State of Missouri
Office of Secretary of State

Case No. AP-07-09

IN THE MATTER OF:

YUCATAN RESORTS, S.A.;
RESORT HOLDINGS INTERNATIONAL, INC.;
RESORT HOLDINGS INTERNATIONAL, S.A.
WORLD PHANTASY TOURS, INC.
D/B/A MAJESTY TRAVEL;
RUSTYN L. PLUNKETT;
JAYAPRAKASH N. GHANTI;
KIRANKUMAR N. GHANTI;
MICHAEL E. KELLY; and
CARL R. TODD,

Respondents.

Serve

Yucatan Resorts, S.A.;
Resort Holdings International, Inc.;
Resort Holdings International, S.A.; and
Michael E. Kelly at:
Avenida Coba #82, Lote 10 3er. Piso,
Cancun, Quintana Roo, Mexico C.P. 77500

Serve

World Phantasy Tours, Inc.
D/B/A Majesty Travel at:
Calle Eusebio A. Morales,
Edificio Atlántida, P. Bajo,
APDO. 8301, Zona 7 Panama.

Serve

Rustyn L. Plunkett at:
Roger Brown & Associates
216 East McCarty Street
Jefferson City, Missouri 65101

Serve

Jayaprakash N. Ghanti at:
16 Patricia Lane
Hannibal, Missouri 63401

Serve

Kirankumar N. Ghanti at:
4022 Edgewood
Hannibal, Missouri 63401

Serve

Carl R. Todd at:
1801 Harold Drive
Raymore, Missouri 640

ORDER TO CEASE AND DESIST AND TO SHOW CAUSE WHY CIVIL PENALTIES AND COSTS SHOULD NOT BE IMPOSED

On February 26, 2007, the Enforcement Section of the Securities Division of the Office of Secretary of State, through its Assistant Commissioner of Securities, Mary S. Hosmer, filed a Petition for Order to Cease and Desist and an Order to Show Cause Why Civil Penalties and Costs Should not be Imposed. After reviewing the petition, the Commissioner issues the following Findings of Fact, Conclusions of Law, and Order:

I. FINDINGS OF FACT

1. Yucatan Resorts, S.A. ("Yucatan"), purported to be a Panamanian corporation. Yucatan has a last known address of Avenida Coba #82, Lote 10, 3er. Piso, Cancun, Quintana Roo, Mexico C.P. 77500. Yucatan, through its founder and chairman Respondent Michael E. Kelly, designed, promoted, and operated a timeshare program. Yucatan was formally dissolved in Panama City, Panama on or about December 23, 2003.

2. Resort Holdings International, Inc., was a Nevada corporation that has a last known address of Avenida Coba #82, Lote 10, 3er. Piso, Cancun, Quintana Roo, Mexico C.P. 77500. Resort Holdings International, S.A. purports to be a Panamanian corporation (Both Resort Holdings International, Inc., and Resort Holdings International, S.A., are referred to hereinafter as "RHI"). After Yucatan dissolved, RHI took over the timeshare resort program.

3. World Phantasy Tours, Inc., d/b/a Majesty Travel ("Majesty"), purported to be a Panamanian company that served as the management company for the leasing of the timeshares sold by Yucatan and RHI. Majesty has a last known address of Calle Eusebio A. Morales, Edificio Atlántida, P. Baja, APDO. 8301, Zona 7 Panama.

4. Galaxy Properties Management, S.A. ("Galaxy"), purported to be a Panamanian company that purchased the rental segment of Majesty and its accompanying assets. Galaxy has a last known address of Calle Eusebio A. Morales, Edificio Atlántida, P. Bajo, APDO. 8301, Zona 7 Panama.

5. Michael E. Kelly ("Kelly"), was the founder, owner, and chairman of Yucatan and is the chairman and owner of RHI. Kelly has a last known address of Avenida Coba #82, SM3, Piso 2, Cancun, Quintana Roo, Mexico 77500. Kelly, through his entities

Yucatan and later RHI, contacted and trained independent insurance agents, among others, to offer and sell the timeshare units and the management agreements for these timeshare units to United States citizens. Funds from the investors were to be used to expand either the Yucatan or the RHI resorts.

6. Rustyn L. Plunkett ("Plunkett"), is a Missouri-licensed insurance agent and has an address of 714 Broadway, Columbia, Missouri 63401.

7. Jayaprakash N. Ghanti ("Jay Ghanti"), is a Missouri-licensed insurance agent and has an address of 16 Patricia Lane, Hannibal, Missouri 63401.

8. Kirankumar N. Ghanti ("Kiran Ghanti"), is a Missouri-licensed insurance agent and has an address of 4022 Edgewood, Hannibal, Missouri 63401.

9. Carl R. Todd ("Todd"), was a former Missouri-licensed insurance agent and has an address of 1801 Harold Drive, Raymore, Missouri 64083.

10. As used herein, the term "Respondents" refers to Yucatan, RHI, Majesty, Kelly, Plunkett, Jay Ghanti, Kiran Ghanti, and Todd.

11. From at least 1999 to 2003, Kelly conducted training seminars for potential sales agents of a "timeshare lease-back" program in Cancun, Mexico. During these training sessions, Kelly:

    a. showed the attendees some of the timeshare units that were available to purchase by investors;

    b. stated that the timeshare units included one-bedroom and multiple-bedroom units;

    c. stated that the minimum investment amount was five thousand dollars ($5,000), which purchased a specified room for a specified period of time every year for 25 years; and

    d. stated that the lease management agreements were offered by an "independent" company.

12. Plunkett, Jay Ghanti and Todd attended timeshare lease-back training seminars conducted by Kelly in Cancun, Mexico. Kiran Ghanti was trained by his brother, Jay Ghanti, in the timeshare lease-back program. Plunkett, Jay Ghanti, Kiran Ghanti, and Todd became sales agents for Kelly, and Yucatan and/or RHI. In Missouri, these sales agents also offered and sold management agreements through Majesty.

13. Kelly stated at the trainings for these sales agents and in documents provided to Missouri investors that the investors had three options: (1) the investor could use the timeshare unit to vacation; (2) the investor could rent the timeshare unit to third-parties without the assistance of a management company; or (3) the investor could utilize the "independent" lease management company, Majesty to rent the investor's timeshare unit. In fact, the first two "options" were illusory because, among other things:

    a. they were not used by investors:

i. none of the Missouri investors contacted by the Securities Division intended to use the timeshare unit to vacation in Cancun, Mexico;

ii. none of the Missouri investors contacted by the Securities Division intended to manage the rental of the timeshare unit themselves;

iii. the Missouri investors contacted by the Securities Division purchased the timeshare lease-back program for the high rate of "interest" that was to be generated by the rental of the timeshare; and

iv. most of the Missouri investors were elderly and did not have the business acumen necessary to draft international rental agreements, to advertise international rental units or to arrange for another company to manage the rental of the timeshare units they purchased;

b. the sales agents presented the timeshare lease-back program to Missouri residents as an investment by, among other things:

i. concentrating the sales presentation on the potential to earn a high interest rate through the timeshare lease-back purchase and spending little or no time discussing the other options;

ii. concentrating their sales efforts on elderly clients who would be less likely to use or manage a timeshare unit in a foreign country;

iii. directing the investor to the Majesty management arrangement at the time of the sale of the timeshare unit even though the sales agents received no compensation from Majesty and had no employment agreement with Majesty; or

iv. recommending that potential investors take money out of other investments to fund the purchase of the timeshare lease-back program.

