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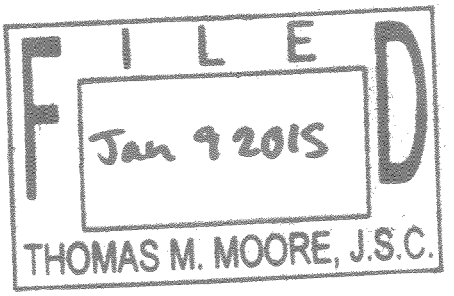
ACTING ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101
Attorney for Plaintiff

By: Stacy-Ann T. Davy (Attorney ID # 024642005)
Deputy Attorney General
(973) 648 - 7811



SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION: GENERAL EQUITY
ESSEX COUNTY
DOCKET NO. ESX-C-59-11

JOHN J. HOFFMAN, Acting Attorney General of New Jersey, on behalf of LAURA H. POSNER, Chief of the New Jersey Bureau of Securities,[1] Plaintiff, v. MICHAEL WILLIAM KWASNIK, ESQ individually and as Managing Partner of Kwasnik, Rodio, Kanowitz & Buckley, P.C., WILLIAM KWASNIK, individually and as Chief Executive Officer of Liberty State Financial Holdings Corp. and President of Liberty State Benefits of Pennsylvania, Inc.; JOSEPH ANTHONY SCHIFANO, individually; DANIEL FRANCIS MCCORRY, Individually, WILLIAM P. LEONARD, individually and as secretary and treasurer of Capital Conservation Associates, Inc.; RICHARD W. BARRY, as Chapter 11 Trustee for LIBERTY STATE FINANCIAL HOLDINGS CORP., a New Jersey corporation, f/k/a Liberty Bell Ban Corporation and Liberty Bell Financial	Civil Action **FINAL JUDGMENT AND CONSENT ORDER AS TO DEFENDANTS LIBERTY STATE FINANCIAL HOLDINGS CORP. AND LIBERTY STATE BENEFITS OF PENNSYLVANIA, INC.**

[1] This action was commenced by the former Attorney General of New Jersey, Paula T. Dow, on behalf of Marc B. Minor, former Chief of the New Jersey Bureau of Securities. In accordance with R. 4:34-4, the caption has been revised to reflect the current Acting Attorney General and the current Chief of the New Jersey Bureau of Securities.

Holdings Corporation; and)
RICHARD W. BARRY, as Chapter 11)
Trustee for LIBERTY STATE BENEFITS)
OF PENNSYLVANIA, INC.,)
a Pennsylvania corporation;)
)
Defendants.)
)
_____)

This matter was initially presented to the Court by Paula T. Dow, former Attorney General of New Jersey, on behalf of Marc B. Minor, former Chief of the New Jersey Bureau of Securities ("Bureau"), (Deputy Attorney General Stacy-Ann T. Davy, appearing), pursuant to N.J.S.A. 49:3- 69(a) for violations of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. ("Securities Law"). On March 16, 2011, this Court entered a Consent Order for Appointing a Fiscal Agent, Preliminary Injunctive and Ancillary Relief which appointed Richard W. Barry ("Barry") as the Fiscal Agent over defendants Liberty State Financial Holdings Corp. ("LSFHC") and Liberty State Benefits of Pennsylvania, Inc. ("LSBPA"), (collectively, the "Liberty Entities"). On July 29, 2011, while the instant matter was pending, defendants LSFHC (Case No. 11-12406-CSS) and LSBPA (Case No. 11-12405-CSS), together with a related entity, Liberty State Benefits of Delaware, Inc. ("LSBDE") (Case No. 11-12404-CSS), filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") seeking relief under Chapter 11 of the United States Bankruptcy Code ("Bankruptcy Code"), and which subsequently became jointly administered by the Bankruptcy Court under the caption In re: Liberty State Benefits of Delaware, Inc., et al., (Case No. 11-12404 (KG)) ("Bankruptcy Cases"). On September 1, 2011, pursuant to the application of the Office of the United States Trustee, Region Three, the Bankruptcy Court entered an Order approving Barry's appointment as Trustee over the Liberty Entities and LSBDE ("Trustee"). The Liberty Entities,

appearing through the Trustee by his counsel, Herbert I. Waldman, Esq. of Javerbaum Wurgaft Hicks Kahn Wikstrom and Sinins, P.C., and Plaintiff Laura H. Posner, Chief of the New Jersey Bureau of Securities ("Bureau Chief" or "Plaintiff") have agreed to resolve any and all issues in controversy in this action, on the terms set forth in this Final Judgment and Consent Order ("Consent Order"), which terms have, with the consent of the Bureau Chief and the Trustee, been reviewed and approved by this Court.

