

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 20th day
of September, 2012.

P R E S E N T :

HON. Hon. Richard Plattkin, A.J.S.C.
JUSTICE.

Albany County Clerk
Document Number 11238081
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In the Matter of

Index No.: 5251-12

the Application of

ORDER TO SHOW CAUSE

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

DATE Filed with
Supreme Court Clerk: 9/20/12

FIRST SEALORD SURETY, INC.

Upon reading and filing the annexed verified petition ("Verified Petition") of Benjamin
M. Lawsky, Superintendent of Financial Services of the State of New York ("Superintendent"),
duly verified the 12th day of September, 2012, the affidavit of Jean Marie Cho, Deputy
Superintendent of Financial Services of the State of New York, Property Bureau, sworn to on the
24th day of August, 2012, and it appearing that the relief sought should be granted;

NOW, on motion of Eric T. Schneiderman, Attorney General of the State of New York,
attorney for the Superintendent, and after due deliberation having been had thereon;

LET First Sealord Surety, Inc. ("First Sealord") show cause before this Court at IAS Part
____ Room _____, thereof, at the Courthouse located at 16 Eagle Street in the County of
Albany and State of New York, on the 2nd day of November, 2012, at 9:30 o'clock in the
A.m., or as soon thereafter as counsel can be heard ("Return Date"), why an order should not

be made, pursuant to Article 74 of the New York Insurance Law ("Insurance Law"), *inter alia*: (1) appointing the Superintendent and his successors in office ancillary receiver of First Sealand ("Ancillary Receiver"); (2) directing the Superintendent to immediately take possession of the property and recover such other assets of First Sealand located in the State of New York; (3) issuing the injunctions provided for in Insurance Law Section 7419, including permanently enjoining and restraining all persons from: (a) transacting First Sealand's business, (b) wasting or disposing of its property located in the State of New York, (c) interfering with the Superintendent as Ancillary Receiver in the possession, control or management of First Sealand's property or in the discharge of his duties, (d) commencing or prosecuting any actions, lawsuits, or proceedings against First Sealand or the Superintendent as Ancillary Receiver, and (e) obtaining preferences, judgments, attachments or other liens, or making any levy against First Sealand's property located in the State of New York or any part thereof; (4) granting the injunctions enjoining and restraining all parties to actions, lawsuits and special or other proceedings, which First Sealand, 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, 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 an order of ancillary receivership; (5) requiring that all persons or entities having property and/or information belonging or relating to First Sealand 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 Sealand shall preserve such property and/or information and immediately, upon the Ancillary Receiver's

request and direction, assign, transfer, turn over and deliver such property and/or information to the Ancillary Receiver; (6) extending immunity to the Superintendent in his capacity 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 Insurance Law Article 74; and (7) granting such other and further relief as the Court may deem just and proper;

AND sufficient cause having been shown therefor, and the Court having found the form and methods of notice specified herein to be the best notice practicable, it is hereby

ORDERED, that the notice of the Verified Petition and this order to show cause (the "Notice") shall be substantially in the form attached hereto and service shall be made by: (i) service of a copy of this order to show cause and the papers upon which it has been granted, by certified mail, return receipt requested, upon 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, on or before the 5th day of October, 2012; and (ii) posting on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org>; and let such service be made at least fifteen (15) days prior to the Return Date along with a link to the pdf copies of this order to show cause and the papers upon which it has been dranted; and it is further

ORDERED, that the form and methods of notice specified herein are hereby approved as in accordance with the law and as the best notice practicable and shall therefore constitute due and sufficient notice of this order to show cause and the Return Date herein and the Verified

Petition and the relief sought therein to all persons and entities entitled to receive such notice; and it is further

ORDERED, that any answering papers and supporting documentation ("Answering Papers") be served on the Superintendent so as to be received by hand delivery, overnight mail or first class mail at least seven days prior to the Return Date, and that service on the Superintendent shall be made by first class mail at the following addresses:

Superintendent of Financial Services of the State of New York
c/o Attorney General Eric T. Schneiderman
Office of the Attorney General
The Capitol
Albany, NY 12224
Attention: Edward M. Scher, Assistant Attorney General, of Counsel

New York Liquidation Bureau
110 William Street
New York, New York 10038
Attention: John Pearson Kelly, Esq.
General Counsel

and by submitting copies of Answering Papers, with affidavits of service on the Superintendent as above, to this Court at the Albany Courthouse, located at 16 Eagle Street in the County and City of Albany, and State of New York, seven days before the Return Date; and it is further

ORDERED, that in the absence of Answering Papers filed in accordance with the previous paragraph on or prior to the date specified, the Court may enter relief without hearing and no party shall be entitled to be heard thereon; and it is further

ORDERED, that any person or entity that fails to serve Answering Papers as provided herein shall be deemed to have waived any objections to the relief sought in the Verified Petition and shall be barred from raising objections in this or any other proceeding concerning the matters set forth herein; and it is further

ORDERED, that any person or entity that has served Answering Papers as provided herein shall be deemed to have waived any objections that are not set forth in such Answering Papers; and it is further

ORDERED, that pending the hearing and determination of this motion, First Sealord, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys and managers, and all other persons are hereby restrained from obtaining preferences, judgments, attachments or other liens, or making any levy or commencing or prosecuting any actions or proceedings against First Sealord or its assets located in the State of New York; and it is further

ORDERED, that pending the hearing and determination on this motion, all actions or proceedings against First Sealord and all actions or proceedings in which First Sealord is obligated to defend a party in a proceeding are stayed; and it is further

ORDERED, that pending the hearing and determination on this motion, First Sealord, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys and managers, and all other persons are restrained from wasting the assets of First Sealord that are located in the State of New York, or, except as authorized by the Superintendent, from transacting of First Sealord's business or disposing of First Sealord's property located in the State of New York.

E N T E R

S/ Richard Platkin
J. S. C.

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SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ALBANY

-----X
In the Matter of

Index No.: 5251-12

the Application of

VERIFIED PETITION

Benjamin M. Lawsky, Superintendent of
Insurance of the State of New York, for an
Order of Appointment as Ancillary Receiver of

Date Filed with
Supreme Court Clerk: 9/20/12

FIRST SEALORD SURETY, INC.
-----X

Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York, respectfully petitions the Court for an order: (i) appointing the Superintendent (and his successors in office), pursuant to Section 7407(c) of the New York Insurance Law ("Insurance Law"), ancillary receiver ("Ancillary Receiver") of First Sealord Surety, Inc. ("First Sealord"); (ii) directing the Superintendent to immediately take possession of such property and recover such other assets of First Sealord located in the State of New York; and (iii) for such other and further relief specified below as is provided for in Article 74 of the Insurance Law.

Background

1. First Sealord was a Pennsylvania corporation, with its principal office located at 789 E. Lancaster Avenue, Villanova, Pennsylvania 19085. See the Affidavit of Jean Marie Cho, sworn to August 24, 2012 ("Cho Aff.")

2. First Sealord became licensed to do business as an authorized foreign insurer in the State of New York on October 19, 1995. (Cho Aff. ¶3). In a letter dated August 6, 2012 ("Letter of Request"), the Pennsylvania Liquidator confirmed that First Sealord's principal New York office was located at 333 Delaware Avenue, #202, Delmar, New York. See Letter of Request. (Cho Aff., Exhibit A).

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3. First Sealord was authorized under its charter and pursuant to Insurance Law Section 1113 to transact the following type of insurance business in the State of New York: (16) fidelity and surety insurance. (Cho Aff. ¶ 4).

4. In 2011, First Sealord's financial condition declined when it made a substantial reserve increase, which reduced First Sealord's capital and surplus from approximately \$10,000,000 to \$5,000,000. *See* Quarterly Statement dated as of September 30, 2011. (Cho Aff., Exhibit B.). First Sealord's financial condition further deteriorated when its year-end projections showed a negative surplus and capital level in the amount of \$12,000,000. Based on its projected insolvency, First Sealord's board of directors consented to the entry of an order of liquidation. (Cho Aff. ¶ 5).

5. On February 8, 2012, the Commonwealth Court of Pennsylvania issued an order ("Liquidation Order"), which placed First Sealord into liquidation and appointed the Insurance Commissioner of the Commonwealth of the Pennsylvania as liquidator ("Pennsylvania Liquidator"). The Liquidation Order directed the Pennsylvania Liquidator to liquidate the business and affairs of First Sealord. *See* Liquidation Order. (Cho Aff., Exhibit C). Thereafter, First Sealord was found to be insolvent by order ("Insolvency Order") entered April 17, 2012. *See* Insolvency Order. (Cho Aff., Exhibit D).

The Domiciliary Receiver Has Requested the Appointment of the Superintendent as Ancillary Receiver

6. Pursuant to Insurance Law Section 7407(c), upon the request of the domiciliary receiver that has been appointed for an insurer in its domiciliary state, the Superintendent must apply to this Court for an order appointing him Ancillary Receiver for such insurer if the domiciliary state is a reciprocal state.

7. Insurance Law Section 7408(b)(6) defines a reciprocal state as any state, other than the State of New York, in which the provisions of the Uniform Insurers Liquidation Act, in

substance and effect, are in force. Pennsylvania, First Sealord's domiciliary state, has adopted in substance and effect, the provisions of the Uniform Insurers Liquidation Act. 40 P.S. 221.12, 221.15, 221.17, 221.20, 221.55, 221.58. Accordingly, Pennsylvania is a reciprocal state within the meaning of Insurance Law Section 7408(b)(6). *See* Letter of Request. (Cho Aff., Exhibit A).

