

Division of Securities  
Utah Department of Commerce  
160 East 300 South, 2<sup>nd</sup> Floor  
Box 146760  
Salt Lake City, UT 84114-6760  
Telephone: (801) 530-6600  
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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**CHRISTOPHER C. HARRIS  
DOUGLAS EUGENE KIRGIS  
BRIAN GRANT TURLEY**

**Respondents.**

**ORDER TO SHOW CAUSE**

Docket No. SD-08-0061  
Docket No. SD-08-0062  
Docket No. SD-08-0063

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It appears to the Director of the Utah Division of Securities (Director) that Christopher C. Harris, Douglas Eugene Kirgis, and Brian Grant Turley (the Respondents) have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the Utah Division of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

**STATEMENT OF JURISDICTION**

1. Jurisdiction over the Respondents and the subject matter is appropriate because the Division alleges that Respondents violated § 61-1-1 (securities fraud) of the Act while engaged in the offer and sale of securities in or from Utah.

## **STATEMENT OF FACTS**

### **THE RESPONDENTS**

2. Christopher C. Harris (Harris) resides in Box Elder County, Utah.
3. Douglas Eugene Kirgis (Kirgis) resides in Davis County, Utah.
4. Brian Grant Turley (Turley) resides in Box Elder County, Utah.

### **GENERAL ALLEGATIONS**

5. 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.
6. 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.
7. 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.
8. 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.

9. 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.
10. 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.
11. 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.
12. On May 14, 2008, Kelly pleaded not guilty to all counts.
13. 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.

14. 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

15. 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.
16. 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.
17. At the end of the meeting, ML told Kirgis and Harris that he needed to discuss a possible investment with his wife.
18. 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.
19. 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<sup>1</sup>, and an Acknowledgment of Representations, which was also signed by Kirgis.

20. 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.
21. 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.
22. 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.
23. 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

24. In the fall of 2003, DG was introduced to the investment opportunity in Resort Holding's Universal Lease program, by his co-worker, Turley.
25. 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

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<sup>1</sup> 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.

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.
26. 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.
27. 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.
28. 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.
29. 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.
30. 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.
31. 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.
32. 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.
33. 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.
34. 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.
35. 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.

36. 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.
37. 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.
38. 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.

## **CAUSES OF ACTION**

### **COUNT I**

#### **Securities Fraud under § 61-1-1(2) of the Act**

39. The Division incorporates and re-alleges paragraphs 1 through 38.
40. The investment opportunity offered and sold by Harris, Kirgis, and Turley to investors is an investment contract, and therefore a security, under § 61-1-13 of the Act. An investment contract includes,

any investment in a common enterprise with the expectation of

profit to be derived through the essential managerial efforts of someone other than the investor; or . . . any investment by which . . . an offeree furnishes initial value to an offerer; . . . a portion of this initial value is subjected to the risks of the enterprise; . . . the furnishing of the initial value is induced by the offerer's promises or representations which give rise to a reasonable understanding that a valuable benefit of some kind over and above the initial value will accrue to the offeree as a result of the operation of the enterprise; and . . . the offeree does not receive the right to exercise practical or actual control over the managerial decisions of the enterprise.

UTAH ADMIN. CODE R164-13-1(B)(1)(a) and 1(b).

41. In connection with the offer and sale of a security to investors, Harris, Kirgis, and Turley, 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.
  
42. In connection with the offer and sale of a security to investors, Harris, Kirgis and Turley, 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.

43. Based upon the foregoing, Christopher C. Harris, Douglas Eugene Kirgis, and Brian Grant Turley violated § 61-1-1 of the Act.

