

STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE

_____))
IN THE MATTER OF:))
Local Government Center, Inc., et al.) C-2011000036
RESPONDENTS))
_____)

**REPLY OF PROPERTY-LIABILITY TRUST, INC. TO BSR’S OBJECTION TO
JOINT MOTIONS TO DISMISS FOR LACK OF JURISDICTION**

Respondent Property-Liability Trust, Inc. (“PLT”), by and through its attorneys, McLane, Graf, Raulerson & Middleton, Professional Association, hereby files this Reply to Petitioner New Hampshire Bureau of Securities Regulation’s (“BSR”) Objection to the Joint Motions to Dismiss for Lack of Jurisdiction filed by HealthTrust, Inc. (“HealthTrust”) and PLT. In support hereof, PLT states as follows:

1. PLT agrees with the facts and legal positions set forth in HealthTrust’s Reply as they relate to PLT and are relevant to the BSR’s Objection. Thus, rather than restating those facts and legal positions, PLT incorporates them for the purposes of this Reply as if fully set forth herein.

2. Without limiting the foregoing in Paragraph 1, and contrary to the BSR’s position, the Presiding Officer did not and cannot retain jurisdiction to enforce the reorganization directive in the Final Order dated August 16, 2012. The New Hampshire Supreme Court asserted jurisdiction over the reorganization issue when it concluded that Respondents complied with the Final Order’s requirement to reorganize. *Appeal of Local Gov’t Ctr., Inc. et al.*, No. 2012-729, slip op. at 10 (N.H. Jan. 10, 2014). Once the Court made this finding, the doctrine of res judicata precludes the Presiding Officer from considering the issue as part of the underlying and concluded administrative proceeding.

3. In addition, because of the Court’s express finding that Respondents complied with the Final Order’s requirement to reorganize, the Presiding Officer does not have jurisdiction based on a “continuing violation of RSA chapter 5-B and the Final Order.” *See* (BSR Objection at 4; Final Order at 73, ¶ 2.)

4. The BSR also misinterprets the Secretary of State’s authority to impose penalties, as set forth in RSA 5-B:4-a, with the mandatory process that the Secretary first must follow to assess those penalties. Under RSA 5-B:4-a, the Secretary, not the BSR, must bring a new administrative proceeding commenced by petition or a cease and desist order. Neither RSA 5-B:4-a nor RSA 421-B:26-a allows the Secretary to reopen a proceeding to hear the BSR’s new allegations and claims that are based on conduct that occurred more than one year after the administrative proceeding has concluded or for the purpose of enforcing the Final Order. Stated differently, neither statute contemplates an ongoing supervisory role for the Presiding Officer over a concluded proceeding.

5. Accordingly, for the reasons set forth above, as well as in HealthTrust’s Reply and the Joint Motions, the Presiding Officer should dismiss the BSR’s Motion for Entry of Default Order for lack of jurisdiction.

Respectfully submitted,

PROPERTY-LIABILITY TRUST, INC.

By its attorneys,

MCLANE, GRAF, RAULERSON & MIDDLETON
PROFESSIONAL ASSOCIATION

Dated: April 10, 2014

By: /s/ Bruce W. Felmly
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Certificate of Service

I hereby certify that on April 10, 2014, I forwarded a copy of this Reply to counsel of record via electronic mail.

/s/ Joel T. Emlen

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