

1 **S.A.** (hereafter "Resort Holdings International"), **WORLD PHANTASY TOURS a/k/a**
2 **MAJESTY TRAVEL a/k/a VIAJES MAJESTY** (hereafter "World Phantasy Tours"),
3 **GALAXY PROPERTIES MANAGEMENT, S.A.** (hereafter "Galaxy Properties
4 Management"), **GABRIEL ESCALANTE** (hereafter "Escalante"), **RUTTENBERG AND**
5 **ASSOCIATES FINANCIAL MARKETING, INC.** (hereafter "Ruttenberg and Associates
6 Financial Marketing"), **MARK RUTTENBERG** (hereafter "Ruttenberg"), **RICK GREENE**
7 (hereafter "Greene"), **ROGER STEWART** (hereafter "Stewart"), **DOUGLAS LAIRD**
8 (hereafter "Laird"), **STEPHEN MONROE** (hereafter "Monroe"), **LAWRENCE BEARD**
9 (hereafter "Beard"), **KENNETH CHRISTENSEN** (hereafter "Christensen"), **ROYAL**
10 **EDWARDS** (hereafter "Edwards"), **JOEL WHALEY** (hereafter "Whaley"), and **DALE**
11 **LAUDER** (hereafter "Lauder"),

12 **WHEREAS**, on November 27, 2007 Respondent **KELLY** was duly served with a true
13 copy of the Order and Notice by United States Mail, first class postage prepaid, addressed to
14 him at the following last known address: P.O. Box 2661, South Bend, Indiana 46680. This
15 mailing was returned by the U.S. Post Office, marked "Return to Sender, Forwarding
16 Expired."

17 **WHEREAS**, on November 27, 2007 Respondent **KELLY** was duly served with a true
18 copy of the Order and Notice by certified United States Mail (Item #7006 2760 0005 1582
19 3127), postage prepaid, and addressed to him at the following last known address: P.O. Box
20 2661, South Bend, Indiana 46680. This mailing was returned by the U.S. Post Office,
21 unsigned, marked "Return to Sender, Forwarding Expired."

22 **WHEREAS**, on November 27, 2007 Respondent **YUCATAN RESORTS** was duly
23 served with a true copy of the Order and Notice by United States Mail, first class postage
24 prepaid, addressed to it at the following last known address: P.O. Box 2661, South Bend,
25 Indiana 46680. This mailing was returned by the U.S. Post Office, marked "Return to Sender,
26 Forwarding Expired."





1 **WHEREAS**, on November 27, 2007 Respondent **YUCATAN RESORTS** was duly
2 served with a true copy of the Order and Notice by certified United States Mail (Item #7006
3 2760 0005 1582 3141), postage prepaid, and addressed to it at the following last known
4 address: P.O. Box 2661, South Bend, Indiana 46680. This mailing was returned by the U.S.
5 Post Office, unsigned, marked "Return to Sender, Forwarding Expired."

6 **WHEREAS**, on November 27, 2007 Respondent **YUCATAN RESORTS, S.A.** was
7 duly served with a true copy of the Order and Notice by United States Mail, first class postage
8 prepaid, addressed to it at the following last known address: Avenida Coba #82, Lote 10, 3er.
9 Piso, Cancun, Quintana Roo, Mexico C.P. 77500. This mailing was not returned.

10 **WHEREAS**, on November 27, 2007 Respondent **YUCATAN RESORTS, S.A.** was
11 duly served with a true copy of the Order and Notice by certified United States Mail (Item
12 #RC 016 479 417 US), postage prepaid, and addressed to it at the following last known
13 address: Avenida Coba #82, Lote 10, 3er. Piso, Cancun, Quintana Roo, Mexico C.P. 77500.
14 This mailing was not returned.

15 **WHEREAS**, on November 27, 2007 Respondent **RESORT HOLDINGS**
16 **INTERNATIONAL, INC.** was duly served with a true copy of the Order and Notice by
17 United States Mail, first class postage prepaid, addressed to it at the following last known
18 address: P.O. Box 2661, South Bend, Indiana 46680. This mailing was returned by the U.S.
19 Post Office, marked "Return to Sender, Forwarding Expired."

20 **WHEREAS**, on November 27, 2007 Respondent **YUCATAN RESORTS** was duly
21 served with a true copy of the Order and Notice by certified United States Mail (Item #7006
22 2760 0005 1582 3165), postage prepaid, and addressed to it at the following last known
23 address: P.O. Box 2661, South Bend, Indiana 46680. This mailing was returned by the U.S.
24 Post Office, unsigned, marked "Return to Sender, Forwarding Expired."

25 **WHEREAS**, on November 27, 2007 Respondent **RESORT HOLDINGS**
26 **INTERNATIONAL, S.A.** was duly served with a true copy of the Order and Notice by

1 United States Mail, first class postage prepaid, addressed to it at the following last known
2 address: Avenida Coba #82, Lote 10, 3er. Piso, Cancun, Quintana Roo, Mexico C.P. 77500.
3 This mailing was not returned.

4 **WHEREAS**, on November 27, 2007 Respondent **RESORT HOLDINGS**
5 **INTERNATIONAL, S.A.** was duly served with a true copy of the Order and Notice by
6 certified United States Mail (Item #RC 016 478 915 US), postage prepaid, and addressed to it
7 at the following last known address: Avenida Coba #82, Lote 10, 3er. Piso, Cancun, Quintana
8 Roo, Mexico C.P. 77500. This mailing was not returned.

9 **WHEREAS**, on November 27, 2007 Respondent **WORLD PHANTASY TOURS**
10 was duly served with a true copy of the Order and Notice by United States Mail, first class
11 postage prepaid, addressed to it at the following last known address: Calle Eusebio A.
12 Morales, Edificio Atlántida, P. Baja, APDO. 8301, Zona 7 Panama. This mailing was not
13 returned.

14 **WHEREAS**, on November 27, 2007 Respondent **WORLD PHANTASY TOURS**
15 was duly served with a true copy of the Order and Notice by certified United States Mail
16 (Item #RC 016 478 751 US), postage prepaid, and addressed to it at the following last known
17 address: Calle Eusebio A. Morales, Edificio Atlántida, P. Baja, APDO. 8301, Zona 7 Panama.
18 This mailing was not returned.

19 **WHEREAS**, on November 27, 2007 Respondent **GALAXY PROPERTIES**
20 **MANAGEMENT** was duly served with a true copy of the Order and Notice by United States
21 Mail, first class postage prepaid, addressed to it at the following last known address: Calle
22 Eusebio A. Morales, Edificio Atlántida, P. Baja, APDO. 8301, Zona 7 Panama. This mailing
23 was not returned.

24 **WHEREAS**, on November 27, 2007 Respondent **GALAXY PROPERTIES**
25 **MANAGEMENT** was duly served with a true copy of the Order and Notice by certified
26 United States Mail (Item #RC 016 478 779 US), postage prepaid, and addressed to it at the



1 following last known address: Calle Eusebio A. Morales, Edificio Atlántida, P. Baja, APDO.
2 8301, Zona 7 Panama. This mailing was not returned.

3 **WHEREAS**, on November 27, 2007 Respondent **ESCALANTE** was duly served
4 with a true copy of the Order and Notice by United States Mail, first class postage prepaid,
5 addressed to him at the following last known address: Calle Eusebio A. Morales, Edificio
6 Atlántida, P. Baja, APDO. 8301, Zona 7 Panama. This mailing was not returned.

