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SUPERIOR COURT  
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MORRIS COUNTY  
CIVIL DIVISION

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SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION  
GENERAL EQUITY  
MORRIS COUNTY  
DOCKET NO. \_\_\_\_\_

GURBIR S. GREWAL,  
Attorney General of New Jersey,  
on behalf of  
CHRISTOPHER W. GEROLD,  
Chief of the New Jersey Bureau  
of Securities,

Plaintiff,

v.

GLENN C. MUELLER,  
individually, and as President  
and Chief Executive Officer of  
Northridge Holdings, Ltd.,  
Eastridge Holdings, Ltd., and  
Unity Investment Group I, Ltd.;  
NORTHRIDGE HOLDINGS, LTD.,  
a North Dakota corporation;  
EASTRIDGE HOLDINGS, LTD.,  
an Illinois corporation;  
UNITY INVESTMENT GROUP I, LTD.,  
an Illinois corporation;  
SOUTHRIDGE HOLDINGS, LTD., and  
an Illinois corporation;  
AMBERWOOD HOLDINGS LIMITED  
PARTNERSHIP,  
an Illinois limited partnership;

Defendants.

Civil Action

COMPLAINT

Gurbir S. Grewal, Attorney General of New Jersey, on behalf of Christopher W. Gerold, Chief of the New Jersey Bureau of Securities (the "Bureau Chief" or "Plaintiff"), alleges the following by way of complaint against the above-named Defendants:

SUMMARY

1. From March 2011 through at least October 2018, Glenn C. Mueller ("Mueller") and Northridge Holdings, Ltd. ("Northridge"), through Mueller and other unregistered individuals ("Unregistered Agents"), illegally sold approximately \$10.46 million of unregistered securities to sixty-two investors in violation of New Jersey Uniform Securities Law ("Securities Law").<sup>1</sup> Located in Addison, Illinois, Mueller and Northridge sold more than \$47 million of unregistered securities nationally to more than 500 investors in more than thirty states.

2. The unregistered securities were typically one-page promissory notes ("Northridge Securities") issued by Mueller controlled entities, including Eastridge Holdings, Ltd. ("Eastridge"), Unity Investment Group I, Ltd. ("Unity"), Southridge Holdings, Ltd. ("Southridge"), and Amberwood Holdings Limited Partnership ("Amberwood") (collectively, the "Mueller Entities").

3. The Northridge Securities were sold to investors without

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<sup>1</sup> N.J.S.A. 49:3-47 to -83.

the benefit of any meaningful risk disclosures, information regarding the financial solvency of the issuers, information regarding corporate structure, or most of the information that would typically be found in a private placement memorandum or prospectus.

4. To sell the unregistered Northridge Securities to investors, Mueller, Northridge, the Mueller Entities, and other related entities engaged and paid commissions and/or fees to Unregistered Agents. In New Jersey, at least two Unregistered Agents were paid at least \$694,977 in commissions or fees for selling approximately 132 Northridge Securities.

#### JURISDICTION AND VENUE

5. The New Jersey Bureau of Securities ("Bureau") is the state regulatory agency charged with the administration of the Securities Law.

6. The Bureau Chief brings this action pursuant to the Securities Law for violations of:

- a. N.J.S.A. 49:3-60 (selling unregistered securities) as to Mueller, Northridge, Eastridge, Southridge, Unity, and Amberwood;
- b. N.J.S.A. 49:3-56(a) (acting as an unregistered broker-dealer) as to Northridge;
- c. N.J.S.A. 49:3-56(a) (acting as an unregistered agent) as to Mueller; and

d. N.J.S.A. 49:3-56(h) (employing unregistered agents) as to Northridge, Eastridge, Southridge, Unity, and Amberwood.

7. Jurisdiction is proper over defendants pursuant to N.J.S.A. 49:3-51 because each alleged violation of the Securities Law arises out of the offer and sale of securities in or from this state.

8. Venue is proper pursuant to R. 4:3-2(a) because it is where the cause of action arose.

#### PARTIES

9. The Bureau Chief is the principal executive of the Bureau, with offices at 153 Halsey Street, Newark, New Jersey. This action is brought by Gurbir S. Grewal, Attorney General of New Jersey, on behalf of the Bureau Chief, pursuant to N.J.S.A. 49:3-69(a)(2).

10. Defendant Mueller is an individual who, at all relevant times, resided in West Chicago, Illinois. Mueller has never been registered with the Bureau in any capacity.

