he had no authority to sign the Repurchase Agreement for her. (A copy of the Repurchase Agreement is annexed hereto and incorporated herein as Exhibit “H”).

108. JRosenberg’s reply was internally contradictory; specifically by e-mail, dated September 24, 2010, he acknowledged his commitment under the Restated Promissory Note,

claimed that he had “NEVER committed [Plaintiff’s] funds to any other deal” (emphasis in original), and simultaneously attached a copy of the purported Repurchase Agreement. (A true copy of the e-mail is annexed hereto and incorporated herein as Exhibit “I.”)

109. The Repurchase Agreement confirmed that, contrary to the representations made in the very email to which it was attached, JRosenberg had signed, without Plaintiff’s knowledge and without right or authority, the Repurchase Agreement as follows:

JER Receivables, LLC/Seller
[signature Jonathan Rosenberg]
Jonathan Rosenberg, Managing Member
For Lauren Topelsohn, Esq.

110. The Repurchase Agreement also revealed that, once again, by way of that agreement, JRosenberg and JER had attempted to cheat Plaintiff.

111. Specifically, in his September 24, 2010 email JRosenberg represented that he would “turn over to [Plaintiff] as the investor” the \$250,000 repurchase price to be paid by IPI for Plaintiff’s percentage of the Theta file. However, the Repurchase Agreement revealed that the “repurchase price” was actually \$270,000. Thus it appears that JER and JRosenberg intended to “pocket” the \$20,000 difference.

112. The foregoing conduct of JRosenberg and JER was in complete contravention of Plaintiff’s rights and constitutes, among other things, a violation of their fiduciary duties owed to Plaintiff.

113. To date, contrary to the repeated representations of JRosenberg and LRosenberg, neither JRosenberg nor JER have made any further payments to Plaintiff in connection with the Theta portfolio.

JRosenberg never intended to honor and which he proposed only in an effort to stave off litigation.

226. The aforesaid intentional and/or negligent misrepresentations by said defendants were willful, wanton, malicious, and/or in reckless disregard of Plaintiff's rights.

227. As a direct and proximate result of defendants' fraud and other wrongful conduct, Plaintiff has suffered extensive damages.

WHEREFORE, Plaintiff demands judgment against defendants Jonathan Eric Rosenberg and JER, jointly, severally and/or in the alternative, on this the First Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Interest;
- D. Reasonable attorneys' fees;
- E. Costs of suit; and
- F. Such further relief as the Court deems just and equitable under the circumstances.

SECOND COUNT
FRAUDULENT OFFER AND SALE OF SECURITIES
Violations of Section 12 of the Securities Act,
15 U.S.C. § 771
(Against JRosenberg and JER)

228. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

229. The Restated Promissory Note is an investment agreement pursuant to which Plaintiff was irrevocably assigned a 14.26072% interest in the Theta portfolio.

230. The Note and Restated Promissory Note and/or Plaintiff's investment contracts and/or purchase agreements with JER directly, and/or with IPI through JER, constitute "securities" pursuant to 15 U.S.C. §77b(a)1.

231. As set forth above, JER and JRosenberg raised capital for JER's business enterprise by the sale and issuance of securities through offerings made to the public at large.

232. Specifically with respect to the Note, Restated Promissory Note and/or Plaintiff's investment contracts and/or purchase agreements, JER and JRosenberg offered and issued each such security to Plaintiff by way of a public offering.

233. As set forth above, Plaintiff's interest and expectation in her investment was the profit each such Note, Restated Promissory Note and/or Plaintiff's investment contracts and/or purchase agreements were to generate.

234. JER and JRosenberg, and each of them, by engaging in the conduct described above, offered and sold securities by use of the means or instruments of transportation or communication in interstate commerce or of the mails, by means of oral and written communications, which included untrue statements of material fact and omitted to state material facts necessary in order to make the statements not misleading, and Plaintiff did not know of such untruths and omissions.

235. By engaging in the conduct described above, JER and JRosenberg violated, inter alia, Section 12 of the Securities Act, 15 U.S.C § 771 and as such, are jointly and severally liable to Plaintiff.

236. The aforesaid conduct of JRosenberg and JER was willful, wanton, malicious and/or in reckless disregard of Plaintiff's rights.

WHEREFORE, Plaintiff demands judgment against defendants Jonathan Eric Rosenberg, and JER, jointly, severally and/or in the alternative, on this the Second Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Interest;
- D. Reasonable attorneys' fees;
- E. Costs of suit; and
- F. Such further relief as the Court deems just and equitable under the circumstances.

THIRD COUNT
RICO Section 1962(a)
Income Derived to Establish and Operate a RICO Enterprise
(Against JRosenberg, LRosenberg, JER, Rosenberg & Associates,
Regency and Johns Doe 1-10)

237. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

238. In addition to owning and controlling JER and Regency, JRosenberg is the Vice President of Rosenberg & Associates.

239. In addition, LRosenberg owning 99% of Rosenberg & Associates and serving as its President and Treasurer, LRosenberg controls Regency through Rosenberg & Associates' management of Regency.

240. Defendants JER, JRosenberg, Rosenberg & Associates, LRosenberg and Regency, comprise an association-in-fact which is an enterprise (the "Rosenberg Enterprise") within the meaning of 18 U.S.C. §§ 1961(4), which is engaged in, and which affects, interstate commerce by virtue of its interstate sale of securities, purchase, sale and collection, whether directly or indirectly, of unpaid medical receivables and with respect to Rosenberg & Associates

and Regency, the performance of court reporting services in actions pending throughout the United States and the production and sale of the resulting transcripts and, the interstate and international travel on behalf of the Rosenberg Enterprise.

241. In furtherance of the fraudulent scheme, JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and Johns Doe 1-10, intentionally and repeatedly caused letters, notices and other communications and matters to be delivered by the United States Postal Service to and from this district and elsewhere, in violation of 18 U.S.C. §§ 1341 (mail fraud). These mailings included, but were not limited to, checks drawn on JER's account and mailed to Plaintiff from Macedon, New York to Roseland, New Jersey that purportedly reflected interest accrued pursuant to the Note and Restated Promissory Note and year-end tax forms that purportedly reflected JER's debt obligation to Plaintiff.

242. In furtherance of the fraudulent scheme of JRosenberg and LRosenberg, individually and on behalf JER, Rosenberg & Associates, Regency and the Rosenberg Enterprise, said defendants repeatedly made interstate telephone calls and transmitted emails through the use of Rosenberg & Associates' telephone and computer systems and equipment including, but not limited to, telephone calls and emails directed to IPI principals in Florida and Pennsylvania and to Plaintiff in New York and New Jersey, and other uses of interstate wire facilities to and from this district and elsewhere, in violation of 18 U.S.C. §§ 1343 (wire fraud) with the intention of defrauding Plaintiff.

243. Each of the aforesaid violations by JRosenberg, LRosenberg, JER, Regency and Johns Doe 1-10 of the mail fraud and wire fraud statutes, 18 U.S.C. §§ 1341 and 1343, constitutes an instance of racketeering activity as defined in 18 U.S.C. §§ 1961(1).

244. The actions of the JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and Johns Doe 1-10, as aforesaid, constitute racketeering under 18 U.S.C. §§1961 et seq.

245. Upon information and belief, since at least as early as the 2007, JRosenberg, JER, LRosenberg, Rosenberg & Associates, Regency and/or Johns Doe 1-10 have engaged in an ongoing scheme to defraud Plaintiff, causing her substantial financial injury, and to profit thereby, and said Defendants have used the monies obtained from Plaintiff through such predicate acts and racketeering activities.

246. JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and/or Johns Doe 1-10 participated in the affairs of the Rosenberg Enterprise by performing functions necessary or helpful to the enterprise's operation and affairs, including the acts of racketeering within the meaning of 18 U.S.C. § 1961(1).

247. The multiple acts of racketeering activity committed by JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and Johns Doe 1-10 from October 2007 through February 2011 were interrelated, part of a common and continuous pattern of fraudulent acts, and perpetrated for the same or similar purposes, thus constituting, among other things, a pattern of racketeering activity as defined in 18 U.S.C. §1961(5).

248. In violation of 18 U.S.C. § 2, JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and Johns Doe 1-10 aided and abetted the violations of the RICO statute alleged herein as well as the primary acts of mail fraud and wire.

249. Said defendants, and each of them, willfully, knowingly and intentionally participated in this scheme to defraud Plaintiff and in engaged in the pattern of racketeering activity described herein with the knowledge and intention that Plaintiff would be defrauded, that

the interstate mails and wires would be utilized in furtherance of the racketeering enterprises identified herein, in violation of 18 U.S.C. §§ 1341 and 1343, and with knowledge that such fraud and illegal utilization of the interstate mails and wires was essential to further the fraudulent scheme.

250. JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and/or Johns Doe 1-10 have received monies derived, directly or indirectly, from the foregoing pattern of racketeering activity and have used or invested, directly or indirectly, revenues derived from such activities to set up a network of affiliates or subsidiaries to sustain and expand the fraudulent activity of the Rosenberg Enterprise which is engaged in, or the activities of which affect, interstate or foreign commerce, in violation of 18 U.S.C. §§ 1962(a).

251. As a direct and proximate result of said defendants' wrongful racketeering acts, Plaintiff has been injured and has sustained substantial damages, and Plaintiff also is entitled to treble damages, reasonable attorneys' fees and costs pursuant to 18 U.S.C. § 1964(c).

252. The aforesaid conduct of JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and Johns Doe 1-10 was willful, wanton, malicious and/or in reckless disregard of Plaintiff's rights.

WHEREFORE, Plaintiff demands judgment against Jonathan Eric Rosenberg, Linda Rosenberg, JER, Rosenberg & Associates, Regency and Johns Doe 1-10 jointly, severally and/or in the alternative, on this the Third Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Treble damages;
- D. Interest;

- E. Reasonable attorneys' fees;
- F. Costs of suit; and
- G. Such further relief as the Court deems just and equitable under the circumstances.

FOURTH COUNT
RICO Section 1962(c)
(Against JRosenberg, LRosenberg, JER, Rosenberg & Associates,
Regency and Johns Doe 1-10)

253. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

254. JER, Rosenberg & Associates and Regency are each an "enterprise" as that term is defined in 18 U.S.C. § 1961 (4).

255. JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and Johns Doe 1-10 are all separate and distinct persons as that term is defined in 18 U.S.C. § 1961 (3).

256. JRosenberg, LRosenberg and/or Johns Doe 1-10 are each employed by or associated with JER, Rosenberg & Associates and Regency and the business of each such enterprise affects interstate commerce.

257. JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and/or Johns Doe 1-10 have conducted or participated in, directly or indirectly, in the affairs of the Rosenberg Enterprise through a continuous pattern of racketeering activity in violation of, among other things, 18 U.S.C. §§ 1962(c).

258. As a direct and proximate result of the wrongful racketeering acts of JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and/or Johns Doe 1-10, Plaintiff has been injured in her business and property, has sustained substantial damages and is entitled to recover treble damages, costs and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c).

259. The aforesaid conduct of JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and/or Johns Doe 1-10 was willful, wanton, malicious and/or in reckless disregard of Plaintiff's rights.

WHEREFORE, Plaintiff demands judgment against Jonathan Eric Rosenberg, Linda Rosenberg, JER, Rosenberg & Associates, Regency and Johns Doe 1-10, jointly, severally and/or in the alternative, on this the Fourth Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Treble damages;
- D. Interest;
- E. Reasonable attorneys' fees;
- F. Costs of suit; and
- G. Such further relief as the Court deems just and equitable under the circumstances.

FIFTH COUNT
RICO Section 1962(d)
(Against JRosenberg, LRosenberg, JER, Rosenberg & Associates,
Regency and/or Johns Doe 1-10)

260. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

261. Upon information and belief, in violation of, among other things, 18 U.S.C. §§1962(d), JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and/or Johns Doe 1-10 conspired with each other to receive income, directly or indirectly, from the foregoing pattern of racketeering activity and to use or invest part of that income in the establishment and operation of the Rosenberg Enterprise in violation of 18 U.S.C. §§ 1962(a), and one or more of them committed numerous overt acts in furtherance of their conspiracy.

262. Upon further information and belief, in violation of, among other things, 18 U.S.C. §§1962(d), JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and/or Johns Doe 1-10 conspired with each other to conduct or participate in, directly or indirectly, the affairs of the Rosenberg Enterprise through a pattern of racketeering activity in violation of 18 U.S.C. §§ 1962(c), and one or more of them committed numerous overt acts in furtherance of their conspiracy.

263. As a direct and proximate result of said defendants' conspiracy, Plaintiff has been injured in her business and property, has sustained substantial damages and is entitled to recover treble damages, costs and reasonable attorneys' fees pursuant to 18 U.S.C. §§ 1964(c).

264. The aforesaid conduct of JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and Johns Doe 1-10, was willful, wanton, malicious and/or in reckless disregard of Plaintiff's rights.

WHEREFORE, Plaintiff demands judgment against Defendants Jonathan Eric Rosenberg, Linda Rosenberg, JER, Rosenberg & Associates, Regency and/or Johns Doe 1-10, jointly, severally and/or in the alternative, on this the Fifth Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Treble damages;
- D. Interest;
- E. Reasonable attorneys' fees;
- F. Costs of suit; and
- G. Such further relief as the Court deems just and equitable under the circumstances.

SIXTH COUNT
CEPA AND PIERCE CLAIMS
(As against JRosenberg, LRosenberg and Rosenberg & Associates)

265. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

266. Plaintiff disclosed to a supervisor, threatened to disclose and/or to engage in conduct that would result in the disclosure to a public body, activities, policies and/or practices that she reasonably believed to be in violation of a law, rule or regulation promulgated pursuant to law.

267. Plaintiff objected to and/or refused to participate in activities, policies and/or practices that she reasonably believed was in violation of a law, rule or regulation promulgated pursuant to law, which was fraudulent and/or criminal and/or incompatible with a clear mandate of public policy.

268. The activities, policies and/or practices that Plaintiff reasonably believed to be in violation of a law, rule or regulation promulgated pursuant to law include, but are not limited to, (a) requiring Plaintiff to perform legal work despite an ethical conflict (b) accepting a waiver of conflict executed by LRosenberg on behalf of Rosenberg & Associates that had been drafted by an attorney that did not represent that company, but instead represented JRosenberg and JER, (c) JER and JRosenberg's activities which appeared may be a Ponzi scheme that was supported and promoted by LRosenberg and the Companies, (d) JRosenberg and JER's solicitation of Rosenberg & Associates' employees who were under economic distress and fearful for the security of their employment, with the knowledge and direct assistance of LRosenberg and Rosenberg & Associates, (e) JRosenberg's apparent forgery of the signature of a Rosenberg & Associates' employee to an employment agreement, (f) the inclusion of persons on Rosenberg & Associates' payroll who performed no services for the company and providing health insurance

coverage for such persons although they were ineligible for such coverage, and (g) the misclassification of employees and other payroll irregularities that enabled Rosenberg & Associates to avoid paying its employees overtime.

