DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
ENFORCEMENT SECTION
BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

In the Matter of: **MICHAEL KELLY, YUCATAN RESORTS a/k/a AVALON RESORTS, YUCATAN RESORTS, S.A., RESORT HOLDINGS INTERNATIONAL, INC., RESORT HOLDINGS INTERNATIONAL, S.A., WORLD PHANTASY TOURS a/k/a MAJESTY TRAVEL a/k/a VIAJES MAJESTY, GALAXY PROPERTIES MANAGEMENT, S.A., GABRIEL ESCALANTE, RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING, INC., MARK RUTTENBERG, RICK GREENE, ROGER STEWART, DOUGLAS LAIRD, STEPHEN MONROE, LAWRENCE BEARD, KENNETH CHRISTENSEN, ROYAL EDWARDS, JOEL WHALEY, DALE LAUDER, and JAMES THEELER,** **Respondents.**	**S-07-0043-13** **ORDER TO CEASE AND DESIST, DENYING EXEMPTIONS, AND ASSESSING CIVIL PENALTIES ENTERED BY CONSENT AS TO DOUGLAS LAIRD ONLY**

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

WHEREAS, the Director of the Oregon Department of Consumer and Business Services, Division of Finance and Corporate Securities (hereafter the "Director"), acting by and pursuant to the authority of the Oregon Securities Law, ORS 59.005 *et. seq.*, and other applicable authority, has a pending investigation into the activities of **MICHAEL KELLY** (hereafter "Kelly"), **YUCATAN RESORTS a/k/a AVALON RESORTS** and **YUCATAN RESORTS, S.A.** (hereafter "Yucatan Resorts"), **RESORT HOLDINGS INTERNATIONAL, INC.** and **RESORT HOLDINGS INTERNATIONAL, S.A.** (hereafter "Resort Holdings International"), **WORLD PHANTASY TOURS a/k/a MAJESTY TRAVEL a/k/a VIAJES MAJESTY** (hereafter "World Phantasy Tours"),

GALAXY PROPERTIES MANAGEMENT, S.A. (hereafter "Galaxy Properties Management"), **GABRIEL ESCALANTE** (hereafter "Escalante"), **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING, INC.** (hereafter "Ruttenberg and Associates Financial Marketing"), **MARK RUTTENBERG** (hereafter "Ruttenberg"), **RICK GREENE** (hereafter "Greene"), **ROGER STEWART** (hereafter "Stewart"), **DOUGLAS LAIRD** (hereafter "Laird"), **STEPHEN MONROE** (hereafter "Monroe"), **LAWRENCE BEARD** (hereafter "Beard"), **KENNETH CHRISTENSEN** (hereafter "Christensen"), **ROYAL EDWARDS** (hereafter "Edwards"), **JOEL WHALEY** (hereafter "Whaley"), **DALE LAUDER** (hereafter "Lauder"), and **JAMES THEELER** (hereafter "Theeler");

WHEREAS, LAIRD does not desire to expend further time on this matter, and seeks to obtain finality with respect to the Division's investigation without invoking his right to a hearing before the Director;

NOW THEREFORE, the Director hereby issues the following Findings of Fact, Conclusions of Law, and Order, to which **LAIRD** has consented, as evidenced by his signature on the Consent to Entry of Order attached hereto:

FINDINGS OF FACT

The Director **FINDS** that:

Part One: Respondents

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

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

2. **YUCATAN RESORTS**, at all times material herein, sold investments in its "universal lease" investment program through independent sales agents nationwide. Yucatan Resorts, an unincorporated entity, has a last known mailing address of P.O. Box 2661, South Bend, Indiana, 46680. **YUCATAN RESORTS, S.A.**, a Panamanian corporation, was the Mexican affiliate of Yucatan Resorts. Yucatan Resorts, S.A. has a last known mailing address of Avenida Coba #82, Lote 10, 3er. Piso, Cancun, Quintana Roo, Mexico C.P. 77500. Yucatan Resorts andYucatan Resorts, S.A. have never been licensed to sell securities by the State of Oregon.

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

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

5. **GALAXY PROPERTIES MANAGEMENT, S.A.**, at all times material herein, purported to be the successor entity to **WORLD PHANTASY TOURS**. Galaxy Properties

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

Management, S.A., a Panamanian corporation, has a last known mailing address of Calle Eusebio A. Morales, Edificio Atlántida, P. Baja, APDO. 8301, Zona 7 Panama. Galaxy Properties Management has never been licensed to sell securities by the State of Oregon.

