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SUPERIOR COURT OF NJ
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SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION-MERCER COUNTY
DOCKET NO. MER-C- 86-18

MARLENE CARIDE,)
COMMISSIONER OF THE)
DEPARTMENT OF BANKING AND)
INSURANCE OF NEW JERSEY,)

Plaintiff,)

v.)

BROADWAY INSURANCE &)
SURETY COMPANY INC.,)

Defendant.)

Civil Action

ORDER TO SHOW CAUSE AS TO
WHY AN ORDER OF
REHABILITATION SHOULD NOT BE
ENTERED WITH TEMPORARY
RESTRAINTS PURSUANT TO
RULE 4:52 AND N.J.S.A.
17:30C-5

This matter having been opened to the Court by Gurbir S.
Grewal, Attorney General of New Jersey, by William B. Puskas, Jr.,

Deputy Attorney General, as attorney for plaintiff, Marlene Caride, Commissioner of the Department of Banking and Insurance of the State of New Jersey ("Commissioner"), seeking relief by way of temporary restraints pursuant to R. 4:52 and N.J.S.A. 17:30C-5, based on the facts set forth in the Verified Complaint filed herewith, for an Order directing Broadway Insurance & Surety Company Inc. ("Broadway") to appear and show cause why an order should not be entered, pursuant to N.J.S.A. 17:30C-6, providing for the rehabilitation of Broadway and the appointment of the Commissioner as Rehabilitator of Broadway, and imposing injunctive relief pursuant to N.J.S.A. 17:30C-5, and the Court having considered the Verified Complaint, Petition for Rehabilitation, Letter Brief, and the Certification of Steven P. Kerner, Jr., Assistant Commissioner, Office of Solvency Regulation for the New Jersey Department of Banking and Insurance; and

IT APPEARING that Broadway 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 Broadway's book of business consists solely of surety bail bonds issued in the State of New Jersey; and

IT FURTHER 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 12th day of December, 2018,
ORDERED that:

(1) Defendant Broadway appear and show cause before the Honorable Paul Innes, Presiding Judge, Chancery Division, Superior Court of New Jersey, Mercer County Civil Courts Building, 175 South Broad Street, Trenton, New Jersey on March 22, 2019, at 9:30 A.m., or as soon thereafter as counsel may be heard, why an Order should not be entered:

(A) Declaring Broadway 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 Broadway with all the powers and authority expressed or implied by N.J.S.A. 17:30C-1 to -31 and the implementing regulations for those statutes, and vesting her with immediate and exclusive possession and control of, and title to, the business of Broadway and all books, records, files, equipment, computer hardware and software, assets, and property of any nature of or relating to Broadway's operations, whether real or personal, including but not limited to bank accounts, certificates of deposit, bonds, securities, or other financial instruments of Broadway, wherever such materials may be located or situated;

(C) Directing the Rehabilitator to take immediate and exclusive possession of the business and property of Broadway, to

exercise full and exclusive authority over the business and affairs of Broadway, and to take the steps necessary to remove the causes and conditions that 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 Broadway and the public from the effects of Broadway'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 Broadway, its directors, officers, trustees, agents, employees, representatives and claimants, and creditors thereof, are hereby enjoined and restrained from:

- (a) Commencing, maintaining, or further prosecuting any action at law or equity, or any special proceeding or any other proceeding of any nature against Broadway, without leave of the Commissioner or this court;
- (b) Taking any action in violation of any administrative orders issued with

respect to Broadway, which remain in full force and effect;

- (c) Undertaking any other threatened or contemplated action that might lessen the value of Broadway'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 Broadway resulting from Broadway's hazardous financial condition or the failure of Broadway or any party contracted by Broadway to pay any of its contractual obligations; and
- (e) Except as otherwise provided herein, terminating or canceling without leave of Court, any lease, contract, license or other arrangement with Broadway 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 Broadway; 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 Broadway 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 Broadway; and

(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, Broadway, including any member, provider, subscriber, or creditor of Broadway, 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 this Court; and

(4) Effective immediately upon execution of this Order to Show Cause, the officers, directors, trustees, agents, representatives, and employees of Broadway, and, if appropriate, any entity that contracts with such party shall permit the Commissioner, her 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 Broadway; and

(5) Effective immediately and pending the return date of this Order to Show Cause, all court actions, arbitrations, and mediations currently or hereafter pending in which Broadway is a party in the State of New Jersey or elsewhere, are hereby stayed; and

(6) Effective immediately and pending the return date of this Order to Show Cause, there shall be no further expenditures

of monies, including the payment of claims, by Broadway except at the directive of the Commissioner or at the directive of this Court; and

It is further ORDERED that:

(1) The above restraints shall continue until this Court sets such a date at the return date of this Order to Show Cause, and Broadway may move to dissolve or modify the temporary restraints herein contained on two (2) days' notice to Deputy Attorney General William B. Puskas, Jr.; and

(2) A copy of this Order to Show Cause, Verified Complaint, Petition for Rehabilitation, supporting Certification, and Letter Brief shall be served on Broadway and on all parties listed on the Petition for rehabilitation or before January 11, 2018, in accordance with R. 4:4-3 and R. 4:4-4, this being original process; and

(3) Plaintiff must file with the court her proof of service of the pleadings on Broadway no later than three days before the return date; and

(4) If any interested party intends to file and serve a contesting or other response, including briefs or affidavits, to this order to show cause and the request for injunctive relief, that party shall file the same, together with a proof of service, by February 8 2018. The original documents must be filed with the Clerk of the Superior Court in the county listed above, whose

address is: 175 South Broad Street, Trenton, NJ 08650. A copy must also be sent to the Hon. Paul Innes, P.J.Ch., 175 South Broad Street, Trenton, NJ 08650. You must also send a copy of your opposition papers to the plaintiff's attorney, who is Deputy Attorney General William B. Puskas, Jr., Attorney for the Commissioner, whose address appears above. A telephone call will not protect your rights; you must file your opposition and pay the required fee of \$ \$175 and serve your opposition on your adversary, if you want the court to hear your opposition to the injunctive relief the plaintiff is seeking; and

(5) The plaintiff must file and serve any written reply to any response by February 15, 2018. The original reply papers and one copy must be filed with the Honorable Paul Innes, P.J.Ch., Superior Court of New Jersey, Mercer County Civil Courts Building, 175 South Broad Street, Trenton, New Jersey 08650; and

(6) If no person files a contesting response 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 in accordance with the proposed form of order submitted and served with the Petition for Rehabilitation and as it may be modified by this court; and

(7) Defendant(s) take notice that 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

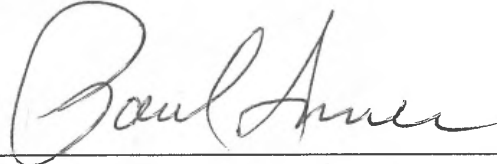
basis of the lawsuit. If you dispute this complaint, you, or your attorney, must file a written answer to the complaint and proof of service within 35 days from the date of service of this order to show cause; not counting the day you received it.

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 \$ 125 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; and

(8) 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; and

(9) 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

seven days before the return date.

A handwritten signature in cursive script that reads "Paul Innes". The signature is written in dark ink and is positioned above a horizontal line.

Hon. Paul Innes, P.J. Ch.