

At IAS Part \_\_\_\_, of the Supreme Court of the State of New York, County of Albany, at the courthouse, 16 Eagle Street, in the County of Albany and State of New York, on the 5<sup>th</sup> day of November, 2012.

PRESENT:

HON. RICHARD PLATKIN, A.J.S.C.

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In the Matter of

the Ancillary Receivership of

First Sealord Surety, Inc.  
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Index No.: 5251/2012

**ORDER**

Albany County Clerk  
Document Number 11273925  
Rcvd 11/14/2012 11:37:43 AM



Benjamin M Lawsby, Superintendent of Financial Services of the State of New York (“Superintendent”), having moved this Court by order to show cause (“Order to Show Cause”) for an order appointing the Superintendent and his successors in office ancillary receiver (“Ancillary Receiver”) of First Sealord Surety, Inc. (“First Sealord”) and directing the Ancillary Receiver to take possession of the property and recover such other assets of First Sealord that are located in the State of New York, and upon reading and filing the petition of the Superintendent, duly verified the 12<sup>th</sup> day of September, 2012, the Affidavit of Jean Marie Cho, sworn to on August 25, 2012, and the exhibits annexed thereto, this Court finds that:

1. First Sealord was incorporated in the Commonwealth of Pennsylvania and was licensed to do business as an authorized foreign insurer in the State of New York;
2. First Sealord’s principal New York office was located at 333 Delaware Avenue, #202, Delmar, New York;
3. First Sealord was licensed in the State of New York to transact the business of fidelity and surety insurance in accordance with New York Insurance Law (“Insurance Law”) Section 1113(16);
4. On February 8, 2012, First Sealord was placed into liquidation by a court of competent jurisdiction in the Commonwealth of Pennsylvania (“Pennsylvania Court”) and the

Insurance Commissioner of the Commonwealth of the Pennsylvania was appointed liquidator (“Pennsylvania Liquidator”).

5. By order entered April 17, 2012, the Pennsylvania Liquidator found that First Sealord was insolvent;

6. First Sealord is subject to the Insurance Law and, in particular, to Article 74 thereof;

7. Pennsylvania is a reciprocal state within the meaning of Insurance Law Section 7408(b)(6);

8. The Pennsylvania Liquidator requested the appointment of the Superintendent as Ancillary Receiver of First Sealord;

9. It is in the best interests of all policyholders, claimants, creditors and other interested persons located in the State of New York that the Superintendent be appointed Ancillary Receiver of First Sealord.

NOW, on the motion of the Honorable Eric T. Schneiderman, Attorney General of the State of New York, it is hereby

ORDERED as follows:

1. The relief requested in the petition for an order of ancillary receivership (“Order”) is granted;
2. The Superintendent and his successors in office are appointed Ancillary Receiver of First Sealord and are: (i) authorized and directed to immediately take possession of First Sealord’s property and recover such other assets of First Sealord that are located in the State of New York; (ii) vested with all powers and authority expressed or implied under Insurance Law Article 74, in addition to the powers and authority set forth in this Order; and (iii) authorized to pay such claims against First Sealord, or its policyholders, that are covered by the New York Property/Casualty Insurance Security Fund;
3. The Ancillary Receiver may deal with the property and business of First Sealord in its name or in the name of the Ancillary Receiver;
4. The officers, directors, shareholders, trustees, depositories, policyholders, agents, servants, attorneys, managers and employees of First Sealord and all other persons are

- permanently enjoined and restrained from: (i) transacting First Sealord's business; (ii) wasting or disposing of the property or assets of First Sealord that are located in the State of New York; (iii) interfering with the Ancillary Receiver in the possession, control or management of First Sealord's property or in the discharge of his duties;
5. All persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings against First Sealord, the Ancillary Receiver or the New York Liquidation Bureau, its employees, attorneys or agents, with respect to this proceeding or in the discharge of their duties under Insurance Law Article 74;
  6. All persons are permanently enjoined and restrained from obtaining preferences, judgments, attachments or other liens, or making any levy against First Sealord's property located in the State of New York or any part thereof;
  7. All parties to actions, lawsuits and special or other proceedings, which First Sealord, its policyholders or insureds, are obligated to defend a party or to provide a defense of any matter against an insured pursuant to an insurance policy, bond, contract or otherwise, are enjoined and restrained from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of this Order;
  8. All persons or entities having property and/or information belonging or relating to First Sealord that are located in the State of New York, including, but not limited to, insurance policies, underwriting data, claims files (electronic or paper) and/or software programs owned by, belonging to or relating to First Sealord shall preserve them and, upon the Ancillary Receiver's request, are directed to immediately assign, transfer, turn over and deliver such property and/or information to the Ancillary Receiver;
  9. Immunity is extended to the Superintendent as Ancillary Receiver of First Sealord and his successors in office and their agents and employees for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Article 74;
  10. The Ancillary Receiver shall serve a copy of this Order on Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania as Liquidator of First Sealord, at Pennsylvania Insurance Department, 1326 Strawberry Square, Harrisburg, PA 17102, by certified mail;
  11. The Ancillary Receiver shall provide notice of this Order to all creditors, claimants and interested persons located in the State of New York by: (i) publication of the notice of this Order in *Business Insurance*, or a publication of similar circulation, once a week for two consecutive publications, commencing within four weeks of entry of this Order in a form substantially similar to the one attached hereto; and (ii) posting this Order on the Internet web page maintained by the Bureau at <http://www.nylb.org> within 15 days after the entry of this Order;

12. Such notice shall inform all creditors, claimants and other interested persons that this Order has been entered;
13. The notice prescribed in decretal paragraphs 10 and 11 hereof is sufficient notice to all persons interested in First Sealord;
14. First Sealord's license to do business in the State of New York is hereby revoked;
15. This court shall retain jurisdiction over this matter for all purposes;
16. The caption for this proceeding is hereby amended as follows:

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF ALBANY


-----X  
In the matter of

The Ancillary Receivership of

First Sealord Surety, Inc.  
-----X

17. All further papers in this proceeding shall bear the above amended caption.

ENTER

  
\_\_\_\_\_  
J.S.C.  
HON. RICHARD PLATKIN, A.J.S.C.