The Bureau Chief makes the following findings of fact and conclusions of law which the Trustee, on behalf of the Liberty Entities, neither admits nor denies:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Defendant LSFHC was a holding company for defendant LSBPA.

2. From in or about December 2008 to in or about December 2010 ("Relevant Period"), Defendant LSBPA offered unregistered securities for sale in the form of three (3) year "secured" notes offering to pay 12% interest per year ("LSBPA Notes") using a Private Placement Memorandum.

3. The LSBPA Notes were required to be registered with the Bureau and were neither exempt from registration nor federally covered securities.

4. The individuals and/or entities that sold the unregistered LSBPA Notes were not registered with the Bureau in any capacity.

5. As a result of the aforementioned conduct, the Liberty Entities violated N.J.S.A. 49:3-60 of the Securities Law.

THEREFORE, based on the Bureau Chief's foregoing findings of fact and conclusions of law, it is on this 9th day of January, 2014, **ORDERED AND AGREED THAT:**

PERMANENT INJUNCTIVE RELIEF

6. The Liberty Entities, individually and by and through any person, corporation, business entity, agent, employee, partner, broker, officer, director, attorneys-in-fact, stockholder, successor and/or any other person who is directly or indirectly under their control or direction, are permanently restrained and enjoined from directly or indirectly:

   a. violating the Securities Law, including its anti-fraud provisions, N.J.S.A. 49:3-52(a) – (d);

   b. issuing, offering for sale or selling, offering to purchase or purchasing, distributing, promoting, advertising, soliciting, negotiating, advancing the sale of and/or promoting securities, or advising regarding the sale of any securities, in any manner to, from, or within the State of New Jersey;

   c. engaging in the securities business in New Jersey in any capacity, including, but not limited to, acting as an agent as defined in N.J.S.A. 49:3-49(b), a broker-dealer as defined in N.J.S.A. 49:3-49(c), an investment adviser as defined in N.J.S.A. 49:3-49(g), or an investment adviser representative as defined in N.J.S.A. 49:3-49(s); and

   d. engaging in the violative conduct described in Plaintiff's First Amended Verified Complaint filed in this matter.

DENIAL OF REGISTRATION EXEMPTIONS

7. The Liberty Entities are denied all exemptions contained in N.J.S.A. 49:3-50, subsection (a) paragraphs 9, 10, and 11 and subsection (b), and the exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c) and N.J.S.A. 49:3-56(g).

RESTITUTION

8. The Liberty Entities are jointly and severally liable to the Bureau for restitution pursuant to N.J.S.A. 49:3-69(a)(2) in the amount of Nine Million Fifty-Eight Thousand One Hundred and Thirty-Seven dollars and Thirty-Six Cents ($9,058,137.36) to the investors listed on Exhibit A attached hereto, subject to the terms set forth in paragraphs 13 through 18 of this Consent Order.

CIVIL MONETARY PENALTY

9. For each violation of the Securities Law, the Liberty Entities could each be assessed a penalty of not more than Ten Thousand Dollars ($10,000) for the first violation and not more than Twenty Thousand Dollars ($20,000) for each subsequent violation pursuant to N.J.S.A. 49:3-70.1. However, in light of the claims for restitution expected to be filed by investors and approved by the Trustee in the Bankruptcy Cases, and that the Liberty Entities are no longer operational and their principals have been removed, the public interest is better served by all monies being paid as restitution to investors rather than as a civil monetary penalty to the Bureau.

FINAL JUDGMENT

10. Final judgment is entered against defendant LSFHC in the amount of Nine Million Fifty-Eight Thousand One Hundred Thirty Seven Dollars and Thirty Six Cents ($9,058,137.36), constituting restitution pursuant to N.J.S.A. 49:3-69(a)(2).

11. Final judgment is entered against defendant LSBPA in the amount of Nine Million Fifty-Eight Thousand One Hundred Thirty Seven Dollars and Thirty Six Cents ($9,058,137.36), constituting restitution pursuant to N.J.S.A. 49:3-69(a)(2).

