BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of
RICHARD L. TROYER,

PETITION FOR ORDER

Respondent.

File No. S-05158(EX)

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities, ("the Division") has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Upon information and belief, Resort Holdings International S.A., also known as Resort Holdings International, Inc. ("Resort Holdings"), previously known as Yucatan Resorts, S.A., de C.V., is a foreign business entity with a last known business address of Av. Coba #82 Lote 10, 3er. Piso, Cancun, Q.Roo, Mexico C.P. 77500;

2. Upon information and belief, Michael E. Kelly ("Kelly") is an individual, who upon information and belief, is an owner, operator and/or controlling person of Resorts Holdings, with a last known business address at that of Resort Holdings;

3. Richard L. Troyer ("Troyer") is an individual with a date of birth of March 27, 1951, and a CRD number of 2635368, and a last known home address of 34954 County Highway O, Stanley, Wisconsin 54768, and who at all times material hereto was licensed as a securities agent in Wisconsin;

4. According to documents provided by legal counsel of Resort Holdings, during the period of at least 2003, Troyer, on behalf of Resorts International and Kelly offered and sold to at least three persons in Wisconsin interests in the Resort Holdings Universal Lease Program ("the Program"), in which the investor purchases a lease of a unit at $5000 minimum, at a vacation resort of Resort Holdings located in Cancun, Mexico;

5. According to marketing materials of Resort Holdings provided to investors in the Program, at page 9, entitled "**How the Lease Works**" "... **Universal Leaseholders** can select from three options: 1. ...**USE your vacation unit** ... 2. ...**RENT your vacation unit** ... 3. ... **HIRE AN INDEPENDENT THIRD PARTY MANAGEMENT COMPANY to rent the vacation unit** for you. ...**RHI** has developed a **Universal Lease** program that allows you, the **Universal Leaseholder**, a return of your original purchase price plus appreciation. In addition, **Leaseholders** have the option to earn additional revenues from the rental of their vacation unit. ..." (emphasis included);

6. According to the "Management Agreement entered into between at least one of the Wisconsin investors (the "Client") in the Program and the servicing agent, World Phantasy Tours, Inc. DBA Majesty Travel (the "Administrator"), the Management Agreement states, in part, as follows:

> "1.(b) The Administrator shall have full power and authority to do things in connection with such servicing, administration and collection activities which it may deem necessary or desirable in order to maximize the Rental. ... Client shall furnish the Administrator with powers of attorney and other documents necessary or appropriate as required by the Administrator to enable the Administrator to carry out its servicing and administrative duties hereunder.";

"3.(b) The Administrator agrees to assume all responsibility for renting the Client's vacation unit. The Administrator agrees to pay the Client for the rental of the vacation unit as follows: The Client will receive 4% per year of the Vacation Unit Interval's purchase price as rental compensation for the rental of the vacation unit, ... The Administrator also offers to purchase the vacation unit from the Client after the 36th month of the Agreement term if, at any time, the Client decides to sell the vacation unit. In return, the Administrator will pay the Client a 5% per year premium for this option at the time the Administrator purchases the lease.";

7. Upon information and belief, investors can play a passive role in the operation of their vacation unit(s) in the Program, with no duties and responsibilities;

8. Since the investors will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the interests in the Program offered and sold by Troyer are investment contracts as defined by section DFI-Sec. 1.02(6)(a), Wis. Adm. Code, and are therefore securities as defined by sec. 551.02(13), Wis. Stats.;

9. The investment contract securities of Resort Holdings have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

10. Troyer has violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities to persons in Wisconsin;

11. In connection with the offer and sale of the securities described above, Troyer transacted business in Wisconsin as an "agent" for Resort Holdings and Kelly, as that term is defined by sec. 551.02(2), Wis. Stats.;

12. According to information provided to the State of Wisconsin, Department of Financial Institutions Division of Securities ("the Division"), Troyer's employing broker-dealer did not approve of the offer and/or sale of the investment contract securities of Resort Holdings offered and sold by Troyer;

13. Pursuant to DFI-Sec 4.06(2)(c), Wis. Adm. Code, effecting any securities transaction not recorded on the regular books or records of the broker-dealer which the agent represents, unless the transaction is disclosed to, and authorized in writing by, the broker-dealer prior to the execution of the transaction, is deemed a "dishonest or unethical business practice" or "taking unfair advantage of a customer" by an agent, which provides a basis, pursuant to sec. 551.34(1)(g), Wis. Stats., for the censure of a licensee;

14. On April 21, 2001, the Division issued a summary order of prohibition and revocation against Yucatan Resorts, S.A. de C.V. and Kelly;

15. On March 26, 2003, the Division revoked the summary order of prohibition and revocation against Kelly and on April 4, 2003, the Division revoked the summary order of prohibition and revocation against Yucatan Resorts, S.A. de C.V. and replaced it with a consent order of prohibition;

16. Upon information and belief, Yucatan Investment Corporation ("Yucatan Investment"), and Kelly, et al, were the subject of an administrative order of the New Mexico Securities Division on May 18, 1999, for the sale of unregistered, non-exempt securities by unlicensed agents of nine-month notes of Yucatan Investment;

17. Upon information and belief, Yucatan Investment and Kelly were the subject of an administrative order of the South Carolina Securities Division on July 26, 1999, for the sale of

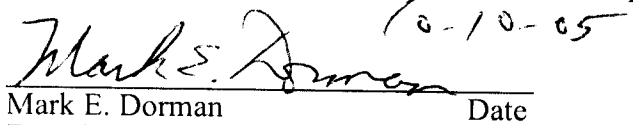
unregistered, non-exempt securities by unlicensed agents of nine-month notes of Yucatan Investment, and in violation of the anti-fraud provision of the South Carolina securities law;

18. Upon information and belief, Yucatan Investment is a business entity related to Yucatan Resorts S.A. de C.V. and is also owned and operated by Kelly;

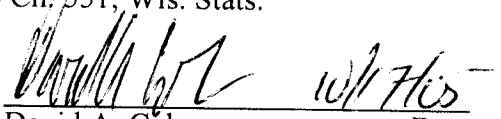
19. Upon information and belief, Yucatan Resorts S.A. de C.V. was the subject of an administrative order of the Pennsylvania Securities Commission issued on October 22, 2002, in connection with the offer and sale of the Program; and

20. Staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities, wrote to Troyer to request information and documents concerning his securities-related transactions with persons in Wisconsin, but to date have received no response.

Therefore, the staff of the Division of Securities petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.



Mark E. Dorman — Date
Examiner



David A. Cohen — Date
Supervising Attorney

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