

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

PRESENT: Hon. George J. Silver, Acting Administrative Judge
Administrative Order

THE PEOPLE OF THE STATE OF NEW YORK
By ERIC T. SCHNEIDERMAN,
Attorney General of the State of New York,

Plaintiff,

vs.

INDEX NO. 451705/2017

DEAN MUSTAPHALLI,
MUSTAPHALLI CAPITAL PARTNERS FUND, L.P.,
MUSTAPHALLI ADVISORY GROUP, LLC,
MUSTAPHALLI CAPITAL MANAGEMENT, LLC,
MUSTAPHALLI GROUP, LLC,
LSA QUANT RESEARCH, LLC,
L & S, LLC and
CAMELOT CRICKET CLUB, INC.,

Defendants.

Administrative Order:

By letter dated June 23, 2017, the New York Attorney General (OAG) timely requests that this action be transferred into the Commercial Division pursuant to Commercial Division Rule 202.70 (e). No opposition to the request has been received.

Actions in which the principal claims are for breach of contract or business torts, where the breach or violation is alleged to arise out of business dealings, may be heard in the Commercial Division, provided the \$500,000 monetary threshold for New York County is met or equitable or declaratory relief is sought (Commercial Division Rule 202.70 [a], [b] [1]). The complaint alleges that defendant Dean Mustaphalli (Mustaphalli), an investment advisor, and the other defendants, all of which are entities solely controlled by him, misled and defrauded a number of unsophisticated New York investors out of millions of dollars of their retirement savings by diverting their relatively safe investment portfolios to a hedge fund, which employed highly speculative and risky trading strategies, without explaining the risks to his clients and by misrepresenting material information. The complaint alleges that the defendants' fraudulent acts and practices violate the Martin Act and the regulations promulgated thereunder, Executive Law § 63 (12), as well as provisions of the Debtor and Creditor Law § 273, 274 and 276, and constitute breaches of fiduciary duty, unjust enrichment and common law fraud. The OAG seeks a permanent injunction barring Mustaphalli from engaging in any

business related to the sale of securities in this state, in addition to the remedies of disgorgement, restitution, damages and penalties.

The request for a transfer to the Commercial Division is granted. The General Clerk's Office is directed to randomly reassign this case from I.A.S. Part 15 (currently Rakower, J.) to a Justice of the Commercial Division and to reschedule the preliminary conference, currently scheduled in Part 15 on July 11, 2017. (A motion to dismiss the complaint is currently returnable in the Motion Submissions Part on July 6, 2017.)

Dated: June 27, 2017

ENTER: George J. Silver, A.J.
GEORGE J. SILVER
J.S.C.

Check one: FINAL DISPOSITION

NON-FINAL DISPOSITION