

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	Chapter 11
)	
SENTINEL MANAGEMENT GROUP, INC.,)	CASE NO. 07 B 14987
)	
Debtor.)	Hon. John H. Squires
_____)	
)	
FREDERICK J. GREDE , as Chapter 11 Trustee)	
for Sentinel Management Group, Inc.,)	
)	
Plaintiff,)	
v.)	
)	ADV. NO. _____
JOEL W. GREENBERG ,)	
)	
Defendant.)	

COMPLAINT

Plaintiff Frederick J. Grede, not individually but as Chapter 11 Trustee (“the Trustee”) for Sentinel Management Group, Inc. (“Sentinel” or “Debtor”), hereby states for his Complaint as follows:

NATURE OF THE ACTION

1. This is an adversary proceeding by the Trustee against Joel W. Greenberg (“Greenberg”), one of several preferred shareholders of Sentinel Investment Group, Inc. (“SIG”) who received dividends and redemption payments from SIG that were fraudulently transferred by Sentinel to SIG as part of a scheme in which insiders at Sentinel, led by Philip M. Bloom, Eric A. Bloom, and Charles K. Mosley (collectively, the “Sentinel Insiders”), committed a long-term, massive fraud against Sentinel and its customers.

2. Greenberg is the only SIG preferred shareholder who has not returned, or agreed to return, the dividend and redemption payment he received from SIG shortly before Sentinel

commenced its bankruptcy proceeding. The Trustee brings this action to recover that transfer from Greenberg, plus interest, as well as any other transfers received by Greenberg that may be avoided by the Trustee.

JURISDICTION AND VENUE

3. This Court has jurisdiction pursuant to 28 U.S.C. § 1334(b) because this adversary proceeding is related to and arises under the Chapter 11 case, *In Re Sentinel Management Group, Inc.*, pending in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, as Case No. 07 B 14987.

4. Venue is proper in this District pursuant to 28 U.S.C. § 1409(a).

5. This Complaint is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (E), (F), (H) and (O).

THE PARTIES AND RELATED ENTITIES

6. Plaintiff Frederick J. Grede is the chapter 11 trustee for the Debtor, duly appointed under section 1104 of the Bankruptcy Code by Orders of this Court dated August 23 and 29, 2007.

7. Sentinel is an Illinois corporation, headquartered in Northbrook, Illinois. Sentinel is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser and with the Commodity Futures Trading Commission (“CFTC”) as a futures commission merchant (“FCM”). It is also a member of the National Futures Association (“NFA”), which is Sentinel’s designated self-regulatory organization (“DSRO”). As of July 31, 2007, Sentinel claimed to have \$1.5 billion in client assets under management.

8. SIG is an Illinois corporation with its principal place of business in Northbrook, Illinois, and owns 100% of the common stock of Sentinel. SIG’s current shareholders are the Philip M. Bloom Remainder Trust (59.0%), Eric A. Bloom Living Trust (2.4%), Sentinel

Financial Services, Inc. (16.8%), and Fountainhead Investments, Inc. (21.7%). Until the spring of 2007, a set of shareholders (the “SIG Preferred Shareholders”) held preferred, non-voting shares of SIG. SIG is an insider of the Debtor, as that term is defined in Section 101(31) of the Bankruptcy Code.

9. Defendant Joel W. Greenberg is a resident of Illinois. Greenberg was one of the SIG Preferred Shareholders.

10. Philip M. Bloom, Eric A. Bloom, and Charles K. Mosley were officers and directors of Sentinel who participated in a scheme to defraud Sentinel and to breach their fiduciary duties to Sentinel. There also were at all relevant times one or more officers and employees of Sentinel who were not part of the Sentinel Insiders’ scheme. The Sentinel Insiders are insiders of the Debtor, as that term is defined in section 101(31) of the Bankruptcy Code.

BACKGROUND

11. Sentinel is a registered investment adviser that primarily managed investments of short-term cash for various clients, including commodity brokers, also known as futures commission merchants or “FCMs,” hedge funds, financial institutions, pension funds, and individuals.

12. Sentinel solicited clients by offering them the opportunity to participate in a variety of safe investment programs, each of which purportedly had its own investment policy designed to meet the requirements and risk profiles of different types of clients. Regardless of which investment program a particular client chose, Sentinel purportedly pooled the client’s assets with those of similar types of clients in one of three segregated client custodial accounts maintained at the Bank of New York. The accounts were referred to within Sentinel as SEG 1, SEG 2 and SEG 3.

13. In addition to the SEG 1, SEG 2, and SEG 3 customer portfolios, Sentinel owned a “House” or “Street” portfolio of securities traded by Sentinel for the ultimate benefit of the Sentinel Insiders.

14. Despite their representations to clients, the Sentinel Insiders purchased or held securities for client portfolios that were neither high quality nor liquid.

SENTINEL INSIDERS’ FRAUD

15. From at least 2003 through August 2007, the Sentinel Insiders devised and participated in a series of inter-related schemes which operated as a fraud on Sentinel and its customers.