Albany County Clerk  
Document Number 11273925  
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NEW YORK LIQUIDATION BUREAU  
110 WILLIAM STREET  
NEW YORK, NEW YORK 10038  
(212) 341-6755

To all persons or entities  
interested in the affairs of  
FIRST SEALORD SURETY, INC.

Notice is Hereby Given:

Albany County Clerk  
Document Number 11273925  
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- I. Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York, has been appointed by an order (the "Order"), of the Supreme Court of the State of New York, Albany County ("Court"), entered \_\_\_\_\_, \_\_\_ 2012, as the ancillary receiver (the "Ancillary Receiver") of First Sealord Surety, Inc. ("First Sealord") and, as such, has been: (i) authorized and directed to immediately take possession of First Sealord's property and recover such other assets of First Sealord that are located in the State of New York; (ii) vested with all powers and authority expressed or implied under Insurance Law Article 74, in addition to the powers and authority set forth in this Order; and (iii) authorized to pay such claims against First Sealord, or its policyholders, that are covered by the New York Property/Casualty Insurance Security Fund. The Ancillary Receiver has, pursuant to Insurance Law Article 74, appointed Michael J. Casey, Acting Special Deputy Superintendent of Insurance (the "Acting Special Deputy") as his agent to carry out his duties as Ancillary Receiver. The Acting Special Deputy carries out his duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038.
- II. The officers, directors, shareholders, trustees, depositories, policyholders, agents, servants, attorneys, managers and employees of First Sealord and all other persons are permanently enjoined and restrained from: (i) transacting First Sealord's business; (ii) wasting or disposing of the property or assets of First Sealord that are located in the State of New York; (iii) interfering with the Ancillary Receiver in the possession, control or management of First Sealord's property or in the discharge of his duties.
- III. The Ancillary Receiver may deal with the property and business of First Sealord in its name or in the name of the Ancillary Receiver.
- IV. All persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings against First Sealord, the Ancillary Receiver or the New York Liquidation Bureau, its employees, attorneys or agents, with respect to this proceeding or in the discharge of their duties under Insurance Law Article 74.
- V. All persons are permanently enjoined and restrained from obtaining preferences, judgments, attachments or other liens, or making any levy against First Sealord's property located in the State of New York or any part thereof.
- VI. All parties to actions, lawsuits and special or other proceedings, which First Sealord, its policyholders or insureds, are obligated to defend a party or to provide a defense of any matter against an insured pursuant to an insurance policy, bond, contract or otherwise, are enjoined and restrained from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of the Order.
- VII. All persons or entities having property and/or information belonging or relating to First Sealord that are located in the State of New York, including, but not limited to, insurance policies, underwriting data, claims files (electronic or paper) and/or software programs owned by, belonging to or relating to First Sealord shall preserve them and, upon the Ancillary Receiver's request, are directed to immediately assign, transfer, turn over and deliver such property and/or information to the Ancillary Receiver.

VIII. Immunity is extended to the Superintendent as Ancillary Receiver of First Sealord and his successors in office and their agents and employees for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Article 74.

IX. First Sealord's license to do business in the State of New York is hereby revoked.

X. The Ancillary Receiver may at any time make further application to the Court for such further and different relief as he sees fit.

XI. All communications relating to First Sealord and to the Ancillary Receivership Proceeding thereof should be addressed to:

New York Liquidation Bureau  
110 William Street, 15<sup>th</sup> Floor  
New York, New York 10038  
Attn: [INSERT NAME]

BENJAMIN M. LAWSKY  
Superintendent of Financial Services of  
the State of New York as Ancillary Receiver  
of First Sealord Surety, Inc.

MICHAEL J. CASEY  
Acting Special Deputy Superintendent  
and Agent for the Superintendent as  
Ancillary Receiver of First Sealord Surety, Inc.



Index No.:

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF ALBANY**

In the Matter of  
the Application of

Benjamin M. Lawsky, Superintendent of  
Financial Services of the State of New York, for an  
Order of Appointment as Ancillary Receiver of  
FIRST SEALORD SURETY, INC.

**ORDER**

**ERIC T. SCHNEIDERMAN**  
Attorney General  
Attorney for the Superintendent of Financial Services  
Office and Post Office Address  
The Capitol, Albany, New York 12224  
Tel. (518) 474-7339  
Personal service of a copy of  
within.....  
is admitted this..... day of  
.....20

Sir:

Please take notice that the within is a true  
copy of  
duly filed and entered in the office of the clerk  
of  
the                    day of                    20                    County, on

Yours, etc.,  
**ERIC T. SCHNEIDERMAN**  
Attorney General,  
Attorney for

Office and Post Office Address  
The Capitol, Albany, New York 12224  
To  
Attorney for                    , Esq.

Sir

Please take notice that the within

will be presented for settlement and signature  
herein to the Hon.  
one of the judges of the within named Court, at  
in the Borough of  
City of New York, on the                    day of  
Date:                    . 20                    , at                    M.

Yours, etc.,  
**ERIC T. SCHNEIDERMAN**  
Attorney General,

Attorney for  
Office and Post Office Address  
The Capitol, Albany, New York 12224  
To  
Attorney for                    , Esq.