

**HJR 1-FN-A - AS INTRODUCED**

2017 SESSION

17-0320

08/05

HOUSE JOINT RESOLUTION      ***1-FN-A***

A RESOLUTION      making restitution to Jeffery Frost for inappropriate prosecution.

SPONSORS:      Rep. Itse, Rock. 10; Rep. K. Rice, Hills. 37; Rep. Hoell, Merr. 23; Rep. Burt, Hills. 39; Rep. Sylvia, Belk. 6; Sen. Giuda, Dist 2; Sen. Reagan, Dist 17; Sen. Avard, Dist 12

COMMITTEE:      Legislative Administration

---

ANALYSIS

This house joint resolution requests that full restitution be made to Jeffrey Frost, Chrétien/Tillinghast LLC and/or Frost Family LLC for expenses, including reasonable attorney's fees, incurred in their defense against the wrongful application of RSA 397-A against them by the New Hampshire banking department and the office of the attorney general; raises and appropriates the sum of \$176,448.50 for that purpose; and directs that a warrant be issued to the treasurer of the state of New Hampshire pursuant to NH Const., Pt 2, Art 56 to pay said sum to Jeffrey Frost, Chrétien/ Tillinghast LLC and/or Frost Family LLC.

-----

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Seventeen*

A RESOLUTION making restitution to Jeffery Frost for inappropriate prosecution.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1       Whereas, the general court finds and declares that during the 2012 legislative session, the  
2       house committee on redress of grievances received and accepted a petition from Jeffrey Frost, 444  
3       Walnut Street, Manchester, New Hampshire 03103, and docketed the same as Petition #18, Petition  
4       of Jeffrey Frost; and

5       Whereas, following several public hearings and review of extensive documentation, including 3  
6       court decisions, the house committee on redress of grievances found as follows:

7       I. That the New Hampshire banking department, in re: the Matter of State of  
8       New Hampshire Banking Department and Jeffrey Shawn Frost, NHBD #10-013, pursued criminal  
9       and civil complaints against the petitioner despite having had ample notice from his attorneys that  
10      its assertion of authority over him was wrongful, illegal, and contrary to public policy, and that in  
11      any event he had acted pursuant to advice of competent legal counsel and thus lacked the requisite  
12      intent; and

13      II. That as asserted by the petitioner and confirmed by Merrimack district court judge  
14      Clifford Kinghorn in State v. Jeffrey Frost, #456-2010-CR-02374 (August 23, 2010), an investigator  
15      for the New Hampshire banking department recklessly or intentionally made a materially false  
16      representation in an affidavit supporting search warrants for the petitioner's business records,  
17      leading to unlawful searches of the petitioner's home and his attorneys' files; and

18      III. That as asserted by the petitioner, confirmed by Merrimack county superior court judge  
19      Richard B. McNamara in Jeffrey Frost, Chrétien/Tillinghast LLC & Frost Family LLC v.  
20      New Hampshire Banking Department and Peter Hildreth, Commissioner, #217-2010-CV-00288  
21      (December 21, 2010), and affirmed by the New Hampshire supreme court in Jeffrey Frost, et.al. v.  
22      Commissioner, New Hampshire Banking Department, et. al., #2011-121 (March 16, 2012), the  
23      Banking Department had and should have known it had no authority over the petitioner or over  
24      Chrétien/Tillinghast LLC or Frost Family LLC (limited liability companies of which the petitioner  
25      was a member) under RSA 397-A in that none was engaged in the business of making or brokering  
26      mortgage loans secured by real estate, each of the 2 mortgage financing transactions in question  
27      clearly having been an isolated private one outside the normal scope of the business of the limited  
28      liability company concerned; and

29      IV. That the banking department knew or should have known that its attempted imposition  
30      of \$525,000 in civil penalties against the petitioner by applying 2009 amendments to RSA 397-A:4  
31      retrospectively violated NH Const., Pt 1, Art 23; and

