

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-17527

In the Matter of

KARL E. HAHN,

Respondent.

DECLARATION OF GRETCHEN LUNDGREN

I, Gretchen Lundgren, declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, that the following is true and correct:

1. I am an attorney and a member in good standing of the bar of the Commonwealth of Massachusetts. I work in the Boston Regional Office (“BRO”) for the Division of Enforcement (“Division”) of the Securities and Exchange Commission (“Commission”) as Counsel. I am lead trial counsel on the above-referenced matter.

2. I make this declaration based upon: (i) personal knowledge; (ii) information and documents from the New Hampshire Bureau of Securities Regulation proceeding INV 201000015; and (iii) information and documents from *U.S.A. v. Hahn*, 1:15-cr-00050-SM, D.N.H.

A. Proof of Service

3. On September 6, 2016, the Commission issued an Order Instituting Proceedings (“OIP”) pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”).

4. In summary, the OIP alleges that Respondent Karl E. Hahn (“Hahn”), a registered representative of several dually-registered broker-dealers/investment advisers between 2008 and April 2010, engaged in dishonest and unethical business practices, and thereafter, in 2011, made material misrepresentations to the New Hampshire Secretary of State about his conduct. On October 18, 2011, the New Hampshire Bureau of Securities Regulation (“Bureau”) and Hahn executed a Consent Order in which Hahn was found in violation of securities laws, including rules making it unlawful for a person who receives consideration for advising an individual as to the value of securities, or their purchase or sale, to defraud that individual.

5. On September 19, 2016, I spoke with Hahn by telephone. Hahn stated that he was *pro se*, acknowledged receipt of the OIP, but explained that he would not take any action in the matter while criminal charges were pending against him based on the same conduct described in the OIP (*U.S.A. v. Hahn*, 1:15-cr-00050-SM-1, D.N.H.). *Indictment, Exhibit 1; Plea Agreement, Exhibit 2*. Hahn said that he would explain his position to the judge during the anticipated telephonic prehearing conference. Hahn provided me his email address to correspond with him on this matter.

6. The docket in Hahn’s criminal matter indicates that Hahn’s sentencing hearing is scheduled for December 21, 2016. *Docket, Exhibit 3*.

7. On September 20, 2016, the Court issued an Order setting a prehearing conference for October 11, 2016.

8. Due to an administrative error in assigning File Numbers, the OIP was re-issued on September 21, 2016, but the language of the OIP remained unchanged (“corrected OIP”).

9. On September 21, 2016, the Commission's Office of the Secretary sent by Certified Mail Return Receipt Requested correspondence to Hahn that enclosed the corrected

OIP. The Office of the Secretary mailed the correspondence to Hahn at his home address:

Karl E. Hahn
[REDACTED]
Manchester, CT [REDACTED]

The Office of the Secretary received confirmation that the corrected OIP was delivered on September 26, 2016. *Delivery Receipt, Exhibit 4.*

10. Likewise, on Monday, October 3, 2016, the I caused a copy of the corrected OIP to be delivered by United Parcel Service to Hahn at his home address. I received confirmation that the corrected OIP was delivered on Tuesday, October 4, 2016. *UPS Delivery Confirmation, Exhibit 5.*

11. On October 5, 2011, I emailed Hahn the dial-in phone number for the prehearing conference, but received no response. *Email to Hahn, Exhibit 6.*

12. At the October 11, 2016, prehearing conference, Hahn did not dial-in or otherwise participate or attempt to participate. On October 28, 2016, after Hahn failed to file his answer to the corrected OIP by the 20-day deadline on October 19, 2016, the Court issued an Order to Show Cause and Briefing Schedule.

13. Hahn was ordered to show cause by November 7, 2016 why the proceedings should not be determined against him for failure to answer the corrected OIP. Again, Hahn took no action in this matter.

B. The Consent Order

14. Hahn agreed to findings of fact regarding two fraudulent schemes in the Consent Order which established violations of the anti-fraud provisions of the securities laws. *Consent Order, Exhibit 7.*

15. First, while a registered representative for Deutsche Bank between 2008 and

2009, Hahn introduced three of his customers to his neighbor, an insurance agent, to facilitate their purchase of high-value life insurance policies. Hahn provided these customers financial and investment advice, and acted as a financial manager over their assets. Hahn's father, with whom Hahn lived, worked for the insurance agent for approximately one year around this time. Even though Hahn's father had no involvement in the sale of the high-value life insurance policies, he received approximately \$600,000 in commission from the insurance agent. *Exhibit 7, pp. 2-3.*

16. Hahn told the Bureau that he personally did not receive a commission from the sale of these policies; however, when deposed by the Bureau, he admitted that he borrowed between \$300,000 and \$400,000 from his father after his father received the commission. *Exhibit 7, p. 4.*

17. Hahn did not disclose this commission to his customers, and acknowledged that this transaction created a conflict of interest about which his customers should have been made aware. *Exhibit 7, p. 3.*

18. Second, starting in March 2009, shortly before leaving Deutsche Bank for Oppenheimer, Hahn fraudulently induced a customer to participate in an investment offered outside of his employment from Deutsche Bank and Oppenheimer.¹ Hahn asserted his privilege against self-incrimination as to the facts set forth in the Consent Order (despite testifying about them in his deposition), but agreed that the following facts could be found as a result of the adverse inference drawn from the assertion of his Fifth Amendment privilege. *Exhibit 7, pp. 3-5.*

19. Hahn initiated this fraud by explaining to the customer that if the customer loaned three unidentified individuals \$1.9 million for a real estate transaction, combined with Hahn's own \$1.9 million loan to those individuals, within 90 days the customer would be repaid and

¹ This customer was one of the customers who purchased the high-value life insurance described above.

receive a 20% return on his investment. To avoid detection by Deutsche Bank, Hahn instructed the customer to transfer the funds from the customer's Deutsche Bank account into the customer's Bank of America account, and then to deposit the funds into Hahn's father's personal account. Despite repeated requests for documentation of the investment, the customer never received any paperwork from Hahn. *Exhibit 7*, pp. 3-4, 5-7.

20. By April 2010, the customer had not received his investment or return, and was told by Hahn that he needed to contribute an additional \$385,000 for repairs to the properties purchased to complete the investment opportunity, which the customer then paid. In reality, the investment opportunity never existed and Hahn kept the customer's money. *Exhibit 7*, pp. 5-7.

21. While being questioned under oath about the purported real estate transaction by the Bureau in January 2011, Hahn denied that he solicited or received \$1.9 million from his customer to invest outside of Deutsche Bank. In February 2011, the Bureau received an email from Hahn's counsel stating that Hahn wished to "correct and supplement" statements made during his deposition. The email explained that Hahn's customer asked him for ideas to substantially increase his returns in a short time frame, and Hahn recommended that he participate in real estate investments outside of Deutsche Bank. Further, the email stated that the customer did withdraw \$1.9 million from his Deutsche Bank account for this outside investment and that Hahn had effective control over these funds. *Exhibit 7*, pp. 3-4.

22. In addition to violating the securities laws, Hahn's conduct constituted multiple violations of Deutsche Bank policies. Since Hahn's father lived with him and was financially dependent upon him, Hahn was required to disclose the commission given to his father and his use of his father's bank account as an investment account. He failed to do so, and also failed to obtain permission to keep a client's investment funds in an account which was not a "designated

broker” account. *Exhibit 7*, p. 3.

23. As a result of this conduct, Hahn consented to the permanent revocation of his broker-dealer representative license with Oppenheimer and a lifetime bar from securities licensure in New Hampshire. Hahn was also fined \$15,000. *Exhibit 7*, pp. 10-12.

Executed under the pains and penalties of perjury this 30th day of November 2016 at Boston, Massachusetts.


Gretchen Lundgren



**UNITED STATES DISTRICT COURT
DISTRICT OF NEW HAMPSHIRE**

UNITED STATES OF AMERICA

v.

1:15-cr- 50-01-SM

KARL E. HAHN

INDICTMENT

THE GRAND JURY CHARGES:

**Count One
(Wire Fraud; 18 U.S.C. §1343)**

1. At all times relevant to this Indictment, the defendant, Karl E. Hahn (hereafter "HAHN"), lived and worked in the District of New Hampshire, and was a professional investment adviser to an individual referred to hereinafter as "the victim."

2. Beginning at a date uncertain, but at least as early as on or about March 2, 2009, and continuing until on or about July 21, 2010, in the District of New Hampshire and elsewhere, HAHN, devised a scheme to defraud, and to obtain money from the victim, by means of materially false and fraudulent pretenses, representations and promises.

3. It was part of the scheme that HAHN fraudulently induced the victim to give HAHN approximately more than \$2,000,000, supposedly to be combined with some of HAHN's own funds and used in a personal investment, outside of their pre-existing professional investment adviser/advisee relationship, that would yield a profit for both the victim and HAHN, when, in fact, there was no investment and instead HAHN simply intended to, and did, take the victim's money for his own unrelated personal and business use.

