

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA,) No. 06 CR 964
)
 v.) Hon. Judge Ronald Guzman
)
MICHAEL E. KELLY)

**MOTION FOR AN ORDER AUTHORIZING THE SPECIAL MASTER TO
TERMINATE MANAGEMENT AGREEMENTS AND UNPAID UNIVERSAL LEASES**

Douglas A. Doetsch, not individually but solely as the court-appointed Special Master (the “Special Master”) in the *United States of America v. Michael E. Kelly*, by and through his attorneys, respectfully submits this Motion for an Order Authorizing the Special Master to Terminate Management Agreements and Unpaid Universal Leases (the “Motion”). In support of the Motion, the Special Master represents as follows:

I. BACKGROUND

1. On October 9, 2008, the Court issued an order [Dkt. #87] granting the United States’ agreed motion for appointment of a special master, pursuant to 21 U.S.C. § 853(e) and 18 U.S.C. § 3664(d)(6), to assist the Court in preserving and repatriating the Defendant’s assets potentially subject to forfeiture, administering their liquidation, and distributing restitution to the victims of the Defendant’s fraud (the “Victims”).

2. On February 10, 2009, the Court issued an order [Dkt. #100] appointing Douglas A. Doetsch as Special Master (the “February 10, 2009 Order”).

3. Under the terms of the February 10, 2009 Order, the Special Master presented a plan of action to this Court on June 19, 2009 [Dkt. #139] to: (a) advise the Court of the Special Master’s appraisal and valuation of the assets subject to liquidation for restitution (the “Assets”); (b) determine whether additional funds will be necessary to make full restitution to the victims

and pay the fees and expenses of the Special Master and his retained professionals; (c) if necessary, advise the Court as to additional steps that need to be taken to investigate, evaluate, obtain, and liquidate such Assets; and (d) recommend a methodology, timetable and approximate cost associated with the control, possession, and liquidation of the Assets with an end goal of making restitution to the victims.

4. On July 17, 2009, the Special Master, with the assistance of Jáuregui y Navarrete, S.C. (“JN,” formerly known as Jáuregui, Navarrete y Nader or JNN), Mexican counsel to the Special Master, and Arias, Fabrega & Fabrega (“ARIFA”), Panamanian counsel to the Special Master, completed the formation of a trust in Mexico to hold the Assets (the “Restitution Trust”).

5. Pursuant to the Amended Claims Procedure Order approved by this Court on June 14, 2010 [Dkt. #419], the Special Master and the Special Master’s Claim Processing Agent, Stenger & Stenger, P.C. (“Stenger”) sent Victim Claim Forms to the Victims with the total restitution amount that each Victim is entitled to receive should the Special Master be able to make full restitution to all Victims (the “Total Restitution Amount”).

II. RELIEF REQUESTED

6. In order to maximize the value of certain hotels subject to the Restitution Trust and thereby maximize the restitution to the Victims, the Special Master requests authorization to terminate certain encumbrances on the hotels.

III. DISCUSSION

A. The Hotels

7. The Avalon Grand Cancún Hotel, the Avalon Reef Club Isla Mujeres Hotel, the Avalon Baccara Hotel, and the Avalon Excalibur Acapulco Hotel (collectively, the “Hotels”) are hotels located in Mexico. The Hotels are subject to the Restitution Trust.

8. The Hotels currently maintain a vacation club program for each property (the

“Vacation Club”), pursuant to which clients can purchase time-shares allowing the use of predetermined weeks at the Hotel(s) annually.

9. In the Twelfth Status Report of the Special Master [Dkt. #779], the Special Master reported that based on an FTI Consulting, Inc. (“FTI”) valuation, the Hotels have a combined total estimated net realizable value of between USD11,900,000 and USD13,100,000.

10. The Special Master and Frontera Capital Advisors, LLC (“Frontera”) have prepared marketing materials and are developing a sales strategy for each of the Hotels.

B. The Universal Leases and Management Agreements

11. The Hotels are encumbered by the Universal Lease Agreements (the “Universal Leases”). See Letter from JN to Douglas A. Doetsch, Esq., Solely in his capacity as Special Master (August 15, 2011), attached hereto as Exhibit A.¹ The Universal Leases were used as a part of Mr. Kelly’s Ponzi scheme. Each of the Victims entered into one or more Universal Leases. By entering into a Universal Lease, a Victim purchased the right to use a specific room in one of the Hotels for a certain number of weeks each year or every other year for twenty-five (25) years. The Universal Leases give the Victims the option to extend the terms of the Universal Leases for an additional twenty (20) years.

12. The lessors of the Universal Leases are Resort Holdings International, S.A. and Yucatán Resorts, S.A. (the “Lessors”).

13. On September 22, 2011, Stenger estimated that the total number of Victims is 9,145 and that the total number of Universal Leases is 10,895. As of November 29, 2011, the total number of claims is 8,384.²

¹ The letter from JN attached as Exhibit A also discusses Residence Club Memberships, which are not relevant to this Motion.

² A claim can refer to a single Universal Lease or multiple Universal Leases owned by the same Victim(s), and multiple Victims together may have a single claim. Therefore, the total number of claims

14. A Victim's failure to pay the Annual Fee (as defined in the Universal Leases) constitutes a default and gives the Lessors the right to terminate the Universal Lease. Such termination requires the delivery of a written default notice allowing a cure period of ten (10) working days (the "Cure Period"). If the default is not cured during the Cure Period, the Universal Lease is subject to termination. See Letter from JN to Douglas A. Doetsch, Esq., Solely in his capacity as Special Master (April 1, 2011), attached hereto as Exhibit B.³

15. The return to the Victims that the Special Master can achieve through the sale of the Hotels is limited by the risk facing any potential buyer that Victims may bring claims against such potential buyer. To address this problem, and pursuant to the Superseding Claims Procedure Order approved by the Court on July 28, 2010 [Dkt. #460], Stenger, on behalf of the Special Master, sent the Victims a Substitute Waiver/Release (the "Substitute Waiver") for each claim that asked the Victims to sign a release of any claims they might have against any purchaser, or any successor in interest to such purchaser, of any "Kelly Asset," which includes the Hotels.

16. As of December 6, 2011, 6,807 Substitute Waivers have been returned to Stenger. Of the total number of Substitute Waivers returned, 5,865 include a signed release. However, 942 Substitute Waivers have been returned without a signed release. Substitute Waivers for the remaining 1,577 claims have not been returned despite Stenger's repeated attempts to contact the Victims associated with such claims.

