

STATE OF NEW YORK SUPREME COURT  
COUNTY OF NEW YORK

PEOPLE OF THE STATE OF NEW YORK by  
ELIOT SPITZER, Attorney General of the State of  
New York,

Plaintiffs,

- against -

Super Star 99 Inc.; Less & Plus Discount Inc.;  
Jimmy 99 Cents Inc.; Khubaib Masood; Masood  
Khubaib et al.,

Defendants.

STIPULATION AND ORDER

Index No.: 05/402228

(Justice Joan A. Madden)

WHEREAS, on July 07, 2005, the People of the State of New York, by ELIOT SPITZER, Attorney General of the State of New York ("Attorney General") commenced the above-referenced action in New York County Supreme Court, by filing and serving a Summons and Complaint, pursuant to Executive Law Section 63(12) against Defendants Super Star 99 Inc.; Less & Plus Discount Inc.; Jimmy 99 Cents Inc.; Khubaib Masood; Masood Khubaib and any other officers of the named entities; and

WHEREAS, by Order to Show Cause, on July 7, 2005, the Attorney General moved this Court for Temporary Restraining Order ("TRO"), enjoining the Defendants from transferring, converting, encumbering, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, or otherwise disposing of any funds, property, accounts, contracts, shares of stock, real property or other assets; and

WHEREAS, on July 8, 2001, this Court granted the TRO, pending hearing of the Attorney General's motion for a preliminary injunction on July 19, 2005; and

WHEREAS, by Stipulation of Adjournment the parties extended the TRO and

adjourned the hearing on the preliminary injunction which is now scheduled to be heard on August 9, 2005; and

WHEREAS, the Attorney General and Defendants Super Star 99 Inc.; Less & Plus Discount Inc.; Jimmy 99 Cents Inc. and Khubaib Masood a/k/a Masood Khubaib have agreed to settle the above-referenced action, without resort to further litigation, and have executed an Assurance of Discontinuance Pursuant to Executive Law Section 63, subdivision 15, annexed hereto as Exhibit "A"(the "Assurance"); and

WHEREAS, the Assurance settles any and all claims which were or could have been asserted in this action against Defendants Super Star 99 Inc.; Less & Plus Discount Inc.; Jimmy 99 Cents Inc.; Khubaib Masood a/k/a Masood Khubaib from June 1, 1999 to the date of execution of the Assurance; and

NOW, THEREFORE, it is stipulated and agreed by and between the undersigned that;

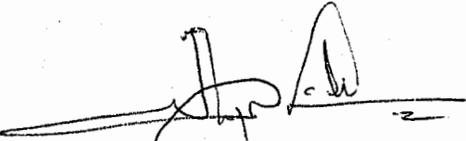
1. The Assurance be and hereby is incorporated herein and made a part of this Stipulation and Order;
2. The motion for a preliminary injunction be and hereby is withdrawn with prejudice;
3. The TRO granted herein on July 8, 2005 and extended on July 14, 2005, be and hereby is vacated and dissolved in all respects as to Defendants Super Star 99 Inc.; Less & Plus Discount Inc.; Jimmy 99 Cents Inc.; Khubaib Masood and Masood Khubaib, and their representatives, assignees, and agents; and
4. This Court shall retain jurisdiction over this Assurance until the Settlement Amount, as provided for in the Assurance, is paid in full.

Khubaib Masood

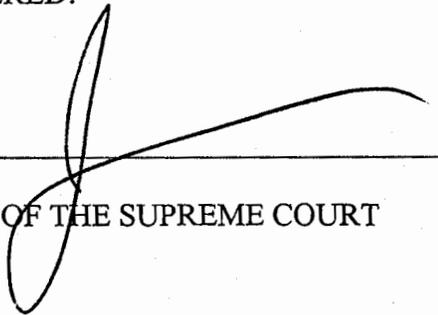
Khubaib Masood, individually and as  
President of Super Star 99 Inc.; Less & Plus  
Discount Inc.; Jimmy 99 Cents Inc.;  
Knickerbocker United Corporation and King  
Kas, Discount Inc.