11. Defendant Northridge is a North Dakota corporation formed on March 11, 1987, and headquartered in Addison, Illinois. Mueller is the President and sole shareholder of Northridge. Northridge purportedly owns and manages multi-family apartment complexes and other properties. Northridge has never been registered with the Bureau in any capacity.

12. Defendant Eastridge is an Illinois corporation formed on January 17, 2008, and headquartered in Addison, Illinois. Mueller is the President and sole shareholder of Eastridge. Eastridge has never been registered with the Bureau in any capacity.

13. Defendant Unity is an Illinois corporation formed on November 8, 2007, and headquartered in Addison, Illinois. Mueller is the President and sole shareholder of Unity. Unity has never been registered with the Bureau in any capacity.

14. Defendant Southridge is an Illinois corporation formed on October 13, 2005, and headquartered in Addison, Illinois. Mueller is the President of Southridge. Upon information and belief, Mueller is the sole shareholder of Southridge. Southridge has never been registered with the Bureau in any capacity.

15. Defendant Amberwood is an Illinois limited partnership formed on February 21, 1990, and headquartered in Addison, Illinois. Northridge is the general partner, and Mueller is the registered agent and one of the three limited partners, of Amberwood. Amberwood has never been registered with the Bureau in any capacity.

#### FACTS

##### I. Offer and Sale of Northridge Securities

16. Beginning on or about March 2011 through at least October 2018 ("Relevant Period"), Mueller and Northridge, through Mueller, offered and sold the Northridge Securities issued by the Mueller

Entities to investors.

17. Mueller and Northridge, through Mueller, contracted with at least two New Jersey-based Unregistered Agents to offer and sell the Northridge Securities in or from New Jersey.

18. Among other things, the Unregistered Agents solicited potential investors, and for certain investors, arranged for them to speak directly with Mueller about the Northridge Securities.

19. The investors invested their funds with the respective promissory note issuers - Eastridge, Unity, Southridge, or Amberwood.

20. Northridge effected or attempted to effect the sale of the Northridge Securities by, among other things:

- a. acting as the investors' contact for the Mueller Entities;
- b. soliciting investors in the Mueller Entities, through Mueller and the Unregistered Agents;
- c. establishing, maintaining, and servicing investor accounts through actions such as receiving from each investor a completed "Investor Contact Information Sheet" and "Accreditation Form" and sending welcome letters to new investors containing login credentials for investors' online accounts;
- d. sending the Northridge Securities to investors for execution;

- e. communicating and coordinating with the Unregistered Agents and investors via Northridge's "Investor Relations" department;
- f. maintaining a website to market the Northridge Securities; and
- g. sending periodic account statements to investors regarding their investments with Northridge.

21. From approximately April 2011 to June 2017, the Unregistered Agents were paid commissions by Amberwood for the sale and renewal of each Northridge Security sold to an investor. The commissions paid to the Unregistered Agents varied from approximately 2% to 10% of the principal amount of the Northridge Security sold, depending on the term to maturity of the promissory note, and whether it was an original sale or a renewal of an existing promissory note. Promissory notes with a longer term to maturity, or that contained a potential conversion option, paid greater commissions to the Unregistered Agent.

22. Starting in June 2017, and continuing thereafter, the Unregistered Agents' compensation structure changed to a "consulting fee" agreement, whereby the Unregistered Agents were paid monthly "consulting fees" by Amberwood for the sale and/or renewal of the Northridge Securities.

23. The Unregistered Agents entered into "Consulting Fee Agreements" with Northridge (signed by Mueller as President and

CEO). The Consulting Fee Agreements referred to each Unregistered Agent as a "Consultant" and, among other things, provided that:

- a. the Unregistered Agent would be compensated if an investor was referred to Northridge and invested;
- b. the Unregistered Agent would be paid pursuant to a schedule attached to the Consulting Fee Agreement, which provided for fixed monthly payments over a four-month period; and
- c. the Consulting Fee Agreement could be extended every four months with renegotiated monthly payments.

24. Payments made to the Unregistered Agents pursuant to the schedule attached to the Consulting Fee Agreements ranged from \$400 to \$8,000 per month.

25. In total, during the Relevant Period, at least \$694,977 was paid to the two Unregistered Agents in New Jersey as commissions and/or consulting fees.

26. Mueller and the Unregistered Agents were not registered with the Bureau as agents to sell the Northridge Securities.

27. The Northridge Securities are securities as defined in N.J.S.A. 49:3-49(m).

28. The Northridge Securities were not registered with the Bureau, not federally covered, and not exempt from registration.