BANKRUPTCY RELATED PROVISIONS

12. The Bureau shall file Amended Proofs of Claim pursuant to 11 U.S.C. § 501(a) in the Bankruptcy Cases within thirty (30) days of entry of this Consent Order, in substantially the same form as Exhibit B attached hereto, reflecting the Bureau's allowed claim for restitution, jointly and severally, against the Liberty Entities of Nine Million Fifty-Eight Thousand One Hundred and Thirty-Seven Dollars and Thirty-Six Cents ($9,058,137.36) ("Bureau's Allowed Claim") pursuant to 11 U.S.C. § 502. The Trustee agrees that he will not object to the Bureau's Allowed Claim (except as modified in the manner stated below) and that he will include the Bureau's Allowed Claim as part of the plan of reorganization, liquidation, and/or distribution with the Bankruptcy Court in the order of priority to which it is entitled under the Bankruptcy Code.

13. The Bureau's Allowed Claim is subject to modification (including reduction in amount) by the Trustee if and to the extent that (the "Bureau Claim Modification"): (a) the Bureau's Allowed Claim is duplicative of an allowed claim of any investor listed on Exhibit A attached hereto; or (b) the claim of any investor listed on Exhibit A is disallowed, expunged, reduced or modified by Order of the Bankruptcy Court as part of

the claims allowance process. Each payment made to an allowed creditor also listed on Exhibit A shall reduce the Bureau's Allowed Claim commensurately with respect to that specific investor.

14. The Trustee and the Liberty Entities retain the right to object to the allowance (including the extent, validity and priority) of all claims, including those of the investors listed on Exhibit A to the extent permitted under the Bankruptcy Code.

15. The Bureau's Allowed Claim shall have the same priority as the allowed claims of any investor on Exhibit A. The priority of any such allowed claim and the Bureau's Allowed Claim shall be determined in accordance with 11 U.S.C. § 507. In the event the Trustee determines that a Bureau Claim Modification is required to the Bureau's Allowed Claim, the Trustee shall provide ten (10) days prior written notice ("Claim Modification Notice") to the Bureau (Attn. Victoria Manning, DAG and Stacy-Ann Davy, DAG), which shall be effective if made by email or other written communication. In the event the Bureau fails to object or agrees to the proposed Bureau Claim Modification, the Bureau's Allowed Claim shall be and is hereby amended to reflect any adjustments made in the Bureau Claim Modification. In the event the Bureau objects in writing (by email or other written communication, Attn. Louis T. DeLucia, ldelucia@schiffhardin.com, and the Trustee, Richard W. Barry, rwbarryconsulting@gmail.com) to the proposed Bureau Claim Modification, the Bureau and the Trustee shall request that the Bankruptcy Court adjudicate or resolve any such dispute by Order of the Bankruptcy Court, if not resolved by and amongst the parties.

16. These provisions shall apply equally with respect to any payments made to or for the benefit of any assignee of a claimant also identified as an investor on Exhibit A,

including the New Jersey Lawyer's Fund for Client Protection (the "Client Protection Fund"), such that payments made to the Client Protection Fund as assignee of the claim of any investor on Exhibit A shall reduce the amount of the Bureau's Allowed Claim commensurately with respect to that specific investor.

17. The Trustee agrees to waive his right to argue, submit, propose, seek to establish or otherwise contend before any court or tribunal that the Bureau's Allowed Claim is a dischargeable debt or claim under the Bankruptcy Code, except as provided in 11 U.S.C. §1141(d)(1)(A).

18. The Trustee further agrees to receive and to distribute all restitution payments made by the individual defendants in the instant state court matter for the benefit of the investors listed in Exhibit A. The Trustee also agrees that such restitution payments will be kept separate and not distributed to other creditors in the Bankruptcy Cases that are not listed on Exhibit A. Any and all restitution payments (paid to the Bureau on account of the Bureau's Allowed Claim), if any, received by any investor from the Bureau with an allowed claim against the Liberty Entities shall be applied to and in reduction of such investor/claimant's allowed claims asserted against the Liberty Entities.

ADDITIONAL PROVISIONS

19. This Consent Order applies to and is binding upon the Liberty Entities.

20. To the extent that restitution is paid, in whole or in part, by any defendant, the Liberty Entities shall each be entitled to a credit towards their restitution payment in equal amount.

