

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:	)	
	)	
UNIVERSAL LUXURY COACHES, LLC	)	ADMINISTRATIVE ORDER
TOMMY WHITE	)	NO. CD-2005-00 31
JAMES P HOLLIS	)	
JOHN LANG	)	
SCOTT SPOR	)	
	)	
<u>RESPONDENTS</u>	)	

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, has determined as follows.

RESPONDENTS

1. UNIVERSAL LUXURY COACHES, LLC ("ULC") was a Florida Corporation with a principal business address of 4441 Orange Blvd, Sanford, Florida 32771.
2. TOMMY WHITE ("WHITE") was a representative/salesman of ULC. He has a residential address of 762 Collins Road, Dothan, Alabama 36305.
3. JAMES P. HOLLIS ("HOLLIS") is a Florida resident with a principal business address of 4441 Orange Blvd, Sanford, Florida 32771. HOLLIS, during all times relevant to this complaint, was Vice President of marketing at ULC.
4. JOHN LANG ("LANG"), dba HERITAGE MARKETING, INC. (HERITAGE) was a representative/salesman of ULC. He has an address of 115 St. Joseph Street, 2<sup>nd</sup> Floor, Brewton, Alabama 36426.

5. SCOTT SPOR ("SPOR") is a Florida resident with a principal business address of 4441 Orange Blvd, Sanford, Florida 32771. SPOR, during all times relevant to this complaint, was the President at ULC.

### STATEMENT OF FACTS

6. According to information received from the Bureau of Financial Investigations, Florida Office of Financial Regulation (BFI), ULC offered "timeshare lease interests based on points with a right to use a motor coach for the number of points purchase." The primary assets of the program were the motor coaches.

7. According to offering materials, the program consisted of "Universal Luxury Lease Agreements" between Universal and the investors whereby the investors purportedly purchased a lease (Lease) of a luxury motor coach (Unit). Information available to the Commission also indicated that, under the program, ULC purportedly maintained the Units for the investors and rented the units to tenants for the investors. The program offered the investors a 10% monthly return. The minimum amount an investor could invest in the program was \$5000.00. The term of the program was three (3) years with a 100% buyback by ULC at the end of three (3) years.

8. This program was created to provide members with a means to place their "leasehold ownership interest" points from the plan into a secure and reliable means of monthly rental income.

9. Also, according to offering materials, the investors were to be credited with an additional 5% of their principal if they were charged a penalty fee for early withdrawal/surrender of a previously purchased investment that was transferred to ULC. According to SPOR, in an interview with an investigator from the Florida BFI, if the investor was charged a surrender fee for withdrawing an investment from another company prematurely to invest in ULC, a check would not be written back to the investor for the 5% surrender fee "return", but ULC would pay 5% of the principle back to the investor by way

of adding it to the “investment”. SPOR said all agents of ULC knew about the 5% surrender fee return, but were instructed not to disclose this to the client until after the sale.

10. HOLLIS' duties were to develop a marketing team for ULC that would be capable of selling the time-share product developed by ULC. As compensation for his involvement, Hollis was to receive a commission of 3% on all sales. This amounted to a total commission of \$148,796.

11. HOLLIS recruited sub-marketers for ULC creating an up-line path for commissions. Through HOLLIS' efforts, a sales force of 185 agents was recruited to sell the ULC investment. Information received indicates that WHITE and LANG were recruited as part of the sub-marketing force. Information received also indicates that no agent received a commission less than 8%.

12. Florida BFI agents were given marketing materials produced by ULC. This included documents regarding the ULC Lease Plan; a public offering statement; investor enrollment forms—which included instructions for the agent; brochures and materials regarding the motor coaches; and a CD ROM, which provided the public offering statement in CD format. A review by the Alabama Securities Commission Registration Division disclosed no filing of the public offering documents for ULC.

13. At the time of sale, the agents filled out the following forms regarding the investor: new business transmittal, personal information/suitability questionnaire, receipt for timeshare document, receipt for CD ROM version of timeshare documents, lease, contract for lease plan, affinity rental program agreement, and the funds transfer form. Portions of these documents were filled out by the sales agent and signed by the investor.

14. From December 2002 to September 2003, ULC offered and sold at least \$7 million of the ULC unregistered securities to over 153 investors in 20 states.

15. A review of the Florida BFI licensee database, the National Association of Security Dealers (NASD) Central Registration Depository (CRD), and ASC Registration database shows that neither WHITE, HOLLIS, LANG, SPOR nor any other unnamed persons or entities were registered to sell the ULC securities in the State of Alabama. Although SPOR has passed the Series 6, 7, and 63 exams, which would qualify him to sell variable contracts and securities, he had never held a position in those employment fields in the states of Florida or Alabama.

16. The Florida BFI had ruled that "The Option Four Affinity Rental Program" appears to meet the "Howey Test" and would therefore be considered an investment contract. Investment contracts are securities by definition and the offer or sale of such a product in Florida would need to be made in compliance with Chapter 517, Florida Statutes.

17. For the purpose of this order, and at all times relevant to this complaint, WHITE portrayed himself to an Alabama resident to be an agent and representative of ULC. In addition, WHITE, HOLLIS, LANG AND SPOR were not registered as broker dealers or agents, investment advisors, or investment advisor representatives in any state at the time they promoted and/or sold investments in ULC.

#### CONCLUSIONS OF LAW

18. ULC, WHITE, HOLLIS, LANG AND SPOR were not registered as broker dealers or agents in the state of Alabama. The offer and/or sale of securities by an unregistered broker dealer or agent within or into the state of Alabama is a violation of § 8-6-3(a), Code of Alabama, 1975.

19. The securities being solicited and sold by WHITE, HOLLIS, LANG, and SPOR, to wit: the investment contracts for the leasehold ownership program of ULC, were not registered in the state of Alabama. The sale of unregistered securities, into,

within, or from the state of Alabama is a violation of section 8-6-4, Code of Alabama 1975.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

**ACCORDINGLY, IT IS HEREBY ORDERED** that RESPONDENTS immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama

Entered at Montgomery, AL, this 7<sup>th</sup> day of September, 2005.

ALABAMA SECURITIES COMMISSION  
770 Washington Avenue, Suite 570  
Montgomery, AL 36130-4700  
(334) 242-2984

BY:

  
JOSEPH P. BORG  
Director