A. Fraudulent Representations About the Nature of the Investments.

16. The Sentinel Insiders advised customers, through the Sentinel website, marketing materials and otherwise, that Sentinel “buys only the highest quality and most liquid securities,” and that Sentinel’s objective “is to achieve the highest yield consistent with preservation of principal and daily liquidity, not simply the highest yield.”

17. The Sentinel Insiders also represented on Sentinel’s website that while “repurchase” or “repo” transactions may be used in the various portfolios, the repurchase agreements would be reverse “overnight” repurchase agreements to accommodate the liquidity needs of clients.

18. These representations were false. In fact, as the Sentinel Insiders knew, they had purchased or held securities for client portfolios that were neither high quality nor liquid. Among those securities were highly-structured private placements that were illiquid and subject to substantial market risk. Many of these securities were not even initially purchased for customer accounts, but rather were “reallocated” from the House portfolio to SEG

portfolios in order to fill SEG portfolio shortfalls resulting from the Sentinel Insiders' scheme. Moreover, the Sentinel Insiders caused Sentinel to control an ever-increasing number of securities pursuant to repo transactions, which reduced liquidity and subjected Sentinel and its customers to substantial risk arising from the leverage associated with repo transactions.

B. Sentinel's Three Sets of Records Reflecting Allocation of Securities.

19. Under the direction of the Sentinel Insiders, Sentinel maintained three conflicting sets of records reflecting the allocation of securities among SEGs 1, 2, and 3 and the House portfolio. One set of records was the daily customer statements purporting to reflect which securities were held on behalf of a particular customer. A second set of records showing the alleged allocation of securities among the SEGs and the House was contained in Sentinel's FoxPro system and in the "Active and Matured Securities" reports printed from that system. A third set of records was the daily Bank of New York custodial statements, reflecting the accounts in which the securities were actually held.

C. Fraudulent and Undisclosed Leveraging.

20. The majority of Sentinel's customers were parties to customer agreements with Sentinel that neither authorized nor disclosed borrowing or leveraging using securities held for customers. In addition, the fact that leveraging was being used was never disclosed to clients on their daily account statements.

21. Despite these facts, from at least 2003, the Sentinel Insiders employed an unlawful leveraging scheme using funds obtained from customers or borrowed using customer securities.

22. As noted above, the Sentinel Insiders caused Sentinel to control an ever-increasing number of securities pursuant to repo transactions, which reduced liquidity and

subjected Sentinel and its customers to substantial risk arising from the leverage associated with repo transactions.

23. In such transactions, the repo borrower (in this case, Sentinel) acquired and transferred a security to a repo lender, which in turn made a repo “loan” to Sentinel and held the security as collateral. Under most overnight repo agreements, absent a default, Sentinel was entitled to all principal and interest payments received on account of the security that was the subject of the repo transaction.

24. Repo counterparties imposed a “haircut” on the amount they loaned to Sentinel in order to provide a sufficient collateral cushion above market value to satisfy Sentinel’s loan obligations in the event of a default. Thus, a repo lender advanced to Sentinel, for example, only 90% of the current market value of the security subject to the repo transaction (a 10% “haircut”). Because Sentinel had virtually no capital, the Sentinel Insiders financed the balance of the acquisition cost for securities that were the subject of a repo transaction (*i.e.*, the “haircut”) using Sentinel’s overnight loan facility with the Bank of New York. Thus, beginning no later than 2003, instead of funding short-term liquidity needs related to Sentinel customer redemptions, Sentinel began using repo transactions and its bank loan for highly-leveraged speculation in securities.

25. Although prior to the summer of 2007, most of Sentinel’s overnight repo positions were rolled over each day, both Sentinel and the repo counterparty had the right to close out an overnight repo position at any time, in which case the repo counterparty was contractually obligated to return the security to Sentinel, and Sentinel was contractually obligated to pay off the funds borrowed plus interest.

26. Over time, Sentinel controlled an ever-increasing number of securities pursuant to repo transactions, subjecting Sentinel and its customers to substantial risk arising from the leverage associated with repo transactions.

27. By the end of 2006, Sentinel had purchased and controlled more than \$2 billion in securities under repo agreements. This \$2 billion+ repo position put Sentinel, which at times had, at best, only a few million dollars of capital, at tremendous risk in the event of a decrease in the value of the securities that it controlled.

28. In addition, because Sentinel financed the “haircut” imposed by repo counterparties using the bank loan, Sentinel had incurred a bank loan of more than \$200 million by the end of 2006, a loan that was in large part related to the repo transactions.

29. The Sentinel Insiders concealed both the repo activity and its bank loans, along with the substantial risk they carried.

30. As the credit market tightened in the summer of 2007, the leveraging scheme fell apart and Sentinel was unable to meet its obligations to customers.