14. On April 16, 2003, Plunkett met with an eighty-six (86) year-old Missouri resident ("MR1") in Missouri and told MR1, among other things, that:

a. Plunkett had a great investment in RHI that paid nine percent (9%) interest annually for twenty-five (25) years;

b. the investment was in a vacation resort;

c. the money had to be invested in RHI for three (3) years but could then be withdrawn without any penalty; and

d. Plunkett had invested some of his own money in RHI.

15. On or about April 16, 2003, Plunkett gave MR1 a business card which stated that Plunkett was the "Corporate Director" of RHI and further stated "Earn 9% Return on Your Money."

16. On April 16, 2003, MR1 gave Plunkett a check for five thousand dollars ($5,000) made payable to RHI for an investment in RHI. Plunkett, in return, gave MR1 a

document signed by Plunkett that stated: "interest guaranteed ea. mo. [sic] Principal never lost.[sic] 3 years. [sic] 9% 25 years.[sic]"

17. MR1 invested based on the high interest rate offered by this timeshare lease-back program. MR1 was not told and did not understand that MR1 was expected to do anything with respect to this investment.

18. In May 2003, RHI sent MR1 a letter that stated, in part, the following:

> "Congratulations on the purchase of your Resort Holding International Universal Lease Vacation Unit. We are confident that you are going to enjoy the benefits that Vacation Unit ownership provides.
>
> We have processed your Lease documents and we have forwarded the complete set to your sales representative. Your agent should be delivering your new Universal Lease package to you within the next few days."

19. On May 27, 2003, Plunkett met MR1 and asked MR1 to invest again in RHI. MR1 gave Plunkett a second check made payable to RHI for five thousand dollars ($5,000) to invest in the timeshare lease-back program.

20. In June 2003, RHI sent MR1 a letter and a copy of a document that had been sent to Majesty that purported to be MR1's acknowledgement that Majesty was managing the vacation unit. This document stated, in part, as follows:

> "I am fully aware that I have selected Majesty Travel to manage my Vacation Unit Intervals(s). I understand that Majesty Travel and Resort HoldingsInternational, S.A. are separate and independent companies and that the rental income from my vacation unit is solely the obligation of Majesty Travel….Majesty Travel agrees to pay me, the Client for the rental of the Vacation Unit as follows: I will receive 4% per year of the Vacation Unit Interval's purchase price as rental compensation for the rental of the Vacation Unit. Majesty travel also offers to purchase the Vacation Unit from me for the original purchase price after the 36th month of the Vacation Unit Interval term if, at any time I decide to sell the Vacation Unit. In return, Majesty Travel will pay me a 5% per year premium for this option. All compensation . . . is payable, equivalent [sic] of 9% annually."

This document was not signed by MR1 but purported to have MR1's approval by indicating that Majesty had a "Signature on file" next to MR1's name. MR1 did not know of Majesty's involvement with RHI until MR1 received this document.

21. Included in the June 2003 packet was a document titled, *RHI Universal Lease Agreement*, a *Purchasers Receipt Form* and a document titled, *Universal Lease Application*. The *Universal Lease Application* provided, in part, the following:

    a. "All properties are fully insured by a highly rated U.S. insurance company, insuring the resorts against property and casualty losses including hurricanes;" and

b. ". . . the properties are fully insured against loss. All properties are in compliance [sic] the governing laws . . . all properties are 100% free of debt."

22. MR1 was not told and none of the documents contained in this June 2003 packet, disclosed:

    a. that the timeshare lease-back program was not registered as a security in the State of Missouri;

    b. information about the specific risks associated with the timeshare lease-back program;

    c. information about the financial condition of the entities involved in the timeshare lease-back program; or

    d. information about any prior orders against the entities or individuals involved in the timeshare lease-back program.

23. In 2003, MR1 received rental/interest payments from Majesty from MR1's timeshare units totaling five hundred forty-nine dollars and nineteen cents ($549.19).

24. In 2004, MR1 received rental/interest payments from Majesty from MR1's timeshare units totaling three hundred seventy-five dollars ($375).

25. In 2005, MR1 received rental/interest payments from Majesty from MR1's timeshare units totaling one hundred eighty-one dollars and ninety-eight cents ($181.98).

26. MR1 has received no rental/interest payments since 2005 and has not received the return of MR1's principal investment amount.

27. In 2003, Plunkett met with two Missouri residents ("MR2" and "MR3"), husband and wife, at their Mexico, Missouri residence. MR2 is seventy (70) years-old and MR3 is sixty-nine (69) years-old. Plunkett told MR2 and MR3, among other things, that:

    a. Plunkett had a "terrific deal" in RHI that was paying "nine percent interest for twenty-five years guaranteed;"

    b. RHI was going to build a resort hotel and the world's largest marina;

    c. RHI was debt free;

    d. there was no risk with this investment;

    e. Plunkett personally guaranteed that Plunkett would not let MR2 and MR3 lose their money and Plunkett would personally repay MR2 and MR3, "if things did not work out;"

    f. MR2 and MR3 could get their money back anytime upon request, but there would be a ten percent (10%) penalty if MR2 and MR3 withdrew their money in the first three (3) years;

    g. MR2 and MR3 could receive the nine percent (9%) interest annually or let the

interest accumulate; and

h. both Plunkett and his dad had invested in the program.

28. On July 3, 2003, MR2 and MR3 gave Plunkett fifty thousand dollars ($50,000) in the form of two checks, each made payable to RHI for twenty-five thousand dollars ($25,000). MR2 and MR3 requested that they receive monthly payments on these investments.

29. MR2 and MR3 invested in the timeshare lease-back program because of the high interest rate offered by this investment. They were not told and did not understand that they were expected to do anything with respect to this investment.

