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FILED

OCT 27 2014

KATHERINE R. DUPUIS
P.J.Ch.

By: Alina Wells (029512006)
Deputy Attorney General


SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION,
UNION COUNTY
Docket No.: UNN-C-48-12

JOHN J. HOFFMAN, Acting Attorney General
of the State of New Jersey, and STEVE C. LEE,
Acting Director of the New Jersey Division of
Consumer Affairs,

Civil Action

Plaintiffs,

v.

LAFLAT, INC., LAFLAT GROUP, INC.,
LAFURNITURE & DESIGN, LTD., LA
FURNITURE CORP., LA FURNITURE
GROUP, INC., TYGER FURNITURE, INC.,
a/k/a TG FURNITURE GROUP; LEV STANIK
and ROMAN TYGER, JANE and JOHN DOES
1-10, individually and as owners, officers,
directors, shareholders, founders, managers,
agents, servants, employees representatives
and/or independent contractors of LAFLAT,
INC., LAFLAT GROUP, INC., LAFURNITURE
& DESIGN, LTD., LA FURNITURE CORP., LA
FURNITURE GROUP, INC., TYGER
FURNITURE, INC., a/k/a TG FURNITURE
GROUP, and XYZ CORPORATIONS 1-10,

FINAL CONSENT JUDGMENT

Defendants.

The parties to this Action and Final Consent Judgment (“Consent Judgment”) are plaintiffs John J. Hoffman, Acting Attorney General of the State of New Jersey (“Attorney General”), and Steve C. Lee, Acting Director of the New Jersey Division of Consumer Affairs (“Director”),¹ and defendants LaFlat, Inc., LaFlat Group, Inc., LaFurniture & Design, Ltd., La Furniture Corp., La Furniture Group, Inc., Tyger Furniture, Inc. a/k/a TG Furniture Group, Lev Stanik (“Stanik”) and Roman Tyger (“Tyger”) (collectively, “Defendants”); (collectively, “Parties”). As evidenced by their signatures below, the Parties do consent to the entry of this Consent Judgment and its provisions without trial or adjudication of any issue of fact or law, and without an admission of any liability or wrongdoing of any kind.

PRELIMINARY STATEMENT

On May 1, 2012, Plaintiffs commenced this action, alleging that Defendants engaged in deceptive conduct, among other things, in their Advertisement, offering for Sale and Sale of Household Furniture and home furnishings. Specifically, Plaintiffs alleged that Defendants violated the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. (“CFA”), the Refund Policy Disclosure Act, N.J.S.A. 56:8-2.14 et seq. (“Refund Act”), the Deceptive Mail Order Practices Regulations, N.J.A.C. 13:45A-1.1 et seq. (“Mail Order Regulations”), the Regulations Governing the Delivery of Household Furniture and Furnishings, N.J.A.C. 13:45A-5.1 et seq. (“Furniture Regulations”), and the Regulations Governing General Advertising Practices, N.J.A.C. 13:45A-9.1 et seq. (“Advertising Regulations”), among other things, by: (1) accepting Consumer payments and then failing to provide Merchandise on the promised delivery date or at

¹ This action was commenced on behalf of former Attorney General Jeffrey S. Chiesa and former Director Eric T. Kanefsky. In accordance with R. 4:34-4, the caption has been revised to reflect the current Acting Attorney General and Acting Director.

all; (2) delivering Defective Merchandise and/or Non-Conforming Merchandise; and (3) providing Consumers with refund checks that bounced due to insufficient funds. Defendants deny the allegations.

The Court has reviewed the terms of this Final Consent Judgment and based upon the Parties' agreement and for good cause shown:

IT IS HEREBY ORDERED AND AGREED AS FOLLOWS:

1. JURISDICTION

1.1 The Parties admit jurisdiction of this Court over the subject matter and over the Parties for the purpose of entering into this Consent Judgment. The Court retains jurisdiction for the purpose of enabling the Parties to apply to the Court at any time for such further orders and relief as may be necessary for the construction, modification, enforcement, execution or satisfaction of this Consent Judgment.

