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MACHNE MENACHEM, INC.,

Plaintiff,

97 CV _____

-against-

VERIFIED COMPLAINT

MENDEL HERSHKOP, MEIR HERSHKOP, AARON
(LELLI) HERSHKOP, SHNEUR (GADI) HERSHKOP,
LEVI HARTMAN, SHMUEL HEBER AND
YOSEF GOLDMAN,

PLAINTIFF DEMANDS
TRIAL BY JURY

Defendants.
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Plaintiff Machne Menachem, Inc., through counsel, for its complaint, hereby alleges upon personal knowledge as to itself and its own actions and upon information and belief as to all other matters as follows:

NATURE OF ACTION

1. Plaintiff Machne Menachem, Inc., a New York Not-for-Profit Corporation (the "Camp"), is a summer camp located in the Pocono mountains which serves primarily the Crown Heights Lubavitcher Community. Defendants are members and associates of the Hershkop Family, a lawless "clan," which brazenly refers to itself as the "Hershkop Mafia" and the "Cosa Nostra." This action arises out of the present Hershkop Family campaign to take control of the Camp through violence, extortion and theft. The Hershkops have repeatedly threatened that unless they gain control of the Camp they will destroy it. They have made reference to the biblical statement of Samson before killing himself and his Philistine captors by pulling down the pillars of the palace with his last ounce of strength. In Jewish tradition Samson's statement is used to connote one's resolve even to destroy himself in order to destroy his rivals. Here too, the Hershkop Family, having lost its battle for the Camp,

will do whatever it can to destroy it. In the words of Meir Hershkop, "nobody wins against the Hershkop Mafia." Consistent with these threats, the Hershkop Family has attempted, through a pattern of unlawful conduct including acts of violence and extortion, to wrest control of the Camp from the legitimate Camp leadership and the Community. Accordingly, the Camp brings this action for violations of civil RICO, tortious interference with business relations and conversion to enjoin the defendants from engaging in further acts of violence or property destruction against the camp, its directors or employees, or from interfering with the Camp's finances or administration. In addition, the Camp seeks compensatory, treble and punitive damages.

JURISDICTION

2. This Court has jurisdiction pursuant to 18 U.S.C. § 1964(a) and principles of pendant jurisdiction.

PARTIES

3. The Plaintiff is a summer camp located in the Pocono Mountains of Pennsylvania. The Camp serves primarily the Crown Heights Lubavitcher Community and benefits many needy children in the neighborhood. The present members of its board of directors are Messrs. Meir Schreiber, Yakov Spritzer and Yosef Spalter.

4. Defendants Mendel Hershkop, Meir Hershkop, Lelli Hershkop, Gadi Hershkop and Levi Hartman are members of the lawless Crown Heights clan which brazenly refers to itself as the "Hershkop Mafia." Mendel and Meir are the patriarch and assistant patriarch of the family. Gadi and Lelli Hershkop are Meir's adult children and Levi Hartman his son-in-law. Certain members of the Hershkop Family have in the past been arrested for violence against their

rivals.

5. Shmuel Heber is an advisor to the Hershkop Family. Heber has encouraged and participated in the Hershkop Family's wrongful scheme to take control of the Camp, as described below. Initially, Heber was one of the Camp's directors, but he resigned as soon as he realized that being a director of this charitable institution would require some personal financial commitment.

6. Yosef Goldman is a Hershkop Family associate and was removed for cause as a director of the Camp following a rabbinic arbitration before the Beth Din Tzedek (Rabbinic Court) of Crown Heights.

FACTS

7. The Camp was founded in 1995 as a charitable institution of the Crown Heights Lubavitcher Community. As with all Crown Heights Jewish Community institutions, the Camp is under the jurisdiction of the Beth Din Tzedek (Rabbinical Court) of Crown Heights. As of the period prior to the 1996 summer season, the members of the board of directors of the camp included Mendel and Meir Hershkop, Meir Schreiber, Yakov Spritzer and Yosef Spalter. (Defendants Yosef Goldman and Shmuel Heber were at one time members of the Camp's board of directors. However, Goldman was removed as a director after a rabbinical arbitration. Heber resigned following the 1995 summer season.)