29. Mueller, the Mueller Entities, and Northridge, through Mueller and the Unregistered Agents, raised more than \$10.46



million from the sale of at least 132 original or renewed Northridge Securities to at least sixty-two investors to or from New Jersey.

## II. Eastridge Promissory Notes

30. Eastridge, through Northridge, both acting through Mueller, raised approximately \$4.85 million from the sale of sixty-eight Northridge Securities to thirty-three investors to or from New Jersey ("Eastridge Promissory Notes") by Mueller and the Unregistered Agents.

31. The Eastridge Promissory Notes were sold to investors with interest rates ranging from 2% to 10% per annum and maturity dates ranging from six months to eight years. Typically, the notes with longer maturity dates paid greater interest. The Eastridge Promissory Notes automatically renewed for the same duration as the original note, at the same principal as the original note plus accrued interest, at the current interest rate offered by Eastridge at the stated maturity date, unless the investor provided at least ten days' written notice to Eastridge to prevent the renewal.

32. At least three of the sixty-eight Eastridge Promissory Notes sold to investors offered a convertibility feature that stated the promissory note would remain in effect until "such time as it is invested in a real estate limited partnership." The Eastridge Promissory Notes did not provide any additional explanation as to the meaning or terms of such conversion.

### III. Unity Promissory Notes

33. Unity, through Northridge, each acting through Mueller, raised approximately \$4.94 million from the sale of sixty-two Northridge Securities to thirty six investors to or from New Jersey ("Unity Promissory Notes"), by Mueller and the Unregistered Agents.

34. The Unity Promissory Notes were sold only to investors who were using funds from an individual retirement account to purchase securities offered by Northridge.

35. The Unity Promissory Notes were sold to investors with interest rates ranging from 3% to 6% per annum and maturity dates ranging from one year to eight years. Typically, the notes with longer maturity dates paid greater interest.

36. At least two of the sixty-two Unity Promissory Notes sold to investors offered a convertibility feature that stated the promissory note would remain in effect until invested in a "Limited Partnership, with Northridge Holdings Ltd., as General Partner." These two Unity Promissory Notes further stated: "The loan amount will be increased or reduced by the profit or loss distribution as specified in the Limited Partnership Agreement in proportion that the note is to the aggregate capital accounts of all the Limited Partners. This distribution will be reduced by the stated interest accrued to that point. This note

is subject to the terms and conditions of the subsequent Limited Partnership Agreement."

**IV. Southridge Promissory Note**

37. Southridge, through Northridge, both acting through Mueller, raised approximately \$154,836 from one New Jersey investor through the sale of one Northridge Security ("Southridge Promissory Note"), by Mueller and the Unregistered Agent.

38. The Southridge Promissory Note was sold to an investor with an interest rate of 3% per annum and a maturity date of six months. The Southridge Promissory Note automatically renewed for the same duration as the original note, at the same principal of the original note plus accrued interest, at the current interest rate offered by Southridge at the stated maturity date, unless the investor provided at least ten days' written notice to Southridge to prevent the renewal.

**V. Amberwood Promissory Note**

39. Amberwood, through Northridge, both acting through Mueller, raised at least \$40,275 from one New Jersey investor ("Amberwood Investor") through the sale of one Northridge Security ("Amberwood Promissory Note"), by Mueller and an Unregistered Agent.

40. The Amberwood Investor had originally been solicited to purchase a Unity Promissory Note, but the Amberwood Investor's

inquiries as to the risks of purchasing the Unity Promissory Note led to her being sold the Amberwood Promissory Note.

41. The Amberwood Promissory Note that was sent to the Amberwood Investor provided in relevant part that:

- a. it replaced a Unity Promissory Note for \$40,275, backdated to the original purchase date;
- b. it paid interest at a rate of 6% per annum; and
- c. it matured in five years.

42. The Amberwood Promissory Note was attached as an exhibit to a "Security Agreement."

43. The "Security Agreement" purportedly securing the payment and performance of the \$40,275 Amberwood Promissory Note, was provided to the Amberwood Investor to address the concerns about the riskiness of the investment.

44. The Amberwood Investor signed the Amberwood Promissory Note and provided the \$40,275 investment. However, the Amberwood Investor requested that the investment not be processed. Northridge and Amberwood agreed to void the investment and returned the investment funds to the investor.

