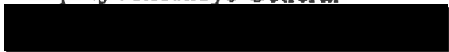


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FILED
FEB 28 2013
Robert P. Contillo
P.J.Ch.

By: Kourtney J.A. Knop / Lorraine K. Rak
Deputy Attorneys General



SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION,
BERGEN COUNTY
DOCKET NO. BER-C-61-13

JEFFREY S. CHIESA, Attorney General of the
State of New Jersey, and ERIC T. KANEFSKY,
Acting Director of the New Jersey Division of
Consumer Affairs,

Plaintiffs,

v.

HURRICANE SANDY RELIEF FOUNDATION A
NJ NONPROFIT CORPORATION, JOHN
SANDBERG, CHRISTINA TERRACCINO, JANE
AND JOHN DOES 1-10, individually and as
owners, officers, directors, shareholders, founders,
managers, agents, servants, employees,
representatives and/or independent contractors of
HURRICANE SANDY RELIEF FOUNDATION A
NJ NONPROFIT CORPORATION, and XYZ
CORPORATIONS 1-10,

Defendants.

Civil Action

**ORDER TO SHOW CAUSE WITH
TEMPORARY RESTRAINTS
PURSUANT TO RULE 4:52**

THIS MATTER being brought before the Court by Kourtney J.A. Knop and Lorraine K. Rak, Deputy Attorneys General, Consumer Fraud Prosecution Section, for plaintiffs Jeffrey S. Chiesa, Attorney General of the State of New Jersey, and Eric T. Kanefsky, Acting Director of

the New Jersey Division of Consumer Affairs (collectively, "Plaintiffs"), seeking relief by way of temporary restraints, pursuant to R. 4:52, based upon facts set forth in the Verified Complaint and supporting Certification and Brief filed herewith; and it appearing that immediate and irreparable damage will probably result before notice can be given and a hearing held and for good cause shown.

It is on this 28TH day of FEBRUARY, 2013 **ORDERED** that defendants Hurricane Sandy Relief Foundation A NJ Nonprofit Corporation ("HSRF"), John Sandberg ("Sandberg") and Christina Terraccino ("Terraccino") (collectively, "Defendants") appear and show cause before the Superior Court, Chancery Division, General Equity Part, Bergen County, Hackensack, New Jersey at TBD o'clock in the TBD noon or as soon thereafter as counsel can be heard, on the 5TH day of APRIL, 2013, why an Order should not be issued preliminarily enjoining and restraining Defendants from:

- A. Engaging in, continuing to engage in, or doing any acts or practices in violation of the Charitable Registration and Investigations Act, N.J.S.A. 45:17A-18 et seq. ("CRIA"), the regulations promulgated thereunder, N.J.A.C. 13:48-1.1 et seq. ("Charities Regulations"), the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. ("CFA"), and the New Jersey Nonprofit Corporation Act, N.J.S.A. 15:A-1.1 et seq. ("Act"), including, but not limited to, the acts and practices alleged in the Verified Complaint;
- B. Directly or indirectly acting as a charitable organization, or holding themselves out as a charitable organization or as having a charitable purpose, from or within the State of New Jersey ("New Jersey");
- C. Engaging in the solicitation of donations of cash and/or supplies by and on behalf of the Hurricane Sandy Relief Foundation ("HSRF"), whether through their Internet website, www.sandyrelief.org ("HSRF Website") or through any other Internet website, including www.sandystories.org ("Sandystories Website"), Amazon, Facebook, PayPal, SheBeads, as well as any other method of solicitation;

- D. Destroying, concealing, altering, transferring, disposing or removing any manner, directly or indirectly, any books or records, information stored in computer-maintained form (such as electronic mail) and any other "document," as that term is defined in R. 4:18-1(a), in Defendants' possession, subject to their control or available to them, that directly or indirectly relate to HSRF;
- E. Failing to make and/or keep any books or records, information stored in computer-maintained form (such as electronic mail) and any other "document," as that term is defined in R. 4:18-1(a) that directly or indirectly relate to HSRF; and
- F. Granting such other relief as the Court deems equitable and just.

