

# **EXHIBIT J**

# 19,165  
BELKNAP COUNTY

STATE OF NEW HAMPSHIRE

*Barbara R. Luther*  
SUPERIOR COURT

Docket No. \_\_\_\_\_

Chris Furgerson  
Robert B. Furgerson  
RBF Investments, LLC

v.

Scott Farah  
Financial Resources, Inc.  
Financial Resources Mortgage, Inc.  
Financial Resources and Assistance of the Lakes Region, Inc.  
Robert Farah  
CL and M, Inc.  
Donald Dodge  
Dodge Financial, Inc.  
Law Office of Gould & Burke, PLLC

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Village Bank & Trust, Trustee  
Meredith Savings Bank, Trustee  
Laconia Savings Bank, Trustee

**VERIFIED PETITION FOR EX PARTE ATTACHMENT**

Plaintiffs Robert B. Furgerson, Chris Furgerson and RBF Investments, LLC (the "Plaintiffs") hereby petition to make the following attachments without prior notice to the defendants in a civil action. Plaintiffs seek to attach funds and property owned by Defendants in the amount of \$1,288,000.

Category of Property to be Attached

<u>Defendant</u>	<u>Real Estate</u>	<u>Other</u>	<u>Amount of Attachment</u>
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<b>Scott Farah</b>	Land, buildings & improvements owned by Scott Farah at Hatch Corner Road, Book 1050, page 454, Meredith, New Hampshire		\$1,288,000
<b>Scott Farah</b>	Land, buildings & improvements owned by Scott Farah at Hatch Corner Road, Book 1121, Page 455, Meredith, New Hampshire		\$1,288,000
<b>Robert Farah</b>	Land, buildings & improvements owned by Robert Farah at 71 Lake Shore Drive, Book 2736, Page 863, Moultonborough, New Hampshire		\$1,288,000
<b>Robert Farah</b>	Land, buildings & improvements owned by Robert Farah at 86 Alpine Park Drive, Book 1974, Page 754, Moultonborough, New Hampshire		\$1,288,000
<b>Donald Dodge</b>	Land, buildings & improvements owned by Donald Dodge at 1051 N. Main Street, Book 677, Page 167, Laconia, New Hampshire		\$1,288,000
<b>Donald Dodge</b>	Land, buildings & improvements owned by Donald Dodge at 55 Shore Drive, Book 927, Page 599, Laconia, New Hampshire		\$1,288,000

<b>Donald Dodge</b>	Land, buildings & improvements owned by Donald Dodge at 7 cook Lane, Book 2577, Page 2, Moultonborough, New Hampshire		\$1,288,000
<b>Donald Dodge</b>	Land, buildings & improvements owned by Donald Dodge at 10 Cook Lane, Book 2603, Page 964, Moultonborough, New Hampshire		\$1,288,000
<b>Donald Dodge</b>	Land, buildings & improvements owned by Donald Dodge at 26 Colonial Drive, Book 2590, Page 911, Moultonborough, New Hampshire		\$1,288,000
<b>Village Bank &amp; Trust</b>	1 Country Club Road, Gilford, New Hampshire	Any funds held on account for Scott Farah, Financial Resources, Inc., Financial Resources Mortgage, Inc., Financial Resources and Assistance of the lakes Region, Inc., Robert Farah, CL and M, Inc., Donald Dodge, Dodge Financial, Inc., and Law Office of Gould & Burke, PLLC	\$1,288,000

<p><b>Meredith Savings Bank</b></p>	<p>RR 25, Meredith, New Hampshire</p>	<p>Any funds held on account for Scott Farah, Financial Resources, Inc., Financial Resources Mortgage, Inc., Financial Resources and Assistance of the lakes Region, Inc., Robert Farah, CL and M, Inc., Donald Dodge, Dodge Financial, Inc., and Law Office of Gould &amp; Burke, PLLC</p>	<p>\$1,288,000</p>
<p><b>Laconia Savings Bank</b></p>	<p>62 Pleasant Street, Laconia, New Hampshire</p>	<p>Any funds held on account for Scott Farah, Financial Resources, Inc., Financial Resources Mortgage, Inc., Financial Resources and Assistance of the lakes Region, Inc., Robert Farah, CL and M, Inc., Donald Dodge, Dodge Financial, Inc., and Law Office of Gould &amp; Burke, PLLC</p>	<p>\$1,288,000</p>

