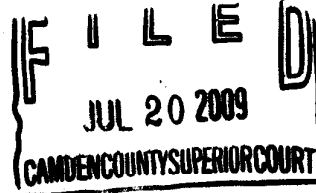


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Attorneys for Plaintiff, Bleznak Black, LLC



Bleznak Black, LLC :
960 North Ocean Boulevard :
Palm Beach, Florida :
Plaintiff, :

vs. :

Allied World National :
Assurance Company :
225 Franklin Street :
Boston, Massachusetts :

and :

Westchester Surplus Lines :
Insurance Company :
P.O. Box 25152 :
Lehigh Valley, Pennsylvania 18002-5152 :

and :

United States Fire Insurance Company :
305 Madison Avenue :
Morristown, NJ 07962 :

and :

Axis Surplus Insurance Company :
303 West Madison Street, Suite 500 :
Chicago, IL 60606 :

DEFENDANTS. :

SUPERIOR COURT OF NEW JERSEY
CAMDEN COUNTY LAW DIVISION

DOCKET NO.: : *L-366309*

COMPLAINT AND
JURY TRIAL DEMAND

Parties

1. Bleznak Black, LLC (“Bleznak Black”) is a limited liability company organized and existing under the laws of Delaware. Bleznak Black has an address at 960 North Ocean Boulevard, Palm Beach, Florida and is a citizen of the State of Florida. Bleznak Black is part of an unincorporated entity known as The Bleznak Organization, which has its principal place of business at 5101 North Park Drive, Pennsauken, New Jersey 08109.

2. Defendant Allied World National Assurance Company (“Allied”) is believed to be a corporation organized and existing under the laws of Massachusetts. It has an address at 225 Franklin Street, Boston, Massachusetts, and is a citizen of Massachusetts.

3. Defendant Westchester Surplus Lines Insurance Company (“Westchester”) is believed to be a corporation incorporated under the laws of the State of Pennsylvania. It has an address at P.O. Box 25152, Lehigh Valley, Pennsylvania 18002-5152, and is a citizen of Pennsylvania.

4. Defendant United States Fire Insurance Company (“United States Fire”) is believed to be a corporation incorporated under the laws of the State of Delaware. It has a principal place of business at 305 Madison Avenue, Morristown, New Jersey 07962, and is believed to be a citizen of Delaware and New Jersey.

5. Defendant Axis Surplus Insurance Company (“Axis”) is believed to be a corporation incorporated under the laws of the State of Illinois. It has a principal place of business at 11680 Great Oaks Way, Suite 500, Alpharetta, GA 30022, and is believed to be a citizen of Illinois and Georgia.

Facts, to All Counts

6. Bleznak Black was a victim of Bernard Madoff's well publicized and massive theft which occurred on December 11 2008, and has been described as the largest Ponzie scheme in history.

7. At that time, and for many years prior, Bleznak Black was insured by defendants under an all risk policy of insurance, which included coverage for losses by theft. The policies were obtained by the Bleznak Organization through its offices in Camden County, New Jersey. All correspondence with the broker obtaining the policies and with the carriers themselves has been out of the Bleznak Organization's offices in Camden County, New Jersey.

8. The Allied policy covered all entities within the Bleznak Organization and provided that the named insureds included:

. . .any subsidiary, associated, allied or affiliated company, corporation, firm, organization, partnership or joint venture whether wholly or partially owned or controlled by the insured, or any individual affiliated therewith, where the Insured maintains an interest, or where the Insured is required to provide insurance, as now exist or hereafter constituted or acquired, and any other party in interest that is required by contract or other agreement to be named as an insured hereunder.

9. Allied World National Assurance Company insured Bleznak Black for losses up to Five Million Dollars (\$5,000,000.00).

10. United States Fire insured Bleznak Black for losses between Five and Ten Million Dollars (\$5,000,000.00 - \$10,000,000.00).

11. Westchester insured Bleznak Black for losses between Ten and Fifteen Million Dollars (\$10,000,000.00 - 15,000,000.00).

12. Axis insured Bleznak Black for losses between Fifteen and Twenty Five Million Dollars (\$15,000,000.00 - 25,000,000.00).

