

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK**

----- X -----  
S & H NADLAN, LLC and DROR ARGAMAN : Index No.  
:  
*Plaintiff*, :  
:  
- against - :  
:  
MLK ASSOCIATES LLC, BEACH 84<sup>TH</sup> ST I :  
LLC, MENDEL GROUP INC., ABE MENDEL, :  
and STEVEN MENDEL : **COMPLAINT**  
:  
*Defendants.* :  
:  
----- X -----

Plaintiffs, by their attorneys Rosenberg & Steinmetz PC, for its complaint, upon information and belief, state:

**Nature of the Action**

1. In this action, Plaintiffs seek injunctive relief flowing from Defendants' continuous failure to respond to Plaintiffs' demand for books and records and demand for accounting.

**Parties**

2. Plaintiff S & H Nadlan, LLC (hereinafter "Nadlan"), is a New York limited liability company and a member of Defendant MLK Associates LLC and Defendant Beach 84<sup>th</sup> St I LLC.

3. Plaintiff Dror Argaman (hereinafter "Argaman"), is an individual residing

in the State of California and a member of Beach 84<sup>th</sup> St I LLC.

4. Defendant MLK Associates LLC (the “MLK Company”) is a New York limited liability company with offices located at 410 Park Avenue, 15<sup>th</sup> Floor, New York, New York 10022.

5. Defendant Beach 84<sup>th</sup> St. I LLC (the “Beach 84 Company” together with the MLK Company and the Beach 84 Company, the “Companies”) is a New York limited liability company with offices located at 909 Third Avenue, 5<sup>th</sup> Floor, New York, New York 10022.

6. Defendant Mendel Group Inc. (“MGI”) is a New York corporation with offices located at 410 Park Avenue, 15<sup>th</sup> Floor, New York, New York 10022.

7. Defendant Abe Mendel is an individual residing in the State of New York.

8. Defendant Steven Mendel (Abe Mendel and Steven Mendel together, the “Mendels”) is an individual residing in the State of New York.

**As and for a First Cause of Action By Both Plaintiffs**

**(Access to Books and Record of Beach 84 Company)**

9. On or about May 7, 2007, Defendant MGI made a loan in the amount of \$4,000,000.00 (the “Beach 84 Loan”) secured by the property then known as 315-333 Beach 84<sup>th</sup> Street, Rockaway Beach, New York 11693 (the “Beach 84 Property”).

10. The Beach 84 Loan was evidenced by a mortgage note (the “Note”) dated May 7, 2007 in the amount of \$4,000,000.00 and secured by a mortgage (the “Beach 84 Mortgage”) dated May 7, 2007.

11. On or about May 7, 2007, Nadlan entered into a participation agreement with MGI, whereas Nadlan acquired a 9.25% interest in the Beach 84 Loan.

12. On or about May 7, 2007, Argaman entered into a participation agreement with Defendant MGI, whereas Argaman acquired a 2% interest in the Beach 184 Loan.

13. The borrower on the Beach 84 Loan defaulted and MGI started a foreclosure proceeding in Queens County Supreme Court.

14. As a result of the foreclosure proceeding, MGI took a deed in lieu of foreclosure for the Beach 84 Property in the name of the Beach 84 Company.

15. As a result of the foregoing, Nadlan obtained a 9.25% membership interest in the Beach 84 Company and Argaman obtained a 2% membership interest in the Beach 84 Company.

16. Defendants MGI and the Mendels are believed to be the managers of the Beach 84 Company.

17. Pursuant to New York Limited Liability Law (the “LLC Law”) § 1102(a), each limited liability company must maintain the following records: (1) if the limited liability company is managed by a manager or managers, a current list of the full names set forth in alphabetical order and last known mailing address of each such manager; (2) a current list of the full names set forth in alphabetical order and last known mailing address of each member together with the contribution and share of profits and losses of each member or information from which such shares can be readily derived; (3) a copy of the articles of organization and all amendments thereto or restatements thereof, together with executed copies of any powers of attorney pursuant to which any certificate or amendment has been executed; (4) a copy of the operating agreement, any amendments thereto and any amended and restated operating agreement; and (5) a copy of the limited liability company’s federal, state and local income tax or information returns and reports,

if any, for the three most recent fiscal years.

