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JUDGE RONALD GUZMAN

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

JUDGE RONALD GUZMAN

MAGISTRATE JUDGE DENLOW

UNITED STATES OF AMERICA)
)
 v.)
)
 MICHAEL E. KELLY)
)
)

No. 06 CR 964

Violations: Title 15, United States Code,
Sections 77q(a) and 77x and Title 18, United
States Code, Sections 1341, 1343 and 2

DJ
FILED

COUNT ONE

MAY - 9 2008

The UNITED STATES ATTORNEY charges:

**MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT.**

1. At times material to this information:

a. Yucatan Investment Corporation (Yucatan) was incorporated in the State of Indiana in January 1998 and had offices in the United States in Lapaz, Indiana and later in South Bend, Indiana. During the period from January 1998 to approximately June 1999, Yucatan, and other similarly named entities, offered and sold to the public approximately \$34,000,000 in investments in notes promising to repay investors with substantial interest after nine months (nine month promissory notes), purportedly to raise funds for the purpose of purchasing and operating hotels in the Cancun, Mexico area. Beginning in or about July 1999, Yucatan also offered and sold investments in so-called universal leases to the public.

b. Resort Holdings International, Inc. (Resort Holdings) was incorporated in the State of Nevada in or about July 1999. It had offices in the United States located in South Bend, Indiana until in or about April 2004. Resort Holdings was the successor to Yucatan in offering and selling universal leases in the United States.

c. Defendant MICHAEL E. KELLY was a citizen of the United States, Mexico and Belize and maintained residences in South Bend, Indiana and in Cancun, Mexico. The defendant was the president and sole shareholder of both Yucatan and Resort Holdings and through those entities and others directed the offer and sale of investments in the nine month promissory notes and universal leases.

d. The nine month promissory notes guaranteed an annual rate of return of as much as 10.75% of the purchase price. Although the term of the investment was only nine months, purchasers of the promissory notes had the option to reinvest the principal and interest for one or more additional nine-month terms.

e. The universal lease had a 25 year term and each lease purported to relate to a particular room for a particular time period in a particular Mexican hotel operated by defendant MICHAEL E. KELLY. An investor in a universal lease had three options from which to choose: (1) use the room; (2) rent the room; or (3) allow a purportedly independent third party management company, namely World Phantasy Tours, Inc., doing business as Majesty Travel and as Viajes Majesty (World Phantasy Tours) or, later, Galaxy Properties Management, S.A. (Galaxy Properties), to rent the room in exchange for guaranteed payments to the investor.

f. Almost all of the purchasers of universal leases chose option three. Under this option, World Phantasy Tours guaranteed prospective investors as much as an 11% annual return, whether or not the room was actually rented. As promoted by defendant MICHAEL E. KELLY and others, World Phantasy Tours took most of the risk out of the investment by promising to buy back the universal leases at any time at a slight discount and further by promising to pay back 100% of the purchase price in as little as two years and later in as little as three years.

g. World Phantasy Tours and Galaxy Properties were controlled by defendant MICHAEL E. KELLY.

h. During the period from in or about 1999 to in or about 2004, defendant MICHAEL E. KELLY regularly met with salesmen and prospective purchasers to explain the terms of the so-called universal leases, often as part of an all expenses paid trip to Cancun. During this same period, over \$450,000,000 in investments in universal leases were sold through a network of salesmen to thousands of investors in the United States, many of whom were retirees who found the promised high fixed rates of return, coupled with the reported safety of the buy out (or repurchase) provision, to be an attractive investment alternative for their IRA and other retirement-type investments.

2. Beginning no later than in or about January 1998 and continuing to the present, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, and others devised and intended to devise a scheme to defraud purchasers and prospective purchasers of investments in the nine month promissory notes and in the universal leases, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises and of material omissions.

3. It was part of the scheme to defraud that defendant MICHAEL E. KELLY and others fraudulently offered and sold nine month promissory notes and universal leases to thousands of purchasers and prospective purchasers throughout the United States. In the offer and sale of investments in the nine month promissory notes and in the universal leases, defendant MICHAEL E. KELLY and others made and caused to be made material misstatements and omissions about the

return on the investments, the guaranteed nature of the returns, the liquidity of the investments, and the risks associated with the investments. Defendant MICHAEL E. KELLY and others also concealed and failed to advise investors that the ability to make promised payments on the nine month promissory notes and the universal leases depended on continually raising funds from new investors and using those funds to pay earlier investors. The defendant and others offered and sold and caused the offer and sale of about \$500,000,000 of these investments through various companies and a network of salesmen, all for the purpose of fraudulently obtaining and retaining financing for the benefit of the defendant, of the defendant's family and of businesses associated with the defendant.

4. It was further part of the scheme to defraud that, beginning in or about early 1998, defendant MICHAEL E. KELLY misrepresented and caused to be misrepresented in the offer and sale of nine month promissory notes that he had been successful both financially and as a businessman. The defendant well knew that he had been involved with a number of failed businesses, had pending judgments against him for failure to pay financial obligations and had liens pending against him from the Internal Revenue Service.

5. It was further part of the scheme to defraud that, beginning in or about early 1998, defendant MICHAEL E. KELLY misrepresented and caused to be misrepresented in the offer and sale of nine month promissory notes that Yucatan would pay more than twice as much interest as banks because Yucatan "was willing to share the company's profitability with investors." The defendant made and caused this misrepresentation to be made at times when he knew that Yucatan's business was not profitable and that Yucatan needed to continually raise new funds from the sale of nine month promissory notes in order to pay obligations on earlier notes.

6. It was further part of the scheme to defraud that, beginning in or about early 1998, defendant MICHAEL E. KELLY misrepresented and caused to be misrepresented in the offer and sale of nine month promissory notes that "100% of your money goes to work for you." The defendant well knew that as much as 15% of an investor's funds were paid as commissions to salesmen and that a substantial portion of investors' funds were used by the defendant to pay obligations to earlier investors and to pay the defendant's personal expenses.

7. It was further part of the scheme to defraud that, in or about 1999, as a result of investigations and actions brought by state and federal securities regulators concerning the offer and sale of investments in the nine month promissory notes, defendant MICHAEL E. KELLY stopped selling the nine month promissory notes and, with others, created a successor money raising vehicle and investment called the "universal lease." The defendant intended to and did obtain new funds from the investing public by creating and selling this new investment, while retaining funds already raised through the sale of the nine month promissory notes by encouraging note holders to roll their investments in nine month promissory notes into the universal leases.

8. It was further part of the scheme to defraud that, in or about 1999 and 2000, in order to maintain the illusion that defendant MICHAEL E. KELLY's hotel operations were profitable enough to pay the high interest rates guaranteed on the nine month promissory notes and to avoid complaints and adverse action by unpaid and dissatisfied nine month promissory note holders, defendant MICHAEL E. KELLY and others caused over \$5,000,000 raised through the offer and sale of investments in universal leases to be fraudulently used to pay interest, principal and commissions in connection with earlier investments in the nine month promissory notes.

9. It was further part of the scheme to defraud that, from in or about 1999 to in or about

2004, defendant MICHAEL E. KELLY and others falsely represented to prospective purchasers of investments in universal leases and others that the investments were not securities. In so doing, the defendant and others attempted to avoid the scrutiny of federal and state securities regulators, who had halted the fraudulent offer and sale of investments in the nine month promissory notes.

10. It was further part of the scheme to defraud that, from in or about 1999 to in or about 2004, defendant MICHAEL E. KELLY and others offered and sold and caused the offer and sale of investments in universal leases, without disclosing to prospective purchasers and purchasers that proceeds raised through the sale of investments in universal leases were used to pay returns to earlier investors in the nine month promissory notes.

11. It was further part of the scheme to defraud that, during the period from in or about 1999 to 2004, in connection with the offer and sale of investments in universal leases, defendant MICHAEL E. KELLY and others falsely represented and caused to be falsely represented to investors and prospective investors that World Phantasy Tours was an independent management company capable of guaranteeing the payment of as much as 11% annually to universal lease purchasers, whether or not the rooms were rented. The defendant and others knew that defendant MICHAEL E. KELLY controlled World Phantasy Tours, that World Phantasy Tours had insufficient assets to guarantee the annual returns, and that most, if not substantially all, of the payments of money owed to investors in universal leases were made possible by funds raised from the sale of universal leases to other investors rather than from funds generated from the rental of hotel rooms.