7 **WHEREAS**, on November 27, 2007 Respondent **ESCALANTE** was duly served
8 with a true copy of the Order and Notice by certified United States Mail (Item #RC 016 478
9 765 US), postage prepaid, and addressed to him at the following last known address: Calle
10 Eusebio A. Morales, Edificio Atlántida, P. Baja, APDO. 8301, Zona 7 Panama. This mailing
11 was not returned.

12 **WHEREAS**, on November 27, 2007 Respondent **RUTTENBERG AND**
13 **ASSOCIATES FINANCIAL MARKETING** was duly served with a true copy of the Order
14 and Notice by United States Mail, first class postage prepaid, addressed to it at the following
15 last known address: 210 Landmark Drive, Suite B, Normal, Illinois 61761. This mailing was
16 not returned.

17 **WHEREAS**, on November 27, 2007 Respondent **RUTTENBERG AND**
18 **ASSOCIATES FINANCIAL MARKETING** was duly served with a true copy of the Order
19 and Notice by certified United States Mail (Item #7006 2760 0005 1582 3172), postage
20 prepaid, and addressed to it at the following last known address: 210 Landmark Drive, Suite
21 B, Normal, Illinois 61761. This mailing was returned, marked "Refused All Ready RecD By
22 Reg Mail."

23 **WHEREAS**, on November 27, 2007 Respondent **RUTTENBERG** was duly served
24 with a true copy of the Order and Notice by United States Mail, first class postage prepaid,
25 addressed to him at the following last known address: 210 Landmark Drive, Suite B, Normal,
26 Illinois 61761. This mailing was not returned.

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Labor and Industries Building
330 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 210
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 **WHEREAS**, on November 27, 2007 Respondent **RUTTENBERG** was duly served
2 with a true copy of the Order and Notice by certified United States Mail (Item #7006 2760
3 0005 1582 3189), postage prepaid, and addressed to him at the following last known address:
4 210 Landmark Drive, Suite B, Normal, Illinois 61761. This mailing was returned, marked
5 “Refused All Ready RecD By Reg Mail.”

6 **WHEREAS**, on November 27, 2007 Respondent **GREENE** was duly served with a
7 true copy of the Order and Notice by United States Mail, first class postage prepaid, addressed
8 to him at the following last known address: 210 Landmark Drive, Suite B, Normal, Illinois
9 61761. This mailing was not returned.

10 **WHEREAS**, on November 27, 2007 Respondent **GREENE** was duly served with a
11 true copy of the Order and Notice by certified United States Mail (Item #7006 2760 0005
12 1582 3158), postage prepaid, and addressed to him at the following last known address: 210
13 Landmark Drive, Suite B, Normal, Illinois 61761. This mailing was signed for on “12-4-07”
14 by a Dafne Greene.

15 **WHEREAS**, on November 27, 2007 Respondent **MONROE** was duly served with a
16 true copy of the Order and Notice by United States Mail, first class postage prepaid, addressed
17 to him at the following last known address: P.O. Box 30285, Portland, Oregon 97294. This
18 mailing was not returned.

19 **WHEREAS**, on November 27, 2007 Respondent **MONROE** was duly served with a
20 true copy of the Order and Notice by certified United States Mail (Item #7006 2760 0005
21 1582 3219), postage prepaid, and addressed to him at the following last known address: P.O.
22 Box 30285, Portland, Oregon 97294. This mailing was returned, marked “Unclaimed.”

23 **WHEREAS**, on November 27, 2007 Respondent **LAUDER** was duly served with a
24 true copy of the Order and Notice by United States Mail, first class postage prepaid, addressed
25 to him at the following last known address: 29030 SW Town Center Loop E, Suite 202,
26

1 Wilsonville, Oregon 97070. This mailing was returned, marked "Undeliverable CMRA, No
2 Authorization to Receive for This Addressee."

3 **WHEREAS**, on November 27, 2007 Respondent **LAUDER** was duly served with a
4 true copy of the Order and Notice by certified United States Mail (Item #7006 2760 0005
5 1582 3158), postage prepaid, and addressed to him at the following last known address: P.O.
6 Box 30285, Portland, Oregon 97294. This mailing was returned, marked "Refused moved no
7 forwarding address 11/28."

8 **NOW THEREFORE**, the Director, aware that the period of time for these
9 Respondents to request a hearing has passed – and cognizant that her staff has executed Non-
10 Military Affidavits indicating that Respondents **KELLY, RUTTENBERG, MONROE**, and
11 **LAUDER** are not active members of the armed forces of the United States of America -
12 hereby issues the following Findings of Fact, Conclusions of Law, and Final Order, to wit:

13 **FINDINGS OF FACT**

14 The Director **FINDS** that:

15 **Part One: Respondents**

16
17 1. Michael **KELLY**, at all times material herein, founded, owned, and/or directed the
18 business affairs of **YUCATAN RESORTS, RESORT HOLDINGS INTERNATIONAL,**
19 and **WORLD PHANTASY TOURS**. Kelly has a last known mailing address (prior to his
20 incarceration) of P.O. Box 2661, South Bend, Indiana, 46680. Kelly has never been licensed
21 to sell securities by the State of Oregon.

22 2. **YUCATAN RESORTS**, at all times material herein, sold investments in its
23 "universal lease" investment program through independent sales agents nationwide. Yucatan
24 Resorts, an unincorporated entity, has a last known mailing address of P.O. Box 2661, South
25 Bend, Indiana, 46680. **YUCATAN RESORTS, S.A.**, a Panamanian corporation, was the
26 Mexican affiliate of Yucatan Resorts. Yucatan Resorts, S.A. has a last known mailing address



1 of Avenida Coba #82, Lote 10, 3er. Piso, Cancun, Quintana Roo, Mexico C.P. 77500.
2 Yucatan Resorts and Yucatan Resorts, S.A. have never been licensed to sell securities by the
3 State of Oregon.

4 3. **RESORT HOLDINGS INTERNATIONAL, INC.**, at all times material herein,
5 directed the marketing of investments in the “universal lease” program on behalf of its parent
6 entity, **YUCATAN RESORTS**. Resort Holdings International, Inc., a Nevada corporation
7 (Nevada Secretary of State #C17535-1999) incorporated on July 16, 1999, has a last known
8 mailing address of P.O. Box 2661, South Bend, Indiana, 46680. **RESORT HOLDINGS**
9 **INTERNATIONAL, S.A.** a Panamanian corporation, was the Mexican affiliate of Resort
10 Holdings International, Inc. Resort Holdings International, S.A. has a last known mailing
11 address of Avenida Coba #82, Lote 10, 3er. Piso, Cancun, Quintana Roo, Mexico C.P. 77500.
12 Resort Holdings International and Resort Holdings International, S.A. have never been
13 licensed to sell securities by the State of Oregon.

14 4. **WORLD PHANTASY TOURS**, at all times material herein, acted as the self
15 described “servicing agent” for the “universal lease” investment program on behalf of its
16 parent entity, **YUCATAN RESORTS**. World Phantasy Tours, a Panamanian corporation, has
17 a last known mailing address of Calle Eusebio A. Morales, Edificio Atlántida, P. Baja,
18 APDO. 8301, Zona 7 Panama. **WORLD PHANTASY TOURS** has never been licensed to
19 sell securities by the State of Oregon.

