

# **Exhibit "1"**

SUPREME COURT OF THE STATE OF NEW YORK  
 COUNTY OF QUEENS

----- X  
 MERYL R. BERGER, Suing Individually and :  
 Derivatively on Behalf of Nominal Defendant :  
 I.G. Federal Electrical Supply Corporation, :  
 :  
 Plaintiff, :  
 :  
 - against - :  
 :  
 IRA M. FRIEDMAN and JODI B. EHREN, :  
 :  
 Defendants, :  
 :  
 - and - :  
 :  
 I.G. FEDERAL ELECTRICAL SUPPLY :  
 CORPORATION, :  
 :  
 Nominal Defendant. :  
 ----- X

**SUMMONS**

Index No.

**Basis of Venue:**

Location of  
 Nominal Defendant's  
 principal office

TO: Ira M. Friedman  
 4 Griffen Lane  
 Larchmont, New York 10538

Jodi B. Ehren  
 67 Barkers Point Road  
 Port Washington, New York 11050

I.G. Federal Electrical Supply Corporation  
 47-20 30th Street  
 Long Island City, New York 11101

**YOU ARE HEREBY SUMMONED**, to answer the Verified Complaint in this action  
 and to serve a copy of your answer within twenty (20) days after the service of this Summons,  
 exclusive of the day of service (or within thirty (30) days after the service is complete if this  
 Summons is not personally delivered to you within the State of New York), and in case of your  
 failure to answer, judgment will be taken against you by default for the relief demanded in the  
 Verified Complaint.

Dated: March 11, 2015

FARRELL FRITZ, P.C.

By: /s/ James Wicks

James M. Wicks  
Aaron E. Zerykier  
*Attorneys for Plaintiff*  
*Meryl R. Berger*  
1320 RXR Plaza  
Uniondale, New York 11556  
(516) 227-0700

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF QUEENS

----- X  
MERYL R. BERGER, Suing Individually and :  
Derivatively on Behalf of Nominal Defendant :  
I.G. Federal Electrical Supply Corporation, :  
 :  
Plaintiff, :  
 :  
- against - : **VERIFIED COMPLAINT**  
 :  
IRA M. FRIEDMAN and JODI B. EHREN, : Index No.  
 :  
Defendants, :  
 :  
- and - :  
 :  
I.G. FEDERAL ELECTRICAL SUPPLY :  
CORPORATION, :  
 :  
Nominal Defendant. :  
----- X

Plaintiff Meryl R. Berger (“Meryl”), by her attorneys, Farrell Fritz, P.C., for her Verified Complaint against Defendants Ira M. Friedman (“Ira”) and Jodi B. Ehren (“Jodi”), alleges as follows:

**NATURE OF THE ACTION**

1. In *Liebert v. Clapp*, 13 N.Y.2d 313 (1963), New York’s highest court recognized a common-law equitable right to dissolution of a closely-held corporation where the controlling officers, directors or shareholders engage in a persistent and pervasive course of conduct to breach their fiduciary duties and ultimately coerce the minority to sacrifice their holdings. This is such a case.
2. The individual defendants, Ira and Jodi, as the majority and controlling officers, directors and shareholders of Nominal Defendant I.G. Federal Electrical Supply Corporation (“I.G. Federal”), have (i) denied payment of legal fees I.G. Federal agreed to reimburse Meryl in

connection with her defense of a criminal investigation and prosecution of the company and its officers that led to the imprisonment of Ira and Jodi's husband, Todd Ehren ("Todd"), while at the same time paying their own exorbitant fees for the criminal matter from company assets; (ii) denied Meryl access to the offices, books, records and computer systems of I.G. Federal; (iii) paid themselves excessive salaries and otherwise enriched themselves at the expense of Meryl, a minority shareholder, and effectively continued the corporation's existence for the sole purpose of benefitting themselves at Meryl's expense; and (iv) substantially defeated Meryl's expectations that, objectively viewed, were both reasonable under the circumstances and were central to Meryl's decision to join the venture, by attempting to force Meryl from the employment position she has held at I.G. Federal uninterrupted for thirty (30) years as pure pretext to trigger her alleged obligation under a shareholders agreement to sell her shares back to the I.G. Federal based on a grossly inequitable valuation, thereby divesting her of any equity in the company for a fraction of its value.

3. Through a conflicted law firm, Meltzer, Lippe, Goldstein & Breitstone, LLP ("Meltzer Lippe"), which purportedly acts as corporate counsel, but has in actuality served the exclusive interests of the majority shareholders, Ira and Jodi claim that if Meryl does not relinquish her certificated shares before an arbitrary deadline, I.G. Federal will deem them "cancelled." In so threatening, they are forcing a breach of the shareholders agreement. Moreover, their threat that Meryl's certificated stock could be magically "cancelled" is a legal nullity and further proof that Ira and Jodi will do nearly anything to strip Meryl of any remaining value in her investment as a minority shareholder of I.G. Federal.