12. It was further part of the scheme to defraud that, during the period from in or about 1999 to in or about 2004, defendant MICHAEL E. KELLY and others falsely represented and caused others to falsely represent that World Phantasy Tours was an independent management company

capable of buying back investments in universal leases at a small discount within the first two years following purchase and at 100% of the purchase price thereafter. The defendant and others knew that defendant MICHAEL E. KELLY controlled World Phantasy Tours, that World Phantasy Tours had insufficient assets of its own to buy back potentially hundreds of millions of dollars of investments in universal leases, and that most, if not substantially all, of the payments purportedly made by World Tours and later by Galaxy Properties to investors in universal leases were made possible by the proceeds from other sales of investments in universal leases rather than from funds generated from the rental of hotel rooms.

13. It was further part of the scheme to defraud that, during the period from in or about 1999 to in or about 2004, defendant MICHAEL E. KELLY and others falsely represented and caused others to falsely represent that World Phantasy Tours was an independent management company. Defendant MICHAEL E. KELLY and others knew that the defendant controlled World Phantasy Tours and its activities including: the opening of its bank account at First Bank of Miami; the funding of this bank account with money invested by universal lease purchasers; the opening of an office in Miami that served as a mail drop; the drafting and execution of its contracts; the preparation and mailing of its correspondence with universal lease investors; the receipt and maintenance of documents relating to the agreements between World Phantasy Tours and universal lease investors; and, the preparation and distribution to universal lease investors of account statements and interest and repurchase checks.

14. It was further part of the scheme to defraud that defendant MICHAEL E. KELLY and others, in order to retain funds invested by earlier universal lease investors and to encourage others to purchase investments in universal leases, made and caused others to make payments of principal

and interest to investors in universal leases without disclosing that most, if not substantially all, of the funds to make these payments were made possible by the sales of investments in universal leases to other investors rather than from revenues from the rental of hotel rooms, and that the payment of interest and principal could not be made without continuing to raise additional funds from the sale of more universal leases.

15. It was further part of the scheme to defraud that defendant MICHAEL E. KELLY and others falsely represented and caused others to falsely represent to prospective investors that a purchase of an investment in a universal lease was, among other things: "safe, flexible and profitable;" "100% liquid;" a "win, win, win;" "guaranteed" return for "25 years;" and could be "redeemed at any time." The defendant further represented and caused others to represent to prospective investors in universal leases, among other things, that, "all you have to do is sit home and wait for your income." The defendant and others knew that, in order to make good on the guaranteed returns and the promised buy-back provision, funds owed to earlier investors would have to be paid out of funds raised from later investors, rather than from income generated from the rental of rooms and other business operations.

16. It was further a part of the scheme to defraud that defendant MICHAEL E. KELLY and others offered sales agents, who sold investments in the nine month promissory notes, as much as a 15% commission on the initial sales and an additional commission of as much as 15% on the renewal of an investment in the nine month promissory notes. The amounts and the multiple nature of the commissions were not generally disclosed to investors and prospective investors, even though such payments were material to the bias of the sales agents and to the economic feasibility of an investment in the nine month promissory notes.

17. It was further a part of the scheme to defraud that defendant MICHAEL E. KELLY and others offered sales agents, who sold investments in universal leases, as much as an 18% commission on the initial sales and provided sales agents with an additional commission in as little as two years if an investor chose not to redeem the universal lease during that period. The amounts and the multiple nature of the commissions were not generally disclosed to investors and prospective investors, even though such payments were material to the bias of the sales agents and to the economic feasibility of a purchase of an investment in a universal lease.

18. It was further part of the scheme that defendant MICHAEL E. KELLY and others sent and caused to be sent to investors in universal leases periodic payments of monies due them on account of their contract with World Phantasy Tours as well as periodic account statements and other correspondence, which payments, statements, and other correspondence were false and misleading in that they purported to show that investments in universal leases were economically sound or even increasing in value and that World Phantasy Tours and later Galaxy Properties were independent entities financially able to make the promised payments.

19. It was further part of the scheme to defraud that, in or about early 2004, after a number of state and federal securities regulators brought investigations and enforcement actions based on the offer and sale of investments in universal leases, defendant MICHAEL E. KELLY stopped selling universal leases, but only after notifying sales agents that they had an additional period of time to make sales.

20. It was further part of the scheme to defraud that, when World Phantasy Tours and later Galaxy Properties ceased making regular and timely interest payments to investors, defendant MICHAEL E. KELLY caused others at his direction to lie to and attempt to lull investors by falsely

claiming that missed payments were caused by, among other things, a hurricane or computer problems, when the defendant knew that World Phantasy Tours and later Galaxy Properties never had sufficient funds to make the payments of principal and interest from the rental of hotel rooms and had instead primarily relied on making payments to earlier investors funded by the sale of investments to later investors in universal leases.

