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March 14, 2011

Eric Forcier, Esq.
State of New Hampshire
Department of State
Bureau of Securities Regulation
107 North Main Street
State House, Room 204
Concord, New Hampshire 03301-4989

RECEIVED

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NEW HAMPSHIRE BUREAU
OF SECURITIES REGULATION

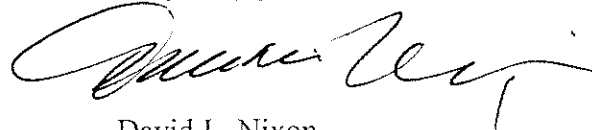
RE: Interrogatories – Peter Hildreth

Dear Eric:

Enclosed please find an original and one copy of the interrogatory answers by Peter Hildreth.

Kind regards.

Very truly yours,



David L. Nixon

DLN/dak
Enclosures

BACKGROUND

1. Please state your educational background after high school (provide dates where possible).

ANSWER: 1978, B.A. History, Plymouth State College
1982, J.D., Franklin Pierce Law Center

2. Please state your work history after high school (provide dates where possible).

ANSWER:

- a. State Employees Association of NH, Director of Government Relations 1982-1983
- b. SPM, Inc., Director of Employee Relations, 1983-1984
- c. Winograd Professional Association, attorney, 1984-1988
- d. N.H. Department of Safety, Hearings Examiner, 1988-1992
- e. N.H. Secretary of State's Office, Director of Securities Regulation, 1992-2001
- f. N.H. Banking Department, Commissioner, 2001-2010

NOTE: Prior to graduating from law school, I had various full and part time jobs, including: grocery store clerk, movie cashier, Boy Scout summer camp staff, campaign worker on various political campaigns.

3. Please state your securities, regulatory, and management experience or training prior to becoming the Director of the New Hampshire Bureau of Securities Regulation.

ANSWER:

My experience and training included various courses in law school including, but not limited to: Business Associations, Administrative Law, Legislation, Introduction to the Uniform Commercial Code, Contracts. I also had regulatory experience holding hearings at the Department of Safety. I also had experience in personnel matters as Director of Employee Relations at SPM. I also had experience working with the Legislature as a state legislator and as Director of Government Relations for the SEA.

4. Please state your banking, regulatory, and management experience or training prior to becoming the Commissioner of the New Hampshire Banking Department.

ANSWER:

In addition to the experience and education in #3, while in the Legislature, I sponsored or worked to pass various pieces of banking legislation, including authorizing NOW accounts, expanding branch banking, and others. While practicing law, a significant portion of my practice included real estate mortgage law.

SECURITIES ISSUES

5. When, after the collapse of FRM, did you go to office in Meredith, NH?
- a. How long were you there?
 - b. What documents, if any, did you review at FRM?
 - c. How did the New Hampshire Banking Department secure the building at 15 Northview Drive, Meredith, NH on Tuesday, Nov. 10, 2009? If not secured on this day, when and by whom?
 - d. Following the collapse of FRM, were FRM documents and/or computer files reviewed and/or duplicated by anyone at the Banking Dept.?
 - e. Who decided to remove documents and computers from FRM and when?
 - f. Were any computers from Mr. Farah's personal office removed?
 - g. Who decided to return documents and computers to FRM and when?
 - h. What documents taken from FRM were copied?

ANSWER:

Friday, November 13, 2009

- a. To the best of my recollection, less than an hour
- b. I saw various documents as there were piles of documents all around the office. The only documents I specifically remember were those attached to the interrogatories.
- c. I don't recall
- d. Other than those mentioned in b., I have no memory of any.
- e. I don't recall.
- f. I don't recall.
- g. I don't recall except that it occurred when the trustee in bankruptcy took possession of the firm.
- h. I don't know.

6. After 2006, did you make a determination that FRM's business methodology involved securities? If yes, when?
- a. If yes to question 6, how did you come to that determination?
 - b. If yes to question 6, did you review any documents to make that determination?
 - c. If yes to question 6, with whom did you confer, if you did, to determine that FRM was involved with these securities?

ANSWER:

- a. Other than the offering documents mentioned in 5.b, I saw many other similar documents, but don't remember specifics.
 - b. Same answer as in a.
 - c. I don't recall.
7. In the email and attached documents (please see Exhibit "A" attached to these questions) that you sent Mark Connolly on November 16, 2009, what specifically about these instruments, in your opinion, makes them a security within the jurisdiction of the New Hampshire Bureau of Securities Regulation?
- a. Where did you get the documents provided in Exhibit A?
 - b. Do you know if the documents in Exhibit A relate to the same mortgage transaction?
 - c. What is the legal precedent for the conclusion that the documents in Exhibit A are within the jurisdiction of the New Hampshire Bureau of Securities Regulation?
 - d. Did you look at any other documents to make this determination? If yes, what?
 - i. If yes to question 7-d, were these documents reviewed by anyone else in the Banking Department? If yes, who?
 - e. Please indicate whether you formed your legal opinion with the aid of others and identify those involved.

ANSWER:

On their face, undivided interests in real estate trusts were being offered for sale.

- a. At the FRM offices on 11/13/09
 - b. No, they are not.
 - c. I am not aware of one
 - d. No.
 - e. I don't recall specific discussions about it.
8. What documents, if any, did you review at FRM after the collapse?
- a. When did you review these documents?
 - b. To whom, if anyone, did you give these documents to?

ANSWER:

See response to Interrogatory 5b as to the documents reviewed at FRM.