20 5. **GALAXY PROPERTIES MANAGEMENT, S.A.**, at all times material herein,
21 purported to be the successor entity to **WORLD PHANTASY TOURS**. Galaxy Properties
22 Management, S.A., a Panamanian corporation, has a last known mailing address of Calle
23 Eusebio A. Morales, Edificio Atlántida, P. Baja, APDO. 8301, Zona 7 Panama. Galaxy
24 Properties Management has never been licensed to sell securities by the State of Oregon.

25 6. Gabriel **ESCALANTE**, at all times material herein, was the President of both
26 **WORLD PHANTASY TOURS** and **GALAXY PROPERTIES MANAGEMENT**,



1 reporting directly to **KELLY**. Escalante has a last known mailing address of Calle Eusebio A.
2 Morales, Edificio Atlántida, P. Baja, APDO. 8301, Zona 7 Panama. Escalante has never been
3 licensed to sell securities by the State of Oregon.

4 7. **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING, INC.**, at
5 all times material herein, recruited and managed the independent sales agents that sold
6 investments in the **YUCATAN RESORTS** “universal lease” program to members of the
7 public. Ruttenberg and Associates Financial Marketing, Inc., an Illinois corporation (Illinois
8 Secretary of State Corporation #60496226) incorporated on May 13, 1999, has a last known
9 mailing address of 210 Landmark Drive, Suite B, Normal, Illinois 61761. Ruttenberg and
10 Associates Financial Marketing has never been licensed to sell securities by the State of
11 Oregon.

12 8. Mark **RUTTENBERG** was, at all times material herein, the President and CEO of
13 **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING**. Ruttenberg has a last
14 known mailing address of 210 Landmark Drive, Suite B, Normal, Illinois 61761. Ruttenberg
15 has never been licensed to sell securities by the State of Oregon.

16 9. Rick **GREENE** was, at all times material herein, a Vice President of
17 **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING**. Greene has a last
18 known mailing address of 210 Landmark Drive, Suite B, Normal, Illinois 61761. Greene has
19 never been licensed to sell securities by the State of Oregon.

20 10. Roger **STEWART** was, at all times material herein, a sales agent for the
21 **YUCATAN RESORTS** “universal lease” investment program in Oregon. Stewart sold
22 “universal lease” investments directly to members of the public. Stewart has a last known
23 mailing address of P.O. Box 727, North Bend, Oregon 97459. Stewart has never been licensed
24 to sell securities by the State of Oregon.

25 11. Douglas **LAIRD** was, at all times material herein, a sales agent for the
26 **YUCATAN RESORTS** “universal lease” investment program in Oregon. Laird sold

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350 Winter Street NE, Suite 410
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1 “universal lease” investments directly to members of the public. Laird has a last known
2 mailing address of 625 Virginia Avenue, North Bend, Oregon 97459. Laird has never been
3 licensed to sell securities by the State of Oregon.

4 12. Stephen **MONROE** (CRD# 1016204) was, at all times material herein, a sales
5 agent for the **YUCATAN RESORTS** “universal lease” investment program in Oregon.
6 Monroe sold “universal lease” investments directly to members of the public. Monroe has a
7 last known mailing address of P.O. Box 30285, Portland, Oregon 97294. Monroe, who held a
8 limited securities license that permitted him to engage in sales of mutual funds and variable
9 annuities from March 1993 to December 2001, was not licensed to sell any other types of
10 securities by the State of Oregon.

11 13. Lawrence **BEARD** was, at all times material herein, a sales agent for the
12 **YUCATAN RESORTS** “universal lease” investment program in Oregon. Beard sold
13 “universal lease” investments directly to members of the public. Beard has a last known
14 mailing address of 597 SE Knight Street, Prineville, Oregon 97754. Beard has never been
15 licensed to sell securities by the State of Oregon.

16 14. Kenneth **CHRISTENSEN** was, at all times material herein, a sales agent for the
17 **YUCATAN RESORTS** “universal lease” investment program in Oregon. Christensen sold
18 “universal lease” investments directly to members of the public. Christensen has a last known
19 mailing address of P.O. Box 791, Bend, Oregon 97709. Christensen has never been licensed
20 to sell securities by the State of Oregon.

21 15. Royal **EDWARDS** was, at all times material herein, a sales agent for the
22 **YUCATAN RESORTS** “universal lease” investment program in Oregon. Edwards sold
23 “universal lease” investments directly to members of the public. Edwards has a last known
24 mailing address of P.O. Box 359, Redmond, Oregon 97756. Edwards has never been licensed
25 to sell securities by the State of Oregon.

26



1 16. Joel **WHALEY** was, at all times material herein, a sales agent for the **YUCATAN**
2 **RESORTS** “universal lease” investment program in Oregon. Whaley sold “universal lease”
3 investments directly to members of the public. Whaley has a last known mailing address of
4 3403 NW Brookfield Lane, Prineville, Oregon 97754. Whaley has never been licensed to sell
5 securities by the State of Oregon.

6 17. Dale **LAUDER** (CRD# #3045584) was, at all times material herein, a sales agent
7 for the **YUCATAN RESORTS** “universal lease” investment program in Oregon. Lauder sold
8 “universal lease” investments directly to members of the public. Lauder has a last known
9 mailing address of 29030 SW Town Center Loop E, Suite 202, Wilsonville, Oregon 97070.
10 Lauder, who held a limited securities license that permitted him to engage in sales of mutual
11 funds and variable annuities from April 1998 to April 1999, was not licensed to sell any other
12 types of securities by the State of Oregon.

13 18. Bill Boedeker a/k/a Billy Lynn Boedeker was, at all times material herein, a sales
14 agent for the **YUCATAN RESORTS** “universal lease” investment program in Oregon.
15 Boedeker sold “universal lease” investments directly to members of the public. In addition,
16 Boedeker actively recruited other sales agents on behalf of **RUTTENBERG AND**
17 **ASSOCIATES FINANCIAL MARKETING**. Boedeker has a last known mailing address of
18 2245 Broadway, North Bend, Oregon 97459. Boedeker has never been licensed to sell
19 securities by the State of Oregon. Boedeker, who is not a Respondent to this Order, has
20 previously consented to the entry of an Order to Cease and Desist involving his role in the
21 Yucatan Resorts “universal lease” program. (Division of Finance and Corporate Securities
22 Order No. S-06-0026.)

23 **Part Two: Respondents’ Roles In The Universal Lease Program**

24 19. **YUCATAN RESORTS** purportedly owned and operated several vacation resorts
25 in the Caribbean. Yucatan Resorts, through its CEO, **KELLY**, began offering what it called
26 its “universal lease” in December 1999. The “universal lease” investment program involved



1 the purchase of a "timeshare" interest (the ability to use a resort room for a one week period
2 of time bi-annually) in a Yucatan or Avalon resort. However, the investor, concurrent with
3 their "timeshare" purchase, immediately assigned all rights in connection with the timeshare
4 to a "servicing agent", **WORLD PHANTASY TOURS**, in exchange for a return equal to
5 either 9% or 11% of the purchase price, per year. (World Phantasy Tours purportedly
6 generated funds to fuel such ample returns by leasing the timeshare in question to the general
7 public.) Investors were told by sales agents that at the conclusion of a 36-month period the
8 entirety of their original purchase price could be refunded.

