

**STATE OF NEW HAMPSHIRE
BUREAU OF SECURITIES REGULATION
DEPARTMENT OF STATE
CONCORD, NEW HAMPSHIRE**

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)	
IN THE MATTER OF:)	
)	
Local Government Center, Inc.;)	
Local Government Center Real Estate, Inc.;)	
Local Government Center Health Trust, LLC;)	
Local Government Center Property-Liability)	
Trust, LLC;)	
Health Trust, Inc.;)	
New Hampshire Municipal Association Property-)	C-2011-0036
Liability Trust, Inc.;)	
LGC-HT, LLC;)	
Local Government Center Workers')	
Compensation Trust, LLC)	
and all the following individuals;)	
Maura Carroll; Keith R. Burke; Stephen A.)	
Moltenbrey; Paul G. Beecher; Robert A.)	
Berry; Roderick MacDonald; Peter J. Curro;)	
April D. Whittaker; Timothy J. Ruehr;)	
Julia A. Griffin; and John Andrews)	
)	
Respondents)	
)	

**MOTION TO AMEND MOTION TO COMPEL,
PRESERVE AND ENFORCE SUBPOENA
AND FOR LEAVE FOR ADDITIONAL PRODUCTION**

NOW COMES the State of New Hampshire, by and through the Secretary of State, Bureau of Securities Regulation (“the Bureau”), and hereby moves the Hearing Officer to amend and supplement the Bureau’s Motion to Compel, Preserve and Enforce Subpoena dated 11/18/2011, and as grounds therefore says:

1. On September 2nd, 2011, the Bureau filed a Staff Petition For Relief (Petition) against the above listed Respondents, and an Order issued for an administrative hearing. The Petition alleges various violations of New Hampshire RSA 5-B et

seq, which is the Pooled Risk Management Program statute, and 421-B et seq, the Uniform Securities Act. The gravamen of the state's case is the improper expenditure of member funds in what is essentially a buying cooperative for insurance for cities and towns who could not otherwise afford to acquire insurance through a commercial insurance carrier. The cities and towns comingle the member money in a pool to essentially self-insure. However, over time, these risk pools have morphed into something entirely different than what has been defined by statute. Member surplus funds are being used to provide for rate stabilization and other activities that are beyond what is allowed by statute. The improper expenditure of millions of dollars of member money is at the heart of this case. Therefore, it is critical that the financial records and other important documents of the risk pools are disclosed. The risk pools are quasi-governmental entities and their activities should be transparent to the public.

2. The Bureau's Petition has four counts alleging violations in four areas: corporate and company formation, corporate and company management, sale of securities and the accumulation of surplus. The three risk pools include a health pool, a property-liability pool and a workers' compensation pool.
3. Following the Petition, the parties exchanged various document requests. The Bureau also issued a subpoena dated 9/13/2011. The 9/13/2011 subpoena was for document production and an onsite examination and interviews of staff of the Local Government Center entities (LGC Entities). The letter request dated 10/19/2011 was for document production and an onsite examination with interviews. In response to the Bureau's requests, the LGC Entities disagreed with an onsite examination. An additional document request was sent by the Bureau dated 11/15/2011 to obtain documents that it believes it might see in an onsite examination. The LGC Entities have not provided any documents in response to that request.
4. Following the Petition, several Orders were issued by the Presiding Officer regarding structuring and discovery. The Order dated 11/14/2011 addresses the filing of motions to compel discovery, "of previously requested materials". It was the understanding of the Bureau that that Order was meant to address document requests that predated the Order and not the Bureau's document request dated 11/15/2011. It was also the understanding of the Bureau that the time for discovery and production had not expired, and that the process was ongoing. It was the Bureau's understanding following the 11/10/2011 status hearing that additional production requests would be made by both sides and in fact, LGC submitted a request for interrogatories to the Bureau dated 11/22/2011.
5. Key and vital to the Bureau's case is the ability to complete an onsite examination and the receipt of full and complete financial information and full and complete discovery concerning the Respondent's financial management of the revenues received from New Hampshire cities and towns to fund the risk pools. Whereas the Bureau has alleged that money accumulated from member cities and towns

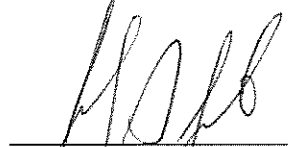
was used to fund items that were not authorized by RSA 5-B, and whereas the Bureau has investigative and examination authority under RSA 5-B and RSA 421-B, and whereas the LGC Entities have about 80 million dollars of tax payer money in various investment accounts, the Bureau should be allowed to have a full and complete understanding of how the funds were accumulated and spent.

6. As the discovery process unfolds, and an examination conducted, additional requests for production will be necessary to supplement and explain the financial status of the LGC Entities.

WHEREFORE, the State of New Hampshire, by and through the Secretary of State, Bureau of Securities Regulation, hereby respectfully requests that the Hearing Examiner:

- 1) Amend the Bureau's motion to compel to include the production of the information demanded in the Bureau's 11/15/2011 document request. (Said request has already been provided to the Presiding Officer).
- 2) Order that the Bureau be allowed to supplement its discovery and examination of the LGC Entities with additional document requests and to establish a deadline for compliance.
- 3) Grant such other and further relief as deemed just and proper.

Respectfully submitted,



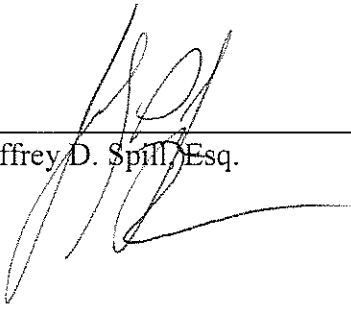
Jeffrey D. Spill, Esq.
Deputy Director
Securities Regulation
State House Room 204
Concord, New Hampshire 03301

12/2/11

Dated

I hereby certify that a copy of the foregoing motion has been forwarded via e-mail mail this 2nd day of December, 2011 to Attorneys Quirk, Saturley, Tilsley, Howard, Ramsdell and Rancourt for the Respondents.

12/2/11
Dated



Jeffrey D. Spill, Esq.