21. It was further part of the scheme to defraud that, in or about June 2004, defendant MICHAEL E. KELLY and others chose to have World Phantasy Tours cease doing business, in order to dissuade and mislead complaining investors, and to unilaterally end the guaranteed return and buy back provisions made by the purportedly independent third party management company.

22. It was further part of the scheme to defraud that, in or about June 2004, defendant MICHAEL E. KELLY and others, in part to lull universal lease investors who were no longer being paid and whose arrangement with World Phantasy Tours had been curtailed, replaced World Phantasy Tours with another purportedly independent servicing company called Galaxy Properties and thereafter persuaded and induced and attempted to persuade and induce the investors who had entered into agreements with World Phantasy Tours to enter into agreements with Galaxy Properties on terms less favorable to investors than they had under the World Phantasy Tours agreement. Defendant MICHAEL E. KELLY and others falsely represented and caused others to falsely represent that Galaxy Properties was independent of Resort Holdings and World Phantasy Tours, when defendant Michael Kelly controlled it, including the hiring and firing of its employees and the funding of its operations.

23. It was further part of the scheme to defraud that, in or about June 2004, defendant MICHAEL E. KELLY and others through their undisclosed operation of Galaxy Properties,

unilaterally reduced the returns being paid on universal leases from the original guaranteed rate of as much as 11% to approximately 5% annually.

24. It was further part of the scheme to defraud that, in or about late 2005, defendant MICHAEL E. KELLY and others stopped paying any monies owed to investors in universal leases, shut down Galaxy Properties, and fired most of Galaxy Properties's employees.

25. It was further part of the scheme to defraud that, beginning in or about July 2006, defendant MICHAEL E. KELLY and others caused the repurchase of investments in universal leases at substantial discounts through a company defendant MICHAEL E. KELLY controlled called "CVP" (Comercializadora Vacacional Panama S.A.). In offering to repurchase these investments for as little as 50% of the original purchase price, the defendant caused others through CVP to misrepresent CVP's independence from Resort Holdings and Yucatan, and made sellers agree to keep the transactions secret and to give up any claims they had against Resort Holdings or any affiliated party.

26. It was further part of the scheme to defraud that defendant MICHAEL E. KELLY and others used the mails, private interstate carriers and interstate telephone and other wire communications to further the scheme, by, among other things, lulling and attempting to lull investors about the status of the investments and the receipt of interest payments.

27. It was further part of the scheme to defraud that defendant MICHAEL E. KELLY and others misrepresented, concealed and hid, and caused to be misrepresented, concealed and hidden, the acts and purposes of the acts done in furtherance of the scheme to defraud by, among other things, providing and causing to be provided to federal and state authorities investigating the offer and sale of promissory notes and universal leases false and misleading information about the

investments.

28. As a result of the scheme to defraud, defendant MICHAEL E. KELLY and others at his direction, through various companies in the United States, Mexico and Panama, fraudulently raised about \$500,000,000. The defendant and others associated with him used a significant portion of funds from investors for their own personal benefit, including the purchase of hotels, businesses, homes, boats, automobiles, an airplane, a nightclub and an interest in a development project known as Puerto Cancun. Well over \$300,000,000 of the funds fraudulently obtained from investors is still owed to defrauded investors.

29. On or about June 16, 2003, at Morton Grove, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing and attempting to execute the above-described scheme, did knowingly cause an interstate carrier, namely Federal Express, to deliver a parcel from Cancun, Mexico to Investor A in Morton Grove, Illinois according to the directions thereon, which parcel contained an interest payment check in the amount of approximately \$750 together with correspondence that represented to Investor A that World Phantasy Tours, Inc. had been successful in renting Investor A's vacation unit and that the enclosed check was Investor A's "rental compensation check;"

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT TWO

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 through 28 of Count One of this Information are realleged and incorporated as though fully set out in this Count.

2. On or about March 17, 2004, at Morton Grove, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing and attempting to execute the above-described scheme, did knowingly cause an interstate carrier, namely Federal Express, to deliver a parcel from Cancun, Mexico to Investor A in Morton Grove, Illinois according to the directions thereon, which parcel contained an interest payment check in the amount of approximately \$750 together with correspondence that represented to Investor A that World Phantasy Tours, Inc. had been successful in renting Investor A's vacation unit and that the enclosed check was Investor A's "rental compensation check;"

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT THREE

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 through 28 of Count One of this Information are realleged and incorporated as though fully set out in this count.

