

# The State of New Hampshire

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Department of State  
Bureau of Securities Regulation

9/21/2006

Denis Maloney  
Gallagher Callahan & Gartrell  
PO Box 1415  
Concord, NH 03302-1415

Re: Financial Resources & Assistance ("FRA")

Dear Mr. Maloney;

Reference is made to your letters dated 6/5, 6/23, 8/4, and 8/25/2006. This letter is also a follow-up to mine of 5/22/2006. I believe by your letter dated 8/25/2006, that there are more "participation notes", than was first represented during our audit on 5/19/2006. The names of the additional investors are listed in Mr. Connor's letter to you dated 8/22/2006. In my letter dated 5/22/2006, I requested copies of all of the participation notes. It appears that some were sent with your letter dated 6/5/2006. I believe those were referred to during the audit. Given that all of these notes were not actually secured mortgages, they are securities having no registration or exemption. Moreover, it appears that some of these notes were issued after the hearing held on 7/24/2003, a time when Mr. Farah clearly would have or should have known that distribution of such notes would be in question.

Within 10 days from the date of this letter, provide copies of all participation notes issued and include the date of issue and the amount of the note. Also, please forward the current audit of FRA.

I would like to discuss with you the potential resolution of all outstanding matters with Mr. Farah and FRA in a consent agreement which would include payment back to all note, account, or stock holders, a cease and desist order, and administrative fine. Please contact me and indicate whether this matter can be resolved short of additional enforcement action.

Thank you.

Sincerely,

Jeffrey Spill  
Deputy Director

cc:file