

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

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JARED CHASSEN, and 55 MANOR LLC,  
individually, and derivatively on  
behalf of JJ ARCH NOSTRAND LLC, JJ  
HAVERHILL LLC, JJ TUSCALOOSA LLC,  
JJ PEBBLE CREEK LLC, JJ CENTRE POINTE LLC,  
JJ COLOMBIA LLC, JJ MIDTOWN OAKS LLC,  
JJ MYRTLE POINT LLC, JJ 88 ARCH LLC,  
JJ CAMBRIDGE LLC, JJ NCSC LLC, JJ CAMELOT  
LLC and 5401 CALIFORNIA INVESTORS, LLC

**SUMMONS**

Plaintiff,

Index No.: \_\_\_\_\_

-against-

Dated Filed: \_\_\_\_\_

JEFFREY SIMPSON and YJ SIMCO LLC,

Defendants.

JJ ARCH NOSTRAND LLC, JJ  
HAVERHILL LLC, JJ TUSCALOOSA LLC,  
JJ PEBBLE CREEK LLC, JJ CENTRE POINTE LLC,  
JJ COLOMBIA LLC, JJ MIDTOWN OAKS LLC,  
JJ MYRTLE POINT LLC, JJ 88 ARCH LLC,  
JJ CAMBRIDGE LLC, JJ NCSC LLC, JJ CAMELOT  
LLC and 5401 CALIFORNIA INVESTORS, LLC

Nominal Defendants

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**TO THE ABOVE-NAMED DEFENDANTS:**

**YOU ARE HEREBY SUMMONED** to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on Plaintiff's Attorney 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 or appear, judgment will be taken against you by default for the relief demanded in the notice set forth below and in the complaint.

Plaintiff designates New York County as the venue for trial. The basis for venue is that at least one party resides there and part of the subject matter of the action is located in New York County.

Dated: New York, New York  
September 22, 2024

SCHWARTZ LAW PLLC

By: /s/  
Allen Schwartz, Esq.  
150 Broadway, Suite 701  
New York, New York  
347-460-5379  
[allen@allenschwartzlaw.com](mailto:allen@allenschwartzlaw.com)

*Counsel for Plaintiffs*

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

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JARED CHASSEN and 55 MANOR LLC  
individually, and derivatively on behalf of  
JJ ARCH NOSTRAND LLC, JJ  
HAVERHILL LLC, JJ TUSCALOOSA LLC,  
JJ PEBBLE CREEK LLC, JJ CENTRE POINTE LLC,  
JJ COLOMBIA LLC, JJ MIDTOWN OAKS LLC,  
JJ MYRTLE POINT LLC, JJ 88 ARCH LLC,  
JJ CAMBRIDGE LLC, JJ NCSC LLC, JJ CAMELOT  
LLC and 5401 CALIFORNIA INVESTORS, LLC

**VERIFIED COMPLAINT**

Plaintiffs,

Index No.: \_\_\_\_\_

-against-

Dated Filed: \_\_\_\_\_

JEFFREY SIMPSON and YJ SIMCO LLC,

Defendants.

JJ ARCH NOSTRAND LLC, JJ  
HAVERHILL LLC, JJ TUSCALOOSA LLC,  
JJ PEBBLE CREEK LLC, JJ CENTRE POINTE LLC,  
JJ COLOMBIA LLC, JJ MIDTOWN OAKS LLC,  
JJ MYRTLE POINT LLC, JJ 88 ARCH LLC,  
JJ CAMBRIDGE LLC, JJ NCSC LLC, JJ CAMELOT  
LLC and 5401 CALIFORNIA INVESTORS, LLC

Nominal Defendants

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Plaintiff Jared Chassen (“Chassen”) and 55 Manor LLC (“55 Manor;” and together with Chassen, “Plaintiffs”), individually and derivatively on behalf of JJ Arch Nostrand LLC, JJ Haverhill LLC, JJ Tuscaloosa LLC, JJ Pebble Creek LLC, JJ Centre Pointe LLC, JJ Colombia LLC, JJ Colombia LLC, JJ Midtown Oaks LLC, JJ Myrtle Point LLC, JJ 88 Arch LLC, JJ Cambridge LLC, JJ NCSC LLC, JJ Camelot LLC, and 5401 California Investors, by and through Cambridge LLC, JJ NCSC LLC, JJ Camelot LLC, and 5401 California Investors, by and through

their undersigned counsel, for their verified complaint against Jeffrey Simpson (“Simpson”) and YJ Simco LLC (“Simco”) allege as follows:

### **INTRODUCTION**

1. This action seeks a permanent injunction enjoining any transfer by Simpson or Simco of the equity or property interests belonging to JJ Arch Nostrand LLC, JJ Haverhill LLC, JJ Tuscaloosa LLC, JJ Pebble Creek LLC, JJ Centre Pointe LLC, JJ Colombia LLC, JJ Colombia LLC, JJ Midtown Oaks LLC, JJ Myrtle Point LLC, JJ 88 Arch LLC, JJ Cambridge LLC, JJ NCSC LLC, JJ Camelot LLC, and 5401 California Investors, LLC (collectively, the “Portfolio Property Entities”) to JJ Arch LLC (“JJ Arch” or the “Debtor”), a debtor in bankruptcy. JJ Arch is neither a member nor owner of those entities. This action also seeks a declaratory judgment that any such transfer is unlawful and a nullity.

2. By way of background, on March 7, 2024, Simpson filed a Chapter 11 Bankruptcy Petition (the “Petition”) for JJ Arch as purported “sole member.” A true and correct copy of the Petition is annexed hereto as Exhibit 1. The Petition was filed in defiance of court orders entered in an action captioned *Simpson v. Chassen*, Index No. 158055/2023 (the “Corporate Control Action”), where Simpson and Chassen had both sued each other asserting, inter alia, that each could terminate the other as members of JJ Arch. In the Corporate Control Action, the court nullified and enjoined both Simpson and Chassen’s purported terminations of each other in August 2023 and enjoined them from unilaterally acting to terminate the other from JJ Arch without prior court permission.

3. JJ Arch is a member of Arch Real Estate Holdings LLC (“AREH”), a company that manages a portfolio of real estate, with JJ Arch acting as managing member until it was removed from that role in the Corporate Control Action because of Simpson’s misconduct.

4. After putting JJ Arch into bankruptcy, Simpson removed the Corporate Control Action to the Bankruptcy Court. On June 10, 2024, the Bankruptcy Court granted Chassen's motions seeking to remand the Corporate Control Action and to declare the automatic stay inapplicable to Chassen's direct and derivative claims on behalf of JJ Arch against Simpson. *See Simpson v First Republic Bank et. al.*, 2024 Bankr. LEXIS 1347 (Bankr. S.D.N.Y. June 10, 2024) (granting remand motion); *In re JJ Arch LLC*, 2024 Bankr LEXIS 1349 (Bankr. S.D.N.Y. June 10, 2024) (granting lift-stay motion as to all claims in Corporate Control Action).<sup>1</sup>

5. In *Simpson*, the Bankruptcy Court found that Simpson had engaged in improper forum shopping. *See Simpson*, 2024 Bankr. LEXIS 1347, at \*46-47 ("The Court believes that the record recited above establishes . . . the tenth factor—forum shopping.").

6. Further, in *In re JJ Arch LLC*, the Bankruptcy Court found that the filing had adversely affected those to whom Simpson was supposed to act as a fiduciary. 2024 Bankr LEXIS 1349, at \*26 ("[T]he State Court] litigation resulted in a robust record, as well as the issuance of Interim Orders designed to, in the words of Justice Cohen, 'keep the ship afloat while the litigation proceeds . . .' [Ch. 11 Dkt., Doc. 14-1, p. 82]. This bankruptcy (and its resulting automatic stay) has therefore: (i) deprived the parties to the State Court Proceeding of the benefit of a court familiar with the issues presented in this case; and (ii) cast doubt on the applicability of provisional orders intended to benefit *all* parties by maintaining the Debtor's ability to operate AREH." ) (emphasis in original).