17. In addition to the Universal Leases, many Victims also entered into third party rental management agreements or management agreements (collectively, the "Management Agreements") with World Phantasy Tours, Inc. d/b/a Viajes Majesty and Majesty Travel,

is less than the total number of Universal Leases and the total number of Victims.

³ The letter from JN attached as Exhibit B also discusses termination of Residence Club Memberships, which are not relevant to this Motion.

Miramar Vacation Rentals S.A., or Galaxy Properties Management, S.A., (collectively, the “Management Companies”). See Exhibit A. The Management Companies were promoted by Michael E. Kelly to be independent third party management companies that would rent a Victim’s Universal Lease, at the Victim’s election, in exchange for a guaranteed rate of return regardless of whether the rooms were actually rented. In fact, the Management Companies formed the basis of Mr. Kelly’s Ponzi scheme.

18. The Management Agreements contain a provision granting the Management Companies the right to terminate the Management Agreements, without cause or penalty, and for any reason, upon thirty (30) to ninety (90) days written notice. See Exhibit B.

19. Frontera has advised the Special Master that the realizable value of the Hotels could be improved if the contingent liabilities created by the Universal Leases and Management Agreements are resolved, and that it may be difficult to find potential buyers otherwise.

C. Proposed Solution

20. The Special Master has considered the options available to address the Universal Leases’ and Management Agreements’ effect on the marketability of the Hotels. In light of such considerations and the Special Master’s duties and powers (as described in the February 10, 2009 Order), the Special Master requests that the Court enter an order authorizing the Special Master to take the following steps:

1) Contact the Victims to Terminate Their Management Agreements and Explain Their Options Relative to the Universal Leases

21. The Special Master, with the cooperation of the individuals who have the authority to terminate the Management Agreements and unpaid Universal Leases on behalf of the Management Companies and Lessors, will send the Victims who have not returned signed releases letters terminating their Management Agreements and explaining their options relative

to the Universal Leases (the "Letters"). The proposed form of the Letter is attached hereto as Exhibit C. Each Letter will explain that if the Victim entered into a Management Agreement, such Management Agreement will be terminated ninety (90) days from the date of the Letter. As noted above, this proposed 90 day notice period is the maximum notice period required by any Management Agreement.

22. Each Letter will include a schedule of maintenance fees due for 2011 under the Victim's respective Universal Lease (the "Fees"). The Fees will be based on the fees due for each type of unit under the Victim's Universal Lease, plus percentage increases based on the yearly increases in the Consumer Price Index (CPI) from 2005 through 2011. A chart outlining the calculations of the Fees will be attached to the Letter and is attached to the proposed form of the Letter, see Exhibit C.

23. The Letters will *not* ask the Victims to pay any maintenance fees from previous years. Consistent with the Cure Period defined above, the Letters will give the Victims eighteen (18) days from receipt of the Letter to pay the Fees before their Universal Leases are terminated (the "Payment Period").

24. This 18-day Payment Period will also give Victims adequate time to comment on and/or object to the termination of their Management Agreements and the potential termination of their Universal Leases.

25. The Letters will explain that Victims who choose to pay their Fees and use their respective Universal Leases will reduce the Total Restitution Amount for which they are eligible. The amount of such reduction will be determined by the table below, which outlines the weekly valuation of a potential Vacation Club membership based on the size of a Victim's room(s) under the Victim's Universal Lease(s):

Studio	\$12,495
1 bedroom	\$17,343
2 bedroom	\$23,664
3 bedroom / Penthouse / Other	\$30,150

Thus, to calculate the amount of the reduction for a Victim who chooses to pay his/her Fees, the corresponding amount in the above chart will be multiplied by the number of weeks in the Victim's Universal Lease. Furthermore, Victims who choose to pay their Fees and use their Universal Leases will be asked to sign a new Vacation Club contract for the remaining time period left under their Universal Leases.

26. The Letters will also explain that Victims who choose *not* to pay their Fees will have their Universal Leases terminated and will no longer be entitled to use their Universal Leases. However, their ability to participate in the restitution program will not be affected and they will maintain standing to request any remedies they might have against Michael E. Kelly or any agent, servant, or co-conspirator of Michael E. Kelly.

27. The Special Master believes that most Victims will choose not to pay their Fees. However, for those Victims who choose to pay their Fees, the Special Master will ask ResortCom International ("ResortCom"), the company currently managing the Vacation Club, to manage such Victims' Universal Leases. The Fees and any future fees would be paid through ResortCom and be applied to the operating costs of the Hotels.

28. As noted above, some Victims have not responded to the Substitute Waivers that were sent to them, despite Stenger's repeated attempts to contract such Victims. If any Victim similarly does not respond to the Letter, the Special Master will exercise his authority to direct

the termination of such Victim's Universal Lease(s) and Management Agreement(s) after the applicable notice periods have ended (as noted above, the proposed notice periods are 18 and 90 days). The Special Master believes that this proposed course of action is the best option given the efforts that have been made to contact the Victims, the minimal harm to the Victims that will result from termination of the Universal Leases and Management Agreements, and the benefit to the Victims that will be realized by maximizing the proceeds of the eventual sale of the Hotels.

2) Contact the Victims Who Chose Not to Pay Their Fees at the Close of the Payment Period

29. Finally, at the end of the Payment Period, the Special Master will send a second letter to the Victims who chose not to pay their Fees informing them that their Universal Leases have been terminated and reiterating their rights as described above (the "Second Letter"). The proposed form of the Second Letter is attached hereto as Exhibit D.

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IV. CONCLUSION

WHEREFORE, the Special Master respectfully requests that the Court enter an Order granting the relief requested herein and for such other and further relief as is just and equitable.

RESPECTFULLY SUBMITTED this **13th day of December, 2011**.