4. For these reasons, Meryl seeks common-law dissolution of I.G. Federal. Ira and Jodi's palpable breaches of fiduciary duty fall far short of the scrupulous good faith demanded of

guardians of the corporate welfare, and disqualifies them from exercising the discretion and dissolution power given to them by statute.

5. This action also asserts individual and derivative claims against Ira and Jodi for declaratory relief, an equitable accounting and damages arising from the breach of their fiduciary obligations.

### **THE PARTIES**

6. I.G. Federal is a domestic business corporation with its principal place of business in Long Island City, New York.

7. I.G. Federal is a party to these proceedings solely for the purpose of ensuring that all relief granted herein will be controlling upon all persons purporting to act on behalf of I.G. Federal.

8. Meryl, a natural person residing in Great Neck, New York, is President, one-third shareholder, and one of the three directors of I.G. Federal.

9. In addition to her duties as President, Meryl works at I.G. Federal as its director of information technology.

10. Ira, a natural person, upon information and belief, residing in Larchmont, New York, is Executive Vice President, one-third shareholder, and one of the three directors of I.G. Federal.

11. Ira is Meryl's brother.

12. Ira works at I.G. Federal full-time as the Executive Vice President overseeing operations.

13. Jodi, a natural person, upon information and belief, residing in Port Washington, is Secretary-Treasurer, one-third shareholder, and one of the three directors of I.G. Federal.

14. Jodi is Meryl's sister.

**FACTS COMMON TO ALL CAUSES OF ACTION**

**I.G. Federal's Formation and Acquisition by Meryl, Ira and Jodi**

15. I.G. Federal is third-generation family-owned business engaged in the wholesale distribution of electrical parts and equipment.

16. Meryl's grandparents formed I.G. Federal in December 1945.

17. I.G. Federal has always been solely owned and principally managed by members of Meryl's family.

18. Over the years, I.G. Federal was acquired from the original stockholder by Meryl, Ira and Jodi's parents, George and Sherry Friedman.

19. In or about February 1993, Meryl, Ira and Jodi acquired all of I.G. Federal's stock from their parents and became equal one-third shareholders in the company.

20. Ira has been an employee of I.G. Federal since 1984.

21. Meryl has been an employee of I.G. Federal since 1985.

22. Meryl's husband, Jason Berger ("Jason"), was an employee of I.G. Federal from 1989 until or about February 23, 2015, when Ira and Jodi purportedly caused Jason's employment to be terminated.

23. Jodi was an employee of I.G. Federal from approximately 1991 until approximately 1993. Upon information and belief, Jodi is not currently employed by the company.

24. Upon information and belief, Jodi's husband, Todd, has been an employee of the company since approximately 1991.

## The Shareholders Agreement

25. On or about February 23, 1993, Meryl, Ira and Jodi entered into an agreement among the three shareholders of I.G. Federal (the "Shareholders Agreement").

26. The Shareholders Agreement recognizes that 240 shares of a single class of stock of the company are outstanding, of which Meryl, Ira and Jodi own 80 shares each. The shares carry equal voting rights.

27. The Shareholders Agreement provides that Meryl, Ira and Jodi have equal one-third ownership and control of I.G. Federal.

28. Pursuant to Paragraph 1 of the Shareholders Agreement, Meryl, Ira and Jodi agreed that it was "in the best interests of [the] Corporation to limit management and control of the business of [the] Corporation in the hands of the Stockholders."

29. The Shareholders Agreement provides that at all meetings of the shareholders, the parties would vote to name Meryl as President, Ira as Executive Vice President, and Jodi as Secretary and Treasurer.

30. Pursuant to Paragraph 2 of the Shareholders Agreement, Meryl, Ira and Jodi agreed that they would only take certain actions upon unanimous consent. Specifically, in Paragraph 2(k) of the Shareholders Agreement, Meryl, Ira and Jodi agreed that they must vote unanimously to take "major actions," defined as "actions in those areas which do not involve the normal, routine day to day management of [the] Corporation but, rather, involve those activities which may have a major impact on [the] Corporation and its economic stability."

31. Paragraph 4 of the Shareholders Agreement provides that the shareholders would be required to sell their shares back to I.G. Federal upon the occurrence of certain specified events. Section 4(a) provides in relevant part as follows:



Upon the occurrence of any of the following events, the affected Stockholder . . . (the 'Seller') shall be deemed to have offered to sell and transfer the shares of stock in Corporation held by such stockholder to Corporation and Corporation shall be obligated to purchase said stock at the price and upon the terms and conditions hereinafter set forth in Articles 5 and 6 hereof.

