Division of Securities
Utah Department of Commerce
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Salt Lake City, UT 84114-6760
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BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF: **CHRISTOPHER C. HARRIS, DOUGLAS EUGENE KIRGIS, and BRIAN GRANT TURLEY** **Respondents.**	**STIPULATION AND CONSENT ORDER** **Docket No.** SD-08-0061 **Docket No.** SD-08-0062 **Docket No.** SD-08-0063

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, and Christopher C. Harris, Douglas Eugene Kirgis, and Brian Grant Turley hereby stipulate and agree as follows:

1. Christopher C. Harris, Douglas Eugene Kirgis, and Brian Grant Turley were the subject of an investigation conducted by the Division into allegations that they violated certain provisions of the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-1, *et seq.*, as amended.

2. In connection with that investigation, the Division issued an Order to Show Cause to the Respondents on May 23, 2008, alleging securities fraud and fraudulent practices.

3. The Respondents filed a response to the Order to Show cause, but the parties have now agreed to resolve this matter by way of a stipulation and consent order.

4. Respondents are represented by Attorney David Reeve in this matter and are satisfied with the representation they have received.

5. Respondents have read the stipulation and consent order, understand its contents and enter into this Stipulation voluntarily. No promises or threats have been made by the Division, nor by any member, officer, agent, or representative of the Division, to induce Respondents to enter into this Stipulation.

6. Respondents waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf.

7. Respondents acknowledge that this agreement does not affect any enforcement action that might be brought by a criminal prosecutor or any other local, state, or federal enforcement authority.

8. Respondents admit the jurisdiction of the Division over them and over the subject matter of this action.

I. THE DIVISION'S FINDINGS OF FACT

THE RESPONDENTS

9. Christopher C. Harris (Harris) was, at all times relevant, a resident of Box Elder County, Utah.

10. Douglas Eugene Kirgis (Kirgis) was, at all times relevant, a resident of Davis County, Utah.

11. Brian Grant Turley (Turley) was, at all times relevant, a resident of Box Elder County, Utah.

GENERAL ALLEGATIONS

12. Harris collected at least $135,000 in investor funds for Resort Holding International Inc. (Resort Holding) from at least two Utah couples in 2003. One couple received no return of principal or interest from their investment. The other couple received just a few interest payments.

13. Kirgis collected at least $15,000 in investor funds for Resort Holding program, from at least one Utah couple in 2003. The investors received no return of principal or interest from their investment.

14. Turley collected at least $120,000 in investor funds for Resort Holding from at least one Utah couple in 2003. The investors received just a few interest payments and nothing more.

15. Harris, Kirgis, and Turley were all employed as associates by Impact America, a Nevada dba ran by James Catledge, at all times relevant to the matter asserted herein. Impact America is a dba of Impact, Inc. (Impact), a Nevada corporation formed in November 2002 by James Catledge. Impact's corporate status is currently in default. Impact was operated as a network marketing company, and associates of Impact recruited new associates as well as consumers who were looking for advice, services, or products, relating to debt, insurance, real estate, mortgages, annuities, and investments. Impact's associates solicited investors for Resort Holding.

16. Resort Holding was registered as a Nevada corporation in July 1999, but its corporate status was voluntarily dissolved in December 2004. Michael Eugene Kelly (Kelly) was the president, secretary, and treasurer of Resort Holding. Resort Holding has never been registered as a business entity in Utah.

17. In December 2006, the president of Resort Holding, Kelly, was arrested in Florida on charges that Kelly devised and intended to devise a scheme and artifice to defraud and obtain money by making material misrepresentations and omissions, and has since been held in custody in Illinois awaiting a federal indictment by the United States Department of Justice.

18. On May 9, 2008, the United States filed an indictment against Kelly, charging him with ten counts of mail fraud, two counts of wire fraud, and two counts of fraudulent interstate transactions.

19. On May 14, 2008, Kelly pleaded not guilty to all counts.

20. The arrest and indictment of Kelly stem from the offer and sale of the Universal Lease by Resort Holding and its many agents (including Harris, Kirgis, and Turley) to hundreds of investors across the nation.