DOUGLAS A. DOETSCH,
Special Master

By: /s/ William R. Stone
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Counsel to the Special Master

EXHIBIT A

August 15, 2011

VIA COURIER

Douglas A. Doetsch, Esq.
Solely in his capacity as Special Master
c/o Mayer Brown LLP
71 South Wacker Drive
Chicago, IL 60606

Dear Mr. Doetsch:

We refer to your consultation in your capacity as the court-appointed Special Master (the “**Special Master**”) regarding the United States of America v. Michael Kelly case, as recorded in Court Order dated February 10, 2009, regarding the proposed: (i) sale of the Avalon Excalibur Acapulco Hotel (the “**Guerrero Hotel**”), located in Acapulco, State of Guerrero, (ii) assignment of the use and exploitation rights of the Avalon Reef Club Isla Mujeres Hotel, located in Isla Mujeres, State of Quintana Roo, granted pursuant to the terms and conditions of Concession DGZF-309/00 (the “**Concession**”), issued by the Ministry of the Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*) (the “**SEMARNAT**”) to Yucatán Properties, S.A. de C.V. (“**Yucatán Properties**”), and (iii) sale of the Avalon Grand Cancún Hotel and the Avalon Baccara Hotel, both located in Cancún, State of Quintana Roo.

As requested, we confirm our review of copies in our files and new copies received by us of: (i) the Regime of Time-Share for Touristic Purposes (*Régimen de Tiempo Compartido Turístico*) of the Guerrero Hotel (the “**Guerrero Time-Share Regime**”) contained in the Notarial Instrument described in Annex “A” of this letter; (ii) the form of Universal Lease Agreement (the “**Universal Leases**”) used for the leasing to third parties (the “**Leaseholders**”) of certain units of the Avalon Grand Cancún Hotel and the Avalon Baccara Hotel entered into by Yucatán Resorts, S.A., Yucatán Resorts, S.A. de C.V., Resort Holdings

Douglas A. Doetsch, Esq.

August 15, 2011

International, S.A., Panorama Communities, S.A. and Panorama Communities, S.A. de C.V., acting as Third Party Leasing Agents of Corporativo Nola, S.A. de C.V. (“**Corporativo Nola**”), owner of the Avalon Grand Cancún Hotel and the Avalon Baccara Hotel or Corporativo Nola, S.A. de C.V. as the Developer and Resort Holding International, S.A. as the Management Company; (iii) the form of Residence Club Membership Purchase Contract (the “**Residence Club Memberships**”) regarding the granting of memberships to third parties (the “**Residence Club Members**”) of certain units of the Avalon Grand Cancún Hotel by Corporativo Nola, as Owner and Developer and Panorama Communities, S.A. de C.V., as Seller (*sic*); (iv) the forms of a Management Agreement, a Universal Lease Management Agreement and a Residence Club Membership Rental Management Agreement (the “**Management Agreements**”) regarding the management of certain units of the Avalon Grand Cancún Hotel and the Avalon Baccara Hotel, granting a fixed rate of return arising from the use by third parties of said units and managed by World Phantasy Tours, Inc. d/b/a Viajes Majesty. World Phantasy Tours, Inc. d/b/a Majesty Travel and Galaxy Properties Management, S.A., respectively; (v) the Regime of Time-Share for Touristic Purposes (*Régimen de Tiempo Compartido Turístico*) (the “**Quintana Roo Time-Share Regimes**”) implemented for the Avalon Grand Cancún Hotel, the Avalon Baccara Hotel and the Avalon Reef Club Isla Mujeres Hotel (collectively the “**Quintana Roo Hotels**”), contained in Notarial Instruments also listed in **Annex “A”** of this letter; (vi) the Substitute Waiver/Release Form (the “**Waiver**”) to be issued by Leaseholders and Residence Club Members; and, (vii) the Client’s Lease Update Page (the “**Lease Update Page**”) used by Resort Holdings International, S.A. in connection with the Universal Leases.

We have assumed and have received confirmation, without independent investigation, that: (i) all copies of the documents submitted to us by the Law Firm of Mayer Brown conform to authentic originals; and, (ii) each of the copies of the forms of Universal Leases, Residence Club Memberships, Management Agreements and Lease Update Page provided by Grupo Kelly to the Special Master and reviewed by us represent the only forms used for Universal Leases, Residence Club Memberships, Management Agreements and Lease Update Page, and would like to confirm the following:

Legal Status of the Guerrero Hotel

1. The real estate of the Guerrero Hotel is subject to the Guerrero Time-Share Regime which is registered with the Public Registry of Property and Commerce of the State of Guerrero (*Registro Público de la Propiedad y del Comercio del Estado de Guerrero*) and is governed by: (i) the Internal Regulations of Time-Share for Touristic Purposes (*Reglamento Interno de Tiempo Compartido Turístico*) of the Guerrero Hotel, (ii) the Civil Code of the State of Guerrero (*Código Civil del Estado Libre y Soberano de Guerrero*), (iii) the Law of

Douglas A. Doetsch, Esq.

August 15, 2011

Regulation and Promotion of the Time-Share System of the State of Guerrero (*Ley de Regulación y Fomento del Sistema de Tiempo Compartido del Estado de Guerrero*), and (iv) the Regulations for the Regulation and Promotion of the Time-Share System of the State of Guerrero (*Reglamento para la Regulación y Fomento del Sistema de Tiempo Compartido del Estado de Guerrero*).¹

2. The Guerrero Time-Share Regime may be legally terminated with the prior approval of the Technical Surveillance Commission of the Time-Share System of the State of Guerrero (*Comisión Técnica de Vigilancia del Sistema de Tiempo Compartido del Estado de Guerrero*) pursuant to a filing of termination by Paraíso del Pacífico, S.A. de C.V. (“**Paraíso del Pacífico**”), as owner of the Guerrero Hotel.

3. The termination of the Guerrero Time-Share Regime requires the favorable vote of at least 75% (seventy five percent) of the Time-Share Users (*Compartidarios*) taken at a duly convened and held Time-Share Users’ Meeting (*Asamblea de Compartidarios*) pursuant to the applicable provisions of the Law of Regulation and Promotion of the Time-Share System of the State of Guerrero (*Ley de Regulación y Fomento del Sistema de Tiempo Compartido del Estado de Guerrero*) and the Regulations for the Regulation and Promotion of the Time-Share System of the State of Guerrero (*Reglamento para la Regulación y Fomento del Sistema de Tiempo Compartido del Estado de Guerrero*). Each of the Time-Share Users has one vote per unit, per week of use, regardless of the value underlying it, unless the Internal Regulations of Time-Share for Touristic Purposes (*Reglamento Interno de Tiempo Compartido*) of the Guerrero Hotel provide otherwise.² In this regard, it should be noted that the Time-Share Users Meeting has the right to fix the amount of indemnification to be granted to each Time-Share User.

Legal Status of the Quintana Roo Hotels

1. Universal Leases and Residence Club Memberships were entered into regarding certain units of the Avalon Grand Cancún Hotel and the Avalon Baccara Hotel for certain weeks of each calendar year.