269. As a direct and proximate result thereof, Plaintiff's employment was wrongfully terminated from Rosenberg & Associates without notice or cause and in violation of clear mandates of public policy.

270. The aforesaid conduct of Rosenberg & Associates, JRosenberg and LRosenberg constitutes, inter alia, violations of CEPA and the common law.

271. The aforesaid conduct has caused Plaintiff to suffer substantial damages including physical injury, severe emotional distress and mental anguish.

272. The conduct of said defendants was willful, wanton, malicious and/or in reckless disregard of Plaintiff's rights.

WHEREFORE, Plaintiff demands judgment against Defendants Jonathan Eric Rosenberg, Linda Rosenberg and Rosenberg & Associates, jointly, severally and/or in the alternative on this the Sixth Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Interest;
- D. Reasonable attorneys' fees;
- E. All benefits and perquisites of employment;
- F. Reinstatement;
- G. Penalties and/or a Civil Fine;
- H. Costs of suit; and

I. Such further relief as the Court deems just and equitable under the circumstances.

SEVENTH COUNT
BREACH OF CONTRACT (FIRST TRANSACTION)
(As against JER and JRosenberg)

273. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

274. As set forth above, Plaintiff was eventually repaid her principal of \$50,000 with respect to the first transaction she entered with JER.

275. However, the rate of return received by Plaintiff was 18.95% rather than the 30% that JRosenberg, individually and on behalf of JER, had promised.

276. Plaintiff advised JRosenberg of this shortfall, and he reaffirmed in writing, individually and on behalf of JER, that Plaintiff would receive the unpaid portion of the full rate of return that had been promised, representing approximately \$8,750.

277. To date, despite JRosenberg's repeated representations, neither JER nor JRosenberg has paid Plaintiff any portion of the \$8,750 shortfall.

WHEREFORE, Plaintiff demands judgment against defendants Jonathan Eric Rosenberg and JER, jointly, severally and/or in the alternative, on this the Seventh Count of the Complaint as follows:

- A. Damages;
- B. Interest;
- C. Reasonable attorneys' fees;
- D. Costs of suit; and
- E. Such further relief as the Court deems just and equitable under the circumstances.

EIGHTH COUNT
BREACH OF THE RESTATED PROMISSORY NOTE
(As against JER)

278. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

279. JER breached the terms of the Restated Promissory Note by, among other things, failing to return to Plaintiff the Principal with the accrued interest due on March 1, 2010.

280. Plaintiff performed all obligations required of her pursuant to the terms of the Restated Promissory Note.

281. As a direct and proximate result of JER's breach of the Restated Promissory Note, JER is liable to Plaintiff for damages representing the Principal with accrued interest thereon in the amount of 15% from January 1, 2009, less any interest paid to date, with all costs and expenses incurred by Plaintiff as result of such breach including, but not limited to, reasonable attorneys' fees in accordance §13 of the Restated Promissory Note.

WHEREFORE, Plaintiff demands judgment against defendant JER on this the Eighth Count of the Complaint as follows:

- A. Damages;
- B. Interest;
- C. Reasonable attorneys' fees;
- D. Costs of suit; and
- E. Such further relief as the Court deems just and equitable under the circumstances.

NINTH COUNT
BREACH OF GUARANTY
(As against JRosenberg)

282. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

283. JRosenberg has failed and refused to abide by the terms of the Guaranty and return Plaintiff's \$200,000 Principal, despite demand therefor.

284. As a result of JRosenberg's breach of the Guaranty, JRosenberg is indebted to Plaintiff in the amount of \$200,000, representing the unpaid Principal, with accrued interest thereon and all costs and expenses incurred by Plaintiff as result of said breach, including reasonable attorneys' fees in accordance with §10 of the Guaranty.

WHEREFORE, Plaintiff demands judgment against defendant Jonathan Eric Rosenberg on this the Ninth Count of the Complaint as follows:

- A. Damages;
- B. Interest;
- C. Reasonable attorneys' fees;
- D. Costs of suit; and
- E. Such further relief as the Court deems just and equitable under the circumstances.

TENTH COUNT
BREACH OF THE SETTLEMENT AGREEMENT
(As against JRosenberg and JER)

285. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

286. As a result of JRosenberg and JER's breach of the Settlement Agreement, said Defendants owe the Settlement Amount.

287. Said Defendants have failed and refused to abide by the terms of the Settlement Agreement despite Plaintiff's demand therefor.

288. As a direct and proximate result of said Defendants' breach of the Settlement Agreement, JRosenberg and JER are jointly and severally liable to Plaintiff in the amount of

\$250,000, with interest thereon, and all costs and expenses incurred by Plaintiff as result of said breach, including reasonable attorneys' fees.

WHEREFORE, Plaintiff demands judgment against Jonathan Eric Rosenberg and JER, jointly, severally and/or in the alternative, on this the Tenth Count of the Complaint as follows:

- A. Damages;
- B. Interest;
- C. Reasonable attorneys' fees;
- D. Costs of suit; and
- E. Such further relief as the Court deems just and equitable under the circumstances.

ELEVENTH COUNT
BREACH OF EXPRESS
WRITTEN EMPLOYMENT AGREEMENT
(As against Rosenberg & Associates)

289. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

290. On or about July 6, 2010, independent counsel for Rosenberg & Associates sent Plaintiff a form of contract memorializing the final terms of the Employment Agreement, and Plaintiff confirmed to counsel for Rosenberg & Associates and to LRosenberg that the contract was acceptable to her.

291. At no time thereafter did anyone on behalf of Rosenberg & Associates request that Plaintiff agree to any changes to the Employment Agreement or express any disagreement with any of the terms of the Employment Agreement.

292. The parties continued to conduct themselves pursuant to the terms of the Employment Agreement throughout the remaining term of Plaintiff's employment.

293. Plaintiff commenced the Morris County Action against JRosenberg and JER in reliance upon LRosenberg's repeated assurances that Plaintiff's employment with Rosenberg & Associates would not be terminated if she did so.

294. On or about November 22, 2010, Plaintiff learned of the BoA Action in which LRosenberg, JRosenberg, JER, Rosenberg & Associates and Regency were named as defendants.

295. Upon discovering the existence of the BoA Loan, the Security Agreements and the BoA Guaranties, Plaintiff concluded that Rosenberg & Associates' and Regency's agreement to borrow money jointly with JER, their cross-collaterization of the debt, and LRosenberg's personal guaranty of same, potentially rendered Rosenberg & Associates, Regency and LRosenberg financially exposed in connection with Plaintiff's claims against JER and JRosenberg and advised LRosenberg that such facts created a conflict of interest in terms of her position as General Counsel for the Companies.

296. LRosenberg and JRosenberg, on behalf of Rosenberg & Associates and the Companies declined to waive the conflict.

297. On February 25, 2011, Rosenberg & Associates terminated Plaintiff's employment, without cause, effective that same day.

298. To date, despite demand therefor, Rosenberg & Associates has failed to pay Plaintiff the severance, benefits and other perquisites of employment to which she is entitled pursuant to the terms of the Employment Agreement.

WHEREFORE, Plaintiff demands judgment against defendant Rosenberg & Associates on this the Eleventh Count of the Complaint as follows:

A. Damages;

- B. Interest;
- C. Reasonable attorneys' fees;
- D. All benefits and perquisites of employment;
- E. An accounting of all sums due under the Employment Agreement;
- F. Costs of suit; and
- G. Such further relief as the Court deems just and equitable under the circumstances.