### **ORDER**

The Director, pursuant to § 61-1-20 of the Act, hereby orders the Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Tuesday, July 1st, 2008, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2<sup>nd</sup> Floor, Salt Lake City, Utah. The purpose of the hearing is to establish a scheduling order and address any preliminary matters. If the Respondents fail to file an answer and appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, the Respondents may show cause, if any they have:

- a. Why Christopher C. Harris, Douglas Eugene Kirgis, and Brian Grant Turley should not be found to have engaged in the violations alleged by the Division in

this Order to Show Cause;

- b. Why Christopher C. Harris, Douglas Eugene Kirgis, and Brian Grant Turley should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act;
- c. Why Christopher C. Harris should not be ordered to pay a fine of one hundred thirty five thousand dollars (\$135,000) to the Division of Securities, which may be reduced by the disgorgement of any compensation Harris received as a result of selling the investment opportunity, to the victims;
- d. Why Douglas Eugene Kirgis should not be ordered to pay a fine of fifteen thousand dollars (\$15,000) to the Division of Securities, which may be reduced by the disgorgement of any compensation Kirgis received as a result of selling the investment opportunity, to the victims; and
- e. Why Brian Grant Turley should not be ordered to pay a fine of one hundred twenty thousand (\$120,000) to the Division of Securities, which may be reduced by the disgorgement of any compensation Turley received as a result of selling the investment opportunity, to the victims.

DATED this 23<sup>rd</sup> day of May, 2008.

  
THAD LEVAR  
Acting Director, Utah Division of Securities



Approved:

  
JEFF BUECKNER  
Assistant Attorney General

J. K.

Division of Securities  
Utah Department of Commerce  
160 East 300 South, 2<sup>nd</sup> Floor  
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**BEFORE THE DIVISION OF SECURITIES  
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**IN THE MATTER OF:**

**CHRISTOPHER C. HARRIS  
DOUGLAS EUGENE KIRGIS  
BRIAN GRANT TURLEY**

**Respondents.**

**NOTICE OF AGENCY ACTION**

Docket No. SD-08-0061  
Docket No. SD-08-0062  
Docket No. SD-08-0063

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THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

Within thirty (30) days of the mailing date of this notice, you are required to file an Answer with the Division. The Answer must include the information required by Utah Code §

63-46b-6 (1). In addition, you are required by § 63-46b-6 (3) to state: a) by paragraph, whether you admit or deny each allegation contained in the Order to Show Cause, including a detailed explanation for any response other than an unqualified admission; b) any additional facts or documents which you assert are relevant in light of the allegations made; and c) any affirmative defenses (including exemptions or exceptions contained within the Utah Uniform Securities Act) which you assert are applicable. To the extent that factual allegations or allegations of violations contained in the Order to Show Cause are not disputed in your Answer, they will be deemed admitted.

Your Answer, and any future pleadings or filings that should be part of the official files in this matter, should be sent to the following:

Signed originals to:

Administrative Court Clerk  
c/o Pam Radzinski  
Division of Securities  
160 E. 300 S., Second Floor  
Box 146760  
Salt Lake City, UT 84114-6760  
(801) 530-6600

A copy to:

Jeff Buckner  
Assistant Attorney General  
160 E. 300 S., Fifth Floor  
Box 140872  
Salt Lake City, UT 84114-0872  
(801) 366-0310

A hearing date has been set for Tuesday, July 1st, 2008, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2<sup>nd</sup> Floor, Salt Lake City, Utah.

If you fail to file an Answer, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine and other sanctions may be imposed against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The Administrative Law Judge will be J. Steven Eklund, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6648. Pursuant to U.C.A. Subsection 63-46b-2(1)(h), Mr. Eklund is hereby designated as presiding officer for the purpose of conducting this formal administrative proceeding. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

DATED this 23<sup>rd</sup> day of May, 2008.

  
THAD LEVAR  
Acting Director, Division of Securities  
Utah Department of Commerce



**Certificate of Mailing**

I certify that on the 27<sup>TH</sup> day of May, 2008, I mailed, via certified and regular mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Christopher C. Harris  
100 N. 400 E. #1  
Garland, UT 84312

Certified Mail # 70041160000301967869

Douglas Eugene Kirgis  
2244 E. 1975 N.  
Layton, UT 84040

Certified Mail # 70041160000301967876

Brian Grant Turley  
9975 N. 7600 W.  
Tremonton, UT 84337

Certified Mail # 70041160000301967852

Pamela Raddison  
Executive Secretary