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<sup>1</sup> Simpson has challenged those decisions to the United States District Court for the Southern District of New York, further delaying the remand of the Corporate Control Action, and achieving his larger purpose of paralyzing AREH by prolonging the bankruptcy. Briefing on Simpson's objections has been fully submitted and awaits a decision.

7. On September 3, 2024, Simpson filed a proposed Chapter 11 bankruptcy plan for JJ Arch (the “Plan”), wherein he brazenly said that he is in the process of transferring “all the assets” of the Portfolio Property Entities to the Debtor even though these entities are not owned by the Debtor.<sup>2</sup> See Plan, annexed hereto as Exhibit 2, at Introduction; See also *id.* § 3.2.

8. The Portfolio Property Entities are owned by Chassen, his family members, and others, with Simpson as the managing member. JJ Arch is not a member or owner of these entities.

9. The investors in these entities all stand to lose their equity interests if Simpson is allowed to make an insider transfer of the Portfolio Property Entities’ property to an entity in bankruptcy and for no consideration. Indeed, the transfer of the equity interests owned by the members of the Portfolio Property Entities to JJ Arch, a debtor in bankruptcy, for no consideration, is a blatant breach of fiduciary duty, transferring equity interests unowned by JJ Arch to JJ Arch when JJ Arch has no ownership or membership interests. Such a transfer is also a fraudulent conveyance under the Uniform Voidable Transaction Act (DCL § 273 and § 274).

10. Chassen recently sought confirmation from Simpson that he would not consummate the transfers. Specifically, the email stated:

Hi Jeff,

As you know, according to your proposed “Chapter 11 Plan of Reorganization,” you state that you intend to transfer all the property and assets of what you label the “Portfolio Property Entities” to JJ Arch LLC, an entity that has no ownership of, or membership in, these entities. As I warned you in my reply in further support of my motion seeking the dismissal of your contemptuous bankruptcy proceeding, such transfers are entirely unlawful, breach your fiduciary duties, and constitute fraudulent conveyances. And as you know, the members of these

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<sup>2</sup> Simpson did not include 5401 California Investors, LLC, JJ NCSC LLC, or JJ Camelot LLC in his list of entities he intended to transfer to JJ Arch and labeled “Portfolio Property Entities” but given his stated plan to transfer entities in which the JJ Arch has no ownership to JJ Arch, Plaintiffs are also seeking relief with respect to these entities.

entities include not only me, but my mother, sister, brother-in-law, father, and often others as well.

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As the managing member of the Portfolio Property Entities and 1701 Arch JJ LLC, you owe fiduciary duties to its members, which include me and my family and others. Any transfer of the assets of the Portfolio Property Entities assets or 1701 Arch JJ LLC's assets, including membership interests, to JJ Arch LLC, an entity in an (unlawful) bankruptcy, breaches those fiduciary duties, amounts to a theft of property, and further constitutes a fraudulent conveyance under New York law, making you liable for fraud. Further, such transfers violate the various operating agreements governing these entities, which prohibit transfers without consent, and violate the JJ Arch Operating Agreement and Judge Cohen's orders, which requires my consent before such conveyances into JJ Arch LLC.

Please confirm that you have not, and will not, enter into any such transfers.

I reserve all my rights. You should be guided accordingly,

Jared Chassen

A true and correct copy of this email is annexed hereto as **Exhibit 3**. After Chassen received no response, Chassen's counsel followed up by email with JJ Arch's purported bankruptcy counsel on September 18, 2024, and was told by JJ Arch's purported counsel that Simpson had not yet done the transfers but could do so at any time. *Id.*

11. This is very troubling as Simpson has recently announced that he is unbound by any court orders. For example, on September 5, 2024, he wrote to Kevin Wiener "We've started dissolution [of JJ Arch] and I don't need any court order to tell me to the contrary. They are not the owners of the company, I am, you've been pushed to the sideline after the exclusivity, you're nobody as it relates to Arch, absolutely nobody." A true and correct copy of this email is annexed hereto as **Exhibit 4**.

12. Upon information and belief, Simpson and YJ Simco, his personal entity, have not yet effectuated these transfers, but still intend to do so. Plaintiffs stand to suffer irreparable

injury if Simpson and Simco are allowed steal these assets and transfer them to the Debtor, or to Simpson or entities he controls, for no consideration.

13. Accordingly, Plaintiffs bring this action seeking to permanently enjoin these transfers.

### **PARTIES**

14. Plaintiff Jared Chassen is an individual residing in the State of New York.

15. Plaintiff 55 Manor LLC is a New York limited liability corporation in which Chassen is a member. On October 21, 2022, Chassen purported to assign his interests in the Portfolio Property Entities to 55 Manor LLC.<sup>3</sup>

16. Jeffrey Simpson is an individual residing in the State of New York.

17. Defendant YJ Simco LLC is a New York limited corporation in which Simpson is a member. On October 21, 2022, Simpson purported to assign his interests in the Portfolio Property Entities to YJ Simco LLC.<sup>4</sup>

18. Nominal Defendants JJ Arch Nostrand LLC, JJ Haverhill LLC, JJ Tuscaloosa LLC JJ Pebble Creek LLC, JJ Centre Pointe LLC, JJ Colombia LLC, JJ Midtown Oaks LLC, JJ Myrtle Point LLC, JJ 88 Arch LLC, And JJ Cambridge LLC are each New York limited liability corporations. Nominal Defendant 5401 California Investors, LLC is a Delaware corporation.

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<sup>3</sup> A true and correct copy of the purported assignment is annexed hereto as **Exhibit 42.**

<sup>4</sup> A true and correct copy of the purported assignment is annexed hereto as **Exhibit 43.**

## FURTHER FACTUAL ALLEGATIONS

### **I. The JJ Arch Corporate Control Litigation**

19. In early August 2023, both of JJ Arch's members, Simpson and Chassen, sent each other termination notices each claiming that the other committed Cause Events under the JJ Arch Operating Agreement.

20. With Chassen in control of JJ Arch, on August 15, 2023, Simpson commenced the Corporate Control Action, and sought, *inter alia*, injunctive relief to restore him to membership and managerial control. Corporate Control Action at NYSCEF No. 1. Chassen, in turn, asserted counterclaims seeking, *inter alia*, a declaratory judgment removing Simpson from JJ Arch. *Id.* at NYSCEF No. 392.

21. On August 21, 2023, the Court issued an Order Regarding Interim Operating Procedures which among other things ruled that "the August 2023 instruments sent by Simpson and Chassen to the other purportedly resigning or terminating the other as member or managing member of JJ Arch are hereby void and of no force or effect." *Id.* at NYSCEF No. 36.

22. The Court also ordered that during the pendency of the proceeding "the business, affairs, and assets of JJ Arch shall be managed by Simpson, subject to the limitations set forth in Section 3.2 of the JJ Arch Operating Agreement, which provides among other things that any Company Major Decision, as defined in the JJ Arch Operating Agreement, shall be undertaken only with the prior written consent of Chassen." *Id.* One of those Company Major Decisions requiring Chassen's consent was the decision to file bankruptcy. *Id.* at NYSCEF No. 395, Amended JJ Arch Operating Agreement at § 3.2(b). The Court further directed them to cooperate in good faith in their respective roles. *Id.* at NYSCEF No. 36.

23. On September 1, 2023, days after being expressly directed to cooperate in good faith with Chassen, Simpson again purported to terminate Chassen and shut off his access to company systems, and his bank account viewing access. Corporate Control Action at NYSCEF No. 87. On September 15, 2023, the Court ordered that Simpson “shall reinstate Chassen” and that “neither Simpson nor Chassen shall purport to terminate or ‘resign’ the other from membership in the company without court permission.” *Id.* at NYSCEF No. 86, Sept. 15, 2023 Signed Order to Show Cause. The Court expressly reiterated that its “Order Regarding Interim Operating Procedures (NYSCEF 36) remains in effect.” *Id.*

24. On September 29, 2023, the Court granted Simpson’s motion to be restored as managing member, in part, “to the extent set forth in the Court’s Interim Order (NYSCEF 36) and Order to Show Cause entered in Mot. Seq. 003 (NYSCEF 86), which shall remain in effect until further Order of the Court.” *Id.* at NYSCEF No. 159.

