

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

AEL FINANCIAL, LLC, an Illinois limited liability company, M2 LEASE FUNDS, LLC, a Wisconsin limited liability company and CEDAR RAPIDS BANK & TRUST COMPANY, an Iowa banking corporation

Plaintiffs

v.

ALLIED HEATH CARE SERVICES, INC., a New Jersey corporation and CHARLES K. SCHWARTZ, an individual.

Defendants.

Case No. _____

Judge: _____

COMPLAINT

NOW COMES Plaintiffs, AEL Financial, LLC, an Illinois limited liability company (“AEL”), M2 Lease Funds, LLC, a Wisconsin limited liability company (“M2”), and Cedar Rapids Bank & Trust Company, an Iowa banking corporation (“Cedar Rapids Bank”) (collectively, “Plaintiffs”), by and through its attorneys, Brian Ira Tanenbaum and John A. Benson, Jr., of The Law Offices of Brian Ira Tanenbaum, Ltd., hereby brings this Complaint against Allied Health Care Services, Inc., a New Jersey corporation (“Allied”), and Charles K. Schwartz (“Schwartz” and together with Allied, “Defendants”) and, in support of this Complaint, Plaintiffs state as follows:

NATURE OF ACTION

1. Through this action, Plaintiffs seeks to enforce its rights as equipment lessor (or as assignee) arising out of breaches of six (6) equipment lease agreements by Allied, as equipment lessee, and for breach of the accompanying personal guaranties of Schwartz,

President of Allied. In addition, Plaintiffs seek replevin of the equipment subject to the six (6) equipment lease agreements and further, Plaintiffs seek monetary damages from Allied and Schwartz for breach of the equipment leases and corresponding personal guaranties and for wrongful detention of the leased equipment.

THE PARTIES

2. AEL is an Illinois limited liability company with its principal place of business located at 600 North Buffalo Grove Road, Buffalo Grove, Illinois 60089.

3. All members of AEL are citizens of the state of Illinois and are therefore diverse in citizenship from Defendants.

4. M2 is a Wisconsin limited liability company with its principal place of business located at 175 N. Patrick Boulevard, Brookfield, Wisconsin 53045.

5. All members of M2 are citizens of the state of Wisconsin and are therefore diverse in citizenship from Defendants.

6. Cedar Rapids Bank is an Iowa banking corporation with its principal place of business located at 500 1st Avenue NE, Cedar Rapids, Iowa 52401.

7. Upon information and belief, defendant Allied is a New Jersey corporation with a principal place of business at 89 Main Street, Orange, New Jersey 07051.

8. Upon information and belief, defendant Schwartz is an individual citizen of New Jersey, residing at 37 Timberline Drive, Sparta, New Jersey 07871.

JURISDICTION AND VENUE

9. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1332, in that the parties are citizens of different states and that the matter in controversy

exceeds, exclusive of interests, costs and attorneys' fees, the sum or value of Seventy Five Thousand Dollars (\$75,000.00).

10. Venue in this District is appropriate pursuant to 28 U.S.C. § 1391(a) because a substantial part of the events or omissions giving rise to the claims occurred in this district.

BACKGROUND

(i) Equipment Lease dated September 17, 2008

11. On or about September 17, 2008, Allied, as equipment lessee, entered into a certain equipment lease agreement with AEL, as equipment lessor, for certain equipment more fully described therein. A true and correct copy of the equipment lease agreement is attached hereto and incorporated herein as Group Exhibit A.

12. Pursuant to the terms of the equipment lease agreement, Allied was required, among other things, to make monthly installment payments of \$4,098.00 to AEL for the forty-eight (48) months following the commencement of the equipment lease, which was on September 17, 2008, the date that Allied executed said equipment lease.

13. Contemporaneously with the execution by AEL and Allied of the equipment lease agreement, and in connection therewith, Schwartz executed a certain personal guaranty. See Group Exhibit A.

14. Pursuant to the terms of the personal guaranty, Schwartz personally guaranteed the prompt payment and performance of all obligations of Allied. The guaranty is a guaranty of payment and not of collection. See Group Exhibit A.

15. On September 18, 2008, Allied executed a certain Certificate of Acceptance whereby, among other things, Allied acknowledged that it had accepted the equipment; Allied approved payment by AEL to the supplier of the equipment; Allied agreed that its payment

obligations under the equipment lease agreement had commenced and that AEL had fully and satisfactorily performed all covenants and conditions to be performed by AEL under the equipment lease agreement. A true and correct copy of the Certificate of Acceptance is attached hereto and incorporated herein in Group Exhibit A.

16. On September 24, 2008 AEL filed a UCC-1 Financing Statement with the New Jersey Secretary of State securing its interest in the equipment under the equipment lease agreement, including, but not limited to, all proceeds relating in any way to the use of said equipment. A copy of the UCC-1 Financing Statement is attached hereto and incorporated herein in Group Exhibit A.

17. Since approximately April 2010, Allied, as lessee and Schwartz, as guarantor, have failed to make their required monthly lease payment to AEL under the equipment lease agreement and guaranty and therefore, Defendants are in default thereunder.

