

**STATE OF NEW HAMPSHIRE
Department of State
Bureau of Securities Regulation**

NOTICE OF INVESTIGATIVE HEARING

Upon the request of the Director of the Bureau of Securities Regulation, pursuant to the authority set forth in RSA 421-B:22, I(a)-(e), the Secretary of State hereby ORDERS that a Hearing be convened at 10:00 a.m. on October 13, 2010, and will continue from day to day as ordered by the Presiding Officer, in Room 425, State House Annex, Concord, New Hampshire 03301, to determine:

- A. Whether and under what conditions, promissory notes coupled with real property or chattels are securities under the New Hampshire Securities Act;
- B. Whether the existence of a trust or other enhancement may alter the classification;
- C. Whether the agency handling of its part of the "FRM matter" by the Bureau of Securities Regulation was improper; and
- D. The facts concerning FRM and the interests offered by it and its affiliate corporations so a determination may be made whether those interests come within the definition of a security under the New Hampshire Securities Act.

Charles Chandler, a retired attorney at law of Warren, N.H. has been appointed as Presiding Officer to conduct the hearing. A brief biographic sketch of Mr. Chandler is attached.

The Director will be in overall charge of the Hearing and will be assisted by other members of the Bureau's staff as needed.

The Hearing shall take place at the place outlined above unless the Presiding Officer, after notice, designates another hearing venue.

The investigation for the hearing can be conducted within or without the state as

determined by the Director.

The Presiding Officer will make a record of the proceeding and render Findings of Fact, but will not render Conclusions of Law.

The transcript of the Hearing and the Findings will be used by the Secretary of State and the Director of the Bureau:

- A. To inform the public about promissory notes coupled with mortgages generally and those instruments utilized by FRM in particular;
- B. To determine whether changes need to be made concerning the regulation or securities enforcement of such notes and mortgages or other enforcement matters;
- C. To determine whether any changes need to be made in the handling of investor complaints and the general operation of the Bureau or the registration of securities, securities professionals, the enforcement of the securities act, the co-ordination of the Bureau with other state and federal agencies, or the sharing of information by the Bureau or other agencies;
- D. To formulate, in conjunction with a special advisory committee to be formed by the Secretary of State, recommendations as to appropriate changes that the legislature should consider making in the securities or other acts as they affect the operation of the Bureau.

Pursuant to Section 421-B:22,II, all testimony will be received under oath or affirmation. Also pursuant to Section 421-B:22,II the Presiding Officer shall have the power to issue both subpoenas and subpoenas duces tecum to persons within or without the state, who are members of the general public, state officials, or former state officials, requiring the production of any books, papers, correspondence, memoranda agreements, or other documents or records which the Bureau of Securities deems relevant, which the Presiding Officer has deemed should be disclosed. The Presiding Officer, acting independently, may order any such books, papers, correspondence or other documents, produced as he deems appropriate.

Pursuant to Section 421-B:22,II, in the event that a person refuses to obey a subpoena or subpoena duces tecum, the Bureau, upon approval of the Presiding Officer may seek enforcement of such subpoenas in Superior Court. The Superior Court shall have the authority to issue an order requiring that the person refusing to testify or to produce the above listed items appear before the Presiding Officer and testify or produce the subpoenaed documents.

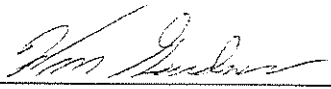
A person who refuses to testify or produce any of the above listed items required by the Superior Court to be given or produced may be punished by the Superior Court as a contempt of court.

This Hearing shall be conducted pursuant to hearing procedures outlined in Section 421-B:26-a, as such procedures are appropriate.

Any one wishing to present evidence at the Hearing should contact Ms. Michelle Bourgeois at 603-271-1463.

William M. Gardner, Secretary of State

Dated: October 5, 2010



TITLE XXXVIII SECURITIES

CHAPTER 421-B SECURITIES

Miscellaneous Provisions

Section 421-B:22

421-B:22 Investigations and Subpoenas. —

I. The secretary of state may:

(a) Make such public or private investigations within or without this state as he deems necessary to determine whether any person has violated or is about to violate this title or any rule or order under this title, or to aid in the enforcement of this title or in the adopting of rules and forms under this title;

(b) Require or permit any person to file a statement in writing, under oath or otherwise as the secretary of state determines, as to all the facts and circumstances concerning the matter being investigated;

(c) Publish information which is contained in any order issued by the secretary of state;

(d) Hold hearings, upon reasonable notice, in respect to any matter arising out of the administration of this chapter;

(e) Conduct investigations and hold hearings for the purpose of compiling information with a view to recommending changes in this title to the legislature; and

(f) Require an issuer, broker-dealer, or agent to report to him all transactions as they pertain to any security. Such reports shall be made within 10 days after demand therefor by the secretary of state and shall be open for public inspection only upon a court order. The secretary of state shall not make known, in any manner not provided by law, any information contained in such reports.

II. For the purpose of any investigation, hearing or proceeding under this title, the secretary of state or any officer designated by him may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence and require the production of any books, papers, correspondence, memoranda, agreements, or other documents or records which the secretary of state deems relevant or material to the inquiry.

III. In the event that a person refuses to obey a subpoena issued to him or her or any order or determination the secretary of state is authorized to make, the superior court, upon application by the attorney general or secretary of state or any officer designated by the secretary of state, may issue to the person an order directing him or her to appear before the attorney general or secretary of state, or the officer designated by him or her, to produce documentary evidence if so ordered or to give evidence touching the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.

IV. In any investigation to determine whether any person has violated or is about to violate this title or any rule or order under this title, upon the secretary of state's prevailing at hearing, or the person charged with the violation being found in default, or pursuant to a consent order issued by the secretary of state, the secretary of state shall be entitled to recover the costs of the investigation, and any related proceedings, including reasonable attorney's fees, in addition to any other penalty provided for under this chapter.

Source. 1981, 214:1. 1987, 411:2. 1991, 355:89, II. 1992, 288:49. 1994, 388:20. 2003, 156:9, eff. Aug. 16, 2003. 2008, 332:4, eff. Jan. 1, 2009.

NOTICE OF APPOINTMENT

Secretary of State, William M. Gardner, announces the appointment of Charles W. Chandler of Warren, New Hampshire to conduct investigative hearings pursuant to NH RSA 421-B:22 concerning the Financial Resources Mortgage, Inc. (FRM) matter.

Mr. Chandler is a New Hampshire native and a retired attorney at law, with thirty year New Hampshire Bar Association membership. His background includes:

PAST ASSOCIATIONS:

Member of the New Hampshire House of Representatives – one term

Member of the New Hampshire Ballot Law Commission – six years

New Hampshire Executive Branch as the Director of the New Hampshire Transportation Authority – five years

Selectman, Town of Northfield – one term

Moderator, Town of Northfield - 15+ years

Northfield Planning Board – five years

Moderator, Tilton-Northfield Fire District – 15+ years

Fair Hearings Officer in Public Assistance cases - periodic

Board of Directors of White Mountain School, Spaulding Youth Center, Tilton-Northfield Youth Assistance Program, Twin Rivers Community Corporation, Franklin Business Industrial Development Corporation

New Hampshire Bar Association Fee Dispute Resolution Committee, Lawyer Dispute Committee

CURRENT ASSOCIATIONS:

Trustee and Corporator, Franklin Savings Bank, Franklin, New Hampshire

Board of Directors of Rumney Ecological Systems and Pemi-Baker Land Trust

Moderator of the Town of Warren and Warren School District

Warren Planning Board