6. Gabriel **ESCALANTE**, at all times material herein, was the President of both **WORLD PHANTASY TOURS** and **GALAXY PROPERTIES MANAGEMENT**, reporting directly to **KELLY**. Escalante has a last known mailing address of Calle Eusebio A. Morales, Edificio Atlántida, P. Baja, APDO. 8301, Zona 7 Panama. Escalante has never been licensed to sell securities by the State of Oregon.

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

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

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

10. Roger **STEWART** was, at all times material herein, a sales agent for the **YUCATAN RESORTS** "universal lease" investment program in Oregon. Stewart sold

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

"universal lease" investments directly to members of the public. Stewart has a last known mailing address of P.O. Box 727, North Bend, Oregon 97459. Stewart has never been licensed to sell securities by the State of Oregon.

11. Douglas **LAIRD** was, at all times material herein, a sales agent for the **YUCATAN RESORTS** "universal lease" investment program in Oregon. Laird sold "universal lease" investments directly to members of the public. Laird has a last known mailing address of 625 Virginia Avenue, North Bend, Oregon 97459. Laird has never been licensed to sell securities by the State of Oregon.

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

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

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

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

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

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

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

18. James **THEELER** (CRD #1212191) was, at all times material herein, a sales agent for the **YUCATAN RESORTS** "universal lease" investment program in Oregon. Theeler sold "universal lease" investments directly to members of the public. Theeler has a last known mailing address of 494 State Street #440, Salem, Oregon 97301. Theeler, who held a limited securities license that permitted him to engage in sales of mutual funds and variable annuities from April 1998 to January 2004, was not licensed to sell any other types of securities by the State of Oregon.

19. Bill Boedeker a/k/a Billy Lynn Boedeker was, at all times material herein, a sales agent for the **YUCATAN RESORTS** "universal lease" investment program in Oregon.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

Boedeker sold "universal lease" investments directly to members of the public. In addition, Boedeker actively recruited other sales agents on behalf of **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING**. Boedeker has a last known mailing address of 2245 Broadway, North Bend, Oregon 97459. Boedeker has never been licensed to sell securities by the State of Oregon. Boedeker, who is not a Respondent to this Order, has previously consented to the entry of an Order to Cease and Desist involving his role in the Yucatan Resorts "universal lease" program. (Division of Finance and Corporate Securities Order No. S-06-0026.)

Part Two: Respondents' Roles In The Universal Lease Program

20. **YUCATAN RESORTS** purportedly owned and operated several vacation resorts in the Caribbean. Yucatan Resorts, through its CEO, **KELLY**, began offering what it called its "universal lease" in December 1999. The "universal lease" investment program involved the purchase of a "timeshare" interest (the ability to use a resort room for a one week period of time bi-annually) in a Yucatan or Avalon resort. However, the investor, concurrent with their "timeshare" purchase, immediately assigned all rights in connection with the timeshare to a "servicing agent", **WORLD PHANTASY TOURS**, in exchange for a return equal to either 9% or 11% of the purchase price, per year. (World Phantasy Tours purportedly generated funds to fuel such ample returns by leasing the timeshare in question to the general public.) Investors were told by sales agents that at the conclusion of a 36-month period the entirety of their original purchase price could be refunded.

21. **RESORT HOLDINGS INTERNATIONAL** directed the marketing and distribution efforts of **YUCATAN RESORTS**, its parent. Resort Holdings International touted investments in properties purportedly owned by Yucatan Resorts. Resort Holdings International's name appeared in the brochures, purchase contracts, and glossy magazines it distributed to members of the public. In addition, Resort Holdings International hired