21. The Resort Holding Universal Lease is an investment contract, and therefore a security, under § 61-1-13 of the Act.

INVESTORS ML AND PL, HUSBAND AND WIFE

22. In early June 2003, Kirgis and Harris went to ML's and PL's home in Davis County, Utah, to discuss an investment opportunity in Resort Holding's Universal Lease program.

23. At this meeting, Kirgis and Harris told ML the following:

    a. The investment would provide a guaranteed 9% annual return;

    b. Investors could receive monthly or annual payments, or let the investment accrue until the end of the term;

    c. The investment was secured by the resort property;

    d. Resort Holding had insurance on the property in case of a natural disaster;

    e. There was no chance of losing money on this investment; and

f. ML and PL could vacation at the resort for a discount.

24. At the end of the meeting, ML told Kirgis and Harris that he needed to discuss a possible investment with his wife.

25. In early July 2003, Kirgis telephoned ML and told ML that the documents were ready to go if ML and PL wanted to invest. ML then set up a second meeting with Kirgis at Harris' office in South Ogden, Utah.

26. On July 2, 2003, ML and PL met Kirgis and Harris at Harris' office. ML and PL signed and initialed several documents including the Universal Lease, a Purchaser's Receipt Form, a Universal Lease Application, a Management Agreement with Majesty Travel[1], and an Acknowledgment of Representations, which was also signed by Kirgis.

27. At this same meeting, ML and PL gave Kirgis their investment of $15,000, via personal check made payable to Resort Holding. ML and PL chose to let their interest accrue.

28. On or about August 16, 2004, ML and PL received a Rental Income Statement from Galaxy Properties Management, S.A., the company that replaced Majesty Travel as the rental management company. According to the Rental Income Statement, ML's and PL's investment had increased in value to $16,470.61.

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[1] Majesty Travel was a small Panamanian travel agency controlled by Michael Eugene Kelly, the president of Resort Holding. Majesty Travel was purportedly purchased by Galaxy Properties Management S.A. in mid-2004, but Kelly controlled this company too.

29. Approximately six months after receiving the Rental Income Statement, ML telephoned Kirgis to ask some questions regarding the investment. Kirgis told ML that he had no information and had heard nothing about the Universal Lease program.

30. ML and PL have not been able to recover any return of principal or interest from their investment and are still owed $15,000 in principal alone.

INVESTORS DG AND EG, HUSBAND AND WIFE

31. In the fall of 2003, DG was introduced to the investment opportunity in Resort Holding's Universal Lease program, by his co-worker, Turley.

32. Over the course of two or three lunch breaks at work, Turley told DG the following:

    a. DG could invest as much as he wanted in Resort Holding, and he would receive a return of 9% annually;

    b. Invested funds would be used to purchase condos in Cancun; and

    c. Resort Holding rents the condos, and the proceeds are used to pay 9% annually to investors.

33. After discussing the investment opportunity with Turley over lunch, Turley and DG set up a meeting about one month later, to discuss the investment in more detail.

34. The meeting took place at DG's home in Box Elder County, Utah. Turley and another Impact America employee, Don Koyle, met with DG and his wife, EG, for approximately one hour.

35. At the meeting, Turley did the majority of the speaking, and the parties discussed how to invest DG's and EG's funds in a way that would result in them receiving $900 per month from Resort Holding. At the conclusion of the meeting, Turley set up another meeting with DG and EG, for December 9, 2003, to finalize the investment in Resort Holding.

36. At the December 9, 2003 meeting, Turley, Harris, and Koyle met with DG and EG at their home for approximately one hour. Harris did the majority of the talking at this meeting, and told DG and EG the following:

    a. Investment funds from a 401K are protected funds, and Resort Holding "wouldn't mess with that kind of money";

    b. DG and EG would have a trust deed to the condo in Cancun;

    c. DG and EG would receive guaranteed annual interest of 9%; and

    d. DG and EG could use the condo for a reduced rate.