21. The parties acknowledge that before this Consent Order may become effective, it is subject to Bankruptcy Court approval, and the enforcement of this Consent Order is subject to the provisions of the Bankruptcy Code.

22. The Trustee shall cooperate with Plaintiff in this litigation.

23. Except as otherwise explicitly stated in this Consent Order, nothing herein shall be construed to limit the authority of the Attorney General of New Jersey to protect the interest of this State or the people of this State.

24. Nothing contained herein shall in any manner be construed to limit or affect any position that the Bureau may take in any future or pending action not specifically encompassed herein.

25. Nothing contained herein shall in any manner be construed to limit or affect any position that the Bureau Chief may take in settlement with any party to this action or any other action.

26. This Consent Order constitutes the entire agreement between the Trustee and the Bureau Chief, and shall bind the Liberty Entities, the Trustee, his agents, partners, employees, successors, affiliates, and assigns.

27. The Trustee represents that an authorized representative has signed this Consent Order with full knowledge, understanding and acceptance of its terms, obligations and duties, and this person has done so with authority to legally bind the party.

28. The terms and conditions of this Consent Order may be modified with the written consent of the parties.

29. If any portion of this Consent Order is held invalid or unenforceable by operation of law or court order, the remaining terms of this Consent Order shall remain in full force and effect.

30. The parties acknowledge that for purposes of enforcement of this Consent Order, New Jersey law shall govern the terms and provisions herein.

31. This court retains jurisdiction to enforce, modify or otherwise hear any application arising from the terms of this Consent Order.

32. By the parties' signature below, in consideration of parties' desire to resolve the issues herein and having had full opportunity to consult with counsel, the Trustee hereby consents to the jurisdiction of the Bureau and voluntarily waives any right to assert any defenses, or to raise any challenge, that he otherwise may have, to the Consent Order.

33. Unless otherwise prohibited by law, any signatures by the parties required for entry of this Consent Order may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Order.

Honorable Thomas M. Moore, J.S.C.

Consent to the Form, Content and Entry of this Consent Order:

Javerbaum Wurgaft Hicks
Kahn Wikstrom & Sinins, P.C.
505 Morris Avenue
Springfield, NJ 07081
Counsel for Richard W. Barry
Chapter 11 Bankruptcy Trustee and Fiscal
Agent for the Liberty Entities

By: _____ Dated: 9/8/14
Herbert I. Waldman, Esq.
Attorney ID # 264431970

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101
Counsel for Plaintiff

By: _____ Dated: 9/10/2014
Stacy-Ann T. Davy
Deputy Attorney General
Attorney ID # 024642005

EXHIBIT A

Hoffman v. Kwasnik, et al.
Docket No. ESX-C-59-11
Exhibit A - Investor Restitution

Investors	Restitution
Assaiante, Alfred	749,133.23
Brigandi - Bonafino FLP	(107,616.64)
Bruno, Dominick T.	49,222.80
Buchel, Marlene	51,754.02
Buser, Fred & Carol	83,710.00
Canale, Jennie	103,924.81
Carroccia, Albert and Christine	159,780.80
Cattell, Austin	27,900.00
Clifford, Marion	46,000.00
Combs, Gloria	71,100.00
Combs, Merle	355,500.00
Cook, Katherine	17,480.71
DeBello, Joseph	41,601.75
Defino, Jean	310,000.00
DeMatteo, Nicholas	40,500.00
Demeo, Frederick & Beverly A.	0.48
DeSai, Hemant	23,600.00
Diamond, Daniel and Mary	33,500.00
Dibblee, Marie	36,715.47
Dorishook, Robert & Contaratos, Bessie	135,000.00
Eigenbrood, James and Barbara	61,048.40
Flynn, Mark T.	415,991.19
Foley, Scott M. & Patricia K.	28,500.00
Frater, Clifford E. & Dorothy	759,748.62
Gallagher, John	110,817.37
Gantz , William & Virginia J.	100,000.00
Glenn, Engla Kolari	(33,036.40)
Gormley, George	164,436.08
Grasso, Nicholas	44,285.00
Gustenhoven, William	117,007.69
Harrison, Adele	233,750.00
Hirschhorn, Marie Isaacs & Larry	61,684.50
Hyman, Bernard & Elaine	144,471.95
Kasarda, Adeline	587,972.70
Kelly, James & Katherine	40,096.91
Kennedy, Gary and Betty	50,000.00
Kleban, John	70,600.00
Klinzmann, Walter & Gerda	51,207.42
Kopacz IFT	(54,700.00)
Kopacz, Mary J.	38,974.52
Lucchesi, Richard	43,700.00
Marcozzi, Anthony	252,549.14