\* \* \*

(5) the termination of a Stockholder's full time employment by Corporation, or his or her retirement as an employee of Corporation.

32. Section 4(b) further provides:

Notwithstanding anything contained in Paragraph 4(a) to the contrary, as of the date hereof, Meryl's husband, JASON BERGER (hereinafter 'Jason') and Jodi's husband TODD EHREN (hereinafter 'Todd') are full time employees of Corporation. If either Meryl or Jodi shall cease to be a full time employee of Corporation, but their said respective husband(s) shall continue to work as full time employees of Corporation, so long as said husband(s) shall be so employed, neither Meryl nor Jodi (as the case may be), shall be required to offer her (or their) shares of stock in Corporation for sale under the terms of this Agreement. However, if, following the termination of Meryl or Jodi's employment, by Corporation, either Jason or Todd (as the case may be) shall cease to be a full time employee of Corporation, if Meryl or Jodi (as the case may be) shall not then resume full time employment by Corporation, the shares of stock in Corporation owned by either or both of them (as the case may be) shall be offered for sale to Corporation as provided in this Agreement.

33. Paragraph 21 of the Shareholders Agreement provides that all withdrawals from the I.G. Federal's bank accounts can be made by any of the stockholders "without the requirement of any counter signature."

### **The New York County District Attorney's Office's Criminal Investigation**

34. Ira and Jodi's freeze out of Meryl began two years ago. Its genesis was unexpected.

35. On or about February 23, 2012, the Office of the Inspector General of the Port Authority of New York and New Jersey raided I.G. Federal's offices in Long Island City, New York, pursuant to a criminal warrant issued out of the New York County Supreme Court.

36. During the raid, transit police from the Port Authority seized I.G. Federal's business records and computer files.

37. Shortly after the raid, Meryl, Ira and Jodi learned that the Fraud and Rackets Bureau of the New York County District Attorney's Office had begun an investigation into alleged fraud and corruption in the electrical contracting industry.

38. It was not immediately clear whether I.G. Federal was a target of the investigation.

39. Later in 2012, however, the New York County District Attorney's Office made it clear that it specifically wanted information from Ira and Jason, who was Vice President of Sales at I.G. Federal.

40. In early 2013, after learning that he was the subject of potential criminal prosecution, Jason made the difficult decision of accepting an early plea agreement resulting in no jail time.

41. Jason's decision incensed Ira and Jodi's husband, Todd, who serves as I.G. Federal's Vice President of Purchasing.

42. Upon information and belief, unlike Jason, Ira and Todd refused to cooperate with the New York County District Attorney's Office.

43. Upon information and belief, Ira and Jodi's bitterness that Jason avoided imprisonment while Ira and Todd were eventually forced to serve jail time is the real motive behind their oppression and freeze out of Meryl from the company.

#### **I.G. Federal's Secret Engagement of Gallet Dreyer**

44. The first overt act in Ira and Jodi's campaign of oppression occurred in May 2013.

45. On or about May 28, 2013, without notifying or advising Meryl, Ira and Jodi engaged the law firm of Gallet Dreyer and Berkey, L.L.P. ("Gallet Dreyer").

46. Although ostensibly engaged as counsel to the corporation, Gallet Dreyer really represented the interests of only Ira and Jodi, the majority shareholders.

47. Gallet Dreyer at the same time represented Ira individually in the criminal matter.

48. As a one-third director, Meryl was entitled to vote on I.G. Federal's engagement of Gallet Dreyer. However, Ira and Jodi kept their engagement of Gallet Dreyer secret from Meryl.

#### **The Special Meeting of the Board of Directions**

49. The reason for Ira and Jodi's secrecy in engaging Gallet Dreyer became apparent when, on May 30, 2013, Ira and Jodi purported to issue a Notice of Special Meeting of Board of Directors to transact the following two items of business:

1. To place Jason Berger on a mandatory leave of absence from his employment with I.G. Federal Electrical Supply Corporation and to prohibit Jason Berger from entering the offices of I.G. Federal Electrical Supply Corporation[,] from signing checks on the Company's behalf[,] and from further communicating about the Company with the agents, servants, officers, employees, customers, vendors, lenders, banks, financial institutions, and suppliers of I.G. Federal Electrical Supply Corporation . . . .

2. To require two signatures on all further Company fund transfers of any kind or nature, including without limitation by check, wire transfer or otherwise.

50. Like the decision to engage Gallet Dreyer, Ira and Jodi excluded Meryl from the decision to issue the Notice of Special Meeting of Board of Directors.