#### COUNT I

#### OFFER AND SALE OF UNREGISTERED SECURITIES IN VIOLATION OF N.J.S.A. 49:3-60

(As to Defendants Mueller, Northridge, Eastridge,  
Southridge, Unity, and Amberwood)

45. Plaintiff repeats the allegations in the preceding

paragraphs as if fully set forth herein.

46. The Northridge Securities were sold by: (a) Eastridge through Northridge, each acting through Mueller, Mueller individually, and the Unregistered Agents; (b) Southridge, through Northridge, each acting through Mueller, Mueller individually, and an Unregistered Agent; (c) Unity, through Northridge, each acting through Mueller, Mueller individually, and the Unregistered Agents; and (d) Amberwood, through its general partner Northridge, each acting through Mueller, Mueller individually, and an Unregistered Agent.

47. The Northridge Securities are securities as defined in N.J.S.A. 49:3-49(m).

48. The Northridge Securities were not registered with the Bureau, not exempt from registration, and not federally covered.

49. The Northridge Securities were required to be registered with the Bureau pursuant to N.J.S.A. 49:3-60.

50. Each renewal of the Northridge Securities constitutes a separate sale under the Securities Law.

51. Each offer and sale of the unregistered Northridge Securities by the Mueller Entities, through Northridge, all acting through Mueller, Mueller individually, and the Unregistered Agents constitutes a separate violation of N.J.S.A. 49:3-60 and is cause for imposition of civil monetary penalties for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT II

ACTING AS AN BROKER-DEALER IN THIS STATE WITHOUT REGISTRATION  
IN VIOLATION OF N.J.S.A. 49:3-56(a)

(As to Defendant Northridge)

52. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.

53. Northridge effected or attempted to effect transactions in securities issued by Eastridge, Southridge, Unity, and Amberwood - specifically, the Eastridge Promissory Notes, the Southridge Promissory Note, the Unity Promissory Notes, and the Amberwood Promissory Note, from or in New Jersey and, thus, acted as a broker-dealer, as defined in N.J.S.A. 49:3-49(c), without being registered with the Bureau.

54. Northridge violated N.J.S.A. 49:3-56(a), which provides, among other things, that only persons registered with the Bureau may lawfully act as a broker-dealer.

55. Each sale of the Northridge Securities to investors constitutes a separate violation of N.J.S.A. 49:3-56(a), and is cause for the imposition of civil monetary penalties for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT III

ACTING AS AN AGENT IN THIS STATE WITHOUT REGISTRATION  
IN VIOLATION OF N.J.S.A. 49:3-56(a)

(As to Defendant Mueller)

56. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.

57. Mueller represented Northridge, Eastridge, Unity, Southridge, and Amberwood in effecting or attempting to effect transactions in securities from or in New Jersey and, thus, acted as an agent, as defined in N.J.S.A. 49:3-49(b), without being registered with the Bureau to sell the Northridge Securities.

58. Mueller violated N.J.S.A. 49:3-56(a) which provides, among other things, that only individuals registered with the Bureau may lawfully act as an agent.

59. Each sale of the Northridge Securities to investors constitutes a separate violation of N.J.S.A. 49:3-56(a) and is cause for the imposition of civil monetary penalties for each separate violation pursuant to N.J.S.A. 49:3-70.1.

#### COUNT IV

EMPLOYING UNREGISTERED AGENTS  
IN VIOLATION OF N.J.S.A. 49:3-56(h)  
(As to Defendants Northridge, Eastridge,  
Southridge, Unity, and Amberwood)

60. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.

61. Northridge, Eastridge, Unity, Southridge, and Amberwood employed or engaged agents, including Mueller and the Unregistered Agents, in effecting or attempting to effect transactions in securities from or in New Jersey.

62. Mueller and the Unregistered Agents acted as agents, as defined in N.J.S.A. 49:3-49(b), without being registered with the Bureau.

63. Northridge, Eastridge, Unity, Southridge, and Amberwood engaged agents who were not registered with the Bureau to sell Northridge Securities in violation of N.J.S.A. 49:3-56(h).

