

1 State of New Hampshire Banking Department

2 In re the Matter of: ) Case No.: 07-150  
 )  
 3 State of New Hampshire Banking ) Order to Show Cause  
 )  
 4 Department, )  
 )  
 5 Petitioner, )  
 )  
 6 and )  
 )  
 7 Karzman Credit Corp., George Lussier, )  
 )  
 8 Margaret Lussier, and Stephen )  
 )  
 9 Lussier, )  
 )  
 10 Respondents

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11  
12 NOTICE OF ORDER

13 This Order commences an adjudicative proceeding under the provisions of  
14 RSA 361-A:3, RSA 541-A, BAN 200 and JUS 800.

15 LEGAL AUTHORITY AND JURISDICTION

16 Pursuant to RSA 361-A:3, the Banking Department of the State of New  
17 Hampshire (hereinafter the "Department") has the authority to issue an order  
18 to show cause why license revocation penalties for violations of New  
19 Hampshire Banking laws should not be imposed.

20 Pursuant to RSA 361-A:11, the Commissioner has the authority to  
21 suspend, revoke or deny any license and to impose administrative penalties of  
22 up to \$2,500.00 for each violation of New Hampshire banking law and rules.

23 NOTICE OF RIGHT TO REQUEST A HEARING

24 The above named respondents have the right to request a hearing on this  
25 Order to Show Cause, as well as the right to be represented by counsel at  
each Respondent's own expense. All hearings shall comply with RSA 541-A. Any  
such request for a hearing shall be in writing, and signed by the respondents

1 or the duly authorized agent of the above named respondents, and shall be  
2 delivered either by hand or certified mail, return receipt requested, to the  
3 Banking Department, State of New Hampshire, 64B Old Suncook Road, Concord, NH  
4 03301. Such hearings will be scheduled within 10 days of the request. If the  
5 Respondents fail to appear at the hearing after being duly notified, such  
6 person shall be deemed in default, and the proceeding may be determined against  
7 the Respondents upon consideration of the Order to Show Cause, the allegations  
8 of which may be deemed to be true.

9 If the Respondents fail to request a hearing within 30 calendar days of  
10 receipt of such order or reach formal settlement with the Department within  
11 that time frame, then such person shall likewise be deemed in default, and the  
12 orders shall, on the thirty-first day, become permanent, and shall remain in  
13 full force and effect until and unless later modified or vacated by the  
14 commissioner, for good cause shown.

15 **STATEMENT OF ALLEGATIONS, APPLICABLE LAWS AND REQUEST FOR RELIEF**

16 The Staff Petition dated January 24, 2008 (a copy of which is attached  
17 hereto) is incorporated by reference hereto.

18 **ORDER**

19 WHEREAS, finding it necessary and appropriate and in the public  
20 interest, and consistent with the intent and purposes of the New Hampshire  
21 banking laws, and

22 WHEREAS, finding that the allegations contained in the Staff Petition,  
23 if proved true and correct, form the legal basis of the relief requested,

24 It is hereby ORDERED, that the Respondents shall show cause why:

- 25 1. Administrative penalties of \$7,500.00 should not be imposed  
against each named Respondent; and
2. Statutory penalties of \$2,500.00 should not be imposed against  
Respondent Karzman for failure to file its financial  
statement; and



1 State of New Hampshire Banking Department

2 In re the Matter of: ) Case No.: 07-150  
) )  
3 State of New Hampshire Banking ) Staff Petition  
) )  
4 Department, ) )  
) )  
5 Petitioner, ) January 24, 2008  
) )  
6 and ) )  
) )  
7 Karzman Credit Corp., George Lussier, ) )  
) )  
8 Margaret Lussier, and Stephen ) )  
) )  
9 Lussier, ) )  
) )  
10 Respondent ) )

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11  
12 STATEMENT OF ALLEGATIONS

13 The Staff of the Banking Department, State of New Hampshire (hereinafter  
14 referred to as the "Department) alleges the following facts:

- 15 1. On or about September 17, 2007 the Department was scheduled to  
16 begin an examination of Karzman Credit Corp. (hereinafter  
17 "Respondent Karzman").
- 18 2. Respondent was licensed as a Sales Finance Company and at all  
19 times relevant to this action held a Department license since at  
20 least 2000.
- 21 3. George Lussier (hereinafter "Respondent G. Lussier") is President  
22 and 33 1/3% owner of Respondent Karzman.
- 23 4. Margaret Lussier (hereinafter "Respondent M. Lussier") is Vice-  
24 President, Secretary and 33 1/3% owner of Respondent Karzman.
- 25 5. Stephen Lussier (hereinafter "Respondent S. Lussier") is Vice-  
President and 33 1/3% owner of Respondent Karzman.

- 1           6.    The Department sent a notice of an upcoming examination to  
2           Respondent Karzman via US Certified Mail on August 22, 2007 (mail  
3           piece number 7006 3450 0000 0610 0150).    Respondent Karzman  
4           received and signed for the notice on or about August 24, 2007.
- 5           7.    The Department sent a second notice to Respondent Karzman via US  
6           Certified Mail (mail piece number 7007 1490 0000 0420 3368) and  
7           facsimile on November 8, 2007.    Respondent Karzman received and  
8           signed for the notice on or about November 16, 2007.
- 9           8.    To date the Respondents have failed to facilitate the  
10          examination.
- 11          9.    Respondent Karzman's fiscal year end was December 31, 2006 and  
12          the financial statement was due on or before April 2, 2007.
- 13          10.   On April 4, 2007 the Department sent Respondent Karzman a letter  
14          advising them that the financial statement had not been received  
15          and they had begun to accrue a \$25.00 per day fine for late  
16          submission of materials.
- 17          11.   On April 25, 2007 the Department the Respondent Karzman a second  
18          reminder letter regarding the accruing fine.
- 19          12.   To date Respondent Karzman has failed to file the financial  
20          statement.
- 21          13.   On May 21, 2007 the Department received a consumer complaint from  
22          Consumer A.
- 23          14.   The Department sent the consumer complaint to Respondent Karzman  
24          via US Certified Mail on May 22, 2007 (mail piece number 7006  
25          2760 0002 2476 5305).    Respondent Karzman received and signed for  
            the notice on or about May 24, 2007.

1 15. On August 20, 2007 the Department sent a reminder notice to  
2 Respondent Karzman via US Certified Mail (mail piece number 7006  
3 3450 0000 0609 5821). Respondent Karzman received and signed for  
4 the notice on or about August 22, 2007.

5 16. To date the Respondents have not provided a response to the  
6 consumer complaint.

7 17. The Respondent received the consumer complaint on May 24, 2007,  
8 which resulted in a response due date of July 23, 2007. From  
9 July 23, 2007 to the date of this petition is 185 days, which  
10 results in a statutory penalty of \$9,250.00.

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12 **ISSUES OF LAW**

13 The staff of the Department, alleges the following issues of law:

- 14 1. The Department realleges the above stated facts in paragraphs 1  
15 through 17.
- 16 2. The Department has jurisdiction over the licensing and  
17 regulation of persons engaged in sales finance activities  
18 pursuant to NH RSA 361-A:2.
- 19 3. Pursuant to New Hampshire Banking law, RSA 361-A:6-a the  
20 Department may examine the business affairs of any licensee or  
21 any other person, whether licensed or not, as it deems necessary  
22 to determine compliance with this Chapter and the rules adopted  
23 pursuant to it and with the Consumer Credit Protection Act, as  
24 amended (15 U.S.C. 1601 et seq.). In determining compliance,  
25 the Department may examine the books, accounts, records, files,  
and other documents or matters of any licensee or person. RSA

1 361-A:6-a further requires every person being examined, and all  
2 of the officers, directors, employees, agents, and  
3 representatives of such person shall make freely available to  
4 the commissioner or his examiners, the accounts, records,  
5 documents, files, information, assets, and matters in their  
6 possession or control relating to the subject of the examination  
7 and shall facilitate the examination. The Respondents violated  
8 this provision by failing to facilitate the examination.