9 20. **RESORT HOLDINGS INTERNATIONAL** directed the marketing and
10 distribution efforts of **YUCATAN RESORTS**, its parent. Resort Holdings International
11 touted investments in properties purportedly owned by Yucatan Resorts. Resort Holdings
12 International's name appeared in the brochures, purchase contracts, and glossy magazines it
13 distributed to members of the public. In addition, Resort Holdings International hired
14 **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING** to recruit and manage
15 sales agents for the Yucatan Resorts "universal lease" investment program.

16 21. **WORLD PHANTASY TOURS**, which also did business under the Majesty
17 Travel and Viejas Majesty names, was purportedly a resort management and travel agency.
18 World Phantasy Tours was the "servicing agent" for the **YUCATAN RESORTS** "universal
19 lease" program, whose responsibilities included renting out investors' timeshares, remitting
20 promised returns to investors, and, re-purchasing timeshares from investors. **GALAXY**
21 **PROPERTIES MANAGEMENT**, the alleged successor entity to World Phantasy Tours,
22 performed similar services. **KELLY** owned both World Phantasy Tours and Galaxy
23 Properties Management.

24 22. **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING**, through
25 its President, Mark **RUTTENBERG**, and its Vice President, Rick **GREENE**, recruited
26 independent insurance agents across the United States, including Oregon, to sell the



1 **YUCATAN RESORTS** “universal lease” investment to their existing clientele in exchange
2 for sales commissions of between 10-15%.

3 23. **STEWART, LAIRD, MONROE, BEARD, CHRISTENSEN, EDWARDS,**
4 **WHALEY, and LAUDER** sold investments in the **YUCATAN RESORTS** “universal lease”
5 investment program to insurance clients to whom they had previously sold traditional
6 insurance products. The agents heavily emphasized the high returns offered by Yucatan
7 Resorts (9% or 11% per year for a 25 year period) while entirely ignoring the many hazards
8 associated with this risky investment.

9 **Part Three: Components Of The Yucatan Resorts “Universal Lease”**

10 24. The **YUCATAN RESORTS** “universal lease” investment program’s terms were
11 contained in three documents investors executed concurrently: first, the Yucatan Resorts
12 “Universal Lease Application, Disclosure, and Agreement”; second, the “Viajes Majesty
13 Universal Lease Servicing Agreement”; third, the World Phantasy Tours “Compensation
14 Addendum.” (The title and contents of each document changed slightly throughout the life of
15 the “universal lease” program.)

16 25. The **YUCATAN RESORTS** “universal lease” agreement purported to be valid for
17 a 25 year period, with each party having an option to renew the agreement for an additional
18 20 year period. In exchange for a minimum investment of \$5,000 (the agreement referenced
19 no maximum investment amount), investors received the right to lodging at an unspecified
20 Yucatan resort for one 7 day stay every 2 years.

21 26. Investors were required to choose one of three putative options when completing
22 the **YUCATAN RESORTS** “universal lease” agreement. First, investors could, ostensibly,
23 choose to utilize their timeshare rights themselves. Second, investors could, ostensibly,
24 choose to rent out their timeshare rights on their own. Third, investors could retain a
25 “servicing agent” to rent their timeshare on their behalf, in which case they would receive a
26 specified investment return. All Oregon investors chose the third option.





1 27. Under the first **YUCATAN RESORTS** “universal lease” agreement option, the
2 investor renounced any financial return from the Yucatan entities in order to use the timeshare
3 unit for their own vacation purposes. However, an investor that chose option one would not be
4 able to select the date of their usage, the resort they would stay at, or the attributes of their
5 lodging, all of which would be randomly assigned to them. Furthermore, each option one
6 investor was required to pay an assessment of between \$380-\$645 per year to Yucatan
7 Resorts to cover taxes, insurance, and common area maintenance. As a matter of economic
8 reality this option was entirely illusory, as the Oregon investors, who entered into the
9 “universal lease” program solely for the attractive financial returns, did not invest tens of
10 thousands of dollars with insurance agents in order to make vacation arrangements.

11 28. Under the second **YUCATAN RESORTS** “universal leave” agreement option, the
12 investor renounced any financial return from the Yucatan entities in order to rent out their
13 assigned timeshare interest themselves. However, an investor that chose option two would not
14 be able to select the date they would be entitled to usage, the resort they would be entitled to
15 stay at, or the attributes of their lodging – all key to an investor’s ability to successfully rent
16 their unit at a financially attractive price. Additionally, each option two investor was required
17 to pay an assessment of between \$380-\$645 per year to Yucatan Resorts to cover taxes,
18 insurance, and common area maintenance. As a matter of economic reality this option was
19 entirely illusory, as the Oregon investors, who entered into the “universal lease” solely for the
20 attractive financial returns, did not invest tens of thousands of dollars with insurance agents in
21 order to purchase the right to sublet an uncertain property interest in a foreign country whose
22 language is not English, left entirely to their own devices. In fact, the offering materials
23 expressly convey the impracticality of this option by warning investors that “self-renting” will
24 bring in less revenue than would use of a professional third party “servicing agent.”

25 29. The third **YUCATAN RESORTS** “universal leave” agreement option constituted,
26 as a matter of economic reality, the true Yucatan Resorts “universal lease” investment

1 program. This was the option that **RESORT HOLDINGS INTERNATIONAL** sales
2 literature highlighted and Oregon sales agents emphasized. Under this option, the investor
3 selected a professional “servicing agent” to rent out their timeshare interest in exchange for
4 pre-determined financial returns, tendered to them regardless of whether the timeshare was
5 actually sub-leased. Investors prior to 2002 were promised returns of 11% per year, while
6 later investors were told they would receive a 9% return each year. **KELLY** created the
7 “universal lease” investment program with the intent that all investors select option 3.

8 30. Although **YUCATAN RESORTS** “universal lease” investors could theoretically
9 choose any so-called “servicing company”, investors were advised that they would only
10 receive the 9% or 11% annual returns if they selected **WORLD PHANTASY TOURS**.
11 World Phantasy Tours was heavily touted in **RESORT HOLDINGS INTERNATIONAL**
12 sales materials and by Oregon sales agents, who did not present information about any other
13 “servicing company” to prospective investors. Investors selected World Phantasy Tours by
14 executing the Viajes Majesty Universal Lease Servicing Agreement and the World Phantasy
15 Tours Compensation Addendum.

16 31. The **WORLD PHANTASY TOURS** Compensation Addendum required
17 **YUCATAN RESORTS** investors to select one of three different formulas for the purpose of
18 calculating their investment returns. First, investors could opt to receive 60% of [80% of the
19 resort’s “rack rate” (an unspecified figure)] as rental compensation for their timeshare.
20 Second, investors could choose to receive a flat 4% of their purchase price as rental
21 compensation for their timeshare. The third choice, universally adopted by Oregon investors,
22 deemed 4% of the investor’s purchase price to be annual rental compensation (6% prior to
23 2002), with an additional 5% per year “premium” if investors gave World Phantasy Tours the
24 option to re-purchase their timeshare unit at the original purchase price 36 months (or later)
25 after commencement of the Viajes Majesty Universal Lease Servicing Agreement.