2. Management Agreements were entered into by some Leaseholders and Residence Club Members regarding certain units of the Avalon Grand Cancún Hotel and the

¹ The registration of the Guerrero Time-Share Regime with the Public Registry of Property and Commerce of the State of Guerrero (*Registro Público de la Propiedad y del Comercio del Estado de Guerrero*) is the only registration legally required.

² No copy of the Internal Regulations of Time-Share for Touristic Purposes (*Reglamento Interno de Tiempo Compartido Turístico*) of the Avalon Excalibur Acapulco Hotel was reviewed.

Douglas A. Doetsch, Esq.

August 15, 2011

Avalon Baccara Hotel. The Management Agreements contain a provision to the effect that they are governed by the laws of the Republic of Panama.

3. The real estate of the Quintana Roo Hotels is subject to the Quintana Roo Time-Share Regimes which are registered with the Public Registry of Property and Commerce of the State of Quintana Roo (*Registro Público de la Propiedad y del Comercio del Estado de Quintana Roo*) and are governed by: (i) the Internal Regulations of Time-Share for Touristic Purposes (*Reglamento Interno de Tiempo Compartido Turístico*) of the Quintana Roo Hotels, (ii) the Civil Code of the State of Quintana Roo (*Código Civil para el Estado de Quintana Roo*), and (iii) the Law Establishing the Norms to which Time-Share Regimes for Touristic Purposes of the State of Quintana Roo are subject to (*Ley que establece las Normas a que se sujetarán los Contratos celebrados en el Régimen de Tiempo Compartido Turístico del Estado de Quintana Roo*).³

4. The termination of the Quintana Roo Time-Share Regimes requires the favorable vote of at least 75% (seventy five percent) of the Time-Share Users taken at a duly convened and held Time Share Users' Meeting, pursuant to the Law Establishing the Norms to which Time-Share Regimes for Touristic Purposes of the State of Quintana Roo are subject to (*Ley que establece las Normas a que se sujetarán los Contratos celebrados en el Régimen de Tiempo Compartido Turístico del Estado de Quintana Roo*). Each of the Time-Share Users has one vote per unit, per week of use, regardless of the value underlying it, unless the Internal Regulations of Time-Share for Touristic Purposes (*Reglamento Interno de Tiempo Compartido Turístico*) provide otherwise.⁴ In this regard, it should be noted that the Time-Share Users Meeting has the right to fix the amount of indemnification to be granted to each Time-Share User.

5. The use and exploitation of the Avalon Reef Club Isla Mujeres was granted by SEMARNAT to Nacional Financiera, S.N.C., *Institución de Banca de Desarrollo*, as Trustee of the Trust National Fund for Touristic Promotion (*Fondo Nacional de Fomento al Turismo*) ("**FONATUR**") pursuant to the terms of the Concession. FONATUR assigned the Concession to Yucatán Properties with the prior approval of SEMARNAT on November 26, 2001.

Based upon the foregoing and subject to the qualification set forth below, we

³ The registration of the Quintana Roo Time-Share Regimes with the Public Registry of Property and Commerce of the State of Quintana Roo (*Registro Público de la Propiedad y del Comercio del Estado de Quintana Roo*) is the only registration legally required.

⁴ No copy of the Internal Regulations of Time-Share for Touristic Purposes (*Reglamento Interno de Tiempo Compartido Turístico*) of the Avalon Reef Club Isla Mujeres Hotel was reviewed.

Douglas A. Doetsch, Esq.

August 15, 2011

confirm that:

Sale of the Guerrero Hotel

1. To the best of our knowledge and belief, no Universal Leases or Residence Club Memberships were entered into regarding the Guerrero Hotel, notwithstanding that the Lease Update Page contains information to the contrary, identifying the Guerrero Hotel as “Avalon Grand – AA.”

2. The listing of the “Avalon Grand – AA” in the Lease Update Page provides no binding effect on the Guerrero Hotel, inasmuch as: (i) the Lease Update Page is not a binding legal document itself and there are no binding agreements entered into by Universal Leaseholders and Residence Club Members with the Guerrero Hotel; and/or, (ii) no binding agreement was entered into between Paraíso del Pacífico, as Owner of the Guerrero Hotel and Resort Holdings International, S.A., as Agent or with third parties.

3. While no formal Time-Share Agreements related to the Universal Lease program seem to have been entered into by Paraíso del Pacífico, S.A. de C.V., as Owner of the Guerrero Hotel, any additional Time-Share Agreements entered into in by Paraíso del Pacífico, S.A. de C.V. in connection with the Guerrero Hotel⁵, should such exist, would survive the sale of the Guerrero Hotel.

4. As set forth in the Court Order of Appointment of the Special Master dated February 10, 2009, the Special Master has the necessary and sufficient authority to cause the sale of the Guerrero Hotel to qualified third parties without the burden of Universal Leases and/or Residence Club Memberships.

Sale of the Avalon Grand Cancún Hotel and the Avalon Baccara Hotel

1. The Civil Code of the State of Quintana Roo provides that property located in said State is governed by its provisions. The Universal Leases and the Residence Club Memberships contravene Mexican Public Policy (*Orden Público*) inasmuch as these contain provisions to the effect that the Universal Leases and the Residence Club Memberships are governed by the Law of the Republic of Panama.

2. The contravention of Mexican Public Policy renders the Universal Leases

⁵ Such as the Vacation Club Program in effect at the Guerrero Hotel

Douglas A. Doetsch, Esq.

August 15, 2011

and Residence Club Memberships null and void; thus, Universal Leaseholders and Residence Club Members may request nullification of the Universal Leases and the Residence Club Memberships before competent courts with jurisdiction.

3. The Mexican legal framework adopted a principle of Roman Law which provides that no one can allege his (her) (its) own wrongdoing (*Nemo auditor propriam turpitudinem allegans*) to avoid compliance with legal obligations undertaken; thus, Corporativo Nola, S.A. de C.V., as the owner of the Avalon Grand Cancún Hotel and the Avalon Baccara Hotel, has no legal standing to nullify the Universal Leases and Residence Club Memberships before a competent court with jurisdiction; such standing, as above-mentioned belongs to, *inter alia*, Universal Leaseholders and Residence Club Members.