8. The Pennsylvania Liquidator requested that the Superintendent begin formal ancillary proceedings on behalf of First Sealord. *See* Letter of Request. (Cho Aff., Exhibit A).

Relief Requested

9 In light of the foregoing, I respectfully request that the Court issue an order: (1) appointing the Superintendent, pursuant to Section 7407(c) of the Insurance Law, Ancillary Receiver of First Sealord; and (2) directing, pursuant to Section 7410(b) of the Insurance Law, that the Superintendent take possession of such property and recover such other assets of First Sealord as are located in the State of New York.

10. I further respectfully request that the Court issue certain standard injunctions provided for by Insurance Law Section 7419. Section 7419(a) provides that the Court, upon application of the Superintendent, without notice, may issue an injunction permanently enjoining and restraining all persons from: (a) transacting First Sealord's business, (b) wasting or disposing of its property located in the State of New York, (c) interfering with the Superintendent as Ancillary Receiver in the possession, control or management of First Sealord's property or in the discharge of his duties, (d) commencing or prosecuting any actions, lawsuits, or proceedings against First Sealord or the Superintendent as Ancillary Receiver, and (e) 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.

11. I further respectfully request that the Court, pursuant to Insurance Law Section 7419, enjoin and restrain, for a period of 180 days from entry of the order of ancillary

receivership, 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, 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.

12. I further respectfully request that the Court order that 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 such property and/or information and immediately, upon the Ancillary Receiver's request and direction, assign, transfer, turn over and deliver such property and/or information to the Ancillary Receiver.

13. The Superintendent as receiver acts in a private capacity under the supervision of the Court pursuant to Insurance Law Article 74. Without immunity, the Superintendent and his agents could be potentially exposing their private assets to claims arising from performance of their statutorily-mandated and court-appointed duties. Under these circumstances, public policy favors the granting of judicial immunity to the Superintendent so that he may perform his receivership function without fear or threat of litigation. Accordingly, it is respectfully requested that the Court order that there be no liability on the part of 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 for any action or omission of any one or more of them when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Insurance Law Article 74.

14. It is in the best interests of all persons concerned with the affairs of First Sealord that the Superintendent be forthwith directed to take possession of all of the property and assets of First Sealord located in the State of New York pursuant to Insurance Law Article 74.

15. Pursuant to Insurance Law Section 7417, this proceeding is being commenced by way of order to show cause, in the Supreme Court of the State of New York, County of Albany because First Sealord's principal New York office was located in Delmar, New York.

16. There has been no previous application for the relief requested herein.

WHEREFORE, in light of the foregoing, it is respectfully requested that First Sealord and its Subsidiaries be required to show cause why an order should not be made and entered pursuant to Insurance Law Article 74, *inter alia*: (1) appointing the Superintendent and his successors in office Ancillary Receiver of First Sealord; (2) directing the Superintendent to immediately take possession of the property and recover such other assets of First Sealord located in the State of New York; (3) issuing the injunctions provided for in Insurance Law Section 7419, including permanently enjoining and restraining all persons from: (a) transacting First Sealord's business, (b) wasting or disposing of its property located in the State of New York, (c) interfering with the Superintendent as Ancillary Receiver in the possession, control or management of First Sealord's property or in the discharge of his duties, (d) commencing or prosecuting any actions, lawsuits, or proceedings against First Sealord or the Superintendent as Ancillary Receiver, and (e) 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; (4) granting the injunctions enjoining and restraining 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, 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 an order of ancillary receivership; (5) requiring that 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 such property and/or information and immediately, upon the Ancillary Receiver's request and direction, assign, transfer, turn over and deliver such property and/or information to the Ancillary Receiver; (6) extending immunity to the Superintendent in his capacity 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 Insurance Law Article 74; and (7) granting such other and further relief as the Court may deem just and proper.

Dated: New York, New York
September 12, 2012

A handwritten signature in dark ink, appearing to read "B. M. Lawskey", written in a cursive style.

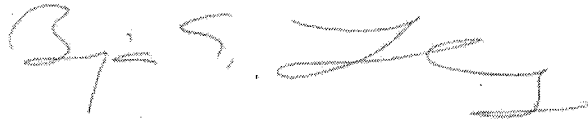
Benjamin M. Lawskey
Superintendent of Financial Services of
the State of New York

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Benjamin M. Lawskey, being duly sworn, deposes and says:

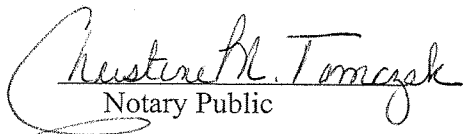
That he is the Superintendent of Financial Services of the State of New York and that he executed the foregoing Verified Petition; that he is acquainted with the facts therein stated; that he knows the contents of said Verified Petition and the same is true based upon the records of the New York State Department of Financial Services.

Deponent says that the sources of his information as to the matters stated in said Verified Petition are the records of the New York State Department of Financial Services.



Benjamin M. Lawskey
Superintendent of Financial Services
of the State of New York

Sworn to before me this
12 th day of September, 2012



Notary Public

CHRISTINE M. TOMCZAK
Notary Public, State of New York
No. 02TO6071549 Suffolk
Qualified in ~~Kings~~ County
Commission Expires March 18, 20 14

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ALBANY

-----X
In the Matter of

Index No. 5251-12

the Application of

AFFIDAVIT

Benjamin M. Lawskey, Superintendent of Financial Services
of the State of New York, for an order for an
Order of Appointment as Ancillary Receiver of

FIRST SEALORD SURETY COMPANY.
-----X

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

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Jean Marie Cho, being duly sworn, deposes and says:

1. I am employed at the New York State Department of Financial Services as Deputy Superintendent of the Property Bureau. I submit this affidavit in support of an order appointing the Superintendent of Financial Services of the State of New York ("Superintendent") and his successors in office as ancillary receiver of First Sealord Surety Company ("First Sealord") as authorized by Article 74 of the New York Insurance Law ("Insurance Law"). This affidavit is based upon personal knowledge, and information and belief, the sources of which are the records maintained by the New York State Department of Financial Services.
2. First Sealord was a Pennsylvania corporation, with its principal office located at 789 E. Lancaster Avenue, Villanova, Pennsylvania 19085.
3. First Sealord became licensed to do business as an authorized foreign insurer in the State of New York on October 19, 1995. In a letter dated August 6, 2012 ("Letter of Request"), the Pennsylvania Liquidator confirmed that First Sealord's principal

New York office was located at 333 Delaware Avenue, #202, Delmar, New York. A copy of the Letter of Request is attached hereto as Exhibit A.

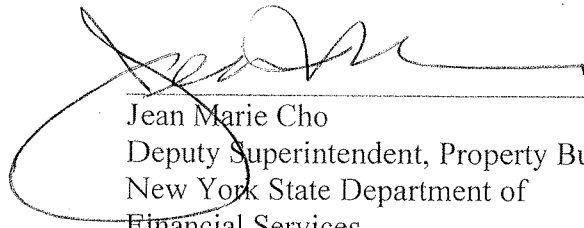
4. First Sealord was authorized under its charter and pursuant to Insurance Law Section 1113 to transact the following type of insurance business in the State of New York: (16) fidelity and surety insurance.

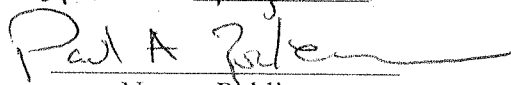
5. First Sealord's Quarterly Statement as of September 30, 2011 ("Quarterly Statement") reflected that it made a substantial reserve increase in the third quarter of 2011, which reduced First Sealord's capital and surplus from approximately \$10,000,000 to \$5,000,000. A copy of the Quarterly Statement is attached hereto as Exhibit B. In addition, First Sealord was projecting a negative surplus and capital level in the amount of \$12,000,000 as of December 31, 2011. Based on its projected insolvency, First Sealord's board of directors signed a consent to liquidation.

6. On February 8, 2012, the Commonwealth Court of Pennsylvania issued an order ("Liquidation Order"), which placed First Sealord into liquidation and appointed the Insurance Commissioner of the Commonwealth of the Pennsylvania as liquidator ("Pennsylvania Liquidator"). A copy of the Liquidation Order is attached hereto as Exhibit C.

7. The Liquidation Order directed the Pennsylvania Liquidator, *inter alia*, to liquidate the business and affairs of First Sealord. Following the issuance of the Liquidation Order, the Commonwealth Court found First Sealord to be insolvent in an order ("Insolvency Order") dated April 17, 2012. A copy of the Insolvency Order is attached hereto as Exhibit D.

8. The Pennsylvania Liquidator has requested that the Superintendent commence an ancillary receivership proceeding for First Sealord in the State of New York to trigger the New York Guaranty Associations. See Exhibit A.