D. Diversion of Customer Assets to Collateralize the Sentinel Insiders’ Loan.

31. Beginning no later than 2003, the Sentinel Insiders began using securities that were supposed to be held in segregated customer accounts to, among other things: (a) collateralize loans from the Bank of New York, including loans that were used to purchase securities for the House portfolio and engage in billions of dollars of undisclosed repo transactions; and (b) pay down the Sentinel Insiders’ substantial indebtedness to the bank.

32. The Sentinel Insiders’ scheme to use customer assets to secure the purchase of securities for the House portfolio and to increase leverage using repo transactions resulted in a dramatic increase in Sentinel’s loan balance with the Bank of New York. For example, while

Sentinel's loan balance stood at \$23 million at the end of 2002, by the end of 2003 the loan had more than doubled to \$55 million. By the end of 2004, the loan had again more than doubled to over \$120 million, and by the end of 2005, it had once again more than doubled to approximately \$280 million.

33. By the end of June 2007, the loan balance had increased to more than \$570 million, and the Sentinel Insiders had caused over \$460 million in supposedly segregated customer securities to be posted as collateral for the loan.

E. Commingling of Customer Assets.

34. Under SEC Rule 206(4), 17 C.F.R. § 275.206(4)-(2), promulgated under the Investment Advisers Act of 1940 (the "1940 Act") 15 U.S.C. § 80(b)-6(4), a registered investment adviser such as Sentinel is not allowed to have custody of any client funds or securities unless, among other requirements, the funds and securities are held in segregated accounts that hold only clients' funds and securities. Similarly, under CFTC Rule 1.20, 17 C.F.R. § 1.20, and section 4(d)(a)(2) of the Commodity Exchange Act ("CEA"), 7 U.S.C. § 6d(a)(2), customer funds of a registered FCM such as Sentinel were strictly required to be segregated for the benefit of customers.

35. The Sentinel Insiders also represented to their customers, on the Sentinel website and elsewhere, that customer funds were segregated among different customer portfolios or segregated accounts, and within Groups based on investment strategies within those segregated accounts.

36. In spite of their promises that the assets of customers in SEGs 1, 2 and 3 would be segregated from each other and from the Sentinel Insiders' own funds at the custodial bank, the Sentinel Insiders commingled funds and securities among the three SEG portfolios and

between those portfolios and the House portfolio. In particular, the Sentinel Insiders caused the Debtor to send statements to customers reflecting that certain securities were held for the customers' benefit in the appropriate custodial SEG account, even though they were not.

F. Diversion and Misallocation of Interest Income.

37. Sentinel purchased securities that generated daily interest income, including government securities and corporate debt.

38. Sentinel represented to its customers on a daily basis that they were receiving their pro rata share of interest income generated by the pool of securities in which their funds had been invested.

39. That representation was false. In fact, a portion of customer interest income was being siphoned off by the Sentinel Insiders to service Sentinel's loan with the Bank of New York. In addition, the interest earned on securities paid for with customer funds was diverted for the benefit of the Sentinel Insiders.

G. Extraction of Unlawful Trading Profits.

40. During the period January 2004 through July 2007, the Sentinel Insiders' trading accounts reported trading gains in excess of \$19 million, and the average reported monthly gain was approximately \$450,000. The Sentinel Insiders fraudulently procured these trading gains.

41. The Sentinel Insiders' portfolio continued to report substantial gains well into the summer of 2007. For example, SIG realized over \$258,000 in gains in June and over \$238,000 in gains in July.

42. Meanwhile, customer portfolios sustained millions of dollars in losses in June and July.

43. When a Sentinel manager questioned the gains allocated to the Sentinel Insiders' portfolio at the same time the customer portfolios were losing money, Eric Bloom advised the manager that the gains were legitimate, and no adjustment was made to the allocation of gains.

H. Failure to Allocate Trades When Made and Reallocation of Trades.

44. Mosley traded for the customer portfolios—SEGs 1, 2 and 3—and for the Sentinel Insiders' own portfolio.

45. Philip Bloom and Eric Bloom established a compensation system for Mosley which created powerful incentives to allocate or divert profitable trades to the Sentinel Insiders' portfolio while allocating less profitable trades to the customer portfolios. In particular, Mosley's compensation consisted of a base salary, plus a bonus of 10% of the gains in the "House" portfolio only, plus a bonus based on the profitability of Sentinel. Mosley received no bonus based on the success of his trading for the customer portfolios.

46. Pursuant to this compensation system, Mosley received bonus payments on December 22, 2006 and March 8, 2007 that totaled over \$468,000.

47. Securities trades must be allocated to the customer or customers on whose behalf the trades are made. Trades must be allocated so that the risks and rewards of any trade are realized by the customer(s) whose assets were used to make the trade. Under the securities laws of the United States, trades cannot be made without a pre-determined allocation, then later allocated in a manner which is preferential to one or more accounts. 15 U.S.C. § 78j(b); 15 U.S.C. § 80b-6.