2. VENUE

2.1 Pursuant to N.J.S.A. 56:8-8, venue as to all matters between the Parties hereto relating to or arising out of this Consent Judgment shall lie exclusively in the Superior Court of New Jersey, Chancery Division, Union County.

3. EFFECTIVE DATE

3.1 This Consent Judgment shall be effective on the date that it is entered with the Court ("Effective Date").

4. DEFINITIONS

As used in this Consent Judgment, the following capitalized words or terms shall have the following meanings, which meanings shall apply wherever the words and terms appear in this Consent Judgment:

4.1 “Action” refers to the action titled John J. Hoffman, et al. v. LaFlat, Inc., et al., Superior Court of New Jersey, Chancery Division, Union County, Docket No. UNN-C-48-12, and all pleadings and proceedings related thereto, including the Complaint and the Answer.

4.2 “Advertisement” shall be defined in accordance with N.J.S.A. 56:8-1(c). For purposes of the Advertising Regulations, “Advertisement” shall be defined in accordance with N.J.A.C. 13:45A-9.1. This definition applies to other forms of the word “Advertisement” including, without limitation, “Advertise” and “Advertised.”

4.3 “Attorney General” shall refer to the Attorney General of the State of New Jersey and the Office of the Attorney General of the State of New Jersey.

4.4 “Clearly and Conspicuously” shall mean a statement that, regardless of the medium in which it is made, is presented in such size, color, contrast, duration, location and audibility, compared to the other information with which it is presented, that it is readily apparent and understandable and in language and terms used in accordance with their common or ordinary usage and meaning. If such statement modifies, explains or clarifies other information with which it is presented, it must be presented in proximity to the information it modifies, explains or clarifies and in a manner that is readily apparent and understandable.

4.5 “Consumer” shall refer to any Person, defined in accordance with N.J.S.A. 56:8-1(d), who is offered Merchandise for Sale.

4.6 “Defective Merchandise” shall refer to Merchandise that is damaged at or about the time of delivery or otherwise indicated to be damaged or unfit for its intended use at the time of delivery.

4.7 “Defendants’ Websites” shall refer to the any internet websites owned and operated by Defendants through which they have Advertised, offered for Sale and sold

Merchandise, including, but not limited to: (a) www.la-classic.com; (b) www.la-decor.com; (c) www.modernfurnituredeal.com; (d) www.modernfurniture-boston.com; (e) www.modernfurniture-la.com; (f) www.modern-furniture-miami.com; (g) www.modernfurniture-nj.com; (h) www.modernfurniture-ny.com; (i) www.modernroomfurniture.com; (j) <http://www.modernfurnituredeal.com>; and (k) www.tygerfurniture.com.

4.8 “Division” or “Division of Consumer Affairs” shall refer to the New Jersey Division of Consumer Affairs.

4.9 “Household Furniture” shall be defined in accordance with N.J.S.A. 13:45A-5.1(d).

4.10 “Merchandise” shall be defined in accordance with N.J.S.A. 56:8-1(c) and includes Household Furniture.

4.11 “Non-Conforming Merchandise” shall refer to Merchandise that differs from the Merchandise that a Consumer ordered or purchased or Merchandise that differs in quality and characteristics from representations made by Defendants to Consumers at the time of Sale.

4.12 “Partial Delivery” shall refer to the delivery of less than all of the Merchandise ordered or purchased by a Consumer.

4.13 “Restitution” shall refer to all methods undertaken by Defendants to resolve Consumer complaints including, but not limited to, the issuance of credits or refunds or the reversal of credit card or debit card charges.

4.14 “Sale” shall be defined in accordance with N.J.S.A. 56:8-1(d).

4.15 “State” shall refer to the State of New Jersey.

5. REPRESENTATIONS AND WARRANTIES

5.1 Defendants represent and warrant that they transferred the rights to the www.laflat.com website to an entity not affiliated or controlled by any or all of the Defendants, on or about May 30, 2013.

6. INJUNCTIVE RELIEF AND BUSINESS PRACTICES

6.1 Defendants shall not engage in any unfair or deceptive acts or practices in the conduct of any business in the State and shall comply with such State and/or Federal laws, rules and regulations as now constituted or as may hereafter be amended including, but not limited to, the CFA, the Refund Act, the Mail Order Regulations, the Furniture Regulations and the Advertising Regulations.

