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ARIZONA CORPORATION COMMISSION

September 16, 2005

Via Facsimile &
First Class Mail

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AZ CORP COMMISSION
DOCUMENT CONTROL

2005 SEP 16 P 3:04

RECEIVED

Re: Additional Documents Requested Subsequent to the Deposition of Marcia Taplin in the matter of Yucatan Resorts, et al. (S-035394-03-0000)

Dear Gentlemen:

I am writing in direct response to your demand for extensive additional discovery just days before the recommencement of this hearing. This demand is groundless, oppressive and untimely.

Over four months ago, the presiding Administrative Law Judge in this matter ordered that the Securities Division produce all investigative documents and records underlying the accountant's exhibits and testimony in this matter. The Division immediately complied with this directive, producing over 14 boxes of documents. A large percentage of this production consisted of your clients' own banking records. All other records underlying the accountant's exhibits and opinions in this matter, including such items as questionnaires, interviews, and memos, were similarly provided.

It is now apparent that, with two days remaining before the hearing in this matter recommences, you want to create a new discovery controversy. Quite frankly, we have no intention in participating in your eleventh hour supplemental discovery expedition.

You are not entitled to the bulk of documents making up your present demand. The production Administrative Law Judge Stern ordered in this matter consisted of documents and financial records underlying the accounting exhibits and testimony submitted by the Division in this case. You already have these documents (and have had them for over four months). If you

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desired an additional production other than the one ordered, you should have secured a production of these additional documents in April, not two business days prior to the resumption of trial on September 19, 2005.

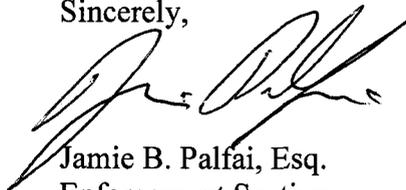
As you are well aware, you had over four months to conduct the depositions that purportedly led to your current supplemental discovery demands. The Division repeatedly urged you to schedule these depositions during the summer, but you continually ignored our invitations. Your delay in scheduling these depositions has now made it virtually impossible for the presiding ALJ to address the merits of your subsequent discovery demands before the recommencement of this hearing. In any event, you are not entitled to these records, the ALJ did not order the production of these records, and only through your own dilatory tactics did this discovery dispute arise at this late hour. Under the circumstances, your supplemental discovery demand is untenable.

Even the substance of your supplemental discovery demand is lacking. Many of the documents you now demand are either already in your possession or are irrelevant, privileged and/or confidential. The Division has no intention of spending the next several days identifying and pointing out the many flaws in your supplemental discovery request; the Division is in fact currently preparing for the resumption of litigation on Monday. In sum, the Division will not be recognizing your production deadline for additional documentation by this Friday.

On a separate matter, your recent correspondence claims that the sole opinion Ms. Taplin offered during her deposition was that the Universal lease program was a type of Ponzi scheme. You apparently missed some of the other opinions she rendered during this time. Without limitation, Ms. Taplin also opined as to the sources and uses of funds, that the program was a fraud, and that various representations made in the offering documents of the Universal lease program were at odds with the actual generation and movement of funds in this matter.

I am looking forward to seeing you both at hearing on Monday. Should you have any comments or questions concerning this response, feel free to contact the undersigned at your convenience.

Sincerely,



Jamie B. Palfai, Esq.
Enforcement Section
Arizona Securities Division

cc: ALJ Marc Stern (hand-delivered)
Docket Control (x13)