ELIOT SPITZER  
Attorney General of the  
State of New York

By: Lorelei Boylan 8/8/05  
Lorelei Boylan  
Assistant Attorney General  
120 Broadway  
26<sup>th</sup> Floor  
New York, New York 10271  
(212) 416-8662

  
\_\_\_\_\_  
Muhammad Farid Padela, CFE  
Certified Public Accountant  
Representative of Defendants  
36 West 35<sup>th</sup> Street  
Suite 5E  
New York, NY 10001  
(212) 631-7860

SO ORDERED:

  
\_\_\_\_\_  
JUSTICE OF THE SUPREME COURT

8/10/05

ATTORNEY GENERAL OF THE STATE OF NEW YORK

In the Matter of

Super Star 99 Inc.; Less & Plus Discount Inc.; Jimmy 99  
Cents Inc.; Khubaib Masood; Masood Khubaib et al.

ASSURANCE OF  
DISCONTINUANCE  
PURSUANT TO EXECUTIVE  
LAW SECTION 63,  
SUBDIVISION 15

WHEREAS, on July 7, 2005, the People of the State of New York, by ELIOT SPITZER, Attorney General of the State of New York ("Attorney General") commenced an action in New York County Supreme Court, by filing and service of a Summons and Complaint (the "Complaint"), pursuant to Executive Law Section 63(12) against Defendants Super Star 99 Inc.; Less & Plus Discount Inc.; Jimmy 99 Cents Inc.; Khubaib Masood a/k/a Masood Khubaib and any other officers of the named entities (collectively "Defendants"), with Index Number 05-402228 (the "Action"); and

WHEREAS, the Complaint alleged that Defendant Super Star 99 Inc. ("Super Star") is a domestic corporation which operated a retail store selling household products and other small items at 353 Knickerbocker Avenue, Brooklyn, New York 11227; and

WHEREAS, the Complaint alleged that Defendant Less & Plus Discount Inc. ("Less & Plus") is a domestic corporation which operated a retail store selling household products and other small items at 4813 5<sup>th</sup> Avenue, Brooklyn, New York 11220; and

WHEREAS, the Complaint alleged that Defendant Jimmy 99 Cents Inc. ("Jimmy 99") is a domestic corporation which operated a retail store selling household products and other small items at 1919A Church Avenue, Brooklyn, New York 11226; and

WHEREAS, the Complaint alleged that, for the time period between June 1999 and June 2005, Khubaib Masood ("Masood"), SS# 097-78-5856, was an owner and officer of Super Star,

Less & Plus and Jimmy 99 and resides at 1175 72<sup>nd</sup> street, Brooklyn, New York 11228; and

WHEREAS, the Complaint alleged that for the time period between June 1999, and June 2005, Super Star, Less & Plus, Jimmy 99 and Masood employed at least five (5) employees, including but not limited to the following individuals: Alfredo Huerta, Candido Cortazo, Joel Flores, Marco Antonio Flores and Jacinto Rames (the "Employees"); and

WHEREAS, the Complaint alleged that Super Star, Less & Plus, Jimmy 99 and Masood were, for the time period between June 1999 and June 2005, "employers" of the Employees within the meaning of FLSA, 29 U.S.C. § 201 et seq. and New York Labor Law; and

WHEREAS the Complaint alleged that Super Star, Less & Plus, Jimmy 99 and Masood violated: (a) New York Labor Law § 652 et al., and 12 NYCRR §§ 142-2.et seq. by failing to pay minimum wages and overtime premium wages to the Employees; (b) FLSA, 29 U.S.C. §§ 201 et seq. by failing to pay minimum wages and overtime wages to the Employees; (c) New York Labor Law § 191(1) by failing to pay wages to the Employees; (d) New York Labor Law § 193 by making illegal deductions from the wages of the Employees; (e) New York Labor Law § 215 by retaliating against Employees who exerted their rights under New York State labor laws; and (f) FLSA, 29 U.S.C. § 215 by retaliating against Employees who exerted their rights under federal labor laws; and