51. The Notice of Special Meeting of Board of Directors was procedurally defective because it was not, as required by the By-Laws, issued by Meryl, nor was it issued by Jodi on the request of a Director. Rather, it purported to be jointly sent by Ira and Jodi.

52. On or about June 5, 2013, the special meeting of the Board of Directors occurred. In Meryl's absence, both resolutions passed without objection.

53. Jason was placed on mandatory leave of absence, and henceforth, two signatures were required on all company fund transfers, including checks.

54. Ira and Jodi's placements of Jason on mandatory leave of absence was pure retaliation for his cooperation with the New York County District Attorney's Office criminal investigation.

55. Ira and Todd were just as much a part of the criminal probe, yet neither was placed on leave.

56. The resolution requiring two signatures on company checks violated Section 21 of the Shareholders Agreement, which provides that all withdrawals from the I.G. Federal's bank accounts can be made by any of the stockholders "without the requirement of any counter signature."

#### **Ira and Jodi's Denial of Meryl's Legal Fees While Paying Their Own**

57. There was a very specific purpose for Ira and Jodi's corporate resolution requiring two signatures on company checks.

58. In Fall 2012, Meryl, Ira and Jodi, in their capacity as directors of I.G. Federal, entered into an agreement, pursuant to which I.G. Federal would reimburse all legal fees incurred by Meryl, Ira, Jodi, and their respective employee-spouses, Jason and Todd, in connection with the New York County District Attorney's Office's criminal investigation and potential prosecution.

59. Pursuant to that agreement, in late 2012 and early 2013, Meryl, Jason, Ira, Jodi, Todd and I.G. Federal all retained criminal counsel.

60. Ira and Jodi memorialized the agreement in writing on several occasions.

61. For example, on August 12, 2013, Ira sent Meryl a letter stating, "The company has been paying legal fees to various attorneys, including yours, for well over one year."

62. On September 16, 2013, Ira and Jodi sent a joint letter, stating in relevant part:

As you know we have always promptly paid the legal fees for the lawyers in the criminal case. We are certainly willing to pay the legal fees for your criminal defense as well. Toward that end we enclose a check in the amount of \$2,278.00 to cover the fees for Joel Weiss, your criminal lawyer. . . .

63. Ira and Jodi partially performed under the agreement by causing I.G. Federal to reimburse Ira, Jodi and Todd for all of their legal fees, and to reimburse Meryl in part for her legal fees.

64. To date, however, I.G. Federal has paid only a small fraction of Meryl's legal fees, and refused to pay the balance.

65. In May 2013, Ira voiced objection to the particular firm Meryl chose to represent her.

66. When Meryl insisted that she be reimbursed her legal fees nonetheless, Ira and Jodi responded by passing the corporate resolution requiring two signatures on company checks.

67. Though they are equal one-third owners, the transparent purpose of the resolution was to deny Meryl the same access Ira and Jodi afforded themselves to corporate assets to fund a legal defense in connection with the criminal investigation and potential prosecution.

68. In breach of the agreement, the two-signature resolution effectively gave Ira and Jodi full veto power over Meryl's expenditures for her criminal defense, a right Meryl lacked over their expenditures for the same expense.

69. As a result, Ira and Jodi have enriched themselves by paying hundreds of thousands of dollars in personal legal fees from I.G. Federal's accounts while denying Meryl the corresponding right to do the same.

70. Accordingly, upon an accounting, Meryl is entitled to a surcharge against Ira and Jodi's proportionate share of the company based on their expenditure of legal fees while depriving Meryl the corresponding right under the parties' agreement.

#### **The Litigation and I.G. Federal's Engagement of Meltzer Lippe**

71. On or about June 26, 2013, Meryl filed a Verified Petition for mandamus relief under Article 78 of the CPLR and simultaneously moved by Order to Show Cause for a TRO and preliminary injunction seeking to enjoin the corporate resolutions enacted on June 5, 2013.

72. The injunction application was ultimately unsuccessful.

73. During the litigation, Gallet Dreyer was forced to withdraw from representation when Meryl argued that it was conflicted because it purported to represent the corporation and its individual directors, Ira and Jodi, civilly, while simultaneously representing Ira criminally.

74. As a result, I.G. Federal engaged a new law firm, Meltzer Lippe.

75. Like the firm it succeeded, Meltzer Lippe really continued to represent the interests of only Ira and Jodi, the majority shareholders.

76. As a one-third director, Meryl was entitled to vote on I.G. Federal's engagement of Meltzer Lippe.

77. However, as with I.G. Federal's retention of Gallet Dreyer, Meryl was excluded from the decision to engage Meltzer Lippe.