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

1 **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING** to recruit and manage
2 sales agents for the Yucatan Resorts "universal lease" investment program.
3 22. **WORLD PHANTASY TOURS**, which also did business under the Majesty
4 Travel and Viejas Majesty names, was purportedly a resort management and travel agency.
5 World Phantasy Tours was the "servicing agent" for the **YUCATAN RESORTS** "universal
6 lease" program, whose responsibilities included renting out investors' timeshares, remitting
7 promised returns to investors, and, re-purchasing timeshares from investors. **GALAXY**
8 **PROPERTIES MANAGEMENT**, the alleged successor entity to World Phantasy Tours,
9 performed similar services. **KELLY** owned both World Phantasy Tours and Galaxy
10 Properties Management.
11 23. **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING**, through
12 its President, Mark **RUTTENBERG**, and its Vice President, Rick **GREENE**, recruited
13 independent insurance agents across the United States, including Oregon, to sell the
14 **YUCATAN RESORTS** "universal lease" investment to their existing clientele in exchange
15 for sales commissions of between 10-15%.
16 24. **STEWART, LAIRD, MONROE, BEARD, CHRISTENSEN, EDWARDS,**
17 **WHALEY, LAUDER,** and **THEELER** sold investments in the **YUCATAN RESORTS**
18 "universal lease" investment program to insurance clients to whom they had previously sold
19 traditional insurance products. The agents heavily emphasized the high returns offered by
20 Yucatan Resorts (9% or 11% per year for a 25 year period) while entirely ignoring the many
21 hazards associated with this risky investment.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

22 **Part Three: Components Of The Yucatan Resorts "Universal Lease"**
23 25. The **YUCATAN RESORTS** "universal lease" investment program's terms were
24 contained in three documents investors executed concurrently: first, the Yucatan Resorts
25 "Universal Lease Application, Disclosure, and Agreement"; second, the "Viajes Majesty
26 Universal Lease Servicing Agreement"; third, the World Phantasy Tours "Compensation

1 Addendum." (The title and contents of each document changed slightly throughout the life of
2 the "universal lease" program.)

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

8 27. Investors were required to choose one of three putative options when completing
9 the **YUCATAN RESORTS** "universal lease" agreement. First, investors could, ostensibly,
10 choose to utilize their timeshare rights themselves. Second, investors could, ostensibly,
11 choose to rent out their timeshare rights on their own. Third, investors could retain a
12 "servicing agent" to rent their timeshare on their behalf, in which case they would receive a
13 specified investment return. All Oregon investors chose the third option.

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

24 29. Under the second **YUCATAN RESORTS** "universal leave" agreement option, the
25 investor renounced any financial return from the Yucatan entities in order to rent out their
26 assigned timeshare interest themselves. However, an investor that chose option two would not

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

be able to select the date they would be entitled to usage, the resort they would be entitled to stay at, or the attributes of their lodging – all key to an investor's ability to successfully rent their unit at a financially attractive price. Additionally, each option two investor was required to pay an assessment of between $380-$645 per year to Yucatan Resorts to cover taxes, insurance, and common area maintenance. As a matter of economic reality this option was entirely illusory, as the Oregon investors, who entered into the "universal lease" solely for the attractive financial returns, did not invest tens of thousands of dollars with insurance agents in order to purchase the right to sublet an uncertain property interest in a foreign country whose language is not English, left entirely to their own devices. In fact, the offering materials expressly convey the impracticality of this option by warning investors that "self-renting" will bring in less revenue than would use of a professional third party "servicing agent."

30. The third **YUCATAN RESORTS** "universal leave" agreement option constituted, as a matter of economic reality, the true Yucatan Resorts "universal lease" investment program. This was the option that **RESORT HOLDINGS INTERNATIONAL** sales literature highlighted and Oregon sales agents emphasized. Under this option, the investor selected a professional "servicing agent" to rent out their timeshare interest in exchange for pre-determined financial returns, tendered to them regardless of whether the timeshare was actually sub-leased. Investors prior to 2002 were promised returns of 11% per year, while later investors were told they would receive a 9% return each year. **KELLY** created the "universal lease" investment program with the intent that all investors select option 3.

31. Although **YUCATAN RESORTS** "universal lease" investors could theoretically choose any so-called "servicing company", investors were advised that they would only receive the 9% or 11% annual returns if they selected **WORLD PHANTASY TOURS**. World Phantasy Tours was heavily touted in **RESORT HOLDINGS INTERNATIONAL** sales materials and by Oregon sales agents, who did not present information about any other "servicing company" to prospective investors. Investors selected World Phantasy Tours by

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

executing the Viajes Majesty Universal Lease Servicing Agreement and the World Phantasy Tours Compensation Addendum.