4. In furtherance of, and for the purpose of executing, the scheme referenced above, HAHN transmitted, and caused to be transmitted, by means of wire communication in interstate

and foreign commerce certain signals and sounds, to wit: telephone calls, interstate bank transfers, and a VISA cash advance, including, but not limited to, as set out in paragraphs 5, 6, 7, 8, and 9 below.

5. In furtherance of, and for the purpose of executing, the scheme, on or about March 2, 2009, HAHN, who was at the time in the District of New Hampshire, by means of wire communication in interstate and foreign commerce, spoke on the telephone with the victim, who was at the time in France, and convinced the victim to give him, HAHN, large sums of money as part of the scheme to supposedly be used in a joint investment that was to be conducted outside of their investment adviser/advisee relationship that would yield a profit for both the victim and HAHN. The investment was described by HAHN generally to be as follows: HAHN and the victim would each initially contribute \$1,900,000 million dollars that would be combined and loaned to three landowners in New Hampshire, with the loans being secured by the deeds to the three landowners' homes, which HAHN told the victim were worth well in excess of the money they would be investing. HAHN told the victim that he, the victim, could not tell anyone else about these dealings.

6. As a result of statements made by HAHN, on or about March 2, 2009, while still in France and for the purpose of providing money to HAHN that HAHN had requested related to the supposed loans and as part of the scheme, the victim spoke on the telephone, by means of wire communication in interstate and foreign commerce, with the Bank of America in New Hampshire (hereafter "B of A") and had \$300,000 transferred from a B of A bank account to another B of A bank account identified by HAHN, which in fact was an account held in the name of HAHN's father. Thereafter HAHN caused funds of the victim to be transferred from his father's B of A

account to an account held in his name and from which said funds were used by HAHN for purposes other than related to the supposed loans and for his own unrelated personal and business use.

7. As a result of statements made by HAHN, on or about April 15, 2009, after returning to New Hampshire from France and for the purpose of providing money to HAHN that HAHN had requested related to the supposed loans and as part of the scheme, the victim spoke on the telephone, by means of wire communication in interstate commerce from New Hampshire to New York, with the Bank of New York, Mellon, at which he had funds on deposit, and transferred \$1,950,000, by means of wire communication in interstate commerce, to B of A bank account, and then had \$1,600,000 transferred B of A bank account identified by HAHN, which in fact was an account held in the name of HAHN's father. Thereafter, HAHN caused funds of the victim to be transferred from his father's B of A account to an account held in his name from which said funds were used by HAHN for purposes other than related to the supposed loans and for his own unrelated personal and business use.

8. As a result of statements made by HAHN, on or about March 16, 2010, for the purpose of providing money to HAHN that HAHN had requested related to the supposed loans and as part of the scheme, the victim had \$100,000 transferred from a B of A bank account to another B of A bank account identified by HAHN, which in fact was an account held in the name of HAHN's father. Thereafter HAHN caused funds of the victim to be transferred from his father's B of A account to an account held in his name and from which said funds were used by HAHN for purposes other than related to the supposed loans and for his own unrelated personal and business use.

9. As a result of statements made by HAHN, on or about April 9, 2010, for the purpose of providing money to HAHN that HAHN had requested related to the supposed loans and as part of the scheme, the victim took a \$50,000 cash advance against a VISA account and had the money deposited into a B of A bank account, which transaction required the use of interstate wire communication, so that said B of A bank account would be sufficiently funded to give HAHN the money he had requested and the victim thereafter transferred \$35,000 from said B of A bank account to another B of A bank account, identified by HAHN, which in fact was an account held in the name of HAHN's father. Thereafter HAHN caused funds of the victim to be transferred from his father's B of A account to an account held in his name and from which said funds were used by HAHN for purposes other than related to the supposed loans and for his own unrelated personal and business use.

10. In furtherance of and for the purpose of executing the scheme, and to lull the victim into a false sense of security for the purpose of causing the victim to refrain from reporting his above described dealings with HAHN to law enforcement authorities, HAHN made additional materially false and fraudulent pretenses, representations and promises, including, but not limited to on or about May 10, 2010 to the effect that: 1) the supposed borrowers had defaulted on the loans; 2) as a result of the alleged defaults by the supposed borrowers, HAHN had possession of the deeds to the supposed borrowers' properties; and, 3) HAHN had communicated with a hedge fund so the hedge fund could buy the properties, of which HAHN supposedly held the deeds, thereby resulting in the return of the victim's money, with interest.

11. In furtherance of and for the purpose of executing the scheme, and to lull the victim into a false sense of security for the purpose of causing the victim to refrain from reporting his

above described dealings with HAHN to law enforcement authorities, HAHN made additional materially false and fraudulent pretenses, representations and promises, including, but not limited to on or about July 7, 2010 to the effect that HAHN had been successful in working with the supposed hedge fund and that HAHN was confident that therefore the victim would have his money back by early August of 2010.

12. At all times relevant to this Indictment, HAHN knew that all statements made by him to the victim, relating in any way to the use of the victim's money for, and related to, the supposed loans to landowners, were part of, and in furtherance of, the scheme to defraud and to obtain money from the victim by means of materially false and fraudulent pretenses, representations and promises.

All in violation of Title 18, United States Code, Section 1343.

NOTICE OF CRIMINAL FORFEITURE

A. FORFEITABLE PROPERTY

The allegations of Count One of this Indictment are hereby re-alleged as if fully set forth herein and incorporated by reference for the purpose of alleging forfeitures pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461. Upon conviction of Counts One, the defendant shall forfeit to the United States any property constituting, or derived from, any proceeds the defendant obtained, directly or indirectly, as the result of the charged violation of 18 U.S.C. § 1343.

B. MONEY JUDGMENT

A sum of money equivalent to the amount of proceeds obtained as a result of the charged violation of 18 U.S.C. § 1343.

C. SUBSTITUTE ASSETS

If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without

difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

All in accordance with Title 18 U.S.C. § 981(a)(1)(C), 28 U.S.C. §2461, and Rule 32.2(a),
Federal Rules of Criminal Procedure.

Dated: April 8, 2015

TRUE BILL

/s/ Foreperson
Grand Jury Foreperson

John P. Kacavas
United States Attorney

By: /s/ Arnold H. Huftalen
Arnold H. Huftalen
Assistant U. S. Attorney

U.S. DISTRICT COURT
DISTRICT OF NEW HAMPSHIRE

APR 19 2016

FILED

UNITED STATES DISTRICT COURT
DISTRICT OF NEW HAMPSHIRE

UNITED STATES OF AMERICA)	
)	
v.)	1:15-cr-00050-SM
)	
KARL E. HAHN)	



PLEA AGREEMENT

Pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure, the United States of America by its attorney, Emily Gray Rice, the United States Attorney for the District of New Hampshire, and the defendant, Karl E. Hahn, and the defendant's attorney, Bruce Kenna, Esquire, enter into the following binding Plea Agreement:

1. The Plea and The Offense.

The defendant agrees to plead guilty to Count One of the Indictment charging him with wire fraud, in violation of Title 18, United States Code, Section 1343.

In exchange for the defendant's guilty plea, the United States agrees to the sentencing stipulations identified in paragraph 6 of this agreement.

2. The Statute and Elements of the Offense.

Title 18, United States Code, Section 1343 provides, in pertinent part:

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for the obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined under this title or imprisoned not more than 20 years or both.

The defendant understands that the crime of wire fraud has the following elements, each of

which the United States would be required to prove beyond a reasonable doubt at trial:

First, that there was a scheme, substantially as charged in the indictment, to defraud or to obtain money by means of false or fraudulent pretenses;

Second, that the scheme to defraud involved the misrepresentation or concealment of a material fact or matter, or the scheme to obtain money or property by means of false or fraudulent pretenses involved a false statement, assertion, half-truth or knowing concealment concerning a material fact or matter;

Third, that the defendant, Mr. Hahn, knowingly and willfully participated in this scheme with the intent to defraud; and

Fourth, that for the purpose of executing the scheme or in furtherance of the scheme, the defendant, Mr. Hahn caused an interstate or foreign wire communication to be used, or it was reasonably foreseeable that for the purpose of executing the scheme or in furtherance of the scheme, an interstate or foreign wire communication would be used, on or about a date or the dates alleged in the indictment.

Pattern Criminal Jury Instructions for the District Courts of the First Circuit, Instruction 4.18.1343 (updated 2/1/13).

3. Offense Conduct.

The defendant stipulates and agrees that if this case proceeded to trial, the government would prove the following facts beyond a reasonable doubt:

On March 2, 2009, the defendant, Mr. Hahn, while physically located in New Hampshire and employed as an investment advisor, called one of his clients, identified in the Indictment, and referred to here, as "the victim," who was located in Paris, France, and proposed an "off the books"

investment opportunity. As a result of the March 2, 2009 statements made by Mr. Hahn, the victim, while still in France, and for the purpose of providing money to Mr. Hahn to fund the supposed loans, spoke on the telephone, by means of wire communication in interstate and foreign commerce, with a New Hampshire branch of the Bank of America (hereafter "B of A") and had \$300,000 transferred from his B of A bank account to another B of A bank account identified by Mr. Hahn, which in fact was an account held in the name of relative of Mr. Hahn. Thereafter, Mr. Hahn caused those funds of the victim, the \$300,000, to be transferred from his relative's B of A account to an account held in his, Mr. Hahn's, name and from which said funds were used by Mr. Hahn for purposes other than making the supposed loans.