18. Section 1102(b) of the LLC Law provides that any member may, subject to reasonable standards as may be set forth in, or pursuant to, the operating agreement, inspect and copy at his or her own expense, for any purpose reasonably related to the member's interest as a member, the records referred to in subdivision (a) of this section, any financial statements maintained by the limited liability company for the three most recent fiscal years and other information regarding the affairs of the limited liability company as is just and reasonable.

19. By letters dated February 25, 2015 and March 23, 2015 sent to Defendants MGI and the Mendels, Nadlan requested an accounting and inspection of the books and records of the Beach 84 Company in order to ascertain its financial condition.

20. By letter dated May 29, 2015, sent to counsel for Beach 84 Company, both Plaintiffs requested an accounting and inspection of the books and records of the Beach 84 Company in order to ascertain its financial condition.

21. Specifically, Plaintiffs Nadlan and Argaman have demanded (amongst other things) the following:

- a. All records maintained by Beach 84 Company pursuant to the LLC Law § 1102(a), including but not limited to:
  - i. A current list of the members of Beach 84 Company together with their membership interests;
  - ii. Copy of the articles of organization and all amendments thereto or restatements thereof, together with executed copies of any powers of attorney pursuant to which any certificate or amendment has been executed;
  - iii. Copies of operating agreements, if any, and any amendments thereto; and
  - iv. Copies of Beach 84 Company's tax returns for the three most recent fiscal years;
- b. Any and all communications between MGI and the borrowers of the Beach 84 Loan which MGI foreclosed on in order to obtain ownership

- of the Beach 84 Property;
- c. Any and all documents concerning the decision by MGI to take title to the Beach 84 Property, including, but not limited to, any appraisals done of the Beach 84 Property, or any documentation concerning the value of the Beach 84 Property;
  - d. Any and all documents concerning the annual meetings of Beach 84 Company including, but not limited to, any notices to members of such meetings and minutes kept at such meetings;
  - e. Any and all documents concerning any debt incurred by Beach 84 Company including, but not limited to, any written consents to incur such debt without a vote of the members of Beach 84 Company , and any subsequent notice given to members;
  - f. Any and all financial statements of the Beach 84 Company for the three most recent fiscal years;
  - g. Any and all documents concerning pending or threatened litigation, claims and assessments involving the Beach 84 Company ;
  - h. Any and all documents concerning the work performed at the Beach 84 Property since the Beach 84 Company acquired ownership; and
  - i. Any and all documents concerning the membership interest of the Plaintiffs in the Beach 84 Company.

22. Plaintiffs are entitled pursuant to LLC Law to inspect the books and records of the Beach 84 Company.

23. Defendants have refused to grant Plaintiffs an inspection of the books and records requested.

24. By reason of the foregoing, Plaintiffs are entitled to a declaratory judgment against Defendants declaring that Defendants must grant Plaintiffs a full inspection of the books and records of the Beach 84 Company.

**As and for a Second Cause of Action By Nadlan**

**(Access to Books and Record of the MLK Company)**

25. Plaintiff Nadlan repeats and realleges each and every allegation contained within the prior paragraphs with the same force and effect as if set forth herein.

26. On or about August 22, 2007, Defendant MGI made a loan in the amount of \$1,200,000.00 (the “MLK Loan”) secured by the property known as 108 Martin Luther King Jr. Place, Brooklyn, New York 11211 (the “MLK Property”).

27. The MLK Loan was evidenced by a mortgage note (the “MLK Note”) dated August 22, 2007 in the amount of \$1,200,000.00 and secured by a mortgage (the “MLK Mortgage”) dated August 22, 2007.

28. On or about August 22, 2007, Plaintiff Nadlan entered into a participation agreement with Defendant MGI, whereas Nadlan acquired a 23.33% interest in the MLK Loan.

29. The borrowers on the MLK Loan defaulted and MGI started foreclosure proceedings in Kings County Supreme Court.

30. As a result of the foreclosure proceedings, MGI took a deed in lieu of foreclosure for the MLK Property in the name of the MLK Company.

31. As a result of the foregoing, Plaintiff Nadlan obtained a 23.33% membership interest in the MLK Company.

32. Defendants MGI and the Mendels are believed to be the managers of the MLK Company.

33. By letters dated February 25, 2015 and March 23, 2015 sent to Defendants MGI and the Mendels, Plaintiff Nadlan requested an accounting and inspection of the books and records of the MLK Company in order to ascertain its financial condition.