18. Pursuant to the terms of the equipment lease agreement, upon default, AEL is entitled to, and has accelerated all sums due for the remainder of the term of the equipment lease agreement.

19. As of May 7, 2010, the accelerated balance due AEL is approximately \$124,989.00, plus interest, taxes, late charges and attorneys' fees.

20. By letter dated May 7, 2010, AEL made demand upon Defendants to cure said defaults. A copy of said demand letter is attached hereto and incorporated herein in Group Exhibit A.

21. AEL has performed all of its obligations under the equipment lease agreement.

22. Pursuant to the terms of the equipment lease agreement and Schwartz's personal guaranty, Defendants are obligated to pay all expenses and costs, including attorneys' fees, incurred by AEL in enforcing its rights under the equipment lease agreement and the guaranty.

(ii) **Equipment Lease dated December 11, 2008**

23. On or about December 11, 2008, Allied, as equipment lessee, entered into a certain equipment lease agreement with AEL, as equipment lessor, for certain equipment more fully described therein. A true and correct copy of the equipment lease agreement is attached hereto and incorporated herein as Group Exhibit B.

24. Pursuant to the terms of the equipment lease agreement, Allied was required, among other things, to make monthly installment payments of \$3,346.00 to AEL for the sixty (60) months following the commencement of the equipment lease, which was on December 11, 2008, the date that Allied executed said equipment lease.

25. Contemporaneously with the execution by AEL and Allied of the equipment lease agreement, and in connection therewith, Schwartz executed a certain personal guaranty. See Group Exhibit B.

26. Pursuant to the terms of the personal guaranty, Schwartz personally guaranteed the prompt payment and performance of all obligations of Allied. The guaranty is a guaranty of payment and not of collection. See Group Exhibit B.

27. On December 11, 2008, Allied executed a certain Certificate of Acceptance whereby, among other things, Allied acknowledged that it had accepted the equipment; Allied approved payment by AEL to the supplier of the equipment; Allied agreed that its payment obligations under the equipment lease agreement had commenced and that AEL had fully and satisfactorily performed all covenants and conditions to be performed by AEL under the

equipment lease agreement. A true and correct copy of the Certificate of Acceptance is attached hereto and incorporated herein in Group Exhibit B.

28. On December 18, 2008 AEL filed a UCC-1 Financing Statement with the New Jersey Secretary of State securing its interest in the equipment under the equipment lease agreement, including, but not limited to, all proceeds relating in any way to the use of said equipment. A copy of the UCC-1 Financing Statement is attached hereto and incorporated herein in Group Exhibit B.

29. On January 14, 2009, AEL assigned its right, title and interest (including the right to receive monthly installments) in and to the equipment lease agreement dated December 11, 2008 to M2. A true and correct copy of the Non-Recourse Assignment between AEL and M2 is attached hereto and incorporated herein in Group Exhibit B.

30. Since approximately April 2010, Allied, as lessee and Schwartz, as guarantor, have failed to make their required monthly lease payment to M2, as assignee under the equipment lease agreement and guaranty, and therefore, Defendants are default thereunder.

31. Pursuant to the terms of the equipment lease agreement, upon default, AEL or its assignee, M2, is entitled to, and has accelerated all sums due for the remainder of the term of the equipment lease agreement.

32. As of May 7, 2010, the accelerated balance due M2 is approximately \$152,243.00, plus interest, taxes, late charges and attorneys' fees.

33. By letter dated May 7, 2010, AEL made demand upon Defendants to cure said defaults. A copy of said demand letter is attached hereto and incorporated herein in Group Exhibit B.

34. AEL and M2 have performed all of its obligations under the equipment lease agreement.

35. Pursuant to the terms of the equipment lease agreement and Schwartz's personal guaranty, Defendants are obligated to pay all expenses and costs, including attorneys' fees, incurred by AEL and M2 in enforcing its rights under the equipment lease agreement and the guaranty.

(iii) **Equipment Lease dated September 4, 2008**

36. On or about September 4, 2008, Allied, as equipment lessee, entered into an equipment lease agreement with AEL, as equipment lessor, for certain equipment more fully described therein. A true and correct copy of the equipment lease agreement is attached hereto and incorporated herein as Group Exhibit C.

37. Pursuant to the terms of the equipment lease agreement, Allied was required, among other things, to make monthly installment payments of \$3,367.75 to AEL for the sixty (60) months following the commencement of the equipment lease, which was on September 4, 2008, the date that Allied executed said equipment lease.

38. Contemporaneously with the execution by AEL and Allied of the equipment lease agreement, and in connection therewith, Schwartz executed a certain personal guaranty. See Group Exhibit C.

39. Pursuant to the terms of the personal guaranty, Schwartz personally guaranteed the prompt payment and performance of all obligations of Allied. The guaranty is a guaranty of payment and not of collection. See Group Exhibit C.

40. On September 23, 2008, Allied executed a certain Certificate of Acceptance whereby, among other things, Allied acknowledged that it had accepted the equipment; Allied

approved payment by AEL to the supplier of the equipment; Allied agreed that its payment obligations under the equipment lease agreement had commenced and that AEL had fully and satisfactorily performed all covenants and conditions to be performed by AEL under the equipment lease agreement. A true and correct copy of the Certificate of Acceptance is attached hereto and incorporated herein in Group Exhibit C.