Also, a result of statements made by Mr. Hahn, on or about April 15, 2009, the victim, after returning to New Hampshire from France and for the purpose of providing additional monies to Mr. Hahn to fund the supposed loans, spoke on the telephone, by means of wire communication in interstate commerce from New Hampshire to New York, with the Bank of New York, Mellon, at which he had funds on deposit, and caused a transfer of approximately \$1,950,000, by means of interstate wires, to his New Hampshire B of A bank account, and then had \$1,600,000 transferred to the previously identified B of A bank account of Mr. Hahn's relative. Thereafter, Mr. Hahn caused funds of the victim to be transferred from that relative's account to an account held in his, Mr. Hahn's, name, and from which said funds were used by Mr. Hahn for purposes other than making the supposed loans.

Additionally, as a result of statements made by Mr. Hahn, on or about March 16, 2010, for the purpose of providing additional money to Mr. Hahn related to the supposed loans, the victim caused a transfer of an additional \$100,000 from his B of A bank account to the previously

identified B of A bank account of Mr. Hahn's relative. Thereafter, Mr. Hahn caused said funds of the victim to be transferred from that relative's B of A account to an account held in his, Mr. Hahn's, name, and from which said funds were used by Mr. Hahn for purposes other than related to the supposed loans.

Finally, as a result of statements made by Mr. Hahn, on or about April 9, 2010, for the purpose of providing additional money to Mr. Hahn related to the supposed loans, the victim caused a cash advance in the amount of \$50,000 from a VISA account to be transferred, through the use of interstate wire communications, into his B of A bank account (so that said B of A bank account would be sufficiently funded) and thereafter caused a transfer of \$35,000 from said B of A account to the previously identified B of A bank account of Mr. Hahn's relative. Thereafter, Mr. Hahn caused said funds of the victim to be transferred from that relative's B of A account to an account held in his, Mr. Hahn's name, and from which said funds were used by Mr. Hahn for purposes other than related to the supposed loans.

The evidence would also prove that in furtherance of, and for the purpose of executing the scheme, and to lull the victim into a false sense of security, which caused the victim to temporarily refrain from reporting his above described dealings with Mr. Hahn to law enforcement authorities, Mr. Hahn made additional materially false and fraudulent pretenses, representations and promises, including, but not limited to, on or about May 10, 2010 to the effect that: 1) the supposed borrowers had defaulted on the loans; 2) as a result of the alleged defaults by the supposed borrowers, Mr. Hahn had possession of the deeds to the supposed borrowers' properties; and, 3) Mr. Hahn had communicated with a hedge fund so the hedge fund could buy the properties, of which Mr. Hahn supposedly held the deeds, thereby resulting in the return of the victim's money,

with interest.

The evidence would also prove that Mr. Hahn made additional materially false and fraudulent pretenses, representations and promises, including, but not limited to on or about July 7, 2010 to the effect that Mr. Hahn had been successful in working with the supposed hedge fund and that Mr. Hahn was confident that therefore the victim would have his money back by early August of 2010.

Finally, the evidence would also prove that the entire story of landowners wanting to borrow money was false and fictitious, that there never were three landowners who wanted to borrow money collateralizing said loans with deeds, nor were loans ever made to any landowners using the victim's money, nor, necessarily, were there any dealings with a hedge fund related to buying the deeds of the supposed loans. That evidence would be proven, in part, by statements made by Mr. Hahn when interviewed by federal agents and through sworn testimony given by Mr. Hahn.

4. Penalties.

The defendant understands that the penalties for the offense are:

A. A maximum prison term of 20 years (18 U.S.C. § 1343), or, if Probation is ordered, not less than one (1) nor more than five (5) years of probation (18 U.S.C. §§3561(c)(2)). The defendant understands that if he violates a condition of his probation at any time prior to the expiration or termination of the term or probation, the court, may, after a hearing, and after considering the factors set forth in 18 U.S.C. §3553(a), to the extent they are applicable, continue the defendant on probation, with or without extending the term, or modifying or enlarging the

conditions of probation; or revoke the sentence or probation and resentence the defendant to a period of imprisonment not to exceed twenty (20) years. See 18 U.S.C. §3565(a); and,

- B. A maximum fine of \$250,000 (18 U.S.C. §§ 1343 & 3571(b)(3));
- C. A term of supervised release of not more than 3 years. (18 U.S.C. § 3583(b)(2)).

The defendant understands that the defendant's failure to comply with any of the conditions of supervised release may result in revocation of supervised release, requiring the defendant to serve in prison all or part of the term of supervised release, with no credit for time already spent on supervised release (18 U.S.C. § 3583).

The defendant also understands that he will be required to pay a special assessment of \$100 for the count of conviction, at or before the time of sentencing; and that the Court may order him to pay restitution to the victim of the offense, including the Internal Revenue Service, as provided for under Title 18 U.S.C. § 3663 and/or §3663A.

The defendant also understands that he will be required to pay a special assessment of \$100 for the count of conviction, at or before the time of sentencing, and that the Court may order him to pay restitution to the victim of the offense, pursuant to 18 U.S.C. § 3663 or § 3663A.

5. Sentencing and Application of the Sentencing Guidelines.

The defendant understands that the Sentencing Reform Act of 1984 applies in this case and that the Court is required to consider the United States Sentencing Guidelines as advisory guidelines. The defendant further understands that he has no right to withdraw his guilty plea if the applicable advisory guideline range is other than he anticipated, except as expressly provided in this Plea Agreement.

The defendant also understands that the United States and the United States Probation Office shall:

- A. Advise the Court of any additional, relevant facts that are presently known or may subsequently come to their attention;
- B. Respond to questions from the Court;
- C. Correct any inaccuracies in the pre-sentence report;
- D. Respond to any statements made by him or his counsel to a probation officer or to the Court.

The defendant understands that the United States and the Probation Office may address the Court with respect to an appropriate sentence to be imposed in this case.

The defendant acknowledges that any estimate of the probable sentencing range within the advisory Sentencing Guidelines that he may have received from any source is only a prediction and not a promise, and is not binding on the United States, the Probation Office, or the Court, except as expressly provided in this Plea Agreement.

6. Sentencing Stipulations and Agreements.

Pursuant to Fed. R. Crim. P. 11(c)(1)(C), the parties agree that a five (5) year a sentence of probation, which includes conditions requiring certain restitution payments be made at certain times, is the appropriate disposition of this case.

Specifically, in addition to any restitution as ordered by the Court pursuant to 18 U.S.C. §§ 3663 and/or 3663A, said conditions of probation shall include that the defendant shall make a restitution payment to the victim of \$100,000 within seven (7) days of being sentenced, and will make four additional annual restitution payments to the victim of \$50,000 on or before the first four (4) anniversary dates of the date he is sentenced in this case.

The parties intend the above stipulations to be "binding" under Fed. R. Crim. P. 11(c)(1)(C). By using the word binding the parties mean that if the Court will not accept the plea agreement under Fed. R. Crim. P. 11(c)(3)(A), the plea agreement is null and void and the defendant will be allowed the opportunity to withdraw his guilty plea.

7. Acceptance of Responsibility.

The United States agrees that it will not oppose an appropriate reduction in the defendant's adjusted offense level, under the advisory Sentencing Guidelines, based upon the defendant's apparent prompt recognition and affirmative acceptance of personal responsibility for the offense. The United States, however, may oppose any adjustment for acceptance of responsibility if the defendant:

- A. Fails to admit a complete factual basis for the plea at the time he is sentenced or at any other time;
- B. Challenges the United States' offer of proof at any time after the plea is entered;
- C. Denies involvement in the offense;
- D. Gives conflicting statements about that involvement or is untruthful with the Court, the United States or the Probation Office;
- E. Fails to give complete and accurate information about his financial status to the Probation Office;
- F. Obstructs or attempts to obstruct justice, prior to sentencing;
- G. Has engaged in conduct prior to signing this Plea Agreement which reasonably could be viewed as obstruction or an attempt to obstruct justice, and has failed to fully disclose such conduct to the United States prior to signing this Plea Agreement;
- H. Fails to appear in court as required;
- I. After signing this Plea Agreement, engages in additional criminal conduct;

or

J. Attempts to withdraw his guilty plea.

The defendant understands and agrees that he may not withdraw his guilty plea if, for any of the reasons listed above, the United States does not recommend that he receive credit for acceptance of responsibility.

The defendant also understands and agrees that the Court is not required to reduce the offense level if it finds that he has not accepted responsibility.