<b>Financial Resources, Inc.</b>	Land, buildings & improvements owned by Financial Resources, Inc., at 15 Northview Drive, Meredith, New Hampshire		\$1,288,000
<b>CL and M, Inc.</b>	Land, buildings & improvements owned by CL and M, Inc., at 15 Northview Drive, Meredith, New Hampshire		\$1,288,000
<b>Law Office of Gould &amp; Burke, PLLC</b>	Land, buildings & improvements owned by the Law Office of Gould & Burke, PLLC, at 15 Northview Drive, Meredith, New Hampshire		\$1,288,000
<b>Scott Farah</b>	Any and all land, buildings & improvements owned by Scott Farah in Belknap County and Carroll County, New Hampshire		\$1,288,000
<b>Financial Resources, Inc.</b>	Any and all land, buildings & improvements owned by Scott Farah in Belknap County and Carroll County, New Hampshire		\$1,288,000
<b>Financial Resources Mortgage, Inc.</b>	Any and all land, buildings & improvements owned by Financial Resources Mortgage, Inc., in Belknap County and Carroll County, New Hampshire		\$1,288,000

<b>Financial Resources and Assistance of the Lakes Region, Inc.</b>	Land, buildings & improvements owned by Financial Resources and Assistance of the Lakes Region, Inc., Belknap County and Carroll County, New Hampshire		\$1,288,000
<b>Robert Farah</b>	Land, buildings & improvements owned by Robert Farah in Belknap County and Carroll County, New Hampshire		\$1,288,000
<b>CL and M, Inc.</b>	Land, buildings & improvements owned by CL and M, Inc., in Belknap County and Carroll County, New Hampshire		\$1,288,000
<b>Donald Dodge</b>	Land, buildings & improvements owned by Donald Dodge in Belknap County and Carroll County, New Hampshire		\$1,288,000
<b>Dodge Financial, Inc.</b>	Land, buildings & improvements owned by Dodge Financial, Inc., in Belknap County and Carroll County, New Hampshire		\$1,288,000
<b>Law Office of Gould &amp; Burke, PLLC</b>	Land, buildings & improvements owned by the Law Office of Gould & Burke in Belknap County and Carroll County, New Hampshire		\$1,288,000

**In support of this Petition, the Plaintiffs certify the following facts to establish probable cause as to their right to recover the amount thereof:**

1. As described in further detail in Plaintiffs' Writ of Summons and supporting Special Declaration (hereinafter "Writ of Summons"), filed on this date, on November 9, 2009, Defendants in this case, who jointly conducted a loan brokerage business from a building on

Northview Drive in Meredith, New Hampshire, abruptly ceased their operations. Four days later, the New Hampshire Attorney General's Office and the New Hampshire Banking Department announced that they have launched an investigation into the Defendants' business dealings.

2. During the two years before these events, Defendants had obtained over \$1.6 million from Plaintiffs, based on representations that these funds would be invested in 16 separate loans brokered by Defendants. As of November 9, Defendants were supposed to have been holding \$401,000 of Plaintiffs' funds in escrow, purportedly to invest in loans that were due to close. In addition, Defendants purportedly had invested \$887,000 of Plaintiffs funds in a series of loans, the legitimacy of which are now in doubt. In connection with those loans, Defendants were supposed to have escrowed \$59,384 in pre-paid interest that was to be paid to Plaintiffs, as well as \$371,153 in construction loan funding that was remaining to be disbursed to various borrowers.

3. Since ceasing operations, Defendants have refused to respond to Plaintiffs' inquiries regarding the status of their investments, and their phone lines have been shut down. While the precise status of Plaintiffs' funds is not yet known, it is readily apparent that Defendants have breached their contractual and legal obligations, and may well have engaged in far more serious misconduct with respect to the moneys they induced Plaintiffs to invest.

**A. Overview of Defendants' Scheme**

4. In or about September 2007, Scott Farah obtained possession of financial information that identified Robert Furgerson as having recorded a mortgage for a personal loan to a family member. Using this information, Scott Farah sent Mr. Furgerson marketing materials that touted Financial Resources' alleged expertise in providing loan brokerage services which

yielded high-interest returns for individual lenders, and urged Mr. Furgerson to contact Financial Resources.