WHEREAS, Defendants Super Star, Less & Plus, Jimmy 99 and Masood have not admitted the allegations of the Complaint in this action and do not admit any violation of the FLSA, New York Labor Law, New York Code Rules and Regulations, or the Code of Federal Regulations, and

WHEREAS, Defendant Masood has incorporated two new entities and will now be conducting business as Knickerbocker United Corporation ("Knickerbocker"), operating at 353 Knickerbocker Avenue, Brooklyn, NY 11237, and King Kas Discount, Inc. ("King Kas"), operating at 1919A Church Avenue, Brooklyn, NY 11226; and

WHEREAS, pursuant to the terms below, Super Star, Less & Plus, Jimmy 99, Knickerbocker, King Kas and Masood (collectively "the Settling Parties") and the Attorney General agree to settle the Action, index No. 05-402228, without resort to further litigation;

**IT IS HEREBY AGREED:**

1. The Settling Parties shall pay restitution and damages to the Employees in the amount of Seventy Thousand Dollars (\$70,000.00) (the "Settlement Amount") in full settlement of the Action. The Attorney General shall in his sole discretion distribute these monies to the Employees of the Settling Parties.

2. The Settlement Amount shall be paid according to the following schedule:

A. First Payment ("Downpayment"): A first payment of Fifteen Thousand Dollars (\$15,000.00) shall be paid as follows: the Settling Parties agree to instruct Citibank, N.A. to issue a certified check payable to the Attorney General in the amount of Ten Thousand Dollars (\$10,000.00) within one business day of the Court's signing of the Stipulation and Order vacating the Temporary Restraining Order signed by the Court on July 8, 2005. The remaining Five Thousand Dollars (\$5,000.00) are due within ten calendar days of the full execution of this Assurance.

B. Subsequent Payments: The remaining balance of Fifty Five Thousand

Dollars (\$55,000.00) shall be paid in monthly installments of at least \$1,700.00 each month, due on the first day of each month, beginning with October 1<sup>st</sup>, 2005 until the Settlement Amount is paid in full.

C. Method of Payment: Payments shall be in the form of a certified check, bank check, money order or attorney's check payable to the "New York State Attorney General's Office", and delivered to the Attorney General's Office at 120 Broadway, 26<sup>th</sup> floor, New York, New York 10271 (c/o Assistant Attorney General Lorelei Boylan).

D. Default: If the Settling Parties are more than five calendar days late with any installment payment of money as described in Paragraph B above, a \$100.00 Civil Penalty payable to the Attorney General shall accrue for every day they are in default of such payment, until such time as the payment is delivered to the Attorney General. The Attorney General shall attempt to provide written notice by both first-class mail U.S. mail and fax transmission to the Settling Parties' Certified Public Accountant, Mr. Muhammad Farid Padela, CFE, stating that the payment is not timely. Failure by the Attorney General to provide such notice will not in any way cancel or modify the Settling Parties obligation to pay the required payment(s) as well as any accrued fines for late payment(s).

3. Joint and several liability: The Settling Parties assume joint and several liability for the full Settlement Amount, including liability for the monthly default payments.

4. Individual liability: Khubaib Masood assumes personal and individual liability for payment of the full Settlement Amount, including liability for the monthly default payments.