Jean Marie Cho
Deputy Superintendent, Property Bureau
New York State Department of
Financial Services

Sworn to before me this
24 day of August, 2012

Notary Public

PAUL A. ZUCKERMAN
NOTARY PUBLIC, State of New York
022400014686562
Qualified in New York County
Commission Expires Nov 09,
Jan 5, 2015

In the Matter of the Application of Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York, for an Order of Appointment as Ancillary Receiver of FIRST SEALORD SURETY, INC. (Albany County Supreme Court)

In accordance with Part 130 of the Rules of the Chief Administrator, I respectfully advise the Court that the following papers are attached:

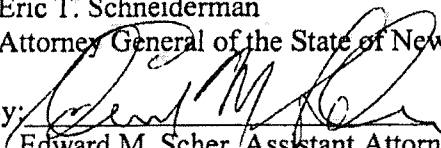
Proposed Order To Show Cause, with Notice

Verified Petition (verified on September 12, 2012)

Affidavit of Jean Marie Cho, duly sworn to on August 24, 2012, with exhibits

DATED: September 19, 2012

Eric T. Schneiderman
Attorney General of the State of New York

By: 
Edward M. Scher, Assistant Attorney
General, of counsel
Office of the New York State
Attorney General
The Capitol
Albany, NY 12224
Telephone: (518) 474-7339

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EXHIBIT “A”



August 6, 2012

Lauren M. Reber, Esquire
New York Liquidation Bureau
110 Williams Street, 15th Floor
New York, NY 10038

RE: First Sealord Surety, Inc. (In Liquidation)

Dear Ms. Reber,

As you are aware, First Sealord Surety, Inc. was ordered into liquidation by the Commonwealth Court of Pennsylvania on February 8, 2012. That order was followed by a hearing in order to obtain a Finding of Insolvency which triggered the various guaranty funds. The Commonwealth Court of Pennsylvania found First Sealord to be insolvent on April 17, 2012.

First Sealord Surety was licensed to do business in New York and we require the triggering of the New York Property & Casualty Insurance Guaranty Association to handle open and newly reported claims in New York. First Sealord's office address in New York was 333 Delaware Ave. #202, Delmar, NY.

We have reviewed the Uniform Insurers Liquidation Act and the six criteria required to be deemed a reciprocal state. Each requirement has been met by the following subsections of Article V of the Insurance Department Act, 40 P.S. 221.12, 221.15, 221.17, 221.20, 221.55, 221.58.

With this information at hand, we are requesting that the New York Liquidation Bureau begin formal ancillary proceedings which will trigger the New York Guaranty Association.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph DiMemmo".

Joseph DiMemmo
Deputy Insurance Commissioner
Office of Liquidations, Rehabilitations
& Special Funds

EXHIBIT “B”



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2011
OF THE CONDITION AND AFFAIRS OF THE

First Sealord Surety, Inc.

NAIC Group Code	0000	0000	NAIC Company Code	28519	Employer's ID Number	23-2671078
	(Current Period)	(Prior Period)				
Organized under the Laws of	Pennsylvania		State of Domicile or Port of Entry	Pennsylvania		
Country of Domicile	United States					
Incorporated/Organized	12/17/1991		Commenced Business	12/17/1991		
Statutory Home Office	789 E. Lancaster Ave., Suite 200		Villanova, PA 19085			
	(Street and Number)		(City or Town, State and Zip Code)			
Main Administrative Office	789 E. Lancaster Ave., Suite 200		Villanova, PA 19085		610-664-2259	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	P.O. Box 900		Villanova, PA 19085		610-664-2324	
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Primary Location of Books and Records	789 E. Lancaster Ave., Suite 200		Villanova, PA 19085		610-664-2324	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.firstsealord.biz					
Statutory Statement Contact	Robert William Ghegan		610-664-2324		610-664-2287	
	(Name)		(Area Code) (Telephone Number) (Extension)		(Area Code) (Telephone Number)	
	rghegan@firstsealord.biz		610-664-2287			
	(E-Mail Address)		(Fax Number)			

OFFICERS

Name	Title	Name	Title
Kenneth Lewis Brier	Chief Executive Officer	Gary Lee Bragg Esq.	Secretary
Ted Alan Drauschak	Executive Vice President	Robert William Ghegan	Chief Financial Officer

OTHER OFFICERS

DIRECTORS OR TRUSTEES

J. Michael Adams	Kenneth Lewis Brier	Nicholas Bratt	Joel David Cooperman
Ted Alan Drauschak	James Stewart Etfelson	Markus Rohrbasser	

State of Pennsylvania

County of Delaware

59

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kenneth Lewis Brier Chief Executive Officer	Gary Lee Bragg, Esq. Secretary	Robert William Ghegan Chief Financial Officer
--	-----------------------------------	--

Subscribed and sworn to before me this

day of

a. Is this an original filing? Yes (X) No ()

b. If no,

1. State the amendment number

2. Date filed

3. Number of pages attached

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

ASSETS

	Current Statement Date			December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1 Bonds.....			0	234,401
2 Stocks.....			0	0
2.1 Preferred stocks.....			0	0
2.2 Common stocks.....			0	0
3 Mortgage loans on real estate:			0	0
3.1 First liens.....			0	0
3.2 Other than first liens.....			0	0
4 Real estate:			0	0
4.1 Properties occupied by this company (less \$..... encumbrances):			0	0
4.2 Properties held for the production of income (less \$..... encumbrances):			0	0
4.3 Properties held for sale (less \$..... encumbrances):			0	0
5 Cash (\$..... 1,950,011), cash equivalents (\$.....), and short-term investments (\$..... 3,254,549):	4,424,560		4,424,560	5,462,735
6 Contract loans (including \$..... premium notes):			0	0
7 Derivatives.....			0	0
8 Other invested assets.....	3,551,251	839,676	2,711,575	2,711,575
9 Receivables for securities.....			0	0
10 Securities lending reinvested collateral assets.....			0	0
11 Aggregate write-ins for invested assets.....	0	0	0	0
12 Subtotals, cash and invested assets (Lines 1 to 11):	7,975,811	839,676	7,136,135	8,378,711
13 Title plants less \$..... charged off (for Title insurers only):			0	0
14 Investment income due and accrued.....	5,583		5,583	2,256
15 Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection:	3,478,544	491,835	2,986,709	2,256,576
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$..... earned but unbillable premiums):			0	0
15.3 Accrued retrospective premiums.....			0	0
16 Reinsurance:				
16.1 Amounts receivable from reinsurers.....	116,289		116,289	84,410
16.2 Funds held by or deposited with reinsured companies.....			0	0
16.3 Other amounts receivable under reinsurance contracts.....			0	0
17 Amounts receivable relating to uninsured plans.....			0	0
18 Current federal and foreign income tax recoverable and interest thereon.....	2,825,883		2,825,883	0
18.2 Net deferred tax asset.....	952,524		952,524	830,502
19 Guaranty funds receivable or on deposit.....			0	0
20 Electronic data processing equipment and software.....	220,844		220,844	215,092
21 Furniture and equipment, including health care delivery assets (less \$.....):	88,094	88,094	0	0
22 Net adjustment in assets and liabilities due to foreign exchange rates.....			0	0
23 Receivables from parent, subsidiaries and affiliates.....	432,344		432,344	0
24 Health care (\$.....) and other amounts receivable.....			0	0
25 Aggregate write-ins for other than invested assets.....	960,346	401,722	558,624	292,613
26 Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25):	17,036,262	1,801,327	15,234,935	12,060,162
27 From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28 Total (Lines 26 and 27):	17,036,262	1,801,327	15,234,935	12,060,162
DETAILS OF WRITE-INS				
1101.....				
1102.....				
1103.....				
1198 Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1198 Totals (Lines 1101 through 1103 plus 1198)(Line 11 above):	0	0	0	0
2501 Rent Deposits & Other Assets.....	227,742	89,818	137,926	20,124
2502 Prepaid Expenses.....	87,244	87,244	0	0
2503 Bonded Escrow Fees Receivable.....	645,360	224,662	420,698	272,489
2598 Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2598 Totals (Lines 2501 through 2503 plus 2598)(Line 25 above):	960,346	401,722	558,624	292,613

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Sealord Surety, Inc.

