

**BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS**

In the Matter of:

RESORT HOLDINGS INTERNATIONAL, INC.,
MICHAEL E. KELLY,
JAMES HERMAN MUNSTER II,
LEROY HARE, JR.,
LOUANN SORENSEN,

Docket No. 06 E 022
KSC No. 2005-5007

and Their Representatives and Agents,

Respondent.

_____/

A proceeding pursuant to K.S.A. 17-1266a and
Kansas Uniform Securities Act, K.S.A. 17-12a604(a)

STIPULATION FOR CONSENT ORDER FOR MICHAEL E. KELLY

This proceeding follows an investigation conducted by the Office of the Securities Commissioner of Kansas. As a result of this investigation, on March 3, 2006, the Commissioner issued a Notice of Intent to Invoke Administrative Sanctions. This Notice (attached as Exhibit 1) contained allegations of fact and conclusions of law in 42 separate paragraphs. These allegations are incorporated by reference.

Respondent Michael E. Kelly, wishing to obtain a disposition of the above referenced matter without invoking his right to a hearing, has determined not to contest the issuance of the attached Consent Order.

IT IS, THEREFORE, STIPULATED AND AGREED by and between Respondent Michael E. Kelly and the staff of the Office of the Kansas Securities Commissioner that:

1. The attached Consent Order may be issued by the Securities Commissioner of Kansas without further proceedings.

2. The attached Consent Order shall constitute neither an admission nor a denial that the allegations serving as a basis for the Consent Order are true.
3. Respondent Michael E. Kelly waives his right to any hearing prior to the issuance of the attached Consent Order.
4. Respondent Michael E. Kelly agrees to cease and desist from violations of the Kansas Uniform Securities Act.
5. Respondent Michael E. Kelly represents, under penalty provided by K.S.A. 17-12a505(a), that those investments listed in Exhibit 2 are a complete and accurate representation of investments made by Kansas residents (“Kansas Claimants”) in Respondent Resort Holdings International, Inc., less any payments or withdrawals by Kansas residents from Resort Holdings International, Inc.
6. The parties acknowledge that there is pending against Michael E. Kelly in the United States District Court for the Northern District of Illinois, Eastern Division a case entitled United States of America v. Michael E. Kelly, Case No. 06 CR 964 (“Kelly criminal case”).
7. The parties acknowledge that a Special Master was appointed in the Kelly criminal case on February 10, 2009, to assist the Court in, among other things, distributing restitution from a Restitution Fund.
8. Subject to approval by the Court in the Kelly criminal case, the Kansas Claimants shall participate in restitution on terms provided by the Court.

9. It is contemplated, but subject to approval by the Court, that the Kansas Claimants will participate on a pro rata basis with other claimants in the Restitution Fund to be calculated on the basis of: (actual dollars invested x pro rata multiplier (if appropriate)) – withdrawals/payments previously received.
10. In the event the Restitution Fund either does not come into existence or receives no funds in excess of administrative costs, then Respondent Michael E. Kelly agree to pay restitution in the amount of \$332,750.73.
11. Respondent Michael E. Kelly agree that any payment made to the Office of the Kansas Securities Commissioner shall be submitted by certified check or money order.
12. Michael E. Kelly shall be barred from association with any broker-dealer or investment adviser registered in this state.
13. The Office of the Kansas Securities Commissioner shall pay out any restitution pro-rata as per Exhibit 2.
14. The Office of the Kansas Securities Commissioner shall take no further action regarding the violations alleged herein unless new information of a material nature that was not known and could not reasonably have been known at the time of execution of this Stipulation is discovered.

Approved:

/s/ Michael E. Kelly
Michael E. Kelly
As an Individual

June 2, 2010
Date

This instrument was signed before me on this ____ day of _____, 2010,
by Michael E. Kelly as an Individual.

(seal)

Notary Public

My appointment expires: _____

Office of the Securities Commissioner of Kansas:

/s/ Wiley B. Kannarr
Wiley B. Kannarr
Associate General Counsel

June 4, 2010
Date

INVESTOR	ADDRESS	SALE DATE	LEROY AMOUNT	LOU ANN AMOUNT	SOURCE OF FUNDS	VICTIM'S D/O/B	APPROX. AGE AT TIME OF INVESTMENT	COMPEN-SATION PLAN	SALES-PERSON	
		7/24/02	\$52,114.91		IRA			3A	Hare, LeRoy	
		6/19/02	\$10,000.00		IRA			3A	Hare, LeRoy	
		10/25/02	\$5,000.00		CASH			3A	Hare, LeRoy	
		10/25/02	\$10,000.00		CASH			3A	Hare, LeRoy	
		10/17/02	\$17,329.46		IRA			3A	Hare, LeRoy	
		10/18/02	\$33,344.25		IRA			3A	Hare, LeRoy	
		9/17/02	\$49,825.71		IRA			3A	Hare, LeRoy	
		7/5/02	\$7,000.00		CASH			3A	Hare, LeRoy	
		11/26/02	\$11,000.00		CASH			3A	Hare, LeRoy	
		10/8/02	\$11,470.00		IRA			3A	Hare, LeRoy	
		11/27/02		\$25,000.00	CASH			3A	Sorenson, Lou Ann	
		3/27/03		\$5,000.00	CASH			3A	Sorenson, Lou Ann	
		11/27/02		\$20,000.00	CASH			3A	Sorenson, Lou Ann	
		6/18/02	\$47,000.00		IRA			3A	Hare, LeRoy	
		6/18/02	\$12,000.00		IRA			3A	Hare, LeRoy	
		12/9/02		\$18,124.30	IRA			3A	Sorenson, Lou Ann	
		7/3/02	\$17,255.08		IRA			3A	Hare, LeRoy	
		1/8/03		\$13,409.01	CASH			3A	Sorenson, Lou Ann	
		9/9/03		\$0.00	401K			3A	Sorenson, Lou Ann	
		(9/09/03)							(Sorenson, Lou Ann)	
		7/29/02	\$6,728.71		IRA			3A	Hare, LeRoy	
Sales by Hare (14)			\$290,068.12							
Sales by Sorenson (5)				\$81,533.31						
Total known Kansas sales (19)				\$371,601.43						
				5						