**Ira's Denial of Meryl's Access to the Company's Offices, Books and Records**

78. Beginning in Fall 2013, while Meryl's litigation against Ira and Jodi was ongoing, Ira began to deny Meryl physical access to I.G. Federal's offices, where she had worked since 1985.

79. Ira had locks and security system codes changed.

80. Ira restricted Meryl's access to Jason's office, giving her access only while under his direct supervision.

81. Ira caused the passwords on the company's computer systems to be changed.

82. Ira denied Meryl's right under the Shareholders Agreement and the common law to access the company's books, records and accounts.

83. Ira constantly yelled, cursed, used abusive language and intimidated Meryl when present at I.G. Federal's offices. Examples include, without limitation, getting within inches of Meryl's face and raising his voice in a menacing manner, physically blocking Meryl's egress from rooms, grabbing and shaking papers in her presence, and disparaging her to subordinates, such as ordering others to "not talk to that bitch."

84. In this manner, Ira actively prevented Meryl from carrying out her duties as an officer and employee of I.G. Federal and effectively forced her to perform her duties from home through remote access to I.G. Federal's information technology systems.

### The Succession Plan Ira and Jodi Prepared for the Lender

85. At the same time Ira and Jodi were doing their best to freeze Meryl out of the company, they were misleading their lender as to Meryl's role at the company.

86. As a wholesaler, I.G. Federal sells most of its products on credit. Because I.G. Federal's sales are mostly credit-based, I.G. Federal has a several-million-dollar revolving credit line with its lender, Sterling National Bank.

87. As the criminal investigation unfolded, Sterling National Bank became increasingly alarmed about the creditworthiness and long-term viability of the company.

88. As a result, on or about August 16, 2013, Sterling National Bank had a meeting with I.G. Federal, at which it asked the company to prepare a "succession plan" to account for the very real possibility that the company's senior management team could go to jail.

89. In a letter, dated August 23, 2013, authored by Ira and addressed to Richard Bochicchio and Ron Bongiovanni of Sterling National Bank, the company's shareholders jointly stated:

Pursuant to our meeting last week, we wanted to assure Sterling National Bank that we are and have been taking steps to assume that the management of the Company will continue not withstanding any contingencies which may occur [*i.e.*, the incarceration of its senior officers]. Toward this end, . . . Meryl Berger has played an increasing role in the management of the Company. . . .

90. Unbeknownst to Meryl and Sterling National Bank, Ira and Jodi were already engaged in a concerted campaign to strip Meryl of her ownership and control rights in I.G. Federal.



91. Accordingly, Ira and Jodi's representation to Sterling National Bank as to Meryl's "increasing" role at the company were inaccurate and disingenuous in light of their efforts at the very same time to restrict her role as much as possible.

#### **Ira and Todd's Criminal Convictions and Jail Sentences**

92. According to a press release on the website of New York County District Attorney's Office, the criminal investigation of I.G. Federal and its management came to a conclusion in December 2013. *See* <http://manhattanda.org/press-release/da-vance-announces-24-count-indictment-major-electrical-contracting-kickback-scheme>.

93. According to the press release, on or about December 11, 2013, Ira and Todd entered into plea agreement with the New York County District Attorney's Office.

94. Pursuant to the plea agreement, Ira and Todd each pled guilty to falsifying business records. Each admitted to falsely categorizing in excess of \$1 million of their respective salaries as business expenses.

95. In late-January 2014, Ira was sentenced to repay approximately \$260,000 in back taxes and forfeit \$650,000. He was also sentenced to approximately six months in prison, and was released after serving approximately four months in prison.

96. In early-March 2014, Todd was sentenced to repay approximately \$255,000 in back taxes and forfeit \$650,000. He was also sentenced to approximately four months in prison, and was released after serving approximately two months in prison.

97. On or about December 11, 2013, the New York County District Attorney's Office entered into a Deferred Prosecution Agreement with I.G. Federal. Under the agreement, prosecution of I.G. Federal was deferred for 24 months, and will be dismissed with prejudice upon I.G. Federal's full cooperation with the agreement.

98. When Ira was released from prison in or around May 2014, he and Jodi were determined to punish Meryl for what they perceived as Jason's role in Ira and Todd's convictions and imprisonment.

**Ira and Jodi's Termination of Jason and Meryl's Employment to Purportedly Trigger Meryl's Obligation to Sell Her Shares Under the Shareholders Agreement**

99. Determined to be rid of Meryl, in 2014, Ira proposed for the first time for I.G. Federal to repurchase Meryl's stock in the company in a voluntary buyout.

100. As of August 2014, Ira valued Meryl's one-third interest in the company at \$2,344,022, a figure he expressed in an email to Meryl, dated August 5, 2014.