30. In mid-July 2003, Plunkett gave MR2 and MR3 the RHI lease materials and the management agreements from Majesty similar to the documents described above. MR2 and MR3 were not told, and none of the documents contained in this July 2003 packet disclosed:

    a. that the timeshare lease-back program was not registered in the State of Missouri;

    b. information about the specific risks associated with the timeshare lease-back program;

    c. information about the financial condition of the entities involved in the timeshare lease-back program; or

    d. information about any prior orders against the entities or individuals involved in the timeshare lease-back program.

31. In 2003, MR2 and MR3 received rental/interest payments from Majesty of one thousand, eight hundred and seventy-four dollars ($1,874) for MR2 and MR3's timeshare units.

32. In 2004, MR2 and MR3 received rental/interest payments from Majesty of three thousand three hundred and forty-one dollars ($3,341) from MR2 and MR3's timeshare units.

33. In 2005, MR2 and MR3 received rental/interest payments from Majesty of one thousand, one hundred fifty-two dollars ($1,152) for MR2 and MR3's timeshares units.

34. In 2006, MR2 and MR3 telephoned Plunkett after MR2 and MR3 stopped receiving these rental/interest payments. MR2 and MR3 asked for a return of their "investment in RHI." During this telephone call Plunkett told MR2 and MR3, among other things, that:

    a. he would check into the problem; and

    b. RHI was trying to get MR2 and MR3's interest and principal returned.

35. To date, MR2 and MR3 have received no further rental/interest payments or a return

of their fifty thousand dollar ($50,000) investment in RHI.

36. In or around late spring 2000, Jay Ghanti met with an eighty-six (86) year-old Missouri resident ("MR4") and told MR4 about an investment. Jay Ghanti stated, among other things, that:

    a. the investment was in a timeshare in Yucatan;

    b. the investment would yield a return of 11% interest per year; and

    c. if MR4 cashed in two of MR4's annuities, MR4 would have enough money to invest in Yucatan.

37. In June 2000, MR4 cashed in two annuities and on June 16, 2000, gave Jay Ghanti a check for fifty thousand dollars ($50,000) made payable to Yucatan. MR4 did not understand what MR4 was investing in at the time of the investment.

38. MR4 invested in the timeshare lease-back program because of the high interest rate offered by this investment. MR4 was not told and did not understand that MR4 was expected to do anything with respect to this investment.

39. In late summer of 2000, MR4 received a packet from Yucatan containing the Universal Lease materials and the management agreement from Majesty similar to the documents described above. MR4 was not told, and none of the documents contained in this packet disclosed:

    a. that the timeshare lease-back program was not registered in the State of Missouri;

    b. information about the specific risks associated with the timeshare lease-back program;

    c. information about the financial condition of the entities involved in the timeshare lease-back program; or

    d. information about any prior orders against the entities or individuals involved in the timeshare lease-back program.

40. In 2004 and 2005, MR4 received sporadic interest payments but in the fall of 2005 these payments ceased. In November 2005, MR4 asked Jay Ghanti for a return of MR4's investment. Jay Ghanti told MR4 that MR4 would receive MR4's principal in four to six weeks. To date, MR4 has not received any additional interest payments nor a return of MR4's principal.

41. On November 17, 2003, Jay Ghanti met with a seventy-nine (79) year-old Missouri resident ("MR5") at MR5's home and told MR5, among other things, that:

    a. he had a great investment opportunity;

    b. the investment would be in a resort in Mexico;

    c. MR5 would receive nine percent (9%) interest annually on any money MR5

invested; and

d. interest payments would be sent monthly.

42. During this November 2003 meeting, MR5 gave Jay Ghanti a check made payable to RHI in the amount of ten thousand three hundred and ninety-five dollars ($10,395.00) for an investment in the timeshare lease-back program. MR5 received a packet from RHI and Majesty with the lease and management documents similar to the documents described above. MR5 was not told, and none of the documents contained in this packet disclosed:

    a. that the timeshare lease-back program was not registered in the State of Missouri

    b. information about the specific risks associated with the timeshare lease-back program;

    c. information about the financial condition of the entities involved in the timeshare lease-back program; or

    d. information about any prior orders against the entities or individuals involved in the timeshare lease-back program.

43. MR5 invested in the timeshare lease-back program because of the high interest rate offered by this investment. MR5 was not told and did not understand that MR5 was expected to do anything with respect to this investment.

44. From December 2003 through 2004, MR5 received rental/interest payments from Majesty and Galaxy. The rental/interest payments ceased in 2005. On November 25, 2005, RHI sent a letter to MR5 that stated in part that the hotels associated with MR5's lease were hit by a hurricane and that there would be a delay in interest payments until rebuilding of the hotels was completed.

45. In April 2006, MR5 telephoned Jay Ghanti and asked about getting a return on MR5's investment. To date, MR5 hasn't received any further interest payments or the return of MR5's investment.

46. In 2003, Kiran Ghanti met with two Missouri residents ("MR6" and "MR7"), husband and wife. MR6 is seventy-six (76) years-old and MR7 is seventy-three (73) years-old. Kiran Ghanti told MR6 and MR7, among other things, that:

    a. MR6 and MR7 could "roll-over" money from their annuity policy into RHI to invest in a resort lease;

    b. MR6 and MR7 would receive nine percent (9%) interest annually or they could receive five percent (5%) interest annually and the other four percent (4%) could be reinvested in RHI;

    c. MR6 and MR7 could "cash-in" their investment after three (3) years or renew the lease for another three (3) years;

    d. the interest on the lease "could go up or down" after the first three (3) years;

and

e. there was a small risk with this investment, but other investors had received their monthly interest "like clockwork."

47. In the fall of 2003, MR6 and MR7 surrendered their annuity policy, incurring over five thousand dollars ($5,000) in surrender charges. Ghanti told MR6 and MR7 that RHI would pay these surrender charges. On November 20, 2003, MR6 and MR7 invested one hundred and nineteen thousand dollars ($119,000) in RHI.[1] MR6 and MR7 also chose to receive a five percent (5%) monthly interest and reinvest the other four percent (4%).

48. MR6 and MR7 invested in the timeshare lease-back program because of the high interest rate offered by this investment. MR6 and MR7 were not told and did not understand that MR6 or MR7 were expected to do anything with respect to this investment.

49. Shortly after MR6 and MR7 invested in RHI, MR6 and MR7 received a packet, in the mail, from RHI and Majesty that contained the lease and management documents described above. MR6 and MR7 did not recall seeing or signing these documents prior to receiving them in the mail. MR6 and MR7 were not told, and none of the documents contained in this packet disclosed:

a. that the timeshare lease-back program was not registered in the State of Missouri;

b. information about the specific risks associated with the timeshare lease-back program;

c. information about the financial condition of the entities involved in the timeshare lease-back program; or

d. information about any prior orders against the entities or individuals involved in the timeshare lease-back program.

