

August 30, 2006

Mr. Scott Farah
Financial Resources and Assistance of the Lakes Region, Inc.
PO Box 1158
Meredith NH 03253

Re: Financial Statement Filing

Dear Mr. Farah:

Reference is made to our letter dated April 26, 2006, to which we have yet to receive a response.

The letter states that you must file the complete audited financials. If not, you must submit an income statement, cash flow statement, statement of changes in owners' equity/net worth statement. If you are unable to provide an audited statement you must provide an attestation that the schedules are true and correct to the best of your belief and knowledge.

If we do not receive the above financial statement within thirty (30) days of this letter, the file will be turned over to our Staff Attorney for possible enforcement action.

Should you have any questions, please contact this Department.

Sincerely,

Rebecca L. Stone
Senior Regulatory Analyst
Consumer Credit Division

Exhibit to:

Appendix A Page A-8
Paragraph 12

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Sent To: Mr. Scott Farah
 Financial Resources and Assistance of
 the Lakes Region, Inc.
 Street, P.O. Box 1158
 City, State: Meredith NH 03253

PS Form 3800, June 2002 See Reverse for Instructions

NOTES FROM CCD DATABASE (OFFICERS SCREEN)

7/18/01 60-day withdrawal sent per KRM.

3/17/03 changed web address from fra1@fcgnetworks.net at time of renewal. Bp

12/08/03 Email changed from fra@metrocast.net on renewal. LDC

01/20/06 AJS enforcement action for privacy law violations - Hearing is set for March 9 2006.

2/15/06 Rec'd new broker bond for company. Previous: Great American Insurance Companies #FS 3-43-93-59-03. La

4/26/06-wrote for complete financials. No fine was assessed because partial financials were received on time. As a lender, they are required to file more. Cc

06/07/06-received preferred stock redemption listing for the past 12 months showing that (perhaps) all of the preferred shareholders redeemed 100% of their preferred stock from 08/05 through 06/2006. No new shares were issued to anyone per Scott Farah. Cc

07/13/06 AJS rec'd notice that licensee was sued by [REDACTED] - who filed a complaint with the Department.

8/30/06-RLS wrote again because there was no answer to the 4/26 letter and file had been re-pended twice before for a response. Advised of enforcement action if audited financials were not received within 30 days. Cc

9/28/06-audited financials FINALLY received. Cc

10/4/06-see note above dated 7/13/06 re complaint filed by [REDACTED] Received a letter from attorney for the company stating the matter was resolved with none of the defendants admitting liability, and the plaintiffs ultimately dismissed the case. The company returned to the plaintiffs the amounts due under their prior agreement irrespective of the claims in the litigation. Terms of the agreement are confidential. Cc

10/6/06-notified by company of redemption of 100% (143 preferred shares) by [REDACTED] No other change in ownership of common stock and no new shares issued. Cc.

10/19/06-notified by company of redemption of 100% of 401 preferred shares by [REDACTED] No change in ownership of common stock and no new shares of any class were issued. Cc

02/02/07-100% of shares redeemed by [REDACTED] (35 sh) and [REDACTED] (28 sh). No change in ownership and no new shares of any class issued. Cc

10/6/06-notified by company of redemption of 100% (143 preferred shares) by [REDACTED] No other change in ownership of common stock and no new shares issued. Cc.

02/20/07-10/6/06-notified by company of redemption of 120 of 344 preferred shares) by [REDACTED] [REDACTED]. No other change in ownership of common stock and no new shares issued. Cc.

06/13/07-notified that [REDACTED] has redeemed 100% of his shares of preferred stock on 4/1/07. There has been no change in ownership of common stock and no new shares of any class issued. Cc

6/19/07-KCG was notified by letter from Scott Farah that there had been an error in the report of the number of preferred shares that were redeemed back in February. It was reported that 35 shares were reported by one shareholder, [REDACTED], when in fact it should have been 34 shares.

Additionally, the Trust Company of American notified Farah that there were an additional 21.5 shares outstanding but they could not release the name of the shareholder. The company has not heard further from them after asking them to confirm the status of those shares with the shareholder.

Cc (See letter in file). Cc

6/13/07-rec responses from their attorney to 2 complaints: [REDACTED] & [REDACTED]

[REDACTED] Ndb

9/14/07-rec'd contact form. No changes. Rls

10/24/07-rec notice that [REDACTED] account was closed. Ndb

Exhibit to: