SUPERIOR COURT OF NEW JERSEY
ESSEX VICINAGE
LAW DIVISION, CIVIL PART
DOCKET NO. ESX-L-2657-25

Jack Jaffa,
Plaintiff,
v.
Abraham Kraus, Paramount Care Centers, LLC, The Pines at Voorhees Rehabilitation and Healthcare Center LLC, Hudsonview Center for Rehabilitation and Healthcare, LLC, and Brookhaven Center for Rehabilitation and Healthcare, LLC,
Defendants.

OPINION

Petrillo, J.S.C.

I. INTRODUCTION AND FACTUAL/PROCEDURAL BACKGROUND

This matter comes before the court on plaintiff Jack Jaffa's motion for injunctive relief, specifically seeking: (i) a preliminary injunction restraining defendants from transferring assets outside the ordinary course of business; (ii) an order directing defendants to deposit all funds otherwise payable to Joseph Schwartz, his affiliates, or any related entities into court trust pending resolution; and (iii) the appointment of a custodial receiver over the finances of the subject healthcare facilities.[1]

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[1] Joseph Schwartz is a former healthcare executive from Monsey, New York, who founded and led Skyline Healthcare, a nursing home chain that expanded rapidly to 95 facilities across 11 states before collapsing in 2018 amid claims of financial mismanagement, sparking multiple civil lawsuits and related operational chaos. In January 2024, Schwartz pleaded guilty to a federal employment tax fraud scheme, admitting to diverting nearly $39 million in employee payroll tax withholdings intended for the IRS, as well as mismanaging 401(k) plans; he was sentenced in April 2025 by a New Jersey federal judge to 36 months in prison, three years of supervised release, a $100,000 fine, and $5 million in restitution. In or around April 2025, Schwartz pleaded guilty in Arkansas state court to one count of Medicaid fraud and one count of attempt to evade or defeat tax (both felonies) for submitting false

The motion is robustly opposed by defendants Abraham Kraus, Paramount Care Centers, LLC, The Pines at Voorhees Rehabilitation and Healthcare Center LLC, Hudsonview Center for Rehabilitation and Healthcare, LLC, and Brookhaven Center for Rehabilitation and Healthcare, LLC, who, through counsel, have submitted a thorough opposition brief, supporting certifications, and documentary evidence.

The underlying factual narrative is as follows. In 2018, plaintiff alleges he entered into agreements with non-party Joseph Schwartz concerning the ownership of three New Jersey healthcare facilities and associated real estate. At some point thereafter, Schwartz entered management and subsequently lease and operation agreements with Kraus and his entities, culminating in defendant entities assuming operational control of the facilities in May 2022. Plaintiff has previously litigated against Schwartz's entities and secured a preliminary injunction in separate chancery court proceedings, which were subsequently stayed pending rabbinical arbitration per the parties' agreement. Plaintiff now contends that defendants Kraus and his entities continue to direct proceeds to Schwartz-controlled entities, thus depriving plaintiff of his alleged contractual ownership interest. Plaintiff requests urgent and comprehensive equitable relief to preserve his claimed interests.

Defendants oppose, arguing that plaintiff has no current, settled ownership or contractual right in the facilities; that any such claims were relinquished in a 2019 Memorandum of Understanding (hereinafter "2019 MOU") and associated termination agreements, which plaintiff executed; and that the requested injunctive relief, if granted, would upend the long-standing operational status quo, threaten the

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cost reports that inflated Medicaid per diem rates at eight Arkansas facilities and withholding employee taxes without remitting them to the state, resulting in a sentence of 12 months in the Arkansas Department of Corrections (with 48 months suspended), a $2,000 fine, court costs, and $1.8 million in restitution. On November 14, 2025, President Donald Trump granted Schwartz a full and unconditional pardon, leading to his immediate release from Otisville Federal Correctional Institution after serving approximately three months of his sentence. The pardon nullifies his federal conviction and penalties but does not affect ongoing civil litigation against him, including actions in states like South Dakota and New Jersey related to Skyline's fallout, nor does it affect the Arkansas criminal case.

facilities' stability, and serve only plaintiff's monetary interests, not any recognized equitable right. Defendants further highlight plaintiff's six-year delay, the existence of ongoing regulatory oversight, and the specter of competing litigation, including the pending rabbinical arbitration between Jaffa and Schwartz.

II. STANDARD FOR INJUNCTIVE RELIEF

A preliminary injunction is an extraordinary remedy that involves "the most sensitive exercise of judicial discretion." Crowe v. De Gioia, 90 N.J. 126, 132-34 (1982). A movant must establish a reasonable probability of ultimate success on the merits, a settled legal right to the ultimate relief sought, that irreparable harm will occur absent injunctive relief, and that the balance of hardship favors the movant. See Crowe, 90 N.J. at 132-34. Each element must be demonstrated clearly and convincingly. Waste Mgmt. of N.J., Inc. v. Morris Cnty. Mun. Utils. Auth., 433 N.J. Super. 445, 451 (App. Div. 2013).