13. Theft is not only the taking of physical property but includes “swindling.”
14. Madoff’s theft of Bleznak Black’s property was thus a covered cause of loss under the policy.
15. The Allied policy covered all real and personal property of Bleznak Black “owned, used, or intended for use by the insured ...”
16. The Allied policy also covered “all sums due the insured from customers.”
17. The Allied policy defined “occurrence” as “the aggregate loss by any peril or combination of perils insured against arising out of a single event or series of events . . .”
18. The Allied policy further provided that when “occurrence applies to theft . . . the sum total of all losses of property and/or interests insured herein resulting directly from one or more fraudulent or dishonest acts committed by a person(s) acting alone or in collusion with others shall constitute one occurrence.”
19. Under section 10 of the Allied policy, the policy provided that it did not cover loss or damage to “money and securities.”
20. Securities is defined in the policy as “all negotiable and non-negotiable instruments or contracts representing either money or other property, and includes revenue and other stamps in current use, tokens and tickets but does not include money.”
21. While Madoff represented that he purchased securities for Bleznak Black, he in fact purchased no such securities and so his theft of Bleznak Black’s property was not a theft of securities.
22. “Money” is not defined in the policy.

23. "Money" is defined in *Black's Law Dictionary* as "coins and paper currency used as circulating medium of exchange, and does not embrace notes, bonds, evidences of debt, or other personal or real estate."

24. Bleznak Black's theft loss was thus not a theft of money; nor was it a theft of any other property excluded under the policy.

25. Funds held in an account such as Madoff's account at Chase Manhattan Bank constitute what the law considers intangible rather than tangible property.

26. "Intangible property" is property that has "no intrinsic and marketable value, but is merely the representative or the equivalent of value.

27. The theft by Madoff was therefore of intangible property, an account, owned or used by Bleznak Black which was representative or evidence of value, but which was neither money nor securities; it was thus covered property under the policy.

28. Bleznak Black had deposited into Madoff's Chase Manhattan Bank account the total sum of Thirteen Million Three Hundred Ninety Six Thousand Three Hundred Seven Dollars and Forty Seven Cents (\$13,396,307.47).

29. On December 11, 2008, the date of the Madoff theft, Bleznak Black's account reflected an amount of Sixteen Million Three Hundred Eight Thousand and Nine Hundred Thirty Six Dollars (\$16,308,936.00).

30. After December 11, 2008, the date of the Madoff theft, the Bleznak Black account had no value and was no longer subject to the use and control of Bleznak Black.

Count I - Breach of Contract

31. The foregoing paragraphs are incorporated at length as if set forth fully herein.

32. The policies are contracts binding between the parties.

33. Bleznak Black has discharged all of its duties under the policies.

34. Defendants have breached their duties to provide coverage under the policies.

35. Defendants' breach has directly and permanently caused Bleznak Black's damage.

WHEREFORE, Bleznak Black demands judgment in its favor against defendants in an amount exceeding Fifteen Million Dollars (\$15,000,000.00), attorney's fees, pre and post judgment interest, delayed damages, costs of suit, and such other legal and equitable relief as this Court deems just and proper.

Count II - Declaratory Judgment

36. The foregoing paragraphs are incorporated at length as if set forth fully herein.

37. Based on the foregoing, Bleznak Black seeks a declaration by this Court that it has coverage under the policies of insurance issued by the defendants for its theft losses by Madoff.

38. An actual controversy exists between the parties which this court can adjudicate pursuant to the Declaratory Judgment Act.

39. Plaintiff seeks a declaration from this Court of its rights and of the legal obligations of defendants.

WHEREFORE, Bleznak Black demands judgment the Court issue a judgment as follows:

1. Bleznak Black was an insured under the policies of insurance issued by defendants.

2. Bleznak Black suffered a theft loss as of December 11, 2008, of its account held by Bernard L. Madoff Investment Securities, LLC.

3. The theft loss was a covered cause of loss under the policies of insurance issued by defendants.

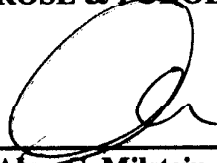
4. Defendants are liable to Bleznak Black for the losses suffered as a result of the theft by Bernard Madoff.

DEMAND FOR JURY TRIAL

PLEASE TAKE NOTICE that the plaintiff demand trial by jury as to all issues in the above matter.

**SHERMAN SILVERSTEIN KOHL
ROSE & PODOLSKY**

BY:



**Alan C. Milstein
Attorney for Plaintiff,
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Suite 311
Pennsauken, New Jersey 08109
Telephone: (856) 662-0700
FAX: (856) 488-4744**

DATE:

7/16/09

CERTIFICATION PURSUANT TO R. 4:5-1

The undersigned hereby certifies the following:

1. That, to the best of my knowledge and belief, this matter in controversy is not the subject of any other action pending in any court or of a pending arbitration proceeding, nor is there any such proceeding contemplated at this time by defendant.

2. That, to the best of my knowledge and belief, there are no other parties who must be joined in this action.

**SHERMAN SILVERSTEIN KOHL
ROSE & PODOLSKY**

BY: 

**Alan C. Milstein
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