McArdle, William B. & Mary	377,556.51
McCann IFT, Francis	198,000.00
Oleykawski Irr Fam Trust	152,000.00
Peretore, Anthony P.	44,500.00
Pierson, Earl and McLaughlin, Virginia	23,406.88
Rowe, Hansford	80,000.00
Selliken, Vera	75,000.00
Senske, Albertine	250,000.00
Smith, James A.	50,000.00
Smith, Maryann	136,078.64
Steffens, Robert A. & Loretta A.	112,228.95
Steinmetz, Dorothy	486,900.00
Steinmetz, William	520,918.46
Trudnak, John M.	223,905.99
Waldrop, Joseph D.	71,385.00
Warren, John & Virginia	68,435.88
Warren, Walter	81,555.40
Weber, George	74,877.11
Weiss, Elaine	286,929.40
Williams SNT, Marie	74,344.55
Hotchkiss, John D.	152,202.07
Total Restitution	**9,058,137.36**

EXHIBIT B

B10 (Official Form 10) (12/11)

UNITED STATES BANKRUPTCY COURT, DISTRICT OF DELAWARE	PROOF OF CLAIM

Indicate the Debtor against which you assert a claim by checking the appropriate box (Check only one Debtor per claim form)

☐ Liberty State Benefits of Delaware Inc. (Case No. 11-12404) (KG)

☐ Liberty State Benefits of Pennsylvania, Inc. (Case No. 11-12405) (KG)

☒ Liberty State Financial Holdings Corp. (Case No. 11-12406) (KG)

☐ Liberty State Credit, Inc. (Case No. 11-13721) (KG)

NOTE: *Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.*

Name of Creditor (the person or other entity to whom the debtor owes money or property): Chief, New Jersey Bureau of Securities

COURT USE ONLY

Name and address where notices should be sent:
Bureau Chief
State of New Jersey, Bureau of Securities
153 Halsey Street, 6th Floor, Newark, NJ 07102
Telephone number: 973-504-3600 email:

☒ Check this box if this claim amends a previously filed claim.

Court Claim Number: 62 (If known)

Filed on: 1/31/2012

Name and address where payment should be sent (if different from above):

Telephone number: email:

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.

1. Amount of Claim as of Date Case Filed: $ 9,058,137.36

If all or part of your claim is secured, complete item 4.

If all or part of your claim is entitled to priority, complete item 5.

☐ Check this box if the claim includes interest or other charges in addition to the principal amount of claim. Attach a statement that itemizes interest or charges.

2. Basis for Claim: Restitution/Final Judgment See Attached for Explanation
(See instruction #2)

3. Last four digits of any number by which creditor identifies debtor:	3a. Debtor may have scheduled account as: (See instruction #3a)	3b. Uniform Claim Identifier (optional): (See instruction #3b)

4. Secured Claim (See instruction #4)
Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other
Describe:

Value of Property: $_____

Annual Interest Rate _____% ☐ fixed or ☐ Variable
(when case was filed)

Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: $ _____

Basis for perfection: _____

Amount of Secured Claim: $ _____

Amount Unsecured: $ 9,058,137.36

5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507 (a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.

☐ Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).

☐ Wages, salaries, or commissions (up to $11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier - 11 U.S.C. § 507 (a)(4).

☐ Contributions to an employee benefit plan – 11 U.S.C. § 507 (a)(5).

Amount entitled to priority:
$ _____

☐ Up to $2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use -11 U.S.C. § 507 (a)(7).

☐ Taxes or penalties owed to governmental units– 11 U.S.C. § 507 (a)(8).

☐ Other – Specify applicable paragraph of 11 U.S.C. § 507 (a)(_).

**Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)

7. **Documents:** Attach are **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of perfection of a security interest are attached. (*See instruction #7, and the definition of "redacted".*)

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain.

8. **Signature:** (See instruction #8)

Check the appropriate box.