TWELFTH COUNT
BREACH OF EXPRESS ORAL EMPLOYMENT CONTRACT
(As against Rosenberg & Associates)

299. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

300. In several conversations with Plaintiff, LRosenberg expressly stated and represented that the terms of the written Employment Agreement were acceptable to her.

301. LRosenberg's statement to Plaintiff gave rise to an oral contract of employment, the terms of which are memorialized in the unsigned Employment Agreement.

302. By failing and refusing to pay severance, benefits and the other perquisites of employment due Plaintiff in accordance with the terms of the oral Employment Agreement, Rosenberg & Associates has breached same.

303. As a direct and proximate result thereof, Plaintiff has suffered substantial damages.

WHEREFORE, Plaintiff demands judgment against defendant Rosenberg & Associates on this the Twelfth Count of the Complaint as follows:

- A. Damages;
- B. Interest;
- C. Reasonable attorneys' fees;

- D. All benefits and perquisites of employment;
- E. An accounting of all sums due under the Employment Agreement;
- F. Costs of suit; and
- G. Such further relief as the Court deems just and equitable under the circumstances.

THIRTEENTH COUNT
BREACH OF IMPLIED EMPLOYMENT CONTRACT
(As against Rosenberg & Associates)

304. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

305. By conducting their employer-employee relationship in accordance with the terms of the unsigned Employment Agreement, the parties entered into an implied contract or employment, the precise terms of which are set forth in the unsigned written agreement.

306. By failing and refusing to pay severance to Plaintiff in accordance with the terms of the implied employment contract, Rosenberg & Associates breached the implied employment agreement.

307. As a direct result thereof, Plaintiff has been damaged.

WHEREFORE, Plaintiff demands judgment against defendant Rosenberg & Associates on this the Thirteenth Count of the Complaint as follows:

- A. Damages;
- B. Interest;
- C. Reasonable attorneys' fees;
- D. All benefits and perquisites of employment;
- E. An accounting of all sums due under the Employment Agreement;
- F. Costs of suit; and
- G. Such further relief as the Court deems just and equitable under the circumstances.

FOURTEENTH COUNT
(Violations of New Jersey Wage and Hour Law)
(As against Rosenberg & Associates)

308. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

309. At the time that Rosenberg & Associates terminated her employment, Plaintiff had worked forty (40) days at LRosenberg’s specific request for which Plaintiff has not been paid.

310. Rosenberg & Associates has failed to Plaintiff for her services despite demand therefor.

311. Accordingly, Plaintiff is due and owing unpaid wages in the approximate amount of \$50,000.

312. In violation of, inter alia, N.J.S.A. 34:11-4.8, Rosenberg & Associates has failed to pay to Plaintiff, without condition and within the time set by the Act, all wages, or parts thereof, conceded by it to be due.

313. As a direct and proximate result thereof, Plaintiff has suffered damages.

WHEREFORE, Plaintiff demands judgment against defendant Rosenberg & Associates on this the Fourteenth Count of the Complaint as follows:

- A. Damages;
- B. Interest;
- C. Reasonable attorneys’ fees;
- D. Costs of suit; and
- E. Such further relief as the Court deems just and equitable under the circumstances.

FIFTEENTH COUNT
BREACHES OF FIDUCIARY DUTY
(As Against JRosenberg and JER)

314. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

315. As set forth above, JRosenberg, directly and through JER, among other things, solicited Plaintiff to loan money to JER and to reinvest her Principal pursuant to the terms of the Restated Promissory Note, assured Plaintiff that her loan was secure and that her Principal would be returned, and repeatedly represented to her that at all times he had her best interests in mind.

316. From the time Plaintiff entered into the Note with JER, JRosenberg and JER had control over Plaintiff's assets, and occupied a superior position over their use.

317. JRosenberg and JER held themselves out as providing superlative client investment services, secure investment opportunities, consistent and substantial profits for their investors, and represented that they would protect Plaintiff, thereby evincing an understanding that they owed a fiduciary duty to Plaintiff.

318. To the extent that JRosenberg and JER used Plaintiff's Principal to purchase Debt Instruments as part of the Theta file, as said defendants claim to have done, they were in a superior position to Plaintiff with respect to the management and control of such loan, and had superior access to confidential information about the loan and IPI.

319. JRosenberg's and JER's representations and superior position required that Plaintiff repose her trust and confidence in said defendants to fulfill their duties, and Plaintiff did so by loaning money to them and entrusting said defendants to act in her best interests with respect to her loan.

320. Although bound by an obligation of good faith to Plaintiff, in order to further their own ends, JRosenberg and JER failed and refused to pay Plaintiff the monies due pursuant to the terms of the Restated Promissory Note, the Guaranty and the Settlement Agreement and have,

upon information and belief, used Plaintiff's Principal for their own purposes including, but not limited to, paying JRosenberg's personal expenses, the loan due to BoA, and JER's earlier participants in an effort avoid raising suspicion regarding their on-going fraudulent scheme.

321. In addition, to the extent the Plaintiff's Principal was invested with IPI as part of the Theta debt portfolio, JER and JRosenberg breached their fiduciary duties to Plaintiff by, inter alia, failing to conduct adequate due diligence and failing to monitor such loan, and yet simultaneously paying themselves handsome asset management fees.

322. In the event the Repurchase Agreement between JER and IPI is a true and valid contract between those two entities that JRosenberg purportedly executed on Plaintiff's behalf, JRosenberg and JER further breached their fiduciary duty to Plaintiff inasmuch as said defendants did so without Plaintiff's knowledge, without any right or authority, the payment terms of such agreement are contrary to the express terms of the Restated Promissory Note, the Settlement Agreement and defendants' repeated representations to Plaintiff regarding payment of the Settlement Amount.

323. By reason of the aforesaid breaches of fiduciary duty by JRosenberg and JER, Plaintiff is unable to ascertain whether said defendants have depleted her entire Principal, whether any portion of same remains in said defendants' possession, custody or control, and what monies JRosenberg and/or JER received that represent Plaintiff's interest in the Debt Instruments collected as part of the Theta portfolio, if any.

324. As a direct and proximate result of the aforesaid breaches of fiduciary duty, Plaintiff has suffered substantial damages.

325. The aforesaid conduct of JRosenberg and JER were willful, wanton, malicious and/or in reckless disregard of Plaintiff's rights.

WHEREFORE, Plaintiff demands judgment against Jonathan Eric Rosenberg and JER, jointly, severally and/or in the alternative, on this the Fifteenth Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Interest;
- D. Reasonable attorneys' fees;
- E. Costs of suit; and
- F. Such further relief as the Court deems just and equitable under the circumstances.

SIXTEENTH COUNT
(THIRD PARTY BENEFICIARY/(DECLARATORY JUDGMENT)
(As Against JRosenberg, JER and IPI)

326. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

327. Upon information and belief, on or about February 1, 2009, JER and IPI entered into a written agreement Purchase and Sale Agreement (the "Purchase Agreement") pursuant to which IPI sold to JER the medical debt portfolio referred to as Theta for the aggregate sum of \$1,402,453.70.

328. Upon information and belief, Theta consisted of uncollected and charged-off accounts having an aggregate unpaid balance of \$12,749,579.09.

329. At all times, the Restated Promissory Note was an investment agreement pursuant to which Plaintiff was irrevocably assigned a 14.26072% interest in the Theta portfolio.