48. Mosley, with the full knowledge of Eric Bloom and Philip Bloom, did not allocate trades to SEGs 1, 2, or 3 or to the Sentinel Insiders at the time the trades were made. Instead,

Mosley frequently waited until days later, when the trades settled, to assign the trades to the various portfolios.

49. In effect, Mosley simply made undifferentiated trades and later decided which portfolio would receive the securities. By delaying the assignment of trades until settlement date, Mosley was able to disproportionately direct profitable trades to the Sentinel Insiders' accounts and unprofitable trades to customers.

50. The Sentinel Insiders were well aware of the practice of allocating trades among portfolios on the settlement date instead of when the trades were made and failed to stop it. The practice of not allocating trades at the time they were made was a recurring topic of discussion at meetings of Sentinel's credit committee, which included Charles Mosley and Eric Bloom.

51. Even after trades were allocated, Charles Mosley moved securities between customer portfolios and the House portfolio in order to benefit the Sentinel Insiders. Eric Bloom was well aware of that misconduct.

I. False and Misleading Customer Statements.

52. On a daily basis, the Sentinel Insiders created and submitted to their customers account statements that were materially false. The Sentinel Insiders used certain spreadsheets that they had created, including the "Allocation Beta" and the "Daily Yield/Rate Calculation," to produce materially false customer statements.

53. Using the "Allocation Beta" spreadsheet, Sentinel employees, acting under the direction of Sentinel Insiders Eric Bloom and Charles Mosley, determined the market value of securities that had been attributed on the customer statements to particular customer groups. From that market value, the Sentinel Insiders deducted a predetermined figure, known as the

“over/under,” to arrive at an artificial cost basis for the securities that would be represented on the customers’ statements. The market value and manufactured cost basis figures were reported to the customers. By manufacturing a cost figure in this fashion, the Sentinel Insiders ensured that the customers would believe that the value of the portfolio always exceeded its cost.

54. When the market value of the securities attributed to a customer group in fact declined, the Sentinel Insiders concealed that decline by borrowing cash and “allocating” those additional funds to the group that needed to show additional equity. On at least one occasion, Charles Mosley instructed a subordinate to fill a hole in a customer statement by falsely reporting that \$300,000 in cash was being held for that customer when in fact no such funds existed.

55. Eric Bloom was well aware of the process by which fabricated cost figures were created for the purpose of deceiving customers.

56. As a further part of this scheme to mislead customers, Eric Bloom created an Excel spreadsheet called the “Daily Yield/Rate Calculation.” This spreadsheet was utilized every business day under the direction and control of Eric Bloom and Mosley. The Daily Yield/Rate Calculation was used to divert interest from customers to servicing the bank loan, misallocate interest among SEGs and the “House” portfolio, and create phony rates of return for customer accounts. On a daily basis, Eric Bloom received from one of his subordinates that day’s version of the spreadsheet, sometimes with notations on how rates had been determined.

57. The statements sent to every customer by email or fax on every business day from approximately 2003 until August 13, 2007 contained materially false and misleading information and omitted material facts about the customers’ investments.

58. First, the customer account statements purported to reflect which securities were being held in segregated accounts for the benefit of participants in the various SEG portfolio and Groups. In fact, as the Sentinel Insiders knew, the customer statements often reflected securities as being held in segregated accounts at the Bank of New York when they were not.

59. Second, the customer account statements purported to reflect the “Cost” and “Market Value” of each customer’s pro rata share of the pool of securities held for the benefit of that customer’s SEG portfolio and Group. In fact, as Sentinel Insiders knew, the statements routinely misrepresented the cost of those securities, which were concocted using the “Allocation Beta” spreadsheet.

60. Third, the Sentinel Insiders caused securities that were supposed to be segregated for customers to be delivered as collateral in order to obtain loans from the Bank of New York. The account statements the Sentinel Insiders caused to be sent to clients, which should have accurately reflected the portfolio holdings, the value of the portfolio, and all transactions in the portfolio, did not reflect the fact that any customer securities had been encumbered in this manner.

61. Fourth, the Sentinel Insiders used client assets to obtain hundreds of millions of dollars in additional leveraged financing through repo transactions. However, the client account statements prepared and distributed by Sentinel did not reflect any of this activity.

62. Fifth, the statements purported to reflect a “Net Interest Rate.” That rate, however, was simply a number made up by Eric Bloom and Charles Mosley, not a value calculated from the returns on a particular portfolio.

J. The Scheme to Pay SIG an “Administrative” or “Management Fee.”

63. Sometime in late 2006, Eric Bloom decided that he should be receiving an extra “bonus” for himself in addition to the regular annual bonus paid to him. Rather than pay himself this bonus directly, Eric Bloom decided that Sentinel would pay an “administrative” or “management” fee to its parent company, SIG. Eric Bloom decided that the administrative fee should be \$50,000 per month and retroactive not only for the entire year 2006, but also for part of 2005 as well.