5. In response to the mailing, Mr. Furgerson called Scott Farah, who alleged that Financial Resources provided so-called “hard money loans,” described as bridge loans typically provided to individuals who required short-term financing and, due to a poor credit rating or other reasons, did not qualify for conventional loans. Farah alleged that the loans were structured so that the total interest was prepaid for the entire loan term, was escrowed with Financial Resources, and paid out to the lender on a monthly basis, with the borrower making a balloon payment for the entire principal loan amount at the end of the term.

6. Thereafter, between October 2007 and November 2009, Defendants induced Plaintiffs to transfer over \$1.6 million to them, purportedly to “invest” in 16 alleged loan transactions.

7. Each alleged loan transaction followed a similar pattern. After Defendants convinced Plaintiffs to invest in an advertised loan opportunity, Plaintiffs would transfer funds directly to CL&M, which shares office space with the other Defendants. At Defendants’ direction, in or about October 2007 Plaintiffs entered into a servicing agreement with CL&M pursuant to which CL&M was responsible for administering the loans. This included holding in escrow the total amount of interest owed to Plaintiffs under each loan, and making monthly interest payments owed from the escrow account. (Thus, in the case of a one-year loan of \$100,000 having an annual interest rate of 13%, CL&M was to escrow \$13,000 and pay \$1,083 ( $\$13,000 \div 12$ ) to Plaintiffs each month.)

8. Further, in the case of construction loans, CL&M was to escrow both the interest owed to Plaintiffs and the construction funds. In those cases, CL&M was to both make the

monthly interest payments to Plaintiffs and disburse loan installments to the borrower as the construction project progressed. Further, CL&M was responsible for taking action, through G&B, on Plaintiffs' behalf in the event of a loan default. G&B, which also shares office space with the other Defendants, was responsible for drafting the loan documents, recording notes and mortgages, taking action on Plaintiffs' behalf in the event of a default, and providing other legal and administrative services required for the loans.

9. On seven occasions after Plaintiffs had transferred funds to be invested in an alleged loan transaction, Defendants informed Plaintiffs that the loan was unable to close, and they induced Plaintiffs to rollover the funds into other loans to be brokered by Defendants. In this manner, the Defendants gained control over an increasing amount of Plaintiffs' funds.

10. On a few instances, when a loan term ended or when a loan failed to close, Defendants returned a comparatively small percentage of the funds they had obtained from Plaintiffs. On information and belief, those returns were meant to foster the Plaintiffs' trust and confidence in the legitimacy of the entire investment scheme, and to induce Plaintiffs to transfer additional funds to Defendants.

11. Notably, in February 2008 – at a point in time when Plaintiffs had made only one investment, for \$60,000, with Defendants – Scott Farah learned that Robert Furgerson would be realizing approximately \$1.2 million from the sale of an apartment complex in Houston, Texas. Thereafter, Defendants intensified their efforts to induce the Plaintiffs to make additional investments, involving larger amounts of money, in alleged loan transactions being brokered by Defendants.

12. In late March 2008, Scott Farah invited Robert Furgerson to visit Defendants' offices on Northview Drive in Meredith. When Mr. Furgerson resisted, Mr. Farah suggested that

Mr. Furgerson spend the weekend at Robert Farah's house, located on Lake Winnepesaukee in Moultonborough. Mr. Furgerson ultimately agreed to make the trip, and while in New Hampshire he was urged by Robert Farah to invest through Scott Farah and Financial Resources. Robert Farah actively marketed Scott Farah and Financial Resources to Mr. Furgerson and attempted to instill in him a level of trust and confidence with these entities. Among other things, Robert Farah touted Scott Farah's ties to the church operated by the Farahs, Center Harbor Christian Church, and alleged that Scott Farah and Financial Resources had generated huge profits for church members who had invested with them. At the time he made said allegations, Robert Farah was well aware of, and had been personally involved in, a host of fraudulent and corrupt business dealings conducted by Scott Farah, Financial Resources and the other Defendants. During these dealings, Robert Farah, Scott Farah and Financial Resources had misappropriated funds invested by members of their church, and had funneled hundreds of thousands of dollars realized through those fraudulent and correct dealings through the church.

13. As of November 9, 2009, Plaintiffs had eight open transactions with the Defendants, as follows. Two loan transactions allegedly had not yet closed, and Defendants were supposed to have escrowed \$401,000 that had been obtained from Plaintiffs to fund those loans. In addition, Defendants purportedly had invested \$887,000 of Plaintiffs' funds in six loans that purportedly had closed. In connection with those loans, Defendants were supposed to have escrowed \$59,384 in pre-paid interest that was to be paid to Plaintiffs, as well as \$371,153 in construction loan funding that was remaining to be disbursed to various borrowers.