26

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Telephone: (503) 378-4387



1 **INTERNATIONAL**, retained **RUTTENBERG AND ASSOCIATES FINANCIAL**
2 **MARKETING**.

3 36. **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING** had
4 previously recruited independent insurance agents to sell unregistered securities (see Division
5 of Finance and Corporate Securities Order No. S-05-0040). The firm lured insurance agents
6 by advertising in direct marketing publications, offering sales commissions more generous
7 than agents could garner from the sale of traditional insurance products. Agents retained by
8 Ruttenberg and Associates Financial Marketing sometimes sold interests in different
9 unregistered securities concurrently. Mark **RUTTENBERG** and Rick **GREENE** recruited
10 independent insurance agents to be **YUCATAN RESORTS** sales agents in Oregon.

11 37. In December 1999 **RUTTENBERG AND ASSOCIATES FINANCIAL**
12 **MARKETING** contacted insurance agents the company had established a successful working
13 relationship with in the past to avail them of the chance to act as a "Managing General Agent"
14 for the **YUCATAN RESORTS** "universal lease" program. The Managing General Agent,
15 though free to sell the investment to his or her clients, was also charged with recruiting other
16 insurance agents in that state to solicit investments in the "universal lease" program. Bill
17 Boedeker, who signed a Yucatan Resorts "Managing General Agent Agreement" on
18 December 16, 1999, served in this capacity for the Oregon market. (This was not an
19 "exclusive" agreement, as Ruttenberg and Associates Financial Marketing remained free to,
20 and did, recruit additional Oregon agents on its own.)

21 38. **RESORT HOLDINGS INTERNATIONAL** paid **RUTTENBERG AND**
22 **ASSOCIATES FINANCIAL MARKETING** 18% of every "universal lease" sold as its
23 compensation. Ruttenberg and Associates Financial Marketing, in turn, paid sales agents
24 between 10%-15% of every "universal lease" they sold as compensation, and pocketed the
25 difference. (After paying sales agents, Ruttenberg and Associates Financial Marketing earned
26 a net amount of \$6,400,000 in commissions nationwide during the course of the **YUCATAN**



1 **RESORTS** “universal lease” program.)

2 39. **KELLY**, through **RESORT HOLDINGS INTERNATIONAL**, required
3 prospective “universal lease” sales agents to travel to Cancun, Mexico – at **YUCATAN**
4 **RESORTS**’ expense – to receive sales training. All of the Oregon based “universal lease”
5 salespersons traveled to Cancun for this purpose. Kelly personally conducted the training
6 sessions, which were held in groups of between 8-12, from 1999 to 2003. In addition, Kelly
7 met with prospective sales agents individually on an informal basis during their stay.

8 40. **KELLY** provided prospective sales agents with an explanation of the **YUCATAN**
9 **RESORTS** “universal lease” program, placing emphasis on those aspects of the investment
10 that clients would likely find to be most attractive. Areas of coverage included the high rates
11 of return, the long period of time (25 years) over which such returns could be garnered, and
12 the company’s refund of surrender penalties incurred when garnering funds from other assets.
13 Kelly made no mention of scenarios in which investors were to use the timeshare themselves
14 (option one) or rent the timeshare out on their own (option two), explicitly asserting that sales
15 agents should emphasize the selection of **WORLD PHANTASY TOURS** (option three, the
16 only choice for which sales agents would be paid a commission). When quizzed by
17 prospective Oregon agents on how they should respond to queries regarding the company’s
18 use of their funds, Kelly stated that members of the public should merely be told that their
19 funds would be generally used to allow Yucatan Resorts to expand.

20 41. Once sales agents completed their training and signed the **YUCATAN RESORTS**
21 General Agent contract, **RUTTENBERG AND ASSOCIATES FINANCIAL**
22 **MARKETING** supplied them with promotional materials and brochures for use in their sales
23 efforts with prospective investors, as well as copies of contracts and forms necessary to
24 process transactions. No further training was otherwise given to sales agents.

25 42. Generally, **YUCATAN RESORTS** sales agents only solicited individuals that
26 they had previously sold traditional insurance products to in the past. However, two sales



1 agents, Boedeker and **STEWART**, placed newspaper advertisements in local periodicals
2 soliciting members of the public without specific mention of Yucatan Resorts. The text of one
3 ad (“You could be earning 9% interest! No Market Risk, Secure, Immediate Interest Income.
4 Excellent Alternative for CDs, Money Markets, IRAs, etc.”) concisely summarizes the
5 essence of agents’ overall sales pitch to prospective Yucatan Resorts “universal lease”
6 investors.

7 43. **YUCATAN RESORTS** sales agents typically contacted their insurance clients by
8 telephone and asked to meet with them, usually at their residence, to discuss an unspecified
9 investment bearing high rates of return. Once face to face, sales agents described an
10 opportunity to invest in timeshares offered by a company with a group of Caribbean vacation
11 resorts. Sales agents hammered on three specific themes during their sales pitch. First, agents
12 concentrated on the investor’s ability to earn a very high rate of interest (either 9% or 11%), a
13 return that would remain constant over 25 years at a point in time when bank savings accounts
14 and certificates of deposit were generating sparse yields. Second, sales agents emphasized the
15 safety and security of the “universal lease”, noting that the resorts owned by Yucatan Resorts
16 were debt-free and unencumbered, with the properties amply insured and investors retaining
17 “first liens.” Third, agents accentuated the purported liquidity of the “universal lease”: interest
18 payments could be made as frequently as monthly, and after three years investors could get
19 their funds back at any point in time.

20 44. Oral presentations given by Oregon based **YUCATAN RESORTS** sales agents
21 were uniformly positive; prospective investors were not given information about any of the
22 many risks entering into the Yucatan Resorts “universal lease” arrangement entailed. Sales
23 agents did not discuss company finances, the difficulties **WORLD PHANTASY TOURS**
24 could encounter when attempting to generate sufficient rental income to make interest
25 payments to investors, or the disciplinary history **KELLY** had accrued with regulatory
26 authorities.



1 45. Oregon based **YUCATAN RESORTS** sales agents differed in the manner and
2 extent to which they utilized written documents, brochures, and charts as part of the
3 “universal lease” sales process. Some agents highlighted particular text as part of their face to
4 face communication, while others merely left brochures for prospective investors to review at
5 their convenience. The nature of sales literature ranged from glossy magazine length
6 portfolios to single sheet summaries. By way of example, **MONROE** utilized a chart with
7 “talking points” for clients describing the soundness of the **YUCATAN RESORTS**
8 investment. It states “*Universal Lease: Why Is This Investment Safe?*” 1. *investment is fully*
9 *collateralized – investor/leaseholder has a 1st lien against highly sought after vacation*
10 *property which is 100% DEBT FREE... something tangible insures the return of your*
11 *investment plus profit! 2. Location, location, location. 3. The Mexican Government wants*
12 *Tourism!”*

13 46. Oregon based **YUCATAN RESORTS** sales agents did not conduct an
14 individualized assessment of whether the Yucatan Resorts “universal lease” investment was
15 appropriate for each prospective investor’s financial needs. To the contrary, they convinced
16 many investors to invest the entirety of their savings in the “universal lease” investment
17 program. In one instance, **MONROE** convinced a client to secure a reverse mortgage on her
18 home and invest all proceeds with Yucatan Resorts.