4. The sale of each of the Avalon Grand Cancún Hotel and the Avalon Baccara Hotel enables Corporativo Nola, S.A. de C.V. to follow either of the following alternatives: (i) observe the terms and conditions of the Universal Leases and Residence Club Memberships entered into, or (ii) terminate same. The termination of the Universal Leases and Residence Club Memberships is governed by the terms of the two contracts and presumably by Panamanian Law and under the jurisdiction of the courts of Panama. However, since Mexican public policy covers agreements granting the temporary use of property located in Mexico, such as the Universal Leases and the Residence Club Memberships, these are subject to Mexican law. Otherwise, subjecting agreements similar to the Universal Leases and Residence Club Memberships to other laws, renders all null and void, and in the case of Universal Leases and Residence Club Memberships, any attempt by a Universal Leaseholder or Residence Club Member to enforce same in Mexico is not legally feasible.

The foregoing notwithstanding, the Time-Share Regime and, if any, Time-Share Agreements entered into will survive any sale of both shares or real estate.

5. As set forth in the Court Order of Appointment of the Special Master dated February 10, 2009, the Special Master has the necessary and sufficient authority to cause the sale of the Avalon Grand Cancún Hotel and the Avalon Baccara Hotel to qualified third parties.

Assignment of the Avalon Reef Club Isla Mujeres Hotel

1. The listing of the Avalon Reef Club Isla Mujeres Hotel as “Avalon Grand – Isla Mujeres” in the Lease Update Page provides no binding effect on the Avalon Reef Club Isla Mujeres Hotel, inasmuch as: (i) Leaseholders and Residence Club Members entered into no binding agreement with the Avalon Reef Club Isla Mujeres Hotel for such purpose, and (ii)

Douglas A. Doetsch, Esq.

August 15, 2011

no binding agreement was entered into between Yucatán Properties, as Assignee of the Concession and Resort Holdings International, S.A., as Agent or with third parties. Furthermore, from the review of the Universal Leases and Residence Club Memberships no mention was found connecting the Avalon Reef Club Isla Mujeres Hotel with any obligation, as published in the Lease Update Page.

2. The assignment of the use and exploitation of the Avalon Reef Club Isla Mujeres by Yucatán Properties, as Assignee of the Concession, may be carried out with the prior approval of the SEMARNAT pursuant to the terms of the Concession.

3. As set forth in the Court Order of Appointment of the Special Master dated February 10, 2009, the Special Master has the necessary and sufficient authority to cause the assignment of the Concession to qualified third parties, with the prior approval of the SEMARNAT.

Execution of the Waiver

1. To the extent the Waiver is executed by Leaseholders and Residence Club Members, the sale of the Avalon Grand Cancún Hotel, the Avalon Baccara Hotel and the Guerrero Hotel may be carried out by the Special Master free of the burden of the Universal Leases and the Residence Club Memberships, including the Management Agreements.

The opinions expressed in this letter are based solely on the applicable laws and regulations of the United Mexican States and are exclusively for the use and benefit of the Special Master.

Sincerely yours,

Miguel Jáuregui Rojas

Annex "A"

GUERRERO TIME-SHARE REGIME AND QUINTANA ROO TIME-SHARE REGIMES

1. Notarial Instrument number 12,456 dated June 30, 1995 granted before Mr. José Rubén Robles Catalán, Notary Public number 13 of Acapulco, State of Quintana Roo, which First Testimony was duly registered with the Public Registry of Property and Commerce of the State of Guerrero (*Registro Público de la Propiedad y del Comercio del Estado de Guerrero*) under number 14, Book XIV, on August 22, 1995, containing the terms and conditions of a Regime of Time-Share for Touristic Purposes (*Régimen de Tiempo Compartido Turístico*) of the Avalon Excalibur Acapulco Hotel located in Acapulco, State of Guerrero.

2. Notarial Instrument number 5,975 dated January 15, 2001 granted before Mr. Luis Miguel Cámara Patrón, Notary Public number 30 of the city of Cancún, State of Quintana Roo, which First Testimony was duly registered with the Public Registry of Property and Commerce of the State of Quintana Roo (*Registro Público de la Propiedad y del Comercio del Estado de Quintana Roo*) under number 61, pages 659-677, Book CDXVI, Section I, on February 6, 2001, containing the terms and conditions of a Regime of Time-Share for Touristic Purposes (*Régimen de Tiempo Compartido Turístico*) of the Avalon Grand Cancún Hotel located in Cancún, State of Quintana Roo.

3. Notarial Instrument number 170 dated May 3, 1999 granted before Mr. Luis Miguel Cámara Patrón, Notary Public number 30 of Cancún, State of Quintana Roo, which First Testimony was duly registered with the Public Registry of Property and Commerce of the State of Quintana Roo (*Registro Público de la Propiedad y del Comercio del Estado de Quintana Roo*) under number 129, pages 882-891, Book 316, Section I, on May 12, 1999, containing the terms and conditions of a Regime of Time-Share for Touristic Purposes (*Régimen de Tiempo Compartido Turístico*) of the Avalon Baccara Hotel located in Cancún, State of Quintana Roo.

4. Notarial Instrument number 3,142 dated November 22, 2002 granted before Ms. Yolanda Solís Olveres, Notary Public number 22 of Isla Mujeres, State of Quintana Roo, which First Testimony was duly registered with the Public Registry of Property and Commerce of the State of Quintana Roo (*Registro Público de la Propiedad y del Comercio del Estado de Quintana Roo*) under number 5, pages 31-40, Book CCCVII, Section IV, on December 19, 2002, containing the terms and conditions of a Regime of Time-Share for Touristic Purposes (*Régimen de Tiempo Compartido Turístico*) of the Avalon Reef Club Isla Mujeres Hotel located in Isla Mujeres, State of Quintana Roo.

EXHIBIT B

JAUREGUI, NAVARRETE Y NADER

A B O G A D O S

PASEO DE LOS TAMARINDOS 400-B

PISOS 7, 8 Y 9

BOSQUES DE LAS LOMAS

05120 MÉXICO, D.F.

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(5255) 5267-4501

TELECOPIADORA DIRECTO:
(5255) 5258-0348

E-MAIL DIRECTO:
mjauregui@jnn.com.mx

April 1, 2011

VIA EMAIL

Douglas A. Doetsch, Esq.
Solely in his capacity as Special Master
c/o Mayer Brown LLP
71 South Wacker Drive
Chicago, IL 60606

Dear Mr. Doetsch:

We refer to your consultations as the court-appointed Special Master (the “Special Master”) in the matter *United States of America v. Michael Kelly*, as recorded in Court Order dated February 10, 2009, issued by the United States District Court of the Northern District of Illinois, Eastern Division, regarding: (i) the termination of the Universal Lease Agreements, Residence Club Memberships and Management Agreements in connection with certain units of the Avalon Grand Cancún Hotel and the Avalon Baccara Hotel, and (ii) the designation of beneficiaries under the Universal Lease Agreements and Residence Club Memberships.