25. On November 22, 2023, the Court granted a preliminary injunction which provided that “Simpson’s [September 1, 2023] purported termination letter to Chassen is void and shall not take effect.” *Id.* at NYSCEF No. 419, Nov. 22, 2023 Decision and Order. Further, “Simpson and Chassen are enjoined from unilaterally seeking to terminate or force the resignation of the other member without permission of the Court.” *Id.* The Court again expressly reiterated that its “Order Regarding Interim Operating Procedures (NYSCEF 36) remains in effect.” *Id.*

26. On October 17, 2023, AREH’s investor member, Oak, intervened in the Corporate Control Action and filed an emergency application seeking to appoint a temporary receiver over JJ Arch, submitting evidence showing that Simpson had engaged in rampant breaches of fiduciary duty and misappropriation of assets and detailing the dire state affairs

at AREH, with numerous loans defaulting because of Simpson's misconduct. Corporate Control Action at NYSCEF Nos. 225-266. By virtue of CPLR 6401 and Oak's application for a temporary receiver, Oak was joined as a party to the action.

27. On October 31, 2023, Oak delivered JJ Arch a notice that it was terminating JJ Arch as the managing member of AREH pursuant to Section 7.1.4 of the AREH Operating Agreement for numerous Cause Events by Simpson. *Id.* at NYSCEF No. 303. On November 3, 2023, Oak moved for a temporary restraining order and preliminary injunction barring JJ Arch from acting as managing member of AREH and enforcing the removal. *Id.* at NYSCEF Nos. 296-318.

28. On November 3, 2023, the Court entered a temporary restraining order that provided "pending the hearing of this Order to Show Cause, Defendants be, and they hereby are, restrained and enjoined from acting as the managing member of AREH." *Id.* at NYSCEF No. 321. On November 22, 2023, the Court issued an Amended Decision and Order which enjoined Simpson and JJ Arch from, among other things, "[d]enying prompt consent to any Major Decision proposed by Oak as Managing Member under Section 7.1.3 of the Operating Agreement unless both JJ Arch members (Jeffrey Simpson and Jared Chassen) jointly agree to deny such consent (or alternatively, either JJ Arch member may convey consent) . . . *Id.* at NYSCEF No. 418.

29. On January 29, 2024, Simpson moved to modify the preliminary injunction removing JJ Arch as managing member of AREH and for permission to remove Chassen as a member of JJ Arch. Corporate Control Action at NYSCEF No. 521-557. The Court denied that portion of the motion seeking to reinstate JJ Arch as the managing member of AREH

pursuant to CPLR 6314 and set the remainder of the motion for a hearing. *Id.* at NYSCEF No. 605.

**II. Simpson Puts JJ Arch into Bankruptcy in Breach of His Fiduciary Duties and Contractual Obligations and in Violation of Court Orders**

30. After receiving an adverse ruling on his motion to vacate the removal of JJ Arch as managing member of AREH, on February 12, 2024 Simpson sent an email to the Deputy Chief Administrative Judge of the New York City Courts attacking the court. A true and correct copy of the email is annexed hereto as **Exhibit 5**. Special Counsel to Justice Kaplan responded that “Judge Cohen is a judge of coordinate jurisdiction with Judge Kaplan and Judge Kaplan cannot interfere with his rulings . . . if your counsel disagrees with the judge’s decision, an application to reargue or appeal might be appropriate.” A true and correct copy of the response letter is annexed hereto as **Exhibit 6**.

31. On February 21, 2024, Simpson filed an emergency application to the Appellate Division, First Department seeking to stay that part of the injunction that allowed Chassen to consent on behalf of JJ Arch to Major Decisions made by AREH. *See* Appeal No. 2024-01021. After oral argument and briefing, the application was denied and referred to a “full bench for disposition.” App. Div. NYSCEF No. 9.

32. On March 6, 2024, the day before he contemptuously put JJ Arch into bankruptcy, Simpson wrote Kevin Weiner, an Oak principal the following email:

YOU DON’T KNOW ANYTHING, GO BACK TO CANADA AS YOU ARE PLANNING TO DO ANYWAY AFTER YOU ARE FINISHED RUINING THE BUSINESS THAT I BUILT. THE GROWN UPS WILL HANDLE IT. YOU WILL NEVER BE ALLOWED BACK IN THE US WHEN WE ARE DONE WITH THIS NONSENSE. DON’T SEND ME ANYTHING MORE, YOU WILL BE PROVEN GUILTY ON ALL RESPECTS – GOOD THAT YOU DUPED ONE JUDGE, YOU WON’T DUPE OTHERS. WHAT HAPPENED WITH CARTER? YOU DIDN’T LIKE WHAT HE SAID SO YOU WITHDREW? LIKE A COWARD THAT YOU ARE. THIS ISNT A VIDEO GAME KEVIN.

A true and correct copy of this email is annexed hereto as Exhibit 7 (emphasis in original).

33. On March 7, 2024, Simpson filed the Petition as purported “sole member.” *See Ex.*

1. In his List of Equity Security Holders attached to the Petition, Simpson swore that he was the sole member, even though the court had nullified his purported termination notice, saying that:

Jared Chassen of 55 Manor Pond Lane, Irvington, NY 10533, previously owned a 49% percent membership interest in the Debtor JJ Arch LLC . . . Mr. Chassen was deemed to have resigned as a member of JJ Arch as of August 5, 2023, pursuant to the definition of ‘Resignation’ as set forth in the Limited Liability Company Agreement of JJ Arch LLC, dated December 11, 2017, as amended and restated on May 21, 2021 . . . and Section 7.5 of the Operating Agreement.

34. Simpson also did not seek or obtain Chassen’s consent prior to filing the bankruptcy.

35. In addition to being in violation of court orders and his contractual and fiduciary obligations, Simpson had no proper bankruptcy purpose for the filing. Simpson listed JJ Arch’s aggregate debt as primarily consisting of \$128,353.00 to a single law firm that represented Mr. Simpson personally in the Corporate Control Litigation, Adam Leitman Baily, P.C. And Simpson did not put any of JJ Arch’s Investment Entities into bankruptcy and gave the entities JJ Arch actually owns no bankruptcy protection, allowing foreclosures to proceed unabated. *See, e.g., 146 E. 89 Street Funding LLC v. 146 E 89 Borrower 1 LLC*, Index No. 850010/2024 (N.Y. Co.).

### **III. Simpson’s Improper Removal of the Corporate Control Action**

36. On March 25, 2024, Chassen moved for an order confirming that the automatic stay did not apply to the Corporate Control Action or to lift the automatic stay. In response, on April 1, 2024, Simpson removed the Corporate Control Action to the Bankruptcy Court, arguing

that this mooted the motion to lift the automatic stay. Chassen then moved to remand the Corporate Control Action.

37. On June 10, 2024, the Bankruptcy Court granted Chassen's motions. See *Simpson*, 2024 Bankr. LEXIS 1347 (granting remand motion); *In re JJ Arch LLC*, No. 24-10381 (JPM) 2024 Bankr LEXIS 1349 (granting lift-stay motion). Simpson then challenged those decisions to the United States District Court for the Southern District of New York, further delaying the remand of the Corporate Control Action, and achieving his larger purpose of paralyzing AREH, and harming Chassen, his family and others, by prolonging the bankruptcy.