64. Pursuant to this scheme, on November 20, 2006, Eric Bloom caused the transfer of \$600,000 in Sentinel funds to SIG.

65. Another \$350,000 was transferred to SIG as an “administrative fee” on February 22, 2007.

66. In March 2007, in an after-the-fact effort to justify these payments, Eric Bloom caused outside counsel for Sentinel to draft a management services agreement, even though \$950,000 in payments had already been made.

67. A third payment, amounting to \$350,000 was transferred to SIG on August 9, 2007.

68. SIG performed no services, administrative, management or otherwise, for Sentinel.

THE COLLAPSE OF SENTINEL

69. In June, July, and August 2007, Sentinel experienced severe financial distress.

70. In June and July, 2007, Sentinel’s two primary repo counterparties stopped financing higher-risk repo transactions with Sentinel and insisted on repayment of the repo loans.

71. Because Sentinel's customer assets were so highly leveraged, Sentinel Insiders borrowed more money from the Bank of New York to pay off the repo counterparties and raided segregated customer accounts to avoid defaults under Sentinel's repo agreements.

72. When Sentinel's loan balance with the bank increased to nearly \$500 million in mid-July, the Sentinel Insiders again raided segregated customer accounts to pay off the bank and obtain collateral for its bank loan.

73. On or about July 18, 2007, Philip Bloom instructed Sentinel employees to wire transfer the entire stated balance of over \$11 million in two Philip Bloom-controlled accounts to his bank. Sentinel carried out his orders.

74. The following day, on or about July 19, 2007, Eric Bloom removed \$250,000 from his account at Sentinel.

75. On or about July 30, 2007, the Sentinel Insiders caused more than \$500 million in securities that were being held as collateral for Sentinel's bank loan to be returned to SEG 1 segregated customer accounts at the bank.

76. To fill the collateral shortfall, the Sentinel Insiders raided approximately \$290 million in SEG 3 segregated customer accounts and then concealed that action by directing the transfer of approximately \$100 million in lower-grade, illiquid securities from the Sentinel Insiders' House portfolio to SEG 3.

77. Sentinel continued to experience severe financial stress through the end of July and into August as it was unable to simultaneously reduce its loan balance with the bank, sell the higher-risk securities it had received back from repo counterparties that had stopped financing such securities, and meet its redemption obligations to customers who wanted to withdraw funds.

78. Finally, on August 13, 2007, Eric Bloom sent a letter to Sentinel’s customers representing that it could no longer honor redemptions, asserting that Sentinel was suffering a liquidity crisis. He did not disclose in the letter that the liquidity problems had been created by the Sentinel Insiders’ actions in misusing customer assets and engaging in unauthorized transactions and leveraging.

TRANSFERS TO SIG AND GREENBERG

79. During the one-year period preceding the commencement of Sentinel’s bankruptcy case, the Sentinel Insiders caused Sentinel to transfer more than \$20 million to themselves and others, including Greenberg, substantially all of which constituted fraudulently realized proceeds of the Sentinel Insiders’ criminal scheme.

80. Among other transfers to or for the benefit of the Sentinel Insiders, Sentinel made the following transfers to SIG, which were characterized as dividends:

NAME	DATE OF PAYMENT	AMOUNT PAID
Sentinel Investment Group, Inc.	3/26/2007	\$1,210,000.00
Sentinel Investment Group, Inc.	4/30/2007	\$25,000.00
Sentinel Investment Group, Inc.	5/10/2007	\$620,000.00
TOTAL:		\$1,855,000.00

81. The \$25,000.00 transferred to SIG on April 30, 2007 (the “April SIG Transfer”) was subsequently transferred by SIG to the SIG Preferred Shareholders in the form of a dividend. This included a transfer from SIG to Greenberg in May 2007 in the amount of \$3,142.62 (“the Greenberg SIG Dividend”).

82. The \$620,000.00 transferred to SIG on May 10, 2007 (the “May SIG Transfer”) was subsequently transferred by SIG to the SIG Preferred Shareholders to redeem their preferred stock in SIG. This included a transfer from SIG to Greenberg in May 2007 in the amount of

\$78,565.50 (“the Greenberg SIG Redemption” and, together with the Greenberg SIG Dividend, the “Greenberg SIG Transfers”).

83. The Greenberg SIG Dividend and Greenberg SIG Redemption were made by SIG to Greenberg in a single transfer by check, a copy of which is attached as “Exhibit A.”

84. On information and belief, in addition to the April SIG Transfer and the May SIG Transfer, additional transfers from Sentinel to SIG were made to or for the direct or indirect benefit of Greenberg (together with the April SIG Transfer and the May SIG Transfer, the “Transfers”).

COUNT ONE

Avoidance and Recovery of Fraudulent Transfers Pursuant to §§ 548(a)(1)(A) and 550(a) of the Bankruptcy Code

85. Plaintiff restates and realleges paragraphs 1 through 84 of this Complaint as though fully set forth herein.

86. The Transfers constituted transfers of interests in Sentinel’s property.

87. The Transfers were made, mediately or immediately, to or for the benefit of Greenberg as described in this Complaint.