AND IT IS FURTHER **ORDERED** that on the return date herein, Defendants appear and show cause why an Order should not be issued:

- A. Freezing all assets of Defendants, in which they hold a legal or equitable interest, including, but not limited to, real property, securities, bonds, notes and monies held in any of their bank accounts, money market accounts, certificates of deposit or safe deposit boxes or held in petty cash, and preventing Defendants from removing, selling, encumbering, assigning, transferring or engaging in other acts of disposition of any such assets. Such assets include: (1) all accounts held by HSRF and Terraccino at TD Bank; (2) all accounts held by HSRF, Sandberg and Terraccino with PayPal; (3) all supplies donated to HSRF and held at the warehouse located at 564 Lafayette Road, Sparta, New Jersey 07871 ("Warehouse"); and (4) all monetary donations made to HSRF;
- B. Preventing any third party receiving a copy of the Order, from removing, selling, encumbering, assigning, transferring or engaging in other acts of disposition of any assets subject to the asset freeze referenced in subpart A;
- C. Appointing a Receiver, at the Defendants' expense, in accordance with the CRIA, N.J.S.A. 45:17A-33(c), the CFA, N.J.S.A. 56:8-8 and N.J.S.A. 56:8-9, and the Act, N.J.S.A. 15:A-14-2, to assume control over the assets of Defendants, render a full accounting and thereafter sell and/or convey such assets under the direction of the Court in order to restore to any person, whether or not named in the Verified Complaint, any funds or property acquired or retained as a result of the unlawful acts of Defendants;
- D. Directing Defendants, or any third party receiving a copy of the Order, to arrange for the shut down of the HSRF Website, the Sandystories Website, as well as Defendants' affiliated online accounts, including, but not limited to, any Facebook page, Twitter account and Amazon registry, within one (1) day of being served with the Order;

- E. Directing that within one (1) day of being served with the Order, Defendants post the following notice on the HSRF Website, the Sandystories Website and/or any other website owned and/or operated by Defendants concerning HSRF and/or any other Hurricane Sandy relief efforts, as well as any Facebook page and Twitter account: "THE HURRICANE SANDY RELIEF FOUNDATION WEBSITE HAS BEEN SHUT DOWN PURSUANT TO AN ORDER OF THE SUPERIOR COURT IN THE ACTION TITLED CHIESA, ET AL. V. HURRICANE SANDY RELIEF FOUNDATION A NJ NONPROFIT CORPORATION, ET AL."
- F. Continuing the temporary injunctive and ancillary relief already ordered by the Court;
- G. Granting such other relief as the Court deems equitable and just.

AND IT IS FURTHER ORDERED that pending the return date herein, Defendants are temporarily enjoined and restrained from:

- A. Engaging in, continuing to engage in, or doing any acts or practices in violation of the CRIA, N.J.S.A. 45:17A-18 et seq., the Charities Regulations, N.J.A.C. 13:48-1.1 et seq., the CFA, N.J.S.A. 56:8-1 et seq., and the Act, N.J.S.A. 15:A-1.1 et seq., including, but not limited to, the acts and practices alleged in the Verified Complaint;
- B. Directly or indirectly acting as a charitable organization, or holding themselves out as a charitable organization or as having a charitable purpose, from or within New Jersey, except in connection with HSRF's tax-exempt status, charitable organization registration and corporate filings made with the Internal Revenue Service ("IRS"), the New Jersey Division of Revenue ("Revenue"), and the New Jersey Division of Consumer Affairs ("Division");
- C. Engaging in the solicitation of donations of cash and/or supplies by and on behalf of HSRF, whether through the HSRF Website or through any other Internet website, including the Sandystories Website, Amazon, Facebook, PayPal, SheBeads, as well as any other method of solicitation;
- D. Destroying, concealing, altering, transferring, disposing or removing any manner, directly or indirectly, any books or records, information stored in computer-maintained form (such as electronic mail) and any other "document," as that term is defined in R. 4:18-1(a), in Defendants' possession, subject to their control or available to them, that directly or indirectly relate to HSRF; and

- E. Failing to make and/or keep any books or records, information stored in computer-maintained form (such as electronic mail) and any other "document," as that term is defined in R. 4:18-1(a) that directly or indirectly relate to HSRF.