#### **IV. Simpson's Conduct During the Bankruptcy and His Proposed Plan**

38. Simpson has grown increasingly unhinged and crazed during the bankruptcy, turning to wild conspiracy theories that Oak and its principals are behind famous unsolved murders, and known suicides.<sup>5</sup>

39. No longer content with touting the claim that Chassen worked with Oak to remove him for cause, he now says in emails that Chassen is “in cahoots with Michael [Wiener] in

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<sup>5</sup> In one recent unsolicited email, he tells Kevin and Michael Wiener that “[n]ow I am really troubled that Brandon Miller committed suicide in the last few weeks” and implies that they may be behind it and “there are too many coincidences here. I guess we shall see if there is any connection.” Annexed hereto as **Exhibit 8** is a true and correct copy of this email. Brandon Miller was a prominent real estate businessman who committed suicide on July 3, 2024. See <https://www.ndtv.com/world-news>this-new-york-based-real-estate-mogul-died-with-34-million-in-debt-had-just-8-000-in-bank-6458440>. Simpson tells them “there’s so many commonalities here it’s indisputable and frankly concerning. We will let the authorities decide if they want to investigate if it has merit. . . it won’t go away Kevin it won’t unless you try to do something to me like may have happened to Brandon or to the Shorfam family . . .” *Id.* Simpson appears here to be referring to the Sherman family in Toronto, owners of the Sherfam Inc. family fund, whose murder remains unsolved. See [https://en.wikipedia.org/wiki/Barry\\_Sherman](https://en.wikipedia.org/wiki/Barry_Sherman); Family of murdered billionaire Barry Sherman split by lawsuit over money, National Post, Jan 16, 2024 available at: <https://nationalpost.com/news/canada/barry-sherman-family-money-lawsuit>

‘prostitution, narcotics, straight up collusion.’<sup>6</sup> He calls Kevin Wiener a “lowlife” and tells him Michael Wiener and Chassen are involved in prostitution.<sup>7</sup> He emails Kevin Wiener telling him he is “loser” who “live[s] by your lonesome self with your videogames,” and that “nobody will marry you.”<sup>8</sup> He tells Oak’s principals, “you guys are nothing but disgusting pigs . . . thieves and criminals.”<sup>9</sup> He sends unsolicited emails to Chassen and his attorneys addressing them as “Good day group of unethical criminals.”<sup>10</sup> And he flaunts how he is using his control of JJ Arch to prevent Chassen from working at all, telling Chassen that the “only thing else you knew to do was be a male prostitute. Maybe that’s what you’re going be pursuing now because you’re not able to do anything.”<sup>11</sup>

40. He also repeatedly touts how he has “contacted just about every criminal investigation organization that exist between the US, New York and Canada” and has “disclosed to them quite a bit of information in their requests about you guys and Jared and the others who have participated in your criminal activities.”<sup>12</sup> Even JJ Arch’s prior purported bankruptcy counsel was forced to withdraw from its representation pursuant to Rule 1.16(c) of the

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<sup>6</sup> A true and correct copy of this email is annexed hereto as [Exhibit 9](#).

<sup>7</sup> A true and correct copy of this is annexed hereto as [Exhibit 10](#).

<sup>8</sup> A true and correct copy of this email is annexed hereto as [Exhibit 11](#).

<sup>9</sup> A true and correct copy of this email is annexed hereto as [Exhibit 12](#).

<sup>10</sup> A true and correct copy of this email is annexed hereto as [Exhibit 13](#).

<sup>11</sup> See Ex. 9.

<sup>12</sup> See Ex. 12.

New York Rules of Professional Conduct because Simpson insisted on presenting claims or defenses that it believed unwarranted under the law.<sup>13</sup>

41. And Simpson now openly proclaims he is unbound by court orders. For example, on September 5, 2024, he wrote to Kevin Wiener “We’ve started dissolution [of JJ Arch] and I don’t need any court order to tell me to the contrary. They are not the owners of the company, I am . . .”<sup>14</sup>

42. On June 20, 2024, the Office of the United States conducted an initial Section 341 meeting (the “Section 341 Meeting”) in the bankruptcy proceeding. At the Section 341 Meeting, both his counsel and Mr. Masumoto, the United States Trustee, had to admonish Mr. Simpson for his conduct. A true and correct copy of the Section 341 Meeting Transcript is annexed hereto as **Exhibit 15** at 73:23-24, 78:20-25, 80:11 – 81:13.

43. On September 3, 2024, Simpson filed the Plan, after months of inactivity, that presumed that Chassen was not a member—even after the Bankruptcy Court had remanded this proceeding to the New York County Supreme Court as the appropriate forum to adjudicate their corporate control disputes.

44. The Plan openly touted that Simpson was in the process of breaching his fiduciary duties to Chassen, his family members and others by transferring all the assets belonging to various non-JJ Arch owned limited liability corporations that are partners with AREH and Oak (these entities are owned by Chassen, his father, his sister and his brother-in law, and mother (as well as others), but not JJ Arch) to JJ Arch for no consideration. He labels these the “Portfolio Property Entities.” Simpson is the managing member of those entities, with fiduciary duties to Plaintiffs

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<sup>13</sup> A true and correct copy of the Wiggins & Dana LLP motion to withdraw is annexed hereto as **Exhibit 14**.

<sup>14</sup> See Ex. 4.

and the other members, which includes not transferring all of the entities' assets to a debtor in bankruptcy for no consideration or fraudulently conveying their assets to an entity he is trying to dissolve and keep for himself any remaining assets.

**V. JJ Arch is Not an Owner or Member of the Portfolio Property Entities**

45. As detailed below, JJ Arch is not an owner or member of the Portfolio Property Entities. Rather, Chassen, his family, Simpson, and others are members of these entities. Simpson is thus intending to transfer the assets of these non-debtor entities to a debtor in bankruptcy that he seeks to dissolve, keeping all remaining assets for himself.

**A. JJ Arch Nostrand LLC**

46. Pursuant to the JJ Arch Nostrand LLC Operating Agreement ("JJ Arch Nostrand OA") dated February 2022, the members of that entity are Jeffrey Simpson, with an initial capital contribution of \$150,000.00, Jared Chassen with an initial capital contribution of \$360,500.00, Tristan Last, with an initial capital contribution of \$84,000.00, and Michelle Miller, with an initial capital contribution of \$84,000.00. A true and correct copy of the JJ Arch Nostrand LLC OA is annexed hereto as **Exhibit 16**. The managing member of JJ Arch Nostrand LLC is listed as Jeffrey Simpson.

47. JJ Arch Nostrand LLC is in turn a member of Arch Nostrand MM LLC, whose other members are 608941 NJ LLC ("Oak"), Arch Real Estate Property Holdings I LLC, AREH, the managing member. A true and correct copy of the Arch Nostrand MM LLC Operating Agreement is annexed hereto as **Exhibit 17**. According to the Arch Nostrand MM LLC Operating Agreement, Oak has a 50% interest in that entity, and JJ Arch Nostrand LLC has the other 50% membership interest.

48. JJ Arch Nostrand LLC, through its interests in Arch Nostrand MM LLC, has equity interests in the real property known as 1580 Nostrand Ave, Brooklyn, New York.

**B. JJ Haverhill LLC**

49. Pursuant to the JJ Haverhill LLC Operating Agreement (“JJ Haverhill OA”) dated July 19, 2022, the members of that entity are Jeffrey Simpson, with an initial capital contribution of \$83,000.00, Tristan Last, with an initial capital contribution of \$20,000.00, Yechiel Leherfeld with an initial capital contribution of \$27,000, Susan and Andrew Hirsch, with an initial capital contribution of \$50,000.00, Arielle Jacobs and Daniel Jacobs, with an initial capital contribution of \$70,000.00, Deborah Chassen, with an initial capital contribution of \$70,000.00, Jason Paul with an initial capital contribution of \$12,000.00, Stuart Chassen, with an initial capital contribution of \$50,000.00, and Jared Chassen, with an initial contribution of 0.

A true and correct copy of the JJ Haverhill LLC Operating Agreement is annexed hereto as

**Exhibit 18.** The managing member of JJ Haverhill LLC is listed as Jeffrey Simpson.

50. JJ Haverhill LLC is in turn a member of 3200 N. Haverhill GP LLC, whose other members are Oak, Arch Real Estate Holdings I LLC, and AREH, the managing member. A true and correct copy of the 3200 N. Haverhill GP LLC Operating Agreement is annexed hereto as

**Exhibit 19.** According to the 3200 N Haverhill GP LLC Operating Agreement, Oak has a 50% interest in that entity, and JJ Haverhill LLC has the other 50% interest.

51. JJ Haverhill LLC, through its interests in 3200 N. Haverhill GP LLC, has equity interests in the real property known as 3200 N Haverhill Rd. West Palm Beach, Florida.