88. The Transfers were made with the actual intent to hinder, delay, or defraud Sentinel’s creditors.

89. The Trustee may avoid all of the Transfers made within the two years preceding the Petition Date pursuant to section 548(a)(1)(A) of the Bankruptcy Code.

90. The Trustee may recover, for the benefit of the estate, the Transfers or their value from Greenberg as either (1) the entity for whose benefit the Transfers were made, or (2) the immediate or mediate transferee of the initial transferee pursuant to section 550(a) of the Bankruptcy Code.

WHEREFORE, Plaintiff respectfully requests that the Court enter an Order: avoiding each of the Transfers made within the two years preceding the Petition Date pursuant to section 548(a)(1)(A) of the Bankruptcy Code; ordering the return and recovery of the Transfers, or entering judgment against Greenberg pursuant to section 550(a) of the Bankruptcy Code in the amount of the Transfers made to or for the benefit of Greenberg; awarding the Trustee pre- and post-judgment interest, costs and attorneys' fees and expenses; and granting such other equitable relief as may be just and proper.

COUNT TWO

Avoidance and Recovery of Fraudulent Transfers Pursuant to 740 ILCS 160/5(a)(1) and 160/8(a), and §§ 544(b)(1) and 550(a) of the Bankruptcy Code

91. Plaintiff restates and realleges paragraphs 1 through 84 of this Complaint as though fully set forth herein.

92. The Transfers constituted transfers of interests in Sentinel's property.

93. The Transfers were made, mediately or immediately, to or for the benefit of Greenberg as described in this Complaint.

94. The Transfers were made with actual intent to hinder, delay, or defraud Sentinel's creditors within the meaning of section 5 of the Illinois Uniform Fraudulent Transfer Act ("UFTA"), 740 ILCS 160/1 *et seq.*

95. A creditor exists that could avoid the Transfers and obtain further relief pursuant to section 8(a) of the UFTA.

96. Such creditor could obtain a judgment against Greenberg for the value of the Transfers received as described in this Complaint as either (1) the person for whose benefit the Transfers were made, or (2) a subsequent transferee, pursuant to section 9(b) of the UFTA.

97. The Trustee may avoid the Transfers pursuant to section 544(b)(1) of the Bankruptcy Code and may recover, for the benefit of the estate, the Transfers or their value from Greenberg as either (1) the entity for whose benefit the Transfers were made, or (2) the immediate or mediate transferee of the initial transferee pursuant to section 550(a) of the Bankruptcy Code.

WHEREFORE, Plaintiff respectfully requests that the Court enter an Order: avoiding each of the Transfers pursuant to 740 ILCS 160/8(a) and section 544(b)(1) of the Bankruptcy Code; ordering the return and recovery of the Transfers, or entering judgment against Greenberg pursuant to 740 ILCS 160/9(b) and 550(a) of the Bankruptcy Code in the amount of the Transfers made to or for the benefit of Greenberg; awarding the Trustee pre- and post-judgment interest, costs and attorneys' fees and expenses; and granting such other equitable relief as may be just and proper.

COUNT THREE

Avoidance and Recovery of Fraudulent Transfers Pursuant to §§ 548(a)(1)(B) and 550(a) of the Bankruptcy Code

98. Plaintiff restates and realleges paragraphs 1 through 84 of this Complaint as though fully set forth herein.

99. The Transfers constituted transfers of interests in Sentinel's property.

100. The Transfers were made, mediately or immediately, to or for the benefit of Greenberg as described in this Complaint.

101. Sentinel received less than a reasonably equivalent value in exchange for the Transfers.

102. Sentinel was insolvent on the dates that each of the Transfers was made, or became insolvent as a result of each of the Transfers.

103. At the time each of the Transfers was made, Sentinel was engaged in business or a transaction, or was about to engage in business or a transaction, for which Sentinel's remaining property was unreasonably small capital.

104. At the time each of the Transfers was made, Sentinel intended to incur, or believed that it would incur, debts that would be beyond its ability to pay as such debts matured.

105. The Trustee may avoid all the Transfers made within the two years preceding the Petition Date pursuant to section 548(a)(1)(B) of the Bankruptcy Code.

106. The Trustee may recover, for the benefit of the estate, the Transfers or their value from Greenberg as either (1) the entity for whose benefit the Transfers were made, or (2) the immediate or mediate transferee of the initial transferee pursuant to section 550(a) of the Bankruptcy Code.

WHEREFORE, Plaintiff respectfully requests that the Court enter an Order: avoiding each of the Transfers made within the two years preceding the Petition Date pursuant to section 548(a)(1)(B) of the Bankruptcy Code; ordering the return and recovery of the Transfers, or entering judgment against Greenberg pursuant to section 550(a) of the Bankruptcy Code in the amount of the Transfers made to or for the benefit of Greenberg; awarding the Trustee pre- and post-judgment interest, costs and attorneys' fees and expenses; and granting such other equitable relief as may be just and proper.