If the defendant's offense level is sixteen or greater, and he has assisted the United States in the investigation or prosecution of his own misconduct by timely notifying the United States of his intention to enter a plea of guilty, thereby permitting the United States to avoid preparing for trial and permitting the United States and the Court to allocate their resources efficiently, the United States will move, at or before sentencing, to decrease the defendant's base offense level by an additional one level pursuant to U.S.S.G. § 3E1.1(b).

8. Waiver of Trial Rights and Consequences of Plea.

The defendant understands that he has the right to be represented by an attorney at every stage of the proceeding and, if necessary, one will be appointed to represent him. The defendant also understands that he has the right:

- A. To plead not guilty or to maintain that plea if it has already been made;
- B. To be tried by a jury and, at that trial, to the assistance of counsel;
- C. To confront and cross-examine witnesses;
- D. Not to be compelled to provide testimony that may incriminate him; and
- E. To compulsory process for the attendance of witnesses to testify in his defense.

The defendant understands and agrees that by pleading guilty he waives and gives up the foregoing rights and that upon the Court's acceptance of the his guilty plea, he will not be entitled to a trial.

The defendant understands that if he pleads guilty, the Court may ask him questions about the offense, and if he answers those questions falsely under oath, on the record, and in the presence of counsel, his answers will be used against him in a prosecution for perjury or making false statements.

9. Acknowledgment of Guilt; Voluntariness of Plea.

The defendant understands and acknowledges that he:

- A. Is entering into this Plea Agreement and is pleading guilty freely and voluntarily because he is guilty;
- B. Is entering into this Plea Agreement without reliance upon any promise of benefit of any kind except as set forth in this Plea Agreement;
- C. Is entering into this Plea Agreement without threats, force, intimidation, or coercion;
- D. Understands the nature of the offense to which he is pleading guilty, including the penalties provided by law; and
- E. Is completely satisfied with the representation and advice received from his undersigned attorney.

10. Scope of Agreement.

The defendant acknowledges and understands that this Plea Agreement binds only the undersigned parties and cannot bind any other non-party federal, state or local authority. The defendant also acknowledges that no representations have been made to him about any civil or administrative consequences that may result from his guilty plea. The defendant understands

such matters are solely within the discretion of the specific non-party government agency involved. The defendant further acknowledges that this Plea Agreement has been reached without regard to any civil tax matters that may be pending or which may arise involving the defendant.

11. Collateral Consequences.

The defendant understands that as a consequence of his guilty plea he will be adjudicated guilty and may thereby be deprived of certain federal benefits and certain rights, such as the right to vote, to hold public office, to serve on a jury, or to possess firearms.

The defendant recognizes that pleading guilty may have consequences with respect to his immigration status if the defendant is not a citizen of the United States. Under federal law, a broad range of crimes constitute removable offenses, including the offenses to which the defendant is pleading guilty. Indeed, the crimes to which the defendant is pleading guilty are crimes for which removal is presumptively mandatory. Removal and other immigration consequences would, however, be the subject of separate proceedings, and the defendant understands that no one, including the defendant's attorney or the district court, can predict to a certainty the effect of the defendant's guilty pleas on the defendant's immigration status. The defendant nevertheless affirms that the defendant desires to plead guilty regardless of any immigration consequences, even if the consequence is the defendant's automatic removal from the United States.

12. Satisfaction of Federal Criminal Liability; Breach.

The defendant's guilty plea, if accepted by the Court, will satisfy his federal criminal liability in the District of New Hampshire arising from his participation in the conduct that forms

the basis of the indictment in this case. The defendant understands that if, before sentencing, he violates any term or condition of this Plea Agreement, engages in any criminal activity, or fails to appear for sentencing, the United States may consider such conduct to be a breach of the Plea Agreement and may withdraw therefrom.

13. **Waivers.**

A. **Appeal.**

The defendant understands that he has the right to challenge his guilty plea and/or sentence on direct appeal. By entering into this Plea Agreement the defendant knowingly and voluntarily waives his right to challenge on direct appeal:

1. His guilty plea and any other aspect of his conviction, including, but not limited to, adverse rulings on pretrial suppression motion(s) or any other adverse disposition of pretrial motions or issues; and
2. All aspects of the sentence imposed by the Court if that sentence is the stipulated sentence specified in section 6 of this agreement.

The defendant's waiver of his rights does not operate to waive an appeal based upon new legal principles enunciated in Supreme Court or First Circuit case law after the date of this Plea Agreement that have retroactive effect; or on the ground of ineffective assistance of counsel.

B. **Collateral Review**

The defendant understands that he may have the right to challenge his guilty plea and/or sentence on collateral review, e.g., a motion pursuant to 28 U.S.C. §§ 2241 or 2255. By entering into this Plea Agreement, the defendant knowingly and voluntarily waives his right to collaterally challenge:

1. His guilty plea, except as provided below, and any other aspect of his conviction, including, but not limited to, adverse rulings on pretrial

suppression motion(s) or any other adverse disposition of pretrial motions or issues; and

2. All aspects of the sentence imposed by the Court if that sentence is the stipulated sentence specified in section 6 of this agreement.

The defendant's waiver of his right to collateral review does not operate to waive a collateral challenge to his guilty plea on the ground that it was involuntary or unknowing, or on the ground of ineffective assistance of counsel. The defendant's waiver of his right to collateral review also does not operate to waive a collateral challenge based on new legal principles enunciated by in Supreme Court or First Circuit case law decided after the date of this Plea Agreement that have retroactive effect.

C. Freedom of Information and Privacy Acts

The defendant hereby waives all rights, whether asserted directly or through a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of the case(s) underlying this Plea Agreement, including without limitation any records that may be sought under the Freedom of Information Act, 5 U.S.C. §552, or the Privacy Act of 1974, 5 U.S.C. §522a.

D. Appeal by the Government

Nothing in this Plea Agreement shall operate to waive the rights or obligations of the Government pursuant to pursue an appeal s authorized by law.

14. **No Other Promises.**

The defendant acknowledges that no other promises, agreements, or conditions have been entered into, other than those set forth in this Plea Agreement or revealed to the Court, and none will be entered into unless set forth in writing, signed by all parties, and submitted to the Court.

15. **Final Binding Agreement.**

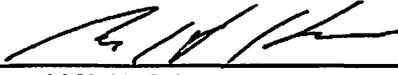
None of the terms of this Plea Agreement shall be binding on the United States until this Plea Agreement is signed by the defendant and the defendant's attorney and until it is signed by the United States Attorney for the District of New Hampshire, or an Assistant United States Attorney.

16. **Agreement Provisions Not Severable.**

The United States and the defendant understand and agree that if any provision of this Plea Agreement is deemed invalid or unenforceable, then the entire Plea Agreement is null and void and no part of it may be enforced.

EMILY GRAY RICE
United States Attorney

April 19, 2016

By: 

Arnold H. Huftalen
Assistant U.S. Attorney
53 Pleasant St., 4th Floor
Concord, NH 03301
(603) 225-1552
NH Bar #1215
arnold.huftalen@usdoj.gov

The defendant, Karl E. Hahn, certifies that he has read this 15-page Plea Agreement and that he fully understands and accepts its terms.

April 19, 2016


Karl E. Hahn, Defendant

I have read and explained this 15-page Plea Agreement to the defendant, and he has advised me that he understands and accepts its terms.

April 19, 2016


Bruce Kenna, Esq.
Attorney for Karl E. Hahn



COLLATERAL

**U.S. District Court
District of New Hampshire (Concord)
CRIMINAL DOCKET FOR CASE #: 1:15-cr-00050-SM All Defendants**

Case title: USA v. Hahn

Date Filed: 04/08/2015

Assigned to: Judge Steven J. McAuliffe

Defendant (1)

Karl E. Hahn

represented by **Bruce E. Kenna**
Kenna & Sharkey
69 Bay Street
Manchester, NH 03104
622-3222
Fax: 669-6574
Email: attorney@kennasharkey.com
LEAD ATTORNEY
ATTORNEY TO BE NOTICED
Designation: CJA Appointment

Pending Counts

18 U.S.C. § 1343 Wire Fraud
(1)

Disposition

Highest Offense Level (Opening)

Felony

Terminated Counts

None

Disposition

Highest Offense Level (Terminated)

None

Complaints

None

Disposition

Plaintiff

USA

represented by

Arnold H. Huftalen
 US Attorney's Office (NH)
 James C. Cleveland Federal Building
 53 Pleasant St, 4th Flr
 Concord, NH 03301
 603 230-2518
 Fax: 603 225-1470
 Email: arnold.huftalen@usdoj.gov
LEAD ATTORNEY
ATTORNEY TO BE NOTICED
 Designation: Assistant US Attorney