- a. Friday, November 13, 2009. See also response to Interrogatory 5b.
 - b. I showed the documents to representatives of the Bureau of Securities Regulation at FRM's offices. I don't recall their names. I emailed copies of them to Mark Connelly. I believe I gave copies to representatives of the Attorney General's office and the U.S. Attorney's office at the 11/13/09 meeting held after hours at the Attorney General's office. I may have had copies emailed to the U.S. Securities and Exchange Commission, but I am not positive of that.
9. After 2006, did you make a determination that FRM's business methodology involved securities? If yes, when?
- a. If yes to question 9, did you review any documents to make that determination?
 - i. If yes to 9-a, what documents did you review?
 - ii. If yes to 9-a, where are these documents now?
 - iii. If yes to 9-a, did you give the documents to anyone? Who?

ANSWER:

See response to interrogatory 6.

- a. See response to Interrogatory 6a.
 - i. See response to Interrogatory 6a.
 - ii. I don't know.
 - iii. See response to additional interrogatory 8b above.

10. If you determined that the documents reviewed at FRM were securities, did you review that conclusion with anyone else? Who?

- a. Did you confer with any external experts or attorneys with respect to this issue?
- b. Did any of your banking examiners bring to your attention any documents that they believed to be securities? If yes, who and when?

ANSWER:

I don't recall specific conversations, but I may have reviewed my comments with Mary Jurta and/or Celia Leonard. I do remember discussing the matter with someone from the Boston Office of the U.S. Securities and Exchange Commission.

- a. Not that I recall, other than the person from the S.E.C.
- b. I don't believe so. They showed me documents but I don't recall them saying they were securities.

OTHER ISSUES

11. Was CL&M Inc. ever pursued for being an unlicensed servicer after its organization in 2005?

- a. Was CL&M Inc. examined before or after FRM's closure? If yes, what was examined? If no, why not?
- b. What was your understanding of CL&M Inc. business model prior to the collapse of FRM?

- c. Should CL&M Inc. as a mortgage servicing company have been required to be licensed by the New Hampshire Banking Dept.?
- d. Were any documents or computer files of CL&M reviewed, removed, or duplicated?

ANSWER:

- a. I don't recall
 - b. I don't recall any knowledge of CL&M prior to the closing of FRM.
 - c. I don't know.
 - d. I don't know.
12. Were you involved in any meetings or discussion that resulted in the determination that FRM should be involuntarily petitioned into Chapter 7 Bankruptcy?
- a. Who was present at this meeting?
 - b. Do you know why representatives of the Bureau of Securities Regulation were not present?
 - c. Was Chapter 11 Reorganization considered? If so, why wasn't this an option?

ANSWER:

I had a discussion with Atty. Peter Roth at the Attorney General's office late in the afternoon of 11/13/09.

- a. I remember the conversation with Atty. Roth. I don't recall anyone else.
 - b. I don't know.
 - c. I don't recall that we discussed Chapter 11.
13. Did you at any time discuss any issues or concerns regarding FRM, CL&M Inc., or Scott Farah with anyone in the Governor's office or with anyone in the Attorney General's office?
- a. If yes to question 10, when did you have these discussions and what was the substance of these discussions?
 - b. If yes to question 10, who was present for these discussions?

ANSWER:

Yes, after the closure.

- a. I recall three or four meetings: one on 11/13/09, one in late Dec., 2009, or early Jan., 2010, one on or about Jan. 6, 2010, and one sometime later when the MOU was signed. There were also phone conversations with some of the participants. I don't recall times, dates or the specific conversations.
 - b. Different people were at the different meetings, but I recall the following attending some or all of the meetings: Gov. Lynch, Secretary Gardner, Attorney General Delany, Deputy AG Fitch, Atty. Richard Head, Deputy Secretary of State Scanlan, Deputy Bank Commissioner Fleury, the Governor's Chief of Staff, Mary Jurta, Celia Leonard, Mark Connelly, Jeff Spill, Jeff Meyers, Kevin Moquin and Denise St. Pierre. There may have been others in attendance as well.
14. Did you ever have any direct communications with Chris Gallagher or any member of his law firm regarding clients of Gallagher, Callahan & Gartrell P.C. that had pending matters before the Banking Department?
- a. Are you aware of Chris Gallagher or members of his firm contacting staff members at the Banking Department directly about clients of Gallagher, Callahan & Gartrell P.C. that had matters before the Banking Department/under investigation?
 - i. List the contacts that you are aware of regarding FRM?
 - ii. Did you document these? If so, where?
 - iii. Did you have any policies regarding these contacts?

ANSWER:

Yes, I recall discussing pending matters with Chris Gallagher, other members of his firm, as well as numerous other lawyers, elected officials and representatives of different entities. None of these contacts were improper and none violated the *ex parte* provisions of the hearing rules.

- a. Yes
 - i. I don't recall specific instances.
 - ii. None that I recall.
 - iii. None, other than the *ex parte* communication provisions of the hearing rules.

15. Did you ever have any communications directly with Scott Farah, either in person, by phone, or email?

a. If yes, when and how?

b. If yes, what was the substance of these communications?

ANSWER:

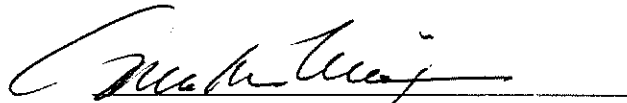
Not that I recall.



Peter C. Hildreth

STATE OF NH
COUNTY OF HILLSBOROUGH

On this 14th day of March, 2011, before me, personally appeared the above-named Peter C. Hildreth, and made oath that the foregoing answers are true and correct to the best of his knowledge and belief.



Notary Public/Justice of the Peace
My Commission Expires:

DAVID L. NIXON, Notary Public
My Commission Expires January 20, 2013