101. As part of the process, Ira induced Meryl to hire an appraiser at her own expense.

102. When Meryl objected to the proposed terms of the transaction, Ira began a systematic campaign to try to force Meryl into an involuntary sale of her stock at far below fair value.

103. In or around July 2014, Ira and Jodi caused I.G. Federal to send a notice to Jason that it was terminating his employment agreement with the company effective February 23, 2015.

104. The termination of Jason, a senior officer and 25-year employee of the company, was a "major action," which required the unanimous consent of the shareholders under Paragraph 2(k) of the Shareholders Agreement. In violation of Paragraph 2(k), Meryl was never asked to vote on the decision to terminate Jason's employment.

105. Accordingly, Jason's termination is null and void, and of no legal effect.

106. Moreover, Ira and Jodi were both self-interested in the transaction because termination of Jason's employment was a necessary first step to purportedly trigger Meryl's

obligation to sell her shares back to the company under Paragraph 4(b) of the Shareholder Agreement, by which Ira and Jodi stood to enrich themselves at Meryl's expense.

107. In December 2014, the parties nearly reached an agreement for Meryl to voluntarily sell her shares. The agreement also would have included the company reimbursing her for the outstanding legal fees she incurred in connection with the criminal matter.

108. But Meryl, Ira and Jodi ultimately were unable to agree on security for the deferred payments contemplated by the agreement.

109. When voluntary buyout negotiations failed, Ira and Jodi decided to carry out the second step of an involuntary sale of Meryl's shares under Paragraph 4(b) of the Shareholder Agreement by denying her right under the Shareholders Agreement to resume full-time employment.

110. On or about February 23, 2015, the same day Jason's employment with I.G. Federal ceased, Ira sent Meryl a letter stating in relevant part as follows:

As you are aware, Jason Berger's employment with the Corporation has terminated. In addition, you have not been employed by the Corporation full-time for the past 15 years. As such, pursuant to Article 4 of the [Shareholders] Agreement, you are deemed to have offered to sell the Corporation your shares of stock in the Corporation.

111. The letter purported to notify Meryl that if she did not comply with the notice, then "the Corporation will cancel [her] shares effective the close of business on March 12, 2015."

112. For several reasons, the notice letter is a legal nullity.

113. Ira and Jodi's enforcement of the notice letter would violate the terms of the Shareholders Agreement.

114. First, since a share of stock is personal property of the shareholder, not the corporation, the corporation must reacquire the share to cancel it, and the corporation cannot simply deem stock cancelled.

115. Second, IG's purported "cancellation" of Meryl's stock violates the New York Uniform Commercial Code, which provides that to acquire an interest in certificated stock, a corporation generally must take physical possession of the security certificate. Without physical possession, the company has no interest in stock and cannot terminate ownership rights flowing therefrom.

116. Third, IG's purported cancellation violates the Business Corporation Law.

117. Most fundamentally, the Shareholders Agreement does not allow cancellation of company stock. Nowhere does the Shareholders Agreement provide for cancellation of shares.

118. Instead, pursuant to Paragraph 6 of the Shareholders Agreement, any shares repurchased under Paragraph 4 remain outstanding in the possession of an escrow agent (designated by the seller, not the buyer), subject to the right of the corporation to vote the shares so long as it is not in default under the required non-negotiable promissory note required to be delivered in consideration for purchase of the shares.

119. Under Paragraph 6(j), upon default of the note by I.G. Federal, the seller can direct the escrow agent to sell the shares at public or private sale. Those rights and remedies cannot be exercised if the shares are cancelled.

120. I.G. Federal, through Meltzer Lippe, Ira and Jodi, are attempting to rewrite the Shareholders Agreement to create rights and obligations that do not exist.

121. Based on the foregoing, any deemed “cancellation” of Meryl’s stock is void and unenforceable, and Ira and Jodi’s attempt to force such action is a breach of their fiduciary duties and the terms of the Shareholders Agreement by which they are bound.

122. In accordance with Section 514 of the Business Corporation Law, to enforce Section 4 of the Shareholders Agreement, I.G. Federal would have to bring an action for specific enforcement of Meryl’s obligations under the Shareholders Agreement.

123. In response to the notice letter, on February 22, 2015, Meryl informed Ira that, in accordance Paragraph 4(b) of the Shareholders Agreement, she elected to resume full-time employment with I.G. Federal effective immediately.

124. In response, Ira stated that the company could not afford for Meryl to resume full-time status that her request to resume full-time employment was therefore denied.

125. Ira’s self-serving representation that I.G. Federal cannot afford to pay Meryl’s salary was false and nothing but a pretext to force Meryl to sell her stock.

126. Ira and Todd are looting the company by paying themselves grossly excessive salaries of \$550,000 each per year.

127. Meryl is paid an annual salary of \$150,000, less than 15% of Ira and Todd’s combined compensation package. I.G. Federal most certainly can afford for Meryl to return to full-time status.

