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UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEVADA

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**SECURITIES AND EXCHANGE COMMISSION,**

**PLAINTIFF,**

**v.**

**JAMES B. CATLEDGE, DEREK F. C. ELLIOTT,  
EMI RESORTS (S.V.G.) INC., a St. Vincent and  
Grenadines corporation, EMI SUN VILLAGE,  
INC., a Turks and Caicos Islands corporation, and  
SUN VILLAGE JUAN DOLIO, INC., a Turks and  
Caicos Islands corporation,**

**DEFENDANTS,**

**and**

**D.R.C.I. TRUST, a Cook Islands trust,**

**RELIEF DEFENDANT.**

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**COMPLAINT**

Civil No. 2:12-cv-00887-JCM-RJJ  
Judge James C. Mahan  
Magistrate Judge Robert J. Johnston

Plaintiff, Securities and Exchange Commission (the "Commission"), for its Complaint

alleges as follows:

## INTRODUCTION

1. From approximately the fall of 2004 until early 2009, James B. Catledge (“Catledge”) and Derek F.C. Elliott (“Elliott”) solicited investments in an international fraudulent scheme involving the offer and sale of over \$163 million of investment contracts in unregistered transactions to approximately 1,200 investors. Catledge and Elliott carried out this scheme through entities they controlled.

2. Catledge and Elliott sold two types of securities, called “Residence” and “Passport” investments, representing timeshare and ownership interests, respectively, in two resorts in the Dominican Republic.

3. The resorts, located at Cofresi and Juan Dolio beaches (“Cofresi” and “Juan Dolio,”) in the Dominican Republic, were being developed and constructed by entities controlled by Elliott. Elliott marketed and sold investments in these resorts in partnership with Net Worth Solutions, a multilevel marketing entity controlled by Catledge.

4. Catledge and Elliott, both individually and through entities they controlled, made material misrepresentations to investors in order to induce them to purchase the Residence and Passport investments. Among other things, investors were promised a guaranteed return of 8% to 12% annually on the Residence investment and 5% annually on the Passport investment.

5. Investors were assured that their principal was safe, and that they would share in the projected appreciation in the value of the resorts.

6. Catledge and Elliott told investors the promised returns were guaranteed.

7. Nevertheless, only a very small percentage of investor funds were actually used to renovate and construct the properties, as had been represented. Instead, investor funds were

largely used for other purposes, including the payment of exorbitant undisclosed sales commissions and promised returns to earlier investors.

8. By the conduct detailed in this Complaint, Defendants violated Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)]; Catledge, Elliott, EMI Sun Village and Sun Village Juan Dolio violated Sections 5(a) and (c) of the Securities Act [15 U.S.C. § 77e(a) and (c)]; and Catledge and Elliott violated Section 15(a) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78o(a)]. Unless enjoined, Defendants are likely to commit such violations again.

9. The Relief Defendant holds assets, funds, or other properties derived from the fraudulent offering of securities and should be required to disgorge those assets.

#### **JURISDICTION AND VENUE**

10. This Court has subject matter jurisdiction by authority of Sections 20 and 22 of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. §§ 77t and 77v] and Sections 21 and Section 27 of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §§ 78u and 78aa].

11. Defendants, directly and indirectly, singly and in concert, have made use of the means and instrumentalities of interstate commerce and the mails in connection with the transactions, acts and courses of business alleged herein, certain of which have occurred within the District of Nevada.

12. Venue for this action is proper in the District of Nevada under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and under Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain of the transactions, acts, practices, and courses of business alleged in this Complaint took place in this district and because certain of the defendants reside in and transact

business in this district. During the period of violative conduct, Defendant Catledge resided in Nevada, Net Worth was headquartered in Nevada, and Defendants solicited Nevada residents to invest.

13. Defendants, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and course of business alleged herein and in transactions, acts, practices, and courses of business of similar purport and object.

14. Defendants' conduct took place in connection with the offer and sale of investment contracts issued by EMI Sun Village, Inc. and Sun Village Juan Dolio, Inc.