In the preparation of this letter, we have reviewed copies of: (i) a form of Universal Lease Agreement (the “Universal Leases”) entered into with lessees (the “Leaseholders”) by Yucatán Resorts, S.A. and Resort Holdings International, S.A. (the “Lessors”), acting as Leasing Agents of Corporativo Nola, S.A. de C.V., owner of the Avalon Grand Cancún Hotel and the Avalon Baccara Hotel; (ii) a form of Residence Club Membership Purchase Contract (the “Residence Club Memberships”) entered into with so called members (the “Residence Club Members”) by Corporativo Nola, S.A. de C.V., as Owner and Developer and Panorama Communities, S.A. de C.V., as

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ABOGADOS

2

Douglas A. Doetsch, Esq.

April 1, 2011

Seller; and, (iii) forms of a Management Agreement, a Universal Lease Management Agreement and a Residence Club Membership Rental Management Agreement (the "Management Agreements") entered into by World Phantasy Tours, Inc. d/b/a Viajes Majesty and Galaxy Properties Management, S.A. (the "Managers") with Leaseholders and Residence Club Members, respectively.

We have assumed and have received confirmation, without independent investigation, that: (i) all copies of the documents submitted to us by the Law Firm of Mayer Brown conform to authentic originals; and, (ii) each of the copies of the form of Universal Lease, Residence Club Membership and Management Agreements provided by Grupo Kelly to the Special Master represent the only forms used for the Universal Leases, Residence Club Memberships and Management Agreements.

Based upon the foregoing and subject to the qualification set forth below, we confirm the following:

1. Repurchase of Rights under the Universal Leases and Residence Club Memberships

1.1. The Universal Leases and the Residence Club Memberships contain provisions granting the Lessors and Corporativo Nola, S.A. de C.V., respectively, the right to repurchase the remaining term of the Universal Leases and the Residence Club Memberships pursuant to the payment of an amount calculated in accordance with a formula contained in the form of Universal Leases and Residence Club Memberships, ranging between 80% (eighty percent) and 300% (three hundred percent) of the original price collected for the Universal Leases and Residence Club Memberships, paid by Leaseholders and Residence Club Members, respectively.

2. Termination of the Universal Leases and Residence Club Memberships

2.1. Failure to pay the Annual Fee (as defined in the Universal Leases and Residence Club Memberships) by the Leaseholders or Residence Club Members constitutes a default and would give the right to the Lessors or Corporativo Nola, S.A. de C.V., respectively, to terminate the Universal Leases and the Residence Club

ABOGADOS

3

Douglas A. Doetsch, Esq.

April 1, 2011

Memberships. Such termination, to be effective, requires the delivery of a default notice allowing a cure period (the "Cure Period") of 10 (ten) working days. Universal Leases and the Residence Club Memberships, after the lapsing of the Cure Period, provided the default was not cured during the Cure Period, would terminate.

2.2. Termination notices under the Universal Leases and the Residence Club Memberships have to be in writing and will be effective if sent by prepaid overnight courier, delivered to the respective addressees at the addresses set forth in the forms of Universal Lease Agreement and Residence Club Membership Purchase Contract or to such other addressee or address as designated from time to time in writing by the Leaseholders or the Residence Club Members.

3. Termination of the Management Agreements

3.1. Management Agreements contain a provision granting the Managers the right to terminate same, without cause or penalty, pursuant to the delivery of a termination notice addressed to Leaseholders and Residence Club Members, no less than 30 (thirty) or 90 days (ninety), respectively, prior to the effective date of termination fixed in such termination notice. Likewise, termination notices under the Management Agreements have to be in writing and will be effective 10 (ten) calendar days following the date of their delivery by the Managers to the Leaseholders and the Residence Club Members sent by means of mail, overnight courier, facsimile or delivered by hand to the addressees and addresses set forth in the Management Agreements or to such other addressee and/or address as designated from time to time in writing by the Leaseholders and Residence Club Members.

4. Beneficiary Designation Forms

4.1. Upon the death of Leaseholders or Residence Club Members their rights and obligations under the corresponding Universal Leases or Residence Club Memberships may pass to their heirs by effect of Law, as set forth in the applicable provisions of Mexican Law, including the Civil Code of the State of Quintana Roo, which is the applicable legislation to the Universal Leases and the Residence Club Memberships.

ABOGADOS

4

Douglas A. Doetsch, Esq.

April 1, 2011

4.2. The designation of beneficiaries of a Universal Lease Agreement or Residence Club Membership Purchase Contract made by Leaseholders or Residence Club Members, pursuant to the Beneficiary Designation form used for Universal Leases and Residence Club Memberships would be valid, *vis-à-vis*, the legitimate or testamentary succession of the corresponding designor; provided, however, such designation of beneficiaries is not superseded specifically pursuant to last wills and testaments.

4.3. It should be noted that designation of beneficiaries, pursuant to the Beneficiary Designation form, is not contemplated as such in the forms of Universal Lease Agreement or Residence Club Membership Purchase Contract; thus, have no written rules.

4.4. Finally, the designation of beneficiaries would cease to have effects, in the event the Universal Lease Agreement or Residence Club Membership Purchase Contract is defaulted.

The confirmations expressed in this letter are based solely on the applicable laws and regulations of the United Mexican States and are exclusively for the use and benefit of the Special Master.

Sincerely yours,

Jáuregui, Navarrete y Nader, S.C.

EXHIBIT C

Douglas A. Doetsch, Special Master
c/o Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606-4637

Date: December [15], 2011

Address:

Re: Your Universal Lease and Management
Agreement

Dear Universal Lease holder:

I am sending this letter as a follow-up to information previously provided to you regarding the Universal Lease program.