19 47. Some individuals invested at the conclusion of the initial sales presentation, while
20 others forwarded the required contracts along with a check made payable, depending on the
21 date of the investment, to either **YUCATAN RESORTS** or **RESORT HOLDINGS**
22 **INTERNATIONAL**, to their sales agent by mail. Sales agents forwarded the documents to
23 Resort Holdings International; within two weeks they received their commission and investors
24 received a “welcome” letter from Yucatan Resorts.

25 **Part Five: Oregon Based Yucatan Resorts Sales Agents**
26

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1 48. Bill Boedeker was a "Managing General Agent" for the **YUCATAN RESORTS**
2 "universal lease" investment program. Based in North Bend, Boedeker was recruited as a
3 sales agent by **MARK RUTTENBERG** on behalf of **RUTTENBERG AND ASSOCIATES**
4 **FINANCIAL MARKETING**. Boedeker sold "universal lease" investments to 12 Oregon
5 residents, who invested a total of \$290,740.77 through him. He received 15% of this sum as a
6 sales commission.

7 49. Roger **STEWART** was a sales agent for the **YUCATAN RESORTS** "universal
8 lease" investment program. Based in North Bend, Stewart was recruited to be a sales agent by
9 Bill Boedeker. Stewart sold "universal lease" investments to 11 Oregon residents, who
10 invested a total of \$441,688.77 through him. He received 13% of this sum as a sales
11 commission.

12 50. Douglas **LAIRD** was a sales agent for the **YUCATAN RESORTS** "universal
13 lease" investment program. Based in North Bend, Laird was recruited to be a sales agent by
14 Bill Boedeker. Laird sold "universal lease" investments to 17 Oregon residents, who invested
15 a total of \$831,175.10 through him. He received 12% of this sum as a sales commission.

16 51. Stephen **MONROE** was a sales agent for the **YUCATAN RESORTS** "universal
17 lease" investment program. Based in the Portland area, Monroe was recruited to be a sales
18 agent by Rick **GREENE** on behalf of **RUTTENBERG AND ASSOCIATES FINANCIAL**
19 **MARKETING**. Monroe sold "universal lease" investments to 41 Oregon residents, who
20 invested a total of \$1,051,215.20 through him. He received 13% of this sum as a sales
21 commission.

22 52. **MONROE** employed two aliases when acting as a sales agent for the **YUCATAN**
23 **RESORTS** "universal lease" program. Although he personally interacted with his clients
24 without the assistance of other individuals, Stephen Monroe instructed his brother, Bradley
25 Monroe, to open a bank account at Portland Teachers Credit Union. Stephen Monroe arranged
26 for his brother, an occasional clerical employee of his, to register as a Yucatan Resorts

1 “universal lease” sales agent, and submitted approximately one-third of new “universal lease”
2 business to **RESORT HOLDINGS INTERNATIONAL** under Bradley Monroe’s name. In
3 response, Resort Holdings International issued commission checks to Bradley, which Stephen
4 Monroe endorsed, deposited in Bradley’s Portland Teachers Credit Union account, and
5 withdrew for his personal use. On information and belief, Monroe engaged in this conduct to
6 hide income from his soon to be ex-wife.

7 53. Lawrence **BEARD** was a sales agent for the **YUCATAN RESORTS** “universal
8 lease” investment program. Based in Prineville, Beard was recruited to be a sales agent by
9 Joel **WHALEY**. Beard sold “universal lease” investments to 47 Oregon residents, who
10 invested a total of \$1,355,294.60 through him. At the commencement of his sales efforts
11 Beard received a 10% commission, but his heightened production yielded an increase in his
12 compensation to 13%.

13 54. Kenneth **CHRISTENSEN** was a sales agent for the **YUCATAN RESORTS**
14 “universal lease” investment program. Based in Bend, Christensen was recruited to be a sales
15 agent by Larry **BEARD**. Christensen sold “universal lease” investments to 2 Oregon
16 residents, who invested a total of \$95,000 through him. He received 10% of this sum as a
17 sales commission.

18 55. Royal **EDWARDS** was a sales agent for the **YUCATAN RESORTS** “universal
19 lease” investment program. Based in Redmond, Edwards was recruited to be a sales agent by
20 Larry **BEARD**. Edwards sold “universal lease” investments to 7 Oregon residents, who
21 invested \$104,477.05. He received 10% of this sum as a sales commission.

22 56. Joel **WHALEY** was a sales agent for the **YUCATAN RESORTS** “universal
23 lease” investment program. Based in Prineville, Whaley sold “universal lease” investments to
24 at least one Oregon resident. Whaley sold “universal lease” investment to 19 Oregon
25 residents, who invested a total of \$898,005.60.

26



1 57. Dale LAUDER was a sales agent for the YUCATAN RESORTS “universal
2 lease” investment program. Based in Wilsonville, Lauder sold “universal lease” investments
3 to at least one Oregon resident.

4 **Part Six: Misrepresentation and Omissions in the Sales Process**

5 58. Respondents failed to disclose information about the true financial condition of
6 YUCATAN RESORTS, RESORT HOLDINGS INTERNATIONAL, WORLD
7 PHANTASY TOURS, and KELLY. Prospective investors were not given audited or
8 unaudited financial statements, or any other documents by which they could have
9 independently gauged the fiscal health of the businesses they were investing in and of the
10 individual managing those entities.

11 59. Respondents failed to disclose accurate information about the use to which
12 investor funds would be put by YUCATAN RESORTS. Investors were told that funds would
13 go toward the expansion of the Yucatan resort system. In point of fact, the majority of funds
14 tendered to Yucatan Resorts and/or RESORT HOLDINGS INTERNATIONAL by new
15 investors were used to make outstanding interest payments to existing investors, to pay
16 commissions to those in the Yucatan Resorts sales chain, to make payments to investors in
17 KELLY’s previous undertaking (the nine-month promissory notes issued by “Yucatan
18 Investments, Inc.”), to fund an automotive company (Avanti U.S.) Kelly owned, to fund an
19 industrial leasing company (DMK U.S.) Kelly owned, and to fund the lavish lifestyle of Kelly
20 and his relatives.

21 60. Respondents failed to disclose accurate information about the relationship between
22 YUCATAN RESORTS, RESORT HOLDINGS INTERNATIONAL, and WORLD
23 PHANTASY TOURS. Investors were specifically told that these three companies were
24 entirely independent of each other. In point of fact, all three were owned and controlled by a
25 single individual, KELLY, for his own business purposes.

26 61. Respondents failed to disclose accurate information about KELLY’s managerial



1 experience in the travel and leisure industry. Prospective investors were not advised that Kelly
2 had no prior experience running hotels or resorts before founding Yucatan Resorts.
3 Furthermore, prospective investors were not informed that Kelly's most recent venture had
4 been as promoter of "Yucatan Investment Corporation", an entity that sold \$25,000,000 in
5 unlawful nine-month promissory notes bearing 10.75% interest rates, for which he had been
6 formally sanctioned by New Mexico, South Carolina, and Connecticut securities regulators.

