

JEFFREY S. CHIESA
ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street - 5th Floor
P.O. Box 45029
Newark, New Jersey 07101
Attorney for Plaintiffs

By: Nicholas Kant
Deputy Attorney General
[REDACTED]

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Chancery/General Bank

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION, PASSAIC COUNTY
DOCKET NO. PAS-C- 43 - 12

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

Plaintiffs,

v.

THE RED CARPET PAGEANT AND PROM LLC d/b/a RED CARPET TUXEDOS; PATRICIA A. DOWLING, individually and as owner, officer, director, manager, employee, representative and/or agent of THE RED CARPET PAGEANT AND PROM LLC; MICHAEL J. DOWLING, individually and as owner, officer, director, manager, employee, representative and/or agent of THE RED CARPET PAGEANT AND PROM LLC; JANE AND JOHN DOES 1-20, individually and as owners, officers, directors, shareholders, founders, managers, agents, servants, employees, representatives and/or independent contractors of THE RED CARPET PAGEANT AND PROM LLC; and XYZ CORPORATIONS 1-20,

Defendants.

Civil Action

ORDER TO SHOW CAUSE

THIS MATTER being brought before the Court by Nicholas Kant, Deputy Attorney General, Consumer Fraud Prosecution Section, for plaintiffs Jeffrey S. Chiesa, Attorney General of the State of New Jersey, and Eric T. Kanefsky, Acting Director of the New Jersey Division of Consumer Affairs (collectively, APlaintiffs@), seeking relief by way of temporary restraints pursuant to R. 4:52, based upon facts set forth in the Verified Complaint and supporting Certification and Brief filed

herewith; and it appearing that immediate and irreparable damage will probably result before notice can be given and a hearing held and for good cause shown.

It is on this 6 day of June, 2012 **ORDERED** that defendants The Red Carpet Pageant and Prom LLC d/b/a Red Carpet Tuxedos ("Red Carpet"), Patricia A. Dowling ("P. Dowling") and Michael J. Dowling ("M. Dowling") (collectively, "Defendants") appear and show cause before the Superior Court, Chancery Division, General Equity Part, Passaic County, Paterson, New Jersey at 9 o'clock in the PM noon or as soon thereafter as counsel can be heard, on the 29 day of June, 2012, why an Order should not be issued preliminarily enjoining and restraining Defendants from:

- A. Engaging in, continuing to engage in, or doing any acts or practices in violation of the New Jersey Consumer Fraud Act (ACFA@), N.J.S.A. 56:8-1 et seq., including, but not limited to, the acts and practices alleged in the Verified Complaint;
- B. Engaging in the advertisement, offering for sale and/or sale of pageant and/or prom dresses and/or other formal wear;
- C. Engaging in the advertisement of merchandise, particularly pageant and/or prom dresses, to consumers within and outside the State of New Jersey (ANew Jersey@) among other things, through their internet website, www.theredcarpetprom.com (the ARed Carpet Website@);
- D. Removing, selling, encumbering, transferring or engaging in any act of disposition of any merchandise relating to the operation of Defendants= business including, but not limited to, dresses and/or other formal wear ordered by consumers and sample/display dresses and/or other formal wear;
- E. Removing, selling, encumbering, transferring or engaging in any act of disposition of any assets of the Defendants that relate to the subject matter of the Verified Complaint including, but not limited to, dresses and/or other formal wear and deposits or monies paid by consumers for dresses and/or other formal wear;
- F. Destroying, concealing, altering, transferring, disposing or removing in any manner, directly or indirectly, any books or records, information stored in computer-

maintained form (such as electronic mail) and any other Adocument,@ as that term is defined in R. 4:18-1(a), in Defendants' possession, subject to their control or available to them, that directly or indirectly relate to the advertisement, offering for sale and/or sale of pageant and/or prom dresses and/or other formal wear;

- G. Failing to make and/or keep any books or records, information stored in computer-maintained form (such as electronic mail) and any other Adocument,@ as that term is defined in R. 4:18-1(a) that directly or indirectly relate to Defendants' advertisement, offering for sale and/or sale of pageant and/or prom dresses and/or other formal wear; and
- H. Granting such other relief as the Court deems equitable and just.