330. On or about August 22, 2010, JER and IPI entered into the Repurchase Agreement wherein IPI repurchased a portion of Theta which IPI previously sold to JER in the Purchase Agreement.

331. Specifically, JER sold back to IPI 14.25072% of Theta for \$270,000.

332. The Repurchase Agreement was signed on behalf of “JER Receivables, LLC/Seller [by] JRosenberg . . . For Lauren Topelson, Esq.,” without Plaintiff’s knowledge and without right or authority.

333. Based on the foregoing, at all times, Plaintiff was an intended third-party beneficiary of the Repurchase Agreement.

334. Upon sale of the Theta portfolio pursuant to the Repurchase Agreement, at all times JER and/or IPI held Plaintiff’s 14.26072% interest therein in trust for the benefit of Plaintiff.

335. Upon information and belief, subsequent to the date of the Purchase Agreement and Repurchase Agreement, certain accounts included therein were collected and paid to JER or IPI on behalf of Plaintiff (the “Collected Accounts”).

336. To date, Plaintiff has received only \$2,812.90 of the payments received with respect to the Collected Accounts although, upon information and belief, the aggregate sum collected on Plaintiff’s behalf far exceeds said amount.

337. As a result, Plaintiff requests a judgment declaring that she is a third party beneficiary of the Repurchase Agreement between IPI and JER and entitled to all monies derived based upon her 14.26072% interest therein and well as all fees paid by IPI to JER and/or JRosenberg based on JER’s purported management of same.

WHEREFORE, Plaintiff demands judgment against defendants Jonathan Eric Rosenberg, JER, and IPI, jointly, severally and/or in the alternative, on this the Sixteenth Count of the Complaint as follows:

- A. Damages;
- B. Interest;
- C. Reasonable attorneys' fees;
- D. Costs of suit;
- E. A declaratory judgment; and
- F. Such further relief as the Court deems just and equitable under the circumstances.

SEVENTEENTH COUNT
CONSTRUCTIVE TRUST

(As Against JRosenberg, LRosenberg, JER Rosenberg & Associates, Regency and IPI)

338. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

339. As a result of the fraud and other wrongful conduct of JER and JRosenberg as aforesaid, Plaintiff has been deprived of her Principal which has, upon information and belief been transferred to JRosenberg, LRosenberg, Rosenberg & Associates, Regency and/or IPI without consideration and/or with said defendants knowledge that they are not entitled to same.

340. Upon information and belief, JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and/or IPI are in possession of the monies due Plaintiff including, but not limited to, Plaintiff's Principal and the Collected Accounts.

341. Upon information and belief, JRosenberg, LRosenberg, JER, Rosenberg & Associates, Regency and/or IPI are in possession of the collected and uncollected Debt Instruments that represent Plaintiff's interest in the Theta portfolio.

342. Upon information and belief, IPI has paid the Repurchase Price to JER which has retained same for its own purposes and/or transferred all or a portion of the Repurchase Price to JRosenberg, LRosenberg, JER, Rosenberg & Associates, and/or Regency.

343. Said defendants obtained and have had the benefit and use of Plaintiff's monies and property under circumstances contrary to equity and good conscience including, but limited to, the fraudulent and other tortious conduct of JRosenberg and JER.

344. Accordingly, Plaintiff is entitled to have a constructive trust imposed on all monies and other property in the possession of said defendants that represent Plaintiff's Principal and/or which were derived from her Principal including, but not limited to, all management and other fees that they paid themselves on account of the Theta file, and the Collected Accounts.

WHEREFORE, Plaintiff demands judgment against defendants Jonathan Eric Rosenberg, JER, LRosenberg, Rosenberg & Associates, Regency and IPI, jointly, severally and/or in the alternative, on this the Seventeenth Count of the Complaint as follows:

- A. Damages;
- B. Imposing a constructive trust;
- C. Interest;
- D. Reasonable attorneys' fees;
- E. Costs of suit; and
- F. Such further relief as the Court deems just and equitable under the circumstances.

EIGHTEENTH COUNT
VIOLATION OF THE FEDERAL WIRETAP ACT,
18 U.S.C. § 2510-22
(As against all Defendants except IPI)

345. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

346. At the time Rosenberg & Associates hired Plaintiff, it was aware that Plaintiff was engaged in the private practice of law and intended to continue to represent clients in addition to the Companies.

347. As a condition of her employment, Rosenberg & Associates offered Plaintiff the use of its computer servers and networks to enable Plaintiff to continue to serve her clients.

348. In doing so, Rosenberg & Associates agreed that any information and documents created and/or stored and/or transmitted by Plaintiff on or through Rosenberg & Associates' servers, computers and networks including, but not limited to, emails sent or received by Plaintiff, that related to Plaintiff's private, legal clients and her own respective legal matters (collectively "Legal Materials") were private, confidential and/or subject to the attorney-client privilege and that Rosenberg & Associates would not monitor, access, intercept or review such materials at any time.

349. In addition, Rosenberg & Associates agreed that Plaintiff had the right to remove and/or copy all Legal Materials maintained on its computers, servers, other systems and in its offices at any time.

350. The foregoing agreement was formally memorialized by a letter dated April 6, 2009 executed by JRosenberg as Vice President of Operations of Rosenberg & Associates.

351. Contemporaneous with Rosenberg & Associates' termination of Plaintiff's employment by letter dated February 25, 2011, Rosenberg & Associates denied Plaintiff access to her Legal Materials including, but not limited to, emails previously received and transmitted to her, as well as emails that have been directed to her subsequent to February 25, 2011.

352. By letter dated March 5, 2011 to LRosenberg, individually and as President of Rosenberg & Associates, Plaintiff requested access to her Legal Materials, reminded

LRosenberg of Rosenberg & Associates' obligations as memorialized in its April 6, 2009 letter, and asked that she confirm that "no one has nor will access the materials in [Plaintiff's former]... office or [her] emails at anytime in accordance with [Rosenberg & Associates'] agreement."

353. In response, on March 7, 2011, Rosenberg & Associates' attorney, Charles Cohen, Esq. ("Cohen"), requested a copy of the April 6, 2009 letter.

354. On March 10, 2011, Plaintiff provided Cohen a copy of the April 6, 2009 letter and requested an opportunity to retrieve her Legal Materials and personal property.

355. Plaintiff further advised Cohen that the original of the April 6, 2009 letter was in her former offices at Rosenberg & Associates.

356. To date, despite repeated requests, Cohen has failed to confirm that neither his clients nor any of their agents have accessed or attempted to access the Legal Materials.

357. Title I of the Wiretap Act prohibits, among other things, "intentionally intercept[ing], endeavor[ing] to intercept, or procur[ing] any other person to intercept or endeavor to intercept, any [transitory] wire, oral, or electronic communication," and the intentional use or disclosure of the content procured by interceptions of transitory electronic communication. 18 U.S.C. § 2511

358. Any person who violates the Wiretap Act is subject to a civil suit and liable, pursuant to 18 U.S.C. § 2520, for compensatory and punitive damages.

359. Upon information and belief, JRosenberg and LRosenberg, individually and on behalf of JER, Rosenberg & Associates and Regency, have violated the Wiretap Act by intentionally, directly or indirectly intercepting transitory electronic communications directed to Plaintiff, including emails and telephone calls, and intentionally using or disclosing the content procured by the interception of such transitory electronic communications.

360. As a direct and proximate result thereof, Plaintiff has been damaged.

361. The aforesaid conduct of said defendants was willful, wanton, malicious and/or in reckless disregard of Plaintiff's rights.