Date Filed	#	Docket Text
04/08/2015	<u>1</u>	INDICTMENT as to Karl E. Hahn (1) - Count 1. <i>Original document available in clerks office.</i> (jbw) (Entered: 04/10/2015)
04/08/2015	<u>3</u>	Praecipe for Summons by USA as to Karl E. Hahn. (jbw) (Entered: 04/10/2015)
04/09/2015		Summons Issued as to Karl E. Hahn. Arraignment/Initial Appearance set for 5/4/2015 02:30 PM before Magistrate Judge Andrea K. Johnstone. (jbw) (Entered: 04/10/2015)
04/14/2015	<u>4</u>	Summons Returned Executed on 4/14/2015 as to Karl E. Hahn.(jbw) (Entered: 04/14/2015)
05/04/2015	<u>5</u>	COLLATERAL RECEIPT no. 412 as to Karl E. Hahn for US Passport #505590757 issued to Karl E. Hahn. (Miscellaneous Deadline set for 8/17/2015.) (jbw) (Entered: 05/04/2015)
05/04/2015	<u>6</u>	CJA 20 as to Karl Hahn: Appointment of Bruce Kenna for criminal case proceeding. Assignment accepted on 5/4/2015. NOTICE: COUNSEL SHALL PRINT AND SUBMIT COMPLETED VOUCHER FOR PAYMENT AT APPROPRIATE TIME. ORDER Signed by Jennifer Sackos, Deputy Clerk. Follow up on submission of CJA Voucher on 11/5/2015. (Attachments: # <u>1</u> CJA Attorney Fact Sheet)(js) (Entered: 05/05/2015)
05/04/2015	<u>7</u>	MOTION to Appoint Counsel with Financial Declaration by Karl E. Hahn. (Attachments: # <u>1</u> Financial Declaration) <i>Document available in clerks office.</i> (js) (Entered: 05/05/2015)
05/04/2015		ENDORSED ORDER approving <u>7</u> Motion to Appoint Counsel as to Karl E. Hahn (1). Text of Order: Request Approved, Appoint Counsel. So Ordered by Magistrate Judge Andrea K. Johnstone. (js) (Entered: 05/05/2015)
05/04/2015		Minute Entry for proceedings held before Magistrate Judge Andrea K. Johnstone: INITIAL APPEARANCE and ARRAIGNMENT as to Karl E. Hahn (1) Count 1 held on 5/4/2015. Defendant advised of rights & charges, waived reading of indictment, and pled not guilty. Court approves financial affidavit. Upon agreement of the parties, defendant released on conditions. Trial Date: 6/16/2015, 2-3 days. (Tape #2:50) (Govt Atty: William Morse, Arnold Huftalen)

		(Defts Atty: Bruce Kenna) (USP: Janice Benard)(Total Hearing Time: 4 minutes)(CJA Time: 24 minutes) (js) (Entered: 05/05/2015)
05/04/2015	<u>8</u>	ORDER Setting Conditions of Release as to Karl E. Hahn. So Ordered by Magistrate Judge Andrea K. Johnstone. (js) (Entered: 05/05/2015)
05/05/2015		TRIAL NOTICE: Final Pretrial Conference set for 6/2/2015 02:00 PM before Judge Steven J. McAuliffe. JERS Statement due 6/9/2015. Jury Selection/Trial set for two week period beginning 6/16/2015 09:30 AM before Judge Steven J. McAuliffe. (jbw) (Entered: 05/05/2015)
05/29/2015	<u>9</u>	Assented to MOTION for Protective Order <i>Re: Discovery</i> by USA as to Karl E. Hahn. (Huftalen, Arnold) (Entered: 05/29/2015)
06/02/2015	<u>10</u>	Assented to MOTION to Continue Trial 90 days (Waiver of Speedy Trial to be filed conventionally) by Karl E. Hahn. Waiver of Speedy Trial due 6/12/2015. (Kenna, Bruce) (Entered: 06/02/2015)
06/02/2015	<u>11</u>	ORDER granting <u>10</u> Assented to Motion to Continue Trial 90 days in the interest of justice as to Karl E. Hahn (1). So Ordered by Judge Steven J. McAuliffe. Waiver of Speedy Trial due 6/12/2015. Final Pretrial Conference reset for 9/1/2015 02:30 PM before Judge Steven J. McAuliffe. JERS Statement due 9/8/2015. Jury Selection/Trial reset for two week period beginning 9/15/2015 09:30 AM before Judge Steven J. McAuliffe. (jbw) (Entered: 06/02/2015)
06/02/2015		ENDORSED ORDER granting <u>9</u> Assented to Motion for Protective Order as to Karl E. Hahn (1). <i>Text of Order: Granted; the proposed order is adopted as an order of the court.</i> So Ordered by Judge Steven J. McAuliffe. (jbw) (Entered: 06/02/2015)
06/04/2015	<u>12</u>	WAIVER of Speedy Trial by Karl E. Hahn. (jbw) (Entered: 06/04/2015)
08/28/2015	<u>13</u>	Assented to MOTION to Continue Trial 60 days (Waiver of Speedy Trial to be filed conventionally) by Karl E. Hahn. Waiver of Speedy Trial due 9/8/2015. (Kenna, Bruce) (Entered: 08/28/2015)
08/29/2015		ORDER granting <u>13</u> Assented to Motion to Continue Trial for 60 days in the interest of justice as to Karl E. Hahn (1). So Ordered by Judge Steven J. McAuliffe. Waiver of Speedy Trial due 9/10/2015. Final Pretrial Conference reset for 11/24/2015 02:00 PM before Judge Steven J. McAuliffe. JERS Statement due 12/1/2015. Jury Selection/Trial reset for two week period beginning 12/8/2015 09:30 AM before Judge Steven J. McAuliffe. (jbw) (Entered: 08/31/2015)
08/31/2015	<u>14</u>	WAIVER of Speedy Trial by Karl E. Hahn. (jbw) (Entered: 08/31/2015)
11/18/2015	<u>15</u>	Assented to MOTION to Continue Trial for 60 days (Waiver of Speedy Trial to be filed conventionally) by Karl E. Hahn. Waiver of Speedy Trial due 11/30/2015. (Kenna, Bruce) (Entered: 11/18/2015)
11/19/2015	<u>16</u>	ORDER granting <u>15</u> Assented to Motion to Continue Trial in the interest of justice as to Karl E. Hahn (1). So Ordered by Judge Steven J. McAuliffe. Waiver of Speedy Trial due 11/30/2015. Final Pretrial Conference reset for

		2/4/2016 10:30 AM before Judge Steven J. McAuliffe. JERS Statement due 2/10/2016. Jury Selection/Trial reset for two week period beginning 2/17/2016 09:30 AM before Judge Steven J. McAuliffe. (jbw) (Entered: 11/19/2015)
11/30/2015	<u>17</u>	WAIVER of Speedy Trial by Karl E. Hahn. (dae) (Entered: 11/30/2015)
01/29/2016	<u>18</u>	Assented to MOTION to Continue Trial for 60 days (Waiver of Speedy Trial to be filed conventionally) by Karl E. Hahn. Waiver of Speedy Trial due 2/8/2016. (Kenna, Bruce) (Entered: 01/29/2016)
01/29/2016	<u>19</u>	ORDER granting <u>18</u> Assented to Motion to Continue Trial in the interest of justice as to Karl E. Hahn (1). So Ordered by Judge Steven J. McAuliffe. Waiver of Speedy Trial due 2/10/2016. Final Pretrial Conference reset for 4/7/2016 02:00 PM before Judge Steven J. McAuliffe. JERS Statement due 4/12/2016. Jury Selection/Trial reset for two week period beginning 4/19/2016 09:30 AM before Judge Steven J. McAuliffe. (jbw) (Entered: 01/29/2016)
02/04/2016	<u>20</u>	WAIVER of Speedy Trial by Karl E. Hahn. (jbw) (Entered: 02/04/2016)
04/08/2016		NOTICE OF HEARING as to Karl E. Hahn. Change of Plea Hearing set for 4/19/2016 10:00 AM before Judge Steven J. McAuliffe. NOTICE: For cost containment purposes, the court prefers that the USPO conduct the PSR interview immediately following the COP hearing. Thus, prior to the COP hearing, a USPO may contact counsel for the purpose of scheduling the PSR interview after the COP hearing.(jbw) (Entered: 04/08/2016)
04/19/2016	<u>21</u>	PLEA AGREEMENT as to Karl E. Hahn. (jbw) (Entered: 04/19/2016)
04/19/2016		Minute Entry for proceedings held before Judge Steven J. McAuliffe: CHANGE OF PLEA HEARING held on 4/19/2016 as to Karl E. Hahn (1): Defendant sworn and advised of rights/charge. No objection to offer of proof. Defendant enters guilty plea to Count 1. Court accepts guilty plea. Court defers acceptance of binding stipulation as to specific sentence and repayment obligation until the time of sentencing. Bail continued as previously set. (Court Reporter: Sandra Bailey) (Govt Atty: Arnold Huftalen) (Defts Atty: Bruce Kenna) (USP: Jennafer McNutt)(Total Hearing Time: 20 minutes)(CJA Time: 28 minutes) (jbw) (Entered: 04/19/2016)
04/19/2016		NOTICE OF HEARING as to Karl E. Hahn. Sentencing set for 8/10/2016 11:00 AM before Judge Steven J. McAuliffe. <i>The court has allotted 1 hour for the hearing. Please contact the court immediately if you anticipate the hearing will exceed the allotted time.</i> Any motion seeking a departure or variance, as well as any sentencing memorandum, shall be filed 10 days prior to the sentencing date. Any response shall be filed 4 days prior to sentencing date. (jbw) (Entered: 04/19/2016)
08/03/2016	<u>26</u>	Assented to MOTION to Continue Sentencing Hearing by Karl E. Hahn. (Kenna, Bruce) (Entered: 08/03/2016)
08/03/2016		ENDORSED ORDER granting <u>26</u> Assented to MOTION to Continue Sentencing Hearing as to Karl E. Hahn (1). <i>Text of Order: Granted. So</i>