41. On September 26, 2008 AEL filed a UCC-1 Financing Statement with the New Jersey Secretary of State securing its interest in the equipment under the equipment lease agreement, including, but not limited to, all proceeds relating in any way to the use of said equipment. A copy of the UCC-1 Financing Statement is attached hereto and incorporated herein in Group Exhibit C.

42. On November 26, 2008, AEL assigned its right, title and interest in and to the equipment lease agreement dated September 4, 2008 to M2. A true and correct copy of the Non-Recourse Assignment between AEL and M2 is attached hereto and incorporated herein in Group Exhibit C.

43. Since approximately April 2010, Allied, as lessee and Schwartz, as guarantor, have failed to make their required monthly lease payment to M2, as assignee under the equipment lease agreement and guaranty, and therefore, Defendants are default thereunder.

44. Pursuant to the terms of the equipment lease agreement, upon default, AEL or its assignee, M2, is entitled to, and has accelerated all sums due for the remainder of the term of the equipment lease agreement.

45. As of May 7, 2010, the accelerated balance due M2 is approximately \$143,129.40, plus interest, taxes, late charges and attorneys' fees.

46. By letter dated May 7, 2010, AEL made demand upon Defendants to cure said defaults. A copy of said demand letter is attached hereto and incorporated herein in Group Exhibit C.

47. AEL and M2 have performed all of its obligations under the equipment lease agreement.

48. Pursuant to the terms of the equipment lease agreement and Schwartz's personal guaranty, Defendants are obligated to pay all expenses and costs, including attorneys' fees, incurred by AEL and M2 in enforcing its rights under the equipment lease agreement and the guaranty.

(iv) **Equipment Lease dated October 10, 2006**

49. On or about October 10, 2006, Allied, as equipment lessee, and First Personal Bank, as equipment lessor, entered into a certain equipment lease agreement for certain equipment more fully described therein. A true and correct copy of the equipment lease agreement is attached hereto and incorporated herein as Group Exhibit D.

50. Pursuant to the terms of the equipment lease agreement, Allied was required, among other things, to make monthly installment payments of \$7,044.30 to First Personal Bank, or its assignee, for the sixty (60) months following the commencement of the equipment lease, which was on October 10, 2006, the date that Allied executed said equipment lease.

51. Contemporaneously with the execution by First Personal Bank and Allied of the equipment lease agreement, and in connection therewith, Schwartz executed a certain personal guaranty. See Group Exhibit D.

52. Pursuant to the terms of the personal guaranty, Schwartz personally guaranteed the prompt payment and performance of all obligations of Allied. The guaranty is a guaranty of payment and not of collection. See Group Exhibit D.

53. On October 10, 2006, Allied executed a certain Delivery and Acceptance Certificate whereby, among other things, Allied acknowledged that it had accepted the equipment in good working conditions and approved payment to the supplier. A true and correct copy of the Delivery and Acceptance Certificate is attached hereto and incorporated herein in Group Exhibit D.

54. On October 11, 2006 First Personal Bank filed a UCC-1 Financing Statement with the New Jersey Secretary of State to secure its interest in the equipment that is subject to the equipment lease agreement dated October 10, 2006. A true and correct copy of the UCC-1 Financing Statement is attached hereto and incorporated herein in Group Exhibit D.

55. On or about November 8, 2007, AEL and First Personal Bank entered into a certain Assignment of Lease Without Recourse (the "Assignment") for a certain pool of leases, which includes the equipment lease agreement dated October 10, 2006. A true and correct copy of the Assignment is attached hereto and incorporated herein in Group Exhibit D.

56. On January 7, 2008 a UCC Financing Statement Amendment was filed with the New Jersey Secretary of State naming AEL as assignee of the equipment lease agreement dated October 10, 2006. A true and correct copy of the amended UCC Financing Statement is attached hereto and incorporated herein as Group Exhibit D.

57. Since approximately April 2010, Allied, as lessee and Schwartz, as guarantor, have failed to make their required monthly lease payment to AEL under the equipment lease agreement and guaranty and therefore, Defendants are default thereunder.

58. Pursuant to the terms of the equipment lease agreement, upon default, AEL is entitled to, and has accelerated all sums due for the remainder of the term of the equipment lease agreement.

59. As of May 7, 2010, the accelerated balance due AEL is approximately \$119,754.10, plus interest, taxes, late charges and attorneys' fees.

60. By letter dated May 7, 2010, AEL made demand upon Defendants to cure said defaults. A copy of said demand letter is attached hereto and incorporated herein in Group Exhibit D.

61. AEL (and previously, First Personal Bank) has performed all of its obligations under the equipment lease agreement.

62. Pursuant to the terms of the Equipment Lease Agreement and Schwartz's personal guaranty, Defendants are obligated to pay all expenses and costs, including attorneys' fees, incurred by AEL in enforcing its rights under the equipment lease agreement and the guaranty.

