

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

IN RE:)	
)	
EQUIPMENT ACQUISITION RESOURCES, INC.)	Case No.: 09 B 39937
)	
Debtor.)	Hon. John H. Squires
_____)	
)	
EQUIPMENT ACQUISITION RESOURCES, INC.)	
)	
Plaintiff,)	
)	
v.)	Adv. No. _____
)	
SHELDON PLAYER, DONNA MALONE,)	
MARK ANSTETT, JENNIE NICHOLS, DALE PLAYER,)	
DANA MALONE , KATIE MALONE,)	
GERALD ILLINOIS I, LLC,)	
GERALD VERMONT STREET, LLC,)	
GERALD FLORIDA I, LLC,)	
GERALD WYOMING I, LLC,)	
GERALD WYOMING II, LLC,)	
GERALD INVESTMENTS, LLC, and)	
FIREPLACE DIRECT, LLC,)	
)	
Defendants.)	

**ADVERSARY COMPLAINT FOR
ACCOUNTING, INJUNCTIVE AND OTHER RELIEF**

Plaintiff, EQUIPMENT ACQUISITION RESOURCES, INC. (the "Debtor" or "EAR"), by its attorneys, Arnstein & Lehr LLP, hereby files this Adversary Complaint for an Accounting and Injunctive Relief against SHELDON PLAYER, DONNA MALONE, MARK ANSTETT (collectively referred to as the "Individual Defendants"), JENNIE NICHOLS, DALE PLAYER, DANA MALONE , KATIE MALONE (collectively referred to as the "Player Children"), and GERALD ILLINOIS I, LLC, GERALD VERMONT STREET, LLC, GERALD FLORIDA I, LLC, GERALD WYOMING I, LLC, GERALD WYOMING II, LLC, GERALD

INVESTMENTS, LLC, and FIREPLACE DIRECT, LLC (collectively referred to as the “LLC Defendants”) (Individual Defendants, Player Children and LLC Defendants collectively referred to as the “Defendants”) In support of its Adversary Complaint, the Debtor states as follows:

ALLEGATIONS COMMON TO ALL COUNTS

I. THE PARTIES

A. The Debtor and the Chapter 11 Petition

1. On or about October 23, 2009, EAR filed a Voluntary Petition (the “Petition”) under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the Northern District of Illinois.

B. Parties to the Adversary Proceeding

2. The Debtor is an Illinois Corporation, organized and existing under the laws of the state of Illinois, which formerly operated in several buildings near its headquarters at 555 S. Vermont Street, Palatine, Illinois.

3. Sheldon Player is an individual and a former officer, director, shareholder and employee of the Debtor.

4. Donna Malone is an individual, is a former officer and director of the Debtor, and currently owns 90% of the issued shares of the Debtor’s stock.

5. Mark Anstett is an individual, is a former officer and director of the Debtor, and currently owns 10% of the issued shares of the Debtor’s stock.

6. JENNIE NICHOLS, DALE PLAYER, DANA MALONE , and KATIE MALONE individuals and are the adult children of Sheldon Player and/or Donna Malone.

7. GERALD ILLINOIS I, LLC, GERALD VERMONT STREET, LLC, GERALD FLORIDA I, LLC, GERALD WYOMING I, LLC, and GERALD WYOMING II, LLC are

dissolved Wyoming limited liability companies, organized under the laws of the State of Wyoming and managed by Sheldon Player and Donna Malone.

8. GERALD INVESTMENTS, LLC, is a Wyoming limited liability company, organized and existing under the laws of the State of Wyoming and managed by Sheldon Player and Donna Malone.

9. FIREPLACE DIRECT, LLC, is an Illinois limited liability company, organized and existing under the laws of the state of Illinois and managed by Sheldon Player, Donna Malone, and Mark Anstett.

II. JURISDICTION AND VENUE

4. This is a civil proceeding arising under the Bankruptcy Code or arising in or related to a case under the Bankruptcy Code within the meaning of 28 U.S.C. §1334 (b).

5. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§157 and 1334, and internal operating procedure 15(a) of the Federal District Court for the Northern District of Illinois because this action is related to the underlying bankruptcy case of Equipment Acquisition Resources, Inc. which is pending before this Court. This Court also has jurisdiction over this adversary proceeding pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rules 7001(7) and 7065.

6. This is a core proceeding under 28 U.S.C. §157. If for any reason this court determines that all or any portion of this proceeding is non-core, the Debtor in Possession consents to the entry of a final order by this Court.

7. The chapter 11 bankruptcy case is pending before this Court. Accordingly, venue of this adversary proceeding is proper in this Court under 28 U.S. C. § 1409(a).

III. BACKGROUND FACTS

10. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtor continues to manage its financial affairs as a debtor in possession. No trustee, examiner or committee has been appointed in its chapter 11 case.

11. Prior to commencement of its chapter 11 case, the Debtor purported to be a market maker in the semiconductor manufacturing equipment sales and servicing industry. The Debtor also purported to perform processing services for companies in the semiconductor industry.

12. On October 8, 2009, after it became apparent that the Debtor may have engaged in fraudulent activity, the members of the Debtor's board of directors and its officers, including defendants Donna Malone and Mark Anstett, resigned. The shareholders elected William A. Brandt, Jr. as the sole member of the board of directors and as the Chief Restructuring Officer (the "CRO"). The CRO filed the bankruptcy petition to manage the Debtor's assets for the benefit of all creditors.

13. Until October 8, 2009, the Individual Defendants, as the directors, officers, shareholders and/or employees of the Debtor, maintained its books and records and had control over its assets.

14. Beginning in at least 2005, the Individual Defendants, for the purpose of enriching themselves, the Player Children and the LLC Defendants at the Debtor's expense, misappropriated Debtor's assets to purchase real and personal property and funded the LLC Defendants. The Individual Defendants also failed or refused to account for such

misappropriations, failed or refused to observe corporate formalities, and failed or refused to accurately maintain the Debtor's books and records.

15. The Debtor's misappropriated assets were used to acquire Real Property in the names the Player Children, none of which were shareholders of the Debtor.

16. On information and belief, the Debtor's misappropriated assets were also used to acquire personal property in the names of the Player Children.

17. It has recently become apparent that the Individual Defendants may have also pledged certain of the Debtor's assets multiple times and misappropriated the monies derived from such multiple pledging to further enrich themselves.

18. As a direct result of the Individual Defendants having failed or refused to account for the misappropriations, failed or refused to observe corporate formalities, and failed or refused to accurately maintain the Debtor's books and records, the Debtor does not know and cannot accurately determine the full extent of the assets they misappropriated.

19. Subsequent to the filing of the Debtor's Petition and in response to the Debtor's demands, Sheldon Player, Donna Malone, Dale Player, Dana Malone, Katie Malone, Gerald Illinois I, LLC, and Gerald Vermont Street, LLC collectively quitclaimed 29 parcels real estate to Debtor and returned certain automobiles, all of which the Debtor discovered had been purchased with misappropriated assets of the Debtor.

20. For the years ending December 31, 2007 and December 31, 2008, Debtor's audited balance sheets reported net income of \$17,344,130 and \$34,944,576, respectively.

21. On information and belief, a substantial portion, if not all, of Debtor's net income from 2007-2008 was misappropriated by the Individual Defendants, the Player Children, and/or the LLC Defendants and used for unknown purposes. The Debtor's books and records, which

were prepared and/or maintained by the Individual Defendants, are incomplete and do not fully account for the distribution or expenditure of such net income.

22. Because its books and records are now known to contain errors and possible misinformation, the CRO retained Mesirow Financial as forensic accountants prior to the Debtor filing its chapter 11 Petition.