14. As detailed below, on November 1, 2009, the Plaintiffs were scheduled to receive repayment of a \$50,000 loan that Defendants had induced them to make with a company called Earth Protection Systems. On or about November 2, 2009, after the payment was not received,

Robert Furgerson called Scott Farah to inquire into the status of the loan. Farah assured Mr. Furgerson that Earth Protection Systems would be making full payment soon, and he urged Plaintiffs to continue to accept monthly interest payments until that occurred. Mr. Furgerson declined, and advised that Plaintiffs wished to have the \$50,000 repaid immediately. On or about November 6, when the Earth Protection Systems loan still had not been repaid, Mr. Furgerson again called Financial Resources. He was told that Scott Farah was not at work due to an illness and directed to call back on Monday, November 9.

15. When Mr. Furgerson attempted to call Financial Resources on November 9, he learned that telephone service to the business had been shut down. At that point, Mr. Furgerson placed several calls with G&B and asked to speak with one of the firm's attorneys, Michael Gould or Michael Burke. The following day, November 10, Michael Burke returned the call. He denied having any knowledge of wrongdoing by the other Defendants prior to the evening of November 5, 2009, and alleged that G&B had dropped the other Defendants as clients. Mr. Furgerson then asked if the closing documents that G&B prepared on Plaintiffs' behalf for the various loans brokered by Financial Resources were in order, and if liens necessary to protect Plaintiffs' interests were properly recorded. Mr. Burke assured Mr. Furgerson that all documents were properly executed and recorded and were for legal properties. When Mr. Furgerson explained that Plaintiffs did not have a complete set of the recorded documents, Mr. Burke asked for a list of the missing recorded documents and assured Mr. Furgerson that the materials would be emailed that day. Mr. Furgerson immediately emailed the list to G&B. Plaintiffs have not received the promised documents, and since November 11, 2009, G&B's offices have been closed and its phones have been answered by a voice message.

16. Plaintiffs have obtained information which sheds doubt on legitimacy of the Earth Protection Systems loan. When Defendants solicited Plaintiffs to invest in Earth Protection Systems, they circulated materials stating that the company was located in Mashpee, Massachusetts, and was owned by an individual named Oskar Klenert. As of November 13, 2009, the website for Earth Protection Systems states that the company – like each of the other Defendants – is located in *Meredith, New Hampshire*; for an address lists a P.O. Box that is closely similar to the P.O. Boxes identified with Financial Resources, CL&M, and G&B. The website provides no other information regarding the company's whereabouts. Telephone numbers for Oskar Klenert are inoperable.

17. On or about November 13, 2009, the New Hampshire Banking Department and the New Hampshire Office of the Attorney General announced separately that they had launched investigations into Defendants' business operations. In connection with this, the Banking Department announced it had issued a subpoena to G&B for documents relating to its business dealings with the other Defendants.

**B. The Individual Loan Transactions**

*Vatche Manoukian*

18. Plaintiffs' first investment with Defendants occurred in October 2007. At that time, Defendants convinced Plaintiffs to make a one-year loan of \$60,000 to an individual named Vatche Manoukian who allegedly was constructing a condominium in Peterborough, New Hampshire. Plaintiffs transferred these funds to CL&M on October 10, 2007. The loan matured on November 1, 2008, but the principal amount of the loan was not repaid (although CL&M continued to issue monthly interest payments to Plaintiffs). On March 19, 2009, Robert Furgerson informed Scott Farah that if the \$60,000 was not repaid by April 30, 2009, Plaintiffs

would be forced to direct CL&M to start foreclosure proceedings. At that point, Farah told Mr. Furgerson that Defendants would buyout the Manoukian loan, provided Plaintiffs agreed to rollover the \$60,000 into another loan that Defendants allegedly were brokering for a company called Thruway Builders. (This transaction is described below). At Farah's request, on May 1, 2009, Mr. Furgerson signed an authorization to permit the \$60,000 to be rolled over into the Thruway Builders transaction.