**C. JJ Tuscaloosa LLC**

52. Pursuant to the JJ Tuscaloosa LLC Operating Agreement (“JJ Tuscaloosa OA”) dated July 22, 2021 the members of that entity are Arielle and Daniel Jacobs with an initial

capital contribution of \$36,620.00, Jared Chassen, with an initial capital contribution of \$70,000.00, Deborah Chassen, with an initial capital contribution of \$36,620.00, Stuart Chassen, with an initial capital contribution of \$40,000.00, Susan and Andrew Hirsch, with an initial capital contribution of \$40,000.00, Michelle Miller, with an initial capital contribution of \$79,630.00, Yechiel Lehrfeld, with an initial capital contribution of \$12,500.00, Tristan Last, with an initial capital contribution of \$29,630.00, and Jeffrey Simpson, with an initial capital contribution of \$50,000.00. A true and correct copy of the JJ Tuscaloosa OA is annexed hereto as **Exhibit 20**. The managing member of JJ Tuscaloosa LLC is listed as Jeffrey Simpson.

53. JJ Tuscaloosa LLC is in turn a member of Arch Tuscaloosa MM LLC, whose other members are Oak, Arch Real Estate Property Holdings I LLC, and AREH, the managing member. A true and correct copy of the Arch Tuscaloosa MM LLC Operating Agreement is annexed hereto as **Exhibit 21**. According to the Arch Tuscaloosa MM LLC Operating Agreement, Oak has a 50% interest in that entity, and JJ Tuscaloosa LLC has the other 50% membership interest.

54. JJ Tuscaloosa LLC, through its interests in Arch Tuscaloosa MM LLC, has equity interests in the real property known as Cooper Creek, 3504 12<sup>th</sup> Ave. E., Tuscaloosa Alabama, Broadmoore Gardens, 235 James I Harrison Jr. Pkwy., Tuscaloosa, Alabama, and Woodlawn Manor, 3820 1<sup>st</sup> Avenue, Tuscaloosa Alabama 35405.

#### **D. JJ Pebble Creek LLC**

55. Pursuant to the JJ Pebble Creek LLC Operating Agreement ("JJ Pebble Creek OA") dated January 29, 2021, the members of that entity are Jeffrey Simpson, with a 21.3% interest, Jared Chassen, with a 22.7% interest, Deborah Chassen, with a 9.9% interest, Arielle and Daniel Jacobs, with a 9.9% interest, Michelle Miller, with a 20.4% interest, Tristan Last with

a 10.4% interest, and Yechiel Lehrfeld with a 5.2% interest. A true and correct copy of the JJ Pebble Creek LLC Operating Agreement is annexed hereto as **Exhibit 22**. The managing member of JJ Pebble Creek LLC is listed as Jeffrey Simpson.

56. JJ Pebble Creek LLC is in turn a member of Pebble Creek MM JV LLC, whose other members are Oak, Arch Real Estate Property Holdings I LLC, and AREH, the managing member. A true and correct copy of the JJ Pebble Creek LLC Operating Agreement is annexed hereto as **Exhibit 23**. According to the Pebble Creek MM JV LLC Operating Agreement, Oak has a 50% interest in that entity, and JJ Pebble Creek LLC has the other 50% membership interest.

57. JJ Pebble Creek LLC, through its interests in Pebble Creek MM JV LLC, has equity interests in the real property located in Birmingham Alabama.

#### E. **JJ Center Pointe LLC**

58. Pursuant to the JJ Center Point LLC Operating Agreement (“JJ Arch Center Point OA”) of 2021, the members of that entity are Michelle Miller, with an initial capital contribution of \$89,000.00, Yechiel Lehrfeld, with an initial capital contribution of \$24,000.00, Jared Chassen, with an initial capital contribution of \$130,000.00, Jeffrey Simpson, with an initial capital contribution of \$130,000.00, Mitch White Capital LLC, with an initial capital contribution of \$100,000.00, and Tristan Last, with an initial capital contribution of \$77,000.00. A true and correct copy of the JJ Center Point OA is annexed hereto as **Exhibit 24**. The managing member of JJ Center Point LLC is listed as Jeffrey Simpson.

59. JJ Center Pointe LLC is in turn a member of Center Pointe 3 MM LLC, whose other members are Oak, Arch Real Estate Property Holdings I LLC, and AREH, the managing member. A true and correct copy of the JJ Center Pointe LLC Operating Agreement is annexed

hereto as Exhibit 25. According to the Center Pointe 3 MM LLC Operating Agreement, Oak has a 50% interest in that entity, and JJ Center Pointe has the other 50% membership interest.

60. JJ Center Pointe LLC, through its interests in Center Pointe 3 MM LLC, has equity interests in the real property located at Center Pointe Landings, 107 Sterling Court NW, Center Point, AL 35215, City Landing Apartments, 856 Park Brook Trail, Birmingham, AL 35215 and Village Square Landings, 4141 Pinson Valley Parkway, Birmingham, AL 35215.

#### F. JJ Colombia LLC

61. Pursuant to the JJ Colombia LLC Operating Agreement (“JJ Colombia OA”) dated April 22, 2021, the members of that entity are Tristan Last, with an initial capital contribution of \$29,000.00, Yechiel Lehrfeld, with an initial capital contribution of \$15,000.00, Susan and Andrew Hirsch, with an initial capital contribution of \$80,000.00, Michelle Miller, with an initial capital contribution of \$123,250.00, Arielle and Daniel Jacobs, with an initial capital contribution of \$50,000.00, Bell Blvd., with an initial capital contribution of \$50,000.00, Deborah Chassen, with an initial capital contribution of \$58,350.00, Jared Chassen, with an initial capital contribution of \$47,500.00, and Jeffrey Simpson with an initial capital contribution of \$47,500.00. A true and correct copy of the JJ Colombia LLC Operating Agreement is annexed hereto as Exhibit 26. The managing member of JJ Colombia LLC is listed as Jeffrey Simpson.

62. JJ Colombia LLC is in turn a member of Colombia MM JV LLC, whose other members are Oak, Arch Real Estate Property Holdings I LLC, and AREH, the managing member. A true and correct copy of the Colombia MM JV LLC Operating Agreement is annexed hereto as Exhibit 27. According to the Colombia MM JV LLC Operating Agreement, Oak has a 50% interest in that entity, and JJ Colombia LLC has the other 50% membership interest.

63. JJ Colombia LLC, through its interests in Colombia MM JV LLC, has equity interests in the real property located at Mallard Pointe Apartments, 1101 Halbrook Dr., Columbia, SC 29209, Austin Woods Apartments, 7648 Garners Ferry Rd., Columbia, SC 29209, Harbour Landing Apartments, 7625 Garners Ferry Rd., Columbia SC 29209, and Ravenwood Hills Apartments, 4215 Bethel Church Rd., Columbia, SC 29206.

**G. JJ Midtown Oaks LLC**

64. Pursuant to the JJ Midtown Oaks LLC Operating Agreement (“JJ Midtown Oaks OA”) dated September 25, 2019, the members of that entity are Jared Chassen, with an initial capital contribution of \$102,050.00, Deborah Chassen, with an initial capital contribution of \$100,000.00, Josh Biel, with an initial capital contribution of \$5,000.00, Michelle Miller, with an initial capital contribution of \$30,000.00, Jeffrey Simpson, with an initial capital contribution of \$52,050.00, Jason Paul, with an initial capital contribution of \$7,500.00, David and Mary Beth Jacobs, with an initial capital contribution of \$25,000.00, Tristan Last, with an initial capital contribution of \$30,000.00, Arielle and Daniel Jacobs with an initial capital contribution of \$50,000.00, and Yechiel Lehrfeld, with an initial capital contribution of \$4,000.00. A true and correct copy of the JJ Midtown Oaks LLC Operating Agreement is annexed hereto as **Exhibit 28.** The managing member of JJ Midtown Oaks LLC is listed as Jeffrey Simpson.

