STATE OF NEW HAMPSHIRE DEPARTMENT OF STATE BUREAU OF SECURITIES REGULATION

IN THE MATTER OF:

Local Government Center, Inc.; Local Government Center Real Estate, Inc.: Local Government Center HealthTrust. LLC; Local Government Center Property-Liability Trust, LLC; HealthTrust, Inc.; New Hampshire Municipal Association Property-Liability) Trust, Inc.; LGC-HT, LLC; Local Government Center Workers' Compensation Trust, LLC; and 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 N. Griffin, Paula Adriance, John P. Bohenko, and John Andrews

ORDER TO CEASE AND DESIST; ORDER TO SHOW CAUSE; and HEARING ORDER

NOTICE OF ORDER

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:26-a and RSA 5-B:4-a.

LEGAL AUTHORITY AND JURISDICTION

Pursuant to RSA 5-B:VI, whenever it appears to the secretary of state that any person has engaged or is about to engage in any act or practice constituting a violation

of RSA 5-B or any rule or order under RSA 5-B, the secretary of state shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of this chapter. The order shall be calculated to give reasonable notice of the rights of the person to request a hearing on the order and shall state the reasons for the entry of the order. All hearings shall be conducted in accordance with RSA 421-B:26-a.

Pursuant to RSA 5-B:4-a, VII(a), the Secretary of State has the authority to impose administrative penalties of up to \$2,500.00 for each violation of RSA 5-B.

Pursuant to RSA 5-B:4-a, VII(b), the Secretary of State has the authority to enter an order requiring any person who has violated RSA 5-B to make rescission, restitution, or disgorgement.

Pursuant to RSA 421-B:23, the Secretary of State has the authority to issue and cause to be served an order requiring any person appearing to him to be engaged or about to be engaged in any act or practice constituting a violation of RSA 421-B or any rule or order thereunder, to cease and desist from violations of RSA 421-B.

Pursuant to RSA 421-B:24, I, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:23 shall be guilty of a class B felony.

Pursuant to RSA 421-B:26, III, the Secretary of State has the authority to impose administrative penalties of up to \$2,500.00 for each violation of the securities laws of New Hampshire.

Pursuant to RSA 421-B:26, III-a, the Secretary of State has the authority to impose administrative penalties of up to \$2,500 on every person who directly or indirectly controls a person liable under RSA 421-B:26, III, every partner, principal

executive officer, or director of such person, every person occupying a similar status or performing a similar function, every employee of such person who materially aids in the act or transaction constituting the violation, and every broker-dealer or agent who materially aids in the acts or transactions constituting the violations, either knowingly or negligently.

Pursuant to RSA 421-B:26, V, the Secretary of State has the authority to enter an order requiring any person who has violated RSA 421-B to make rescission, restitution, or disgorgement.

Pursuant to RSA 421-B:26, VIII, the secretary of state has the authority to impose administrative penalties of up to \$2,500 on any person who, either knowingly or negligently, engages in any conduct prohibited by RSA 421-B:10, I(b)(2), (7), (10), (12), or (13).

APPOINTMENT OF PRESIDING OFFICER

Pursuant to RSA 421-B:26-a, I, the secretary of state does hereby appoint Don Mitchell of Sandwich, New Hampshire as Presiding Officer over this matter.

NOTICE OF HEARING

The above-named Respondents shall appear before the Presiding Officer on October, 2011 at 10:00 a.m. at the Bureau of Securities Regulation, 25 Capitol Street, Concord, New Hampshire 03301 for a hearing to determine whether the order to show cause, the order to cease and desist, the order to pay administrative fines, and the

order of rescission, restitution or disgorgement shall be made permanent. Respondents have the right to be represented by counsel.

Under the provisions of RSA 421-B:26-a, XXII, failure by a Respondent to appear will result in a default judgment against that Respondent.

STATEMENT OF ALLEGATIONS

The allegations contained in the <u>Staff Petition for Relief</u> dated August 29, 2011 (a copy of which is attached hereto) are incorporated by reference hereto.

ORDER

WHEREAS, finding it necessary and appropriate and in the public interest, and for the protection of political subdivisions and investors and consistent with the intent and purposes of RSA 5-B and RSA 421-B, and

WHEREAS, finding that the allegations in the Staff Petition, if proved true and correct, form the legal basis of the relief requested.

It is hereby ORDERED, that:

- The Respondents are hereby ordered to immediately cease and desist from violations of RSA 5-B and RSA 421-B;
- The Respondents are hereby ordered to show cause why this order shall not be made permanent;

- 3. The Respondents are ordered, in accordance with RSA 421-B:26, III, 421-B:26, III-a, and 421-B:26, VIII, to pay administrative penalties;
- 4. The Respondents are ordered to pay restitution to political subdivisions which, through the actions of Respondents, became investors in the Pooled Risk Management Programs operated by Respondent Local Government Center, Inc.;
- The Respondents are ordered to pay the Bureau of Securities
 Regulation for all costs associated with its investigation and administrative action.

Dated: September 2,2011

WILLIAM M. GARDNER SECRETARY OF STATE