5. The Settlement Amount covers back pay (wages and overtime compensation),

spread shift wages, and liquidated damages claimed to be owed by Defendants to the Employees for minimum wage, wage payment, overtime, and spread shift violations and is in full settlement of any and all monetary claims which were or could have been asserted in this action against Super Star, Less & Plus, Jimmy 99 and/or Khubaib Masood from June 1, 1999, to the date of the execution of this Assurance of Discontinuance. The acceptance of payments hereunder by any Employee shall constitute a waiver by such employee of any rights the employee had or may have under the FLSA, Code of Federal Regulations, New York Labor Law, and New York Code Rules and Regulations to unpaid wages, overtime compensation, spread shift wages, and liquidated damages for the period from June 1, 1999, to the date of the execution of this Assurance of Discontinuance.

6. Recognizing that there might be tax consequences as a result of this Settlement, the Attorney General will advise the Employees that they are responsible for paying the employee's share of state and federal taxes from the Settlement Amount apportioned to them.

7. Default in Monthly Default Payments: Default in monthly default payments shall consist of the failure of the Settling Parties to pay the monthly default amount within thirty (30) days of the date of such default. In the event of such default, the Settling Parties hereby agree that the Attorney General may file a judgment in the New York County Supreme Court, Part 11, in People v. Super Star 99 Inc. et al. (Index No. 05-402228 ) against the Settling Parties in the amount of One Hundred Thousand Dollars (\$100,000.00), minus a credit for any payments received prior to such default. The Attorney General shall give the Settling Parties twenty (20) days written notice, effective upon receipt, of the right to cure any default before judgment will

be entered. Any default shall be deemed cured if any payments in default are paid in full within such twenty (20) day period. Said notice shall be sent to Masood via certified mail, return receipt requested, at 1175 72<sup>nd</sup> street, Brooklyn, New York 11228, and via certified letter, return receipt requested and facsimile to Muhammad Farid Padela, CFE, Certified Public Accountant, at 36 West 35<sup>th</sup> Street, Suite 5E, New York, NY 10001, facsimile (212) 967-5211.

8. Reinstatement: The Settling Parties hereby agree to reinstate the Employees who so desire to positions at Knickerbocker and King Kas, without significantly modifying their previous full-time status unless the Employees agree to such modifications.

9. The reinstated Employees will not be asked to sign an "Employment Application Form" or an "Independent Contractor Form".

10. The Settling Parties hereby agree to provide all employees with one or more years of employment with three (3) days paid sick leave per year and three (3) days paid vacation per year.

11. The Settling Parties hereby agree not to discharge, penalize, or in any other manner retaliate against any employee because any such employee engaged in lawful activity under any provision of state or federal labor law, or of this Assurance, including but not limited to complaints to an employer or to any relevant government agency that the employer has violated any provision of the state or federal labor law, or of this Assurance.

12. The Settling Parties hereby agree to notify the Attorney General ten days prior to the closing of any store where the reinstated Employees are employed. Unless the reinstated Employees are offered similar jobs at other businesses of the Settling Parties, the closing of the stores will be presumptively retaliation, except that the Attorney General may determine that the Settling Parties had good cause upon a showing of economic necessity.

13. If the Settling Parties retaliate against the Employees and if a court adjudicates that the Settling Parties engaged in retaliatory conduct against the Employees, the Settling Parties hereby agree to pay damages to the Employees as determined by the court.

14. The Settling Parties shall refrain from all violations of New York Labor Law § 652 et al.; 12 NYCRR §§ 142-2. et seq.; FLSA, 29 U.S.C. §§ 201 et seq.; New York Labor Law § 191(1); New York Labor Law § 193; New York Labor Law § 215 and FLSA, 29 U.S.C. § 215. The Settling Parties shall pay all persons employed by them, jointly or severally, the proper minimum wage and overtime wage required by law.

15. Monitoring Compliance: From the date of the full execution of this Assurance until the Settlement Amount is paid in full, the Settling Parties will provide the Attorney General's Office, at its request, with a complete set of time records and payroll records containing the following information for each of the Settling Parties' employees: (1) names, addresses and telephone numbers; (2) hours worked, wages paid and benefits provided; and (3) proof of Workers Compensation coverage for all persons employed.