		Ordered by Judge Steven J. McAuliffe. Sentencing reset for 11/22/2016 10:00 AM before Judge Steven J. McAuliffe. <i>The court has allotted 1 hour for the hearing. Please contact the court immediately if you anticipate the hearing will exceed the allotted time.</i> Any motion seeking a departure or variance, as well as any sentencing memorandum, shall be filed 10 days prior to the sentencing date. Any response shall be filed 4 days prior to sentencing date.(jbw) (Entered: 08/04/2016)
11/21/2016	<u>34</u>	Assented to MOTION to Continue Sentencing Hearing by Karl E. Hahn. (Kenna, Bruce) (Entered: 11/21/2016)
11/21/2016		ENDORSED ORDER granting <u>34</u> Assented to MOTION to Continue Sentencing Hearing as to Karl E. Hahn (1). <i>Text of Order: Granted. So Ordered by Judge Steven J. McAuliffe.</i> (ko) (Entered: 11/21/2016)
11/22/2016		RESCHEDULING NOTICE OF HEARING as to Karl E. Hahn. Sentencing reset for 12/21/2016 02:00 PM before Judge Steven J. McAuliffe. <i>The court has allotted 1 hour for the hearing. Please contact the court immediately if you anticipate the hearing will exceed the allotted time.</i> Any motion seeking a departure or variance, as well as any sentencing memorandum, shall be filed 10 days prior to the sentencing date. Any response shall be filed 4 days prior to sentencing date.(jbw) (Entered: 11/22/2016)

PACER Service Center			
Transaction Receipt			
11/30/2016 09:05:36			
PACER Login:	se0131:2632367:4043519	Client Code:	
Description:	Docket Report	Search Criteria:	1:15-cr-00050-SM
Billable Pages:	3	Cost:	0.30



SENDER: COMPLETE THIS SECTION | **COMPLETE THIS SECTION ON DELIVERY**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, *on the front if possible*

Karl E. Hahn
 [Redacted]
 Manchester, CT [Redacted]

A. Signature
X D. Ryan

B. Received by (Printed Name)
 3-17527

C. Date of Delivery
 11-26-16

Agent
 Addressed

rent from item 1? Yes
 address below: No

90416 42



9590 9402 1322 5285 0806 80

2. Article Number (transfer from service label)

7013 2630 0002 2621 7512

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery
- Priority Mail Express®

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Domestic Return Receipt



Lundgren, Gretchen

From: DeSisto, Stephanie R.
Sent: Tuesday, October 04, 2016 11:23 AM
To: Lundgren, Gretchen
Subject: FW: UPS Delivery Notification,Reference Number 1: CORRECTED OIP

Corrected OIP delivered via UPS from us.

From: UPS Quantum View [<mailto:pkginfo@ups.com>]
Sent: Tuesday, October 04, 2016 10:22 AM
To: DeSisto, Stephanie R.
Subject: UPS Delivery Notification,Reference Number 1: CORRECTED OIP



Your package has been delivered.

Delivery Date: Tuesday, 10/04/2016
Delivery Time: 10:17 AM



Set Delivery Instructions	Track Package Status	View Delivery Planner
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At the request of SEC BOSTON REG OFFICE this notice alerts you that the status of the shipment listed below has changed.

Shipment Detail

Tracking Number: 1ZA376E1NT90970097

Karl Hahn
[REDACTED]
Ship To: MANCHESTER, CT [REDACTED]
US
UPS Service: UPS NEXT DAY AIR
Number of Packages: 1
Package Weight: 0.0 LBS
Delivery Location: FRONT DOOR
Reference Number 1: CORRECTED OIP

UPS My Choice™
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UNLIMITED PACKAGE REDIRECTS

UPGRADE NOW

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Lundgren, Gretchen

From: Lundgren, Gretchen
Sent: Wednesday, October 05, 2016 7:15 AM
To: Perlman, Benjamin; Shields, Kathy Moore; [REDACTED]
Cc: DeSisto, Stephanie R.
Subject: In the Matter of Karl E. Hahn, File No. 3-17527

Good morning.

The Division of Enforcement has set up a dial-in phone number for the prehearing conference on October 11, 2016 at 3:00 pm Eastern time. Please connect by dialing one of the following phone numbers, and typing in the access code when prompted:

[REDACTED] (US/Canada)
[REDACTED] (US/Canada Toll-free)
[REDACTED] (SEC Internal)

Access Code:

[REDACTED]

In addition, a court reporter has been scheduled by the Division for this hearing.

Please feel free to contact me if you have any questions.

Best regards,

Gretchen Lundgren | Counsel, Division of Enforcement
U.S. Securities and Exchange Commission
Boston Regional Office
33 Arch Street, 24th Floor | Boston, MA 02110
Tel. (617) 573-4578

STATE OF NEW HAMPSHIRE
BUREAU OF SECURITIES REGULATION
DEPARTMENT OF STATE
25 CAPITOL STREET
CONCORD, NH 03301

CONSENT ORDER

Karl E. Hahn, CRD # 2487638

INV-2010000015

For purposes of settling the above-referenced matter and in lieu of further administrative proceedings, Karl E. Hahn has submitted an offer of settlement, which the Bureau of Securities Regulation, Department of State, State of New Hampshire (hereinafter referred to as the "Bureau") has determined to accept. Accordingly, Karl E. Hahn and the Bureau do hereby agree as follows:

STATEMENT OF FACTS

- I. The staff of the Bureau and Karl E. Hahn agree to the following facts:
1. Karl E. Hahn (hereinafter referred to as "Hahn") is a licensed registered representative formerly employed by Oppenheimer & Co. Inc. (hereinafter referred to as "Oppenheimer") at their branch office location of 30 Penhallow Street, Suite 100, Portsmouth, NH 03801. Hahn's CRD number is 2487638. Oppenheimer is both a brokerage and investment adviser firm with a main office location of 125 Broad Street, 16th floor, New York, NY 10004. Oppenheimer's CRD number is 249. Hahn had been working for Oppenheimer since June 2009.
 2. Hahn was previously employed as a registered representative for Deutsche Bank Securities Inc. (hereinafter referred to as "DBSI") from February 2008 to May 2009. DBSI's CRD number is 2525. Prior to DBSI, Hahn was employed at Merrill Lynch,

Pierce, Fenner & Smith, Inc. (hereinafter referred to as "Merrill") from September 2004 to February 2008. Merrill's CRD number is 7691.

3. Investor #1 and Investor #2 are husband and wife since 2002. They are from Incline Village, Nevada. Investor #3 is the ex-husband of Investor #1 and is from Portsmouth, New Hampshire. Investor #1 and Investor #3 had been high net-worth clients of Hahn since 2006 while he was employed at Merrill. Investor #2 had been a client of Hahn since at least 2009, while he was employed at DBSI. For Investor #1, Investor #2, and Investor #3, Hahn formerly provided financial and investment advice and acts as financial manager over their assets.
4. Throughout 2008 and 2009, while employed at DBSI, Hahn introduced his neighbor, an insurance agent and owner of a Portsmouth, New Hampshire insurance company, to his clients, Investor #1, Investor #2 and Investor #3. The purpose of these introductions and various meetings was to discuss the benefits of obtaining high value life insurance policies for these high net worth clients. At these meetings with Hahn and his clients, the insurance agent explained that the premiums for these policies would be financed from a third party lender, a premium finance company. The premium financing company would require collateral in order to make the loan, either in the form of an expensive irrevocable letter of credit issued by a bank or a control agreement effectively locking assets in a designated securities account. The appeal of this transaction was a large death benefit meant to assist their heirs in paying estate taxes upon their death. Between 2008 and 2009, Investor #1, Investor #2, and Investor #3 purchased these high value life insurance policies and provided collateral to obtain the financing through one of the methods discussed above.
5. Hahn alleged that the insurance agent involved received millions of dollars in insurance commissions related to the transactions described in number 4 above. While being examined under oath at an investigative deposition conducted by the Bureau on January 20, 2011, Hahn claimed to have received no compensation from these activities; however, Hahn admitted that his father, with whom he lives with, had received

approximately six hundred thousand dollars (\$600,000) in split commissions with the insurance agent for at least two out of the three life insurance transactions discussed above. Hahn also admitted under oath that he did not disclose to Investor #1, Investor #2 or Investor #3 that his father would be receiving approximately six hundred thousand dollars (\$600,000) in insurance commissions generated from their transactions. Hahn further acknowledges under oath that his father receiving split commissions for these transactions was a conflict of interest and he should have made his clients aware. Investor #3 verified by phone interview with the Bureau dated February 10, 2011, that he was not made aware by Hahn that Hahn's father would be receiving commissions from his insurance transaction. Deutsche Bank's policy manual entitled "Outside Business Activities and Affiliations Policy," which was in place while Hahn was employed at DBSI, states that: "To avoid potential conflicts of interest or even the potential appearance of a conflict of interest, employees must disclose and obtain prior approval for certain outside business activities or affiliations." DBSI, through their outside counsel, maintains to the Bureau that Hahn failed to disclose to proper officials at DBSI that his father would be receiving commissions from the insurance transactions with Hahn's clients. DBSI's counsel further maintains to the Bureau that DBSI policy required Hahn to disclose these commissions and it would not have been permitted.