50. In early 2004, MR6 and MR7 received notice that MR6 and MR7 would incur a tax liability of twelve thousand dollars ($12,000) on the surrendered annuity policy. MR6 and MR7 requested a refund of ten thousand ($10,000) from RHI to assist in the payment of MR6 and MR7's taxes. On March 4, 2004, RHI sent MR6 and MR7 a check for ten thousand dollars ($10,000) and reduced the amount of MR6 and MR7's investment in RHI to one hundred and nine thousand dollars ($109,000).

51. Records indicate that MR6 and MR7 received rental/interest payments totaling four thousand nine hundred forty-two dollars and thirty-eight cents ($4,942.38) from Majesty and Galaxy for MR6 and MR7's timeshare units.

52. In 2004, MR6 and MR7 contacted Kiran Ghanti regarding these rental/interest payments. Kiran Ghanti told MR6 and MR7 that a hurricane had hit the resort area.

53. In the summer of 2004, MR6 and MR7 told Kiran Ghanti that they wanted to sell their timeshares back to RHI. MR6 and MR7 told Kiran Ghanti that these funds were MR6 and MR7's life savings. To date, MR6 and MR7 have not been able to sell

these timeshares, have received no further rental/interest payments from Majesty or Galaxy, and have not received a return of MR6 and MR7's investment.

54. In early 2003, Kiran Ghanti met with an eighty-three (83) year-old Missouri resident ("MR8"). Kiran Ghanti told MR8, among other things, that:

    a. an investment in RHI paid nine percent (9%) interest annually;

    b. investors could "cash-out" of the investment in three (3) years;

    c. investors could choose to get monthly interest payments or could let the interest accumulate;

    d. the investment was guaranteed;

    e. the investment had no risk;

    f. the investment money would be used to build resorts; and

    g. if MR8 paid for the investment in RHI by surrendering an annuity policy, RHI would pay the surrender fees by adding the amount of any surrender fee to MR8's investment amount.

55. In early spring of 2003, MR8 surrendered an annuity policy and incurred a penalty for early withdrawal of this policy. On April 30, 2003, MR8 invested twenty-five thousand seven hundred nineteen dollars and sixty-seven cents ($25,719.67) in RHI. [2] MR8 chose to let the interest accumulate. Kiran Ghanti gave MR8 a receipt for these funds.

56. MR8 invested in the timeshare lease-back program because of the high interest rate offered by this investment. MR8 was not told and did not understand that MR8 was expected to do anything with respect to this investment.

57. In late spring of 2003, RHI and Majesty sent MR8 a packet containing the lease and the management documents similar to the documents described above. MR8 was not told, and none of the documents contained in this packet disclosed:

    a. that the timeshare lease-back program was not registered in the State of Missouri;

    b. information about the specific risks associated with the timeshare lease-back program;

    c. information about the financial condition of the entities involved in the timeshare lease-back program; or

    d. information about any prior orders against the entities or individuals involved in the timeshare lease-back program.

58. In the first part of 2006, MR8's son told Kiran Ghanti that MR8 wanted to "cash-in the RHI investment" as these funds were needed to help pay for MR8's living expenses. Kiran Ghanti told MR8's son that a hurricane had hit the resort and it was a

bad time to cash in the investment.

59. To date, MR8 has not received a return of MR8's investment.

60. On January 18, 2002, Todd contacted two Missouri residents ("MR9" and "MR10"), husband and wife, in their home in Barry County, Missouri. MR9 is seventy-eight (78) years old and MR10 is seventy five (75) years old. Todd told MR9 and MR10, among other things, that:

    a. Todd helped senior citizens make their money grow and he had a good investment opportunity for MR9 and MR10;

    b. the investment paid nine percent (9%) interest annually;

    c. the investment did not have any risks and was absolutely safe;

    d. the investors could choose to have their interest money paid on a monthly basis or they could choose to let the interest accumulate; and

    e. investors could withdraw their money after three (3) years, but would incur a penalty if they withdrew their invested funds prior to that date.

61. On January 18, 2002, MR9 and MR10 agreed to invest money with Todd and gave Todd a check for this investment in the amount of twenty thousand eight hundred twelve dollars and fifty-three cents ($20,812.53). At that time, MR9 and MR10 signed various investment forms. MR9 chose to receive nine percent (9%) interest annually. MR10 chose to receive monthly interest on the first investment and chose to let the interest accumulate on the second investment. MR9 and MR10 did not understand where Todd was going to invest their money.

62. On January 30, 2002, Todd again met with MR10, in Missouri, regarding this investment opportunity. During that meeting, Todd convinced MR10 to call MR10's bank and have the bank cash in MR10's certificate of deposit to invest the proceeds with Todd. In Todd's presence, MR10 called the bank and instructed the bank to give Todd a cashier's check in the amount of thirty thousand eight hundred twenty-nine dollars and seventy-nine cents ($30,829.79) from the proceeds of MR10's certificate of deposit.

63. During the January 30, 2002, meeting with MR10, Todd also convinced MR10 to sign paperwork to transfer MR10's IRA to the investment offered by Todd. On March 12, 2002, funds from MR10's IRA in the amount of twenty-one thousand fifty-seven dollars and seventy-nine cents ($21,057.79) were transferred to Yucatan.

64. In early spring 2002, MR9 and MR10 received a packet from Yucatan and Majesty similar to the lease and management documents described above. These materials contained copies of the forms that MR9 and MR10 had signed. MR9 and MR10 were surprised to learn that they had invested in timeshares in Mexico. MR9 and MR10 were not told, and none of the documents contained in this packet disclosed:

    a. that the timeshare lease-back program was not registered in the State of Missouri;

b. information about the specific risks associated with the timeshare lease-back program;

c. information about the financial condition of the entities involved in the timeshare lease-back program; or

d. information about any prior orders against the entities or individuals involved in the timeshare lease-back program.

65. MR9 and MR10 stated to an investigator with the Division that MR9 and MR10 would not have invested had they known that their money was going to be invested outside of the United States.

66. From early 2002 to early 2005, MR9 received rental/interest payments of approximately three thousand three hundred dollars ($3,300) from Majesty for MR9's timeshare units.

67. From June 2002 through May 2005, MR10 received rental/interest payments totaling approximately five thousand, four hundred dollars ($5,400) from Majesty for a portion of MR10's timeshare units.

68. In 2005 and 2006, MR9 and MR10 contacted Todd and requested a return of their investments. To date, MR9 has not received any further rental/interest payments on MR9's investment and has not received a return of MR9's investment. On December 16, 2005, MR10 received from RHI a return of twenty-five thousand dollars ($25,000) from MR10's initial investment. MR10 has not received any further rental/interest payments on MR10's other timeshare units or a return of principal on these timeshare units.