COUNT FOUR

Avoidance and Recovery of Fraudulent Transfers Pursuant to 740 ILCS 160/5(a)(2) and 160/8(a), and §§ 544(b)(1) and 550(a) of the Bankruptcy Code

107. Plaintiff restates and realleges paragraphs 1 through 84 of this Complaint as though fully set forth herein.

108. The Transfers constituted transfers of interests in Sentinel's property.

109. The Transfers were made, mediately or immediately, to or for the benefit of Greenberg as described in this Complaint.

110. The Transfers were made by Sentinel without receiving reasonably equivalent value in exchange.

111. At the time each of the Transfers was made, Sentinel was engaged or was about to engage in a business or transaction for which its remaining assets were unreasonably small in relation to the business or transaction.

112. At the time each of the Transfers was made, Sentinel intended to incur, or believed or reasonably should have believed that it would incur, debts beyond its ability to pay as they came due.

113. An actual creditor exists who could avoid the Transfers and obtain further relief pursuant to section 8(a) of the UFTA.

114. Such creditor could obtain a judgment against Greenberg for the value of the Transfers received as described in this Complaint as either (1) the person for whose benefit the Transfers were made, or (2) a subsequent transferee, pursuant to section 9(b) of the UFTA.

115. The Trustee may avoid the Greenberg Transfers pursuant to section 544(b)(1) of the Bankruptcy Code and may recover, for the benefit of the estate, the Greenberg Transfers or their value from Greenberg as either (1) the entity for whose benefit the Transfers were made, or (2) the immediate or mediate transferee of the initial transferee pursuant to section 550(a) of the Bankruptcy Code.

WHEREFORE, Plaintiff respectfully requests that the Court enter an Order: avoiding each of the Transfers pursuant to 740 ILCS 160/8(a) and section 544(b)(1) of the Bankruptcy Code; ordering the return and recovery of the Transfers, or entering judgment

against Greenberg pursuant to 740 ILCS 160/9(b) and section 550(a) of the Bankruptcy Code in the amount of the Transfers made to or for the benefit of Greenberg; awarding the Trustee pre- and post-judgment interest, costs and attorneys' fees and expenses; and granting such other equitable relief as may be just and proper.

COUNT FIVE

Avoidance and Recovery of Fraudulent Transfers Pursuant to 740 ILCS 160/6(a) and 160/8(a), and §§ 544(b)(1) and 550(a) of the Bankruptcy Code

116. Plaintiff restates and realleges paragraphs 1 through 84 of this Complaint as though fully set forth herein.

117. The Transfers constituted transfers of interests in Sentinel's property.

118. The Transfers were made, mediately or immediately, to or for the benefit of Greenberg as described in this Complaint.

119. The Transfers were made by Sentinel without receiving reasonably equivalent value in exchange.

120. Sentinel was insolvent at the time each of the Transfers was made, or became insolvent as a result of each of the Transfers.

121. An actual creditor exists who could avoid the Transfers and obtain further relief pursuant to section 8(a) of the UFTA.

122. Such creditor could obtain a judgment against Greenberg for the value of the Transfers received as described in this Complaint as either (1) the first transferee of the asset or the person for whose benefit the Transfers were made, or (2) a subsequent transferee, pursuant to section 9(b) of the UFTA.

123. The Trustee may avoid the Transfers pursuant to section 544(b)(1) of the Bankruptcy Code and may recover, for the benefit of the estate, the Transfers or their value from

Greenberg as either (1) the entity for whose benefit the Transfers were made, or (2) the immediate or mediate transferee of the initial transferee pursuant to section 550(a) of the Bankruptcy Code.

WHEREFORE, Plaintiff respectfully requests that the Court enter an Order: avoiding each of the Transfers pursuant to 740 ILCS 160/8(a) and section 544(b)(1) of the Bankruptcy Code; ordering the return and recovery of the Transfers, or, entering judgment against Greenberg pursuant to 740 ILCS 160/9(b) and section 550(a) of the Bankruptcy Code in the amount of the Transfers made to or for the benefit of Greenberg; awarding the Trustee pre- and post-judgment interest, costs and attorneys' fees and expenses; and granting such other equitable relief as may be just and proper.

COUNT SIX

Unjust Enrichment

124. Plaintiff restates and realleges paragraphs 1 through 84 of this Complaint as though fully set forth herein.

125. As a result of the numerous breaches of fiduciary duties owing to Sentinel and its creditors and the fraud perpetuated by the Sentinel Insiders, Greenberg wrongfully received direct and indirect benefits from Sentinel which should have inured to the benefit of Sentinel and its creditors.

126. Greenberg has been unjustly enriched, and equity requires that Greenberg disgorge and pay the amount by which Greenberg has been unjustly enriched.

WHEREFORE, Plaintiff respectfully requests that the Court enter judgment in favor of Plaintiff and against Greenberg in the amount of the Transfers (plus interest, costs and attorneys' fees), and grant such other equitable relief as may be just and appropriate.