37. DG signed and initialed several documents at the December 9, 2003 meeting, including a Universal Lease, a Purchaser's Receipt Form, a Universal Lease Application, a Management Agreement and Acknowledgment Agreement with Majesty Travel, which was also signed by Harris.

38. On or about December 18, 2003, DG arranged to have Fidelity send $120,000 from DG's IRA account to Impact America, in the form of a check made payable to Resort Holding International S.A.

39. DG and EG expected to receive their first interest payment from Resort Holding in January 2004, and when that did not happen, they contacted Harris. Harris told DG that Impact America was having a hard time finding a Trust Company to act as the IRA custodian for the investment. Harris later told DG not to worry, and said the paperwork was taking a while to process.

40. On or about May 20, 2004, DG and EG again arranged for Fidelity to send a check for $120,000 to Impact America, made payable to Trust Company of the Pacific. DG's and EG's prior check was returned to them.

41. On or about June 15, 2004, DG and EG received a letter in the mail from the Trust Company of the Pacific, acknowledging that a new IRA account had been set up in their name.

42. On or about July 14, 2004, DG and EG received a package in the mail from Resort Holding, which included a copy of the executed Universal Lease documents.

43. DG and EG received a lump sum payment to make up for missed months, and additional monthly interest payments from their investment in Resort Holding from September 2004 to May 2005. The payments totaled $14,141.94, and they arrived in the mail in the form of a check from the Trust Company of the Pacific.

44. After payments stopped in May 2005, DG and EG contacted Harris, Trust Company of the Pacific, Resort Holding, and others, to get the status of their investment. DG and EG

were told that payments were running late because the resort was suffering from personnel problems in Cancun and damage done by Hurricane Wilma, and because Resort Holding's third party management company (Majesty Travel) was failing to perform according to its contract.

45. Despite their demands for payment, DG and EG received no additional payments of interest or principal, and are currently owed $120,000 in principal alone.

MATERIAL MISREPRESENTATIONS AND OMISSIONS

46. In connection with the offer and sale of a security, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:

    a. The investment would provide a guaranteed 9% annual return;

    b. The investment was secured by the resort property;

    c. Resort Holding had insurance on the property in case of a natural disaster; and

    d. There was no chance of losing money on this investment.

47. In connection with the offer and sale of a security, Respondents, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

    a. In April and May 2003, the Wisconsin Division of Securities and the Arizona Securities Division, respectively, filed administrative actions against Resort Holding, Michael Eugene Kelly, and/or a company controlled by Kelly, in connection with the offer and sale of Universal Leases. With respect to each

action, the respondents were asked to cease and desist from offering and/or selling the Universal Leases.

b. Some or all of the information typically provided in an offering circular or prospectus regarding Resort Holding, such as:

i. The business and operating history for Resort Holding;

ii. Identities of the principals for Resort Holding along with their relevant experience;

iii. Financial statements for Resort Holding;

iv. The market for Resort Holding's product(s) or service(s);

v. The nature of the competition for the product(s) or service(s);

vi. The current capitalization for Resort Holding;

vii. A description of how the investment would be used by Resort Holding;

viii. The track record of Resort Holding to prior investors;

ix. Risk factors for investors;

x. The number of other investors;

xi. The disposition of any investments received if the minimum capitalization were not achieved;

xii. Discussion of pertinent suitability factors for the investment;

xiii. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;

xiv. Agent commissions or compensation for selling the investment;

xv. Whether the investment is a registered security or exempt from registration; and

xvi. Whether the person selling the investment is licensed.

II. THE DIVISION'S CONCLUSIONS OF LAW

48. Based on the Division's investigative findings, the Division concludes that:

a. The investment opportunities offered and sold by Respondents are securities under § 61-1-13 of the Act;

b. Respondent violated § 61-1-1 of the Act by making misrepresentations of material facts and by omitting to state material facts in connection with the offer and sale of a security.