(v) **Equipment Lease dated February 10, 2006**

63. On or about February 10, 2006, Allied, as equipment lessee, and First Personal Bank, as equipment lessor, entered into a certain equipment lease agreement for certain equipment more fully described therein. A true and correct copy of the equipment lease agreement is attached hereto and incorporated herein as Group Exhibit E.

64. Pursuant to the terms of the equipment lease agreement, Allied was required, among other things, to make monthly installment payments of \$2,347.50 to First Personal Bank, or its assignee, for the sixty (60) months following the commencement of the equipment lease, which was on February 10, 2006, the date that Allied executed said equipment lease.

65. Contemporaneously with the execution by First Personal Bank and Allied of the equipment lease agreement, and in connection therewith, Schwartz executed a certain personal guaranty. See Group Exhibit E.

66. Pursuant to the terms of the personal guaranty, Schwartz personally guaranteed the prompt payment and performance of all obligations of Allied. The guaranty is a guaranty of payment and not of collection. See Group Exhibit E.

67. On February 10, 2006, Allied executed a certain Delivery and Acceptance Certificate whereby, among other things, Allied acknowledged that it had accepted the equipment in good working conditions and approved payment to the supplier. A true and correct copy of the Delivery and Acceptance Certificate is attached hereto and incorporated herein in Group Exhibit E.

68. On February 23, 2006, First Personal Bank filed a UCC-1 Financing Statement with the New Jersey Secretary of State to secure its interest in the equipment that is subject to the equipment lease agreement dated February 10, 2006. A true and correct copy of the UCC-1 Financing Statement is attached hereto and incorporated herein in Group Exhibit E.

69. On or about September 13, 2006, AEL and First Personal Bank entered into a certain Assignment of Lease Schedules (the "Assignment") for a certain pool of leases, which includes the equipment lease agreement dated February 10, 2006. A true and correct copy of the Assignment is attached hereto and incorporated herein in Group Exhibit E.

70. On June 23, 2010, a UCC Financing Statement Amendment was filed with the New Jersey Secretary of State naming AEL as assignee of the equipment lease agreement dated February 10, 2006. A true and correct copy of the UCC Financing Statement Amended is attached hereto and incorporated herein as Group Exhibit E.

71. Since approximately April 2010, Allied, as lessee and Schwartz, as guarantor, have failed to make their required monthly lease payment to AEL under the equipment lease agreement and guaranty and therefore, Defendants are default thereunder.

72. Pursuant to the terms of the equipment lease agreement, upon default, AEL is entitled to, and has accelerated all sums due for the remainder of the term of the equipment lease agreement.

73. As of May 7, 2010, the accelerated balance due AEL is approximately \$21,832.75, plus interest, taxes, late charges and attorneys' fees.

74. By letter dated May 7, 2010, AEL made demand upon Defendants to cure said defaults. A copy of said demand letter is attached hereto and incorporated herein in Group Exhibit E.

75. AEL (and previously, First Personal Bank) has performed all of its obligations under the equipment lease agreement.

76. Pursuant to the terms of the Equipment Lease Agreement and Schwartz's personal guaranty, Defendants are obligated to pay all expenses and costs, including attorneys' fees, incurred by AEL in enforcing its rights under the equipment lease agreement and the guaranty.

(vi) **Equipment Lease dated November 14, 2008**

77. On or about November 14, 2008, Allied, as equipment lessee, and Axis Capital, Inc., as equipment lessor, entered into a certain equipment lease agreement for certain equipment more fully described therein. A true and correct copy of the equipment lease agreement is attached hereto and incorporated herein as Group Exhibit F.

78. Pursuant to the terms of the equipment lease agreement, Allied was required, among other things, to make monthly installment payments of \$5,898.62 to Axis Capital, Inc., or its assignee, for the thirty-six (36) months following the commencement of the equipment lease.

79. Contemporaneously with the execution by Axis Capital, Inc. and Allied of the equipment lease agreement, and in connection therewith, Schwartz executed a certain personal guaranty. See Group Exhibit F.

80. Pursuant to the terms of the personal guaranty, Schwartz personally guaranteed the prompt payment and performance of all obligations of Allied. The guaranty is a guaranty of payment and not of collection. See Group Exhibit F.

81. Upon information and belief, on November 14, 2008, Allied executed a certain Delivery and Acceptance Certificate whereby, among other things, Allied acknowledged and agreed that its obligations to Axis Capital, Inc. and its assignee are absolute and irrevocable. A true and correct copy of the Delivery and Acceptance Certificate is attached hereto and incorporated herein in Group Exhibit F.

82. On November 18, 2008, Axis Capital, Inc. filed a UCC-1 Financing Statement with the New Jersey Secretary of State to secure its interest in the equipment that is subject to the equipment lease agreement dated November 14, 2008. A true and correct copy of the UCC-1 Financing Statement is attached hereto and incorporated herein in Group Exhibit F.

83. On or about November 25, 2008, Axis Capital, Inc. assigned its right, title and interest in the equipment lease agreement dated November 14, 2008 to Cedar Rapids Bank. A true and correct copy of the Assignment is attached hereto and incorporated herein in Group Exhibit F.