In June 2010, the Claims Processing Agent, on my behalf, sent all known victims a Claims Package consisting of (a) a letter dated June 13, 2010, (b) a copy of the Claims Procedure Order and (c) a Victim Claim Form. A month later, in July 2010, the Claims Processing Agent sent a letter clarifying information in the Claims Package in three important respects: (a) failure to submit the claim form by August 25, 2010, did **not** preclude a victim from participating in the court-appointed restitution program, (b) victims were **not** obligated to agree to a waiver/release in order to participate in the restitution program and (c) the waiver/release form only applied to Kelly assets that currently are or may come under the control of the court through the Special Master and did not apply to any other assets of Michael E. Kelly or any claims you may have against Michael E. Kelly or any agent, servant or co-conspirator of Michael E. Kelly.

As emphasized in both letters, a waiver/release of any claim that victims hold against the lease, the leased property or any transferee of the leased property is likely to increase the amount recovered in restitution as it removes an encumbrance from the Kelly assets to be sold. For this reason, I recommended that all victims sign the Substitute Waiver/Release contained in the second letter. It is against the backdrop of ongoing efforts to assemble, value and sell the Kelly assets that I am writing you now.

A. Rental Agreement Termination

In addition to the Universal Lease contract (the "Universal Lease"), many victims also chose to enter into a third party rental management agreement or a management agreement (collectively, the "Management Agreements") with World Phantasy Tours, Inc., doing business as Majesty Travel and as Viajes Majesty (World Phantasy Tours) or, later, Galaxy Properties Management, S.A. (collectively, the "Management Companies"). The Management Companies were promoted by Michael E. Kelly to be independent third party management companies that would rent victims' Universal Leases, at the victim's election, in exchange for a guaranteed rate of return,

whether or not the rooms were actually rented. In fact, the Management Companies formed the basis of Mr. Kelly's Ponzi scheme and are integral to the government's charges against him.

Under the Management Agreements, the Management Companies may terminate the Management Agreements for any reason upon 30-90 days written notice. I now am hereby giving you notice that if you entered into a Management Agreement, your Management Agreement will be terminated 90 days from the date of this letter. No further action is required on your part.

B. Universal Lease Conversion into a Vacation Club Membership

As you have chosen not to sign the waiver/release sent by the Claims Processing Agent in July 2010, your Universal Lease remains in full force and effect. The Universal Leases are very similar to timeshares offered through the vacation club program managed by Resortcom International and maintained at each Grupo Kelly hotel. Such timeshares are represented by a membership in the vacation club program (a "Vacation Club Membership"). You are welcome to pay your Annual Fee for 2011(as described below) and resume the use of your Universal Lease; however, if you choose to maintain your Universal Lease as described herein, you will be asked to convert your Universal Lease into a Vacation Club Membership and you will be entitled to the rights and privileges of such newly executed Vacation Club Membership. If you would like to contact Resortcom International regarding the vacation club program, you can reach Eric Warner, the Director of Reservations and Service of Resortcom International, at phone number +1(619)683-2470.

As you determine whether you wish to convert your Universal Lease into a Vacation Club Membership, there are three primary economic considerations: (i) the payment of your Annual Fee, (ii) the reduction of your Total Restitution Amount and (iii) the possibility that your newly acquired Vacation Club Membership will be altered or eliminated in the future. Such considerations are explained as follows:

- (i) To continue to use your Universal Lease as a Vacation Club Membership, you will have to pay the annual operations and maintenance fee (the "Annual Fee") required under your Universal Lease. I would like to call your attention to Section 3.03 -Annual Operations and Maintenance Fee- of your Universal Lease. This provision obligates you to pay the Annual Fee on or before February 28 of each contract year. The Annual Fee covers the costs associated with operating and maintaining the Common Areas and Vacation Units, property taxes, and the Developer's insurance. The Annual Fees for 2011, assuming you wish to continue to use your Universal Lease, for each property are attached hereto as Exhibit A. Once you pay your Annual Fee for 2011, you will be asked to execute a Vacation Club Membership for the remaining time left on your Universal Lease.

Please note that this is an Annual Fee and will need to be paid yearly in order to maintain the benefits under your potential Vacation Club Membership. The amount of your future Annual Fees will be set each year subject to the terms of your contract. According to the terms of the Universal Lease, failure to pay this amount within 10 days of this written notice constitutes an event of default (a

“Default”) under your Universal Lease. If a Default occurs, the Universal Lease is subject to termination. If you choose to convert your Universal Lease into a Vacation Club Membership, we request that you pay your Annual Fee for 2011 as required by the contract no later than January [3], 2012 as follows:

Wire Transfer Instructions

UBS AG
 677 Washington Boulevard
 Stamford, CT 06901
 203-719-3000

ABA #: 026007993

UBS Account: 101-WA-258640-000
 Name on Account: UBS Financial Services, Inc.

Amount: \$ _____

Further Credit: Douglas A. Doetsch, Special Master for
 Michael Kelly, Maintenance Fee Payments

Account Number: NI 14023

- (ii) In addition, if you choose to pay your Annual Fee and convert your Universal Lease into a Vacation Club Membership, the amount you would receive in restitution as a victim in *United States of America v. Michael E. Kelly*, 06 CR 964 (your “Total Restitution Amount”) would be reduced by the value of the Vacation Club Membership you receive. You can estimate the amount of such value and reduction in your Total Restitution Amount with the table below. The following table outlines the weekly valuation of your potential Vacation Club Membership based on the size of your room under your Universal Lease:

Studio	\$12,495
1 bedroom	\$17,343
2 bedroom	\$23,664
3 bedroom / Penthouse / Other	\$30,150

- (iii) Lastly, in order to maximize the restitution to the victims in *United States of America v. Michael E. Kelly*, 06 CR 964, I am currently working to sell the hotels that maintain the Vacation Club Memberships. Future purchasers of the hotel could take steps that would reduce or eliminate the value of your potential Vacation Club Membership, including (a) run the hotel poorly, (b) close the hotel, (c) tear down the hotel, (d) eliminate the vacation club program, (e) transfer your potential Vacation Club Membership to a less desirable hotel and/or (f) terminate your potential Vacation Club Membership. If you choose to convert your

Universal Lease into a Vacation Club Membership, you will be required to provide express written consent to (x) the risk that the Vacation Club Membership loses some or all of its value and (y) the free transferability of your potential Vacation Club Membership to a separate hotel.

To be clear, as described in Section A above, the Universal Lease and the Management Agreements are separate documents and the payment of the Annual Fee will not entitle you to any benefits under the Management Agreements. All Management Agreements will be terminated within 90 days of the date of this letter even if you opt to continue to use your Universal Lease.