WHEREFORE, Plaintiff demands judgment against defendants Jonathan Eric Rosenberg, Linda Rosenberg, JER, Rosenberg & Associates and Regency, jointly, severally and/or in the alternative, on this the Eighteenth Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Interest;
- D. Reasonable attorneys' fees;
- E. Costs of suit; and
- F. Such further relief as the Court deems just and equitable under the circumstances.

NINETEENTH COUNT
VIOLATION OF THE FEDERAL STORED COMMUNICATIONS ACT,
18 U.S.C. §§ 2701-12
(As against All Defendants except IPI)

362. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

363. Except as otherwise provided, the SCA prohibits (1) "intentionally access[ing] without authorization a facility through which an electronic communication service is provided"; or (2) "intentionally exceed[ing] an authorization to access that facility; and thereby obtain[ing], alter[ing], or prevent[ing] authorized access to a wire or electronic communication while it is in electronic storage in such system" 18 U.S.C. § 2701

364. Any person who intentionally violates the SCA is subject to a civil suit by "any person aggrieved by any [such] violation," and is liable for "actual damages", punitive damages,

reasonable attorneys' fees and other litigation costs reasonably incurred, pursuant to 18 U.S.C. § 2707.

365. Upon information and belief, all of the defendants, with the exception of IPI, individually and collectively, intentionally violated the SCA by “access[ing] without authorization” Plaintiff’s individual, assigned computer server directory” through which “electronic communication service is provided;” and/or (2) “intentionally exceed[ing Rosenberg & Associates’] authorization to access” Plaintiff’s directory and “thereby obtain[ed], alter[ed]” and “prevent[ed]” Plaintiff from accessing her “electronic communications while [they were] in electronic storage in such system.”

366. As a direct and proximate result thereof, Plaintiff has suffered damages.

367. The aforesaid conduct of said defendants was willful, wanton, malicious and/or in reckless disregard of Plaintiff’s rights.

WHEREFORE, Plaintiff demands judgment against all Jonathan Eric Rosenberg, Linda Rosenberg, JER, Rosenberg & Associates and Regency, jointly, severally and/or in the alternative, on this the Nineteenth Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Interest;
- D. Reasonable attorneys’ fees;
- E. Costs of suit; and
- F. Such further relief as the Court deems just and equitable under the circumstances.

TWENTIETH COUNT
VIOLATION OF THE FEDERAL COMPUTER FRAUD AND ABUSE ACT,
18 U.S.C. § 1030
(As against All Defendants except IPI)

368. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

369. Plaintiff is an attorney admitted to practice law before the Courts of the States of New Jersey and New York, has provided legal services to clients in both States, and has transmitted and received electronic communications while in both States from such clients.

370. Upon information and belief, all the defendants, with the exception of IPI, individually and collectively, intentionally violated the CFAA by, inter alia, accessing Plaintiff's computer without authorization or in excess of authorized access, and thereby wrongfully obtained information.

371. As a direct and proximate result thereof, Plaintiff has suffered substantial damages and loss in an amount equaling at least \$5,000 as a result of defendants' conduct.

372. Plaintiff has sustained this damage and loss by, among other things, attempting to retrieve, restore, and replace the legal materials and data.

373. The aforesaid conduct of said defendants was willful, wanton, malicious and/or in reckless disregard of Plaintiff's rights.

WHEREFORE, Plaintiff demands judgment against defendants, Jonathan Eric Rosenberg, Linda Rosenberg, JER, Rosenberg & Associates, and Regency, jointly severally and/or in the alternative, on this the Twentieth Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Interest;
- D. Reasonable attorneys' fees;
- E. Costs of suit; and

F. Such further relief as the Court deems just and equitable under the circumstances.

TWENTY-FIRST COUNT
VIOLATION OF THE NEW JERSEY WIRETAPPING
AND ELECTRONIC SURVEILLANCE ACT
(As against All Defendants Except IPI)

374. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

375. Upon information and belief, all of the defendants, except IPI, individually and collectively, have violated the WESA by, inter alia, directly or indirectly intercepting, endeavoring to intercept, or procuring another person to intercept or endeavor to intercept Plaintiff's electronic communications and/or disclosing or endeavoring to disclose to other persons the contents of Plaintiff's electronic communications.

376. As a direct and proximate result thereof, Plaintiff has suffered substantial damages.

377. Said Defendants' actions were willful, wanton, malicious and/or in reckless disregard of Plaintiff's rights.

WHEREFORE, Plaintiff demands judgment against Jonathan Eric Rosenberg, Linda Rosenberg, JER, Rosenberg & Associates, and Regency, jointly, severally and/or in the alternative, on this the Twenty-First Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Interest;
- D. Reasonable attorneys' fees;
- E. Costs of suit; and
- F. Such further relief as the Court deems just and equitable under the circumstances.

TWENTY-SECOND COUNT
INTRUSION ON SECLUSION
(As against all Defendants Except IPI)

378. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

379. Plaintiff had an expectation of privacy, regarding the Legal Materials and that Rosenberg & Associates would not monitor, access, intercept or review such materials at any time.

380. Upon information and belief, all the defendants, with the exception of IPI, individually and collectively, intentionally intruded upon Plaintiff's seclusion and privacy in an unreasonable and highly offensive manner by monitoring, accessing, intercepting and/or reviewing Plaintiff's Legal Materials.

381. As a direct and proximate result of defendants' tortious, highly offensive and unreasonable conduct, Plaintiff has suffered substantial damages.

382. Said defendants' conduct was willful, wanton, malicious and/or in reckless.

WHEREFORE, Plaintiff demands judgment against defendants, Jonathan Eric Rosenberg, Linda Rosenberg, JER, Rosenberg & Associates, and Regency, jointly severally and/or in the alternative, on this the Twentieth Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Interest;
- D. Reasonable attorneys' fees;
- E. Costs of suit; and

F. Such further relief as the Court deems just and equitable under the circumstances.

TWENTY-THIRD COUNT
VIOLATION OF NEW JERSEY'S COMPUTER-RELATED
OFFENSES ACT, N.J. Statute 2A:38A-3
(As against all Defendants Except IPI)

383. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

384. All of the defendants, with the exception of IPI, are aware that Plaintiff has, with the express written permission of Rosenberg & Associates, used its computers, computer system, computer network, computer programs and software for the purpose of providing services to her private legal clients.

385. Upon information and belief, said defendants have violated the Computer Offense Act, inter alia, by purposefully and/or knowingly, and/without authorization (a) altering, damaging, taking or destroying Plaintiff's data, existing internally or externally to the computer formerly used by her at Rosenberg & Associates and/or Rosenberg & Associates' computer system or computer network; (b) accessing or attempt to access same; and/or (c) accessing and recklessly altering, damaging, destroying or obtaining such data.

386. As a direct and proximate result of defendants' violations of the Computer Offense Act, as aforesaid, Plaintiff has suffered substantial damages.

387. Said defendants' conduct was willful, wanton, malicious and/or in reckless.

WHEREFORE, Plaintiff demands judgment against defendants Jonathan Eric Rosenberg, Linda Rosenberg, JER, Rosenberg & Associates, and Regency, jointly, severally and/or in the alternative, on this the Twenty-Second Count of the Complaint as follows:

A. Damages;

- B. Punitive damages;
- C. Interest;
- D. Reasonable attorneys' fees;
- E. Costs of suit; and
- F. Such further relief as the Court deems just and equitable under the circumstances.