128. Moreover, as a minority shareholder in a close corporation, as a thirty-year employee of the company, and under the express terms of Paragraphs 1 and 4(b) of the Shareholders Agreement, Meryl has a reasonable expectation of continued employment at I.G. Federal.

129. As majority shareholders, Ira and Jodi's denial of Meryl's full-time employment with I.G. Federal is an act of oppression because it substantially defeats expectations that, objectively viewed, were both reasonable under the circumstances and were central to Meryl's decision to join the venture, as explicitly acknowledged in Paragraphs 1 and 4 of the Shareholders Agreement.

130. The most recent act of Ira and Jodi's freeze out of Meryl occurred on February 25, 2015, when Ira blocked Meryl from accessing I.G. Federal's computer systems remotely, thereby preventing her from performing her duties as director of information technology of I.G. Federal.

131. Ira and Jodi are self-interested in denying Meryl employment at I.G. Federal because it purportedly triggers Meryl's obligations to sell her shares to I.G. Federal under Paragraph 4 of the Shareholders Agreement.

132. As such, Ira and Jodi's decision to deny Meryl's right to elect full-time employment status after more than thirty years with the company so as to trigger a duty to sell her stock is blatant self-dealing, is not protected by the business judgment, and must be evaluated based on the entire fairness of the transaction.

**A Demand on I.G. Federal's Board of Directors to Institute this Action Would Be Futile**

133. Meryl has not made any demand on I.G. Federal's Board of Directors to institute this derivative action.

134. In light of the circumstances described above, such demand would be a futile act because two of the three directors currently on I.G. Federal's Board of Directors are named as defendants in this action alleging serious misconduct on their part, and are each self-interested in the challenged transactions, by reason of which a majority of the board is incapable of making independent and disinterested decisions to institute and vigorously prosecute this action.

135. Meryl will adequately and fairly represent the interests of I.G. Federal and its shareholders in enforcing and prosecuting I.G. Federal's rights in this action.

**FIRST CAUSE OF ACTION**  
(Individual – Common-Law Dissolution)

136. Meryl repeats and realleges the allegations contained in paragraphs "1" through "135" above as if set forth fully herein.

137. As officers and directors of I.G. Federal, Ira and Jodi are fiduciaries with respect to the affairs of the company and the interests of its shareholders and have the duty (i) to administer the affairs of I.G. Federal skillfully, fairly, diligently, carefully and honestly; (ii) to act solely in the interest of I.G. Federal and its shareholders and not in their own personal interests; (iii) to safeguard and protect I.G. Federal's assets and property; (iv) not to waste or acquire for themselves any assets or property of I.G. Federal; (v) not to favor their own interests illegally or improperly in the management of the affairs, property, and assets of I.G. Federal; (vi) not to act deliberately in a manner that injures the shareholders of I.G. Federal; (vii) not to acquire illegally for themselves any assets or property of I.G. Federal; (viii) to keep honest accurate, and correct accounts of all of I.G. Federal's affairs, business and transactions; and (iv) to perform diligently and faithfully all of the duties devolving upon them as officers and directors of I.G. Federal.

138. As the controlling shareholders of I.G. Federal, Ira and Jodi also owe Meryl fiduciary duties of good faith, trust, loyalty, honesty, and due care.

139. Ira and Jodi's persistent course of illegal, unfair, abusive and oppressive conduct includes, but is not limited to (i) denying payment of legal fees I.G. Federal agreed to reimburse Meryl in connection with her defense of a criminal investigation and prosecution of the company and its officers that led to the imprisonment of Ira and Jodi's husband, Todd, while at the same

time paying their own exorbitant fees for the criminal matter from company assets; (ii) denying Meryl access to the offices, books, records and computer systems of I.G. Federal; (iii) paying themselves excessive salaries, and otherwise enriching themselves at Meryl's expense, and effectively continuing the corporation's existence for the sole purpose of benefitting themselves at Meryl's expense; and (iv) substantially defeating Meryl's expectations that, objectively viewed, were both reasonable under the circumstances and were central to Meryl's decision to join the venture, by attempting to force Meryl from the employment position she has held at I.G. Federal uninterrupted for thirty (30) years as pure pretext to purportedly trigger her alleged obligation under the Shareholders Agreement to sell her shares back to the I.G. Federal based on a grossly inequitable valuation, thereby divesting her of any equity in the company for a fraction of its value.

140. As a result of these acts of oppression, Ira and Jodi have so palpably breached the fiduciary duty they owe to Meryl as minority shareholder that they are disqualified from exercising the exclusive discretion and the dissolution power given to them by statute, and also have forfeited the power to determine whether dissolution is in the best interests of the shareholders.