34. Specifically, Plaintiff Nadlan has demanded (amongst other things) the following:

- a. All records maintained by MLK Company pursuant to the LLC Law § 1102(a), including but not limited to:

- i. A current list of the members of MLK Company together with their membership interests;
  - ii. Copy of the articles of organization and all amendments thereto or restatements thereof, together with executed copies of any powers of attorney pursuant to which any certificate or amendment has been executed;
  - iii. Copies of operating agreements, if any, and any amendments thereto; and
  - iv. Copies of MLK Company's tax returns for the three most recent fiscal years;
- b. Any and all communications between MGI and the borrowers of the MLK Loan which MGI foreclosed on in order to obtain ownership of the MLK Property;
  - c. Any and all documents concerning the decision by MGI to take title to the MLK Property, including, but not limited to, any appraisals done of the MLK Property, or any documentation concerning the value of the MLK Property;
  - d. Any and all documents concerning the annual meetings of the MLK Company including, but not limited to, any notices to members of such meetings and minutes kept at such meetings;
  - e. Any and all documents concerning any debt incurred by the MLK Company including, but not limited to, any written consents to incur such debt without a vote of the members of the MLK Company, and any subsequent notice given to members;
  - f. Any and all financial statements of the MLK Company for the three most recent fiscal years;
  - g. Any and all documents concerning pending or threatened litigation, claims and assessments involving the MLK Company;
  - h. Any and all documents concerning the work performed at the MLK Property since the Companies acquired ownership; and
  - i. Any and all documents concerning the membership interest of Nadlan in the MLK Company.

35. Nadlan is entitled pursuant to LLC Law to inspect the books and records of the MLK Company.

36. Defendants have refused to grant Nadlan an inspection of the books and records requested.

37. By reason of the foregoing, Plaintiff Nadlan is entitled to a declaratory judgment against Defendants declaring that Defendants must grant Plaintiff Nadlan a full

inspection of the books and records of the MLK Company.

**As and for a Third Cause of Action by Both Plaintiffs**

**(Demand for Accounting of Beach 84 Company)**

38. Plaintiffs repeat and reallege each and every allegation contained within the prior paragraphs with the same force and effect as if set forth herein.

39. Plaintiffs are entitled to a full accounting of all affairs and operations of the Beach 84 Company and the Beach 84 Property, including, without limitation, all finances, revenues, income, profits, assets, expenses, and management activities of the Beach 84 Company.

40. Although demand for an accounting has been made upon the Defendants, the Defendants have refused to comply.

41. Plaintiffs lack an adequate remedy at law.

**As and for a Fourth Cause of Action by Nadlan**

**(Demand for Accounting of MLK Company)**

42. Plaintiff Nadlan repeats and realleges each and every allegation contained within the prior paragraphs with the same force and effect as if set forth herein.

43. Plaintiff Nadlan is entitled to a full accounting of all affairs and operations of the MLK Company and the MLK Property, including, without limitation, all finances, revenues, income, profits, assets, expenses, and management activities of the MLK Company.

44. Although demand for an accounting has been made upon the Defendants, the Defendants have refused to comply.

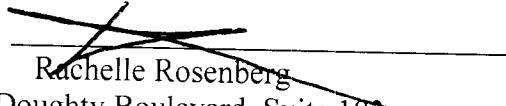
45. Plaintiff Nadlan lacks an adequate remedy at law.

WHEREFORE, Plaintiffs demand judgment awarding as follows:

- a) Plaintiffs Nadlan and Argaman access and the right to inspect the Beach 84 Company's books and records;
- b) Plaintiff Nadlan access and the right to inspect the MLK Company's books and records;
- c) A formal accounting of the Beach 84 Company for each Plaintiff;
- d) A formal accounting of the MLK Company for Nadlan; and
- e) Such other and further appropriate relief this Court deems just and proper.

Dated: Inwood, New York  
June 15, 2015

**ROSENBERG & STEINMETZ PC**  
*Attorneys for Plaintiff S & H Nadlan, LLC  
and Dror Argaman*

By:   
Rachelle Rosenberg  
426 Doughty Boulevard, Suite 103  
Inwood, New York 11096  
Tel. (212) 743-9904