69. On January 18, 2002, Todd met with two sisters who are Missouri residents ("MR11" and "MR12"). MR11 was sixty four years old (64) and was disabled and MR12 was seventy years old (70). During this meeting, Todd told MR11 and MR12, among other things, that:

a. he had an investment opportunity that would pay nine percent (9%) interest annually;

b. the investors could withdraw all of their funds from the investment after three (3) years with no penalties;

c. the investment was safe and there was no risk of losing the invested funds;

d. the investors were guaranteed to receive interest on their investment for twenty-five (25) years; and

e. the investment would consist of purchasing a lease in a resort.

70. During this January meeting, MR11 gave Todd a check for ten thousand dollars ($10,000) made payable to Yucatan for this investment.

71. During this January meeting, MR12 signed paperwork to transfer MR12's IRA in the amount of fifty-nine thousand four hundred twenty-five dollars and eight cents ($59,

425.08) to invest in Yucatan.

72. During this January 18, 2002, meeting, Todd asked MR11 and MR12 to sign various documents. MR11 and MR12 were not aware that they had invested in timeshare units in a Mexican resort. [3]

73. In or around early spring 2002, Yucatan and Majesty sent MR11 and MR12 the lease and management documents similar to those described above. MR11 and MR12 were not told, and none of the documents contained in this packet disclosed:

    a. that the timeshare lease-back program was not registered in the State of Missouri

    b. information about the specific risks associated with the timeshare lease-back program;

    c. information about the financial condition of the entities involved in the timeshare lease-back program; or

    d. information about any prior orders against the entities or individuals involved in the timeshare lease-back program.

74. MR11 and MR12 received some interest payments from 2002 to 2004 before these interest payments ceased. MR11 and MR12 have asked Todd for a return of their invested funds. To date, MR11 and MR12 have not received any further rental/interest payments or a return of their principal.

75. In 2006, the Missouri Securities Division received information that indicated that Respondents offered unregistered and nonexempt securities in the State of Missouri.

76. A check of the records maintained by the Missouri Commissioner of Securities confirmed no registration, granted exemption or notice filing indicating status as a "federal covered security" for any of the securities offered by the Respondents in the State of Missouri.

77. A check of the records maintained by the Missouri Commissioner of Securities confirmed no registration or granted exemption for any of Respondents to offer or sale securities in the State of Missouri.

78. On March 21, May 9, May 17, June 1, June 9 and June 27, 2006, the Securities Division sent letters of inquiry to Respondents Todd, Plunkett, Jay Ghanti, Kiran Ghanti and Kelly that requested a claim of exemption from registration or exception from definition upon which Respondents relied in offering unregistered securities or any claim that the securities were federal covered securities. The letters also requested additional information about the investments made by Missouri residents.

79. On June 21 and June 28, 2006, counsel for Plunkett sent the Division letters stating, among other things:

    a. "Mr. Plunkett has no exemption from registration and knows of none that were given to Resort Holdings International. Mr. Plunkett does not consider this to be a security, registered or unregistered;"

b. Plunkett knew that the persons he spoke with were looking for a placement of discretionary income and he did not consider these to be "investors" but lease holders;

c. "The lease was sold as a 'universal lease' with . . . [Majesty] . . . as the third party administrator. They would collect the rents and pay those out to each of the lease holder. Some lease holders took monthly payments, while others had their monies withheld for other periodic payments. That arrangement was done as and between the lease holder and . . . [Majesty] . . . not Mr. Plunkett. The rental income would generate somewhere of at least a 9% value of their lease;" and

d. "Compensation to Mr. Plunkett was 10% of the purchase price of the lease."

80. On May 31, 2006 and July 5, 2006, Jay Ghanti sent letters to the Division stating, among other things, that:

a. "I do not have any claim of exemption or any documents pertaining to this;"

b. "The product was sold as a "universal lease" with Majesty as a third party administrator who would collect the rents on behalf of the lease holders and make the payment of the rental income directly to the lease holders. The leaseholders had a choice of deciding how they would like their rental income to be paid. This arrangement was signed directly between the leaseholder and . . . [Majesty] . . . . The . . . [Majesty] . . . agreement stated that the rental income would generate equivalent of 9% value [sic] of their lease;" and

c. Between 2001 and 2004, Jay Ghanti received over one hundred and eighty-one thousand dollars ($181,000) in commissions from Yucatan and RHI.

81. On June 24, 2006, Kiran Ghanti sent a letter to the Division stating, among other things, that:

a. he did not have any documents and did not believe the product he sold was a security; and

b. he received thirteen percent (13%) of the value of every lease he sold in RHI as a sales commission.

82. Todd did not provide the Division with a written response.

83. The Division has received no communication from Kelly. Kelly was arrested by the FBI and was extradited to Chicago in January 2006. The Northern District of Illinois Assistant United States Attorney filed a complaint in United States District Court of the Northern District of Illinois (#06CR0964).

84. Plunkett, Jay Ghanti, Kiran Ghanti, Todd and Kelly offered and sold investments in the timeshare lease-back program through RHI, Yucatan and Majesty to at least 38 Missouri residents. These Missouri residents invested over one million eight hundred thousand dollars ($1,800,000) in this program. Plunkett, Jay Ghanti, Kiran Ghanti and Todd earned combined commissions totaling in excess of two hundred eighty-six thousand ($286,000) from the sale of these investments. In addition, Plunkett, Jay

Ghanti, Kiran Ghanti, and Kelly offered and sold management contracts in Majesty to these same Missouri investors.

85. Yucatan was the subject of an administrative order by the New Mexico Securities Division, issued on May 18, 1999, for the sale of unregistered, nonexempt securities by unlicensed sales agents. *See* New Mexico Securities Division Case No. 99-015; File No. 99-99-018-208.

86. Yucatan was the subject of a Consent order issued by the South Carolina Securities Division on July 26, 1999, for the sale of unregistered, nonexempt securities by unregistered sales agent. *See* South Carolina Securities Division Case No. 99040.

87. Yucatan was the subject of a Cease and Desist Order by the Minnesota Department of Commerce related to the sale of unregistered, nonexempt securities issued on October 4, 1999. Yucatan, through Kelly, consented to this Order on September 15, 1999. See Minnesota Department of Commerce Case No. SE9900319/DPK. Resort Holdings International, Inc., was the subject of an order by the Minnesota Department of Commerce related to the sale of unregistered securities in the form of investment contracts in vacation property management programs with leases, signed on February 12, 2003 and consented to by Kelly. *See* Minnesota Department of Commerce Case No. SE2208328SGC.

88. Yucatan was the subject of a Cease and Desist Order by the Connecticut Department of Banking issued on November 7, 2000, for the sale of unregistered, nonexempt securities by unlicensed sales agents. *See* Connecticut Department of Banking Case No. CF-2000-6133-S.