Courts are further cautioned that mandatory injunctions—those altering, rather than preserving, the status quo—are "granted only in extreme cases where the basic right of the party requesting such extraordinary assistance is very clear..." Moss Indus. v. Irving Metals Co., 140 N.J. Eq. 484, 485 (Ch. 1947); see also Guaman v. Velez, 421 N.J. Super. 239, 247-48 (App. Div. 2011).

III. ANALYSIS

A. Plaintiff's Delay and the Status Quo

The record reflects—and plaintiff does not dispute—that the transition of management and operations to Defendant Kraus and the Operator LLCs occurred no later than January 2019, following the execution of the 2019 MOU in which plaintiff agreed, per paragraph 8 and via concurrent termination agreements, to "terminate any and all side agreements on Hudsonview, North Bergen and Voorhees and release any ownership claims to these properties." See Kraus Cert. ¶¶ 8-11 and Ex. 1. Since that time, defendants have operated the facilities, paid rent to the landlord entities, and performed under leases approved by both the New Jersey Department of Health ("DOH") and federal Centers for Medicare & Medicaid Services ("CMS"). Kraus Cert. ¶¶ 16-17, Exs. 3-5, 12-14, and Kremer Cert. Ex. 6.

Plaintiff waited nearly six years after defendants began managing the facilities and at least three years after they became licensed operators to bring this action and seek injunctive relief. Courts routinely deny injunctions sought after such delay,

particularly where the status quo has solidified, and no emergency is demonstrated. See Noble v. D. Van Nostrand Co., 63 N.J. Super. 534, 546-47 (Ch. 1960). The purported urgency is belied by plaintiff's own inaction, and the "harm" plaintiff alleges is one of ordinary business disputes regarding cash flows, not of sudden, irreparable loss.

B. Irreparable Harm Is Not Shown

Courts grant injunctions to prevent "substantial, immediate and irreparable harm," but only where money damages are inadequate. Subcarrier Comms., Inc. v. Day, 299 N.J. Super. 634, 638 (App. Div. 1997; see also Crowe, 90 N.J. at 132-33.

Plaintiff's complaint and moving papers focus exclusively on the alleged deprivation of proceeds from facility operations, characterizing the harm as the loss of "money that should be going to [plaintiff]." See Compl. ¶¶ 63, 78; Jaffa Cert. ¶¶ 29–32, 36–38; Proposed Order. Thus, plaintiff's true concern is the loss of monetary receipts, not unique real property or possessory interests. His alleged risk—difficulty in collecting a future money judgment—does not rise to the level of irreparable injury justifying extraordinary relief. An alleged inability to recover funds, as speculative as it is on this record, cannot transform a contract or tort claim for money into an equity jurisdiction case. Subcarrier Comms., Inc., 299 N.J. Super. at 639; Crowe, 90 N.J. at 132-33.

Plaintiff's suggestion that defendants might one day transfer the facilities or dissipate assets is wholly speculative. There is no evidence or credible assertion that defendants are planning to transfer assets outside the ordinary course, nor are there facts indicating an imminent threat to plaintiff's purported interests. Defendants explicitly confirm in sworn statements that they have "no plans to transfer [their] leasehold or ownership of the tangible and intangible material related to the Facilities to any other party." Kraus Cert. ¶ 30. In contrast, plaintiff's fears are hypothetical and unsupported on this record, at this time.

C. Likelihood of Success on the Merits

A plaintiff seeking an injunction must demonstrate a "settled legal right" and a reasonable probability of success on the merits. Crowe, 90 N.J. at 132-34; B & S Ltd., Inc. v. Elephant & Castle Int'l, Inc., 388 N.J. Super. 160, 167-68 (Ch. 2006). Here, plaintiff's contractual and ownership claims are, at best, "unsettled."

First, the 2018 agreements plaintiff relies upon are preliminary, vague in nature, and expressly contemplate further asset purchase and operations transfer agreements—none of which have been produced or are part of this record. See Exs. B-C; Kremer Cert. Ex. 1 (counsel correspondence confirming nonexistence of promulgating asset purchase agreements). Instead, what the record does establish is that, through the 2019 MOU and nine separate termination agreements, plaintiff plausibly relinquished any and all ownership claims to the facilities, thereby clearing the way for defendants to assume management and operational control. Kraus Cert. ¶¶ 8-11, Ex. 1-2. This dispositive documentary evidence negates any plausible claim that Plaintiff retains a settled ownership or contractual interest in the subject facilities.

