

**STATE of NEW HAMPSHIRE
BANKING DEPARTMENT**

53 Regional Drive, Suite 200
Concord, NH 03301

In re the Matter of:) Order
Release of Reports of Examinations)
pertaining to)
Financial Resources Mortgage, Inc.) December 21, 2009
(f/k/a Financial Resources & Assistance)
of The Lakes Region, Inc. and)
f/k/a Financial Resources National, Inc.))

I. Authority

Pursuant to RSA 383:10-b all records of investigations and reports of examinations by the banking department ("Department") shall be confidential communications, shall not be subject to subpoena and shall not be made public unless, in the judgment of the commissioner, the ends of justice and the public advantage will be subserved by the publication thereof.¹

II. Facts

Financial Resources Mortgage, Inc. (f/k/a Financial Resources & Assistance of The Lakes Region, Inc. and f/k/a Financial Resources National, Inc.) ("FRM") has been licensed as a Mortgage Banker from at least May 18, 1989 (with an amended license date of October 30, 2008).

¹ RSA 397-A:12, X states that all reports of examinations of mortgage bankers and brokers "shall be absolutely privileged." Absolute privilege does not speak to confidentiality; rather, it protects persons from tort claims alleging defamation where the alleged defamatory statements were made in the course of their official duties in the context of a hearing, i.e. in a closed hearing provided for in RSA 397-a:12, IX.

On November 9, 2009, the Department received information from the attorney representing FRM. He stated the company had closed on Friday, November 6th. The Department conducted an un-announced examination of FRM on November 10, 2009 and confirmed the office was closed. On November 13, 2009, the commissioner issued an Order to Show Cause and a Cease and Desist Order against FRM. On November 23, 2009, FRM was placed in involuntary bankruptcy under chapter 7 of the Bankruptcy Code by the United States Bankruptcy Court District of New Hampshire (Bk. No. 09-14565-JMD). The bankruptcy was based, in part, on a finding that FRM had abandoned its business premises, had likely ceased business operations and had surrendered control of those business premises to the Department.

In the bankruptcy proceedings it has been alleged that multi-million dollars in investments have been misappropriated by FRM. There have also been a number of lawsuits filed against FRM by its former investors.

II. Order

WHEREAS, there is a compelling state interest in maintaining the confidentiality of Reports of Examinations conducted by the Department, and

WHEREAS, in the specific circumstances surrounding the closing of FRM, there is an opposing public interest in how FRM was regulated as a licensed residential mortgage banker, and

WHEREAS, the Department is required to examine licensees at least every eighteen months, and

WHEREAS, a Report of Examination is produced by the Department after each examination, and

WHEREAS, the Report of Examination identifies certain loan files by the name of the borrower, and

WHEREAS, disclosure of borrowers names could potentially be harmful to the borrowers, and

WHEREAS, borrowers names are not necessary to understanding the Reports of Examination, and

WHEREAS, in the case of FRM, the public right to know outweighs any privacy interest of this abandoned business, and

WHEREAS, I find that "the ends of justice and the public advantage will be subserved by the publication" of the Reports of Examinations;

It is hereby **ORDERED** that the 2001, 2003, 2004, 2006, 2007 and 2008 Reports of Examinations of FRM, with borrowers' names redacted, be released to the public.

Peter C. Hildreth

Peter C. Hildreth
Bank Commissioner
New Hampshire Banking Department

12/21/09