6. While being examined under oath by the Bureau on January 20, 2011, Hahn was asked, while employed at DBSI or Oppenheimer, whether he solicited Investor #3 to withdraw one million nine-hundred thousand dollars (\$1,900,000) from his DBSI account managed by Hahn for an outside investment venture. Hahn answered: "No." The Bureau also asked Hahn under oath whether or not he had solicited Investor #3 to make any investment of any value outside his employment at DBSI or Oppenheimer and again Hahn answered: "No." Finally, Hahn was asked under oath whether Investor #3 had withdrawn one million nine hundred thousand dollars (\$1,900,000) from his account managed by Hahn and gave it to Hahn to invest, and again Hahn replied: "No."
7. On February 3, 2011, the Bureau received an email communication and a document attachment from Hahn's counsel, Andrew Shulman, of Getman, Schulthess & Steere,

P.A. The email communication explained that Hahn wished to "correct and supplement" statements made during his deposition at the Bureau on January 20, 2011. The email communication indicated that there was an attached letter explaining the corrections Hahn wishes to make. The email communication further indicated that Hahn would provide a signed copy of the attached letter "in the near future." On the second page, second paragraph of that attached letter, it states that, while at DBSI, Investor #3 "asked for ideas to substantially increase his returns in a short time frame" and Hahn "recommended that he participate in real estate investments outside of Deutsche Bank." The attached letter goes on to explain that Investor #3 did withdraw approximately one million nine hundred thousand dollars (\$1,900,000) from his DBSI account for this outside investment; Hahn admits that he "had effective control of these funds." Neither the email communication nor the attached letter provide any indication that Hahn did not understand the question being asked of him that day during the deposition or any indication that Hahn felt that the transcript of the deposition had been inaccurately transcribed.

8. While being examined under oath by the Bureau on January 20, 2011, Hahn was asked whether he was in substantially less of a financial position as he had been in a few years ago, to which he replied: "Very substantially." Also while examined that day, Hahn admitted that his residence in Portsmouth New Hampshire was currently under foreclosure and was scheduled to be sold at foreclosure auction in the near future. Hahn maintained that this home would not be foreclosed on, that he working out a payment plan with a lender, and that he didn't think that he needed to file for bankruptcy. Since the January 20, 2011 deposition of Mr. Hahn, his residence has since been foreclosed upon.
9. While being examined under oath by the Bureau on January 20, 2011, Hahn stated that he had borrowed between three and four hundred thousand dollars (\$300,000 to \$400,000) from his father sometime after his father had received the approximately six hundred thousand dollars (\$600,000) in split commissions discussed above.

10. On January 25, 2011, a default judgment was entered in Portsmouth District Court against Hahn in a civil suit brought against him by a local landscaping company for unpaid bills relating to landscaping services provided at Hahn's residence. Hahn failed to appear to the hearing, was ordered in default and ordered to pay \$2,958.25 (Case No. 470-2010-CV-00161). Hahn represents that he has paid this judgment in full (but Bureau staff has not independently verified this).

II. For the following facts, Hahn asserts his privilege against self-incrimination, as guaranteed by Part 1, Article 15 of the New Hampshire Constitution and the Fifth Amendment of the United States Constitution. As such, the Bureau is entitled to all reasonable adverse inferences from this assertion of the privilege. See, Baxter v. Palmigiano, 425 U.S. 308 (1976); Fischer v. Hooper, 143 N.H. 585 (1999).

11. On February 8, 2011, the Bureau obtained, through Investor #3's attorney, a document entitled "Karl Hahn Investment Diary," written by Investor #3 and dated June 12, 2010, which explained the one million nine hundred thousand dollar (\$1,900,000) transaction discussed above. Accompanying that letter were bank statements from Investor #3's DBSI account and Bank of America personal checking account. Investor #3 maintains in the "Karl Hahn Investment Diary" that Hahn called him while he was in Paris, France in March 2009 to offer him an investment opportunity where both Investor #3 and Hahn himself would loan three million eight hundred thousand dollars (\$3,800,000) to three different undisclosed persons and would be paid back within ninety (90) days with a 20% return on investment. Investor #3 maintains that Hahn asked him to do this transaction away from the attention of DBSI by depositing the investment monies into Hahn's father's personal checking account. Investor #3 also maintains that Hahn asked him to keep this investment transaction private and further asked him not tell his family or friends. Investor #3 maintains that he agreed to go through with this private investment opportunity. Investor #3 maintained, in a telephone interview with the Bureau dated February 10, 2011, that he repeatedly asked for the investment contract and other paperwork surrounding this investment deal and was repeatedly given excuses and promises that the paperwork would arrive soon. In that phone interview, Investor

#3 maintains that he never received any paperwork for this transaction. By 2010, Investor #3 maintains that his initial investment of one million nine hundred thousand dollars (\$1,900,000) had not yet been returned and he was solicited by Hahn to send Hahn's father an additional three hundred and eighty five thousand dollars (\$385,000) over a series of transactions after being given various reasons for needing additional funding in order to complete the investment opportunity and return all the original funds and earned interest. As a result, Investor #3 maintains that the following transactions and circumstances occurred (which are corroborated by bank statements provided to the Bureau):

- 1. On 03/02/2009, Investor #3 deposited three hundred thousand dollars (\$300,000) into Hahn's father's personal Bank of America checking account with the intention it would be treated by Hahn as partial funding towards the real estate investment opportunity described above.**
- 2. On 04/15/2009, Investor #3 transferred one million nine hundred thousand dollars (\$1,900,000) from his DBSI account to his personal Bank of America checking account.**
- 3. On 04/15/2009, Investor # 3 transferred one million six hundred thousand dollars (\$1,600,000) from his personal Bank of America checking account into Hahn's father's personal Bank of America checking account with the intention it would be treated by Hahn as full funding of one million nine hundred thousand dollars (\$1,900,000) agreed upon for the real estate investment opportunity described above.**
- 4. On 02/16/2010, Investor #3 transferred two hundred and fifty thousand dollar (\$250,000) from his personal Bank of America checking account into Hahn's father's personal Bank of America checking account after Hahn alleged to Investor #3 that the investment properties purchased with their funds were in need of**

repairs before they could be sold to a hedge fund in Illinois and additional monies were necessary before their profit could be had.

5. On 03/16/2010, Investor #3 transferred one hundred thousand dollars (\$100,000) from his personal Bank of America checking account into Hahn's father's personal Bank of America checking account after Hahn alleged that the investment properties were damaged by high winds and additional repairs needed to be made before the properties could be sold to the Illinois hedge fund.
6. On 04/19/2010, Investor #3 transferred thirty five thousand dollars (\$35,000) from his personal Bank of America checking account to Hahn's father's personal Bank of America checking account after Hahn alleged that additional monies were necessary for clerical items.

As of February 10, 2011, Investor #3 maintains that he has not recovered any of the two million two hundred and eighty-five thousand dollars (\$2,285,000) in funds that were transferred to Hahn's father. Furthermore, according to DBSI's policy manual entitled "Employee and Employee-Related Accounts Trading Policy," which was in place while Hahn was employed at DBSI, Hahn must disclose to his supervisor and compliance department at DBSI all personal and beneficially owned investment accounts and obtain written approval if the monies are not maintained in a "Designated Broker" account. The policy manual mandates disclosure of investment accounts for relatives residing with the employee and accounts for an individual who is supported to a material extent by the employee. Hahn, in his investigative deposition on January 21, 2011, stated to the Bureau that his father both resided with him for many years while employed at DBSI and that he financially supported his father entirely. DBSI maintains, through their counsel, that Hahn never obtained written permission for an investment account with his DBSI client, Investor #3 to be held in his father's account, an account which was not a "designated broker" by DBSI standards. Hahn is in violation of this policy manual for failing to obtain written permissions for these outside activities

STATEMENTS OF LAW

The staff of the Bureau and Hahn hereby agree that the following conclusions of law are supported by:

- (a) the stipulated facts set forth in Section I of the Statement of Facts, and
- (b) the facts that can be found as a result of (i) the adverse inference from Hahn's assertion of his Fifth Amendment privilege in Section II of the Statement Of Facts and (ii) the assertions of fact by Bureau Staff in Section II of the Statement of Facts, which Hahn has neither admitted nor denied.