Second, as the facilities are subject to rigorous regulatory oversight, any transfer of ownership interests requires approval by regulatory authorities. See e.g., N.J.A.C. 8:33-3.3; 42 C.F.R. § 489.18. Defendants have provided documentary proof of regulatory approvals upon their assumption of the leaseholds and operations. Kraus Cert. Exs. 15-17, 18-20; Kremer Cert. ¶ 7 & Ex. 6. Plaintiff presents no evidence of ever having obtained such approval or notification to the authorities of his alleged interest. These omissions make clear that the asserted interest is not recognized by law or by any regulatory body.

Plaintiff's tortious interference claim also fails the requisite showing, as the record establishes that defendants acted as bona fide transferees, with the express invite of Plaintiff following his own renunciation of claims. See Kraus Cert. ¶¶ 15, Ex. 1 (2019 MOU). Even if any interest survived, there is no credible evidence currently in the record before the court of intentional, malicious conduct required for tortious interference. Velop, Inc. v. Kaplan, 301 N.J. Super. 32, 49 (App. Div. 1997); Printing Mart-Morristown v. Sharp Elec. Corp., 116 N.J. 739 (1989). At all times, defendants acted in reliance on agreements and representations by Schwartz and plaintiff; there is no record of any wrongful motive or conduct beyond arms-length transactions.

D. Balance of Hardships

In weighing the equities, the harm to defendants, the facilities' residents, and regulatory stability far outweighs the speculative monetary interests asserted by plaintiff. Defendants have operated these nursing homes profitably and in compliance with contractual and regulatory obligations for years, providing care to hundreds of New Jersey residents. While defendant's subjective fear of having the defend costly (and possibly frivolous) litigation that has apparently been threatened

by Schwartz were Kraus to capitulate to Jaffa's demand cannot and does not require the court to refrain from granting Jaffa appropriate relief. The reality is that, supposed absurd and pompous threats aside, the proposed injunction would require defendants to breach lease agreements, risk eviction, and potentially disrupt the operation of healthcare facilities essential to public welfare. Kraus Cert. ¶¶ 24.[2] In comparison, plaintiff faces only the ordinary delay attendant to litigating his claims for monetary relief against Schwartz and associated entities—a process already underway in chancery and in arbitration.

The fact that plaintiff seeks to reroute facility rent payments and potentially impair the facilities' ability to pay their landlords underscores the disruption his proposal presents. Any interruption of regular payments threatens not only defendants' legal obligations but the operational and regulatory integrity of the facilities. The court cannot countenance the risk of destabilizing licensed healthcare facilities on such a thin record, especially where the relief sought is collateral to ongoing proceedings between plaintiff and Schwartz. Can things change? Yes, they can. But on this record the court cannot discern a basis to grant relief.

E. Specific Equitable Remedies Requested

Plaintiff also seeks the establishment of a trust pursuant to Rule 4:57 and the appointment of a receiver. Both are extraordinary remedies reserved for instances of proved fraud, mismanagement, or unavoidable necessity. Roach v. Marguiles, 42 N.J. Super. 243, 245-46 (App. Div. 1956). Plaintiff has failed to show any evidence that defendants are mismanaging the properties, dissipating assets, or that government authorities are unable or unwilling to regulate this industry. To the contrary, the facilities are profitable, regularly report to DOH, and remain in good standing. The appointment of a private receiver in a heavily regulated domain would inappropriately substitute plaintiff's interest for that of the public regulatory authorities.

Likewise, a court-imposed trust would only exacerbate the risks and impairments noted above, compelling defendants into breach or jeopardizing

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[2] At oral argument defense counsel described Kraus's fear of what Schwartz might do in terms of commencing litigation against him (a threat counsel described as having been explicitly made by Schwartz to Kraus) were Kraus to stop paying rent even if Kraus were complying with a court order. This allegation, if true, is a disgrace and understandably unsettling but ultimately irrelevant for present purposes.

property relationships. See Rule 4:57-2. Plaintiff has failed to demonstrate the existence of a fund in need of judicial protection or a risk of improper depletion; rent payments have been consistently and transparently directed per contract and regulatory approval.

IV. CONCLUSION

For all the reasons stated above, the court finds that plaintiff fails to establish any of the necessary elements for the issuance of a preliminary injunction or any further equitable relief. Plaintiff's interests are not immediate, irreparable, or legally settled. His delay and the absence of demonstrated emergency require the denial of his application. The relief sought poses tangible threats to defendants, third parties, and the operations of essential healthcare facilities, contrasting improperly with the speculative monetary interests alleged. Plaintiff's claims, if any, are properly the subject of separate litigation and arbitration, not the basis for extraordinary judicial intervention at this time.

Accordingly, plaintiff's motion for a preliminary injunction, the appointment of a custodial receiver, and all other forms of equitable or injunctive relief are **DENIED**. This denial is without prejudice subject to renewal if and when circumstances change to warrant reconsideration of these factors against what could in the future be a different backdrop.

A memorializing order will be filed simultaneously with this opinion.