Robert Lucarelli

19. In March 2008, Defendants convinced Plaintiffs to invest \$60,000 in loan to an individual named Robert Lucarelli, to refinance what Defendants described as a light commercial building in Berkey, Ohio. Plaintiffs transferred these funds to CL&M on March 20, 2008. On or before April 2008, Scott Farah informed Robert Furgerson that the loan would not proceed because the building allegedly was encumbered with prior liens. When Mr. Furgerson requested the return of the \$60,000, Farah convinced him to rollover the funds into a separate loan that Defendants were brokering for an individual named Chester Johnson in Chatham, Massachusetts. (This transaction is described below.)

Chris Gagnon

20. On April 7, 2008, Defendants induced Plaintiffs to invest another \$192,000 in a construction loan to an individual named Chris Gagnon for a home in Mount Vernon, New Hampshire. Plaintiffs transferred these funds to CL&M. After obtaining the funds, Scott Farah told Robert Furgerson that the deal had fallen through because Gagnon allegedly had "refused credit counseling." Defendants returned \$22,800 on May 22, 2008, but convinced Plaintiffs to roll the balance of the funds, \$169,200, into a separate loan to Linda and James Mosely for an alleged construction project in Defuniak Springs, Florida. (This transaction is described below.)

Connie Greer

21. Also in April 2008, Defendants convinced Plaintiffs to invest \$107,250 to refinance a rental home owned by Connie Greer in Yukon, Oklahoma. Plaintiffs transferred these funds to CL&M on April 9, 2008. Thereafter, Scott Farah informed Robert Furgerson that the loan did not close because Greer failed to appear at the closing and could not be contacted. However, Defendants retained the \$107,250 and convinced Plaintiffs to roll the entire amount into yet another loan to Cheryl Boucher and Edwin Yelitz for a project in Bucksport, Maine. (This transaction is described below.)

Chester Johnson

22. In April 2008, Defendants informed Plaintiffs of an opportunity to invest \$385,000 in a loan to an individual named Chester Johnson to construct a home in South Chatham, Massachusetts. Plaintiffs transferred \$325,000 to CL&M, and applied \$60,000 from the failed loan to Robert Lucarelli. In this instance, when the project was completed in December 2008, Plaintiffs were repaid \$385,000. At the time, Defendants still had possession of \$658,000 of Plaintiffs' funds.

Linda and James Mosley

23. In May 2008, Defendants solicited Plaintiffs to invest the \$169,200 from the failed loan to Chris Gagnon into an alleged loan to Linda and James Mosely for a manufacturing building in Defuniak Springs, Florida. Soon after Plaintiffs transferred the funds to CL&M, however, Scott Farah informed Robert Furgerson that the deal had fallen through because the Mosleys allegedly failed to produce a new appraisal. Again, the \$169,200 was not returned to Plaintiffs, and Defendants convinced them to roll these funds into another loan to Garrett and Anna Johnson to construct a home in Liberty Hill, Texas. (This transaction is described below.)

Cheryl Boucher/Edwin Yelitz

24. In May 2008, Defendants solicited Plaintiffs to invest \$151,000 in a one-year construction loan to Cheryl Boucher and Edwin Yelitz for a home in Bucksport, Maine. Plaintiffs agreed. Of the \$151,000, \$107,250 was from the failed loan to Connie Greer. On May 5, 2008, Plaintiffs transferred \$43,750 in new funds to cover the balance of the loan. Thereafter, Defendants failed to inform Plaintiffs when Boucher and Yelitz became delinquent in paying their property taxes, and when they allowed their property insurance to lapse. In or about June 2009, Boucher and Yelitz defaulted on their payment obligations to Plaintiffs.

25. After Cheryl Boucher and Edwin Yelitz defaulted on their loan, Robert Furgerson informed Scott Farah that he wanted CL&M to begin foreclosure proceedings. He was referred to G&B. When Mr. Furgerson contacted G&B, Michael Gould informed him that he would refer the matter to a Maine attorney who had represented Financial Resources in the past. However, Gould alleged that Plaintiffs could not communicate directly with the Maine attorney, and that all such communications had to pass through G&B. Plaintiffs agreed to have G&B retain the Maine attorney.

26. Nearly two months passed without Plaintiffs receiving any indication of progress on the foreclosure proceedings against Boucher and Yelitz. At that point, Robert Furgerson again contacted Scott Farah, and stated that in light of Defendants' failure to disclose the precarious financial condition of Boucher and Yelitz, Defendants should reimburse Plaintiffs for the amount of the loan. Scott Farah refused, and agreed only that Defendants would buyout the defaulted loan, provided the \$151,000 loan amount was rolled into a separate loan to an individual named Angelo Pasqualino, allegedly for the construction of a storage facility in Norton, Massachusetts. Having no other alternative, Plaintiffs agreed.