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses / current accident year \$ 1,527,674	37,462	13,361,809
2. Reinsurance payable on paid losses and loss adjustment expenses		0
3. Loss adjustment expenses	841,827	804,500
4. Commissions payable, contingent commissions and other similar charges	233,102	34,789
5. Other expenses (excluding taxes, licenses and fees)	197,838	172,152
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	103,644	107,859
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		472,948
7.2 Not deferred to liability		0
8. Borrowed money \$ 0 and interest thereon \$ 0		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 465,533 and including warranty reserves of \$ 0)	4,266,140	3,021,584
10. Advance premium		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)		20,236
13. Funds held by company under reinsurance treaties		0
14. Amounts withheld or retained by company for account of others	3,739,812	364,541
15. Retentions and items not allocated		0
16. Provision for reinsurance		0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates		0
20. Derivatives		0
21. Payable for securities		0
22. Payable for securities lending		0
23. Liability for amounts held under unsecured plans		0
24. Capital notes \$ 0 and interest thereon \$ 0		0
25. Aggregate write-ins for liabilities	682,555	510,259
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	10,162,180	1,947,765
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	10,162,180	1,947,765
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	2,022,300	2,022,300
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes		0
34. Gross paid in and contributed surplus	7,977,760	7,977,700
35. Unassigned funds (surplus)	(4,667,236)	112,308
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$ 0)		0
36.2 shares preferred (value included in Line 31 \$ 0)		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	5,132,764	10,112,368
38. Totals (Page 2, Line 29, Col. 3)	15,234,944	12,060,163
DETAILS OF WRITE-INS		
2501. Florida Hurricane Surcharge	13,812	8,605
2502. Deferred Bonded Escrow Fees	165,089	0
2503. Other Liabilities	119,567	119,567
2598. Summary of remaining write-ins for Line 25 from overflow page	523,221	523,221
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	682,555	510,259
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 15,382,885)	14,040,583	15,994,072	20,842,534
1.2 Assumed (written \$ 0)	0	0	0
1.3 Ceded (written \$ 1,663,021)	1,566,431	1,690,291	2,243,857
1.4 Net (written \$ 13,719,864)	12,474,152	14,303,781	18,598,677
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 1,555,078)			
2.1 Direct	10,006,546	1,601,554	2,780,374
2.2 Assumed	0	0	0
2.3 Ceded	149,432	10,020	262,902
2.4 Net	10,157,678	1,591,534	2,487,372
3. Loss adjustment expenses incurred	1,414,811	773,667	1,700,476
4. Other underwriting expenses incurred	11,170,999	10,988,197	13,859,517
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	22,743,488	13,355,398	18,047,365
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(10,269,336)	948,383	551,312
INVESTMENT INCOME			
9. Net investment income earned	105,407	8,084	179,294
10. Net realized capital gains (losses) less capital gains tax of \$ 0	0	0	0
11. Net investment gain (loss) (Lines 9 + 10)	105,407	8,084	179,294
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off amount recovered \$		(124)	(130)
13. Finance and service charges not included in premiums	0	0	0
14. Aggregate write-ins for miscellaneous income	121,200	50,700	74,800
15. Total other income (Lines 12 through 14)	121,200	50,576	74,670
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(10,042,729)	1,007,043	805,276
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(10,042,729)	1,007,043	805,276
19. Federal and foreign income taxes incurred	(3,298,831)	289,284	1,236
20. Net income (Line 18 minus Line 19) (Line 22)	(6,743,898)	717,759	804,040
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	10,112,401	11,007,970	11,007,970
22. Net income (from Line 20)	(6,743,898)	717,759	804,040
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	0	0	0
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	122,023	546,903	343,438
27. Change in nonadmitted assets	1,842,239	(12,192,004)	(1,519,826)
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus contributed to/withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0	(523,221)
38. Change in surplus as regards policyholders (Lines 22 through 37)	(4,979,636)	(927,342)	(895,369)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	5,132,765	10,080,628	10,112,401
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0599. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0599) (Line 5 above)	0	0	0
1401. Service fees	121,200	50,700	74,800
1402.			
1403.			
1499. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1499) (Line 14 above)	121,200	50,700	74,800
3701. Surplus Differences in 2010 Audited Financial Statement	0	0	(523,221)
3702.			
3703.			
3799. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3799) (Line 37 above)	0	0	(523,221)

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	12,805,381	14,600,407	19,427,228
2. Net investment income	102,062	10,131	185,161
3. Miscellaneous income	131,200	(124)	74,670
4. Total (Lines 1 to 3)	13,038,663	14,610,414	19,687,071
5. Benefit and loss related payments	6,790,590	3,173,019	3,941,917
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	12,307,333	12,369,855	15,468,846
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	(115,173)	(304,394)
10. Total (Lines 5 through 9)	19,097,923	15,427,701	19,106,160
11. Net cash from operations (Line 4 minus Line 10)	(6,069,260)	(817,287)	580,902
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	205,000	205,000	205,000
12.2 Stocks	0	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	2,000,000	0	0
12.7 Miscellaneous proceeds	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,205,000	205,000	205,000
13. Cost of investments acquired (long-term only):			
13.1 Bonds	0	206,001	206,400
13.2 Stocks	0	0	0
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	5,551,251
13.6 Miscellaneous acquisitions	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	206,001	5,757,651
14. Net increase or decrease in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	2,205,000	(1,601)	15,932,651
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	2,826,085	(1,357,775)	2,207,974
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.6 minus Line 16.5 plus Line 16.6)	2,826,085	(1,357,775)	2,207,974
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(1,038,175)	(2,176,663)	(2,763,775)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	5,462,735	5,226,510	5,226,510
19.2 End of period (Line 18 plus Line 19.1)	4,424,560	3,049,847	2,462,735

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B Accounting Practices

The financial statements of First Seaford Surety, Inc. (Company) are presented on the basis of accounting practices prescribed or permitted by the Pennsylvania Insurance Department.

The Pennsylvania Insurance Department recognizes only statutory accounting practices prescribed or permitted by the Commonwealth of Pennsylvania for determining and reporting the financial condition and results of operations of an insurance company and determining its solvency under the Pennsylvania Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the Commonwealth of Pennsylvania.

B Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

C Accounting Policy

Premiums are recognized as earned over the estimated period of bond performance or project completion, which is generally less than one year. Unearned premium represents the portion of net premiums applicable to the unexpired portion of the bond. The estimates are based primarily on management's understanding of a bonded project's stage of completion, supplemented by historical completion patterns.

Expenses incurred in connection with acquiring new insurance business, including such acquisitions costs as commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at cost.
- (2) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the current period.
- (3) The Company has not modified its capitalization policy from the prior period.

4. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

None

5. BUSINESS COMBINATIONS AND GOODWILL

None

6. DISCONTINUED OPERATIONS

None

5. INVESTMENTS

- A The Company has no investments in mortgage loans.
- B The Company has not restructured any debt.
- C The Company has no investments in reverse mortgages.
- D The Company has no investments in loan-backed securities.
- E The Company has investments in repurchase agreements that invest solely in and are fully collateralized by United States Treasury Instruments.
- F The Company has no investments in real estate.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

None

7. INVESTMENT INCOME

No investment income due and accrued was unadmitted.

8. DERIVATIVE INSTRUMENTS

None

9. INCOME TAXES

No Changes

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Sealord Surety, Inc.

NOTES TO FINANCIAL STATEMENTS

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

A-C The Company is a wholly owned subsidiary of Sealord Holdings, Inc. ("Holdings") which, in turn, is wholly owned by Sealord LLC (the "Ultimate Parent").

The Company participates in a cost-sharing agreement whereby Holdings provides or arranges, through third parties, for the provision of various types of services to the Company. Expenses are allocated on a basis commensurate with the level of service provided. Under this cost-sharing agreement, the Company may provide management services to Holdings and other subsidiaries of Holdings, in exchange for management fees as are mutually agreed between the parties from time to time. The Agreement calls for amounts owed to the Company to be settled within 90 days of the subsequent quarter-end.

On March 18, 2011 (effective December 31, 2010) Sealord Holdings, Inc. ("Holdings") issued a note to the Company in exchange for amounts owed to the Company by other affiliated companies in the Holding Company System. The Note, which is secured by contract fees to be received by the affiliated companies, provides for principal payments to the Company over a three-year period, and monthly interest payments, calculated on the outstanding principal balance at the Applicable Federal Rate for mid-term obligations published monthly by the Internal Revenue Service. Under the terms of the Note, the interest rate is reset quarterly in advance, and interest is payable in arrears on the last day of each month, commencing on January 31, 2011. The Note is shown on Schedule BA.

The Company received a cash payment of \$2 million on the Note from Sealord Holdings, Inc. on June 30, 2011.

11. DEBT

The Company does not have any debt.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

None

13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

- (1) The Company has 3,000,000 shares authorized, 749,000 shares issued and 749,000 shares outstanding.
- (2) The Company has no preferred stock outstanding.
- (3) The maximum amount of dividends which can be paid by an insurance company licensed in the Commonwealth of Pennsylvania is the greater of 10% of policyholders' surplus, or net income as shown on its last annual statement.
- (4) There are no restrictions placed on the Company's surplus.
- (5) The Company does not have any special surplus funds.
- (6) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

a. unrealized gains and (losses):	\$0
b. nonadmitted asset values:	\$1,801,327
c. provision for reinsurance	\$0

14. CONTINGENCIES

None

15. LEASES

No material changes

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

None

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

None

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

None

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

None

20. SEPTEMBER 11 EVENTS

None

21. OTHER ITEMS

None

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seabord Surety, Inc.

NOTES TO FINANCIAL STATEMENTS

22. EVENTS SUBSEQUENT

None

23. REINSURANCE

A. Unsecured Reinsurance Recoverables - \$116,289

B. Reinsurance Recoverables In Dispute - None

C. Reinsurance Assumed and Ceded - The Company participates in a reinsurance program wherein losses are ceded on a per bonded principal basis. Aggregate coverage provided by the treaty is \$8,250 million in excess of \$ 750,000 per each bonded principal

D. Uncollectible Reinsurance - None

F. Commutation of Ceded Reinsurance - None

G. Retroactive Reinsurance - None

H. Reinsurance Accounted for as a Deposit- None

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

None

25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

None

26. INTERCOMPANY POOLING ARRANGEMENTS

None

27. STRUCTURED SETTLEMENTS

None

28. HEALTH CARE RECEIVABLES

None

29. PARTICIPATING POLICIES

None

30. PREMIUM DEFICIENCY RESERVES

None

31. HIGH DEDUCTIBLES

None

32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

None

33. ASBESTOS/ENVIRONMENTAL RESERVES

None

34. SUBSCRIBER SAVINGS ACCOUNTS

None

35. MULTIPLE PERIL CROP INSURANCE

None

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of
Delaware, as required by the Model Act? Yes ☐ No ☒ [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes ☐ No ☐ []
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the
reporting entity? Yes ☐ No ☒ [X]
- 2.2 If yes, date of change: _____
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes ☐ No ☒ [X]
If yes, complete the Schedule V, Part I - organizational chart
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ☐ No ☒ [X]
- 4.2 If yes, provide the name of entity, HAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has
ceased to exist as a result of the merger or consolidation