16. Super Star, Less & Plus, Jimmy 99 and Masood acknowledge that although they have been afforded an opportunity to retain counsel during this investigation, they have chosen to not retain counsel. The Settling Parties have been represented at all times during the settlement negotiations by Mr. Muhammad Farid Padela, CFE, Certified Public Accountant.

17. The Settling Parties acknowledge that they have had an opportunity to review this Assurance and to discuss its terms with their representative, Mr. Muhammad Farid Padela, CFE., and that they understand the terms of this Assurance. This Assurance has been translated to the Settling Parties by their representative and the Settling Parties waive any objections to this Assurance based on their proficiency or lack thereof of the English language.

18. The Settling Parties agree that the Supreme Court of the State of New York shall retain jurisdiction over this Assurance of Discontinuance until the Settlement Amount is paid in full.

19. Upon full execution of this Assurance of Discontinuance, the parties shall execute and file with the Court a Stipulation and Order incorporating this Assurance of Discontinuance, vacating the temporary restraining order issued by the Court in the Action on July 8, 2005, and withdrawing the motion for a preliminary injunction. The Attorney General shall immediately upon execution of this Assurance of Discontinuance notify in writing, with a copy mailed by certified mail, return receipt requested, to Khubaib Masood and transmitted by facsimile to Muhammad Fraid Padela, CFE, Certified Public Accountant, 35 West 35<sup>th</sup> Street, Suite 5E, New York, NY 10001, facsimile (212) 967-5211, any third parties, including without limitation, Citibank, NA, who were previously notified in writing or verbally of the temporary restraining order that the order has been vacated and is no longer in effect as to any of the bank accounts and other property or assets, which shall be specifically identified in written notification from the Attorney General to said third parties.

20. Khubaib Masood will inform the New York State Attorney General's Office of any changes in his home or business address within seven (7) business days of the change in address. Khubaib Masood will inform the New York State Attorney General's Office if Super Star 99, Less & Plus or Jimmy 99 resume business, within seven (7) business days of such resumption of business.

21. From the date of the signing of this Assurance and until the Settlement Amount is paid in full, Khubaib Masood will notify the New York State Attorney General's Office in writing of the names and addresses of any new entities incorporated by Khubaib Masood, or by any of his

agents or assignees, no later than seven days from the date of incorporation. Khubaib Masood will also notify the New York State Attorney General of the opening of any new stores by him or by any of his agents or assignees, no later than seven days from the date of such opening.

22. The Settling Parties waive, and shall not have, any right to appeal any terms of this Assurance or in any other way challenge the validity of any terms of this Assurance in any forum, however, said waiver shall not apply to any challenges by the Settling Parties to enforce any of the terms of this Assurance.

23. In the event that any court or administrative agency shall determine that any provision of this Assurance is unenforceable, such provision shall be severed from this Assurance and all other provisions shall remain valid and enforceable, provided, however, that if the severance of any such provision shall materially alter the rights or obligations of the parties hereunder, they shall, through reasonable, good faith negotiations, agree upon such other amendments hereto as may be necessary to restore the parties as closely as possible to the relative rights and obligations initially intended by them hereunder.

24. This Assurance is final and binding on Super Star, Less & Plus, Jimmy 99, Knickerbocker, King Kas and Khubaib Masood, including all principals, agents, representatives, successors in interest, assigns, and legal representatives thereof. Super Star, Less & Plus, Jimmy 99, Knickerbocker, King Kas and Khubaib Masood have a duty to inform any such successor in interest or substantially-owned affiliated entity of this Assurance and its terms.

25. This agreement can be signed in counterparts but collectively shall constitute a single agreement.

26. This agreement, consisting of ten (10) pages, constitutes the entire agreement between Super Star, Less & Plus, Jimmy 99, Knickerbocker, King Kas, Khubaib Masood and the

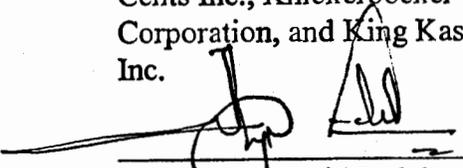
Attorney General's Office. This agreement cannot be modified other than in writing signed by all parties.