89. Yucatan was the subject of a Cease and Desist Order issued on October 22, 2002, by the Pennsylvania Securities Commission for multiple registration and fraud violations of the Pennsylvania Securities Act. *See* Pennsylvania Securities Commission Case No. 2002-10-33.

90. An order is in the public interest and consistent with the purposes intended by this act. See Section 409.6-605(b), RSMo. (Cum. Supp. 2005).

II. STATUTORY PROVISIONS

91. Section 409.101, RSMo. (2000), provided that:

> It is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly
>
> (1) to employ any device, scheme, or artifice to defraud,
>
> (2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or
>
> (3) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

92. Section 409.301, RSMo. (2000), provided that:

> It is unlawful for any person to offer or sell any security in this state unless:
>
> (1) It is registered under this act;
>
> (2) The security or transaction is exempted under section 409.402; or
>
> (3) It is a federal covered security.

93. Section 409.401(o), RSMo. (2000), included "investment contract" within the definition of a security.

94. Section 409.401(m)(1), RSMo. (2000), defined "sale" or "sell" to include "every contract of sale of, contract to sell, or disposition of, a security or interest in a security for value."

95. Section 409.401(m)(2), RSMo. (2000), defined "offer" or "offer to sell" to include "every attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security for value."

96. Section 409.408, RSMo. (2000), provided, in part, that:

> (a) The commissioner may required any person, who is selling or offering for sale or who is about to sell or offer for sale or who has sold or offered for sale any security within this state, to file a statement of the claim of exemption or exception from a definition, if any, upon which such person is relying, and if at any time, in the opinion of the commissioner, the information contained in such statement filed is misleading, incorrect, inadequate or fails to establish the right of exemption or exception from a definition, he may require such person to file such further information as may in his opinion be necessary to establish the claimed exemption or exception from a definition. The refusal to furnish information as required by order of the commissioner pursuant to the provisions of this subsection, within a reasonable time to be fixed by the commissioner, shall be proper ground for the entry of an order by the commissioner suspending the right to sell such security . . . .
>
> (b) If the commissioner shall believe, from evidence satisfactory to him, that such person is engaged or about to engage in any of the fraudulent or illegal practices or transactions above in this subsection referred to, he may issue and cause to be served upon such person and any other person or persons concerned or in any way participating in or about to participate in such fraudulent or illegal practices or transactions, an order prohibiting such person and such other person or persons from continuing such fraudulent or illegal practices or transactions or engaging therein or doing any act or acts in furtherance thereof.

97. Section 409.1-102(26), RSMo. (Cum. Supp. 2005), defines "sale" to include, "every contract of sale, contract to sell, or disposition of, a security or interest in a security for value." That same section defines "offer to sell" as, "every attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value."

98. Section 409.1-102(28), RSMo. (Cum. Supp. 2005), includes an "investment contract" within the definition of a security.

99. Pursuant to Section 409.1-102(28)(D), RSMo. (Cum. Supp. 2005), an investment contract includes "an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor."

100. Section 409.3-301, RSMo. (Cum. Supp. 2005), reads as follows:

> It is unlawful for a person to offer or sell a security in this state unless:
>
> (1) The security is a federal covered security;
>
> (2) The security, transaction, or offer is exempted from registration under sections 409.2-201 to 409.2-203; or
>
> (3) The security is registered under this act.

101. Section 409.5-501, RSMo. (Cum. Supp. 2005), provides as follows:

> It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:
>
> (1) To employ a device, scheme, or artifice to defraud;
>
> (2) To make an untrue statement of a material fact or to omit state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or
>
> (3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person . . . .

102. Section 409.6-604(a), RSMo. (Cum. Supp. 2005), provides as follows:

> If the commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act . . . the commissioner may:
>
> (1) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act . . . .

103. Section 409.6-604(b), RSMo. (Cum. Supp. 2005), provides as follows:

> An order under subsection (a) is effective on the date of issuance . . . [i]f a person subject to the order does not request a hearing and none is ordered by the commissioner within thirty days after the date of service of the order, the order becomes final as to that person by operation of law.

104. Section 409.6-604(d), RSMo. (Cum. Supp. 2005), provides that, "In a final order

under subsection (c), the commissioner may impose a civil penalty up to one thousand dollars for a single violation or up to ten thousand dollars for more than one violation."

105. Section 409.6-604(e), RSMo. (Cum. Supp. 2005), provides that, "In a final order, the commissioner may charge the actual cost of an investigation or proceeding for a violation of this act . . . [t]hese funds may be paid into the investor education and protection fund."

106. The Missouri Commissioner of Securities is empowered to issue such orders as he may deem just pursuant to Section 409.6-604(a), RSMo. (Cum. Supp. 2005).

III. CONCLUSIONS OF LAW

Multiple Violations of Offering or Selling Nonexempt, Unregistered Securities Pursuant to Section 409.301, RSMo. (2000)

107. Paragraphs 1 through 106 are incorporated by reference as though fully set forth herein.

108. The investments offered by Respondents Yucatan, RHI, Majesty, Kelly, Plunkett, Kiran Ghanti, Jay Ghanti and/or Todd were investment contracts. MR1, MR2, MR3, MR4, MR8, MR9, MR10, MR11 and MR12 (collectively the "Missouri Investors"), were asked to invest in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor. The Missouri Investors' only efforts would be to put forth the money required for the investment. All other significant efforts, both managerial and entrepreneurial, would come from the performance of parties other than the investor.

109. The Missouri Investors invested money or money's worth. The Missouri Investors were required to invest at lease five thousand dollars ($5,000) in the timeshare program. In addition, the Missouri Investors turned over the timeshare interests that they had purchased to Majesty to generate rental/interest payments.

110. The investment was in a common enterprise. Yucatan and/or RHI recruited and paid sales agents to solicit individuals to become Missouri Investors. These same sales agents solicited the Missouri Investors to use Majesty to manage the timeshare unit. The Missouri Investors provided the funds necessary for Kelly, Yucatan, and/or RHI to expand the resort and to expand, with Majesty's assistance, the timeshare lease-back program which generated revenues to pay investors;

111. Potential investors were told that they would make a profit from the investments. Investors were told they could earn from nine to eleven percent (9%-11%) interest annually.

112. The Missouri Investors' profits were to have been derived primarily from the efforts of a person other than the investor. These profits were to be derived from the efforts of the management companies. The Missouri Investors in the timeshare lease-back program were passive and had no obligations to perform any duties.

113. The timeshare lease-back program qualifies as an investment contract and a "security" under Section 409.401(o), RSMo. (2000).