#### **DEFENDANTS**

15. **James B. Catledge**, age 44 ("Catledge"), was the founder and controlling person of a series of multi-level marketing entities that sold investments in Elliott resorts. The first entity used for this purpose was Impact America, followed by Impact Net Worth, LLC and finally Net Worth Solutions, LLC (collectively, "Net Worth"). Catledge resides in the San Diego area.

16. **Derek F. C. Elliott**, age 41 ("Elliott"), was the President and controlling person of numerous entities formed under the Elliott name. He is a Canadian citizen and resides in Hillsburgh, Ontario.

17. **EMI Sun Village, Inc.**, a Turks and Caicos Islands corporation ("EMI Sun Village"), owned the Cofresi resort in the Dominican Republic and was the issuer of the securities representing investments in that resort. Elliott was the president of Sun Village Juan Dolio and made its management decisions.

18. **Sun Village Juan Dolio, Inc.**, a Turks and Caicos Islands corporation ("Sun Village Juan Dolio"), owned the Juan Dolio resort and was the issuer of the securities

representing investments in that resort. Elliott was the president of Sun Village Juan Dolio and made its management decisions.

19. **EMI Resorts (S.V.G.) Inc.**, a St. Vincent and Grenadines corporation (“EMI Resorts”) was the management company used by Elliott to manage Elliott properties in the Dominican Republic. It was 100% owned by Derek Elliott, and he was also its president. EMI Resorts received a management fee of 5% of the gross income of Cofresi and 7.5% of the gross income of Juan Dolio. This fee was paid from investor funds.

#### **RELIEF DEFENDANT**

20. **D.R.C.I. Trust**, a Cook Islands trust (“DRCI”), was created by Catledge on August 5, 2005. Its only beneficiaries are Catledge and his family members.

#### **STATEMENT OF FACTS**

##### **BACKGROUND**

##### **COFRESI RESORT AND THE RESIDENCE INVESTMENT PRODUCT**

21. Elliott and his father Fred Elliott originally purchased the Cofresi resort in 2003. By early 2004, they needed additional funds to finish construction and make repairs. At this juncture, a mutual friend told them they ought to meet Catledge, and that Catledge and his company Net Worth could help them raise the capital they needed.

22. In 2004, Elliott and Fred Elliott retained Catledge to raise money for the Cofresi resort.

23. Beginning in the fall of 2004, Elliott, through EMI Sun Village, Inc., offered and sold securities related to the Cofresi resort. These offers and sales were conducted through Net Worth.

24. Net Worth was structured as a multi-level marketing company, with Catledge at the top of the “pyramid.” Net Worth sales associates solicited potential investors, primarily in

the western United States, to purchase the resort interests. At the same time, Net Worth sales associates pressed clients to join the Net Worth MLM structure and recruit others as well. For this reason, the majority of investors were also Net Worth sales associates.

25. Catledge and Elliott developed an investment product related to the Cofresi resort which they termed the "Residence." Elliott also entered into a contract with Net Worth, providing that Net Worth would be the exclusive sales agent for the Residence product.

26. A purchaser of the Residence investment had the right to occupy room at Cofresi for a particular week or weeks, depending on how much he invested. If the investor chose not to use his time at the resort in a given year and allowed his unit to be rented out by the resort, he would receive a payment called a "non-use fee" ("NUF"). The NUF ranged from 8% to 12% of the amount invested and was paid quarterly.

27. Defendants represented to investors that after five years they would have the option of either having their principal returned, or rolling it over for another five years, at which point the NUF rate would increase. Finally, they would share in the appreciation of the value of the timeshare itself over time.

28. Both Elliott and Catledge personally told investors that the NUF was guaranteed.

29. Investors were given a schedule showing when they could expect to receive the NUF and what its exact amount would be. The Vacation Interval Ownership Agreement signed between the issuer and the Residence investor stated that the resort manager "will pay" the investor the NUF. Sales materials touted the investment's "quarterly income stream."

30. These representations, coupled with the fact that the NUF rate was much higher than was available at a traditional lending institution at the time, made the Residence investment extremely attractive to investors.