COUNT SEVEN

**Avoidance and Recovery of SIG Fraudulent Transfers
Pursuant to 740 ILCS 160/5(a)(1) and 160/8(a)**

127. Plaintiff restates and realleges paragraphs 1 through 84 of this Complaint as though fully set forth herein.

128. The Greenberg SIG Transfers constituted transfers of interests in SIG's property.

129. The Greenberg SIG Transfers were made, mediately or immediately, to or for the benefit of Greenberg as described in this Complaint.

130. The Greenberg SIG Transfers were made with actual intent to hinder, delay, or defraud Sentinel and other creditors of SIG within the meaning of section 5 of the UFTA.

131. Sentinel is entitled to judgment against Greenberg for the value of the Greenberg SIG Transfers received as described in this Complaint as either (1) the first transferee of the asset or the person for whose benefit the Greenberg SIG Transfers were made, or (2) a subsequent transferee, pursuant to section 9(b) of the UFTA.

WHEREFORE, Plaintiff respectfully requests that the Court enter an Order: avoiding each of the Greenberg SIG Transfers pursuant to 740 ILCS 160/8(a); ordering the return to SIG and recovery of the Greenberg SIG Transfers, or entering judgment against Greenberg in the amount of the Greenberg SIG Transfers made to or for the benefit of Greenberg; awarding the Trustee pre- and post-judgment interest, costs and attorneys' fees and expenses; and granting such other equitable relief as may be just and proper.

COUNT EIGHT

**Recovery of SIG Fraudulent Transfers Pursuant to
740 ILCS 160/5(a)(2) and 160/8(a)**

132. Plaintiff restates and realleges paragraphs 1 through 84 of this Complaint as though fully set forth herein.

133. The Greenberg SIG Transfers constituted transfers of interests in SIG's property.

134. The Greenberg SIG Transfers were made, mediately or immediately, to or for the benefit of Greenberg as described in this Complaint.

135. The Greenberg SIG Transfers were made by SIG without receiving reasonably equivalent value in exchange.

136. At the time each of the Greenberg SIG Transfers was made, SIG was engaged or was about to engage in a business or transaction for which its remaining assets were unreasonably small in relation to the business or transaction.

137. At the time each of the Greenberg SIG Transfers was made, SIG intended to incur, or believed or reasonably should have believed that it would incur, debts beyond its ability to pay as they came due.

138. Sentinel is entitled to judgment against Greenberg for the value of the Greenberg SIG Transfers received as described in this Complaint as either (1) the first transferee of the asset or the person for whose benefit the Greenberg SIG Transfers were made, or (2) a subsequent transferee pursuant to section 9(b) of the UFTA.

WHEREFORE, Plaintiff respectfully requests that the Court enter an Order: avoiding each of the Greenberg SIG Transfers pursuant to 740 ILCS 160/8(a); ordering the return to SIG and recovery of the Greenberg SIG Transfers, or entering judgment against Greenberg in the amount of the Greenberg SIG Transfers made to or for the benefit of Greenberg; awarding the Trustee pre- and post-judgment interest, costs and attorneys' fees and expenses; and granting such other equitable relief as may be just and proper.

COUNT NINE

**Avoidance and Recovery of SIG Fraudulent Transfers Pursuant to
740 ILCS 160/6(a) and 160/8(a)**

139. Plaintiff restates and realleges paragraphs 1 through 84 of this Complaint as though fully set forth herein.

140. The Greenberg SIG Transfers constituted transfers of interests in SIG's property.

141. The Greenberg SIG Transfers were made, mediately or immediately, to or for the benefit of Greenberg as described in this Complaint.

142. The Greenberg SIG Transfers were made by SIG without receiving reasonably equivalent value in exchange.

143. SIG was insolvent at the time each of the Greenberg SIG Transfers was made, or became insolvent as a result of each of the Greenberg SIG Transfers.

144. Sentinel is entitled to judgment against Greenberg for the value of the Greenberg SIG Transfers received as described in this Complaint as either (1) the first transferee of the asset or the person for whose benefit the Greenberg SIG Transfers were made, or (2) a subsequent transferee, pursuant to section 9(b) of the UFTA.

WHEREFORE, Plaintiff respectfully requests that the Court enter an Order: avoiding each of the Greenberg SIG Transfers pursuant to 740 ILCS 160/8(a); ordering the return to SIG and recovery of the Greenberg SIG Transfers, or, entering judgment against Greenberg pursuant to 740 ILCS 160/9(b) in the amount of the Greenberg SIG Transfers made to or for the benefit of Greenberg; awarding the Trustee pre- and post-judgment interest, costs and attorneys' fees and expenses; and granting such other equitable relief as may be just and proper.

Dated: April 28, 2008

Respectfully submitted,

FREDERICK J. GREDE, not individually but
as Chapter 11 Trustee of Sentinel Management
Group, Inc.

By: /s/ Vincent E. Lazar
One of his attorneys

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