114. Respondents Yucatan, RHI, Majesty, Kelly, Plunkett, Kiran Ghanti, Jay Ghanti and Todd's separate actions of offering securities to MR1, MR2, MR3, MR4, MR8, MR9, MR10, MR11, and/or MR12 as described above was an, "offer to dispose of, or solicitation of an offer to buy, a security or interest in a security for value" which satisfies the definition of "offer" or "offer to sell" under Section 409.401(m)(2), RSMo. (2000).

115. Respondents Yucatan, RHI, Majesty, Kelly, Plunkett, Kiran Ghanti, Jay Ghanti and Todd's separate actions of selling their securities to Missouri residents is a disposition of a security or interest in a security for value which satisfies the definition of "sale" or "sell" under Section 409.401(m)(1), RSMo. (2000).

116. At all times relevant to this Order, records maintained by the Missouri Commissioner of Securities contained no registration, granted exemption or notice filing indicating status as a "federal covered security" for any of the securities allegedly issued, offered or sold by any of the Respondents in Missouri.

117. Respondents Yucatan, RHI, Majesty, Kelly, Plunkett, Kiran Ghanti, Jay Ghanti and Todd separately violated Section 409.301, RSMo. (2000), when they offered or sold securities to MR1, MR2, MR3, MR4, MR8, MR9, MR10, MR11, and/or MR12 as described above without the securities being: (1) a federal-covered security; (2) exempt from registration under Section 409.402; or (3) registered under the Missouri Uniform Securities Act.

Multiple Violations of Offering or Selling Nonexempt, Unregistered Securities
Pursuant to Missouri Securities Act of 2003

118. Paragraphs 1 through 106 are incorporated by reference as though fully set forth herein.

119. The investments offered by Respondents RHI, Majesty, Kelly, Kiran Ghanti, and Jay Ghanti were investment contracts. MR5, MR6 and MR7 were asked to invest in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor. The only efforts of MR5, MR6 and MR7 would be to put forth the money required for the investment. All other significant efforts, both managerial and entrepreneurial, would come from the performance of parties other than the investor.

120. MR5, MR6 and MR7 invested money or money's worth. MR5, MR6 and MR7 were told that there was a five thousand dollar ($5,000) minimum investment in the timeshare program. In addition, these investors turned over the timeshare interests that they had purchased to Majesty to generate rental/interest payments.

121. The investment was in a common enterprise. Yucatan and/or RHI recruited and paid sales agents to solicit MR5, MR6 and MR7 to become investors. These same sales agents solicited MR5, MR6 and MR7 to lease their timeshares through Majesty.

These investors provided the funds necessary for Kelly, Yucatan, and RHI to expand the resort and to expand the timeshare lease-back program.

122. Potential investors were told that they would make a profit from the investments. Investors were told they could earn from nine to eleven percent (9%-11%) interest annually.

123. The profits of MR5, MR6 and MR7 were to have been derived primarily from the efforts of a person other than the investors. These profits were to be derived from the efforts of the management companies. Investors in the timeshare lease-back program were passive and had no obligations to perform any duties.

124. The timeshare lease-back program qualifies as an investment contract and a "security" under Section 409.1-102(28), RSMo. (Cum. Supp. 2005).

125. Respondents RHI, Majesty, Kelly, Jay Ghanti and Kiran Ghanti's separate actions of offering their securities to MR5, MR6 and/or MR7 as described above was an "attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value," which satisfies the definition of "offer to sell" under Section 409.1-102(26), RSMo. (Cum. Supp. 2005).

126. Respondents RHI, Majesty, Kelly, Jay Ghanti and Kiran Ghanti's separate actions of selling securities to MR5, MR6 and/or MR7 as described above was a disposition of a security or interest in a security for value which satisfies the definition of "sale" under Section 409.1-102(26), RSMo. (Cum. Supp. 2005).

127. At all times relevant to this Order, the records maintained by the Missouri Commissioner of Securities contained no registration, granted exemption or notice filing indicating status as a "federal covered security" for any of the securities allegedly issued, offered or sold by any of the Respondents in Missouri.

128. Respondents RHI, Majesty, Kelly, Jay Ghanti and Kiran Ghanti separately violated Section 409.3-301, RSMo. (Cum. Supp. 2005), when they offered or sold securities in Missouri without those securities being: (1) a federal-covered security; (2) exempt from registration under Sections 409.2-201 or 409.2-202, RSMo. (Cum. Supp. 2005); or (3) registered under the Missouri Securities Act of 2003.

Multiple Violations of Omitting to State Material Facts in Connection with the Sale of a Security Pursuant to Section 409.101(2), RSMo. (2000)

129. Paragraphs 1 through 106 are incorporated by reference as though fully set forth herein.

130. In connection with the offer and sale of securities, Respondents Yucatan, RHI, Majesty, Kelly, Plunkett, Kiran Ghanti, Jay Ghanti and Todd omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to:

    a. that the timeshare lease-back program was not registered to be offered or sold in the State of Missouri;

b. information about the specific risks associated with the timeshare lease-back program;

c. information about the financial condition of the entities involved in the timeshare lease-back program; or

d. information about any prior orders against the entities or individuals involved in the timeshare lease-back program.

131. Respondents Yucatan, RHI, Majesty, Kelly, Plunket, Kiran Ghanti, Jay Ghanti, and Todd violated Section 409.101(2), RSMo. (2000), when they omitted to state the material facts described immediately above and when stating such facts was necessary to make the statements made not misleading

Multiple Violations of Omitting to State Material Facts in Connection with the Sale of a Security Pursuant to Missouri Securities Act of 2003

132. Paragraphs 1 through 106 are incorporated by reference as though fully set forth herein.

133. In connection with the offer and sale of securities, Respondents RHI, Majesty, Kelly, Kiran Ghanti, and Jay Ghanti omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to:

a. that the timeshare lease-back program was not registered to be offered or sold in the State of Missouri;

b. information about the specific risks associated with the timeshare lease-back program;

c. information about the financial condition of the entities involved in the timeshare lease-back program; or

d. information about any prior orders against the entities or individuals involved in the timeshare lease-back program.

134. Respondents RHI, Majesty, Kelly, Kiran Ghanti and Jay Ghanti violated Section 409.5-501(2), RSMo. (Cum. Supp. 2005), when they omitted to state the material facts described immediately above and when stating such facts was necessary to make the statements made not misleading.

Multiple Violations of Making an Untrue Statement of a Material Fact in Connection with the Sale of a Security Pursuant to Section 409.101(2), RSMo. (2000)

135. Paragraphs 1 through 106 are incorporated by reference as though fully set forth herein.

136. The timeshare lease-back program of Respondents Yucatan, RHI, Majesty, Kelly, Plunkett, Kiran Ghanti, and Todd qualifies as a "security" under Section 409.401(o), RSMo. (2000).