III. REMEDIAL ACTIONS/SANCTIONS

49. Respondents admit the Division's findings and conclusions and consent to the sanctions below being imposed by the Division.

50. Respondents represent that any information they provided to the Division as part of the Division's investigation of this matter is accurate.

51. Respondents agree to the imposition of a cease and desist order and a fine, prohibiting them from any conduct that violates the Act.

52. Pursuant to Utah Code Ann. § 61-1-6(1)(d) and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, the Division imposes a fine of $25,000

against Christopher C. Harris. The fine will be waived on condition that Harris commits no violation of the Act within thirty-six months from the entry of this order.

53. Pursuant to Utah Code Ann. § 61-1-6(1)(d) and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, the Division imposes a fine of $10,000 against each Douglas Eugene Kirgis and Brian Grant Turley. The fine will be waived on condition that they commit no violation of the Act within thirty-six months from the entry of this order.

54. If Respondents materially violate any of the terms of the Order, after notice and opportunity to be heard before an administrative officer, the entire fine shall become immediately due.

55. Respondents agree to cooperate with the Division, the State of Utah, and the Federal Government in any future investigations and/or prosecutions relevant to the matter herein.

IV. FINAL RESOLUTION

56. Respondents acknowledge that this Order, upon approval by the Securities Commission shall be the final compromise and settlement of this matter.

57. Respondents further acknowledge that if the Securities Commission does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.

13. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third-parties may have against them arising in whole or in part from their actions, and that the Order does not affect any criminal causes of action that may arise as a result of their conduct referenced herein.

14. The Stipulation and Consent Order constitute the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Order in any way.

Utah Division of Securities

Date: 1/22/11

By: _____
Michael Hines
Director of Enforcement

Approved:

_____
Jeff Buckner
Assistant Attorney General

Respondent Harris
Respondent Harris

Date: 01/18/11

By: _____
Christopher C. Harris

Respondent Kirgis

Date: _____

By: _____
Douglas Eugene Kirgis

Respondent Turley

Date: _____

By: _____

58. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third-parties may have against them arising in whole or in part from their actions, and that the Order does not affect any criminal causes of action that may arise as a result of their conduct referenced herein.

59. The Stipulation and Consent Order constitute the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect the Order in any way.

Utah Division of Securities

Date: _____

By: _____
Michael Hines
Director of Enforcement

Approved:

_____
Jeff Buckner
Assistant Attorney General

Respondent Harris

Date: _____

By: _____
Christopher C. Harris

Respondent Kirgis

Date: 1 NOV 2010

By: _____
Douglas Eugene Kirgis

Respondent Turley

Date: 22 JUNE 2010

By: Brian Grant Turley

Brian Grant Turley

Approved:

David A. Reeve
Respondents Attorney

ORDER

IT IS HEREBY ORDERED THAT:

60. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.

61. Respondents cease and desists from violating the Utah Uniform Securities Act.

62. Division imposes a fine of $25,000 on Christopher C. Harris.

63. Division imposes a fine of $10,000 on Douglas Eugene Kirgis.

64. Division imposes a fine of $10,000 on Brian Grant Turley.

65. All fines shall be held in abeyance for thirty-six months.

66. If Respondents materially violate any of the terms of this Order the full fine amounts shall be imposed against the Respondents, jointly and severally, and become due immediately.

67. Respondents cooperate with the Division in any future investigations.

BY THE UTAH SECURITIES COMMISSION:

DATED this 17th day of March, 2011.

Tim Bangerter

Jane Cameron

Erik Christiansen

Laura Polacheck

Michael O'Brien

Certificate of Mailing

I certify that on the 24 day of March, 2010, I mailed, by certified mail, a true and correct copy of the Stipulation and Consent Order to:

David A. Reeve
Attorney-at-Law
c/o Christopher C. Harris,
Douglas Eugene Kirgis,
Brian Grant Turley
720 East Three Fountains Dr. #77
Murray, UT 84107

Certified Mailing # 7008 1140 0004 1042 2216

Secretary