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**BEFORE THE ARIZONA CORPORATION COMMISSION
SECURITIES DIVISION**

2003 SEP -4 P 4: 20

COMMISSIONERS:

**MARC SPITZER, Chairman
JIM IRVIN
WILLIAM A. MUNDELL
JEFF MATCH-MILLER
MIKE GLEASON**

In the matter of:

**YUCATAN RESORTS, INC., d/b/a
YUCATAN RESORTS, S.A.,
3222 Mishawaka Avenue
South Bend, IN 46615;
P. O. Box 2661
South Bend, IN 46680;
Av. Coba #82 Lote 10, 3er. Piso
Cancun, Q. Roo
Mexico C.P. 77500**

**RESORT HOLDINGS INTERNATIONAL,
INC. d/b/a
RESORT HOLDINGS INTERNATIONAL,
S.A.,
3222 Mishawaka Avenue
South Bend, IN 46615;
P. O. Box 2661
South Bend, IN 46680;
Av. Coba #82 Lote 10, 3er. Piso
Cancun, Q. Roo
Mexico C.P. 77500**

**WORLD PHANTASY TOURS, INC.
a/k/a MAJESTY TRAVEL
a/k/a VIAJES MAJESTY
Calle Eusebio A. Morales
Edificio Atlantida, P Baja
APDO, 8301 Zona 7 Panama**

**MICHAEL E. KELLY and LORI KELLY,
husband and wife,
3222 Mishawaka Avenue
South Bend, IN 46615;
P. O. Box 2661
South Bend, IN 46680;**

Respondents.

Arizona Corporation Commission
DOCKETED

SEP 04 2003

DOCKETED BY

DOCKET NO. S-03539A-03-0000

**AMERICAN ELDER GROUP'S
OBJECTIONS AND
RESPONSES TO SUBPOENA**

**(ASSIGNED TO THE HONORABLE
MARC STERN, ADMINISTRATIVE
LAW JUDGE)**

1 **In the Matter of** §
2 **American Elder Group, et al.** §
3 §
4 §

4 **AMERICAN ELDER GROUP'S OBJECTIONS AND**
5 **RESPONSES TO SUBPOENA**

6 American Elder Group ("American Elder") hereby submits its Objections and Responses
7 to the Subpoena dated August 25, 2003, but not served until August 26, 2003, and returnable on
8 September 5, 2003, as follows:

9 **I.**
10 **GENERAL OBJECTIONS**

11 American Elder generally objects to the Subpoena because the Arizona Corporation
12 Commission, Securities Division ("Securities Division") does not have subject matter jurisdiction.
13 American Elder neither offered nor sold securities in the State of Arizona as the term "securities"
14 is defined under the Arizona securities laws. The Arizona Real Estate Division is the appropriate
15 Arizona regulatory body, as the Universal Leases offered and sold by American Elder are
16 Timeshares.

17
18 American Elder generally objects to the Subpoena because the Securities Division lacks
19 subject matter jurisdiction to obtain documents and information related to the offer or sale of
20 Timeshares outside of the State of Arizona.

21 American Elder generally objects to the Subpoena because the Securities Division has
22 already requested the information and documentation sought in the Subpoena. By letter dated
23 June 16, 2003, the Securities Division requested substantially similar information and
24 documentation. American Elder appropriately responded, through its counsel, by letter dated July
25

1 3, 2003. The Subpoena contains, therefore, nothing more than redundant and repetitive requests,
2 which works to harass American Elder.

3 American Elder generally objects to the Subpoena because it leaves an inadequate time to
4 respond and produce responsive documents, if any. The time within which to respond is
5 especially inadequate in light of the Labor Day holiday.

6
7 American Elder generally objects to Exhibit "A" to the Subpoena in that Exhibit "A" is
8 vague and ambiguous because it fails to specifically define the following phrases and terms:
9 "incident to or relating to the offer and sale of Universal Leases or any related Timeshare
10 programs," "Universal Lease," "Timeshare programs," "Resort Holdings International," Yucatan
11 Resorts," Avalon Resorts," World Phantasy Tours," "Majesty Travel," and "Yucatan Investments."
12 Accordingly, American Elder is unable to adequately and appropriately respond to the requests
13 contained in the Subpoena.

14
15 **II.**
16 **SPECIFIC OBJECTIONS**

17 Subject to, and without waiver of, each General Objection listed above, American Elder
18 specifically responds as follows:

19 1. Names, addresses, and telephone numbers of all individuals, sales agents or entities
20 that have been offered or sold timeshare interests including the number of interests purchased, if
applicable, and the amount and date of each investment.

21 **OBJECTION AND RESPONSE:**

22 American Elder specifically objects to the Request because it seeks documents that are not
23 within American Elder's possession, custody, or control. American Elder also objects to the
24 Request because it is overbroad and unduly burdensome, in that it seeks documents over a 4 ½
25 year period of time. American Elder also objects to the Request because it seeks confidential and
26

1 commercial-trade information. American Elder also objects to the Request because compliance
2 therewith would violate the personal and financial privacy of the Leaseholders. American Elder
3 also objects to the Request because it is vague and ambiguous, in that it does not define the term
4 "timeshare interests."