C. Impact of Termination of Your Universal Lease

If you do not pay the Annual Fee for 2011 by January [3], 2012, your Universal Lease will be terminated as described in Section 12.01 -Default and Remedies- of your Universal Lease (Section 11.01 in some Universal Leases). Upon termination, you will lose your right to use your Universal Lease and will no longer have an active Universal Lease contract. However, you will maintain your right to participate in the court-approved restitution program. Furthermore, regardless of whether or not your Universal Lease is terminated, you will maintain standing to request any remedies you may have in law or equity outside the terms of your Universal Lease. Any claims you have against Michael E. Kelly or any agent, servant or co-conspirator of Michael E. Kelly will remain unaffected by the termination of Universal Lease.

D. Summary of Options

In short, you may choose to either (i) pay your Annual Fee for 2011 according to Exhibit A, convert your Universal Lease into a Vacation Club Membership, continue to pay annual maintenance fees, reduce your Total Restitution Amount by the value of the Vacation Club Membership and expressly accept the risks inherent to the Vacation Club Membership (as outlined above) or (ii) let your Universal Lease lapse. Should you choose to pay the Annual Fee, your payment must be received by January [3], 2012. Should you choose to let your Universal Lease lapse, your restitution calculation will not be affected and you will retain your standing to request any claims you have against Michael E. Kelly or any agent, servant or co-conspirator of Michael E. Kelly.

Sincerely,

Douglas A. Doetsch
Special Master

cc: Phil Stenger, Claims Processing Agent for the Special Master
Edward Kohler, United States Attorney's Office
Daniel Gillogly, United States Attorney's Office
Benjamin Langner, United States Attorney's Office
Melissa Childs, United States Attorney's Office

EXHIBIT A

Annual Fees

Based upon Consumer Price Index (“CPI”) increases in 2005, 2006, 2007, 2008, 2009, 2010 and 2011 (through October 2011) of 3.4%, 2.5%, 4.1%, 0.1%, 2.7%, 1.5% and 3.3%, respectively, and according to the provisions of the Universal Leases, the Annual Fees per week of ownership for 2011 are as follows:

1. Luxury 1 bedroom hotel, private occupancy 2, max 2: **US\$553.03**;
2. Luxury 1 bedroom studio, private occupancy 2, max 4: **US\$567.59**;
3. Luxury 1 bedroom condo, private occupancy 4, max 4: **US\$698.57**;
4. Luxury 2 bedroom condo, private occupancy 6, max 6: **US\$654.91** (at the Baccara Hotel) and **US\$764.06** (at all other hotels);
5. Luxury 3 bedroom condo, private occupancy 6, max 8: **US\$654.91** (at the Baccara Hotel) and **US\$844.10** (at all other hotels);
6. Penthouse Junior Suite, private occupancy 2, max 4: **US\$698.57**; and
7. Penthouse Presidential Condo, private occupancy 6, max 8: **US\$945.98** (at the Baccara Hotel) and **US\$938.70** (at all other hotels).

EXHIBIT D

Douglas A. Doetsch, Special Master
c/o Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606-4637

Date: January [4], 2011

Address:

Re: Termination of Your Universal Lease and
Management Agreement

Dear Universal Lease Holder:

I am sending this letter as a follow-up to my letter to you dated December [15], 2011 regarding the Universal Lease program.

In that letter, I explained your options regarding: (a) your third-party rental management agreement or management agreement (your "Management Agreement") and (b) your Universal Lease contract (your "Universal Lease"). I explained that you could either pay your Annual Fee due under your Universal Lease for 2011 or permit your Universal Lease to lapse. As of January [3], 2011, we have not received the payment of your Annual Fee as indicated in my letter to you dated December [15], 2011. As such, please find enclosed a notice of termination with respect to your Universal Lease and/or Management Agreement, as applicable.

Please be assured that your choice to permit your Universal Lease to lapse does not affect your restitution calculation and you will retain your standing to bring any claims you have against Michael E. Kelly or any agent, servant or co-conspirator of Michael E. Kelly.

Sincerely,

Douglas A. Doetsch
Special Master

cc: Phil Stenger, Claims Processing Agent for the Special Master
Edward Kohler, United States Attorney's Office
Daniel Gillogly, United States Attorney's Office
Benjamin Langner, United States Attorney's Office
Melissa Childs, United States Attorney's Office

On behalf of the undersigned entities, we hereby notify you that your Universal Lease and Management Agreement is terminated.

MIRAMAR VACATION RENTALS, S.A.
YUCATAN RESORTS S.A.
PANORAMA COMMUNITIES S.A.
GALAXY PROPERTIES MANAGEMENT, S.A.
RESORT HOLDINGS INTERNATIONAL (RHI),
S.A.
WORLD PHANTASY TOUR INC. (VIAJES
FANTASIA POR EL MUNDO, S.A./ MAJESTY
TRAVELS/ VIAJES MAJESTY)

By: _____
Name: Hans Collins
Title:

YUCATAN PROPERTIES S.A. DE C.V.
RESORTS HOLDING INTERNATIONAL, S.A.
DE C.V.
CORPORATIVO NOLA, S.A. DE C.V.

By: _____
Name: Michael Paul Kelly
Title: Attorney-in-Fact

YUCATAN RESORTS S.A. DE C.V.

By: _____
Name: Antonio Felguerez Diez
Title: Sole Director (*Administrador Único*)

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA,) No. 06 CR 964
)
 v.) Hon. Judge Ronald Guzman
)
MICHAEL E. KELLY)

**ORDER AUTHORIZING THE SPECIAL MASTER TO
TERMINATE MANAGEMENT AGREEMENTS AND UNPAID UNIVERSAL LEASES**

Upon the Motion for an Order Authorizing the Special Master to Terminate Management Agreements and Unpaid Universal Leases, dated December 13, 2011 (the "Motion"),¹ submitted by Douglas A. Doetsch, not individually but solely as the court-appointed Special Master in the *United States of America v. Michael E. Kelly*, by and through his attorneys; and a hearing on the Motion having been held on December 14, 2011; and it appearing from the record before the Court (as defined herein) and after due deliberation that sufficient cause exists for the entry of this Order, the Court makes the following findings and enters its Order, all as set forth below:

1. The Special Master is hereby authorized to contact the Victims and terminate the Management Agreements and/or unpaid Universal Leases in accordance with the procedures described in the Motion.

Dated: _____, 2011
Chicago, Illinois

The Honorable Ronald A. Guzman
United States District Judge

¹ Capitalized terms not otherwise defined herein have the meanings ascribed to such terms in the Motion.