TWENTY-FOURTH COUNT
ACCOUNTING
(As Against JER, IPI and JRosenberg)

388. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

389. Upon information and belief, subsequent to the date of the Purchase Agreement, JER and/or IPI received payments on behalf of Plaintiff with respect to the Collected Accounts, of which only \$2,812.90 was remitted to Plaintiff.

390. Upon information and belief, the sums collected on Plaintiff's behalf with respect to the Collected Accounts far exceed \$2,812.90 and JER and/or IPI are in possession of the sums collected in excess thereof or have depleted such monies for their own use and purposes.

391. Upon information and belief, IPI paid JRosenberg and/or JER a finder's fee and JER paid itself and JRosenberg management fees in an amount unknown to Plaintiff, based on Plaintiff's loan to JER and that were calculated according to the value of the Debt Instruments that were purportedly purchased with Plaintiff's Principal, and the collection results with respect to same.

392. JRosenberg and JER have been unjustly enriched by the retention of such finder's fee and management fees since such fees were paid based on the breached Restated Note and upon services that they never performed.

393. Upon information and belief, IPI has paid JER all or a portion of the Repurchase Price under the Repurchase Agreement which JER received on behalf of Plaintiff, and JER has failed to turn such sums over to Plaintiff despite demand therefor.

394. Plaintiff is unable to ascertain all monies paid to JER and JRosenberg with respect to the Collected Accounts and the Repurchase Price.

395. Plaintiff is unable to ascertain all fees paid by IPI to JER and/or JRosenberg based upon Plaintiff's Principal.

396. JRosenberg and JER have refused to account for all monies received on Plaintiff's behalf and as a result of Plaintiff's loan despite demand therefor.

397. As a result, Plaintiff is are entitled to a full and accurate accounting of all transactions relating to her interest in the Theta account including, but not limited to, all medical accounts collected with respect thereto, all amounts paid by IPI with respect to the Repurchase Agreement, and any finder's fee and/or management fees paid to JER and/or JRosenberg.

WHEREFORE, Plaintiff demands judgment against defendants Jonathan Eric Rosenberg, JER and IPI, jointly, severally and/or in the alternative, on this the Twenty-Third Count of the Complaint as follows:

- A. Damages;
- B. An accounting;
- C. Interest;
- D. Reasonable attorneys' fees;
- E. Costs of suit; and
- F. Such further relief as the Court deems just and equitable under the circumstances.

TWENTY-FIFTH COUNT
ALTER EGO LIABILITY AS TO JER

398. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

399. JRosenberg is the founder of JER, its President, Managing Member and, upon information and belief, its sole officer.

400. At all relevant times JRosenberg managed all aspects of JER's business, exerted total control over JER's bank accounts and directed all of its activities.

401. Upon information and belief, JRosenberg has treated JER as an alter ego of himself by, among other matters, using Plaintiff's Principal, monies collected that represent her pro-rata interest in the Theta debt portfolio, and the monies solicited from investors to pay his own personal expenses, including but not limited to (a) the lease for a Bentley automobile (b) the construction and furnishing of a home theatre in his residence in West Orange; (c) restaurant and family vacations; (d) the salary paid to his personal assistant who performs little or no duties for JER and who spends the majority of his time performing personal errands for JRosenberg and his family; (e) the fees for his family's membership at Green Brook Country Club; and (f) tickets to various entertainment events, expensive clothing and other personal items.

402. Upon information and belief, JRosenberg has treated JER as an alter ego of himself by, among other matters, using Plaintiff's Principal and monies collected that represent her pro-rata interest in the Theta debt portfolio to pay the BoA Loan in order to avoid his obligations under the BoA Guaranty.

403. At all relevant times, JRosenberg treated JER as an alter ego of himself, disregarded the corporate form, and used JER as a vehicle by which he has been able to perpetuate an on-going fraud upon Plaintiff and engage in otherwise tortious conduct as a direct and proximate result of which Plaintiff has sustained, and continues to sustain, damages.

WHEREFORE, Plaintiff demands judgment against defendants Jonathan Eric Rosenberg and JER, jointly and severally or in the alternative on this the Twenty-Fourth Count of the Complaint as follows:

- A. Damages;
- B. Interest;
- C. Reasonable attorneys' fees;
- D. Costs of suit; and
- E. Such further relief as the Court deems just and equitable under the circumstances.

TWENTY-SIXTH COUNT
ALTER EGO LIABILITY AS TO REGENCY

404. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

405. JRosenberg is the President and sole owner of Regency.

406. At all relevant times JRosenberg managed all aspects of Regency's business, directly and through his "proxies," Rosenberg & Associates and LRosenberg, exerted total control over Regency's bank accounts and directed all of its financial activities.

407. Upon information and belief, JRosenberg has treated Regency as an alter ego of himself and of JER by, among other matters, using Plaintiff's Principal and monies collected that represent her pro-rata interest in the Theta debt portfolio to pay the BoA Loan and in order to avoid his obligations under the BoA Guaranty.

408. At all relevant times, JRosenberg treated Regency an alter ego of himself and/or JER, disregarded the corporate form, and used Regency as a vehicle by which he has been able to perpetuate an on-going fraud upon Plaintiff by using the monies due her pursuant to the

Restated Note and Personal Guaranty to pay the BoA Loan Agreement to which Regency is a party.

409. Accordingly, Regency and JRosenberg are jointly and severally liable to Plaintiff for the damages she sustained as a direct and proximate result of defendants' tortious and otherwise wrongful conduct.

WHEREFORE, Plaintiff demands judgment against defendant Jonathan Eric Rosenberg and Regency, jointly, severally and/or in the alternative on this the Twenty-Fifth Count of the Complaint as follows:

- A. Damages;
- B. Interest;
- C. Reasonable attorneys' fees;
- D. Costs of suit; and
- E. Such further relief as the Court deems just and equitable under the circumstances.

TWENTY-SEVENTH COUNT
ALTER EGO LIABILITY AS TO ROSENBERG & ASSOCIATES

410. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

411. LRosenberg is the President and majority shareholder of Rosenberg & Associates, and JRosenberg is a Vice President of Rosenberg & Associates.

412. At all relevant times LRosenberg and JRosenberg managed all aspects of Rosenberg & Associates' business, exerted total control over its bank accounts and directed all of its activities.

413. Upon information and belief, LRosenberg has treated Rosenberg & Associates as an alter ego of herself by, among other matters: (a) utilizing its personnel to perform personal

services for LRosenberg, including painting the interior of her summer of home in Spring Lake, New Jersey, returning purchases made by her to Neiman Marcus and Chanel in the Short Hills Mall, chauffeuring her to and from “beauty” appointments, dinner engagements, and entertainment events, and reconciling her monthly, investment statements and personal credit card expenditures; (b) maintaining her personal housekeeper on Rosenberg & Associates’ payroll; (c) using company monies to pay for personal expenses including private audio-video rooms in her homes in Maplewood, New Jersey and Bal Harbour, Florida, dining expenses, cosmetic procedures, automobiles for her family and her purported paramour, Antney, including a Bentley and Mercedes Maybach, and to pay for all costs associated with Corner Store Media, LLC, a company that she has referred to as her “hobby”, including its personnel, publishing costs, photo shoots, travel expenses, entertainment; (d) enrolling whomever she chooses in the company’s medical benefits program including Antney, her housekeeper, and family members who are not entitled to benefits under the company plan; and (e) requiring Plaintiff, in the scope of her former employment as Rosenberg & Associates’ General Counsel, to perform personal legal work for LRosenberg and her friends and family.