### **THE JUAN DOLIO RESORT AND THE PASSPORT INVESTMENT PRODUCT**

31. In 2005, although Cofresi was not completed, Elliott and his father decided to buy and develop another hotel in the Dominican Republic. The Elliotts bought the land and hotel in 2005 for \$12,617,060, consisting of the assumption of \$8.75 million in existing bank debt and a downpayment of approximately \$4 million. The new hotel was called Sun Village Juan Dolio.

32. At first, Elliott raised money from investors in Juan Dolio by selling the Residence product that had been used to raise money for Cofresi. Beginning in October 2005, however, he and Catledge began marketing another type of investment, called the Passport.

33. The "Passport" investment was a fractional ownership interest rather than a timeshare. Like the Residence investment, it was sold as a fixed income investment, but instead of an NUF fee the investor was promised a return of 5% annually on his investment, paid quarterly, until Juan Dolio opened. After that, the investor would share in the net rental proceeds for his unit 50/50 with the hotel operation, referred to as "splitting the rack."

34. Passport investors were required to invest half in cash and half by promissory note. This note bore interest at 8%, and investors were told, both orally and in closing documents, that payments would not begin until the resort opened. Investors who expressed unwillingness to assume more debt were assured that, when the resort did open, their payments from splitting the rack would cover their payments on these notes.

35. These investors, who invested 50% in cash and 50% by promissory note, were not told that the full amount of commissions deducted from their investment would be taken out of their cash downpayment. In this way, for example, an investor who invested \$100,000, paying \$50,000 in cash and \$50,000 in the form of a note, would have the full commission amount, which could be as much as 40%, or \$40,000, taken out of the \$50,000 cash downpayment. This left only \$10,000 in cash (10% of his investment) for resort construction and other expenses.

36. Ultimately the Residence and Passport investments were marketed and sold with respect to both Cofresi and Juan Dolio. Net Worth possessed exclusive marketing rights to sell both investments.

37. If a client showed interest in purchasing one of these investments he was urged to travel to the Dominican Republic for two to three days with a member of the Net Worth sales force. During their visit, however, prospective investors in Juan Dolio were housed at Cofresi and never allowed to actually see Juan Dolio.

38. In fact, the Juan Dolio resort construction was never finished, and it never opened to guests.

#### **DRCI**

39. In 2005, Catledge formed a trust under the laws of the Cook Islands by the name of D.R.C.I. (for Dominican Republic, Cook Islands). Catledge controlled DRCI and its beneficiaries were himself and his family members.

40. Although he received commissions from investor funds through Net Worth, Catledge used DRCI to funnel additional commissions to himself independently of Net Worth. DRCI received commissions at a rate of up to 8% on each investment. Total commissions received by DRCI were in excess of \$15 million through 2009.

#### **THE MICHEs RESORT**

41. In 2006 Elliott became interested in developing yet another resort in the Dominican Republic, even though Cofresi was losing money and Juan Dolio was still under construction. This oceanfront property, which was located on the northeast coast of the island, was to be called Miches.

42. Nearly \$7.5 million of Juan Dolio investor money was used to fund the down payment for the Miches land. The Juan Dolio investors were never told that their funds were being used for this purpose.

**THE RESIDENCE AND PASSPORT PRODUCTS WERE SECURITIES**

43. Investors were required to pay money to Defendants to purchase the Residence and Passport investments.

44. Investor proceeds were pooled in a common account.

45. If an investor did not use his residence or timeshare, the units were pooled and were managed by EMI Resorts, EMI Sun Village, or putatively, Sun Village Juan Dolio.

46. Investors had no role in the management of either the Cofresi or Juan Dolio resort. In fact, no investor was permitted to visit the Juan Dolio resort.

47. Purchasers of the Residence and Passport products expected to make money from the NUF cash flow and the appreciation of the underlying investment.

48. Purchasers of the Residence and the Passports products were not expected to do anything other than transfer funds and/or sign promissory notes in exchange for the promised returns.

**SALES AND MARKETING OF RESORT INVESTMENTS**

49. Brochures and sales materials, after they had been revised, reviewed and approved by Catledge, were used to market the Cofresi and Juan Dolio investments.

50. The finished sales materials were sent to Catledge in Las Vegas so that they could be provided to potential investors by the Net Worth sales force.