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

33. **WORLD PHANTASY TOURS** offered **YUCATAN RESORTS** "universal lease" investors four choices with respect to the timing of payment of their investment returns. They could receive interest payments on a monthly, quarterly, or annual basis. In addition, investors were given the option of having their interest payments "accumulate", much in the way a stock or bond fund allows dividends to be reinvested. As an incentive to "accumulate", investors were told that interest would be added to the "value" of their universal lease, and future returns would then be computed on this compounded amount.

34. The final component of the **YUCATAN RESORTS** "universal lease" investment program consisted of Yucatan's offer to refund surrender or liquidation penalties incurred by those investors that transferred funds from other holdings, including Individual Retirement Accounts, to invest in the Yucatan Resorts "universal lease" program. Yucatan promised to tender 100% of any surrender charges up to an amount equivalent to 5% of an individual's "universal lease" investment. (By way of example, an investor that was assessed a $7,000

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

surrender charge as a result of withdrawing $100,000 from an annuity to make a "universal lease" investment would receive $5,000 back from Yucatan.)

35. The **YUCATAN RESORTS** "universal lease" program was designed to be, and was touted as, an entirely passive investment. Once the investor executed the bundled purchase related documents and tendered a check to the sales agent, they had no additional responsibilities, decisions, or tasks in connection with the "universal lease" investment.

Part Four: The Universal Lease Sales Process

36. Immediately prior to the commencement of the **YUCATAN RESORTS** "universal lease" investment program **KELLY** sold interests in nine-month promissory notes issued by "Yucatan Investments, Inc.", an entity he owned and controlled. Kelly used independent insurance agents to sell the notes because, according to him, they had access to clients with substantial annuity policies and IRA accounts that could be rapidly liquidated. To replicate this model on a broader scale, Kelly, through **RESORT HOLDINGS INTERNATIONAL**, retained **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING**.

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

38. In December 1999 **RUTTENBERG AND ASSOCIATES FINANCIAL MARKETING** contacted insurance agents the company had established a successful working relationship with in the past to avail them of the chance to act as a "Managing General Agent"

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

for the **YUCATAN RESORTS** "universal lease" program. The Managing General Agent, though free to sell the investment to his or her clients, was also charged with recruiting other insurance agents in that state to solicit investments in the "universal lease" program. Bill Boedeker, who signed a Yucatan Resorts "Managing General Agent Agreement" on December 16, 1999, served in this capacity for the Oregon market. (This was not an "exclusive" agreement, as Ruttenberg and Associates Financial Marketing remained free to, and did, recruit additional Oregon agents on its own.)

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

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

41. **KELLY** provided prospective sales agents with an explanation of the **YUCATAN RESORTS** "universal lease" program, placing emphasis on those aspects of the investment that clients would likely find to be most attractive. Areas of coverage included the high rates of return, the long period of time (25 years) over which such returns could be garnered, and the company's refund of surrender penalties incurred when garnering funds from other assets. Kelly made no mention of scenarios in which investors were to use the timeshare themselves

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

(option one) or rent the timeshare out on their own (option two), explicitly asserting that sales agents should emphasize the selection of **WORLD PHANTASY TOURS** (option three, the only choice for which sales agents would be paid a commission). When quizzed by prospective Oregon agents on how they should respond to queries regarding the company's use of their funds, Kelly stated that members of the public should merely be told that their funds would be generally used to allow Yucatan Resorts to expand.

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

43. Generally, **YUCATAN RESORTS** sales agents only solicited individuals that they had previously sold traditional insurance products to in the past. However, two sales agents, Boedeker and **STEWART**, placed newspaper advertisements in local periodicals soliciting members of the public without specific mention of Yucatan Resorts. The text of one ad ("You could be earning 9% interest! No Market Risk, Secure, Immediate Interest Income. Excellent Alternative for CDs, Money Markets, IRAs, etc.") concisely summarizes the essence of agents' overall sales pitch to prospective Yucatan Resorts "universal lease" investors.

44. **YUCATAN RESORTS** sales agents typically contacted their insurance clients by telephone and asked to meet with them, usually at their residence, to discuss an unspecified investment bearing high rates of return. Once face to face, sales agents described an opportunity to invest in timeshares offered by a company with a group of Caribbean vacation resorts. Sales agents hammered on three specific themes during their sales pitch. First, agents concentrated on the investor's ability to earn a very high rate of interest (either 9% or 11%), a return that would remain constant over 25 years at a point in time when bank savings accounts

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

and certificates of deposit were generating sparse yields. Second, sales agents emphasized the safety and security of the "universal lease", noting that the resorts owned by Yucatan Resorts were debt-free and unencumbered, with the properties amply insured and investors retaining "first liens." Third, agents accentuated the purported liquidity of the "universal lease": interest payments could be made as frequently as monthly, and after three years investors could get their funds back at any point in time.