6.2 Defendants shall not accept payment for Merchandise and then fail to deliver the ordered Merchandise.

6.3 Defendants shall provide Consumers with a contract form, sales document or invoice setting forth a promised delivery date and the Consumers' rights in the event of non-delivery on the promised delivery date.

6.4 Defendants shall not fail to deliver Merchandise on the promised delivery date or at any time thereafter.

6.5 Defendants shall not deliver Defective Merchandise or Non-Conforming Merchandise to Consumers.

6.6 Defendants shall not Advertise and/or offer for Sale Merchandise, whether through Defendants' Websites or otherwise, then deliver to Consumers Merchandise that is of a different or inferior quality or condition of the Advertised Merchandise, as prohibited by [N.J.S.A. 56:8-2.2](#).

6.7 Defendants shall replace any Defective Merchandise or Non-Conforming Merchandise delivered to Consumers.

6.8 For all Merchandise Advertised and/or offered for Sale through a mail order or catalog, Defendants shall deliver such Merchandise by the promised delivery date, or within six (6) weeks after accepting money through the mail or any electronic transfer medium, in accordance with N.J.A.C. 13:45A-1.1(b)1.

6.9 For all Merchandise Advertised and/or offered for Sale through a mail order or catalog, if Defendants fail to deliver such Merchandise by the promised delivery date, or within six (6) weeks after accepting money through the mail or any electronic medium, Defendants shall: (a) make a full refund, in accordance with N.J.A.C. 13:45A-1.1(b)(2); (b) send the Consumer a letter, in accordance with N.J.A.C. 13:45A-1.1(b)(3); or (c) send the Consumer substituted Merchandise of equivalent or superior quality, in accordance with N.J.A.C. 13:45A-1.1(b)(4)i, ii, iii.

6.10 Defendants shall deliver all ordered Merchandise by the promised delivery date, in accordance with N.J.A.C. 13:45A-5.1(a)(1).

6.11 In the event Defendants do not deliver all ordered Merchandise by the promised delivery date, Defendants shall provide Consumers with written notice which, among other things, informs them of their option to cancel for a full refund or accept delivery at a later date, in accordance with N.J.A.C. 13:45A-5.1(a)(2).

6.12 In the event Defendants make a Partial Delivery of ordered Merchandise by the delivery date, Defendants shall provide Consumers with written notice which, among other things, informs them of their option to cancel for a full refund or to accept delivery at a later date, in accordance with N.J.A.C. 13:45A-5.1(b).

6.13 In the event Defendants deliver Defective Merchandise and/or Non-Conforming Merchandise, Defendants shall provide Consumers with the option of cancelling the order for a full refund or accepting delivery at a later date, in accordance with N.J.A.C. 13:45A-5.1(e)(1).

6.14 In the event Defendants fail to deliver Merchandise or deliver Non-Conforming Merchandise, Defendants shall issue a refund when requested by Consumers, in accordance with N.J.A.C. 13:45A-5.1(a), (e).

6.15 Defendants shall include in all contract forms and/or sales documents for Household Furniture the date of the order as well as the following sentence in ten-point bold face type, as required by N.J.A.C. 13:45A-5.2(a): **“The merchandise you have ordered is promised for delivery to you on or before (insert date or length of time agreed upon).”**

6.16 Defendants shall fill in the delivery date at the time the contract of Sale is entered into or when the sales documents are issued, either as a specific day of a specific month or as an agreed upon length of time, in accordance with N.J.A.C. 13:45A-5.2(b).

6.17 Defendants shall include on the first page of all contract forms and/or sales documents for Household Furniture the following notice in ten-point bold face type, as required by N.J.A.C. 13:45A-5.3(a):

If the merchandise ordered by you is not delivered by the promised delivery date (insert name of seller) must offer you the choice of (1) canceling your order with a prompt, full refund of any payments you have made, or (2) accepting delivery at a specific later date.

6.18 Defendants shall not include in any contract forms and/or sales documents for Household Furniture any terms which violate or are contrary to the Consumer rights and Defendants' responsibilities under the Furniture Regulations, in accordance with N.J.A.C. 13:45A-5.3(c).