84. On January 22, 2009, an amendment to the UCC Financing Statement was filed with the New Jersey Secretary of State naming Cedar Rapids Bank as a secured party by virtue of the assignment of the equipment lease agreement dated November 14, 2008. A true and correct copy of the amended UCC Financing Statement is attached hereto and incorporated herein as Group Exhibit F.

85. Since approximately April 2010, Allied, as lessee and Schwartz, as guarantor, have failed to make their required monthly lease payment to Cedar Rapids Bank under the equipment lease agreement and guaranty and therefore, Defendants are default thereunder.

86. Pursuant to the terms of the equipment lease agreement, upon default, Cedar Rapids Bank is entitled to, and has accelerated all sums due for the remainder of the term of the equipment lease agreement.

87. As of June 10, 2010, the accelerated balance due Cedar Rapids is approximately \$99,451.38, plus interest, taxes, late charges and attorneys' fees.

88. By letter dated June 10, 2010, Cedar Rapids Bank made demand upon Defendants to cure said defaults. A copy of said demand letter is attached hereto and incorporated herein in Group Exhibit F.

89. Cedar Rapids Bank has performed all of its obligations under the equipment lease agreement dated November 14, 2008.

90. Pursuant to the terms of the Equipment Lease Agreement and Schwartz's personal guaranty, Defendants are obligated to pay all expenses and costs, including attorneys' fees, incurred by Cedar Rapids Bank in enforcing its rights under the equipment lease agreement and the guaranty.

COUNT I
BREACH OF CONTRACT
(Equipment Lease dated September 17, 2008)

91. Plaintiffs repeat and reiterate each and every allegation contained in paragraphs 1 through 90, inclusive, and adopts the same as though fully set forth herein.

92. AEL entered into a certain equipment lease agreement with Allied on or about September 17, 2008.

93. The equipment lease agreement between AEL and Allied is a valid and enforceable contract.

94. AEL has performed all of its obligations under the equipment lease agreement.

95. Allied has breached the terms of the equipment lease agreement by, among other things, failing to make the required monthly lease payments to AEL since approximately April 2010.

96. AEL has suffered damages by the loss of use of monies AEL paid for the equipment under said lease.

97. Pursuant to the equipment lease agreement, AEL is entitled to and has accelerated all lease sums due for the remainder of the term of the equipment lease, and AEL is entitled to recover additional late charges and attorneys' fees accruing up to and incurred subsequent to April 2010.

98. As of May 7, 2010, the accelerated balance due and owing AEL under the equipment lease agreement is \$124,989.00, plus interest, late charges, taxes, attorneys' fees and court costs.

99. Pursuant to the terms of the equipment lease agreement, AEL is entitled to recover its reasonable attorneys' fees and expenses incurred in connection with the enforcement of its rights under the equipment lease.

COUNT II
BREACH OF CONTRACT
(Equipment Lease dated December 11, 2008)

100. Plaintiffs repeat and reiterate each and every allegation contained in paragraphs 1 through 90, inclusive, and adopts the same as though fully set forth herein.

101. AEL entered into a certain equipment lease agreement with Allied on or about December 11, 2008, which was subsequently assigned to M2 on January 14, 2009.

102. The equipment lease agreement between AEL, M2, as assignee, and Allied is a valid and enforceable contract.

103. AEL and M2 have performed all of its obligations under the equipment lease agreement.

104. Allied has breached the equipment lease agreement by, among other things, failing to make the required monthly lease payments to M2 since approximately April 2010.

105. M2 has suffered damages by the loss of use of monies that M2 paid AEL for the equipment lease dated December 11, 2008.

106. Pursuant to the equipment lease agreement, M2 is entitled to and has accelerated all lease sums due for the remainder of the term of the equipment lease, and M2 is entitled to recover additional late charges and attorneys' fees accruing up to and incurred subsequent to April 2010.

107. As of May 7, 2010, the accelerated balance due and owing M2 under the equipment lease agreement is \$152,243.00, plus interest, late charges, taxes, attorneys' fees and court costs.

108. Pursuant to the terms of the equipment lease agreement, M2 is entitled to recover its reasonable attorneys' fees and expenses incurred in connection with the enforcement of its rights under the equipment lease.

COUNT III
BREACH OF CONTRACT
(Equipment Lease dated September 4, 2008)

109. Plaintiffs repeat and reiterate each and every allegation contained in paragraphs 1 through 90, inclusive, and adopts the same as though fully set forth herein.

110. AEL entered into a certain equipment lease agreement with Allied on or about September 4, 2008, which was subsequently assigned to M2 on November 26, 2008.

111. The equipment lease agreement between AEL, M2, as assignee, and Allied is a valid and enforceable contract.

112. AEL and M2 have performed all of its obligations under the equipment lease agreement.

113. Allied has breached the equipment lease agreement by, among other things, failing to make the required monthly lease payments to M2 since approximately April 2010.

114. M2 has suffered damages by the loss of use of monies that M2 paid AEL for the equipment lease dated September 4, 2008.

115. Pursuant to the equipment lease agreement, M2 is entitled to and has accelerated all lease sums due for the remainder of the term of the equipment lease, and M2 is entitled to

recover additional late charges and attorneys' fees accruing up to and incurred subsequent to April 2010.