64. Each sale of the Northridge Securities to investors is a separate violation of N.J.S.A. 49:3-56(h), and is cause for the imposition of civil monetary penalties for each separate violation pursuant to N.J.S.A. 49:3-70.1.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff respectfully requests the entry of a judgment pursuant to N.J.S.A. 49:3-47 to -83:

A. Finding that Defendants Glenn C. Mueller, and Northridge Holdings, Ltd., Eastridge Holdings, Ltd., Southridge Holdings, Ltd., Unity Investment Group I, Ltd., and Amberwood Holdings Limited Partnership, through Glenn C. Mueller, engaged in the acts and practices alleged above;

B. Finding that such acts and practices constitute violations of the Securities Law;

C. Permanently enjoining Defendants Glenn C. Mueller, Northridge Holdings, Ltd., Eastridge Holdings, Ltd., Southridge Holdings, Ltd., Unity Investment Group I,



Ltd., and Amberwood Holdings Limited Partnership, from violating the Securities Law in any manner;


D. Permanently enjoining the issuance, sale, offer for sale, purchase, offer to purchase, promotion, negotiation, advertisement, or distribution from or within New Jersey of any securities, by or on behalf of Defendants Glenn C. Mueller, Northridge Holdings, Ltd., Eastridge Holdings, Ltd., Southridge Holdings, Ltd., Unity Investment Group I, Ltd., Amberwood Holdings Limited Partnership, and each of their agents, employees, brokers, partners, officers, directors or stockholders;

E. Permanently enjoining Defendant Glenn C. Mueller from controlling any issuer as that term is defined in N.J.S.A. 49:3-49(h);

F. Assessing civil monetary penalties, individually, against Defendants Northridge Holdings, Ltd., Eastridge Holdings, Ltd., Southridge Holdings, Ltd., Unity Investment Group I, Ltd., Amberwood Holdings Limited Partnership, and jointly and severally, with Defendant Glenn C. Mueller, for each violation of the Securities Law in accordance with N.J.S.A. 49:3-70.1;

- G. Assessing civil monetary penalties against Glenn C. Mueller, individually, for each violation of the Securities Law in accordance with N.J.S.A. 49:3-70.1;
- H. Requiring Defendants Glenn C. Mueller, Northridge Holdings, Ltd., Eastridge Holdings, Ltd., Southridge Holdings, Ltd., Unity Investment Group I, Ltd., and Amberwood Holdings Limited Partnership, to offer restitution and/or rescission to New Jersey investors and investors that were sold securities from New Jersey, pursuant to a plan of restitution and/or rescission pursuant to applicable law; and
- I. Affording Plaintiff any additional relief the Court may deem just and equitable.

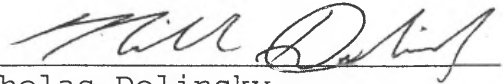
GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY

By:   
Nicholas Dolinsky  
Deputy Attorney General  
Attorney ID 044202010

DATED: June 10, 2019

RULE 1:38-7(c) CERTIFICATION OF COMPLIANCE

I certify that confidential personal identifiers have been redacted from documents now submitted to the court, and will be redacted from all documents submitted in the future in accordance with Rule 1:38-7(b).



Nicholas Dolinsky  
Deputy Attorney General  
Attorney ID. No. 044202010

Dated: June 10, 2019  
Newark, New Jersey

RULE 4:5-1 CERTIFICATION

The New Jersey Bureau of Securities will issue a Summary Cease and Desist Order against Glenn C. Mueller, Northridge Holdings, Ltd., Eastridge Holdings, Ltd., Southridge Holdings, Ltd., Unity Investment Group I, Ltd., Amberwood Holdings Limited Partnership pursuant to the administrative powers under the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -83.

I certify, to the best of my information and belief, that the matter in controversy in this action involving the aforementioned violations of the Securities Law in this complaint, is not the subject of any other action in any other court of this State. I certify, to the best of my information and belief, that the matter in controversy in this action is not the subject of a pending arbitration proceeding in this State, nor is any other action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action at this time.

I further certify that confidential personal identifiers have been redacted from documents now submitted to the court, and will be redacted from all documents submitted in the future in accordance with Rule 1:38-7(b). I certify that the foregoing statements made by me are true.

I am aware that if any of those statements are willfully false, I am subject to punishment.



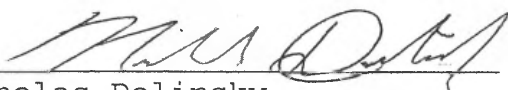
Nicholas Dolinsky  
Deputy Attorney General  
Attorney ID. No. 044202010

Dated: June 10, 2019  
Newark, New Jersey

DESIGNATION OF TRIAL COUNSEL

Pursuant to Rule 4:25-4, Deputy Attorney General Nicholas Dolinsky is hereby designated as trial counsel for the Plaintiff in this action.

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY

  
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Nicholas Dolinsky  
Deputy Attorney General  
Attorney ID. No. 044202010

Dated: June 10, 2019  
Newark, New Jersey