AND IT IS FURTHER ORDERED that pending the return date herein:

- A. By 5:00 p.m. on March 4, 2013, all monies currently held by or on behalf of HSRF, whether in the HSRF account at TD Bank ("HSRF TD Account"), the HSRF account with PayPal ("HSRF PayPal Account"), as well as donations made by cash or check, shall be placed in an interest bearing attorneys' escrow account maintained by the attorneys for HSRF ("Account"). Terraccino and Sandberg shall deliver to the attorneys for HSRF for deposit into the Account the amount of \$13,496.53. Upon the transfer of the monies out of the HSRF TD Account, such shall be closed. No monies shall be transferred out of the Account, except to pay for any costs or fees due to the IRS, the Division, or Revenue in connection with HSRF's tax-exempt status filings, charitable organization registration and corporate formation amendments, and upon application to the Court, the reasonable attorneys' fees relating to the filings, registration and amendments;
- B. Within ten (10) days of the date of this Order, all supplies donated to HSRF and held at the Warehouse, as well as gift cards which are subject to expiration, shall be donated to The Salvation Army or any other duly registered charitable organization designated by the Division;
- C. Any monetary donations received by or on behalf of HSRF, whether through the HSRF PayPal Account, cash or check, shall be immediately deposited in the Account and shall not be otherwise transferred or disposed of except for the purposes referred to in subpart A above;
- D. Defendants shall provide Plaintiffs with contemporaneous written notification of the initial and any subsequent transfers of HSRF monies into the Account, along with an account balance. To the extent any of the costs or fees referenced in subpart A are paid out of the Account, Defendants shall provide Plaintiffs with written notification in advance of any such transfer;
- E. Within three (3) days of the date of this Order, Defendants shall remove the page within the HSRF Website titled "Hurricane Sandy New Jersey Relief Fund";
- F. Within four (4) days of the date of this Order, Defendants shall post the following notice on the HSRF Website, the Sandystories Website and/or any other website owned and/or operated by Defendants concerning HSRF and/or any other Hurricane Sandy relief efforts, as well as any Facebook page and Twitter account: "PLEASE BE ADVISED THAT THE HURRICANE SANDY RELIEF FOUNDATION, INC. ("HSRF") IS NOT A TAX-EXEMPT ORGANIZATION UNDER IRC 501(C)(3). HSRF HAS FILED AN APPLICATION FOR

RECOGNITION OF EXEMPT STATUS WITH THE INTERNAL REVENUE SERVICE AND UPON RECEIVING SUCH EXEMPTION, ALL DONATIONS WILL BE ELIGIBLE FOR AN INCOME TAX CHARITABLE DEDUCTION RETROACTIVE TO OCTOBER 31, 2012. HSRF IS IN NO WAY AFFILIATED WITH HURRICANE SANDY NEW JERSEY RELIEF FUND, INC.,";

- G. Within ten (10) days of the date of this Order, Defendants shall identify, in writing, by name, address and telephone number, if available, all persons from whom they have received monetary and other donations since October 26, 2012 and provide copies of all documents concerning such donations; and
- H. Plaintiffs shall provide HSRF with a Financial Disclosure Statement (corporate) in the form attached hereto. HSRF shall complete the Financial Disclosure Statement and return it to Plaintiffs' counsel not later than fourteen (14) days after being served with this Order.

AND IT IS FURTHER ORDERED that:

1. The Defendants may move to dissolve or modify the temporary restraints herein contained on two (2) days' notice to the Plaintiffs' attorney.
2. A copy of this Order to Show Cause, Verified Complaint, Brief and supporting Certification submitted in support of this application shall be served upon the Defendants personally (or by other means) within * days of the date hercof, in accordance with R. 4:4-3 and R. 4:4-4, this being original process.
3. The Plaintiffs must file with the Court their proof of service of the pleadings on the Defendants no later than three (3) days before the return date.
4. Defendants 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 *, 2013. The original documents must be filed with the Clerk of the Superior Court in the county listed above. A list of these offices is provided. You must send a copy of your opposition papers directly to Judge **ROBERT P. CONTILLO, P.J.Ch.**

whose address is Superior Court of New Jersey, Chancery Division, General Equity Part, Bergen County, 10 Main Street, Room 115, Hackensack, New Jersey 07601. You must also send a copy of your opposition papers to Plaintiffs' attorneys whose names and address appears above. A telephone call will not protect your rights; you must file your opposition and pay the required fee of \$ * and serve your opposition on your adversary, if you want the court to hear your opposition to the injunctive relief Plaintiffs are seeking.