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

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

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

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

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

Part Five: Oregon Based Yucatan Resorts Sales Agents

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

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

51. Douglas **LAIRD** was a sales agent for the **YUCATAN RESORTS** "universal lease" investment program. Based in North Bend, Laird was recruited to be a sales agent by

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

Bill Boedeker. Laird sold "universal lease" investments to 17 Oregon residents, who invested a total of $831,175.10 through him. He received 12% of this sum as a sales commission.

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

53. **MONROE** employed two aliases when acting as a sales agent for the **YUCATAN RESORTS** "universal lease" program. Although he personally interacted with his clients without the assistance of other individuals, Stephen Monroe instructed his brother, Bradley Monroe, to open a bank account at Portland Teachers Credit Union. Stephen Monroe arranged for his brother, an occasional clerical employee of his, to register as a Yucatan Resorts "universal lease" sales agent, and submitted approximately one-third of new "universal lease" business to **RESORT HOLDINGS INTERNATIONAL** under Bradley Monroe's name. In response, Resort Holdings International issued commission checks to Bradley, which Stephen Monroe endorsed, deposited in Bradley's Portland Teachers Credit Union account, and withdrew for his personal use. On information and belief, Monroe engaged in this conduct to hide income from his soon to be ex-wife.

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

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

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

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

57. Joel **WHALEY** was a sales agent for the **YUCATAN RESORTS** "universal lease" investment program. Based in Prineville, Whaley sold "universal lease" investments to at least one Oregon resident. Whaley sold "universal lease" investment to 19 Oregon residents, who invested a total of $898,005.60.

58. Dale **LAUDER** was a sales agent for the **YUCATAN RESORTS** "universal lease" investment program. Based in Wilsonville, Lauder sold "universal lease" investments to at least one Oregon resident.

59. James **THEELER** was a sales agent for the **YUCATAN RESORTS** "universal lease" investment program. Theeler sold "universal lease" investments to 5 Oregon residents, who invested a total of $400,491.37 through him. He received 12% of this sum as a sales commission.

Part Six: Misrepresentations and Omissions in the Sales Process

60. Respondents failed to disclose information about the true financial condition of **YUCATAN RESORTS, RESORT HOLDINGS INTERNATIONAL, WORLD PHANTASY TOURS**, and **KELLY**. Prospective investors were not given audited or unaudited financial statements, or any other documents by which they could have independently gauged the fiscal health of the businesses they were investing in and of the

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

individual managing those entities.

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

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

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

64. Respondents failed to disclose known, foreseeable risk factors in connection with investments in entities operating foreign vacation resorts designed to generate rental income. Prospective investors were not informed that, *inter alia*, the travel business is cyclical and

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

highly dependent on the condition of the domestic U.S. economy, the competition includes resorts owned by large, well capitalized corporate entities, and the rise of the internet has caused, and will continue to cause, substantial disruption to previously successful travel industry business models.

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

66. Respondents failed to disclose that a significant portion of their investment would pay for the commission earned by the sales staff. While investors undoubtedly expected that **YUCATAN RESORTS** would compensate its sales staff real estate-type commissions of 5-6%, investors were not informed that financial marketing firms and sales agents would receive 18% of every dollar invested.

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

68. Respondents failed to disclose that the **YUCATAN RESORTS** "universal lease" investment program was a security under Oregon law, that the offering was not registered

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

with the State of Oregon, and that the insurance agents that sold the investment were not licensed to sell this security by the State of Oregon. As a result, investors were not availed of the vital protections afforded to them by Oregon law.

Part Seven: The Universal Lease Program Collapses

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

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

71. **YUCATAN RESORTS** "universal lease" investors flooded **YUCATAN RESORTS, RESORT HOLDINGS INTERNATIONAL,** and **GALAXY PROPERTIES MANAGEMENT** en masse with written requests to liquidate their leases and receive their principal back, as the sales agents had assured them they could after 36 months had elapsed. All such requests were refused because, investors were told, they had received an extra 5% premium, per year, for having given **WORLD PHANTASY TOURS** or its successor – and not the investor - the option to re-purchase investors' leases.