116. As of May 7, 2010, the accelerated balance due and owing M2 under the equipment lease agreement is \$143,129.40, plus interest, late charges, taxes, attorneys' fees and court costs.

117. Pursuant to the terms of the equipment lease agreement, M2 is entitled to recover its reasonable attorneys' fees and expenses incurred in connection with the enforcement of its rights under the equipment lease.

COUNT IV
BREACH OF CONTRACT
(Equipment Lease dated October 10, 2006)

118. Plaintiffs repeat and reiterate each and every allegation contained in paragraphs 1 through 90, inclusive, and adopts the same as though fully set forth herein.

119. First Personal Bank entered into a certain equipment lease agreement with Allied on or about October 10, 2006, which was subsequently assigned to AEL on or about November 8, 2007.

120. The equipment lease agreement between AEL and Allied is a valid and enforceable contract.

121. AEL (and previously, First Personal Bank) has performed all of its obligations under the equipment lease agreement.

122. Allied has breached the equipment lease agreement by, among other things, failing to make the required monthly lease payments to AEL since approximately April 2010.

123. AEL has suffered damages by the loss of use of monies that AEL paid First Personal Bank for the equipment lease dated October 10, 2006.

124. Pursuant to the equipment lease agreement, AEL is entitled to and has accelerated all lease sums due for the remainder of the term of the equipment lease, and AEL is entitled to recover additional late charges and attorneys' fees accruing up to and incurred subsequent to April 2010.

125. As of May 7, 2010, the accelerated balance due and owing AEL under the equipment lease agreement is \$119,754.10, plus interest, late charges, taxes, attorneys' fees and court costs.

126. Pursuant to the terms of the equipment lease agreement, AEL is entitled to recover its reasonable attorneys' fees and expenses incurred in connection with the enforcement of its rights under the equipment lease.

COUNT V
BREACH OF CONTRACT
(Equipment Lease dated February 10, 2006)

127. Plaintiffs repeat and reiterate each and every allegation contained in paragraphs 1 through 90, inclusive, and adopts the same as though fully set forth herein.

128. First Personal Bank entered into a certain equipment lease agreement with Allied on or about February 10, 2006, which was subsequently assigned to AEL on September 13, 2006.

129. The equipment lease agreement between AEL and Allied is a valid and enforceable contract.

130. AEL (and previously, First Personal Bank) has performed all of its obligations under the equipment lease agreement.

131. Allied has breached the equipment lease agreement by, among other things, failing to make the required monthly lease payments to AEL since approximately April 2010.

132. AEL has suffered damages by the loss of use of monies that AEL paid First Personal Bank for the equipment lease dated February 10, 2006.

133. Pursuant to the Equipment Financing Agreement, AEL is entitled to and has accelerated all lease sums due for the remainder of the term of the equipment lease, and AEL is entitled to recover additional late charges and attorneys' fees accruing up to and incurred subsequent to April 2010.

134. As of May 7, 2010, the accelerated balance due and owing AEL under the equipment lease agreement is \$21,832.75, plus interest, late charges, taxes, attorneys' fees and court costs.

135. Pursuant to the terms of the equipment lease agreement, AEL is entitled to recover its reasonable attorneys' fees and expenses incurred in connection with the enforcement of its rights under the equipment lease.

COUNT VI
BREACH OF CONTRACT
(Equipment Lease dated November 14, 2008)

136. Plaintiffs repeat and reiterate each and every allegation contained in paragraphs 1 through 90, inclusive, and adopts the same as though fully set forth herein.

137. Axis Capital, Inc. entered into a certain equipment lease agreement with Allied on or about November 14, 2008, which was subsequently assigned to Cedar Rapids Bank on November 25, 2008.

138. The equipment lease agreement between Axis Capital, Inc., Cedar Rapids Bank, as assignee, and Allied is a valid and enforceable contract.

139. Cedar Rapids Bank has performed all of its obligations under the equipment lease agreement.

140. Allied has breached the equipment lease agreement by, among other things, failing to make the required monthly lease payments to Cedar Rapids Bank since approximately April 2010.

141. Cedar Rapids Bank has suffered damages by the loss of use of monies that Cedar Rapids Bank paid Axis Capital, Inc. for the equipment lease dated November 14, 2008.

142. Pursuant to the equipment lease agreement, Cedar Rapids Bank is entitled to and has accelerated all lease sums due for the remainder of the term of the equipment lease, and Cedar Rapids Bank is entitled to recover additional late charges and attorneys' fees accruing up to and incurred subsequent to April 2010.

143. As of June 10, 2010, the accelerated balance due and owing Cedar Rapids Bank under the equipment lease agreement is \$99,451.38, plus interest, late charges, taxes, attorneys' fees and court costs.

144. Pursuant to the terms of the equipment lease agreement, Cedar Rapids Bank is entitled to recover its reasonable attorneys' fees and expenses incurred in connection with the enforcement of its rights under the equipment lease.

COUNT VII
BREACH OF GUARANTY
(AEL - Charles K. Schwartz)

145. Plaintiffs repeats and reiterates each and every allegation contained in paragraphs 1 through 144, inclusive, and adopts the same as though fully set forth herein.