6.19 Defendants shall not include in any contract forms and/or sales documents any language that is contradictory to Defendants' obligations upon delayed delivery of Merchandise.

6.20 Defendants shall respond to Consumer complaints and/or inquiries regarding any failure to deliver Merchandise, Defective Merchandise and/or Non-Conforming Merchandise not later than three (3) days after the initial contact from the Consumer.

6.21 Defendants shall ensure that there are sufficient funds in their accounts to cover any refund checks issued to Consumers.

6.22 Defendants shall Clearly and Conspicuously post their refund policy on Defendants' Websites, and/or in Defendants' showrooms and warehouses, in accordance with N.J.S.A. 56:8-2.16.

7. SETTLEMENT AMOUNT

7.1 The Parties have agreed to a settlement of the Action in the amount of Three Hundred Thousand Dollars (\$300,000.00) ("Settlement Amount").

7.2 The Settlement Amount comprises Ninety-Seven Thousand Two Hundred Sixty-Eight and 67/100 Dollars (\$97,268.67) in civil penalties, pursuant to N.J.S.A. 56:8-13, One Hundred Four Thousand One Hundred Forty and 90/100 Dollars (\$104,140.90) in Restitution, pursuant to N.J.S.A. 56:8-8, Ninety-Four Thousand Two Hundred Fifty-One and 50/100 Dollars (\$94,251.50) in reimbursement of Plaintiffs' attorneys' fees, and Four Thousand Three Hundred Thirty-Eight and 93/100 Dollars (\$4,338.93) in reimbursement of Plaintiffs' investigative costs, pursuant to N.J.S.A. 56:8-11 and N.J.S.A. 56:8-19.

7.3 Plaintiffs agree to suspend Two Hundred Forty Thousand and 00/100 Dollars (\$240,000.00) of the Settlement Amount ("Suspended Amount"), subject to the conditions set

forth in Section 7.6. The remaining Sixty Thousand and 00/100 Dollars (\$60,000.00)

(“Settlement Payment”) shall be paid by Defendants as follows:

- a. Five Thousand and 00/100 Dollars (\$5,000) shall be paid within forty-five (45) days of the Effective Date; and
- b. The balance of Fifty-Five Thousand and 00/100 Dollars (\$55,000.00) shall be paid as follows: twenty-seven (27) equal installments of Two Thousand and 00/100 Dollars (\$2,000), with each installment due on the first day of each month, beginning January 1, 2015 and ending March 2018; and one (1) payment of One Thousand and 00/100 Dollars (\$1,000.00), due on April 1, 2018.

7.4 Defendants shall make the Settlement Payment by certified or cashier’s check, money order, wire transfer or credit card made payable to “New Jersey Division of Consumer Affairs” and forwarded to:

Alina Wells, Deputy Attorney General
Consumer Fraud Prosecution Section
State of New Jersey
Office of the Attorney General
Department of Law and Public Safety
Division of Law
124 Halsey Street - 5th Floor
P.O. Box 45029
Newark, New Jersey 07101

7.5 Upon making the Settlement Payment, Defendants shall immediately be fully divested of any interest in, or ownership of, the monies paid and all interest in the monies, and any subsequent interest or income derived therefrom, shall inure entirely to the benefit of the Plaintiffs pursuant to the terms herein.

7.6 The Suspended Amount shall be automatically vacated on April 30, 2018, provided:

- (a) Defendants comply in all material respects with the restraints and conditions set forth in this Consent Judgment; and

- (b) Defendants make the Settlement Payment in the manner required under Section 7.3.

7.7 In the event Defendants materially fail to comply with Section 7.6, Plaintiffs shall provide Defendants with written notice seeking payment of the entire Suspended Amount as well as any outstanding portion of the Settlement Payment. In any such notice, however, Plaintiffs shall provide Defendants with the specific details of the alleged noncompliance, as well as any supporting documentation. Defendants shall be afforded a fifteen (15) day period from receipt of such notice within which to cure any such noncompliance. In the event of Defendants' failure to cure any such noncompliance, Plaintiffs may move on Notice of Motion or Order to Show Cause to have a Judgment entered for the Suspended Amount and any outstanding portion of the Settlement Payment. Defendants shall have the right to submit opposition to any Motion or Order to Show Cause application filed by Plaintiffs and to contest same on any return date.