8. Prior to the 1996 summer season, a dispute arose between the Hershkop directors (defendants Mendel and Meir Hershkop) and the rest of the board (Meir Schreiber, Yakov Spritzer and Yosef Spalter). The dispute followed the resignation of defendant Levi Hartman (a Hershkop Family member) as administrator of the camp and his replacement by a

non-Hershkop Family member. The Hershkops viewed the Camp with an eye to financial gain.

They sought to place family members in a number of key Camp positions, all for healthy

salaries, and to take hefty commissions from charitable donations. When the Hershkops were unsuccessful in installing their family members and associates into key salaried Camp positions, the Hershkop Family commenced its war to gain control of or to destroy the Camp.

9. Just prior to the commencement of the 1996 summer season, Mendel and Meir Hershkop entered the Camp's Brooklyn office and without authorization collected funds from prospective campers. Thereafter, on the first day of Camp, Mendel Hershkop approached Meir Schreiber, a director and financial backer of the Camp, as the Camp buses were leaving Brooklyn for Pennsylvania, and said, "This is only the beginning." When the campers arrived that day in Pennsylvania, Hershkop Family members, including Meir and Mendel, their sons defendants Gadi and Lelli and Levi Hartman literally "hijacked" the Camp. Gadi, Lelli and Hartman confronted the new administrator of the Camp and threatened to "break his legs." The administrator took the threat very seriously and left the camp. Upon information and belief, Hershkop Family members took over the Camp office and took for themselves checks made out to the Camp.

10. It was recently discovered that the Hershkops opened an unauthorized bank account (Account No. 2151683112 at Fleet Bank) in the Camp's name which was used, upon information and belief, to cash the checks stolen from the Camp. Such fraudulent banking activity was conducted over the telephone and interstate wires. Upon information and belief, the funds deposited were diverted to the Hershkops personally.

11. During the fall of 1996 the Hershkops continued their effort to gain control of

the Camp and summoned certain of the non-Hershkop directors to an arbitration before the Beth Din of Crown Heights. Under Jewish law this community-elected tribunal has exclusive jurisdiction over all intra-community disputes. Prior to the Beth Din proceeding, Meir Hershkop and Levi Hartman both signed an agreement to accept the Beth Din's decision. (Mendel Hershkop walked out of the proceeding before it commenced. Heber had already resigned as a director and Goldman had been terminated.)

12. Following a hearing a decision was issued on 10 Kislev, 5757 (November 21, 1997) which ruled that Meir Hershkop and Hartman were unfit to administer the Camp. The Beth Din ruled, in relevant part, as follows:

It is written by the "Chinuch" that . . . one should never appoint two people to serve together if such individuals are widely diverse in their nature and different in their conduct. We are aware from the conduct of the parties prior to, during and following the summer, that the two sides' views are virtually opposite, and when they came to us regarding the administration of the camp, the two sides themselves stated unequivocally that they are unable to work together and that the Beth Din should decisively rule between the sides . . .

. . . we have consulted several experts in the field of education (for education is the main purpose of the camp) who are familiar with the camp and we requested that the experts anonymously choose which of the two sides is more fit to administer [the camp]. The experts voted, and except for three abstentions, the remaining experts (who constituted a majority) voted [unanimously] for the Spritzer group.

Accordingly, we have decided that the administration of the camp and all expenditures in connection therewith . . . shall be in the hands of the Spritzer group and no other person is empowered to raise funds for the camp.

The educational experts consulted also voted that the camp shall be a community [not private] institution, and suggested that the religious and educational policy of the camp should be set by other [Crown Heights] educational institutions and educators. We are in agreement with this suggestion.