5. Plaintiffs may file and serve any written reply to the Defendants' Order to Show Cause opposition by * , 2013. The reply papers must be filed with the Clerk of the Superior Court in the county listed above and a copy of the reply papers must be sent directly to the Chambers of Judge **ROBERT P. CONTILLO, P.J.Ch.**

6. If Defendants do not file and serve opposition to this Order to Show Cause, their application will be decided on the papers on the return date and relief may be granted by default, provided that Plaintiffs file a proof of service and a proposed form of Order at least three (3) days prior to the return date.

7. If Plaintiffs have 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 (3) days before the return date.

8. Defendants take notice that the Plaintiffs have 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 Verified Complaint, you, or your attorney, must file a written Answer to the Verified Complaint and proof of service within thirty-five (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 \$ * filing fee payable to the "Treasurer State of New Jersey." You must also send a copy of your Answer to Plaintiffs' attorneys whose names and address appear 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 Plaintiffs demand.

9. If you cannot afford an attorney, you may call the Legal Services office in the county in which you live. A list of the Legal Services offices in New Jersey 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 * day before the return date.



 HON. ROBERT P. CONTILLO, P.J.Ch.

See ANNEXO MIDU

CASE NAME: Chiesa v. Hurricane Sandy Relief Foundation Et. Al.
DOCKET NUMBER: C-61-13

SUPPLEMENTAL PROVISIONS TO ORDER TO SHOW CAUSE

RETURNABLE: Friday, April 5, 2013 at 9:00 a.m.

SERVICE OF PLEADINGS

A copy of this order to show cause, verified complaint, legal memorandum and any supporting affidavits or certifications submitted in support of this application shall be served upon the defendant personally within 5 days of the date hereof, in accordance with R. 4:4-3 and R. 4:4-4, this being original process.

PROOF OF SERVICE

The plaintiff must file with the court his/her/its proof of service of the pleadings on the defendant no later than five (5) days before the return date.

DEFENDANT'S OSC/INJUNCTIVE RELIEF RESPONSE REQUIREMENTS

Defendant 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 11, 2013. Such response shall not exceed 15 pages in length. If these papers contain exhibits, the exhibits must be properly indexed using tabs that allow for easy access to each individual exhibit. The original documents must be filed with the clerk of the Superior Court, Room 418. You must send a copy of your opposition papers directly to Judge Robert P. Contillo, whose address is Room 420, Courthouse, Hackensack, New Jersey. You must also send a copy of your opposition papers to the plaintiff's attorney whose name and address appears at the top of these papers, or to the plaintiff, if no attorney is named above. A telephone call will not protect your rights; you must file your opposition and pay the required fee and serve your opposition on your adversary, if you want the court to hear your opposition to the injunctive relief the plaintiff is seeking. NOTE: These papers are not the Answer to plaintiff's complaint, which must be filed within 35 days (see below).

PLAINTIFF'S REPLY RESPONSIBILITY

The plaintiff must file and serve any written reply to the defendant's order to show cause opposition by March 18, 2013. Such response shall not exceed 10 pages in length. If these papers contain exhibits, the exhibits must be properly indexed using tabs that allow for easy access to each individual exhibit. The reply papers must be filed with the Clerk of the Superior Court and a copy of the reply papers must be sent directly to the chambers of Judge Contillo.

OSC MAY PROCEED EX-PARTE

If the defendant 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 three days prior to the return day.

PREHEARING SUBMISSION FORM OF ORDER/JUDGMENT

If the defendant has not already done so, a proposed form of order addressing the relief sought on the return day (along with a self-addressed return envelope with return address and postage) must be submitted to the court no later than 3 days before the return day.

NOTICE TO DEFENDANT - LAWSUIT ANSWER RESPONSIBILITY

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 day 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. Include the 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 on these papers, or to the plaintiff, if no attorney is named. 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.

LEGAL SERVICES NOTICE

If you cannot afford an attorney, you may call the Legal Services office in the county in which you live. 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.

RETURN DAY TESTIMONY

The Court will entertain argument, but not testimony, on the return day of the order to show cause, unless the court and parties are advised to the contrary no later than 3 days before the return day.


Hon. Robert P. Contillo, P.J.Ch.