

THE STATE OF NEW HAMPSHIRE

BELKNAP, SS

SUPERIOR COURT

Ronnie P Stone and Howard Stone

vs.

Robert Farah, Financial Resources, Inc. et al

Docket No. 05-C-0071

DEFENDANTS FINANCIAL RESOURCES, INC. AND SCOTT FARAH

SUMMARY STATEMENT

NOW COMES, defendants Financial Resources and Assistance of the Lakes Region, Inc., sometimes known as Financial Resources, Inc., and Scott Farah in the above-entitled matter, by and through its attorney, Michael E. Gould of the Law Office of Gould and Burke, PLLC, and respectfully submits this Summary Statement in accordance with Rule 62 of the Supreme Court Rules.

1. Financial Resources and Associates of the Lakes Region, Inc. also known as Financial Resources, Inc., is in the mortgage brokering business and previously also did private investing on its own behalf and on behalf of certain investors. Scott Farah is the sole common stock holder of the company and the president and CEO.
2. The plaintiff Ron Stone has known Scott Farah personally for a number of years and had previously refinanced his property through Financial Resources.

Exhibit to:

3. The plaintiff Ron Stone advised Scott Farah that he was handling his father's finances as his father, Howard Stone, was no longer able to manage his own affairs.
4. Ron Stone sought advice from Scott Farah on how to get a greater return on his father's money. Mr. Farah, on behalf of Financial Resources, offered to "put the money to work" and that Financial Resources would pay Mr. Howard Stone thirteen percent (13%) interest on the money placed with Financial Resources.
5. Ron Stone on three separate occasions placed money belonging to Howard Stone with Financial Resources.
6. The agreement between Financial Resources and Ron Stone on behalf of Howard Stone was to pay the interest on the money monthly.
7. The interest was in fact paid monthly up to the time of this suit.
8. The plaintiff Howard Stone is due the return of his principal, which the defendant Financial Resources has attempted to pay and has offered to pay into court.
9. Financial Resources and Scott Farah deny all the claims of the plaintiff as to fraud, conspiracy and misrepresentation.
10. The defendants Financial Resources and Scott Farah agreed to pay thirteen percent (13%) for the use of the money placed with the company and the company kept its agreement and paid the interest as per the agreement of the parties.
11. The plaintiff's claim of conspiracy and the like and the refusal to accept repayment of the principal are attempts to seek enhanced damages and are not supported by the nature of the transaction or the facts.
12. In July of 2003, Ron Stone placed with Financial Resources the sum of One Hundred and Nine Thousand Dollars (\$109,000) that came from his 401K plan. Ron Stone and Financial Resources entered into the same arrangement that the parties had with the funds of Howard Stone. The funds were to earn interest at twelve percent (12%). Ron Stone agreed to allow the interest to accrue on the funds.

Exhibit to:

Appendix A Page A-16
Paragraph 4

13. The parties agreed that the interest on the funds could not be paid directly to Ron Stone as it would constitute a withdrawal from his retirement account and thus subject to tax and penalties for early withdrawal.
14. In the late fall of 2004, Ron Stone advised Scott Farah that he was planning to move to North Carolina and would be needing the funds, both of his and of his father.
15. Scott Farah advised Mr. Stone that as previously agreed the company would need time to get liquid to return the principal plus accrued interest. There were some discussions between Ron Stone and Scott Farah regarding the timetable for the return of the monies placed with Financial Resources.
16. An agreement was reached that upon Mr. Stone's home being placed under agreement, that Financial Resources would make arrangements to have the funds placed with Financial Resources returned along with the accrued interest. Mr. Stone opened a self-directed IRA account through Meredith Village for the funds to be paid into to protect his funds' status.
17. Mr. Stone sent a written notice in January of 2005 to Financial Resources formally putting the company on notice of his intent to terminate the agreement and requested return of the funds.
18. In late February of 2005, a series of telephone calls ensued between Ron Stone and Scott Farah. Scott Farah advised Ron Stone that the funds would be available on either the 3rd or 4th of March to pay his principal and accrued interest.
19. The funds were available as promised, but were attached by Ron Stone in this lawsuit.
20. The funds are presently available to pay his claim.
21. The defendant Financial Resources has offered to pay the funds to Mr. Stone's self-directed IRA or to the Court. The plaintiff has refused and by his refusal is attempting to build a case for enhanced damages.

Law Office
Of
Gould & Burke
15 Northview Dr
Meredith, NH
03253

Exhibit to:

Appendix A Page A-16
Paragraph 4

Conclusion:

The defendant Financial Resources is indebted to the plaintiff Ron Stone for the funds placed with Financial Resources and by agreement twelve percent (12%) interest earned on the funds.

The defendant Financial Resources is indebted to the plaintiff Howard Stone for the principal placed with Financial Resources. It is not indebted for the interest, as Financial Resources paid the interest on the funds monthly up to the date of suit. The defendant has offered the funds to the plaintiffs and to pay the funds into the Court in mitigation of the plaintiffs' claims.