Signed:

Rabbi Yehuda Kalman Marlow
Rabbi Avraham Osdoba
Rabbi Nisen Mangel

13. As a result of the Beth Din's decision, the Hershkop Family, assisted by Heber and Goldman, have embarked upon an all-out war to either win back control of the Camp or destroy it. Shortly after the arbitration, Lelli Hershkop approached Schreiber in synagogue and said, "I am going to get you. You caused my father a big financial loss." (Obviously, the financial loss referred to was the opportunity to reap wrongful profits from a charitable institution.) Thereafter, Yakov Spritzer, one of the remaining Camp board members, was physically attacked and hit by Lelli and Gadi Hershkop in synagogue on two occasions. The Hershkop Family posted signs all over the neighborhood, signed in the name of the "Cosa Nostra," which defamed Spritzer. Spritzer's car tires were slashed on at least three occasions and the windows of his store shot through with "BB" pellets. A Hershkop Family member had the audacity to call Rabbi Marlow, the head of the Beth Din, to ask him whether he knew of someone who could repair slashed tires (a clear reference to the slashing of the tires of Spritzer's car), and then hang up on him.

14. On February 13, 1997 Camp board member Meir Schreiber was at a wedding reception at the Brooklyn Jewish Center, 667 Eastern Parkway, Brooklyn, New York. At the wedding, Defendant Lelli Hershkop, son of Meir Hershkop, approached Schreiber and grabbed him by his neck-tie, thereby restricting Schreiber's movement. Defendant Lelli Hershkop thereafter said "I'm going to kill you," and gave Schreiber a forceful blow to the neck.

15. On February 16, 1997 Schreiber was attending another wedding reception

at the Brooklyn Jewish Center, 667 Eastern Parkway, Brooklyn, New York. At this wedding reception Defendant Levi Hartman spotted Schreiber as Schreiber entered the wedding hall. Hartman approached Schreiber, rammed into him and thereafter repeatedly blocked his path as Schreiber attempted to proceed across the banquet hall.

16. On February 22, 1997 Schreiber was attending synagogue at 770 Eastern Parkway, Brooklyn, New York. Defendant Levi Hartman approached Schreiber from behind, kicked him in the back and threatened to Schreiber, "this is just the beginning." Defendant Meir Hershkop left numerous phone messages on Schreiber's answering machine calling Schreiber a "ganif" (Yiddish for thief), "gazlan" (robber) and threatening to cause him physical harm. The windows on Schreiber's automobile were shot out with "BB" pellets on two occasions. These acts of violence occurred simultaneously with defendants' harassing telephone calls and physical abuse.

17. Defendants' continuing acts are also directed against the Camp and, as publicly stated by the defendants, are calculated to interfere with campers' attendance at the Camp and to close down the Camp. The parents of campers have been told by Meir and Mendel Hershkop not to enroll their children in the Camp this summer because it will not open. The Hershkop Family has attempted to intimidate the Beis Moshiach Magazine, a community weekly, into not running advertisements for the Camp.

18. The Camp grounds were recently ransacked and property consisting of shop tools and other equipment was stolen. On information and belief, the defendants were responsible. Subsequently, the caretaker on the premises caught Meir Hershkop with defendants Lelli and Gadi Hershkop and Levi Hartman on Camp grounds with a 24-foot truck in the process

of stealing Camp canoes.

19. Defendants' unlawful acts have accelerated recently, in anticipation of the 1997 summer season. Meir Hershkop recently left Schreiber a telephone message that the Hershkops are happy that Schreiber is contributing money to improve the Camp and hiring a good staff, because "we are going to take the Camp." The Hershkop Family recently threatened the Camp's administrator (who had been threatened with violence the year before) that they will "break his bones" if he shows up at Camp this year.

20. As part of their campaign to destroy the Camp, defendants Mendel Hershkop, Heber and Goldman recently, through acts of mail fraud, were successful in causing European American Bank to block access to the Camp's account. These defendants executed a fraudulent board of directors resolution "resolving" that Yakov Spritzer, one of the key directors and financial backers of the Camp and a signatory on the Camp's checking account, can no longer execute Camp checks. As a result, the bank has blocked access to the account, preventing the Camp from transacting vital pre-summer business. Defendants communicated with the bank and mailed the fraudulent resolution with the specific intention of hindering the Camp's conduct of business as part of defendants' plan to destroy the Camp rather than relinquish control.