137. Respondents Yucatan, RHI, Majesty, Kelly, Plunkett, Kiran Ghanti, and Todd's separate actions of offering their securities to MR1, MR2, MR3, MR8, MR11, and/or MR12 as described above, is an "offer to dispose of, or solicitation of an offer to buy, a security or interest in a security for value" which satisfies the definition of "offer" or "offer to sell" under Section 409.401(m)(2), RSMo. (2000).

138. Respondents Yucatan, RHI, Majesty, Kelly, Plunkett, Kiran Ghanti, and Todd's separate actions of selling their securities to MR1, MR2, MR3, MR8, MR11, and/or MR12 as described above is a disposition of a security or interest in a security for value which satisfies the definition of "sale" or "sell" under Section 409.401(m)(1), RSMo. (2000).

139. In connection with the offer and sale of securities, Respondents Yucatan, RHI, Majesty, Kelly, Plunkett, Kiran Ghanti, and Todd made an untrue statement of material fact that the investment was guaranteed when, in fact, the investment was not guaranteed.

140. Respondents Yucatan, RHI, Majesty, Kelly, Plunkett, Kiran Ghanti, and Todd violated Section 409.101(2), RSMo. (2000), when they made the untrue statement of material fact as described immediately above.

IV. ORDER

NOW, THEREFORE, it is hereby ordered that Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this Order, are prohibited from:

A. offering or selling any securities as defined by Section 409.1-102(28), RSMo. (Cum. Supp. 2005), in the State of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-304, RSMo. (Cum. Supp. 2005); and

B. violating or materially aiding in any violation of Section 409.5-501, RSMo. (Cum. Supp. 2005), by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2005), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to ten thousand dollars ($10,000) against each of Respondent RHI, Majesty, Kelly, Kiran Ghanti, and Jay Ghanti, for multiple violations of Section 409.3-301, RSMo. (Cum. Supp. 2005), in a final order, unless such Respondents request a hearing and show cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2005), the Commissioner will determine whether to grant the Enforcement Section's

petition for an imposition of a civil penalty of up to ten thousand dollars ($10,000) against each of Respondent RHI, Majesty, Kelly, Kiran Ghanti and Jay Ghanti for multiple violations of Section 409.5-501(2), RSMo. (Cum. Supp. 2005), in a final order, unless such Respondents request a hearing and show cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, as the Enforcement Section has petitioned for an award of the costs of the investigation against Respondents RHI, Majesty, Kelly, Kiran Ghanti and Jay Ghanti, the Commissioner will issue a final order pursuant to Section 409.6-604(e), RSMo. (Cum. Supp. 2005), awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondents request a hearing and show cause why an award should not be made.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 14 TH DAY OF MARCH, 2006.

ROBIN CARNAHAN
SECRETARY OF STATE

(Signed/Sealed)
MATTHEW D. KITZI
COMMISSIONER OF SECURITIES

State of Missouri
Office of Secretary of State

Case No. AP-07-09

IN THE MATTER OF:

YUCATAN RESORTS, S.A.;
RESORT HOLDINGS INTERNATIONAL, INC.;
RESORT HOLDINGS INTERNATIONAL, S.A.
WORLD PHANTASY TOURS, INC.
D/B/A MAJESTY TRAVEL;
RUSTYN L. PLUNKETT;
JAYAPRAKASH N. GHANTI;
KIRANKUMAR N. GHANTI;
MICHAEL E. KELLY; and
CARL R. TODD,

Respondents.

Serve

Yucatan Resorts, S.A.;
Resort Holdings International, Inc.;

Resort Holdings International, S.A.; and
Michael E. Kelly at:
Avenida Coba #82, Lote 10 3er. Piso,
Cancun, Quintana Roo, Mexico C.P. 77500

Serve

World Phantasy Tours, Inc.
D/B/A Majesty Travel at:
Calle Eusebio A. Morales,
Edificio Atlántida, P. Bajo,
APDO. 8301, Zona 7 Panama.

Serve

Rustyn L. Plunkett at:
Roger Brown & Associates
216 East McCarty Street
Jefferson City, Missouri 65101

Serve

Jayaprakash N. Ghanti at:
16 Patricia Lane
Hannibal, Missouri 63401

Serve

Kirankumar N. Ghanti at:
4022 Edgewood
Hannibal, Missouri 63401

Serve

Carl R. Todd at:
1801 Harold Drive
Raymore, Missouri 640

NOTICE

TO: Respondents and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo. (Cum. Supp. 2005), and 15 CSR 30-55.020.

A request for a hearing must be mailed or delivered, in writing, to

Matthew Kitzi
Commissioner of Securities
Office of the Secretary of State

Missouri State Information Center, Room 229
600 West Main Street
Jefferson City, Missouri, 65102

CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of March, 2007, a copy of the foregoing Order filed in the above styled case was mailed by registered U.S. Mail, postage prepaid to:

Yucatan Resorts, S.A.
Avenida Coba #82, Lote 10 3er. Piso,
Cancun, Quintana Roo, Mexico C.P. 77500

Resort Holdings International, Inc.
Avenida Coba #82, Lote 10 3er. Piso,
Cancun, Quintana Roo, Mexico C.P. 77500

Resort Holdings International, S.A.
Avenida Coba #82, Lote 10 3er. Piso,
Cancun, Quintana Roo, Mexico C.P. 77500

Michael E. Kelly
Avenida Coba #82, Lote 10 3er. Piso,
Cancun, Quintana Roo, Mexico C.P. 77500

World Phantasy Tours, Inc
Calle Eusebio A. Morales
Edificio Atlántida, P. Bajo
APDO. 8301, Zona 7 Panama

Majesty Travel
Calle Eusebio A. Morales
Edificio Atlántida, P. Bajo
APDO. 8301, Zona 7 Panama

John Hale
Specialist

CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of March, 2007, a copy of the foregoing Order filed in the above styled case was mailed by registered U.S. Mail, postage prepaid to:

Rustyn L. Plunkett
Roger Brown & Associates
216 East McCarty Street
Jefferson City, Missouri 65101

Jayaprakash N. Ghanti
16 Patricia Lane

Hannibal, Missouri 63401

Kirankumar N. Ghanti
4022 Edgewood
Hannibal, Missouri 63401

Carl R. Todd
1801 Harold Drive
Raymore, Missouri 64083

John Hale
Specialist

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[1] This invested amount included the funds MR6 and MR7 received from the annuity policy combined with the funds RHI paid MR6 and MR7 to reimburse them for the fees they incurred in surrendering this annuity policy.

[2] This invested amount included the funds MR8 received from the annuity policy combined with the funds RHI paid MR8 to reimburse MR8 for the fees incurred in surrendering this annuity policy.

[3] MR11 and MR12 did not receive copies of the documents they signed until March 2002.