1	2	3
Name of Entity	HAIC Company Code	State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-
fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes ☐ No ☒ [X]
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This
date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or
the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet
date). 07/27/2007
- 6.4 By what department or departments?
Pennsylvania
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial
statement filed with Departments? Yes ☐ No ☐ [] NA ☒ [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes ☒ [X] No ☐ [] NA ☐ []
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended
or revoked by any governmental entity during this reporting period? Yes ☐ No ☒ [X]
- 7.2 If yes, give full information: _____
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes ☐ No ☒ [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company: _____
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes ☐ No ☒ [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state) of any affiliates regulated by a
federal regulatory services agency (i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of
Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)) and identify
the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes ☒ No ☐
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity.
- (c) Compliance with applicable governmental laws, rules and regulations.
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code, and
- (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain: _____
- 9.2 Has the code of ethics for senior managers been amended? Yes ☐ No ☒
- 9.21 If the response to 9.2 is Yes, provide information related to amendments: _____
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes ☐ No ☒
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s): _____

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ☒ No ☐
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____ 0

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes ☐ No ☒
- 11.2 If yes, give full and complete information relating thereto: _____
12. Amount of real estate and mortgages held in other invested assets in Schedule B-1: \$ _____ 0
13. Amount of real estate and mortgages held in short-term investments: \$ _____ 0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes ☐ No ☒
- 14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ _____	\$ _____
14.22 Preferred Stock	\$ _____	\$ _____
14.23 Common Stock	\$ _____	\$ _____
14.24 Short-Term Investments	\$ _____	\$ _____
14.25 Mortgage Loans on Real Estate	\$ _____	\$ _____
14.26 All Other	\$ _____	\$ _____
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ _____ 0	\$ _____ 0
14.28 Total Investment in Parent Included in Lines 14.21 to 14.26 above	\$ _____	\$ _____

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes ☐ No ☒
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the controlling state? Yes ☐ No ☒
If no, attach a description with this statement.

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes (X) No ()

- 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Wells Fargo Securities LLC	217 S College Street Charlotte, NC 28244

- 16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes () No (X)

- 16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

- 16.5 Identify all investment advisors, broker-dealers or individuals acting on behalf of broker-dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

- 17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes (X) No ()

- 17.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2

PROPERTY & CASUALTY INTERROGATORIES

- [illegible]

- | | | |
|-----|--|---|
| 5. | Operating Percentages | |
| 5.1 | A&H loss percent | % |
| 5.2 | A&H cost containment percent | % |
| 5.3 | A&H expense percent excluding cost containment expenses | % |
| 6.1 | Do you act as a custodian for health savings accounts? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 6.2 | If yes, please provide the amount of custodial funds held as of the reporting date | \$ |
| 6.3 | Do you act as an administrator for health savings accounts? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 6.4 | If yes, please provide the balance of the funds administered as of the reporting date. | \$ |

Showing All New Reinsurers - Current Year to Date

NONE

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

States, etc.	Active Status	Current Year to Date - Allocated by States and Territories					
		Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date
1 Alabama	AL	248,197	308,681	(24,180)	103,965	50,153	15,278
2 Alaska	AK	51,583	81,540	0	0	0	0
3 Arizona	AZ	32,920	18,853	0	0	0	0
4 Arkansas	AR	14,255	43,600	449,843	0	150,379	0
5 California	CA	1,751,703	2,008,442	2,438,547	646,974	(425,141)	(290,970)
6 Colorado	CO	0	0	0	0	0	0
7 Connecticut	CT	107,651	148,634	(20,060)	21,181	(116,295)	(116,396)
8 Delaware	DE	79,249	77,428	0	0	0	0
9 District of Columbia	DC	77,126	105,968	0	0	0	0
10 Florida	FL	3,388,509	2,946,540	950,970	(196,155)	(213,053)	(823,618)
11 Georgia	GA	590,991	707,840	278,672	432,908	452,102	(139,000)
12 Hawaii	HI	0	0	0	0	0	0
13 Idaho	ID	0	0	0	0	0	0
14 Illinois	IL	210,226	472,882	343,672	816,914	(865,375)	(53,607)
15 Indiana	IN	70,673	51,612	0	0	0	0
16 Iowa	IA	8,222	7,899	0	(10,490)	0	0
17 Kansas	KS	27,299	0	0	0	0	0
18 Kentucky	KY	97,269	118,036	(3,277)	97,236	(49,996)	(382,404)
19 Louisiana	LA	224,452	280,675	(96,332)	175,256	5,000	0
20 Maine	ME	0	0	0	0	0	0
21 Maryland	MD	404,287	435,707	67,016	0	(39,923)	0
22 Massachusetts	MA	367,431	337,357	661,107	(114,438)	(49,083)	395,516
23 Michigan	MI	22,007	168,123	0	0	0	0
24 Minnesota	MN	0	0	0	0	0	0
25 Mississippi	MS	250,201	141,967	0	0	15,521	0
26 Missouri	MO	22,567	63,275	(6,008)	359,688	4,000	(6,460)
27 Montana	MT	0	0	0	0	0	0
28 Nebraska	NE	58,664	157,057	0	0	0	0
29 Nevada	NV	15,571	5,507	0	0	0	0
30 New Hampshire	NH	0	0	0	0	0	0
31 New Jersey	NJ	348,672	707,163	805,518	6,394	(124,686)	(561,653)
32 New Mexico	NM	17,753	0	0	0	0	0
33 New York	NY	918,178	1,572,195	343,547	766,810	(733,644)	(787,694)
34 No. Carolina	NC	497,915	773,748	315,384	446,789	310,420	32,355
35 No. Dakota	ND	0	0	0	0	0	0
36 Ohio	OH	138,466	332,121	57,531	40,223	25,090	(40,263)
37 Oklahoma	OK	23,679	230,783	0	0	0	0
38 Oregon	OR	128,608	24,090	0	0	0	0
39 Pennsylvania	PA	806,168	1,170,837	6,673	7,366	81,010	18,857
40 Rhode Island	RI	160,651	129,161	0	0	10,000	0
41 So. Carolina	SC	557,865	593,725	406,647	135,115	3,649	89,740
42 So. Dakota	SD	0	0	0	0	0	0
43 Tennessee	TN	124,853	299,037	74,924	0	25,701	0
44 Texas	TX	1,858,228	1,050,695	102,282	66,887	204,961	175,613
45 Utah	UT	0	0	0	0	0	0
46 Vermont	VT	0	0	0	0	0	0
47 Virginia	VA	622,772	501,359	58,023	95,612	167,633	(407,545)
48 Washington	WA	206,950	261,519	231,007	0	322,638	530
49 West Virginia	WV	130,051	28,955	0	0	8,058	0
50 Wisconsin	WI	18,357	74,003	0	0	0	0
51 Wyoming	WY	0	0	0	0	0	0
52 American Samoa	AS	0	0	0	0	0	0
53 Guam	GU	0	0	0	0	0	0
54 Puerto Rico	PR	0	0	0	0	0	0
55 U.S. Virgin Islands	VI	0	0	0	0	0	0
56 Northern Mariana Islands	MP	0	0	0	0	0	0
57 Canada	CA	0	0	0	0	0	0
58 Aggregate Other Alien	OT	0	0	0	0	0	0
59 Totals		15,382,685	15,436,925	7,657,766	3,624,659	(309,616)	12,878,921
DETAILS OF WRITINGS							
5901	XXX						
5902	XXX						
5903	XXX						
5904	Summary of remaining writings for Line 59 from overflow page	XXX	0	0	0	0	0
5999	Totals (Lines 5901 through 5903 plus 5904; Line 59 above)	XXX	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Report the number of L responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

<u>Company</u>	<u>FEIN</u>	<u>NAIC</u>	<u>Domiciled</u>	<u>Ownership</u>	<u>%</u>
Sealord LLC	03-0422133	N/A	DE	Edmond Villani	50
Sealord LLC	03-0422133	N/A	DE	Markus Rohrbasser	15
Sealord LLC	03-0422133	N/A	DE	Kenneth Brier	11
Sealord Holdings, Inc.	23-2633708	N/A	PA	Sealord LLC	100
First Sealord Surety, Inc.	23-2671078	28519	PA	Sealord Holdings, Inc.	100
The Duchy of Grand Fenwick, Inc.	23-3031244	N/A	DE	Sealord Holdings, Inc.	100
Broadlands Financial Group, LLC	51-0483190	N/A	PA	Sealord Holdings, Inc.	100
HM Exchequer, LLC	35-2205576	N/A	PA	Broadlands Financial Group, LLC	100
HMS Victory, LLC	36-4531437	N/A	PA	Broadlands Financial Group, LLC	100
Broadlands Financial, LLC	32-0077012	N/A	PA	Broadlands Financial Group, LLC	100

