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 MERCER COUNTY  
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By: Eleanor Heck  
 Deputy Attorney General  
 (609) 292-7669

*Ann Regan*

ANNE REGAN  
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 SUPERIOR COURT OF NEW JERSEY  
 CHANCERY DIVISION-MERCER COUNTY  
 DOCKET NO. *C17-09*

STEVEN M. GOLDMAN, COMMISSIONER )  
 OF THE DEPARTMENT OF BANKING )  
 AND INSURANCE OF NEW JERSEY, )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 CONSUMER FIRST INSURANCE )  
 COMPANY, )  
 )  
 Defendant. )

Civil Action  
**AMENDED**  
 ORDER TO SHOW CAUSE WITH  
 TEMPORARY RESTRAINTS  
 PURSUANT TO RULE 4:52  
 AS TO WHY  
 AN ORDER OF REHABILITATION  
 SHOULD NOT BE ENTERED

This matter having been brought before the Court by  
 Anne Milgram, Attorney General of New Jersey, by Eleanor Heck,  
 Deputy Attorney General, as attorney for plaintiff, Steven M.  
 Goldman, Commissioner of Banking and Insurance (the  
 "Commissioner"), seeking relief by way of temporary restraints  
 pursuant to R. 4:52, based on the facts set forth in the verified  
 complaint filed herewith for an Order directing defendant to  
 appear and show cause why an Order should not be entered,

pursuant to N.J.S.A. 17:30C-1 et seq., providing for the rehabilitation of Consumer First Insurance Company ("Consumer First") and the appointment of the Commissioner as Rehabilitator of Consumer First and imposing injunctive relief pursuant to N.J.S.A. 17:30C-5; and the Court having considered the brief and the Certification of Raymond K. Conover, Assistant Commissioner, Office of Solvency Regulation; and

IT APPEARING that Consumer First is in such financial condition that its further transaction of business will be hazardous to its policyholders, creditors or the public; and

IT FURTHER APPEARING that Consumer First's book of business is comprised of policies directly written in New Jersey; and

IT FURTHER APPEARING that Consumer First has been in consensual administrative supervision since April 27, 2004, pursuant to N.J.S.A. 17:51A-1 et seq.; and

IT FURTHER APPEARING that immediate and irreparable damage will probably result before notice can be given and a hearing held; and

IT FURTHER APPEARING that Consumer First has consented to the relief contained in this Order, and for good cause shown;

IT IS on this 24<sup>th</sup> day of February,  
2009;

ORDERED that defendant, Consumer First, appear and show cause before the Honorable Maria Maxinari Sypek, Presiding Judge Chancery Division, Superior Court of New Jersey, at 210 South Broad Street, Trenton, New Jersey at 10:00 o'clock in the fore noon or as soon thereafter as counsel may be heard, the 22nd day of April, 2009, why an Order should not be issued:

A. Declaring Consumer First to be in such condition that its further transaction of business would be hazardous to its policyholders, creditors or to the public;

B. Appointing the Commissioner as Rehabilitator of Consumer First with all the powers and authority expressed or implied by N.J.S.A. 17:30C-1, et seq., and the implementing regulations for these statutes, and vesting him with immediate and exclusive possession and control of, and title to, the business of Consumer First and all books, records, files, equipment, computer hardware and software, assets and property of any nature of or relating to Consumer First's operations in New Jersey, whether real or personal, wherever such materials may be located, including but not limited to bank accounts, certificates of deposit, bonds, securities or other financial instruments of Consumer First wherever located or situated;

C. Directing the Rehabilitator to take immediate and exclusive possession of the business and property of Consumer

First and to exercise full and exclusive authority over the business and affairs thereof, and to take the steps necessary to remove the causes and conditions which have made rehabilitation necessary;

D. Granting the Rehabilitator such other injunctive and equitable relief as may be necessary to protect the policyholders and creditors of Consumer First as well as the general public from the effects of Consumer First's hazardous financial condition. (A copy of the proposed form of Order of Rehabilitation is filed herewith.)

And it is further ORDERED that pending the return date herein:

1. Effective immediately upon entry of the within Order to Show Cause and pursuant to N.J.S.A. 17:30C-5, all persons, corporations, partnerships, associations, governmental entities, and all other entities of any nature wherever situated, including but not limited to those not within the jurisdiction of the Commissioner, and Consumer First, its directors, officers, trustees, agents, employees, representatives and claimants, and creditors thereof, are hereby enjoined and restrained from:

- (a) Commencing, maintaining and further prosecuting any action at law or equity, or any special proceeding or any other proceeding of any nature against Consumer First or its direct or indirect insurance subsidiaries, without leave of the Commissioner or this Court;

- (b) Taking any action in violation of the following administrative orders, which remain in full force and effect: Order No. A04-123 dated 04/27/04, Order No. A04-146 dated 10/01/04, and Order No. A09-101 dated 01/30/09;
- (c) Undertaking any other threatened or contemplated action that might lessen the value of Consumer First's assets, or prejudice the rights of the policyholders, creditors, stockholders or members in this proceeding except as permitted by the Commissioner;
- (d) Commencing, maintaining or further prosecuting any action at law or in equity, or any special proceeding or any other proceeding of any nature against the policyholders of Consumer First resulting from Consumer First's hazardous financial condition or the failure of Consumer First or its direct or indirect subsidiaries or any party contracted by such entities to pay any of their contractual obligations; and
- (e) Except as otherwise provided herein, terminating or canceling without leave of Court, any lease, contract, license or other arrangement with Consumer First for the provision or supply of any office space supplies, or equipment, including but not limited to, computer hardware and/or software or any other services or materials or equipment of any nature that are required to operate the business of Consumer First; and