AND FURTHER, the Attorney General accepts this Assurance in lieu of continuing the above-captioned judicial action against Super Star 99 Inc., Less & Plus Discount Inc, Jimmy 99 Cents Inc. and Khubaib Masood pursuant to Executive Law Section 63(12) for repeated fraudulent or illegal acts in the transaction of business in the State of New York, specifically, the failure to pay minimum and overtime wages to employees of Super Star 99 Inc., Less & Plus Discount Inc., Jimmy 99 Cents Inc. and Khubaib Masood. In the event that Settling Parties fail to comply with the terms of this Assurance, the Attorney General reserves the right to bring enforcement proceedings regarding the above matter.

By:

Khubaib - Masood

Khubaib Masood, Individually and as President of Super Star 99 Inc.; Less & Plus Discount Inc.; Jimmy 99 Cents Inc.; Knickerbocker United Corporation, and King Kas Discount, Inc.

  
Muhammad Farid Padela, CFE  
Certified Public Accountant  
Representative of the Settling Parties  
36 West 35<sup>th</sup> Street Suite 5E  
New York, NY 10001  
(212) 631-7860

ELIOT SPITZER

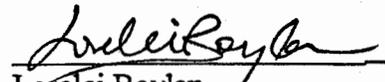
Attorney General of the State of New York

M. Patricia Smith

Assistant Attorney General

In Charge of Labor Bureau  
120 Broadway, 26<sup>th</sup> Floor  
New York, New York 10271

By:

  
Lorelei Boylan  
Assistant Attorney General

Dated:

August 8<sup>th</sup>, 2005

**CORPORATE ACKNOWLEDGMENT OF KNICKERBOCKER UNITED CORPORATION**

STATE OF NEW YORK            )  
  ) SS:  
COUNTY OF NEW YORK        )

On the 8<sup>th</sup> day of August, 2005, before me personally came **KHUBAIB MASOOD**, as the President of **KNICKERBOCKER UNITED CORPORATION**, to me known who, being by me duly sworn, did depose and say that he resides at 1175 72<sup>nd</sup> St, Brooklyn, NY that he is the President of **KNICKERBOCKER UNITED CORPORATION**, and that he is the individual described in and who executed the foregoing ASSURANCE OF DISCONTINUANCE PURSUANT TO EXECUTIVE LAW SECTION 63, SUBDIVISION 15, and duly acknowledged to me that he executed the same.

JAMES W. VERSOCKI  
Notary Public - State of New York  
No. 02VE6053806  
Qualified in Queens County  
My Commission Expires 1/16/07

*James W Versocki*  
\_\_\_\_\_  
NOTARY PUBLIC

**CORPORATE ACKNOWLEDGMENT OF KING KAS DISCOUNT, INC.**

STATE OF NEW YORK            )  
  ) SS:  
COUNTY OF NEW YORK        )

On the 8<sup>th</sup> day of August, 2005, before me personally came **KHUBAIB MASOOD**, as the President of **KING KAS DISCOUNT, INC.**, to me known who, being by me duly sworn, did depose and say that he resides at 1175 72<sup>nd</sup> St, Brooklyn, NY, that he is the President of **KING KAS DISCOUNT, INC.**, and that he is the individual described in and who executed the foregoing ASSURANCE OF DISCONTINUANCE PURSUANT TO EXECUTIVE LAW SECTION 63, SUBDIVISION 15, and duly acknowledged to me that he executed the same.

*James W Versocki*  
\_\_\_\_\_  
NOTARY PUBLIC

JAMES W. VERSOCKI  
Notary Public - State of New York  
No. 02VE6053806  
Qualified in Queens County  
My Commission Expires 1/16/07