23. On information and belief, a substantial portion, if not all, of Debtor's net income for 2009 was also misappropriated by the Individual Defendants, the Player Children, and/or the LLC Defendants.

24. On or around December 11, 2009, Debtor's counsel received notice that Sheldon Player and Donna Malone were in the process of liquidating personal property which, on information and belief, included a portion of Debtor's misappropriated assets or was purchased using misappropriated assets. None of the proceeds of the liquidation of personal property have been delivered to the Debtor and, on information and belief, the liquidation continues.

25. Because of the Defendants' misconduct, the Debtor seeks a number of remedies, but, most importantly, that the Court enter an order enjoining the Defendants from liquidating their interests in real or personal property and for an accounting of all of the Debtor's assets misappropriated by the Defendants.

COUNT I – ACCOUNTING

1-18. EAR re-alleges paragraph 1-18 of the Allegations Common to All Counts as paragraphs 1-18 of this Count I.

19. The Debtor has repeatedly demanded that it be permitted to review any and all of the Individual Defendants and LLC Defendants records regarding the Debtor's assets and has

received no meaningful response. In fact, the records heretofore provided by the Individual Defendants' have only served to further obfuscate the true extent of their misappropriations.

20. On information and belief, the Debtor is entitled to review such records because the Individual Defendants have failed or refused to maintain accurate books and records for the Debtor, the Defendants have misappropriated the Debtor's assets for personal gain, and the Defendants have misappropriated funds derived from the multiple pledging of the Debtor's assets.

21. In light of the foregoing, including evidence of mismanagement, conversion of assets and other wrongdoing on the part of the Defendants, the equitable relief of an accounting is in order. Consequently, the Debtor is entitled to an immediate accounting of all real and personal property, including cash and deposit accounts, owned by the Defendants, their financial dealings involving the Debtor, and the sale of any real or personal property by the Defendants.

WHEREFORE, Equipment Acquisition Resources, Inc., prays that this Court enter an order (a) requiring the Defendants to provide an accounting of all real and personal property, including cash and deposit accounts, owned by the Defendants, their financial dealings involving the Debtor, and the sale of any real or personal property by the Defendants; (b) requiring that such an accounting be performed at the sole cost and expense of the Defendants, and; (c) awarding EAR its attorneys' fees, court costs and such other relief as it deems proper.

COUNT II – INJUNCTION

1-18. EAR re-alleges paragraph 1-18 of the Allegations Common to All Counts as paragraphs 1-18 of this Count II.

19. This Court has jurisdiction to issue an injunction pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rules 7001 and 7065(a).

20. The Court should enjoin the Defendants from liquidating any real or personal property.

21. An injunction is appropriate because no adequate remedy at law exists for the Debtor and it will suffer irreparable harm if the injunction is not granted. Further, the Debtor will likely succeed on the merits and public interest factors support the entry of an injunction.

22. For the foregoing reasons, the Debtor requests the issuance of an injunction, without bond, pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rules 7001 and 7065, enjoining the Defendants, or any other party, from liquidating real or personal property purchased and/or maintained with assets which were either property of the Debtor or which were obtained from the Debtor through voidable transfers.

23. Section 105 of the Bankruptcy Code, 11 U.S.C. § 105(a), empowers the Bankruptcy Court to preliminarily and permanently enjoin any conduct or continuation of actions against parties other than debtors where such action would interfere with and place undue pressure on a debtor's reorganization under Chapter 11 of the Bankruptcy Code. If the Defendants proceed to liquidate assets, it will interfere with and place undue pressure on the Debtor.

WHEREFORE, Equipment Acquisition Resources, Inc., respectfully requests that the Court enter an order pursuant to 11 U.S.C. § 105(a) and Bankruptcy Rules 7001 and 7065 enjoining the Defendants and any other party from taking any actions which would impact any real or personal property owned by any of the Defendants, including the sale of the same.

Respectfully submitted,
Equipment Acquisition Resources, Inc.

By: /s/ George P. Apostolides
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