1. Hahn asserts his Fifth Amendment privilege, and does not make any factual statements with respect to the following conclusions of law to the extent that they relate to matters described in Section II of the Statement of Facts. Hahn is a "person" within the meaning of RSA 421-B:2, XVI.
2. RSA 421-B:10, I, (a) and (b)(7), allows the secretary of state to deny, suspend, or revoke any license or application if he finds that it is in the public interest and the registered representative has engaged in dishonest or unethical practices in the conduct of business in the State of New Hampshire or elsewhere. Hahn is subject to this provision.
3. RSA 421-B:10, I, (a) and (b)(14), allows the secretary of state to deny, suspend, or revoke any license or application if he finds that it is in the public interest and for other good cause shown. Hahn is subject to this provision.
4. RSA 421-B:10, III, provides that the secretary of state may issue an order requiring the persons to whom any license has been granted to show cause why the license should not be revoked. RSA 421-B:10, III, further provides that the secretary of state may by order summarily postpone or suspend any license pending final determination of any order to show cause, provided he finds that

the public interest would be irreparably harmed by delay in issuing such order. Hahn is subject to these provisions.

5. Pursuant to RSA 421-B:8, X, persons licensed under RSA 421-B to conduct securities business shall abide by the rules of the Securities and Exchange Commission, National Association of Securities Dealers ("NASD"), national and regional stock exchanges, and other self-regulating organizations which have jurisdiction over the licensee, which set forth standards of conduct in the securities industry. Pursuant to RSA 421-B:10(b)(2), the secretary of state may by order deny, suspend, or revoke any license or application, or bar any person from licensure if he finds the person licensed has willfully violated or failed to comply with any provision of this title or a predecessor law, or of any other state's or Canadian province's securities laws, or the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, or any rule under any of such statutes, or any order thereunder of which he has notice and to which he is subject. Hahn is found to be in violation of these provisions.
6. Pursuant to RSA 421-B:4, I, (a) and (b), It is unlawful for any person who receives any consideration from another person primarily for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise, to employ any device, scheme, or artifice to defraud another person or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the other person. Hahn is found to be in violation of this provision.
7. RSA 421-B:10, I, (a) and (b)(13), allows the secretary of state to deny, suspend, or revoke any license or application if he finds that it is in the public interest and the registered representative has made any material misrepresentation to the Secretary of State or has withheld or concealed information. Hahn is found to be violation of this provision.

8. RSA 421-B:10, VI, provides that the secretary of state, may upon hearing, assess an administrative fine of not more than \$2,500 per violation, in lieu of or in addition to, an order to revoke or suspend any license or application. Hahn is subject to this provision.
9. Pursuant to RSA 421-B:23, I, whenever it appears to the secretary of state that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule under this chapter, he shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of this chapter. Hahn is subject to this provision.
10. Pursuant to RSA 421-B:26, III, any person who, either knowingly or negligently, violates any provisions of this chapter may, upon hearing, and in addition to any other penalty provided for by law, be subject to such suspension, revocation or denial of any registration or license, or an administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate violation. Hahn is subject to this provision.
11. Pursuant to RSA 421-B:26, V, after notice and hearing, the Secretary of State may enter an order of rescission, restitution, or disgorgement directed to a person who has violated RSA 421-B. Hahn is subject to this provision.
12. Pursuant to RSA 421-B:26, VIII, any person who, either knowingly or negligently, engages in any conduct prohibited by RSA 421-B:10,I, (b)(7), may, upon hearing, and in addition to any other penalty provided for by law, be subject to an administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate violation. Hahn is subject to this provision.

UNDERTAKING

In view of the foregoing, Hahn agrees to the following:

1. Hahn agrees that he voluntarily consented to the entry of this Consent Order and represents and avers that no employee or representative of the Bureau has made any promise, representation, or threat to induce his execution.
2. Hahn agrees to waive his right to an administrative hearing and any appeal therein under this chapter.
3. Hahn agrees that this Consent Order is entered into for the purpose of resolving only the matter as described herein. This Consent Order shall have no collateral estoppel, res judicata or evidentiary effect in any other lawsuit, proceeding, or action, not described herein. Likewise, this Consent Order shall not be construed to restrict the Bureau's right to initiate an administrative investigation or proceeding relative to conduct by Hahn which the Bureau has no knowledge of at the time of the date of the final entry of this Consent Order.
4. Hahn may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any allegation that he admitted to in this Consent Order or create the impression that the Consent Order is without factual basis.
5. Hahn agrees that the Bureau is entitled to recover the costs of its investigation in the amount of fifteen thousand dollars (\$15,000). Hahn does not contest the amount owed, however, Hahn represents a current inability to pay this fine. As such, the Bureau and Hahn agree to keep this matter open as the Bureau and Hahn negotiate a payment plan based upon financial information to be submitted by Hahn to the Bureau for consideration. If the Bureau and Hahn are unable to agree on an appropriate payment plan, or if Hahn fails to honor an agreed upon payment plan, both parties reserve the right to petition the director for relief.
6. Hahn's broker-dealer representative license with Oppenheimer (currently under summary suspension) is hereby permanently revoked. Also, upon Execution of this

Consent Order, Hahn agrees to an absolute lifetime bar from any securities licensure in the State of New Hampshire, as presently codified in RSA 421-B.

- 7. Hahn and the Bureau agree to keep this matter open to permit the Bureau to petition for restitution for Investor # 3 at any time in the amount of two million, two hundred and eighty-five thousand dollars (\$2,285,000), plus reasonable interest. Hahn does not contest this restitution award. The issue of restitution is presently being deferred solely due to a concurrent federal proceeding where restitution may be awarded. The Bureau will reassess this issue of restitution every six months from the date of this Consent until the Bureau is either satisfied with any restitution awarded in any other proceeding or the Bureau decides to petition for restitution.**
- 8. Hahn will keep the Bureau informed of any developments, restitution awards, or any other changes with respect to his concurrent federal criminal proceeding.**
- 9. If Hahn does not meet the conditions set forth in this Consent Order, this Order shall be voidable by the Bureau and the Bureau may continue its enforcement action related to the claims discussed above.**
- 10. Hahn shall provide the Bureau with his current residential address, mailing address and email address in writing, within ten days of signing this order. Hahn will also notify the Bureau of any address changes within one week of moving from his current address. Should the Bureau petition the Director for relief related to a failure to comply with this Order, restitution, or costs owed, the Bureau will notify and serve Hahn through certified mail, return receipt requested at the updated address that Hahn has provided to this office. Should the certified mail return undelivered, notice to Hahn's most recent address filed with this office, and notice by his email address filed with this office, shall be deemed sufficient notice.**
- 11. A failure to timely provide such contact information as required in Undertaking # 10 above shall be deemed in violation of this order, permitting the Bureau to rescind this agreement and continue its enforcement matter.**

12. Hahn agrees that the Bureau shall retain jurisdiction in this matter and that this case shall remain as an open enforcement matter. Hahn may petition the Director to close this matter once he has satisfied all elements of the Undertaking stated above, particularly Undertaking number 5 and 7.

PURSUANT TO RSA 421-B:24, Any person who willfully violates any provisions of RSA 421-B:3, 421-B:4, 421-B:5 or fails to comply with an order from the secretary of state to cease and desist or for an injunction issued pursuant to RSA 421-B:23, or who fails to comply with an order to pay a fine, penalty, rescission, restitution, or disgorgement greater than \$10,000 pursuant to RSA 421-B:10, 421-B:23, or 421-B:26, or who violates RSA 421-B:19 knowing that the statement was false or misleading in any material respect, shall be guilty of a class B felony. Each of the acts specified shall constitute a separate offense and a prosecution or conviction for any one of such offenses shall not bar prosecution or conviction for any other offense.

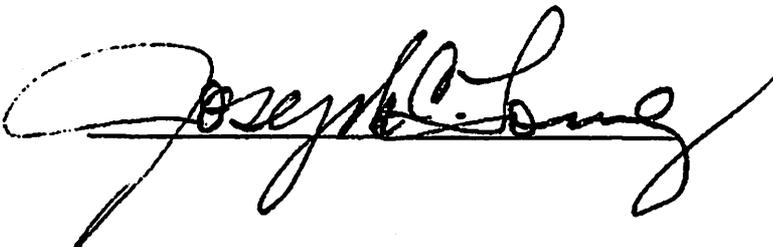
SO CONSENTED.

Executed this ¹³ day of October, 2011



Karl Hahn

Executed this ^{15th} day of October, 2011



**STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION
Joseph Long, Hearing Officer**