51. Catledge and Elliott also created and used a visual presentation entitled "Real Estate Secrets of the Wealthy." This presentation was intended to convince people to use their

home equity and savings to invest in the Residence and Passport securities. This presentation was shown to large groups of people, mostly in the western United States, at road shows conducted by Elliott and Catledge.

52. During road shows, Catledge and Elliott, among others, told investors to avoid the stock market and leveraged funds (i.e., home equity) to invest in risk ventures.

53. The “Real Estate Secrets of the Wealthy” presentation introduced the Elliott resorts, stating that resorts were “income producing real estate;” that they were secured by highest occupancy and number one vacation destination in the Caribbean; and that they provided “liquidity with resort ownership.”

#### **THE IDAHO CONSENT DECREE**

54. Between 2005 and 2007, Net Worth raised \$3.4 million in Idaho from purchasers of interests in Cofresi and Juan Dolio. In July 2007, however, after an investigation by the State of Idaho Department of Finance, Elliott, Catledge and several of their respective related entities entered into a consent decree with the Department, and agreed to make rescission offers to all Idaho purchasers referenced in the decree. They never rescinded the offers. In February 2009 the state of Idaho attorney general filed a complaint against them.<sup>1</sup>

55. The complaint alleged that, in raising money for both the Cofresi and Juan Dolio resorts, the defendants had been selling a security because most, if not all, purchasers had bought their interest in the resort as an investment, in order to receive the NUF or 5% Passport return. It alleged that the offers and sales by the defendants had violated Idaho securities laws.

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<sup>1</sup> State of Idaho Department of Finance v. Derek Elliott et al., CV-OC-0903323 (District Court for the Fourth Judicial District, Ada County, February 20, 2009).

### USE OF PROCEEDS

56. Through the efforts of Net Worth, Catledge and Elliott, investors bought approximately \$72.6 million worth of investments in Cofresi and approximately \$91.2 million worth of investments in Juan Dolio, for a total raised of nearly \$164 million.<sup>2</sup>

57. Although approximately \$91.2 million was raised from investors in Juan Dolio, Elliott spent only approximately \$8 million on its construction, of which \$1.8 million or more was classified as construction payroll.

58. Therefore, only approximately 9% of the money raised from Juan Dolio investors was spent on construction.

59. Instead, investor funds were funneled to the payment of commissions, to Net Worth, Catledge, and Elliott and his related entities.

60. From the nearly \$73 million invested in Cofresi, \$21.1 million (29%) was paid out in commissions. For Juan Dolio, of the approximately \$91 million raised, \$37.8 million (42%) went to commissions. Total commissions paid out of investor funds, for both resorts, amounted to approximately \$58.9 million (36%).

61. The commission structure was created jointly by Catledge and Elliott. Catledge kept close track of the commissions due him through DRCI and insisted on being paid weekly.

62. During the time these huge commissions were being taken, Cofresi was experiencing millions of dollars in losses from operations. Even early on, from inception through December 31, 2006, the consolidated accumulated losses from the Cofresi resort, including commissions of \$8,657,000 that should have been expensed in accordance with International Accounting Standards, totaled \$32,609,444 as of December 31, 2006. In fact, Cofresi lost money every year through 2008.

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<sup>2</sup> These figures include both Residence and Passport investments.

63. Ultimately, Cofresi and Juan Dolio could not pay their debt obligations, and lenders foreclosed on both properties in 2009.

64. Catledge and Elliott acted as unregistered brokers in connection with their offers and sales of resort investments. They did so by actively and continuously soliciting investors and handling investor funds.

#### **SALE OF UNREGISTERED SECURITIES**

65. Defendants did not register the Residence and Passport securities.

66. Defendants offered and sold the Residence and Passport securities through general solicitations and advertising in the form of invitations to seminars.

67. The Residence and Passport securities were sold to unaccredited investors who were not provided with a Private Placement Memorandum or other similar information that would be included in a registration statement.

68. Investors were not provided with audited financial statements.

#### **MISREPRESENTATIONS AND OMISSIONS**

69. Defendants did not disclose to investors the true extent of the commissions that were being paid out of their investments in the resorts; nor were investors ever told that these commissions would be deducted from their investment before any monies ever went to the resorts.