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

- A. Freezing all assets of Defendants in which they hold a legal or equitable interest including, but not limited to, real property, securities, bonds, notes and monies held in any of their bank accounts, money market accounts, certificates of deposit or safe deposit boxes or held in petty cash, and preventing Defendants from removing, selling, encumbering, assigning, transferring or engaging in other acts of disposition of any such assets;
- B. Appointing a Receiver, at the Defendants' expense, in accordance with N.J.S.A. 56:8-8 and 56:8-9, to assume control over the assets of Defendants, render a full accounting, wind up the affairs of and arrange for the dissolution of Red Carpet, and thereafter sell and/or convey such assets under the direction of the Court in order to restore any person who has suffered damages, whether named in the Verified Complaint or not, as a result of the unlawful acts of Defendants; and
- C. Continuing any temporary restraints directed by the Court.

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

- A. Engaging in, continuing to engage in, or doing any acts or practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., including, but not limited to, the acts and practices alleged in the Verified Complaint;
- B. Engaging in the advertisement, offering for sale and/or sale of pageant and/or prom dresses and/or other formal wear;

- C. Engaging in the advertisement of merchandise, particularly pageant and/or prom dresses, to consumers within and outside New Jersey among other things, through the Red Carpet Website;
- D. Removing, selling, encumbering, transferring or engaging in any act of disposition of any merchandise relating to the operation of Defendants' business including, but not limited to, dresses and/or other formal wear ordered by consumers and sample/display dresses and/or other formal wear;
- E. Removing, selling, encumbering, transferring or engaging in any act of disposition of any assets of the Defendants that relate to the subject matter of the Verified Complaint including, but not limited to, dresses and/or other formal wear and deposits or monies paid by consumers for dresses and/or other formal wear;
- F. Destroying, concealing, altering, transferring, disposing or removing in any manner, directly or indirectly, any books or records, information stored in computer-maintained form (such as electronic mail) and any other document, as that term is defined in R. 4:18-1(a), in Defendants' possession, subject to their control or available to them, that directly or indirectly relate to the advertisement, offering for sale and/or sale of pageant and/or prom dresses and/or other formal wear;
- G. Failing to make and/or keep any books or records, information stored in computer-maintained form (such as electronic mail) and any other document, as that term is defined in R. 4:18-1(a) that directly or indirectly relate to Defendants' advertisement, offering for sale and/or sale of pageant and/or prom dresses and/or other formal wear; and
- H. Granting such other relief as the Court deems equitable and just.

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

- A. Andrea Sullivan, Esq. of Greenbaum Rowe Smith & Davis, LLP is appointed as a Temporary Receiver, at the Defendants' expense, to take control of Defendants' accounts and merchandise and to exercise all appropriate the authority of a Temporary Monitor and Receiver as authorized by law;
- B. Plaintiffs are authorized to hire a locksmith, at Defendants' expense, to change the locks at the Red Carpet store located at 1200 Route 23 North, Wayne, New Jersey 07470 ("Red Carpet Store"), and shall serve a copy of this Order upon the landlord of the premises;

- Receiver*
- C. Plaintiffs and the Temporary ~~Monitor~~ are authorized to enter the Red Carpet Store, impound all merchandise, books and records relating to Defendants= advertisement, offering for sale and/or sale of pageant and/or prom dresses and/or other formal wear including, but not limited to, dresses and/or other formal wear ordered by consumers and/or sample/display dresses and/or other formal wear, and establish an orderly procedure to determine the proper distribution of Defendant's merchandise, in accordance with N.J.S.A. 56:8-3(d) and N.J.S.A. 56:8-8;
- D. Defendants and Debra A. Koerner ("Koerner") are enjoined from entering the Red Carpet Store and/or taking possession of and/or disposing of any dresses and/or formal wear;
- E. A temporary freeze be placed on all assets of Defendants in which they hold a legal or equitable interest including, but not limited to, real property, securities, bonds, notes and monies held in any of their bank accounts, money market accounts, certificates of deposit or safe deposit boxes or held in petty cash, and Defendants and any third party with written notice of this Order be prevented from removing, selling, encumbering, assigning, transferring or engaging in other acts of disposition of any such assets;
- Receiver*
- F. Plaintiffs and the Temporary ~~Monitor~~ can distribute dresses and/or formal wear on a by-need basis to those consumers who can produce an order receipt and proof of payment;
- G. Requiring any third party upon whom a copy of this Order has been served to turn over to Plaintiffs or the Temporary ~~Monitor~~ any garments in their possession related to Red Carpet's business (e.g., Koerner, Red Carpet's seamstress); and
- H. Plaintiffs shall provide Defendants with a Financial Disclosure Statement (individual or corporate) in the form attached hereto. Red Carpet, P. Dowling and M. Dowling shall complete their respective Financial Disclosure Statements and return them to Plaintiffs' counsel or the Temporary ~~Monitor~~ not later than June 25 2012 *Receiver*

