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March 9, 2000

Christopher Lent, Esquire
N.H. Secretary of State
Securities Division
State House, Room 204
107 N. Main Street
Concord, NH 03301-4989

Re: Nancy Gabrielson v. T. Gary Coyne d/b/a Coyne
Associates, Financial Resources and Assistance of the
Lakes Region, Inc., and Scott D. Farah

Dear Christopher:

Thank you for agreeing to review the above captioned matter. As I indicated to you in our phone conversation, I have long suspected that this case involves the illegal sale of unregistered securities, however, I simply do not know enough about securities regulations to reach a definitive conclusion one way or the other. I am glad to hear that you have that expertise.

Background:

Nancy Gabrielson is a single woman who was previously living in Florida during the winter time, but just recently moved in with a daughter in Rhode Island, and she also visits with a daughter in the North Conway region during the summer. Nancy is available for an interview if necessary. I enclose herewith a copy of her deposition taken in the above captioned matter.

Nancy first heard of Scott Farah and Financial Resources and Assistance of the Lakes Region, Inc. through a mutual acquaintance in the North Conway area who indicated to Nancy that Mr. Farah and Financial Resources had done a masterful job of investing her money. Most of Nancy's dealings were with T. Gary

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Coyne, although she did have some conversations with Scott Farah. I enclose herewith copies of three Promissory Notes all executed in 1996.

The first note dated March 19, 1996 was issued by Financial Resources and Assistance of the Lakes Region, Inc. Allegedly, this money was to be invested by Financial Resources on Nancy's behalf in some lucrative investment. In reality, it turns out that this money was used by Financial Resources for operating purposes only. This money was not paid back on the due date of May 19, 1996 and, in fact, payment was not made on that note until a considerable amount of time past the due date. I do not believe that my client ever received payment for any interest on the note, as none is provided for in the note.

There is a second note dated February 26, 1996 issued by T. Gary Coyne of Coyne Associates. This note had no due date and was payable in \$500.00 monthly installments, however, Mr. Coyne never made a monthly installment and issued a check drawn on his account in the amount of \$20,000.00 on December 5, 1997.

The third note, which is the subject matter of the litigation pending in Federal Court, is a note dated February 29, 1996 in the principal amount of \$60,000.00, which was due and payable on June 29, 1996. All conversations regarding this note were between Nancy Gabrielson and Mr. Coyne, who communicated with Nancy from the offices of Financial Resources and Assistance of the Lakes Region, Inc., used their letterhead and used their fax machine, and, for all intents and purposes, Nancy Gabrielson assumed that Mr. Coyne was affiliated with Financial Resources and Assistance of the Lakes Region, Inc. (I have enclosed two copies of letters from Mr. Coyne to Nancy Gabrielson on the letterhead from Financial Resources.) Nancy issued a check in the amount of \$50,000.00 to Financial Resources, Inc., a copy of which is enclosed. This money was deposited into the general operating account of Financial Resources. The promissory note returned to Nancy was from Coyne Associates, however, she expected a note from Financial Resources. I, assume after reviewing this information, that Financial Resources took Nancy's \$50,000.00 and gave it to Mr. Coyne to invest, but they now indicate in answers to interrogatories that that is not what happened and I have absolutely no explanation as to why Mr. Coyne issued a promissory note in the amount \$60,000.00.

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The Investment Scheme:

At the time that these funds were solicited from Nancy Gabrielson, both T. Gary Coyne and Scott Farah of Financial Resources and Assistance of the Lakes Region, Inc. were involved in negotiations to lend money to Nakelta Corporation, which operated the Sandbar Restaurant located in Laconia, New Hampshire at Weirs Beach. Nancy Herman and Kim Bevilacqua are the principals of Nakelta Corporation. They were already indebted to a mortgage lender from Manchester, New Hampshire, known as OFS Landing, Inc. in the amount of \$271,000.00. They were also substantially in arrears on municipal property taxes and in March of 1996, there was a foreclosure proceeding that was scheduled. The records in the Belknap County Registry of Deeds indicate that on or about March 1, 1996, Nancy Herman and Kim Bevilacqua executed a Promissory Note and Mortgage to Mr. Coyne in the amount of \$125,000.00. This note bears interest at 36% and is due to mature on April 20, 1996. On or about March 4, 1996, that Promissory Note was assigned by Mr. Coyne to US Note and Mortgage. I presume and suspect that the \$20,000.00 borrowed by Mr. Coyne from Nancy Gabrielson on February 26, 1996 was part of the \$125,000.00 loaned to Herman and Bevilacqua. I also presume that the purpose of that loan was to pay off municipal taxes and, otherwise, avoid imminent foreclosure. I suspect that I will be able to make that connection, once I get involved in further discovery in this case.

On or about May 29, 1996, Nakelta Corporation executes a \$300,000.00 Promissory Note secured by a mortgage to Financial Resource and Assistance of the Lakes Region, Inc. Immediately thereafter, Financial Resources assigns that \$300,000.00 note and mortgage to the Sandbar Mortgage Trust, which is none other than US Note and Mortgage. In July of 1996, US Note and Mortgage as assignee of the Coyne mortgage of \$125,000.00 that had priority over the Financial Resources mortgage of \$300,000.00, reassigns that mortgage to Mr. Coyne but, low and behold, it now no longer has priority because it has been subordinated to the \$300,000.00 mortgage.

The financial condition of the Sandbar Restaurant was never revealed to my client and there was never any oral or written disclosure regarding the financial risk of this investment scheme. Furthermore, and more importantly, there was never any

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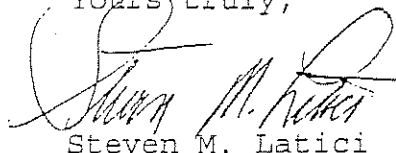
disclosure that Financial Resources and Assistance of the Lakes Region, Inc. was going to assign its mortgage to US Note and Mortgage and that it was going to receive a broker's fee, which I presume was paid by US Note and Mortgage and financed by Nakelta Corporation. The long and short of this sad tale is that Nakelta Corporation immediately defaulted on the \$300,000.00 mortgage and US Note and Mortgage foreclosed on the property and recouped its investment, however, all junior lien holders were wiped out including, presumably, Financial Resources and Assistance of the Lakes Region, Inc. to the tune of approximately \$250,000.00, or so they say.

At the very least, T. Gary Coyne, Scott Farah and Financial Resources and Assistance of the Lakes Region, Inc. have engaged in a pattern of behavior designed to confuse Nancy Gabrielson as to the financial risk involved, the security for her investment, and the financial depth of the entity standing behind her investment. Consequently, I have included a claim for breach of the Consumer Protection Act.

To the extent that you feel it is appropriate, I would appreciate it if your office could initiate an investigation as to whether or not the conduct of Scott Farah, T. Gary Coyne, and Financial Resources and Assistance of the Lakes Region, Inc. constitutes the illegal sale of unregistered securities in New Hampshire in violation of either New Hampshire or Federal Securities laws. I will obtain copies of all of the documents from the Belknap County Registry of Deeds that pertain to these promissory notes.

If there is anything in particular that you need that I have not enclosed and that you would like to review, or if there is something specifically that I should be looking for, please contact me and we will make every effort to obtain it. Thank you for your cooperation.

Yours truly,



Steven M. Latici

SML/sas

enclosures

cc: Nancy Gabrielson