146. Contemporaneously with the execution of the equipment lease agreements that AEL either entered into with Allied or purchased from a third-party, Schwartz executed certain personal guaranties related thereto.

147. The personal guaranties executed by Schwartz in connection with the equipment lease agreements that AEL either entered into with Allied or purchased from a third-party are valid and enforceable contracts.

148. AEL would not have entered into the equipment lease agreements with Allied or purchased the equipment lease agreements without the personal guaranty of Schwartz.

149. Pursuant to Schwartz's personal guaranties, Schwartz is liable to AEL for the prompt payment and performance of Allied's obligations under the equipment lease agreements.

150. As described above, Allied is in default under the equipment lease agreements that were either entered into with AEL or purchased by AEL from a third-party.

151. Therefore, Schwartz is in default under each of his corresponding personal guaranties by failing to satisfy Allied's obligations under the equipment lease agreements despite due demand.

152. AEL has been damaged by the loss of the use of the monies that AEL paid for the equipment and/or the equipment lease agreements.

153. By reason of the foregoing, Schwartz is liable to AEL for, among other things, the accelerated balances due AEL under the equipment lease agreements, which totals approximately \$266,575.85, plus all costs, interest, late charges, expenses and attorneys' fees incurred by AEL in enforcing its rights under the equipment lease agreements and Schwartz's personal guaranties.

COUNT VIII
BREACH OF GUARANTY
(M2 - Charles K. Schwartz)

154. Plaintiffs repeats and reiterates each and every allegation contained in paragraphs 1 through 144, inclusive, and adopts the same as though fully set forth herein.

155. Contemporaneously with the execution of the equipment lease agreements that AEL entered into with Allied and subsequently assigned to M2, Schwartz executed certain personal guaranties related thereto.

156. The personal guaranties executed by Schwartz in connection with the equipment lease agreements with AEL that were subsequently assigned to M2 are valid and enforceable contracts.

157. AEL would not have entered into the equipment lease agreements with Allied or purchased the equipment lease agreements without the personal guaranties of Schwartz.

158. M2 would not have purchased the equipment lease agreements from AEL without the personal guaranties of Schwartz.

159. Pursuant to Schwartz's personal guaranties, Schwartz is liable to M2, as assignee, for the prompt payment and performance of Allied's obligations under the equipment lease agreements.

160. As described above, Allied is in default under the equipment lease agreements that were entered into with AEL and subsequently assigned to M2.

161. Therefore, Schwartz is in default under each of his corresponding personal guaranties by failing to satisfy Allied's obligations under the equipment lease agreements despite due demand.

162. M2 has been damaged by the loss of the use of the monies that it paid AEL for the equipment lease agreements.

163. By reason of the foregoing, Schwartz is liable to M2 for, among other things, the accelerated balances due M2 under the equipment lease agreements, which totals approximately

\$295,372.40, plus all costs, interest, late charges, expenses and attorneys' fees incurred by M2 in enforcing its rights under the equipment lease agreements and Schwartz's personal guaranties.

COUNT IX
BREACH OF GUARANTY
(Cedar Rapids Bank - Charles K. Schwartz)

164. Plaintiffs repeats and reiterates each and every allegation contained in paragraphs 1 through 144, inclusive, and adopts the same as though fully set forth herein.

165. Contemporaneously with the execution of the equipment lease agreement that Cedar Rapids Bank purchased from Axis Capital, Inc., Schwartz executed certain personal guaranty related thereto.

166. The personal guaranty executed by Schwartz in connection with the equipment lease agreement that Cedar Rapids Bank purchased from Axis Capital, Inc. is a valid and enforceable contract.

167. Cedar Rapids Bank would not have purchased the equipment lease agreement from Axis Capital, Inc. without the personal guaranty of Schwartz.

168. Pursuant to Schwartz's personal guaranty, Schwartz is liable to Cedar Rapids Bank for the prompt payment and performance of Allied's obligations under the equipment lease agreement.

169. As described above, Allied is in default under the equipment lease agreement that Cedar Rapids Bank purchased from Axis Capital, Inc.

170. Therefore, Schwartz is in default under his personal guaranty by failing to satisfy Allied's obligations under the equipment lease agreement despite due demand.

171. Cedar Rapids Bank has been damaged by the loss of the use of the monies that Cedar Rapids Bank paid Axis Capital, Inc. for the equipment lease agreement.

172. By reason of the foregoing, Schwartz is liable to Cedar Rapids Bank for, among other things, the accelerated balances due Cedar Rapids Bank under the equipment lease agreement, which totals approximately \$99,451.38, plus all costs, interest, late charges, expenses and attorneys' fees incurred by Cedar Rapids Bank in enforcing its rights under the equipment lease agreement and Schwartz's personal guaranty.

COUNT X
REPLEVIN
(AEL – Allied)

173. Plaintiffs repeat and reiterate each and every allegation contained in paragraphs 1 through 172, inclusive, and adopts the same as though fully set forth herein.

174. The equipment lease agreements that AEL either entered into with Allied or purchased from a third-party are presently in default since approximately April 2010 because of Allied's failure to make monthly lease payments to AEL as they became due.