9 4. RSA 361-A:2-b I c provides that a licensee shall file its  
10 financial statement within 90 days from the date of its fiscal  
11 year end. The Respondents violated this provision by failing to  
12 submit the financial statement.

13 5. RSA 361-A:2-b III provides that any sales finance company which  
14 fails to file its financial statement within the time prescribed  
15 may be required to pay to the department a penalty of \$25.00 for  
16 each calendar day the statement is overdue up to a maximum  
17 penalty of \$2,500.00.

18 6. RSA 361-A:4-a provides that consumer complaints which are filed  
19 in writing shall be forwarded via certified or registered mail  
20 to the sales finance company for response within 10 days of  
21 receipt by the Department. Licensees shall, within 30 days  
22 after receipt of such complaint, send a written acknowledgement  
23 thereof to the consumer and the Department. Not later than 60  
24 days following receipt of such complaint, the licensee shall  
25 conduct an investigation of the complaint and either:

(a) Make appropriate corrections in the account of the

1 consumer and submit to the consumer and the Department  
2 written notification of such corrections, including  
3 documentary evidence thereof; or

4 (b) Submit a written explanation or clarification to the  
5 consumer and the Department which sets forth, to the extent  
6 applicable, the reasons why the licensee believes its  
7 actions are correct, including copies of documentary  
8 evidence thereof.

9 The Respondents violated this provision by failing to submit any  
10 acknowledgement or response to the consumer complaint.

11 7. RSA 361-A:4-a II provides that a licensee who fails to respond  
12 to consumer complaints within the time prescribed shall pay to  
13 the commissioner the sum of \$50.00 per day that such response is  
14 overdue.

15 8. RSA 361-A:11 VII provides that any person who, either knowingly  
16 or negligently, violates any provision of the chapter may, upon  
17 notice and opportunity for hearing, and in addition to any such  
18 other penalty provided for by law, be subject to suspension,  
19 revocation, or denial of any registration or license, including  
20 the forfeiture of any application fee, or imposition of an  
21 administrative fine not to exceed \$2,500.00, or both. Each of  
22 the acts specified shall constitute a separate violation, and  
23 each such administrative action or fine may be imposed in  
24 addition to any criminal or civil penalties imposed.

25 9. RSA 361-A:11 VIII provides that every person who directly or  
indirectly controls a person liable under this section, every



1 partner, principal executive officer or director of such person,  
2 every person occupying a similar status or performing a similar  
3 function, every employee of such person who materially aids in  
4 the act constituting the violation, and every licensee or person  
5 acting as a common law agent who materially aids in the acts  
6 constituting the violation, either knowingly or negligently, may,  
7 upon notice and opportunity for hearing, and in addition to any  
8 other penalty provided for by law, be subject to suspension,  
9 revocation, or denial of any registration or license, including  
10 the forfeiture of any application fee, or the imposition of an  
11 administrative fine not to exceed \$2,500, or both. Each of the  
12 acts specified shall constitute a separate violation, and such  
13 administrative action or fine may be imposed in addition to any  
14 criminal or civil penalties imposed.

15 **RELIEF REQUESTED**

16 The staff of the Department requests the Commissioner take the following  
17 Action:

- 18 1. Find as fact the allegations contained in section I of this petition;
- 19 2. Make conclusions of law relative to the allegations contained in  
20 section II of the this petition;
- 21 3. Order the Respondents to Show Cause why its license should not be  
22 revoked;
- 23 4. Assess fines and administrative penalties in accordance with RSA 361-  
24 A:11, for violations of Chapter 361-A, in the number and amount equal  
25 to the violations set forth in section II of this petition; and
5. Take such other administrative and legal actions as necessary for

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enforcement of the New Hampshire Banking Laws, the protection of New Hampshire citizens, and to provide other equitable relief.

**RIGHT TO AMEND**

The Department reserves the right to amend this Staff Petition and to request that the Commissioner take additional administrative action. Nothing herein shall preclude the Department from bringing additional enforcement action under RSA 361-A or the regulations thereunder.

Respectfully submitted by:

      /S/        
James Shepard  
Staff Attorney

1/24/08  
Date