AND IT IS FURTHER ORDERED that:

1. The Defendants may move to dissolve or modify the temporary restraints herein contained on two (2) days' notice to the Plaintiffs= attorney.
2. A copy of this Order to Show Cause, Verified Complaint, Brief and supporting Certification submitted in support of this application shall be served upon the Defendants personally

(or by other means) within 3 days of the date hereof, in accordance with R. 4:4-3 and R. 4:4-4, this being original process.

3. The Plaintiffs must file with the Court their proof of service of the pleadings on the Defendants no later than three (3) days before the return date.

4. Defendants shall file and serve a written response to this Order to Show Cause and the request for entry of injunctive relief and proof of service by June 19, 2012. The original documents must be filed with the Clerk of the Superior Court in the county listed above. A list of these offices is provided. You must send a copy of your opposition papers directly to Hon. Margaret Mary McVeigh, P.J.Ch., whose address is Superior Court of New Jersey, Chancery Division, General Equity Part, Passaic County, Old Courthouse, 71 Hamilton Street, Paterson, New Jersey 07505. You must also send a copy of your opposition papers to the Plaintiffs' attorney whose name and address appears above, or to the Plaintiffs, if no attorney is named above. A telephone call will not protect your rights; you must file your opposition and pay the required fee of \$~~50~~ and serve your opposition on your adversary, if you want the court to hear your opposition to the injunctive relief the Plaintiffs are seeking.

5. The Plaintiffs may file and serve any written reply to the Defendants' Order to Show Cause opposition by June 25, 2012. The reply papers must be filed with the Clerk of the Superior Court in the county listed above and a copy of the reply papers must be sent directly to the Chambers of Hon. Margaret Mary McVeigh, P.J.Ch.

6. If the Defendants do not file and serve opposition to this Order to Show Cause, their application will be decided on the papers on the return date and relief may be granted by default.

provided that the Plaintiffs file a proof of service and a proposed form of Order at least three (3) days prior to the return date.

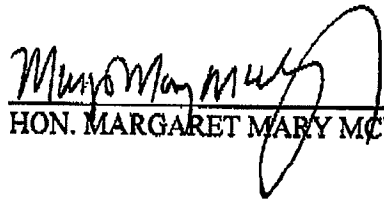
7. If the Plaintiffs have not already done so, a proposed form of Order addressing the relief sought on the return date (along with a self-addressed return envelope with return address and postage) must be submitted to the Court no later than three (3) days before the return date.

8. Defendants take notice that the Plaintiffs have filed a lawsuit against them in the Superior Court of New Jersey. The Verified Complaint attached to this Order to Show Cause states the basis of the lawsuit. If you dispute this Complaint, you, or your attorney, must file a written Answer to the Complaint and proof of service within thirty-five (35) days from the date of service of this Order to Show Cause; not counting the day you received it.

These documents must be filed with the Clerk of the Superior Court in the county listed above. A list of these offices is provided. Include a \$ ~~_____~~ filing fee payable to the ATreasurer State of New Jersey.® You must also send a copy of your Answer to the Plaintiffs= attorney whose name and address appear above, or to the Plaintiffs, if no attorney is named above. A telephone call will not protect your rights; you must file and serve your Answer (with the fee) or judgment may be entered against you by default. Please note: Opposition to the Order to Show Cause is not an Answer and you must file both. Please note further: if you do not file and serve an Answer within 35 days of this Order, the Court may enter a default against you for the relief Plaintiffs demand.

9. If you cannot afford an attorney, you may call the Legal Services office in the county in which you live. A list of the Legal Services offices in New Jersey is provided. If you do not have an attorney and are both eligible for free legal assistance you may obtain a referral to an attorney by calling one of the Lawyer Referral Services. A list of these numbers is also provided.

10. The Court will entertain argument, but not testimony, on the return date of the Order to Show Cause, unless the Court and parties are advised to the contrary no later than 3 day before the return date.


HON. MARGARET MARY MCVEIGH, P.J.CH.