72. **YUCATAN RESORTS** and its affiliated entities raised $428,000,000 nationwide from 1999-2005. Yucatan Resorts and its affiliates raised $5,450,867.18 from Oregon residents between 2000-2004. Because most Oregon investors elected to "accumulate"

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

1 putative interest payments instead of receiving monthly, quarterly, or annual checks, nearly
2 the entirety of Oregon investors' principal has been lost.
3 73. The FBI arrested **KELLY** in January 2006. He is currently being held, pre-trial, on
4 a criminal fraud complaint filed in the U.S. District Court for the Northern District of Illinois.
5 (U.S. v Michael E. Kelly, Case No 06-CR-964).

6 **CONCLUSIONS OF LAW**

7 The Director Concludes:
8 74. The interests in the **YUCATAN RESORTS** "universal lease" investment program
9 Respondents sold to Oregon residents are securities, as defined by ORS 59.015 (19) (a).
10 75. Respondents sold securities that were not registered with the Oregon Division of
11 Finance and Corporate Securities in or from the State of Oregon, in violation of ORS 59.055.
12 76. Respondents sold securities in or from the State of Oregon without being licensed
13 as a broker-dealer or general license broker-dealer salesperson, in violation of ORS 59.165
14 (1).
15 77. Respondents, in connection with the sale of **YUCATAN RESORTS** "universal
16 lease" investments to Oregon residents, omitted to state a material fact, in violation of ORS
17 59.135 (2), by failing to disclose information about the true financial condition of Yucatan
18 Resorts, **RESORT HOLDINGS INTERNATIONAL, WORLD PHANTASY TOURS,**
19 and **KELLY**. Prospective investors were not given audited or unaudited financial statements,
20 or other documents by which they could have independently gauged the fiscal health of the
21 businesses they were investing in and of the individual managing those entities.
22 78. Respondents, in connection with the sale of **YUCATAN RESORTS** "universal
23 lease" securities to Oregon residents, made an untrue statement of a material fact, in violation
24 of ORS 59.135 (2), by falsely representing that investor funds would be used to expand the
25 Yucatan resort system. In point of fact, the majority of funds tendered to Yucatan Resorts
26 and/or **RESORT HOLDINGS INTERNATIONAL** by new investors were used to make

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

1 outstanding interest payments to existing investors, to pay commissions to those in the
2 Yucatan Resorts sales chain, to make payments to investors in **KELLY**'s previous
3 undertaking (the nine-month promissory notes issued by "Yucatan Investments, Inc."), to
4 fund an automotive company (Avanti U.S.) Kelly owned, to fund an industrial leasing
5 company (DMK U.S.) Kelly owned, and to fund the lavish lifestyle of Kelly and his relatives.
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 accurate information about the relationship between Yucatan
9 Resorts, **RESORT HOLDINGS INTERNATIONAL**, and **WORLD PHANTASY**
10 **TOURS**. Investors were specifically told that these three companies were entirely
11 independent of each other. In point of fact, all three were owned and controlled by a single
12 individual, **KELLY**, for his own business purposes.
13 80. Respondents, in connection with the sale of **YUCATAN RESORTS** "universal
14 lease" securities to Oregon residents, omitted to state a material fact, in violation of ORS
15 59.135 (2), by failing to disclose information about **KELLY**'s managerial experience to
16 prospective investors. Investors were not informed that Kelly had never worked in the travel
17 and leisure industry prior to his 1999 formation of Yucatan Resorts. Furthermore, prospective
18 investors were not advised that Kelly's most recent venture had been as promoter of "Yucatan
19 Investment Corporation", an entity that sold $25,000,000 in unlawful nine-month promissory
20 notes bearing 10.75% interest rates, for which he had been formally sanctioned by New
21 Mexico, South Carolina, and Connecticut securities regulators.
22 79. Respondents, in connection with the sale of **YUCATAN RESORTS** "universal
23 lease" securities to Oregon residents, omitted to state a material fact, in violation of ORS
24 59.135 (2), by failing to disclose known, foreseeable risk factors in connection with
25 investments in entities operating foreign vacation resorts designed to generate rental income.
26 Prospective investors were not informed that, *inter alia*, the travel business is cyclical and

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

highly dependent on the condition of the domestic U.S. economy, the competition includes resorts owned by large, well capitalized corporate entities, and the rise of the internet has caused, and will continue to cause, substantial disruption to previously successful industry business models.

