
INTEROFFICE MEMORANDUM

TO: PETER C. HILDRETH, BANK COMMISSIONER
FROM: ANDREA J. SHAW, STAFF ATTORNEY
SUBJECT: FINANCIAL RESOURCES & ASSISTANCE OF THE LAKES REGION – ENFORCEMENT
ACTIONS
DATE: 4/27/06
CC: MARY JURTA

NHBD Actions: Docket No. 05-071

Source: anonymous tip and examination (exam on 10/11/2006)

Issues: Gramm-Leach-Bliley Act violations – “Safeguard Rules” (16 CFR 314)

- Whether Respondent had a written consumer information safeguard policy in place
- Whether Respondent failed to implement a program to safeguard consumer information
- Whether Respondent failed to facilitate an examination (this was later dropped)

Procedural Posture:

- Order to Show Cause issued 12/20/05 (signed by RAF) (asks for \$17,000 penalties) (April 13, 2006 we received a request from James D. Rosenberg, Esq. from Shaheen & Gordon PA for a copy of the Order to Show Cause)
- Response to Order to Show Cause and Request for Hearing received 01/13/06
 - *See attached Statement of Allegations for which facts Respondent disputed/admitted after first response to Order to Show Cause
- Notice of Hearing issued 01/19/06 (by RAF)
- Hearing Scheduled for: 03/09/06
- Respondent's Motion for Continuation: received 03/07/06
- Presiding Officer Wells granted Continuation for 30 days on 03/09/06 and stated if no settlement was reached the hearing would be rescheduled
- The Parties reached a tentative settlement – Respondent is awaiting draft of consent order - \$15,000 in penalties (undetermined if Respondent will request a payment plan)

Summary of Law:

- NHBD RSA 397-A:2 requires all licensees to abide by NH and Federal laws and regulations
- Federal Trade Commission (FTC) promulgated Safeguard Rules (16 CFR 314) implementing proper disposal of consumer information under the Fair and Accurate Credit Transactions Act of 2003 (FACT ACT). (*FACT ACT amended section 628 of the Fair Credit Reporting Act (FCRA) at 15 USC 1681w).
- 5 Main Elements to GLBA:
 - info security program coordinator (16 CFR 314.4(a))
 - identify potential risks (16 CFR 314.4(b))
 - safeguards to control risks (16 CFR 314.4(c))
 - oversee service providers (16 CFR 314.4(d))
 - evaluate & adjust program (16 CFR 314.4 (d))

Exhibit to:

Appendix A Page A-3
Paragraph 3

Exhibit to:

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Paragraph 7

- Additional Details of Requirements of the Safeguard Policy:
 - Written Safeguard Policy
 - Designated employee(s) to coordinate program)
 - Risk Assessment
 - Design, implementation and testing
 - Service Provider monitoring/contracts
 - Evaluations and adjustments to policy

Securities Enforcement Actions: Docket No. INV00-007

Named Parties: Schott D. Farah, Financial Resources and Assistance of the Lakes Region Inc.(FRALR), and Gary T. Coyne

Source: Unknown

Issue(s): alleged violation of RSA 421-B

Procedural Posture:

- Order to Show Cause and Order to Cease and Desist issued – on or about November 11, 2001
- Respondent Farah and FRALR Request for Hearing received on December 5, 2001.
- Respondent Coyne's Request for Hearing received December 12, 2001
- Hearing Ordered on December 20, 2001
- Hearing Postponed (request of all Respondents) until January 31, 2002.
- Hearing Postponed at the request of the Staff of the Bureau for 60 days
- Hearing Respondents jointly requested the May 28, 2002 hearing be postponed until July 30, 2002
- Hearing Respondents jointly requested the hearing be postponed until September 10, 2002.
- During postponements Cease and Desist Order remained in effect.

Exhibit to:

Appendix A Page A-3
Paragraph 3

Exhibit to:

Appendix A Page A-2
Paragraph 7