**HJR 1-FN-A - AS INTRODUCED**  
**- Page 2 -**

1           V. That the office of the attorney general:

2           (a) Knew or should have known that the banking department's affidavit supporting  
3 issuance of its search warrant contained a materially false assertion of fact;

4           (b) Knew or should have known that the banking department's assertion of authority  
5 over the Petitioner and his limited liability companies was wrongful and illegal;

6           (c) Should have exercised its authority to bring about immediate termination of the  
7 banking department's proceedings against the petitioner; and

8           (d) Should have exercised its prosecutorial discretion to decline to defend in the  
9 supreme court the banking department's cross-appeal from Judge McNamara's decision; and

10          Whereas, the house committee on redress of grievances, having so found, recommended that a  
11 bill be introduced and passed providing:

12           I. That full restitution be made to the petitioner, Chrétien/Tillinghast LLC and/or Frost  
13 Family LLC of the expenses, including reasonable attorney's fees, incurred in their defense against  
14 the wrongful application of RSA 397-A against them; and

15           II. That such restitution be made in the form of a line item reduction in the appropriations  
16 for each of the banking department and department of justice in such proportion as deemed  
17 appropriate by the finance committee; and

18           III. That a performance audit review be made of the banking department and the  
19 department of justice by the legislative budget assistant's office for the purposes of:

20           (a) Recommending such structural and organizational reforms within and between the  
21 2 departments determined to be necessary to ensure a chain of supervision and authority able to  
22 recognize, impede and prevent future such unlawful and oppressive enforcement actions; and

23           (b) Determining whether cause may exist for disciplinary action, including  
24 impeachment as one possible such action, against any one or more individuals within either  
25 department; and

26          Whereas, the petitioner has, agreeably with the request to him from the house committee on  
27 redress of grievances, provided the house of representatives with invoices and supporting affidavits  
28 from his attorneys to document the petitioner's costs and attorney's fees in his defense against the  
29 illegal enforcement actions pursued against him; now, therefore, be it

30          Resolved by the Senate and House of Representatives in General Court convened:

31          That the sum of \$176,448.50 is hereby raised and appropriated, and a warrant shall forthwith  
32 be issued to the treasurer of the state of New Hampshire pursuant to NH Const., Pt 2, Art 56 to pay  
33 said sum to the order of Jeffrey Frost of 444 Walnut Street, Manchester, New Hampshire 03103,  
34 and/or Chrétien/Tillinghast LLC and/or Frost Family LLC, as may be directed by Jeffrey Frost.

35          That a copy of this resolution be sent by the house clerk to Jeffrey Frost, Chrétien/Tillinghast  
36 LLC, and Frost Family LLC.

**HJR 1-FN-A- FISCAL NOTE**

as introduced

AN ACT making restitution to Jeffery Frost for inappropriate prosecution.

**FISCAL IMPACT:**    ☒ State                    ☐ County                    ☐ Local                    ☐ None

| STATE:                        | Estimated Increase / (Decrease)             |                                    |                                  |                                |
|-------------------------------|---|------------------------------------|----------------------------------|--------------------------------|
|                               | FY 2018                                     | FY 2019                            | FY 2020                          | FY 2021                        |
| <b>Appropriation</b>          | \$176,448.50                                | \$0                                | \$0                              | \$0                            |
| <b>Revenue</b>                | \$0   | \$0                                | \$0                              | \$0                            |
| <b>Expenditures</b>           | \$176,448.50                                | \$0                                | \$0                              | \$0                            |
| <b><i>Funding Source:</i></b> | <input checked="" type="checkbox"/> General | <input type="checkbox"/> Education | <input type="checkbox"/> Highway | <input type="checkbox"/> Other |

**METHODOLOGY:**

The Office of Legislative Budget Assistant states this house joint resolution appropriates \$176,448.50 of state general funds to be paid in restitution to Jeffrey Frost.

**AGENCIES CONTACTED:**

Department of Justice, Banking Department, and Treasury Department