5
6 2. Documents relating to each individual or entity listed in paragraph 1 including any
7 contracts, forms, subscriptions, agreements, notes, questionnaires, reports, records of investment
8 status, checks, wire transfers, receipts, account statements, tax information, correspondence,
9 updates, or other communications.

10
11 **OBJECTION AND RESPONSE:**

12 American Elder specifically objects to the Request because it seeks documents that are not
13 within American Elder's possession, custody, or control. American Elder also objects to the
14 Request because it is overbroad and unduly burdensome, in that it seeks documents over a 4 ½
15 year period of time. American Elder also objects to the Request because it seeks confidential and
16 commercial-trade information. American Elder also objects to the Request because compliance
17 therewith would violate the personal and financial privacy of the Leaseholders.

18 3. Records of all meetings and/or training sessions related to solicitations and sales
19 including all information used or presented at these meetings.

20
21 **OBJECTION AND RESPONSE:**

22 American Elder specifically objects to the Request because it seeks documents that are not
23 within American Elder's possession, custody, or control. American Elder also objects to the
24 Request because it is overbroad and unduly burdensome, in that it seeks documents over a 4 ½
25 year period of time. American Elder also objects to the Request because it seeks confidential and
26 commercial-trade information. American Elder further objects to this Request because it is vague
and ambiguous in that it does not specifically define the documents requested. In particular, the

1 Request seeks documents of meetings related to “solicitations and sales” but fails to identify the
2 subject of said “solicitation and sales.”

3 4. The names, addresses, amounts, and dates of any rescission, refund, or any other
4 form of return to timeshare purchasers.

5 **OBJECTION AND RESPONSE:**

6 American Elder specifically objects to the Request because it seeks documents that are not
7 within American Elder's possession, custody, or control. American Elder also objects to the
8 Request because it is overbroad and unduly burdensome, in that it seeks documents over a 4 ½
9 year period of time. American Elder also objects to the Request because it seeks confidential and
10 commercial-trade information. American Elder also objects to the Request because it is vague and
11 ambiguous, in that it does not define the term "timeshare purchasers.". American Elder also
12 objects to the Request because compliance therewith would violate the personal and financial
13 privacy of the Leaseholders.
14

15 5. All state and federal tax returns, including any applications, forms, or
16 correspondence.

17 **OBJECTION AND RESPONSE:**

18 American Elder specifically objects to the Request because it seeks documents that are not
19 within American Elder's possession, custody, or control. American Elder also objects to the
20 Request because it seeks confidential and commercial-trade information. American Elder also
21 objects to the Request because compliance therewith would violate the personal and financial
22 privacy of those from whom said information is sought. American Elder also objects to the
23 Request because it is overbroad and unduly burdensome, in that it seeks documents over a 4 ½
24 year period of time. American Elder further objects to the Request because a request for state and
25 federal tax returns bears no conceivable relevance to the Securities Division's inquiry, and goes
26

1 well beyond the scope of the Securities Division's authority. American Elder further objects to the
2 Request because it is vague and ambiguous, in that the Securities Division fails to limit the
3 Request or describe from whom, or from what entity, the tax returns and other documents are
4 sought.

5 6. All bank or other depository institution accounts whether open or closed, including
6 the name of the bank or depository institution, number of each account, and the names of all
7 signatories on each account.

8 **OBJECTION AND RESPONSE:**

9 American Elder specifically objects to the Request because it seeks documents that are not
10 within American Elder's possession, custody, or control. American Elder also objects to the
11 Request because it seeks confidential and commercial-trade information. American Elder also
12 objects to the Request because compliance therewith would violate the personal and financial
13 privacy of those from whom the information is sought. American Elder also objects to the
14 Request because it is overbroad and unduly burdensome, in that it seeks documents over a 4 ½
15 year period of time. American Elder further objects to the Request because a request for state and
16 federal tax returns bears no conceivable relevance to the Securities Division's inquiry, and goes
17 well beyond the scope of the Securities Division's authority. American Elder objects to the
18 Request because it is vague and ambiguous, in that the Securities Division fails to limit the
19 Request or describe from whom, or from what entity, the documents or information are sought.
20

21 7. All advertisements, correspondence, circulars, offering memoranda, newsletters,
22 prospectuses, tax opinions, legal opinions, reports, brochures, flyers, handouts, or any other
23 records made available to potential or actual timeshare purchases.

