



State of New Hampshire

Banking Department

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PETER C. HILDRETH
BANK COMMISSIONER

ROBERT A. FLEURY
DEPUTY BANK COMMISSIONER

June 16, 2006

Via Certified Mail

Michael Burke, Esquire
Law Office of Gould and Burke
P.O. Box 666
Meredith, NH 03253

RE: Your Client: Scott Farah and
Financial Resources of the Lakes
Region Inc.

Dear Mr. Burke:

The Department is in receipt of your letter dated June 8, 2006. Please produce all the documents required by the subpoena immediately or the Department will have no choice but to institute an action for violating the subpoena. Failure to already have produced all documents required under the subpoena is further evidence of Mr. Farah's unwillingness to cooperate with the Department.

In addition, the Department is withdrawing its offer of settlement concerning the 2004 Gramm Leach Bliley violations. We intend to move forward in an enforcement action for license revocation based on the exam findings over the past two examinations.

I look forward to receiving the production of the remaining documents named in the subpoena.

Sincerely,

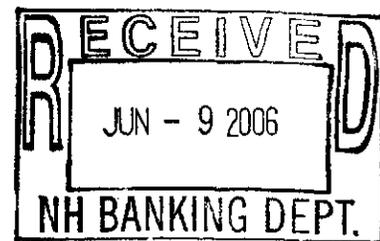
Andrea J. Shaw
Staff Attorney

AJS/fo

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LAW OFFICE OF GOULD AND BURKE
15 NORTHVIEW DRIVE
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June 8, 2006

Peter Hildreth, Commissioner
Baking Department
64B Old Suncook Road
Concord, New Hampshire 03301

Re: *Scott Farah and Financial Resources and Assistance of the Lakes Region, Inc.*

Dear Commissioner Hildreth:

This office represents Scott Farah and Financial Resources and Assistance of the Lakes Region, Inc.. The intent of this letter is to correct the record regarding the issuing of subpoena by your office on May 26, 2006. I have spoken with Scott Farah of Financial Resources and Assistance of the Lakes Region, Inc. and Ronda Vappi, an employee of Financial Resources and Assistance of the Lakes Region, Inc. Apparently the Banking Department has been undertaking an examination of the books and records of Financial Resources and Assistance of the Lakes Region, Inc. for the last two weeks or so. As Mr. Farah reports to me he had a discussion with one of the examiners Anna Maria Tsorvas at the close of business on Wednesday May 24, 2006 regarding the production of certain financial records in the context of the examination. Mr. Farah indicated that the requested financial records for FRA were located in two boxes in his office. Ms. Tsorvas then requested the boxes. Mr. Farah also indicated that it would take several hours to go through the box containing the requested records and make copies so that he could maintain control of the original documents. Mr. Farah told Ms. Tsorvas that he was scheduled to take his son and several of his son's classmates on a trip to Washington, D.C. on Thursday, May 25, 2006 and would not return to the office until Tuesday, May 30, 2006. He indicated that the records would be produced on Tuesday, May 30, 2006. Ms. Tsorvas indicated to Mr. Farah that Tuesday would be fine and specifically said "Do it when you get back." Also on Wednesday May 24, 2006 Ms. Vappi went down to the records room and spoke with Ms. Tsorvas indicating that if there was anything that the examiners needed in Mr. Farah's absence, she (Ms. Vappi) would contact Mr. Farah and attempt to accommodate the request.

On Thursday afternoon, May 25, 2006 Ms. Tsorvas returned to Financial Resources and Assistance of the Lakes Region, Inc. requested that Ms. Vappi produce the boxes containing the

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financial records contained in Mr. Farah's office. Ms. Vappi indicated that she would have to speak with Mr. Farah regarding this request. Ms. Vappi attempted several times to locate Mr. Farah on his cell phone but the coverage was bad. Finally, Mr. Farah called in on a land line and directed Ms. Vappi to give Ms. Tsorvas the boxes in his office.

In the interim, Ms. Tsorvas sought and received a subpoena executed by you directing Mr. Farah and Financial Resources and Assistance of the Lakes Region, Inc. to appear at the Banking Department on Friday, May 26, 2006 and directing Mr. Farah to bring with him any and all documents and any and all information used in the preparation of the FRA 2005 tax return and used in the preparation of the 2005 financial statements and a "box" located in Mr. Farah's office containing returned to FRA by its accountant. The subpoena alleges that Mr. Farah and FRA "refused" to provide this information. Before the subpoena was served Ms. Vappi provided the requested boxes to Ms. Tsorvas. Ms. Vappi accepted service on Mr. Farah behalf, but indicated that he could not appear on the Banking Department on May 26, 2006. Ms. Tsorvas asked where Mr. Farah was. When Ms. Vappi reported that he was in Washington, D.C., Ms. Tsorvas appeared genuinely surprised by his absence.

Regarding the allegation of refusal to cooperate, this is simply not true. Mr. Farah continues to be surprised by the extent of misunderstanding regarding the production of the box. In his Wednesday May 24, 2006 conversation with Ms. Tsorvas, she initially requested the bank reconciliation records and then expanded the request for the entire contents of the boxes. There are additional records requested in the subpoena which were not discussed with Mr. Farah prior to the issuance of the subpoena. The box was produced prior to the service of the subpoena, but not all of the records requested in the subpoena were records contained in the "box". The additional records relative to the preparation of the 2005 financial statement were produced on May 30, 2006. Mr. Farah is willing to produce whatever other records are necessary and relevant to the bank examination. It is important to him that he and his company not be perceived as uncooperative during the course of this examination. He wants to make sure that the records produced were responsive to the Department's request and if there are other records which he is to produce that he be given an opportunity to do so.

Thank you for your continued cooperation in this matter.

Sincerely,

LAW OFFICE OF GOULD AND BURKE



Michael Burke
MB/tbm

cc: S. Farah

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