7.8 Upon a request made by or on behalf of Defendants for verification that the Settlement Payment has been made and that the Suspended Amount has been vacated, Plaintiffs shall provide Defendants with a Warrant of Satisfaction as to such payments and a written acknowledgment that the Suspended Amount has been vacated. Such Warrant of Satisfaction shall have no effect upon Defendants' continuing obligations under any other provision of this Final Consent Judgment.

8. JUDGMENT BY CONFESSION

8.1 Upon execution of this Consent Judgment, Defendants Stanik and Tyger shall provide Plaintiffs with a Judgment by Confession in the amount of \$300,000.00 and supporting Affidavit for Judgment by Confession executed by them, attached as Exhibit A. Plaintiffs'

counsel shall hold the Judgment by Confession and supporting Affidavit in escrow pending an event of default.

8.2 If an event of default occurs, Plaintiffs may file a motion upon notice to Defendants pursuant to the New Jersey Rules of Court to enter and enforce the Judgment by Confession and to have judgment entered against the Defendants, in the entire amount of \$300,000.00, plus Plaintiffs' attorneys' fees and costs, less any amounts paid by Defendants under this Consent Judgment.

9. DISMISSAL OF ACTION

9.1 The entry of this Consent Judgment constitutes a dismissal with prejudice of the Action.

10. GENERAL PROVISIONS

10.1 This Consent Judgment is entered into by the Parties as their own free and voluntary act and with full knowledge and understanding of the obligations and duties imposed by this Consent Judgment.

10.2 This Consent Judgment shall be governed by, and construed and enforced in accordance with, the laws of the State.

10.3 The Parties have negotiated, jointly drafted and fully reviewed the terms of this Consent Judgment and the rule that uncertainty or ambiguity is to be construed against the drafter shall not apply to the construction or interpretation of this Consent Judgment.

10.4 This Consent Judgment contains the entire agreement among the Parties. Except as otherwise provided herein, this Consent Judgment shall be modified only by a written instrument signed by or on behalf of the Plaintiffs and Defendants.

10.5 Except as otherwise explicitly provided for in this Consent Judgment, nothing herein shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State.

10.6 If any portion of this Consent Judgment is held invalid or unenforceable by operation of law, the remaining terms of this Consent Judgment shall not be affected.

10.7 This Consent Judgment shall be binding upon the Parties and their successors in interest. In no event shall assignment of any right, power or authority under this Final Consent Judgment avoid compliance with this Consent Judgment.

10.8 This Consent Judgment is agreed to by the Parties and entered into for settlement purposes only. Neither the fact of, nor any provision contained in this Consent Judgment nor any action taken hereunder shall constitute, or be construed as: (a) an approval, sanction or authorization by the Attorney General, the Division or any other governmental unit of the State of any act or practice of the Defendants. This Consent Judgment is not intended, and shall not be deemed, to constitute evidence or precedent of any kind except in: (a) any action or proceeding by one of the Parties to enforce, rescind or otherwise implement or affirm any or all of the terms of this Consent Judgment.

10.9 Nothing contained in this Consent Judgment shall be construed to limit or otherwise affect the rights of any Persons who are not Parties to this Consent Judgment with respect to any of the matters contained herein.

10.10 The Parties represent and warrant that their signatories to this Consent Judgment have authority to act for and bind the respective Parties.

10.11 Unless otherwise prohibited by law, any signatures by the Parties required for entry of this Consent Judgment may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Judgment.

11. RELEASE

11.1 In consideration of the injunctive relief, payments, undertakings, mutual promises and obligations provided for in this Consent Judgment and conditioned on Defendants making the Settlement Payment in the manner referenced in Section 7, Plaintiffs hereby agree to release Defendants from any and all civil claims or Consumer related administrative claims, to the extent permitted by State law, which the Plaintiffs could have brought prior to the Effective Date against Defendants for violations of the CFA, the Refund Act, the Mail Order Regulations, the Furniture Regulations, and the Advertising Regulations, as alleged in the Action.