175. Notwithstanding Allied's default under the equipment lease agreements, upon information and belief, Allied remains in possession of the equipment, or otherwise has the right to recover possession of the equipment from its customer/patients, without making any monthly lease payments to AEL.

176. The equipment has not been taken for any tax, assessment or fine levied by virtue of any law of the state of Illinois against the property of AEL, nor seized under any lawful process or against the goods and chattels of AEL subject to such lawful process, nor held by virtue of any order of replevin against AEL.

177. AEL claims the value of the property not delivered to the officer under the order for replevin issued by the Court.

178. AEL request that an Order of Replevin issue and for possession of the property, to wit: the equipment subject to the equipment lease agreements, the value of the property not delivered and damages for the detention thereof.

COUNT XI
REPLEVIN
(M2 – Allied)

179. Plaintiffs repeat and reiterate each and every allegation contained in paragraphs 1 through 172, inclusive, and adopts the same as though fully set forth herein.

180. The equipment lease agreements that AEL assigned to M2 are presently in default since approximately April 2010 because of Allied's failure to make monthly lease payments to M2 as they became due.

181. Notwithstanding Allied's default under the equipment lease agreements, upon information and belief, Allied remains in possession of the equipment, or otherwise has the right to recover possession of the equipment from its customers/patients, without making any monthly lease payments to M2.

182. The equipment has not been taken for any tax, assessment or fine levied by virtue of any law of the state of Illinois (or Wisconsin) against the property of M2, nor seized under any lawful process or against the goods and chattels of M2 subject to such lawful process, nor held by virtue of any order of replevin against M2.

183. M2 claims the value of the property not delivered to the officer under the order for replevin issued by the Court.

184. M2 requests that an Order of Replevin issue and for possession of the property, to wit: the equipment subject to the equipment lease agreements, the value of the property not delivered and damages for the detention thereof.

COUNT XII
REPLEVIN
(Cedar Rapids Bank – Allied)

185. Plaintiffs repeat and reiterate each and every allegation contained in paragraphs 1 through 172, inclusive, and adopts the same as though fully set forth herein.

186. The equipment lease agreement that Cedar Rapids Bank purchased from Axis Capital, Inc. presently in default since approximately April 2010 because of Allied's failure to make monthly lease payments to Cedar Rapids Bank as they became due.

187. Notwithstanding Allied's default under the equipment lease agreement, upon information and belief, Allied remains in possession of the equipment, or otherwise has the right to recover possession of the equipment from its customers/patients, without making any monthly lease payments to Cedar Rapids Bank.

188. The equipment has not been taken for any tax, assessment or fine levied by virtue of any law of the state of Illinois (or Iowa) against the property of Cedar Rapids Bank, nor seized under any lawful process or against the goods and chattels of Cedar Rapids Bank subject to such lawful process, nor held by virtue of any order of replevin against Cedar Rapids Bank.

190. Cedar Rapids Bank claims the value of the property not delivered to the officer under the order for replevin issued by the Court.

191. Cedar Rapids Bank requests that an Order of Replevin issue and for possession of the property, to wit: the equipment subject to the equipment lease agreement, the value of the property not delivered and damages for the detention thereof.

WHEREFORE, Plaintiffs, AEL Financial, LLC, an Illinois limited liability company, M2 Lease Funds, LLC, a Wisconsin limited liability company and Cedar Rapids Bank & Trust Company, an Iowa banking corporation, respectfully requests that this Court enter a judgment on

all counts in favor of Plaintiffs and against Defendants Allied Health Care Services Inc. and Charles K. Schwartz as follows:

- a. Enter a money judgment against Allied Health Care Services Inc. and in favor of each of the Plaintiffs for the damages incurred by them as a result of the breaches of the equipment lease agreements by Allied Health Care Services Inc.;
- b. Enter a money judgment against Charles K. Schwartz and in favor of each of the Plaintiffs for the damages incurred by each of the Plaintiffs as a result of the breach of the personal guaranties of Charles K. Schwartz;
- c. Award each of the Plaintiffs interest, punitive damages, costs and attorneys' fees incurred in connection with this action;
- d. A directive that Allied Health Care Services, Inc. immediately turn over the leased equipment to Plaintiffs, a writ of replevin for possession of the equipment and compensatory damages in an amount to be determined by the trier of fact; and
- e. Such other and further relief as this Court deems just and proper.

Dated: July 23, 2010

Respectfully submitted,

AEL Financial, LLC, an Illinois limited liability company, M2 Lease Funds LLC, a Wisconsin limited liability company, and Cedar Rapids Bank & Trust Company, an Iowa banking corporation

By: /s/ Brian Ira Tanenbaum
One of its Attorneys

Brian Ira Tanenbaum, Esq. (IL Bar No. 6181447)
John A. Benson, Jr., Esq. (IL Bar No. 6289042)
Attorneys for Plaintiffs
The Law Offices of Brian Ira Tanenbaum, Ltd.
2970 Maria Avenue Suite 207
Northbrook, Illinois 60062
Telephone: 847-562-1636
Facsimile: 847-562-1637