65. JJ Midtown Oaks LLC is in turn a member of Midtown Oaks MM JV LLC, whose other members are Oak, Arch Real Estate Property Holdings I LLC, and AREH, the managing member. A true and correct copy of the Midtown Oaks MM JV LLC Operating Agreement is annexed hereto as **Exhibit 29.** According to the Midtown Oaks MM JV LLC Operating Agreement, Oak has a 50% interest in that entity, and JJ Midtown Oaks LLC has the other 50% membership interest.

66. JJ Midtown Oaks LLC, through its interests in Midtown Oaks MM JV LLC, has equity interests in the real property located at 351 Dekalb Ave., Brooklyn, NY 11221, 1010 Bushwick Ave., Brooklyn, NY 11221, 435 Central Ave., Brooklyn, NY 11221.

**H. JJ 88 Arch LLC**

67. Pursuant to the JJ 88 Arch LLC Operating Agreement (“JJ 88 Arch OA”) dated January 4, 2022, the members of that entity are Jeffrey Simpson, with an initial capital contribution of \$125,000.00, Jared Chassen with an initial capital contribution of \$125,000.00, Tristan Last, with an initial capital contribution of \$75,000.00, and Michelle Miller, with an initial capital contribution of \$75,000.00. A true and correct copy of the JJ 88 Arch LLC OA is annexed hereto as **Exhibit 30**. The managing member of JJ 88 Arch LLC is listed as Jeffrey Simpson.

68. JJ 88 Arch LLC is in turn a member of JJ 88 MM JV LLC, whose other members are Oak, Arch Real Estate Property Holdings I LLC, and AREH, the managing member. A true and correct copy of the Midtown Oaks MM JV LLC Operating Agreement is annexed hereto as **Exhibit 31**. According to the JJ 88 MM JV LLC Operating Agreement, Oak has a 20% interest in that entity, and JJ 88 Arch LLC has an 80% membership interest.

69. JJ 88 Arch LLC, through its interests in JJ 88 MM JV LLC, has equity interests in the real property located at 88 University Pl., New York, New York 10003.

**I. JJ Cambridge LLC**

70. Pursuant to the JJ Cambridge LLC Operating Agreement (“JJ Cambridge OA”) dated October 9, 2018, the members of that entity are Tristan Last, Deborah Chassen, Arielle and Daniel Jacobs, Michelle Miller, Jason Paul, Jared Chassen, Yechiel Lehrfield, Jeffrey Simpson,

and Susan and Andrew Hirsch. A true and correct copy of the JJ Cambridge OA is annexed hereto as Exhibit 32. The managing member of JJ Cambridge LLC is listed as Jeffrey Simpson.

71. JJ Cambridge LLC is in turn a member of Arch Cambridge MM LLC, whose other members are Oak, Arch Real Estate Property Holdings 4 LLC, and AREH, the managing member. A true and correct copy of the Arch Cambridge MM LLC Operating Agreement is annexed hereto as Exhibit 33.

72. JJ Cambridge LLC, through its interests in Arch Cambridge MM LLC, has equity interests in the real property located at 10101-10133 Claude Freeman Dr., Charlotte, North Carolina.

#### **J. 5401 California Investors, LLC**

73. Pursuant to the 5401 California Investors, LLC Operating Agreement (“California Investors OA”) dated December 22, 2017, the members of that entity are Jeffrey Simpson, Jared Chassen and Michelle Miller. A true and correct copy of the California Investors OA is annexed hereto as Exhibit 34. Simpson has a 30.890% membership interest, Chassen has a 29.926% membership interest, and Miller has a 39.1184% membership interest. The managing member California Investors LLC is listed as Jeffrey Simpson.

74. 5401 California Investors LLC is in turn a member of Arch 5401 California MM LLC, whose other members are Oak, Arch Real Estate Property Holdings 5 LLC, and AREH, the managing member. A true and correct copy of the Arch Cambridge MM LLC Operating Agreement is annexed hereto as Exhibit 35. According to the Arch 5401 California MM LLC Operating Agreement, Oak is listed as having a 90% interest, while 5401 California Investors LLC is listed as having a 10% interest.

75. 5401 California Investors, LLC, through its interests in 5401 California MM LLC, has equity interests in the real property known as 5704 California Avenue, Bakersfield, California.

**K. JJ Myrtle Point LLC**

76. Upon information and belief, the members of JJ Myrtle Point LLC are Yechiel Leherfeld, with a 3% interest, Tristan Last, with a 10% interest, Michelle Miller, with a 10% interest, Chassen, with an 18% interest, Simpson, with an 18% interest, Stuart Chassen (through Bell Blvd), with a 25% interest, and Deborah Chassen, with a 16% interest.<sup>15</sup>

77. JJ Myrtle Point LLC is in turn a member of Myrtle Point MM Manager LLC, whose other members are Oak, Arch Real Estate Property Holdings I LLC, and AREH, the managing member. A true and correct copy of the Myrtle Point MM Manager LLC Operating Agreement is annexed hereto as Exhibit 37. According to the Myrtle Point MM Manager LLC Operating Agreement, Oak has a 100% interest in that entity.

78. JJ Myrtle Point LLC, through its membership interests in JJ Myrtle Point LLC, has interests in the real property located at 3-50 St. Nicholas Ave. Queens, NY 11385.

**L. JJ Camelot LLC**

79. Pursuant to the JJ Camelot Operating Agreement (“JJ Camelot OA”) dated September 27, 2019, the members of that entity are Deborah Chassen, \$100,000, Tristan Last, \$105,000, Jared Chassen, \$198,978, Arielle and Daniel Jacobs, \$50,000, Josh Biel, \$7,500, Jeffrey Simpson, \$148,978, Yechiel Lehrfield, \$ 8,500, Michelle Miller, \$105,000, and Shamir

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<sup>15</sup> Annexed hereto as Exhibit 36 is the JJ Point Articles of Organization. Plaintiffs have not been able to locate a signed JJ Myrtle Point OA. The basis of Plaintiffs’ allegation of membership interests is predicated upon their review of the records of this entity as to each member’s contributions.

Hirsch, \$25,000. A true and correct copy of the JJ Camelot OA is annexed hereto as **Exhibit 38**.

The managing member is listed as Jeffrey Simpson.

80. JJ Camelot LLC is in turn a member of Camelot MM JV LLC, whose other members are Oak, Arch Real Estate Property Holdings I LLC, and AREH, the managing member. A true and correct copy of the NCSC MM JV LLC Operating Agreement is annexed hereto as **Exhibit 39**. According to the NCSC MM JV LLC Operating Agreement, Oak has a 64.7% interest in that entity, while JJ Camelot LLC has a 35.3% interest.

81. JJ Camelot LLC, through its membership interests in Camelot MM JV LLC, has interests in the real property known as 88 University Place, New York, New York, Center Pointe Landings, 107 Sterling Court NW, Center Point, AL 35215, City Landing Apartments, 856 Park Brook Trail, Birmingham, AL 35215 and Village Square Landings, 4141 Pinson Valley Parkway, Birmingham, AL 35215, and 1633 East 16<sup>th</sup> Street, Brooklyn, New York.

#### **M. JJ NCSC LLC**

82. Pursuant to the JJ NCSC LLC Operating Agreement (“JJ NCSC OA”) dated December 4, 2019, the members of that entity are Tristan Last, \$65,000, Jeffrey Simpson, \$205,000, Deborah Chassen, \$200,000, Jared Chassen, \$305,000, Michael Kaplan, \$4,000, Josh Biel, \$15,000, Arielle and Daniel Jacobs, \$50,000, Yechiel Lehrfield, \$45,000, and Michelle Miller, \$115,000. A true and correct copy of the JJ NCSC OA is annexed hereto as **Exhibit 40**. The managing member is listed as Jeffrey Simpson.

83. JJ NCSC LLC is in turn a member of NCSC MM JV LLC, whose other members are Oak, Arch Real Estate Property Holdings I LLC, and AREH, the managing member. A true and correct copy of the NCSC MM JV LLC Operating Agreement is annexed hereto as **Exhibit**

**41.** According to the NCSC MM JV LLC Operating Agreement, Oak has a 63.2% interest in that entity, while JJ NCSC LLC has a 36.8% interest.