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

81. Respondents, in connection with the sale of **YUCATAN RESORTS** "universal lease" securities to Oregon residents, omitted to state a material fact, in violation of ORS 59.135 (2), by failing to disclose that financial marketing firms and sales agents would receive 18% of every dollar invested as a sales commission.

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

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

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

ORDER

The Director Orders:

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

85. **LAIRD**, pursuant to the authority contained in ORS 59.995, shall tender the sum of **FORTY ONE THOUSAND FIVE HUNDRED FIFTY EIGHT DOLLARS** ($41,558) for violations of ORS 59.055 described herein; the sum of **FORTY ONE THOUSAND FIVE HUNDRED FIFTY EIGHT DOLLARS** ($41,558) for violations of ORS 59.165 described herein; and the sum of **FORTY ONE THOUSAND FIVE HUNDRED FIFTY EIGHT DOLLARS** ($41,558) for violations of ORS 59.135 described herein, for a total civil penalty of **ONE HUNDRED TWENTY FOUR THOUSAND SIX HUNDRED SEVENTY FOUR DOLLARS** ($124,674). Of this amount, the sum of **SEVENTY FOUR THOUSAND EIGHT HUNDRED DOLLARS** ($74,800) shall be **SUSPENDED** so long as **LAIRD** does not violate state or federal securities laws – or the terms of this Order - for a period of **NINE** (9) **YEARS** from the date of entry of this Order. (To the extent that **LAIRD** is found to have committed any such violation, the entire sum of **ONE HUNDRED TWENTY FOUR THOUSAND SIX HUNDRED SEVENTY FOUR DOLLARS** ($124,674), minus amounts paid, shall become immediately due and owing). The remaining **FORTY NINE THOUSAND EIGHT HUNDRED SEVENTY FOUR DOLLARS** ($49,874) shall be paid

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

in monthly installments as follows: the first twelve (12) monthly installments shall be in the amount of **TWO HUNDRED DOLLARS** ($200), with the first such installment due on or before July 1, 2009, and subsequent installments due on or before the first calendar day of each month thereafter (timely payment shall be deemed to be of the essence; failure to make payment(s) in a timely fashion will constitute a violation of the terms of this Order); remaining monthly installments shall be in the amount of **THREE HUNDRED THIRTY THREE DOLLARS** ($333), due on or before the first calendar day of each month (timely payment shall be deemed to be of the essence; failure to make payment(s) in a timely fashion will constitute a violation of the terms of this Order) until all amounts due have been paid.

86. **LAIRD**, and any entities that employ or otherwise utilize his services for the purpose of raising capital, are, pursuant to ORS 59.045, **DENIED THE USE OF ANY EXEMPTIONS** that would otherwise be available to them under ORS 59.025 and ORS 59.035, to the requirement that all securities must be registered with the Director prior to sale. Furthermore, **LAIRD** is, for the protection of the investing public, **STRICTLY PROHIBITED** from raising capital, formally or informally, from other individuals for use or investment on their behalf.

Dated this 8th day of July 2009 at Salem, Oregon.

CORY STREISINGER, Director
Department of Consumer and Business Services

David C. Tatman, Administrator
Division of Finance and Corporate Securities

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

CONSENT TO ENTRY OF ORDER

Respondent **LAIRD** states: that he has read the foregoing Order and fully understands the contents thereof; that he has been advised of the right to a hearing and of the right to be represented by counsel in this matter; that he, voluntarily, and without any force or duress, consents to the entry of this Order, expressly waiving any right to a hearing in this matter; that he understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Laws; and that he will fully comply with the terms and conditions stated herein.

Respondent further assures the Director that he will not engage in securities transactions in Oregon unless such activities are in full compliance with Chapter 59 of the Oregon Revised Statutes.

Respondent understands that this Consent Order is a public document.

Dated this 1st day of July, 2009.

DOUGLAS LAIRD

SUBSCRIBED AND SWORN to before me this 1 day of July, 2009.

Notary Public
for the State of: OR
My commission expires: 1/20/13

OFFICIAL SEAL
ROGER STEWART
NOTARY PUBLIC-OREGON
COMMISSION NO. 435591
MY COMMISSION EXPIRES JANUARY 20, 2013

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387