70. Defendants represented to investors that the NUF was guaranteed, when in fact a number of factors, including mortgages on the resorts and the imposition of extremely high commission rates, could have and did prevent the NUF from being paid.

71. Defendants represented to investors, both directly and in promotional literature, that the Cofresi resort was profitable. Elliott personally assured an investor that Cofresi was profitable and had income from its spa, tours and beach rentals. This led investors to believe that Cofresi

profits would be available to pay their NUFs and to fund construction at Juan Dolio. Nevertheless, Cofresi lost money every year through 2008.

72. Defendants falsely told investors that the returns were guaranteed. In fact, the Vacation Interval Ownership Agreement states that the resort manager “will pay” the investor the NUF.

73. Defendants did not disclose to Juan Dolio investors the true uses to which their funds were being put. Instead, Defendants represented to investors that “100% of invested capital goes to work for the Owner.”

74. In fact, Juan Dolio investor funds were used to pay expenses of Cofresi; to buy a yacht as an amenity for the resort; and to buy the Miches property. The amounts spent from Juan Dolio funds on Cofresi expenses were recorded as “loan to EMI Sun Village/ Cofresi” on the financial statements of Juan Dolio. As of mid-2008 this loan amount was recorded at over \$11 million on the books of Juan Dolio. These facts were not disclosed to investors.

75. Juan Dolio investor funds were also used to pay NUFs to Cofresi investors. Consequently, the Elliott resorts operated as a Ponzi scheme.

76. Catledge falsely represented to an investor that the Juan Dolio resort carried no debt. In fact, Juan Dolio was encumbered by \$8.75 million in debt to two banks. Elliott eventually ceased making payments on these loans in late 2008 or early 2009. When the banks foreclosed on Juan Dolio, investors lost their investment.

77. Defendants failed to disclose to investors the existence of the Idaho consent decree, in which Catledge, Elliott and certain of their related entities consented to an order which stated that they had violated the Idaho securities laws and made misrepresentations to investors.

78. Defendants' misrepresentations and omissions were material. Had the investors known of these serious misrepresentations, they would not have invested in the resorts.

**DEFENDANTS KNEW, OR WERE RECKLESS IN NOT KNOWING, THAT THE REPRESENTATIONS TO INVESTORS WERE FALSE**

79. Defendants knew or should have known that they did not disclose the true amount of commissions to investors.

80. Defendants knew or should have known that Cofresi did not operate at a profit and thus did not have revenue to pay returns.

81. Defendants knew or should have known that one resort, Juan Dolio, was never completed.

82. Defendants knew or should have known that investor funds raised for Juan Dolio were used to purchase Miches, a use of funds that was never disclosed to investors and in which investors did not have an interest.

83. Defendants knew or should have known that Juan Dolio was encumbered by bank debt.

84. Defendants knew or should have known that they were subject to an Idaho consent decree which was not disclosed to investors.

**CATLEDGE AND ELLIOTT ACTED AS UNREGISTERED BROKERS**

85. Catledge and Elliott sold securities in the form of investment contracts to residents of many states, including Nevada.

86. Catledge and Elliott sold securities that should have been registered.

87. Catledge was not employed by EMI Sun Village or Sun Village Juan Dolio.

88. Elliott and Catledge were subject to a consent decree entered by an Idaho court.

89. Elliott and Catledge actively sought investors to purchase the Passport and Residence securities.

90. Elliott and Catledge gave investors investment advice through their visual presentation entitled "Real Estate Secrets of the Wealthy."

**FIRST CAUSE OF ACTION**  
**EMPLOYMENT OF A DEVICE, SCHEME OR ARTIFICE TO DEFRAUD**  
**Violation of Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)]**

91. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through \_\_, above.

92. Defendants, and each of them, by engaging in conduct described above, directly or indirectly, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, with scienter, employed devices, schemes, or artifices to defraud.