141. Meryl has no adequate remedy at law.

142. By reason of the foregoing, the equitable remedy of dissolution is necessary and appropriate to remedy the severe prejudice and injustice suffered by Meryl.

**SECOND CAUSE OF ACTION**  
(Individual – Declaratory Relief)

143. Meryl repeats and realleges the allegations contained in paragraphs "1" through "142" above as if set forth fully herein.



144. By reason of the foregoing, there is an actual and justiciable controversy concerning whether Meryl is obligated to sell her shares to I.G. Federal under Paragraph 4 of the Shareholders Agreement.

145. By reason of the foregoing, Meryl is entitled to a judgment declaring that she has no obligation to sell her shares to I.G. Federal, that she has the right to resume full-time employment, and that Ira's purported notice of Meryl's obligation to sell, dated on or about February 23, 2015, is of no force and effect.

**THIRD CAUSE OF ACTION**  
(Derivative – Accounting)

146. Meryl repeats and realleges the allegations contained in paragraphs "1" through "145" above as if set forth fully herein.

147. As a result of Ira and Jodi's foregoing wrongful acts and omissions in breach of the fiduciary duty owed by them to I.G. Federal, and the injury to I.G. Federal caused thereby, Meryl is entitled on I.G. Federal's behalf to the equitable remedy of accounting to determine the value of the property and the profits derived improperly by Ira and Jodi therefrom, a surcharge against Ira and Jodi's proportionate share of the company based on their expenditure of legal fees while depriving Meryl the corresponding right under the parties' agreement, and upon said accounting to pay over to I.G. Federal the value so determined believed to be not less than \$2.5 million.

**FOURTH CAUSE OF ACTION**  
(Derivative – Damages)

148. Meryl repeats and realleges the allegations contained in paragraphs "1" through "147" above as if set forth fully herein.

149. By reason of Ira and Jodi's aforesaid wrongful acts and omissions in breach of fiduciary duty, and the injury to I.G. Federal therefrom, Ira and Jodi are liable for damages to I.G. Federal in an amount to be determined at trial believed to be not less than \$2.5 million.

**WHEREFORE**, Plaintiff Meryl R. Berger demands judgment against defendants, as follows:

A. on the First Cause of Action, dissolving Nominal Defendant I.G. Federal Electrical Supply Corporation and appointing a receiver to oversee its winding up and liquidation;

B. on the Second Cause of Action, a judgment declaring that Plaintiff Meryl R. Berger has no obligation to sell her shares to Nominal Defendant I.G. Federal Electrical Supply Corporation, that she has the right to resume full-time employment, and that Defendant Ira M. Friedman's purported notice of her obligation to sell, dated on or about February 23, 2015, is of no force and effect

C. on the Third Cause of Action, requiring Defendants Ira M. Friedman and Jodi B. Ehren to render an accounting and, upon said accounting, to pay over to Nominal Defendant I.G. Federal Electrical Supply Corporation the value so determined believed to be not less than \$2.5 million;

D. on the Fourth Cause of Action, awarding damages against Defendants Ira M. Friedman and Jodi B. Ehren, jointly and severally, in an amount to be determined at trial believed to be not less than \$2.5 million;

E. awarding pre-judgment interest on the foregoing sums;

F. awarding costs and disbursements of this action;

G. awarding reasonable attorneys' fees incurred in this action; and

H. awarding such other and further as the Court deems just, equitable and proper.

Dated: March 11, 2015

FARRELL FRITZ, P.C.

By: /s/ James Wicks

James M. Wicks

Franklin C. McRoberts

Aaron E. Zerykier

*Attorneys for Plaintiff*

*Meryl R. Berger*

1320 RXR Plaza

Uniondale, New York 11556

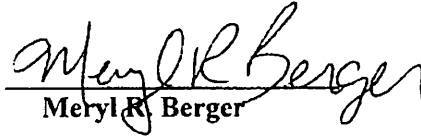
(516) 227-0700

**VERIFICATION**

STATE OF NEW YORK            )  
  )    ss  
COUNTY OF NASSAU         )

I, Meryl R. Berger, being duly sworn, say:

I am the plaintiff in the above-entitled action. I have read the foregoing Complaint and know the contents thereof. The same is true to my own knowledge, except with respect to matters therein stated on information and belief, and as to those matters I believe them to be true.

  
Meryl R. Berger

Sworn to before me this  
11 day of March, 2015.

  
Notary Public

**AMANDA L. LASIEWSKI**  
*Notary Public, State of New York*  
**No. # 01LA6093001**  
*Qualified in Suffolk County*  
**Commission Expires June 23, 20** 15