2. On or about June 28, 2004, at or near Morton Grove, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing and attempting to execute the above-described scheme, did knowingly cause to be deposited for delivery by an interstate carrier, namely Federal Express, a parcel to be sent and delivered according to the directions thereon, from in or near Morton Grove, Illinois to Galaxy Properties Management, S.A. de C.V. in Quintana Roo, Mexico, which parcel contained an agreement signed by Investor A allowing Galaxy Properties to assume the role of World Phantasy Tours to manage Investor A's vacation unit;

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT FOUR

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 through 28 of Count One of this Information are realleged and incorporated as though fully set out in this count.
2. On or about April 15, 2003, at McHenry, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing and attempting to execute the above-described scheme, did knowingly cause an interstate carrier, namely Federal Express, to deliver a parcel from Cancun, Mexico to Investor B in McHenry, Illinois according to the directions thereon, which parcel contained an interest payment check in the amount of approximately \$75 together with correspondence that advised Investor B that the \$75 check represented Investor B's "current Rental Income check from Majesty Travel;"

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT FIVE

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 through 28 of Count One of this Information are realleged and incorporated as though fully set out in this count.

2. On or about June 17, 2004, at or near McHenry, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing and attempting to execute the above-described scheme, did knowingly cause to be deposited for delivery by an interstate carrier, namely Federal Express, a parcel to be sent and delivered according to the directions thereon, from in or near McHenry, Illinois to Galaxy Properties Management, S.A. de C.V. in Quintana Roo, Mexico, which parcel contained an agreement signed by Investor B allowing Galaxy Properties to assume the role of World Phantasy Tours to manage Investor B's vacation unit;

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT SIX

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 through 28 of Count One of this Information are realleged and incorporated as though fully set out in this count.

2. On or about June 16, 2003, at Naperville, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing and attempting to execute the above-described scheme, did knowingly cause an interstate carrier, namely Federal Express, to deliver a parcel from Cancun, Mexico to Investor C in Naperville, Illinois according to the directions thereon, which parcel contained an interest payment check in the amount of approximately \$300 together with correspondence that represented to Investor C that World Phantasy Tours, Inc had been successful in renting Investor C's vacation unit and that the enclosed check was Investor C's "rental compensation check;"

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT SEVEN

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 through 28 of Count One of this Information are realleged and incorporated as though fully set out in this Count.
2. On or about June 22, 2004, at or near LaGrange Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing and attempting to execute the above-described scheme, did knowingly cause to be deposited for delivery by an interstate carrier, namely Federal Express, a parcel to be sent and delivered according to the directions thereon from in or near LaGrange Park, Illinois to Galaxy Properties Management, S.A. de CV in Quintana Roo, Mexico, which parcel contained an agreement signed by Investor D allowing Galaxy Properties to assume the role of World Phantasy Tours to manage Investor D's vacation unit;

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT EIGHT

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 through 28 of Count One of this Information are realleged and incorporated as though fully set out in this Count.
2. On or about June 22, 2004, at or near LaGrange Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing and attempting to execute the above-described scheme, did knowingly cause to be placed in a post office or authorized depository for mail matter to be sent or delivered by the Postal Service a parcel to be delivered from in or around LaGrange Park, Illinois to Carlsbad, California according to the directions thereon, which parcel contained a Global Cash Card Direct Deposit Agreement and signature card executed by Investor D's husband in connection with entering into an agreement with Galaxy Properties;

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT NINE

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 through 28 of Count One of this Information are realleged and incorporated as though fully set out in this count.

2. On or about July 24, 2006, at Lisle, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing and attempting to execute the above-described scheme, did knowingly cause to be transmitted in interstate and foreign commerce from Mexico to Lisle, Illinois, by means of wire and radio communications, certain writings, signs, and signals, namely a telephone conversation by which an agent and representative of CVP encouraged and induced Investor E to agree to accept CVP's offer to repurchase certain of Investor E's universal leases for one-half the amount Investor E had paid for the leases instead of the full price previously promised to Investor E by World Phantasy Tours;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT TEN

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 through 28 of Count One of this Information are realleged and incorporated as though fully set out in this count.