7 62. Respondents failed to disclose known, foreseeable risk factors in connection with
8 investments in entities operating foreign vacation resorts designed to generate rental income.
9 Prospective investors were not informed that, *inter alia*, the travel business is cyclical and
10 highly dependent on the condition of the domestic U.S. economy, the competition includes
11 resorts owned by large, well capitalized corporate entities, and the rise of the internet has
12 caused, and will continue to cause, substantial disruption to previously successful travel
13 industry business models.

14 63. Respondents specifically told prospective investors that the **YUCATAN**
15 **RESORTS** "universal lease" investment was safe when it was heavily laden with risk.
16 Respondents repeatedly informed Oregon residents that the "universal lease" program was
17 fully insured. In point of fact, although the properties may have been covered by casualty
18 insurance in the event of theft or damage, the underlying "universal lease" investments were
19 not insured. Additionally, Respondents told prospective investors that the resorts were "debt-
20 free" and that investors had a "1st lien" on properties. The fair market value of the few
21 Yucatan owned properties never came close to the \$428,000,000 Americans invested
22 nationwide.

23 64. Respondents failed to disclose that a significant portion of their investment would
24 pay for the commission earned by the sales staff. While investors undoubtedly expected that
25 **YUCATAN RESORTS** would compensate its sales staff real estate-type commissions of 5-
26



1 6%, investors were not informed that financial marketing firms and sales agents would
2 receive 18% of every dollar invested.

3 65. Respondents specifically told prospective investors that **WORLD PHANTASY**
4 **TOURS**, the entity that would make interest payments to investors by generating income
5 from timeshare rentals, was an “*international travel consolidator/wholesaler... with Gross*
6 *sales over 60 million annually.*” In point of fact, World Phantasy Tours and its successor,
7 **GALAXY PROPERTIES MANAGEMENT** never had more than a handful of employees
8 and generated nearly no rental income at all.

9 66. Respondents failed to disclose that the **YUCATAN RESORTS** “universal lease”
10 investment program was a security under Oregon law, that the offering was not registered
11 with the State of Oregon, and that the insurance agents that sold the investment were not
12 licensed to sell this security by the State of Oregon. As a result, investors were not availed of
13 the vital protections afforded to them by Oregon law.

14 **Part Seven: The Universal Lease Program Collapses**

15 67. On June 3, 2004 **WORLD PHANTASY TOURS** suddenly notified “universal
16 lease” investors that it had ended its relationship with the “universal lease” program, whose
17 property “servicing” functions would be assumed by **GALAXY PROPERTIES**
18 **MANAGEMENT**. In September, 2004 Galaxy Properties Management sent “universal lease”
19 investors a new “rental management agreement” for their signature. This agreement limited
20 investors’ returns to 5% per annum. Galaxy Properties Management had the same address as
21 World Phantasy Tours. **ESCALANTE** was the putative President of both entities.

22 68. In May 2005 **RESORT HOLDINGS INTERNATIONAL** informed “universal
23 lease” investors that **YUCATAN RESORTS** facilities had been damaged by a hurricane and,
24 as a result, interest payments would be “delayed.” No further interest payments were ever
25 made to investors.

26



1 59.135 (2), by failing to disclose information about the true financial condition of Yucatan
2 Resorts, **RESORT HOLDINGS INTERNATIONAL, WORLD PHANTASY TOURS,**
3 and **KELLY**. Prospective investors were not given audited or unaudited financial statements,
4 or other documents by which they could have independently gauged the fiscal health of the
5 businesses they were investing in and of the individual managing those entities.

6 76. Respondents, in connection with the sale of **YUCATAN RESORTS** “universal
7 lease” securities to Oregon residents, made an untrue statement of a material fact, in violation
8 of ORS 59.135 (2), by falsely representing that investor funds would be used to expand the
9 Yucatan resort system. In point of fact, the majority of funds tendered to Yucatan Resorts
10 and/or **RESORT HOLDINGS INTERNATIONAL** by new investors were used to make
11 outstanding interest payments to existing investors, to pay commissions to those in the
12 Yucatan Resorts sales chain, to make payments to investors in **KELLY**’s previous
13 undertaking (the nine-month promissory notes issued by “Yucatan Investments, Inc.”), to
14 fund an automotive company (Avanti U.S.) Kelly owned, to fund an industrial leasing
15 company (DMK U.S.) Kelly owned, and to fund the lavish lifestyle of Kelly and his relatives.

16 77. Respondents, in connection with the sale of **YUCATAN RESORTS** “universal
17 lease” securities to Oregon residents, omitted to state a material fact, in violation of ORS
18 59.135 (2), by failing to disclose accurate information about the relationship between Yucatan
19 Resorts, **RESORT HOLDINGS INTERNATIONAL,** and **WORLD PHANTASY**
20 **TOURS**. Investors were specifically told that these three companies were entirely
21 independent of each other. In point of fact, all three were owned and controlled by a single
22 individual, **KELLY**, for his own business purposes.

23 78. Respondents, in connection with the sale of **YUCATAN RESORTS** “universal
24 lease” securities to Oregon residents, omitted to state a material fact, in violation of ORS
25 59.135 (2), by failing to disclose information about **KELLY**’s managerial experience to
26 prospective investors. Investors were not informed that Kelly had never worked in the travel



1 and leisure industry prior to his 1999 formation of Yucatan Resorts. Furthermore, prospective
2 investors were not advised that Kelly's most recent venture had been as promoter of "Yucatan
3 Investment Corporation", an entity that sold \$25,000,000 in unlawful nine-month promissory
4 notes bearing 10.75% interest rates, for which he had been formally sanctioned by New
5 Mexico, South Carolina, and Connecticut securities regulators.

6 79. Respondents, in connection with the sale of **YUCATAN RESORTS** "universal
7 lease" securities to Oregon residents, omitted to state a material fact, in violation of ORS
8 59.135 (2), by failing to disclose known, foreseeable risk factors in connection with
9 investments in entities operating foreign vacation resorts designed to generate rental income.
10 Prospective investors were not informed that, *inter alia*, the travel business is cyclical and
11 highly dependent on the condition of the domestic U.S. economy, the competition includes
12 resorts owned by large, well capitalized corporate entities, and the rise of the internet has
13 caused, and will continue to cause, substantial disruption to previously successful industry
14 business models.

15 80. Respondents, in connection with the sale of **YUCATAN RESORTS** "universal
16 lease" securities to Oregon residents, made an untrue statement of a material fact, in violation
17 of ORS 59.135 (2), by falsely representing that the "universal lease" was a safe investment. In
18 fact, it was heavily laden with risk. Respondents repeatedly informed Oregon residents that
19 the "universal lease" program was fully insured. In point of fact, although the properties may
20 have been covered by casualty insurance in the event of theft or damage, the underlying
21 "universal lease" investments were not insured. Additionally, Respondents told prospective
22 investors that the resorts were "debt-free" and that investors had a "1st lien" on properties. The
23 fair market value of the few Yucatan owned properties never came close to the \$428,000,000
24 Americans invested nationwide.

25 81. Respondents, in connection with the sale of **YUCATAN RESORTS** "universal
26 lease" securities to Oregon residents, omitted to state a material fact, in violation of ORS



1 59.135 (2), by failing to disclose that financial marketing firms and sales agents would receive
2 18% of every dollar invested as a sales commission.