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

PART 1 - LOSS EXPERIENCE

Line of Business	Current Year to Date			Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1 Fire			0.0	0.0
2 Allied lines			0.0	0.0
3 Farmowners multiple peril			0.0	0.0
4 Homeowners multiple peril			0.0	0.0
5 Commercial multiple peril			0.0	0.0
6 Mortgage guaranty			0.0	0.0
8 Ocean marine			0.0	0.0
9 Inland marine			0.0	0.0
10 Financial guaranty			0.0	0.0
11.1 Medical professional liability - occurrence			0.0	0.0
11.2 Medical professional liability - claims made			0.0	0.0
12 Earthquake			0.0	0.0
13 Group accident and health			0.0	0.0
14 Credit accident and health			0.0	0.0
15 Other accident and health			0.0	0.0
16 Workers' compensation			0.0	0.0
17.1 Other liability - occurrence			0.0	0.0
17.2 Other liability - claims made			0.0	0.0
17.3 Excess Workers' Compensation			0.0	0.0
18.1 Products liability - occurrence			0.0	0.0
18.2 Products liability - claims made			0.0	0.0
19.1, 19.2 Private passenger auto liability			0.0	0.0
19.3, 19.4 Commercial auto liability			0.0	0.0
21 Auto physical damage			0.0	0.0
22 Aircraft (all perils)			0.0	0.0
23 Fidelity			0.0	0.0
24 Surety	14,040,583	10,008,546	71.3	10.0
25 Burglary and theft			0.0	0.0
27 Boiler and machinery			0.0	0.0
28 Credit			0.0	0.0
29 International			0.0	0.0
30 Warranty			0.0	0.0
31 Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32 Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33 Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34 Aggregate write-ins for other lines of business	0	0	0.0	0.0
35 TOTALS	14,040,583	10,008,546	71.3	10.0
DETAILS OF WRITE-INS				
3401				
3402				
3403				
3498 Sum of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499 Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1 Fire	0	0	0
2 Allied lines	0	0	0
3 Farmowners multiple peril	0	0	0
4 Homeowners multiple peril	0	0	0
5 Commercial multiple peril	0	0	0
6 Mortgage guaranty	0	0	0
8 Ocean marine	0	0	0
9 Inland marine	0	0	0
10 Financial guaranty	0	0	0
11.1 Medical professional liability - occurrence	0	0	0
11.2 Medical professional liability - claims made	0	0	0
12 Earthquake	0	0	0
13 Group accident and health	0	0	0
14 Credit accident and health	0	0	0
15 Other accident and health	0	0	0
16 Workers' compensation	0	0	0
17.1 Other liability - occurrence	0	0	0
17.2 Other liability - claims made	0	0	0
17.3 Excess Workers' Compensation	0	0	0
18.1 Products liability - occurrence	0	0	0
18.2 Products liability - claims made	0	0	0
19.1, 19.2 Private passenger auto liability	0	0	0
19.3, 19.4 Commercial auto liability	0	0	0
21 Auto physical damage	0	0	0
22 Aircraft (all perils)	0	0	0
23 Fidelity	0	0	0
24 Surety	4,885,179	15,382,885	16,436,925
25 Burglary and theft	0	0	0
27 Boiler and machinery	0	0	0
28 Credit	0	0	0
29 International	0	0	0
30 Warranty	0	0	0
31 Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32 Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33 Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34 Aggregate write-ins for other lines of business	0	0	0
35 TOTALS	4,885,179	15,382,885	16,436,925
DETAILS OF WRITE-INS			
3401			
3402			
3498 Sum of remaining write-ins for Line 34 from overflow page	0	0	0
3499 Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13	
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2011 Loss and LAE Payments on Claims Reported as of Prior Year-End	2011 Loss and LAE Payments on Unreported Claims as of Prior Year-End	Total 2011 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed Surplus/Deficiency (Col. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed Surplus/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserves Developed Surplus/Deficiency (Cols. 11 + 12)	
1. 2008 + Prior	3,526	931	12,865	729	1,161	1,714	1,213	72	140	11,543	2,443	1,433	1,963	
2. 2009	89	375	694	396	1,151	283	705	137	175	1,917	934	1,281	906	
3. Subtotals 2008 + prior	3,615	965	12,401	1,125	1,311	1,997	1,918	161	315	16,327	3,377	2,714	2,869	
4. 2010	1,600	1,134	1,396	2,819	3,522	5,401	1,715	525	514	34	3,584	3,557	7,131	
5. Subtotals 2010 + prior	4,987	2,099	12,797	3,947	3,551	7,498	1,920	786	829	1,281	5,971	2,996	3,987	
6. 2011	XXX	XXX	XXX	XXX	338	693	XXX	263	909	1,168	XXX	XXX	XXX	
7. Totals	14,841	2,099	12,751	3,947	3,376	7,956	11,929	1,854	1,949	980	5,971	2,996	9,967	
8. Prior Year-End Surplus As Reported Policyholders	10,112										Col. 11, Line 7 As % of Col. 1 Line 7	Col. 12, Line 7 As % of Col. 2 Line 7	Col. 13, Line 7 As % of Col. 3 Line 7	
											1	143.81	2	143.3
													3	Col. 13, Line 7 As % of Col. 1 Line 8
													4	98.5

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES





The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your responses of NO to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	RESPONSE
1. Will the Trustee Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

- 1.
- 2.
- 3.
- 4.

Bar Code:

1. 
2. 
3. 
4. 

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Sealord Surety, Inc.

OVERFLOW PAGE FOR WRITE-INS

PQ003 Additional Aggregate Lines for Page 03 Line 25.

	1 Current Statement Date	2 December 31 Prior Year
2504. Surplus Difference in 2010 Audited Statement.....	523,221	523,221
2597. Summary of remaining write-ins for Line 25 from Page 03	523,221	523,221

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Sealord Surety, Inc.

SCHEDULE A - VERIFICATION

Real Estate		
	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	NONE	0
2. Cost of acquired:		0
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Current year change in encumbrances		0
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		0
8. Deduct current year's depreciation		0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)		0
10. Deduct total nonadmitted amounts		0
11. Statement value at end of current period (Line 9 minus Line 10)		0

SCHEDULE B - VERIFICATION

Mortgage Loans		
	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	NONE	0
2. Cost of acquired:		0
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8-9-10)		0
12. Total valuation allowances		0
13. Subtotal (Line 11 plus Line 12)		0
14. Deduct total nonadmitted amounts		0
15. Statement value at end of current period (Line 13 minus Line 14)		0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets		
	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	5,551,251	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		5,551,251
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation	2,000,000	0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	3,551,251	5,551,251
12. Deduct total nonadmitted amounts	839,676	2,839,676
13. Statement value at end of current period (Line 11 minus Line 12)	2,711,575	2,711,575

SCHEDULE D - VERIFICATION

Bonds and Stocks		
	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	204,603	208,417
2. Cost of bonds and stocks acquired		206,602
3. Accrual of discount	397	0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration for bonds and stocks disposed of	205,000	205,000
7. Deduct amortization of premium		5,416
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	0	204,603
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	0	204,603

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	0				0	0	0	0
2. Class 2 (a)	0				0	0	0	0
3. Class 3 (a)	0				0	0	0	0
4. Class 4 (a)	0				0	0	0	0
5. Class 5 (a)	0				0	0	0	0
6. Class 6 (a)	0				0	0	0	0
7. Total Bonds	0	0	0	0	0	0	0	0
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	0	0	0	0	0	0	0	0
(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:	NAIC 5 \$	NAIC 6 \$	NAIC 7 \$	NAIC 8 \$	NAIC 9 \$	NAIC 10 \$	NAIC 11 \$	NAIC 12 \$

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

SCHEDULE DA - PART 1

Short-Term Investments					
	1	2	3	4	5
	Book/adjusted Carrying Value	Par Value	Actual Cost	Interest Collected year To Date	Paid for Accrued Interest year To Date
9199999	3,264,549	XXX	3,264,549		

SCHEDULE DA - VERIFICATION

Short-Term Investments		
	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	4,258,120	7,157,304
2. Cost of short-term investments acquired.....	2,379,735	7,687,451
3. Accrued of discount.....		0
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals.....	3,373,306	10,586,635
7. Deduct amortization of premium.....		0
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	3,264,549	4,258,120
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11).....	3,264,549	4,258,120

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Sch. DB - Pt. A - Sn. 1 - Footnote (a)

NONE

Schedule DB - Part B - Section 1

NONE

Sch. DB - Pt. B - Sn. 1 - Footnotes

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE First Seaford Surety, Inc.

SCHEDULE E - PART 1 - CASH

Month End Depository Balances								
1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			6
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	
Wells Fargo Bank, Pennsylvania					1,024,318	256,228	385,319	XXX
Griffbank N.A., Pennsylvania					9,374	9,374	9,374	XXX
Bank of America, Pennsylvania			1,375		750,007	750,007	750,007	XXX
Sovereign Bank, Pennsylvania					754	754	754	XXX
TD Bank, Pennsylvania					337	337	337	XXX
0199998 Deposits in & depositories that do not exceed the allowable limit in any one depository (see instructions) - Open Depositories	XXX	XXX						XXX
0199999 Totals - Open Depositories	XXX	XXX	1,375		1,790,027	985,969	1,400,611	XXX
0199999 Total Cash on Deposit	XXX	XXX	1,375		1,790,027	985,969	1,400,611	XXX
0199999 Cash in Company's Office	XXX	XXX		XXX				XXX
0199999 Total	XXX	XXX	1,375		1,790,027	985,969	1,400,611	XXX

Schedule E - Part 2 - Cash Equivalents

NONE

EXHIBIT “C”

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: First Sealord Surety, Inc. :
in Liquidation : No. 1 FSS 2012

ORDER OF LIQUIDATION

AND NOW, this 8th day of February, 2012, upon consideration of the Petition for Liquidation of First Sealord Surety, Inc. ("First Sealord") filed by Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, and upon the unanimous consent of the Board of Directors of First Sealord and of the Board of Directors of Sealord Holdings, Inc., the sole shareholder of First Sealord, the Petition is GRANTED.

It is hereby **ORDERED** that:

1. First Sealord shall be liquidated pursuant to Article V of The Insurance Department Act of 1921, Act of May 17, 1921 (Act), P.L. 789, *as amended*, added by the Act of December 14, 1977, P.L. 280, 40 P.S. §§ 221.1 – 221.63.
2. Insurance Commissioner Michael F. Consedine and his successors in office are hereby appointed Statutory Liquidator of First Sealord and directed to take possession of First Sealord's property, business and affairs in accordance with Article V of the Act.
3. The Liquidator is hereby vested with all the powers, rights and duties authorized under Article V and other applicable statutes and regulations.