2. All secured creditors or parties, lien holders, collateral holders or other persons claiming a secured, priority or preferred interest in any property or assets of Consumer First are hereby enjoined and restrained from taking any steps whatsoever to transfer, sell, encumber, attach, dispose of, or

exercise purported rights in or against, any property or assets of Consumer First;

3. Effective immediately upon execution of this Order to Show Cause, no bank, savings and loan association or other financial institution, or any other entity of any nature holding property, assets, funds or accounts of, for, or on behalf of, Consumer First, including any member, provider, subscriber, or creditor of Consumer First, shall exercise any form of set-off, alleged set-off lien, or any form of self-help whatsoever with respect to said property, assets, funds or accounts without the prior approval of the Court;

4. Effective immediately upon execution of this Order to Show Cause, the officers, directors, trustees, agents, representatives and employees of Consumer First, and, if appropriate, any entity that contracts with such party shall permit the Commissioner, his staff or designees to have access to any and all premises, and if requested, copies of all or parts of any and all accounts, records and files, relating to the operation of Consumer First; and

It is further ORDERED that:

1. The above restraints shall ~~expire on the~~ <sup>continue until the Court</sup> ~~th day~~ <sup>sets such a date at the return date of the Order to Show</sup> ~~of~~ <sup>2009</sup> ~~unless on or before that date the~~ <sup>Cause</sup> ~~said restraints shall be extended as provided by the Rules of~~ Court, and Consumer First may move to dissolve or modify the

temporary restraints herein contained on two (2) days notice to Deputy Attorney General Eleanor Heck;

2. A copy of this order to show cause, verified complaint, legal memorandum and any supporting affidavits or certifications submitted in support of this application be served on Consumer First, *on or before February 26, 2009* within        days of the date hereof, in accordance with R. 4:4-3 and R. 4:4-4, this being original process;

3. The plaintiff must file with the court his proof of service of the pleadings on Consumer First no later than three (3) days before the return date;

4. If any party intends to file answering affidavits or briefs or seek other relief in the present matter, it shall file and serve a written response to this order to show cause and the request for entry of injunctive relief and proof of service by March 16<sup>th</sup>, 2009. The original documents and one copy must be filed with the Honorable Maria Marinari Sypek, Presiding Judge Chancery Division, Superior Court of New Jersey, 210 South Broad Street, Trenton, New Jersey 08650. You must also send a copy of your opposition papers to the plaintiff's attorney whose name and address appears above. A telephone call will not protect your rights; you must file your opposition and pay the required fee of \$ 135.<sup>00</sup> and serve your opposition on your

adversary, if you want the court to hear your opposition to the injunctive relief the plaintiff is seeking;

5. The plaintiff must file and serve any written reply to Consumer First's order to show cause opposition by March 23, 2009. The original reply papers and one copy must be filed with the Honorable Maria Marinari Sypek, Presiding Judge Chancery Division, Superior Court of New Jersey, 210 South Broad Street, Trenton, New Jersey 08650.

6. If Consumer First does not file and serve opposition to this order to show cause, the application will be decided on the papers on the return date and relief may be granted by default, provided that the plaintiff files a proof of service and a proposed form of order at least 5 days prior to the return date.

7. If the plaintiff has not already done so, a proposed form of order addressing the relief sought on the return date (along with a self-addressed return envelope with return address and postage) must be submitted to the court no later than three 5 days before the return date.

8. Defendant take notice that the plaintiff has filed a lawsuit against you in the Superior Court of New Jersey. The verified complaint attached to this order to show cause states the basis of the lawsuit. If you dispute this complaint, you, or your attorney, must file a written answer to the complaint and



proof of service within 35 days from the date of service of this order to show cause; not counting the day you received it.

These documents must be filed with the Clerk of the Superior Court in the county listed above. A list of these offices is provided. Include a \$ 135.00 filing fee payable to the "Treasurer State of New Jersey." You must also send a copy of your Answer to the plaintiff's attorney whose name and address appear above, or to the plaintiff, if no attorney is named above. A telephone call will not protect your rights; you must file and serve your Answer (with the fee) or judgment may be entered against you by default. Please note: Opposition to the order to show cause is not an Answer and you must file both. Please note further: if you do not file and serve an Answer within 35 days of this Order, the Court may enter a default against you for the relief plaintiff demands.

9. If you cannot afford an attorney, you may call the Legal Services office in the county in which you live. A list of these offices is provided. If you do not have an attorney and are not eligible for free legal assistance you may obtain a referral to an attorney by calling one of the Lawyer Referral Services. A list of these numbers is also provided.

10. The Court will entertain argument, but not testimony, on the return date of the order to show cause, ~~unless~~

the court and parties are advised to the contrary no later than  
\_\_\_\_\_ days before the return date.



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Honorable Maria Marinari Sypek  
Presiding Judge Chancery Division