2. On or about September 26, 2006, at or near Lisle, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing and attempting to execute the above-described scheme, did knowingly cause to be deposited in a post office or authorized depository for mail matter an envelope addressed to CVP, "Janio Lescure, Legal Representative, Calle 69 San Francisco, P.H. Alfa Real, Planta Baja, Local #2, Panama, Republica de Panama" to be sent and delivered by the Postal Service, according to the directions thereon, which envelope contained an agreement, bearing the signature of Investor E, by which Investor E agreed to the repurchase by CVP of certain of Investor E's universal leases at half the price previously promised to Investor E by World Phantasy Tours ;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT ELEVEN

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 through 28 of Count One of this Information are realleged and incorporated as though fully set out in this Count.

2. On or about July 26, 2001, at Downers Grove, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing and attempting to execute the above-described scheme, did knowingly cause an interstate carrier, namely Federal Express, to deliver a parcel from Cancun, Mexico to Investor F in Downers Grove, Illinois according to the directions thereon, which parcel contained an interest payment check in the amount of approximately \$1000 relating to Investor F's \$90,000 investment in a universal lease;

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT TWELVE

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 through 28 of Count One of this Information are realleged and incorporated as though fully set out in this count.

2. On or about October 3, 2001, at Aurora, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing and attempting to execute the above-described scheme, did knowingly cause an interstate carrier, namely Federal Express, to deliver a parcel from Cancun, Mexico to Investor G in Aurora, Illinois according to the directions thereon, which parcel contained an interest payment check in the amount of approximately \$229.17 together with correspondence that represented to Investor G that the enclosed check was Investor G's "rental compensation" from World Phantasy Tours, Inc.;

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT THIRTEEN

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 and 3 through 28 of Count One of this Information are realleged and incorporated as though fully set out in this count.

2. During the period from in or about January 1998 to the present, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, and others, in the offer and sale of securities, directly and indirectly, knowingly and willfully: employed devices, schemes and artifices to defraud; obtained money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and, engaged in transactions, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers and prospective purchasers of such securities, namely investments in promissory notes and universal leases, all as more fully set in paragraphs 3 through 28 of Count One.

3. On or about June 16, 2003, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing the scheme to defraud and attempting to do so, knowingly caused the use of the means and instruments of transportation and communication in interstate commerce, specifically, the interstate delivery from Cancun Mexico to Morton Grove, Illinois by Federal Express of correspondence and an interest check purportedly from World

Phantasy Tours to Investor A;

In violation of Title 15, United States Code, Sections 77q(a) and 77x.

COUNT FOURTEEN

The UNITED STATES ATTORNEY further charges:

1. Paragraphs 1 and 2 of Count Thirteen of this Information are realleged and incorporated as though fully set out in this count.
2. On or about June 22, 2004, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL E. KELLY,

defendant herein, for the purpose of executing the scheme to defraud and attempting to do so, knowingly caused the use of the means and instruments of transportation and communication in interstate commerce, specifically, the interstate delivery from LaGrange Park, Illinois to Quintana Roo, Mexico of an agreement executed by Investor D allowing Galaxy Properties to assume the role of World Phantasy Tours regarding Investor D's investment in universal leases;

In violation of Title 15, United States Code, Sections 77q(a) and 77x.

FORFEITURE ALLEGATION

The UNITED STATES ATTORNEY further charges:

1. The allegations contained in Count One through Twelve of this Information are realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of his violations of Title 18, United States Code, Sections 1341 and 1343, as alleged in the foregoing Information,

MICHAEL E. KELLY,

defendant herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all right, title and interest in property, real and personal, which constitutes and is derived from proceeds traceable to the charged offenses.

3. The interests of the defendant subject to forfeiture pursuant to Title 18, United States Code, Section, 981(a)(1)(C) and Title 28, United States Code, Section 2461(c) include but are not limited to the approximately \$500,000,000 of funds and property obtained through the offer and sale of investments in nine month promissory notes and universal leases.

4. If any of the property subject to forfeiture and described above, as a result of any act or omission of the defendant:

- (a) Cannot be located upon the exercise of due diligence;
- (b) Has been transferred or sold to, or deposited with, a third party;
- (c) Has been placed beyond the jurisdiction of the Court;

- (d) Has been substantially diminished in value; or
- (e) Has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).


UNITED STATES ATTORNEY