☐ I am the creditor ☐ I am the creditor's authorized agent. (Attach copy of power of attorney, if any.) ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Laura Posner
Title: Bureau Chief
Company: New Jersey Bureau of Securities
Address and telephone number (if different from notice address above):
153 Halsey Street, 6th Floor
Newark, New Jersey 07102
Telephone number: 973-504-3600

(Signature) (Date)

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by a debtor, exceptions to these general rules may apply.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:
Fill in the federal judicial district where the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is located at the top of the notice.

Creditor's Name and Address:
Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:
State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:
State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:
State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:
Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:
If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

4. Secured Claim:
Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).
If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:
An authorized signature on this proof of claim serves as an acknowledgement that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:
Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:
The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is one the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, attach a complete copy of any power of attorney, and provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate services as the company. Criminal penalties apply for making a false statement on a proof of claim.

B10 (Official Form 10) (1/11)

UNITED STATES BANKRUPTCY COURT, DISTRICT OF DELAWARE

PROOF OF CLAIM

Indicate the Debtor against which you assert a claim by checking the appropriate box (Check only one Debtor per claim form)

☐ Liberty State Benefits of Delaware Inc. (Case No. 11-12404) (KG)

☒ Liberty State Benefits of Pennsylvania, Inc. (Case No. 11-12405) (KG)

☐ Liberty State Financial Holdings Corp. (Case No. 11-12406) (KG)

☐ Liberty State Credit, Inc. (Case No. 11-13721) (KG)

NOTE: *Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.*

Name of Creditor (the person or other entity to whom the debtor owes money or property):
Chief, New Jersey Bureau of Securities

Name and address where notices should be sent:
Bureau Chief
State of New Jersey, Bureau of Securities
153 Halsey Street, 6th Floor, Newark, NJ 07102
Telephone number: 973-504-3600 email:

COURT USE ONLY

☒ Check this box if this claim amends a previously filed claim.

Court Claim Number: 62 (If known)

Filed on: 1/31/2012

Name and address where payment should be sent (if different from above):

Telephone number: email:

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.

1. Amount of Claim as of Date Case Filed: $ 9,058,137.36

If all or part of your claim is secured, complete item 4.

If all or part of your claim is entitled to priority, complete item 5.

☐ Check this box if the claim includes interest or other charges in addition to the principal amount of claim. Attach a statement that itemizes interest or charges.

2. Basis for Claim: Restitution/Final Judgment See Attached for Explanation
(See instruction #2)

3. Last four digits of any number by which creditor identifies debtor:

3a. Debtor may have scheduled account as: _____ (See instruction #3a)

3b. Uniform Claim Identifier (optional): _____ (See instruction #3b)

4. Secured Claim (See instruction #4)
Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other
Describe:

Value of Property: $_____

Annual Interest Rate ____% ☐ fixed or ☐ Variable
(when case was filed)

Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: $_____

Basis for perfection: _____

Amount of Secured Claim: $_____

Amount Unsecured: $ 9,058,137.36

5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507 (a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.

☐ Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).

☐ Wages, salaries, or commissions (up to $11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier - 11 U.S.C. § 507 (a)(4).

☐ Contributions to an employee benefit plan - 11 U.S.C. § 507 (a)(5).

Amount entitled to priority: $_____

☐ Up to $2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507 (a)(7).

☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507 (a)(8).

☐ Other - Specify applicable paragraph of 11 U.S.C. § 507 (a)(_).

**Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)

7. Documents: Attach are redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (*See instruction #7, and the definition of "redacted".*)

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain.

8. Signature: (See instruction #8)

Check the appropriate box.

☐ I am the creditor ☐ I am the creditor's authorized agent. (Attach copy of power of attorney, if any.) ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Laura Posner
Title: Bureau Chief
Company: New Jersey Bureau of Securities
Address and telephone number (if different from notice address above):
153 Halsey Street, 6th Floor
Newark, New Jersey 07102
Telephone number: 973-504-3800

(Signature) (Date)

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by a debtor, exceptions to these general rules may apply.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:
Fill in the federal judicial district where the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is located at the top of the notice.

Creditor's Name and Address:
Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:
State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:
State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:
State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:
Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:
If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

4. Secured Claim:
Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).
If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:
An authorized signature on this proof of claim serves as an acknowledgement that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:
Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:
The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, attach a complete copy of any power of attorney, and provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate services as the company. Criminal penalties apply for making a false statement on a proof of claim.