24 **OBJECTION AND RESPONSE:**

25 American Elder specifically objects to the Request because it seeks documents that are not
26 within American Elder's possession, custody, or control. American Elder also objects to the

1 Request because it seeks confidential and commercial-trade information. American Elder also
2 objects to the Request because it is overbroad and unduly burdensome, in that it seeks documents
3 over a 4 ½ year period of time, and seeks documents that were merely "made available" to persons
4 rather than actually delivered to said persons. American Elder also objects to the Request because
5 it is vague and ambiguous, in that it does not define the term "timeshare interests." American
6 Elder further objects to the Request because it is vague and ambiguous, in that the Securities
7 Division fails to limit the Request or describe from whom, or from what entity, the information
8 and documents are sought.
9

10 8. Contracts with agents or others for solicitations or sales of timeshare interests
11 including but not limited to employment contracts, independent contractor agreements, and any
12 communications with such person or entity.

13 **OBJECTION AND RESPONSE:**

14 American Elder specifically objects to the Request because it seeks documents that are not
15 within American Elder's possession, custody, or control. American Elder also objects to the
16 Request because it seeks confidential and commercial-trade information. American Elder also
17 objects to the Request because it is overbroad and unduly burdensome, in that it seeks documents
18 over a 4 ½ year period of time and seeks all communications with persons, without limiting same
19 to issues relevant to the Securities Division inquiry. American Elder also objects to the Request
20 because it is vague and ambiguous, in that it does not define the term "timeshare interests."
21 American Elder further objects to the Request because it is vague and ambiguous, in that the
22 Securities Division fails to limit the Request or describe from whom, or from what entity, the
23 information and documents are sought.
24

25 9. Names, addresses and telephone numbers of all affiliated sales agents, co-workers,
26 telephone solicitors, independent contractors, or sub-contractors, both past and present.

1 **OBJECTION AND RESPONSE:**

2 American Elder specifically objects to the Request because it seeks documents that are not
3 within American Elder's possession, custody, or control. American Elder also objects to the
4 Request because it seeks confidential and commercial-trade information. American Elder also
5 objects to the Request because it is overbroad and unduly burdensome, in that it seeks documents
6 over a 4 ½ year period of time, and seeks information not tailored to issues relevant to the
7 Securities Division's inquiry. American Elder also objects to the Request because it is vague and
8 ambiguous, in that the Securities Division fails to limit the Request or describe from whom, or
9 from what entity, the information and documents are sought.
10

11 10. Records of all salaries, bonuses, reimbursement, distributions, draws, overrides,
12 loans, or any other compensation, whether monetary or otherwise, paid to you, any related
13 person/entity, or any individual falling within the scope of paragraphs 8 or 9.

14 **OBJECTION AND RESPONSE:**

15 American Elder specifically objects to the Request because it seeks documents that are not
16 within American Elder's possession, custody, or control. American Elder also objects to the
17 Request because it seeks confidential and commercial-trade information. American Elder also
18 objects to the Request because it is overbroad and unduly burdensome, in that it seeks documents
19 over a 4 ½ year period of time, and seeks information not tailored to issues relevant to the
20 Securities Division's inquiry. American Elder also objects to the Request because it is vague and
21 ambiguous, in that the Securities Division fails to limit the Request or describe from whom, or
22 from what entity, the information and documents are sought. American Elder also objects to the
23 Request because compliance therewith would violate the personal and financial privacy of the
24 individuals or entities identified in paragraphs 8, 9, and 10.
25
26

1 11. Records of all salaries, bonuses or other consideration received or distributed by
2 you and/or your firm.

3 **OBJECTION AND RESPONSE:**

4 American Elder specifically objects to the Request because it seeks documents that are not
5 within American Elder's possession, custody, or control. American Elder also objects to the
6 Request because it is overbroad and unduly burdensome, in that it seeks documents over a 4 ½
7 year period of time. American Elder also objects to the Request because it is vague and
8 ambiguous, in that the Securities Division fails to limit the Request or describe from whom, or
9 from what entity, the information and documents are sought. American Elder also objects to the
10 Request because compliance therewith would violate the personal and financial privacy of the
11 individuals or entities.
12

1 **RESPECTFULLY SUBMITTED** this 4th day of September, 2003.

2 **BAKER & MCKENZIE**

3
4 *Joel Held by: [Signature]*

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20 **ORIGINAL** and thirteen copies of the foregoing
21 hand-delivered this 4th day of September, 2003 to:

22 Docket Control
23 Arizona Corporation Commission
24 1200 West Washington Street
25 Phoenix, Arizona 85007

1 COPY of the foregoing hand-delivered
2 this 4th day of September, 2003 to:

3 Marc Stern, Esq.
4 Administrative Law Judge
5 Hearing Division
6 Arizona Corporation Commission
7 1200 West Washington Street
8 Phoenix, Arizona 85007

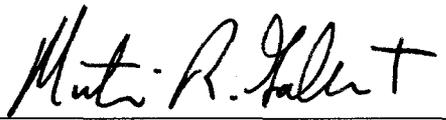
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15 LeRoy Johnson
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21 COPY of the foregoing sent *via* U.S. Mail
22 this 4th day of September, 2003 to:

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