

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

T. Gary Coyne
Respondent

NoINV.00-007

CONSENT ORDER

- I. For purposes of settling the above-referenced matter and in lieu of further administrative proceedings, T. Gary Coyne, (hereinafter referred to as "Coyne"), has submitted an offer of settlement, which the Bureau of Securities Regulation, Department of State, State of New Hampshire (hereinafter referred to as "the Bureau") has determined to accept. Accordingly, the Respondent does hereby consent to the following findings, conclusions, undertakings and sanctions:

STATEMENT OF FACTS

1. Financial Resources and Assistance of the Lakes Region, Inc. (hereinafter "FRA"), is a business entity with a principal office located at 15 Northview Drive, PO Box 1158, Meredith, New Hampshire 03235. FRA was incorporated in the State of New Hampshire on or about 5/18/89. Scott D. Farah (hereinafter "Farah"), is the President and sole owner of FRA. FRA is a licensed New Hampshire mortgage broker and small loan lender engaged in the business of consumer and mortgage lending. Coyne, is the sole proprietor of Coyne Associates located at 60 Pleasant Street, PO Box 568, Meredith, New Hampshire 03235. Coyne, is also engaged in the business of consumer and mortgage lending, and during all times material to this consent order, his principal office was located at the address of FRA, and he used the letter head and office equipment of FRA. During all times material to this petition, Coyne acted with the apparent and or actual authority of Farah and FRA.
2. On or about January 1996, investor #1, of Pompano Beach, Florida, was introduced to Coyne through a friend. Through a series of phone

conversations with Coyne, investor #1 agreed to invest in a series of promissory notes dated 2/26/96, 2/29/96, and 3/19/96. Investor #1 was lead to believe by Coyne, that he was working with FRA. The 2/26/96 note was issued by Coyne from his office location at FRA in the amount of \$20,000, and investor #1 made a check out to FRA in the amount of \$20,000 for this note. The note has no maturity date and promises to pay investor #1 \$500.00 per month while the note was outstanding. \$500.00 payments were made by Coyne for eleven months and then the payments stopped. Coyne paid back the principal of \$20,000 in December of 1997. The \$20,000 principal was due and payable on demand. The 2/29/96 note was issued by Coyne for \$60,000 from his office at the FRA location, and investor #1 made a check out for \$50,000 to FRA for this note which promises to pay investor #1 \$10,000 in interest plus the principal and was to mature on 6/29/96. The 3/19/96 note was issued by Farah and FRA from the FRA Meredith office location to investor #1 in the amount of \$22,500, and investor #1 wire transferred \$20,000 for this note to FRA. The note was to mature on 5/19/96. Investor #1 was paid \$23,000 on this note on or about 10/25/96.

3. Investor #1 was induced by Coyne to invest in the three promissory notes listed in paragraph 2 through statements by Coyne that the money would be invested in mortgages. In actuality, the money for the 2/26/96 and 3/19/96 notes was placed in the general operating account of FRA and commingled with the funds of FRA for general operating expenses. Neither Coyne, Farah, or any representative of FRA informed investor #1 of this material information.

STATEMENTS OF LAW

1. Coyne is a "Person" within the meaning of RSA 421-B:2.
2. The promissory notes are "securities" within the meaning of RSA 421-B:2.
3. The distribution of the securities listed above constitute "sales" within the meaning of RSA 421-B:2.
4. Pursuant to RSA 421-B:3,II, it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly: To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading. Coyne violated this section by indicating to investor #1 that the money for the 2/26/96 and 3/19/96 promissory notes listed above would be invested in mortgages and

by omitting the actual fact that the money would be deposited in the sole bank account of FRA which was used for the general business operations of FRA.

5. Pursuant to RSA 421-B:23, 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 this chapter or any rule under this chapter, he 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. Coyne, is subject to this section for violations of RSA421-B:3.

6. Pursuant to RSA 421-B:26,III, any person who, either knowingly or negligently, violates any provisions of this chapter may, upon hearing, and in addition to any other penalty provided for by law, be subject to such suspension, revocation or denial of any registration or license, or an administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate violation. Coyne is subject to a suspension, revocation, or denial, and a fine for a violation of RSA 421-B:3.

II. In view of the foregoing, the Respondent agrees to the following undertaking and sanctions:

1. Respondent agrees that that they have voluntarily consented to the entry of this Order and represents and avers that no employee or representative of the Bureau has made any promise, representation or threat to induce his execution.
2. Respondent agrees to waive his right to an administrative hearing and any appeal therein under this chapter.
3. Respondent agrees to cease and desist from violations under this chapter.
4. Upon execution of this order by Respondent, Respondent, agrees to pay an administrative fine in the amount of One Thousand Dollars (\$1,000) to the State of New Hampshire. Payment shall be made by 1) United States postal money order, certified check, bank cashier's check, or bank money order; 2) made payable to the State of New Hampshire; and 3) hand-delivered or mailed to the Bureau of Securities Regulation, Department of

State, State House, Room 204, Concord, New Hampshire, 03301, under the following terms and conditions: Five Hundred Dollars (\$500) shall be due and payable upon execution of this Order, and two equal installments of Two Hundred and Fifty Dollars (\$250) shall be due and payable on November 1st, 2002, and the second due on December 1st, 2002.


5. Respondent agrees that this Order is entered into for purposes of resolving the matter as described herein. This order shall not be construed to restrict the Bureau's right to initiate an administrative investigation or proceeding relative to conduct by Respondent which the Bureau has no knowledge at the time of the date of final entry of this order.

6. The Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any allegation in this consent agreement or create the impression that the consent agreement is without factual basis. Nothing in this provision affects the Respondent's testimonial obligations or right to take legal positions in litigation in which the State of New Hampshire is not a party.


III. Based on the foregoing, the Bureau deems it appropriate and in the public interest to accept and enter into this Order. **THEREFORE, IT IS HEREBY ORDERED THAT:**

1. Respondent cease and desist from further violations of the act.
2. Respondent pay an administrative fine in the amount of One Thousand Dollars (\$1,000) upon terms and conditions stated above. Failure to make timely payments as stipulated shall constitute a violation of this order.
3. Respondent comply with the above-referenced undertakings.

Executed this 10th day of October, 2002.



T. Gary Coyne
Please print name below:



Richard J. Burke, Esq.

Entered this _____ day of _____, 2002.

Mark Connolly
Deputy Secretary of State