21. All of the defendants are aware of the others' wrongful acts and have acted in concert. They have all conspired together in their wrongful scheme to either take control of or destroy the Camp.

CLAIMS FOR RELIEF

CLAIM I (RICO)

22. The above allegations are hereby alleged as if fully set forth herein.

23. By reason of the foregoing, the defendants have injured plaintiff in its business and property in violation of 18 U.S.C. § 1962(d) by conspiring to violate 18 U.S.C. § 1962 (b) through a pattern of racketeering activity directed towards taking control of the Camp.

24. The Camp is the RICO “enterprise” which the defendants have conspired to acquire control of. The Camp is engaged in interstate commerce due to the fact that the Camp is located in Pennsylvania and the campers travel from New York to attend Camp.

25. In particular, defendants have conspired to take control of the enterprise defined above through obstructing commerce via threats of and acts of force in violation of 18 U.S.C. § 1951; and through a pattern of mail fraud, 18 U.S.C. § 1341, and wire fraud, 18 U.S.C. § 1343, as described above. Defendants’ most egregious acts of mail fraud and wire fraud include: the fraudulent banking activity in opening an unauthorized account in the Camp’s name and the mailing of the fraudulent directors’ resolution to cause the Camp’s bank to freeze the Camp’s main, legitimately authorized account.

26. In the alternative, the defendants, by reason of the foregoing, have injured plaintiff in its business and property by conducting an enterprise through a pattern of racketeering activity in violation of 18 U.S.C. § 1962(c), such enterprise being the association-in-fact of all of the defendants acting together, as distinct from each defendant individually, as the

"Herskop Mafia."

27. All of the defendants have acted in concert in the foregoing RICO conspiracy in violation of 18 U.S.C. § 1962(d).

CLAIM II

(Tortious interference with business relations)

28. The above allegations are hereby realleged as if fully set forth herein.

29. Defendants have maliciously and with improper intent made false

statements to families of potential campers regarding the Camp, have intimidated the Camp administrator into not attending Camp, have assaulted various persons involved with the Camp because of their relationships with the Camp, have destroyed and looted Camp property and interfered with its banking activity by means of fraudulent communications. Defendants have thereby damaged the Camp's business and its business relationship with its campers.

CLAIM III

(Fraud)

30. The above allegations are hereby realleged as if fully set forth herein.

31. The misrepresentations alleged above induced the Camp's bank to

wrongfully freeze the Camp's funds, have made parents apprehensive about sending their children to the Camp, have impaired the Camp's ability to advertise and have harmed the Camp's reputation. Such misrepresentations were made with malice, as part of a scheme to destroy the Camp.

CLAIM IV
(Conversion)

33. The above allegations are hereby realleged as if fully set forth herein
34. The defendants have wrongfully taken funds and equipment belonging to the Camp and have not returned them to the Camp. Defendants intentionally have damaged Camp property.

CLAIM V
(Unfair Competition)

35. The above allegations are hereby realleged as if fully set forth herein.
36. Defendants recently advertised that they are opening a new camp in the Poconos to compete with the Camp. The unlawful acts, including violence and extortion, is intended to impede the Camp's operation and administration and give defendants' new camp an unfair competitive advantage.
37. The Camp has been damaged as a result of defendants' unlawful acts.

WHEREFORE, Plaintiff demands judgment against the defendants:

- (i) for an injunction enjoining defendants from approaching within ten miles of the Camp, or in any way interfering with the enrollment, administration or operations of the Camp;
- (ii) enjoining defendants from further physical attacks upon the Camp's directors or their property, and upon any other individuals associated with the Camp or their property;
- (iii) damages in the amount of \$2,000,000 plus punitive damages and/or treble damages; and

(iv) reasonable costs and attorneys fees and such further relief as the Court shall deem appropriate.

Dated: New York, New York
May 2, 1997



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