3 82. Respondents, in connection with the sale of **YUCATAN RESORTS** “universal
4 lease” securities to Oregon residents, made an untrue statement of a material fact, in violation
5 of ORS 59.135 (2), by falsely representing that **WORLD PHANTASY TOURS**, the entity
6 that was to make interest payments to investors by generating income from timeshare rentals,
7 was an “*international travel consolidator/wholesaler... with Gross sales over 60 million*
8 *annually.*” In point of fact, World Phantasy Tours and its successor, **GALAXY**
9 **PROPERTIES MANAGEMENT** never had more than a handful of employees and
10 generated nearly no rental income at all.

11 83. Respondents, in connection with the sale of **YUCATAN RESORTS** “universal
12 lease” securities to Oregon residents, omitted to state a material fact, in violation of ORS
13 59.135 (2), by failing to disclose that the Yucatan Resorts “universal lease” investment
14 program was a security under Oregon law, that the offering was not registered with the State
15 of Oregon, and that the insurance agents that sold the investment were not licensed to sell this
16 security by the State of Oregon.

17 **ORDER**

18 The Director Orders:

19 84. Pursuant to the authority granted by ORS 59.245, Respondents shall **CEASE**
20 **AND DESIST** from engaging in any further violations of the Oregon Securities Law, its
21 accompanying administrative rules, and this Order.

22 85. **KELLY**, pursuant to the authority contained in ORS 59.995, shall tender the sum
23 of **ONE HUNDRED THOUSAND DOLLARS** (\$100,000) for violations of ORS 59.055
24 described herein; the sum of **ONE HUNDRED THOUSAND DOLLARS** (\$100,000) for
25 violations of ORS 59.165 described herein; and the sum of **ONE HUNDRED THOUSAND**
26



1 **DOLLARS** (\$100,000) for violations of ORS 59.135 described herein, for a total civil
2 penalty of **THREE HUNDRED THOUSAND DOLLARS** (\$300,000).

3 **86. YUCATAN RESORTS d/b/a AVALON RESORTS and YUCATAN**
4 **RESORTS, S.A.** shall, jointly and severally, pursuant to the authority contained in ORS
5 59.995, tender the sum of **ONE HUNDRED THOUSAND DOLLARS** (\$100,000) for
6 violations of ORS 59.055 described herein; the sum of **ONE HUNDRED THOUSAND**
7 **DOLLARS** (\$100,000) for violations of ORS 59.165 described herein; and the sum of **ONE**
8 **HUNDRED THOUSAND DOLLARS** (\$100,000) for violations of ORS 59.135 described
9 herein, for a total civil penalty of **THREE HUNDRED THOUSAND DOLLARS**
10 (**\$300,000**).

11 **87. RESORT HOLDINGS INTERNATIONAL, INC. and RESORT HOLDINGS**
12 **INTERNATIONAL, S.A.** shall, jointly and severally, pursuant to the authority contained in
13 ORS 59.995, tender the sum of **ONE HUNDRED THOUSAND DOLLARS** (\$100,000) for
14 violations of ORS 59.055 described herein; the sum of **ONE HUNDRED THOUSAND**
15 **DOLLARS** (\$100,000) for violations of ORS 59.165 described herein; and the sum of **ONE**
16 **HUNDRED THOUSAND DOLLARS** (\$100,000) for violations of ORS 59.135 described
17 herein, for a total civil penalty of **THREE HUNDRED THOUSAND DOLLARS**
18 (**\$300,000**).

19 **88. WORLD PHANTASY TOURS, a/k/a Majesty Travel and/or Viajes Majesty,**
20 **GALAXY PROPERTIES MANAGEMENT,** and Gabriel ESCALANTE shall, jointly and
21 severally, pursuant to the authority contained in ORS 59.995, tender the sum of **ONE**
22 **HUNDRED THOUSAND DOLLARS** (\$100,000) for violations of ORS 59.055 described
23 herein; the sum of **ONE HUNDRED THOUSAND DOLLARS** (\$100,000) for violations of
24 ORS 59.165 described herein; and the sum of **ONE HUNDRED THOUSAND DOLLARS**
25 (**\$100,000**) for violations of ORS 59.135 described herein, for a total civil penalty of **THREE**
26 **HUNDRED THOUSAND DOLLARS** (\$300,000).



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1 89. **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING, INC.**,
2 Mark **RUTTENBERG**, and Rick **GREENE** shall, jointly and severally, pursuant to the
3 authority contained in ORS 59.995, tender the sum of **ONE HUNDRED THOUSAND**
4 **DOLLARS** (\$100,000) for violations of ORS 59.055 described herein; the sum of **ONE**
5 **HUNDRED THOUSAND DOLLARS** (\$100,000) for violations of ORS 59.165 described
6 herein; and the sum of **ONE HUNDRED THOUSAND DOLLARS** (\$100,000) for
7 violations of ORS 59.135 described herein, for a total civil penalty of **THREE HUNDRED**
8 **THOUSAND DOLLARS** (\$300,000).

9 90. **MONROE**, pursuant to the authority contained in ORS 59.995, shall tender the
10 sum of **FIFTY TWO THOUSAND FIVE HUNDRED SIXTY DOLLARS** (\$52,560) for
11 violations of ORS 59.055 described herein; the sum of **FIFTY TWO THOUSAND FIVE**
12 **HUNDRED SIXTY DOLLARS** (\$52,560) for violations of ORS 59.165 described herein;
13 and the sum of **FIFTY TWO THOUSAND FIVE HUNDRED SIXTY DOLLARS**
14 (\$52,560) for violations of ORS 59.135 described herein, for a total civil penalty of **ONE**
15 **HUNDRED FIFTY SEVEN THOUSAND SIX HUNDRED EIGHTY DOLLARS**
16 (\$157,680).

17 91. **LAUDER**, pursuant to the authority contained in ORS 59.995, shall tender the
18 sum of **TEN THOUSAND DOLLARS** (\$10,000) for violations of ORS 59.055 described
19 herein; the sum of **TEN THOUSAND DOLLARS** (\$10,000) for violations of ORS 59.165
20 described herein; and the sum of **TEN THOUSAND DOLLARS** (\$10,000) for violations of
21 ORS 59.135 described herein, for a total civil penalty of **THIRTY THOUSAND DOLLARS**
22 (\$30,000).

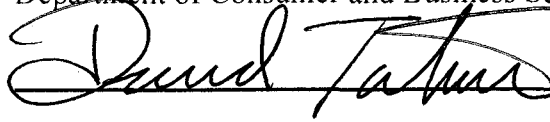
23 92. Respondents, and any entities that employ or otherwise utilize the services of
24 Respondents for the purpose of raising capital, are, pursuant to ORS 59.045, **DENIED THE**
25 **USE OF ANY EXEMPTIONS**, that would otherwise be available to them under ORS
26 59.025 and ORS 59.035, to the requirement contained in ORS 59.055 that all securities must

1 be registered with the Director prior to sale. Furthermore, Respondents are, for the protection
2 of the investing public, **STRICTLY PROHIBITED** from raising capital, formally or
3 informally, from other individuals for use or investment on their behalf.

4 **IT IS SO ORDERED.**

5 Dated this ~~24~~²⁷ day of January, 2008 NUNC PRO TUNC October 31, 2007 at Salem,
6 Oregon.

7
8 CORY STREISINGER, Director
9 Department of Consumer and Business Services

10 

11 David C. Tatman, Administrator
12 Division Of Finance And Corporate Securities
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