93. By reason of the foregoing, Defendants, and each of them, directly or indirectly, violated, and unless restrained and enjoined by this Court, will continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

**SECOND CAUSE OF ACTION**  
**FRAUD IN THE OFFER AND SALE OF SECURITIES**  
**Violations of Section 17(a)(2) and (3) of the Securities Act**  
**[15 U.S.C. § 77q(a)(2) and (3)]**

94. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through \_\_, above.

95. Defendants, and each of them, by engaging in the conduct described above, directly and indirectly, in the offer and sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, obtained money or property by means of untrue statements of material fact or by omitting to state a

material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and engaged in transactions, practices, or courses of business which operate or would operate as a fraud or deceit upon the purchaser.

96. By reason of the foregoing, Defendants, and each of them, directly or indirectly, violated, and unless restrained and enjoined will continue to violate, Section 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

**FOURTH CAUSE OF ACTION**  
**OFFER AND SALE OF UNREGISTERED SECURITIES**  
**Violation of Sections 5(a) and (c) of the Securities Act [15 U.S.C. § 77e(a) and (c)]**

97. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through \_\_\_, above.

98. Defendants EMI Sun Village, Sun Village Juan Dolio, Elliott and Catledge, and each of them, by engaging in the conduct described above, directly or indirectly, through use of the means or instruments of transportation or communication in interstate commerce or the mails, offered to sell or sold securities or, directly or indirectly, or carried such securities through the mails or in interstate commerce, for the purpose of sale or delivery after sale.

99. No registration statement has been filed with the Commission or has been in effect with respect to these securities.

100. By reason of the foregoing, Defendants EMI Sun Village, Sun Village Juan Dolio, Elliott and Catledge directly or indirectly violated, and unless enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

**FIFTH CAUSE OF ACTION  
OFFER AND SALE OF SECURITIES BY AN  
UNREGISTERED BROKER OR DEALER  
Violation of Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)]**

101. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through \_\_, above.

102. Defendants Catledge and Elliott, directly or indirectly, made use of the mails or the means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase and sale of, securities without being registered as a broker or dealer with the Commission or associated with a broker-dealer registered with the Commission.

103. By reason of the foregoing, Defendants Catledge and Elliott violated, and unless restrained and enjoined will continue to violate, Section 15(a) of the Exchange Act [15 U.S.C. 78o(a)].

**SIXTH CAUSE OF ACTION  
UNJUST ENRICHMENT**

104. The Commission re alleges and incorporates by reference the allegations contained in Paragraphs 1 through \_\_, above.

105. As a result of the unlawful conduct of Defendant Catledge, Relief Defendant DRCI has been unjustly enriched, and it would be unjust and inequitable for it to retain those funds and/or property.

**RELIEF REQUESTED**

WHEREFORE, the Commission respectfully requests that this Court:

**I**

Issue findings of fact and conclusions of law that Defendants committed the violations charged herein.

**II**

Issue in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure orders that preliminarily and permanently enjoin Catledge, Elliott, EMI Sun Village and Sun Village Juan Dolio and their officers, agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from engaging in transactions, acts, practices, and courses of business described herein, and from engaging in conduct of similar purport and object in violation of Sections 5(a), 5(c) and 17(a) of the Securities Act.

**III**

Issue in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure orders that preliminarily and permanently enjoin EMI Resorts and its officers, agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from engaging in transactions, acts, practices, and courses of business described herein, and from engaging in conduct of similar purport and object in violation of Section 17(a) of the Securities Act.

**IV**

Issue in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure orders that preliminarily and permanently enjoin Catledge and Elliott and their respective agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from engaging in transactions, acts, practices, and courses of

business described herein, and from engaging in conduct of similar purport and object in violation of Section 15(a) of the Exchange Act.

**V**

Enter an order directing Defendants, and each of them, to pay civil money penalties pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act.

**VI**

Enter an order directing Defendants and Relief Defendant to disgorge all ill-gotten gains received during the period of violative conduct and pay prejudgment interest on such ill-gotten gains.

**VII**

Declare and impose a constructive trust on all property received by Relief Defendant DRCI, and require it to disgorge the property it obtained from Catledge as a result of the illegal conduct alleged herein.

**VIII**

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

Dated May 24, 2012.

Respectfully submitted,

/s/ Thomas M. Melton

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