84. JJ NCSC LLC, through its membership interests in NCSC MM JV LLC, has interests in the real property known as 88 University Place, New York, New York, Center Pointe Landings, 107 Sterling Court NW, Center Point, AL 35215, City Landing Apartments, 856 Park Brook Trail, Birmingham, AL 35215 and Village Square Landings, 4141 Pinson Valley Parkway, Birmingham, AL 35215, and 1633 East 16<sup>th</sup> Street, Brooklyn, New York.

## **VII. The Purported Transfers are Unlawful and Should Be Permanently Enjoined**

85. The Portfolio Property Entities' assets belong to numerous investors, not JJ Arch, and their transfer to JJ Arch is a breach of fiduciary duty, a fraudulent conveyance, and violates the relevant operating agreements.

86. As the managing member of the Portfolio Property Entities, Simpson owes the non-managing members fiduciary duties.<sup>16</sup> “[I]t is elemental that a fiduciary owes a duty of undivided and undiluted loyalty to those whose interests the fiduciary is to protect. This is a sensitive and inflexible rule of fidelity, barring not only blatant self-dealing, but also requiring avoidance of situations in which a fiduciary's personal interest possibly conflicts with the interest of those owed a fiduciary duty.” *Pokoik v Pokoik*, 115 A.D.3d 428, 429 (1st Dep’t 2014) (citations and quotations omitted).

87. Simpson’s no-consideration transfer of the assets of the Portfolio Property Entities to an entity in bankruptcy, JJ Arch (which Simpson contends he is the only member in), clearly breaches Simpson’s fiduciary duties to the members of the Portfolio Property Entities. A transfer

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<sup>16</sup> “Under Delaware or New York law, the managing member of an LLC owes fiduciary duties to the LLC members.” *Matter of Goodwin Law Group P.C. v Zilong Wang*, 226 A.D.3d 537, 538 (1st Dep’t 2024) (citations omitted).

of the Portfolio Property Entities' assets into an entity that is in Chapter 11 bankruptcy not only takes the assets from the members, but also makes the assets part of a bankruptcy estate and subject to creditor claims.

88. The transfers also amount to fraudulent conveyances under DCL § 273(a), which applies either (1) "where the transfer" was made either "with actual intent to hinder, delay or defraud any creditor of the [transferor]," or was (2) made "without receiving a reasonably equivalent value in exchange for the transfer or obligation" and where the debtor was "about to engage in . . . a transaction for which the remaining assets of the [transferor] were unreasonably small in relation to the business or transaction" or the transfer "reasonably should have believed that the [transferor] would incur[] debts beyond the debtor's ability to pay as they became due."

*Id.*

89. The no-consideration transfer of all the assets of the Portfolio Property Entities violates this provision because the Portfolio Property Entities will be left with no assets. In addition, upon information and belief, the Portfolio Property Entities face tax and other liabilities that they will be left unable to pay.

90. And in addition, Simpson's actual intent to hinder creditors, namely the members of the entities, is established by the so-called badges of fraud, which include "transfer or obligation was to an insider," "the transfer was of substantially all the debtor's asset's," and "the value of the consideration was not . . . reasonably equivalent." *Id.* at § 273(b). These and other badges of fraud are present here, as Simpson is transferring all the assets of these entities to JJ Arch, an entity he claims only he owns, and for no consideration.

91. The transfers also violate DCL§ 274(a), because Simpson is making "the transfer . . . without receiving a reasonably equivalent value in exchange for the transfer or obligation and

the debtor was insolvent at that time or the debtor became insolvent as a result of the transfer or obligation.” The Portfolio Property Entities are not receiving any reasonably equivalent value, and after the transfers, the Portfolio Property Entities will be left insolvent.

92. The relevant “MM Operating Agreements” of the “MM Entities” also prohibit these transfers.<sup>17</sup> These agreements prohibit the transfer of all the Portfolio Property Entities’ interests in the “MM Entities” without the consent of all members, *see Exs. 17, 19, 21, 23, 25, 27, 29, 31, 32, 35, 37* at Article 8.1, or, certain smaller size transfers, for example, where such transfers would violate state or federal law. *Id.* at Articles 8.2-8.3.

93. Further, Simpson does not have the authority to make these transfers without the consent of a majority of the members. For one thing, each of the Operating Agreements requires unanimous consent of all members before “any transaction, agreements or other arrangements on behalf of the Company with the Managing Member or his Affiliates.” *Exs. 16, 18, 20, 22, 24, 26, 28, 30, 33, 34, 36, 38, 40* at Article 9. Affiliates of the Managing Member include entities he controls. *Id.* at Article 12. Further, The JJ NCSC OA, the JJ Cambridge OA, the JJ Camelot OA, and the JJ Midtown Oaks OA do not permit Simpson to transfer all the assets of these entities without member consent. In the absence of such a provision, “Limited Liability Company Law § 402 requir[es], in relevant part, the vote of a majority of the members to approve the sale of ‘all or substantially all of the assets of the limited liability company.’” *Shefa Trading III, LLC v E.N.Y. Plaza, LLC*, 192 A.D.3d 937, 939 (2d Dep’t 2021) (quoting Limited Liability Company Law § 402 [d] [2]); *Manitaras v Beusman*, 56 AD3d 735, 736 (2d Dep’t 2008) (holding that where operating agreement is silent on issue of the sale of all assets, the default NY LLC rule

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<sup>17</sup> The “MM Entities” refer to the entities in which the Portfolio Property Entities are members and the MM Operating Agreements refer to the Operating Agreements for the MM Entities.

applies).<sup>18</sup> Accordingly, any transfer of all the assets of these entities without the required majority consent violates NY LLC Law § 402 (d)(2). In addition, there does not appear to be a signed JJ Myrtle Point LLC operating agreement, and where there is no operating agreement, the default rules of the NY LLC Law govern. *See Matter of Eight of Swords, LLC*, 96 A.D.3d 839, 839 (2d Dep’t 2012).

94. And even in those operating agreements which do have a provision purporting to allow Simpson to “sell, pledge, lease or otherwise transfer” all assets without first obtaining member consent, that provision does not include the transfers Simpson is imminently threatening here. The words “sell,” “pledge,” and “lease” connote a transaction for consideration. The dictionary defines the term “sell” to mean to “to give up (property) to another for something of value,”<sup>19</sup> the term “pledge” to mean a “bailment of a chattel as security for a debt or other obligation without involving transfer of title,”<sup>20</sup> and the term “lease” to mean “a contract by which one conveys real estate, equipment, or facilities for a specified term and for a specified rent.”<sup>21</sup> Under the canon of ejusdem generis, when a general catch-all term follows such specific words, here “or otherwise transfer,” the general phrase should be construed as of the same class. That is, if all the other words in a series share a particular attribute, the words in the series that require interpretation must be interpreted as sharing that attribute. Thus, irrespective

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<sup>18</sup> 5401 California Investors LLC, governed by Delaware Law, also has no provision authorizing Simpson to sell all the assets without the consent of the other members. Ex. 34.

<sup>19</sup> Merriam Webster’s Online Dictionary, available at: <https://www.merriam-webster.com/dictionary/sell>

<sup>20</sup> *Id.*, available at: <https://www.merriam-webster.com/dictionary/pledge>

<sup>21</sup> *Id.*, available at: <https://www.merriam-webster.com/dictionary/lease>

of his independent fiduciary obligations and his obligations to creditors under the UVTA, Simpson must first obtain the consent of a majority of the members to do a transfer where there the transfer does not share the attributes of a sale, pledge, or lease, here, most notably, any consideration or exchange.

95. Finally, even to the extent any of the operating agreements do not require consent for Simpson to take an action, that does not mean that Simpson is free to breach his fiduciary duties or engage in fraudulent transfers. Simpson must still abide by his fiduciary obligations and his obligations to present and future creditors under the UVTA. His no consideration, insider transfers of all assets to a debtor in bankruptcy violate each of these obligations.

### **DEMAND FUTILITY**

96. Pre-suit demand is excused because it would be futile, as Simpson is the managing member of the Portfolio Property Entities and cannot be expected to sue himself for his own wrongdoing.