ASSETS OF THE ESTATE

4. The Liquidator is vested with title to all property, assets, contracts and rights of actions (collectively "assets") of First Sealord of whatever nature and wherever located, as of the date of filing of the Petition for Liquidation. All assets of First Sealord are hereby found to be *in custodia legis* of this Court and this Court asserts jurisdiction as follows: (a) *in rem* jurisdiction over all assets of First Sealord wherever they may be located and regardless of whether they are held in the name of First Sealord or in any other name; (b) exclusive jurisdiction over all determinations as to whether assets belong to First Sealord or to another party; ~~(c) exclusive jurisdiction over all determinations of the validity and amounts of~~ claims against First Sealord; and (d) exclusive jurisdiction over the determination of the priority of all claims against First Sealord.

5. The filing or recording of this Order with the Clerk of the Commonwealth Court or with the Recorder of Deeds of the county in which First Sealord's principal office or place of business is located (Delaware County), shall impart the same notice as is imparted by any deed, bill of sale or other evidence of title duly filed or recorded with that Recorder of Deeds.

6. The Liquidator is directed to take possession of all assets that are the property of First Sealord.

7. The Liquidator is directed to continue telephone, data-processing, water, electric, sewage, garbage, delivery, trash removal and utility services needed by the estate of First Sealord by establishing a new account for the Liquidator as of the date of this Order.

8. First Sealord's directors, officers and employees shall: (a) surrender peaceably to the Liquidator the premises where First Sealord conducts its business; (b) deliver all keys or access codes thereto and to any safe deposit boxes;

(c) advise the Liquidator of the combinations and access codes of any safe or safekeeping devices of First Sealord or any password or authorization code or access code required for access to data processing equipment; and (d) deliver and surrender peaceably to the Liquidator all the assets, books, records, files, credit cards, and other property of First Sealord in their possession or control, wherever located, and otherwise advise and cooperate with the Liquidator in identifying and locating any of the foregoing.

9. First Sealord's directors, officers and employees are enjoined from taking any action, without approval of the Liquidator, to transact further business on behalf of First Sealord. They are further enjoined from taking any action that would waste the assets of First Sealord or would interfere with the Liquidator's efforts to wind up the affairs of First Sealord.

10. Except as otherwise provided in this Order, executory contracts to which First Sealord is a party as of the date of this Order may be affirmed or disavowed by the Liquidator.

11. All banks, investment bankers, companies, other entities or other persons having in their possession assets which are, or may be, the property of First Sealord, shall, unless otherwise instructed by the Liquidator, deliver the possession of the same immediately to the Liquidator, and shall not disburse, convey, transfer, pledge, assign, hypothecate, encumber or in any manner dispose of the same without the prior written consent of, or unless directed in writing by, the Liquidator.

12. All persons and entities are enjoined from disposing of or destroying any records pertaining to any transactions between First Sealord and any party.

13. The amount recoverable by the Liquidator from any reinsurer shall not be reduced as a result of this Order of Liquidation, regardless of any provision in a reinsurance contract or other agreement. Payment made directly by the reinsurer to an insured or other creditor of First Sealord shall not diminish the reinsurer's obligation to First Sealord, except to the extent provided by law.

TERMINATION OF POLICIES

14. Any First Sealord surety bond, surety undertaking or policy still in force at the time of the Liquidation will continue only until the earlier of the following: (1) thirty (30) days after the entry of this order; (2) the expiration of the bond, undertaking or policy by its own terms; or (3) the date when the obligee or insured replaces the surety bond, surety undertaking or policy with equivalent coverage in another reinsurer or surety, or otherwise terminates the policy.

PROOF OF CLAIM FILING

15. All claims against the estate of First Sealord, together with proper proof thereof, shall be filed on or before October 5, 2012. No person shall participate in any distribution of the assets of First Sealord unless his, her or its claim has been filed with the Liquidator in accordance with the time limit established by the Liquidator, subject to the provisions for the late filing of claims pursuant to Section 537 of the Act, 40 P.S. §221.37.

16. No judgment or order against First Sealord or its insureds entered after the date of filing of the Petition for Liquidation, and no judgment or order against First Sealord or its insureds entered at any time by default or by collusion, will be considered as evidence of liability or quantum of damages by the Liquidator in evaluating a claim against the estate of First Sealord.

17. In addition to the notice requirements of Section 524 of the Act, 40 P.S. §221.24, the Liquidator shall publish notice in newspapers of general circulation, where First Sealord has its principal places of business, and in the national edition of a national publication such as USA Today that: (a) specifies the last day for the filing of claims; (b) explains the procedure by which claims may be submitted to the Liquidator; (c) provides the address of the Liquidator's office for the submission of claims; and (d) notifies the public of the right to present a claim, or claims, to the Liquidator.

18. Within thirty (30) days of giving notice of the order of liquidation, as set forth in Section 524 of the Act, 40 P.S. §221.24, and of the procedures for filing claims against the estate of First Sealord, the Liquidator shall file a compliance report with the Court noting, in reasonable detail, the date that and manner by which these notices were given.

ADMINISTRATIVE EXPENSES

19. The Liquidator shall pay as costs and expenses of administration pursuant to Section 544 of the Act, 40 P.S. §221.44, the actual, reasonable and necessary costs of preserving or recovering the assets of First Sealord.

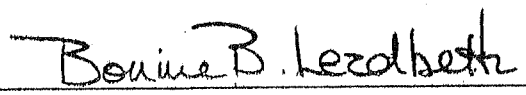
20. Distribution of the assets of First Sealord in payment of the costs and expenses of estate administration including, but not limited to, compensation for services of employees and professional consultants, such as attorneys, actuaries and accountants, shall be made under the direction and approval of the Court. This includes reimbursement to the Pennsylvania Insurance Department for expenses it has incurred in compensating professional consultants,

attorneys and other persons it has engaged on behalf of First Sealord for the preservation of its assets.

STAY OF LITIGATION

21. Unless the Liquidator consents thereto in writing, no action at law or in equity, including, but not limited to, an arbitration or mediation, the filing of any judgment, attachment, garnishment, lien or levy of execution process against First Sealord or its assets, shall be brought against First Sealord or the Liquidator, whether in this Commonwealth or elsewhere, nor shall any such existing action be maintained or further prosecuted after the effective date of this Order. All above-enumerated actions currently pending against First Sealord in the courts of the Commonwealth of Pennsylvania or elsewhere are hereby stayed; relief sought in these actions shall be pursued, as is appropriate, either by filing a proof of claim against the estate of First Sealord pursuant to Section 538 of the Act, 40 P.S. §221.38, or by applying to intervene.

22. All secured creditors or parties, pledges, lienholders, collateral holders or other person claiming secured, priority or preferred interests in any property or assets of First Sealord are hereby enjoined from taking any steps whatsoever to transfer, sell, assign, encumber, attach, dispose of, or exercise, purported rights in or against any property or assets of First Sealord except as provided in Section 543 of the Act, 40 P.S. §221.43.


BONNIE BRIGANCE LEADBETTER,
Judge

Certified from the Record

EXHIBIT “D”

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: First Sealord Surety, Inc.
in Liquidation

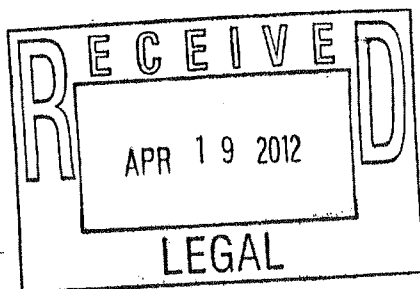
:
: No. 1 FSS 2012

ORDER

AND NOW, this 17th day of April, 2012, upon consideration of the Application for a Declaration of Insolvency, the Application is hereby GRANTED. First Sealord Surety, Inc. is hereby declared to be insolvent, as defined in Section 503 of Article V of the Insurance Department Act of 1921, 40 P.S. § 221.3, as of the date of liquidation, February 8, 2012.

Bonnie B. Leadbetter

BONNIE BRIGANCE LEADBETTER,
Judge



Certified from the Record

APR 18 2012

And Order Exit

Index No.:

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

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

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

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

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 , 20 , at M.
Date: Yours, etc.,
ERIC T. SCHNEIDERMAN
Attorney General,
Attorney for
Office and Post Office Address
The Capitol, Albany, New York 12224
To
Attorney for

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 TO SHOW CAUSE and VERIFIED PETITION

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

REQUEST FOR JUDICIAL INTERVENTION

UCS-840 (3/2011)

Albany County Clerk
Document Number 11238081
Rcvd 09/20/2012 2:49:39 PM



Supreme COURT, COUNTY OF Albany
Index No: 5251-12 Date Index Issued: 9/20/12

CAPTION: Enter the complete case caption. Do not use "al" and "ill" more than once. If required, attach a caption under sheet 1.

In the Matter of
the Application of
Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York,
for an Order of Appointment as ancillary Receiver of
Plaintiff(s)/Petitioner(s)

-against-

(cont.)
FIRST SEALORD SURETY, INC.

Defendant(s)/Respondent(s)

NATURE OF ACTION OR PROCEEDING

MATRIMONIAL

- ☐ Contested
☐ Uncontested

NOTE: For all Matrimonial actions where the parties have children under the age of 18, complete and attach the MATRIMONIAL RJ1 Addendum.