414. In addition, LRosenberg and JRosenberg have treated Rosenberg & Associates as an alter-ego of JER by, among other matters: (a) diverting money owed to JER creditors, such as Plaintiff, to pay Rosenberg & Associates’ expenses including its payroll and court reporting fees; (b) promoting JER to Rosenberg & Associates staff, including specifically during a company 401K meeting in December 2009, notwithstanding Plaintiff’s express objections; (c) upon information and belief, directly soliciting loans or investments in JER from Rosenberg & Associates personnel by, among other things, holding a group meeting with Rosenberg & Associates employees or about December 21, 2010, without Plaintiff’s knowledge (d) enlisting

Rosenberg & Associates' personnel to promote and solicit investors in JER to clients of Rosenberg & Associates and the Companies; (e) permitting JER to operate from Rosenberg & Associates' offices without requiring JER to pay rent, and using Rosenberg & Associates' phones, computers, servers; (f) maintaining JER staff members on Rosenberg & Associates' payroll; (g) receiving checks mailed to Rosenberg & Associates' offices from JER's offices in Macedon, New York and distributing same to employees of Rosenberg & Associates who were creditors of or investors in JER; and (h) upon information and belief, using Rosenberg & Associates postage meter to facilitate the distribution of JER promotional materials, that were duplicated on Rosenberg & Associates' equipment, through inter-state commerce.

415. Upon information and belief, LRosenberg has treated Rosenberg & Associates as an alter ego of herself, and of JER, and disregarded the corporate form.

416. Upon further information and belief, LRosenberg and JRosenberg have treated Rosenberg & Associates as an agent and/or alter ego of JER and of each other, and/or permitted JRosenberg to treat Rosenberg & Associates as an alter-ego of himself and/or JER.

417. Based on the foregoing, Linda Rosenberg, Rosenberg & Associates and JER are jointly and severally liable to Plaintiff for the damages she sustained as a direct and proximate result of the tortious and otherwise wrongful conduct of defendants.

WHEREFORE, Plaintiff demands judgment against defendants Linda Rosenberg, Jonathan Eric Rosenberg, Rosenberg & Associates and JER jointly, severally and/or in the alternative, on this the Twenty-Sixth Count of the Complaint as follows:

- A. Damages;
- B. Interest;
- C. Reasonable attorneys' fees;

- D. Costs of suit; and
- E. Such further relief as the Court deems just and equitable under the circumstances.

TWENTY-EIGHTH COUNT
TORTIOUS INTERFERENCE WITH CONTRACT AND PROSPECTIVE ECONOMIC
ADVANTAGE (As Against JRosenberg, JER, Rosenberg & Associates
and Johns Doe 1-10)

418. Plaintiff repeats and realleges all of the previous allegations in the Complaint as if same were fully set forth therein at length.

419. Plaintiff had an Employment Agreement with Rosenberg & Associates which included terms based on the assumption that her employment would continue at least through May 1, 2015, had been employed by Rosenberg & Associates since June 2002 and, therefore, had a reasonable expectation of continued employment with Rosenberg & Associates.

420. Upon information and belief, JRosenberg, JER and/or Johns Doe 1-10 intentionally interfered with Plaintiff's employment relationship with Rosenberg & Associates by pressuring LRosenberg, the President and majority shareholder of Rosenberg & Associates, to fire Plaintiff in order for JRosenberg and JER to obtain, among other things, a better settlement with Plaintiff concerning the monies owed Plaintiff under the Restated Promissory Note, Guaranty and Settlement Agreement.

421. As a direct and proximate result of the aforesaid conduct of JRosenberg, JER and/or Johns Doe 1-10 Plaintiff was terminated by Rosenberg & Associates without cause on February 25, 2011.

422. The aforesaid conduct of JRosenberg, JER and/or Johns Doe 1-10 constituted, inter alia, a tortious interference with Plaintiff's contractual relations with Rosenberg & Associates and a tortious interference with Plaintiff's prospective economic advantage.

423. The aforesaid conduct of JRosenberg, JER and/or Johns Doe 1-10 was willful, wanton, malicious and in reckless disregard of Plaintiff's rights and were condoned and ratified by Rosenberg & Associates.

424. As a result thereof, Plaintiff has suffered substantial damages.

WHEREFORE, Plaintiff demands judgment against JRosenberg, JER, Rosenberg & Associates, and Johns Doe 1-10, jointly, severally and/or in the alternative, on this the Twenty-Seventh Count of the Complaint as follows:

- A. Damages;
- B. Punitive damages;
- C. Interest;
- D. Reasonable attorneys' fees;
- E. Costs of suit; and
- F. Such further relief as this Court deems just and equitable under the circumstances.

TWENTY-NINTH COUNT
PROMISSORY ESTOPPEL-EMPLOYMENT AGREEMENT
(As Against JRosenberg, LRosenberg and Rosenberg & Associates)

425. Plaintiff repeats and realleges all of the previous allegations contained in the Complaint as if same were fully set forth herein at length.

426. As set forth above, on multiple occasions, LRosenberg and JRosenberg assured Plaintiff that they did not want her to resign, made numerous promises to her regarding the terms of her employment, all of which were acceptable to her, upon which she reasonably relied and upon which the parties based their conduct, and which were ultimately memorialized in the unsigned Employment Agreement that the LRosenberg represented to Plaintiff was acceptable to her and Rosenberg & Associates.

427. In reliance upon the Rosenbergs' repeated representations and assurances, as aforesaid, Plaintiff agreed not to resign and to continue in her employment as General Counsel and Chief Operation Officer of the Companies.

428. In addition, based upon the demands of her employment, Plaintiff was unable to promote her own private practice and, as she informed JRosenberg on or about August 27, 2008, and LRosenberg thereafter, began to refer her clients to Post Polak.

429. Plaintiff detrimentally relied on the Rosenbergs' repeated promises and assurances that they appreciated and valued her sacrifice on behalf of the Companies and would ensure she was protected, by foregoing the opportunity to seek other employment opportunities and/or expand her own business and instead referring her clients to other attorneys for services.

430. As a result of Plaintiff's reasonable reliance, as aforesaid, from the time that the Rosenbergs first assured Plaintiff that Rosenberg & Associates would enter into the Employment Agreement with Plaintiff until her termination, the revenues generated by Plaintiff's private practice precipitously declined and her client-base eroded.

431. As a result of the above, said Defendants should be estopped from denying, inter alia, the existence of the Employment Agreement.

432. As a direct and proximate result thereof, Plaintiff has suffered substantial damages.

WHEREFORE, Plaintiff demands judgment against Defendants, JRosenberg, LRosenberg and Rosenberg & Associates, jointly, severally and/or in the alternative, on this the Twenty-Ninth Count of the Complaint as follows:

- A. Damages;
- B. Interest;
- C. Reasonable attorneys' fees;

- D. All benefits and perquisites of employees;
- E. An accounting of all sums due under the Employment Agreement.
- F. Costs of suit; and
- G. Such further relief as the Court deems just and equitable under the circumstances.

COLE, SCHOTZ, MEISEL,
FORMAN & LEONARD, P.A.
Attorneys for Plaintiff
Lauren X. Topelsohn

By: s/ Steven I. Adler
STEVEN I. ADLER

Dated: August 25, 2011

JURY DEMAND

Plaintiff hereby demands a trial by jury on all claims so triable.

COLE, SCHOTZ, MEISEL,
FORMAN & LEONARD, P.A.
Attorneys for Plaintiff
Lauren X. Topelsohn

By: *s/ Steven I. Adler*

STEVEN I. ADLER

Dated: August 25, 2011