Angelo Pasqualino

27. In or about June 2009, Defendants solicited Plaintiffs to participate in what was described as a \$2.1 million loan to Angelo Pasqualino. Plaintiffs agreed, and in June 2009 transferred \$85,000 in new funds to CL&M. Thereafter, in or about August 2009, and additional \$151,000 of Plaintiffs' funds was rolled into this loan following the resolution of the loan default by Cheryl Boucher and Edwin Yelitz. Finally, an additional \$65,000 of Plaintiffs' funds was rolled into the Pasqualino loan following the failure of an attempted loan to an individual named Kenneth Luciano (described below). Thus, Plaintiffs' total investment in the alleged loan to Angelo Pasqualino was \$301,000.

28. After receiving Plaintiffs' \$301,000, Scott Farah informed Robert Furgerson that the closing on the Pasqualino loan had been delayed. During the succeeding months, when Mr. Furgerson inquired into the status of this transaction, Scott Farah repeatedly advised that the loan was scheduled to "close next week."

29. As of learning of the closing of Defendant's business on November 9, Plaintiffs had received no indication that any funds had been disbursed to Angelo Pasqualino. At this time, the whereabouts of Plaintiffs \$301,000 is unknown.

Garret and Anna Johnson

30. In July 2009, Defendants solicited Plaintiffs to invest \$215,000 in a construction loan to Garret and Anna Johnson for a home in Liberty Hill, Texas. Plaintiffs agreed, and in July 2009 they transferred \$45,800 of new funds to CL&M. The balance of the investment derived from the \$169,200 in funds that was escrowed with CL&M following the failed loan to Linda and James Mosely. Thereafter, concerns arose over the legality of the Johnson loan, and Robert Furgerson demanded the return of Plaintiffs' \$215,000. Ultimately, \$110,000 was returned to

Plaintiffs. Of the \$105,000 balance, \$65,000 was rolled into the loan to Kenneth Luciano (described below), and \$50,000 was rolled into the loan to Earth Protection Systems (described below).

Kenneth Luciano

31. In September 2008, Defendants solicited Plaintiffs to invest \$65,000 in a \$135,000 loan that allegedly was to fund a project undertaken by an individual named Kenneth Luciano to renovate a multi-unit building in Elizabeth, New Jersey. On September 9, 2008, Plaintiffs transferred the funds to CL&M. After the loan closed, Plaintiffs discovered that Defendants had failed to disclose that a \$34,183 lien existed on the property, and that Mr. Luciano owed approximately \$22,306 in back property taxes. When Plaintiffs demanded the return of their money, Defendants convinced them to roll these funds into the construction loan to Angelo Pasqualino (described above).

Chad Vose

32. In November 2008, Defendants induced Plaintiffs to provide funding for a portion of a \$2.3 million loan for a business that allegedly was being operated by an individual named Chad Vose in Dallas, Texas, and involved the purchase and resale of distressed residential mortgages. Defendants alleged that Mr. Voss needed funds so that when a “sweet deal” appeared he could immediately “jump on it.” Plaintiffs agreed to invest in the deal, and transferred \$100,000 to CL&M on November 24, 2008. These funds were to be held in escrow until the funds were needed by Mr. Vose. As of the closing of Defendants’ business, Plaintiffs had received no indication that the \$100,000 had been provided to Chad Vose. At this time, the status and whereabouts of the \$100,000 is unknown.

Earth Protection Systems

33. In October 2008, Defendants solicited Plaintiffs to participate in a \$2.5 million loan to Earth Protection Systems, a company that, according to Defendants, produced a product used to impede beach erosion. Defendants alleged that Earth Protection's owner and product's inventor, Oskar Klenert, required funding to pay for the manufacture and delivery of the product, and that the loan would be repaid through the allocation of future accounts receivable. Plaintiffs agreed to make a \$50,000, one-year loan to Earth Protection. These funds derived from the failed loan to Garret and Anna Johnson (described above).

34. The loan to Earth Protection Systems allegedly closed, and repayment of the \$50,000 was due on November 1, 2009. As noted above, when the loan was not repaid on that date, Robert Furgerson contacted Scott Farah, who urged Plaintiffs to extend the term of the loan. Mr. Furgerson refused, but before the issue was resolved Defendants ceased operations.