11.2 Notwithstanding any term of this Consent Judgment, the following do not comprise released claims: (a) private rights of action, provided however, that nothing herein shall prevent Defendants from raising the defense of set-off against a Consumer who has received Restitution; (b) actions to enforce this Consent Judgment; and (c) any claims against Defendants by any other agency or subdivision of the State.

12. PENALTIES FOR FAILURE TO COMPLY

12.1 The Attorney General (or designated representative) shall have the authority to enforce the provisions of this Consent Judgment or to seek sanctions for violations hereof or both.

12.2 The Parties agree that any future violations of the injunctive provisions of this Consent Judgment, the CFA, the Refund Act, the Mail Order Regulations, the Furniture

Regulations and/or the Advertising Regulations shall constitute a second or succeeding violation under N.J.S.A. 56:8-13 and that the Defendants may be liable for enhanced civil penalties.

13. COMPLIANCE WITH ALL LAWS

13.1 Except as provided in this Consent Judgment, no provision herein shall be construed as:

- (a) Relieving Defendants of their obligations to comply with all State and Federal laws, regulations or rules, as now constituted or as may hereafter be amended, or as granting permission to engage in any acts or practices prohibited by any such laws, regulations or rules; or
- (b) Limiting or expanding any right the Plaintiffs may otherwise have to obtain information, documents or testimony from Defendants pursuant to any State or Federal law, regulation or rule, as now constituted or as may hereafter be amended, or limiting or expanding any right Defendants may otherwise have pursuant to any State or Federal law, regulation or rule, to oppose any process employed by the Plaintiffs to obtain such information, documents or testimony.

14. NOTICES UNDER THIS CONSENT JUDGMENT

14.1 Except as otherwise provided herein, any notices or other documents required to be sent to the Parties pursuant to this Consent Judgment shall be sent by the United States Mail, Certified Mail Return Receipt Requested, or other nationally recognized courier service that provides for tracking services and identification of the person signing for the documents. The notices and/or documents shall be sent to the following addresses:

For the Plaintiffs:

Alina Wells, Deputy Attorney General
Consumer Fraud Prosecution Section
State of New Jersey
Office of the Attorney General
Department of Law and Public Safety
Division of Law
124 Halsey Street - 5th Floor
P.O. Box 45029
Newark, New Jersey 07101

For the Defendants:

Aleksandr Gelerman, Esq.
Karasik Law Group
1810 Voorhies Avenue, Suite 9
Brooklyn, New York 10006 11235

IT IS ON THE 27th DAY OF October 2014 SO ORDERED,
ADJUDGED AND DECREED.



HON. KATHERINE R. DUPUIS, P.J.Ch.

JOINTLY APPROVED AND
SUBMITTED FOR ENTRY:

FOR THE PLAINTIFFS:

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY

By: Alina Wells
Alina Wells
Deputy Attorney General
Consumer Fraud Prosecution Section
124 Halsey Street - 5th Floor
P.O. Box 45029
[REDACTED]
[REDACTED]

Dated: October 21, 2014

FOR DEFENDANTS:

KARASIK LAW GROUP

By: Aleksandr Geleman
Aleksandr Geleman, Esq.
1810 Voorhies Avenue, Suite 9
Brooklyn, New York ~~10006~~ 11235
Telephone: (718) 502-9112

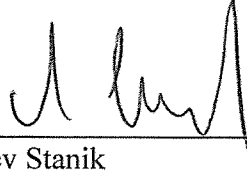
Dated: October 17, 2014

LAFLAT, INC., LAFLAT GROUP, INC.,
LAFURNITURE & DESIGN, LTD., LA FURNITURE
CORP., LA FURNITURE GROUP, INC., TYGER
FURNITURE, INC., a/k/a TG FURNITURE GROUP

By: Lev Stanik
Lev Stanik
[REDACTED]
[REDACTED]

Dated: October 16, 2014


LEV STANIK, Individually

By: 
Lev Stanik



Dated: October 16, 2014

ROMAN TYGER, Individually

By: 
Roman Tyger



Dated: October 16¹⁷, 2014