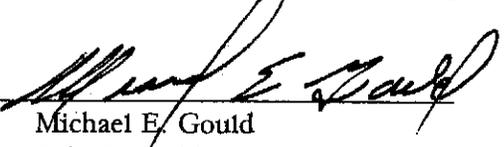
The defendant Financial Resources and Scott Farah deny that any conspiracy exists between themselves and the other named defendants to defraud the plaintiffs. In fact, the plaintiff received their respective interest according to their agreement with the defendant Financial Resources.

Respectfully submitted,
Scott Farah, defendant
Financial Resources, Inc., defendant
By their attorney,

LAW OFFICE OF GOULD AND BURKE

Dated: June 14, 2005

By:


Michael E. Gould
P.O. Box 666
Meredith, New Hampshire 03253
(603)279-6502

Dated: June 14, 2005

CERTIFICATION

I hereby certify that on this date a copy of the within pleading has been hand delivered to Attorney David Bownes, and to Attorney Christopher H.M. Carter, attorney for the plaintiffs.


Michael E. Gould

Exhibit to:

FINANCIAL RESOURCES, INC.

15 NORTH VIEW DRIVE • P.O. BOX 1158 • MEREDITH, NH 03253

(603) 279-1133 • FAX (603) 279-5912

October 10, 2003

[REDACTED]
[REDACTED]
[REDACTED]

Dear Mr. [REDACTED]

The current principal balances of your accounts with us, FBO [REDACTED] are as follows:

NIR - \$75,000

Blue Flower Inn - \$50,000

If you have any questions, please don't hesitate to contact me.

Thank you.

Sincerely,



Scott Farah

Exhibit to:

Litigation of Financial Resources and Assistance of the Lakes Region, Inc.
January 1, 2000 to February 25, 2009

Plaintiff	Defendant	Court	Date of Writ	Subject Matter of Litigation	Date of Termination	Disposition
1. Nancy Gabrielson	T. Gary Coyne Scott Farah FRA	USDC NH 99-CV-00285	6/23/1999	Commercial loan Breach of Contract claim against defendants	11/15/2001	Voluntary Non-suit with prejudice
2. DMF Irrevocable Trust	FRA Scott Parah Relko Chang	BCSCT 00-C-0291	11/14/2000	Commercial loan Breach of Contract, negligence, breach of fiduciary duty, violation of RSA 399-B, fraud, violation of RSA 358-A. All claims against defendants against the defendants were voluntarily non-suited, amended claim for wrongful foreclosure added, failure to obtain an up to date appraisal.	5/22/2002	Plaintiff's verdict for \$125,000.00 against all defendants. Paid in full
3. FRA	National Inspection & Recovery	BCSCT 02-C-0171	8/13/2002	Commercial loan Collection Action to recovery funds provided to defendant under loan agreement Counterclaim by defendant for breach of contract, violation of RSA 358-A and misrepresentation.	3/3/2006	Plaintiff's verdict for \$300,000.00; rejection of the defendant's claims Appeal by defendant as to the outcome and size of the verdict Plaintiff's verdict affirmed by the NH Supreme Court
4. National Inspection & Recovery	Scott Parah	Kansas 03-C-1420	9/18/2003	Commercial loan Collateral action arising out of the same factual circumstances against Scott Parah, personally.	Pending	Pending
5. Ronald Stone Howard Stone	Scott Farah FRA Robert Farah Center Harbor Christian Church	BCSCT	3/1/2005	Commercial loan Collection Action Breach of Contract Violation of RSA 358A Conspiracy to defraud	5/8/2006	Settled: Docket markings judgment neither party, no further action for same cause
6. Michael Franklin	Scott Farah FRA	RCSCT	6/13/2006	Misrepresentation Breach of Contract	12/2007	Settled: Docket markings judgment neither party, no further action for same cause
7. Nicholas Auger Jacqueline Auger	FRA	Portsmouth District Court	5/31/2007	Agency theory of liability for acts of former independent contractor	4/2008	Settled: Docket markings judgment neither party, no further action for same cause

8	Paul Young Rose Young	FRA	Portsmouth District Court	5/31/2007	Agency theory of liability for acts of former independent contractor	5/2008	Settled; Docket markings judgment neither party, no further action for same cause
9.	Michael Dube	FRN Ika FRA Scott Farah Thomas McNeil	Rockingham County Superior Court	8/11/2008	Commercial loan TRO Foreclosure Breach of Contract Interference w/ Contract Conspiracy Breach of Fiduciary Duty Fraud Negligence	Pending	Pending

1.	Department of Banking	Complaint of [REDACTED]	5/21/2008	Complaint filed by Commercial Borrower alleging breach of contract Property Address: [REDACTED] NH	Pending	Pending
2.	Department of Banking	Complaint of [REDACTED]	5/21/2008	Complaint filed by Borrowers alleging failure to disclose prior to loan Property Address: [REDACTED] NH	Pending	Pending
3.	Department of Banking	Complaint of [REDACTED]	7/9/2008	Complaint filed by Borrower alleging he was not given the loan for which he applied. Property Address: [REDACTED] NH	Pending	Pending