Linda Labonte

35. In November 2008, Defendants induced Plaintiffs to invest \$112,000 in a two-year construction loan to Linda Labonte for a home in Barnstead, New Hampshire. Plaintiffs transferred these funds to CL&M on November 24, 2008. The construction escrow of \$80,640, as well as the \$31,360 in interest due under the loan, was escrowed with CL&M. As of November 1, 2009, \$19,600 in interest remained to be paid to Plaintiffs. At this time, the status of the unpaid interest is unknown.

Albert and Diane Pessa

36. In November 2008, Defendants induced Plaintiffs to invest \$120,000 in a two-year loan to Albert and Diane Pessa to refinance a lakefront cottage in Franklin, New Hampshire. Plaintiffs transferred these funds to CL&M. In late August 2009, Scott Farah informed Robert Furgerson that the Pessos intended to pay off the loan early, on or before

October 26, 2009. At Mr. Farah's request, Mr. Furgerson executed a release allowing the lien evidencing Plaintiffs' loan on the Pessa's property to be discharged. To date, Defendants have not returned the \$120,000 in loan funds owed to Plaintiffs. The status and whereabouts of the \$120,000 is unknown.

Thruway Builders

37. In December 2008, Defendants induced Plaintiffs to invest \$200,000 in new funds in a one-year construction loan to Thruway Builders, a company allegedly located in Newburgh, New York. On December 4, 2008, Plaintiffs transferred these funds to CL&M, which was to escrow the interest owed under the loan (\$30,000), as well as the funds to be disbursed to Thruway Builders. The loan allegedly closed on March 4, 2009. At this time, the status and whereabouts of the interest still owed to Plaintiffs (\$12,698), and of the remaining undistributed loan principal (\$136,506) are unknown.

Lawrence Baldi

38. In April 2009, Defendants induced Plaintiffs to invest \$275,000 in a construction loan to Lawrence Baldi for a property in Moultonborough, New Hampshire. Plaintiffs agreed. Plaintiffs transferred \$215,000 of new funds to CL&M. The \$60,000 balance of the funding derived from the failed loan to Vatche Manoukian. Again, CL&M was to escrow the interest owed to Plaintiffs (\$19,250), as well as funds to be disbursed to Lawrence Baldi. At this time, the status of the remaining escrowed interest (\$4,307) and the undisbursed construction funds (\$226,609) is unknown.

C. **Plaintiffs assert that such attachment is justified without prior notice to Defendants on the following grounds:**

39. An *ex parte* attachment is supported by RSA 511-A:8, I.

40. Plaintiffs seek authority to make this attachment in order to preserve their ability to recover damages from Defendants. Plaintiffs are not aware of any factual basis to support Defendants' apparent misappropriation of the hundreds of thousands of dollars that Defendants were supposed to have been holding in escrow on Plaintiffs' behalf. In addition, Plaintiffs are not aware of any factual basis to support Defendants' efforts to induce Plaintiffs to invest in what now appears to be fraudulent investments.

41. In addition, the amount of the requested attachment is proper. As shown, between October 2007 and November 2009, Defendants have obtained in excess of \$1.6 million from Plaintiffs based upon representations that these funds would be invested in 16 separate loans brokered by Defendants. Plaintiffs' are entitled to the return of this money. In addition, Plaintiffs will seek enhanced damages, as well as statutory damages and costs as provided under RSA 358-A.

42. Exigent circumstances support the issuance of an attachment on an *ex parte* basis. As indicated above, Defendants have failed to return Plaintiffs' money – or to provide information or documents as to its whereabouts – despite repeated good faith requests by Plaintiffs.

43. In addition, according to published news articles, numerous other defrauded investors have filed, or are preparing to file, law suits against Defendants.

44. Moreover, on November 9, 2009, Defendants abruptly ceased operations, have refused to return telephone calls, and are being investigated by state law enforcement authorities.

45. The status of the funds Defendants were to have escrowed on Plaintiffs' behalf is unknown, and it appears that Plaintiffs' money was not invested in legitimate business investments. Absent an attachment on an *ex parte* basis, there is a substantial risk that

Defendants will take steps to place this or other monies beyond the reach of Plaintiffs, thereby limiting Plaintiffs' ability to obtain the monies owed them.

Respectfully submitted,

CHRIS FURGERSON,  
ROBERT B. FURGERSON AND RBF  
INVESTMENTS, LLC

By Their Attorneys,



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Dated: November 16, 2009