TORTS

- ☐ Asbestos
☐ Breast Implant
☐ Environmental: (specify)
☐ Medical, Dental, or Podiatric Malpractice
☐ Motor Vehicle
☐ Products Liability: (specify)
☐ Other Negligence: (specify)
☐ Other Professional Malpractice: (specify)
☐ Other Tort: (specify)

OTHER MATTERS

- ☐ Certificate of Incorporation/Dissolution [see NOTE under Commercial]
☐ Emergency Medical Treatment
☐ Habeas Corpus
☐ Local Court Appeal
☐ Mechanic's Lien
☐ Name Change
☐ Pistol Permit Revocation Hearing
☐ Sale or Finance of Religious/Not-for-Profit Property
☐ Other: (specify)

COMMERCIAL

- ☒ Business Entity (including corporations, partnerships, LLCs, etc.)
☐ Contract
☒ Insurance (where insurer is a party, except arbitration)
☐ UCC (Including sales, negotiable instruments)
☐ Other Commercial: Insurance Law Art 74 Appoint Fiduciary (specify)

NOTE: For Commercial Division assignment requests [22 NYCRR § 202.70(d)], complete and attach the COMMERCIAL DIV RJ1 Addendum.

REAL PROPERTY: How many properties does the application include?

- ☐ Condemnation
☐ Foreclosure

Property Address: Street Address City State Zip
NOTE: For Foreclosure actions involving a one- to four-family, owner-occupied, residential property, or an owner-occupied condominium, complete and attach the FORECLOSURE RJ1 Addendum.
☐ Tax Certiorari - Section: Block: Lot:
☐ Other Real Property: (specify)

SPECIAL PROCEEDINGS

- ☐ CPLR Article 75 (Arbitration) [see NOTE under Commercial]
☐ CPLR Article 78 (Body or Officer)
☐ Election Law
☐ MHL Article 9.80 (Kendra's Law)
☐ MHL Article 10 (Sex Offender Confinement-Initial)
☐ MHL Article 10 (Sex Offender Confinement-Review)
☐ MHL Article 81 (Guardianship)
☐ Other Mental Hygiene: (specify)
☐ Other Special Proceeding: (specify)

STATUS OF ACTION OR PROCEEDING

YES NO

Has a summons and complaint or summons w/notice been filed?
Is this action/proceeding being filed post-judgment?

☐ ☒ If yes, date filed: _____
☐ ☒ If yes, judgment date: _____

NATURE OF JUDICIAL INTERVENTION:

Check ONE box only AND enter additional information where indicated.

- ☐ Infant's Compromise
- ☐ Note of Issue and/or Certificate of Readiness
- ☐ Notice of Medical, Dental, or Podiatric Malpractice
- ☐ Notice of Motion
- ☐ Notice of Petition
- ☒ Order to Show Cause
- ☐ Other Ex Parte Application
- ☐ Poor Person Application
- ☐ Request for Preliminary Conference
- ☐ Residential Mortgage Foreclosure Settlement Conference
- ☐ Writ of Habeas Corpus
- ☐ Other (specify):

Date Issue Joined: _____

Relief Sought: _____

Return Date: _____

Relief Sought: _____

Return Date: _____

Relief Sought: Appoint - Fiduciary

Return Date: _____

Relief Sought: _____

RELATED CASES:

List any related actions. For Matrimonial actions, include any related criminal and/or family Court cases. If additional space is required, complete and attach the Full Addendum. If none, leave blank.

Case Title	Index/Case No.	Court	Judge (If assigned)	Relationship to Instant Case
None				

PARTIES:

If additional space is required, complete and attach the Full Addendum. For parties without attorneys, check Un-Rep box and enter party address, phone number and e-mail address. Attorneys' space.

Un-Rep	Parties:	Attorneys:	Issue Joined (Y/N):	Insurance Carrier(s):
<input checked="" type="checkbox"/>	<p>Lawsky</p> <p>Benjamin M.</p> <p>Plaintiff</p> <p>Primary Role:</p> <p>Secondary Role (If any):</p>	<p>Schneiderman</p> <p>Eric T.</p> <p>Attorney General</p> <p>The Capitol</p> <p>Albany</p> <p>New York</p> <p>12224-0341</p> <p>+1 (518) 474-7339</p> <p>Phone</p> <p>Fax</p> <p>e-mail</p>	<p><input type="radio"/> YES</p> <p><input checked="" type="radio"/> NO</p>	N/A
<input type="checkbox"/>	<p>Last Name</p> <p>First Name</p> <p>Primary Role:</p> <p>Secondary Role (If any):</p>	<p>Last Name</p> <p>First Name</p> <p>Firm Name</p> <p>Street Address</p> <p>City</p> <p>State</p> <p>Zip</p> <p>Phone</p> <p>Fax</p> <p>e-mail</p>	<p><input type="radio"/> YES</p> <p><input type="radio"/> NO</p>	
<input type="checkbox"/>	<p>Last Name</p> <p>First Name</p> <p>Primary Role:</p> <p>Secondary Role (If any):</p>	<p>Last Name</p> <p>First Name</p> <p>Firm Name</p> <p>Street Address</p> <p>City</p> <p>State</p> <p>Zip</p> <p>Phone</p> <p>Fax</p> <p>e-mail</p>	<p><input type="radio"/> YES</p> <p><input type="radio"/> NO</p>	
<input type="checkbox"/>	<p>Last Name</p> <p>First Name</p> <p>Primary Role:</p> <p>Secondary Role (If any):</p>	<p>Last Name</p> <p>First Name</p> <p>Firm Name</p> <p>Street Address</p> <p>City</p> <p>State</p> <p>Zip</p> <p>Phone</p> <p>Fax</p> <p>e-mail</p>	<p><input type="radio"/> YES</p> <p><input type="radio"/> NO</p>	

I AFFIRM UNDER THE PENALTY OF PERJURY THAT, TO MY KNOWLEDGE, OTHER THAN AS NOTED ABOVE, THERE ARE AND HAVE BEEN NO RELATED ACTIONS OR PROCEEDINGS, NOR HAS A REQUEST FOR JUDICIAL INTERVENTION PREVIOUSLY BEEN FILED IN THIS ACTION OR PROCEEDING.

Dated: 9/19/12

1433507

Attorney Registration number

Eric T. Schneiderman, NYS Attorney General

By: Edward M. Scher

SIGNATURE

Edward M. Scher, Assistant Attorney General of Counsel

PRINT OR TYPE NAME

Print Form

**ATTORNEY'S JUSTIFICATION FOR CASE ASSIGNMENT TO
COMMERCIAL DIVISION - ALBANY COUNTY (22 NYCRR 202.70(d)(2))**

Index # _____ Dispute Amount \$ 25,000. plus (\$25,000. plus)

(Note: Matters specifically excluded from the Commercial Division are listed on the back of this form)

1) CONTRACT:

Breach of contract, fraud or misrepresentation actions involving:

- ☐ (a) Purchase or sale of securities.
- ☐ (b) Uniform Commercial Code transactions.
- ☐ (c) Purchase or sale of the assets of a business or merger, consolidation or recapitalization of a business.
- ☐ (d) Providing of goods or services by or to a business entity.
- ☐ (e) Purchase or sale or lease of, or security interest in, commercial real property or personal property.
- ☐ (f) Partnership, shareholder or joint venture agreements.
- ☐ (g) Franchise, distribution or licensing agreements.

2) BUSINESS CORPORATION LAW:

- ☐ (a) Shareholder derivative actions.
- ☐ (b) Actions involving Judicial Dissolution.
- ☐ (c) Actions involving liability and indemnity of corporate directors and officers.
- ☐ (d) Actions involving the internal affairs of corporations, such as voting and inspection rights of shareholders or directors, authorization of corporate acts or interpretations of articles or by-laws.
- ☐ (e) Foreign corporations authorized to do business in the State of New York.
- ☐ (f) Appointment of a Receiver of property of domestic or qualified Foreign corporations.

3) PARTNERSHIP LAW:

- ☐ (a) Property rights of general and limited partners and partnerships.
- ☐ (b) Partnership, general business operation, dissolution and creditors rights.

4) UNIFORM COMMERCIAL CODE:

- ☐ (a) Commercial loans (including failures to make commercial loans), negotiable instruments, letters of credit and bank transactions.
- ☐ (b) Allegations of business torts, including unfair competition, interference with business advantage or contractual relations.

5) OTHER COMMERCIAL MATTERS:

- ☐ (a) Employment agreements or employee incentive or retirement plans (not including qualified retirement plans) in which the business or commercial issues predominate and discharge, modification of foreclosure of mechanics' liens.
- ☐ (b) Declaratory judgment actions and 3rd party indemnification claims versus insurance companies where the underlying cause of action is contract in nature or would otherwise fall within the guidelines set forth herein. (Note: Specifically not included are Declaratory Judgment Actions and 3rd party claims relating to fire loss, motor vehicle actions and Torts.
- ☐ (c) Commercial Class actions.
- ☐ (d) Opening of default judgments where the underlying cause of action is commercial in nature and would otherwise fall within the monetary and jurisdictional guidelines set forth herein.
- ☐ (e) Actions may involve individuals, as well as business entities, as long as all other criteria are satisfied.
- ☒ (f) Other (please explain): Insurance Law Art. 74 - Appoint. Fiduciary
Dissolution, internal affairs and business
Transactions of corporation, commercial insurance

Dated: 9/19/12

Submitting Attorney: Eric J. Schneiderman, NYS Attorney General

(Print Name) Edward M. Scher, Assistant Attorney General, of Counsel