### **CAUSES OF ACTION**

#### **First Cause of Action (Declaratory Judgment-Direct Claim)**

97. Plaintiffs repeat each of the preceding allegations as if fully set forth herein.

98. Defendants' conduct has created a justiciable controversy between Plaintiffs and Defendants as to whether Simpson may transfer the assets of the Portfolio Property Entities to the Debtor without consideration and even though the Debtor does not own those assets.

99. As managing member of the Portfolio Property Entities, Defendants owe fiduciary duties to the Portfolio Property Entities and their members, including the duty of good faith and loyalty. A no-consideration transfer of the Portfolio Property Entities' assets into an entity that is in Chapter 11 bankruptcy breaches those fiduciary duties, as those assets are not

only taken from the members, but they become part of a bankruptcy estate and subject to creditor claims.

100. The no-consideration transfer also amounts to a fraudulent conveyance under the Debtor Creditor Laws, including DCL 273 and 274.

101. The transfers also violate the Operating Agreements, which prohibit the transfer of all the membership interests without consent of all members.

102. Plaintiffs are entitled to a declaration that any transfer of the Properties is therefore unlawful and null and void.

103. This dispute represents a genuine, concrete dispute involving substantial legal rights Plaintiffs lack an adequate remedy at law.

104. Accordingly, the Court should enter judgment declaring that the transfer by Simpson of the Portfolio Properties Entities assets to the Debtor or any affiliate of Simpson is null and void.

**Second Cause of Action  
(Declaratory Judgment-Brought Derivatively on Behalf of the Portfolio Property Entities)**

105. Plaintiffs repeat each of the preceding allegations as if fully set forth herein.

106. Defendants' conduct has created a justiciable controversy between Plaintiffs and Defendants as to whether Simpson may transfer the assets of the Portfolio Property Entities to the Debtor without consideration and even though the Debtor does not own those assets.

107. As managing member of the Portfolio Property Entities, Defendants owe fiduciary duties to the Portfolio Property Entities and their members, including the duty of good faith and loyalty. A no-consideration transfer of the Portfolio Property Entities' assets into an entity that is in Chapter 11 bankruptcy breaches those fiduciary duties, as those assets are not

only taken from the members, but they become part of a bankruptcy estate and subject to creditor claims.

108. The no-consideration transfer also amounts to a fraudulent conveyance under the Debtor Creditor Laws, including DCL 273 and 274.

109. The transfers also violate the Operating Agreements, which prohibit the transfer of all the membership interests without consent of all members.

110. Plaintiffs are entitled to a declaration that any transfer of the Properties is therefore unlawful and null and void.

111. This dispute represents a genuine, concrete dispute involving substantial legal rights Plaintiffs lack an adequate remedy at law.

112. Accordingly, the Court should enter judgment declaring that the transfer by Simpson of the Portfolio Properties Entities assets to the Debtor or any affiliate of Simpson is null and void.

**Third Cause of Action  
(Permanent Injunction-Direct Claim)**

113. Plaintiffs repeat each of the preceding allegations as if fully set forth herein.

114. Plaintiffs are entitled to a permanent injunction enjoining Defendants from transferring the Portfolio Property Entities' assets to the Debtor or to Simpson or entities he owns or controls without the prior permission of this Court.

115. As managing member of the Portfolio Property Entities, Defendants owe fiduciary duties to the Portfolio Property Entities and their members, including the duty of good faith and loyalty. Any transfer of the Portfolio Property Entities' assets into an entity that is in Chapter 11 bankruptcy breaches those fiduciary duties and also amounts to a violation of New

York's Debtor-Creditor Laws. Further, Simpson is not authorized to transfer these assets under the relevant operating agreements.

116. Plaintiffs face irreparable injury if Simpson is allowed to transfer these assets to the Debtor, where they will lose their interests and property rights and be rendered insolvent and the transfer is being made to an insolvent entity. They will also be deprived of their consent and other ownership rights.

117. The equities weigh in Plaintiffs' favor because they stand to suffer serious irreparable injury, while Defendants stands to suffer no loss from an injunction, as these assets indisputably belong to the Portfolio Property Entities, and Defendants are merely being enjoined from violating black-letter law.

118. The violations of Plaintiffs' rights are threatened and imminent.

119. Plaintiffs lack an adequate remedy at law.

120. Accordingly, the Court should enter judgment permanently enjoining Defendants from transferring the Portfolio Properties Entities assets to the Debtor or entities owned or controlled by Simpson, without first obtaining permission from this Court.

**Fourth Cause of Action**  
**(Permanent Injunction- Brought Derivatively on Behalf of the Portfolio Property Entities)**

121. Plaintiffs repeat each of the preceding allegations as if fully set forth herein.

122. Plaintiffs are entitled to a permanent injunction enjoining Defendants from transferring the Portfolio Property Entities' assets to the Debtor or to Simpson or entities he owns or controls without the prior permission of this Court.

123. As managing member of the Portfolio Property Entities, Defendants owe fiduciary duties to the Portfolio Property Entities and their members, including the duty of good faith and loyalty. Any transfer of the Portfolio Property Entities' assets into an entity that is in

Chapter 11 bankruptcy breaches those fiduciary duties and also amounts to a violation of New York's Debtor-Creditor Laws. Further, Simpson is not authorized to transfer these assets under the relevant operating agreements.

124. The Portfolio Property Entities face irreparable injury if Simpson is allowed to transfer these assets to the Debtor because the entities will be rendered insolvent and the transfer is being made to an insolvent entity. Further, they will also be deprived of their consent and other ownership rights in the MM Entities.

125. The equities weigh in Plaintiffs' favor because they stand to suffer serious irreparable injury, while Defendants stands to suffer no loss from an injunction, as these assets indisputably belong to the Portfolio Property Entities, and Defendants are merely being enjoined from violating black-letter law.

126. The violations of Plaintiffs' rights are threatened and imminent.

127. Plaintiffs lack an adequate remedy at law.

128. Accordingly, the Court should enter judgment permanently enjoining Defendants from transferring the Portfolio Properties Entities assets to the Debtor or entities owned or controlled by Simpson, without first obtaining permission from this Court.

### **CLAIMS FOR RELIEF**

**WHEREFORE**, Plaintiffs respectfully requests that judgment be granted as follows:

- a. On the First and Second Causes of Action, declaring that any transfer by Simpson of the Portfolio Properties Entities assets to the Debtor or any affiliate of Simpson, and without fair consideration, is null and void;
- b. On the Third and Fourth Causes of Action, permanently enjoining Defendants from transferring the Portfolio Properties Entities assets to the Debtor or entities owned or

controlled by Simpson, without first obtaining permission from this Court.

- c. Awarding attorney's fees, costs, prejudgment interest and such other and further relief as the Court deems just and proper.

Dated: New York, New York  
September 22, 2024

SCHWARTZ LAW PLLC

By: /s/  
Allen Schwartz, Esq.  
150 Broadway, Suite 701  
New York, New York  
347-460-5379  
[allen@allenschwartzlaw.com](mailto:allen@allenschwartzlaw.com)

*Counsel for Plaintiffs*

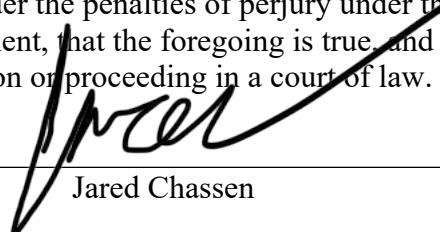
**VERIFICATION**

STATE OF NEW YORK )  
:  
COUNTY OF NEW YORK )

Jared Chassen, hereby swears to the truth of the following under penalty of perjury:

1. I am the plaintiff in this matter and a member of the corporate plaintiff, 55 Manor LLC.
2. I have read the foregoing complaint and know the contents thereof.
3. That the same is true of my own knowledge, except as to those matters alleged upon information and belief. As to those matters stated to be alleged upon information and belief, I believe them to be true.

I affirm this 22nd day of September 2024, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.

  
\_\_\_\_\_  
Jared Chassen