

RE2602535/PJS

**STATE OF MINNESOTA
COMMISSIONER OF COMMERCE**

CONSENT ORDER

In the Matter of:

Kristie Lacey-Hause Individually and acting on behalf of
Solara Inc. dba Solara Resort, Causeway Development, Inc.
and Premier Resorts, Ltd dba Midwest Resorts

To: Kristie Lacey-Hause
Causeway Development, Inc.
7760 France Ave. S., Suite 1100
Bloomington, MN 55435

Commissioner of Commerce Glenn Wilson (herein "Commissioner") has determined as follows:

1. The Commissioner has advised Solara Inc. dba Solara Resorts; Causeway Development, Inc.; and Premier Resorts, Ltd. dba Midwest Resorts; and Kristie Lacey-Hause individually (collectively hereinafter "Respondent") – personally or acting through their agents, employees, assigns, affiliates, and/or representatives – that he is prepared to commence formal action pursuant to Minn. Stat. § 82.35(2006) against Respondent based on allegations that Respondent failed to comply with the terms of the May 25, 2005 Consent Order in violation of Minn. Stat. § 45.027, Subd. 7 (a)(2) (2006) and Minn. Stat. § 83.35, Subd. 1 (1) (2006). This Order shall subsume the May 25, 2005 Consent Order, which shall become void and of no further force or effect.

2. Respondent acknowledges that it has been advised of its rights to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination at a hearing; Respondent hereby expressly waives those rights. Respondent further

acknowledges that it have been represented by legal counsel throughout these proceedings, or have been advised of its right to be represented by legal counsel, which right it hereby waives.

3. Respondent, while neither admitting nor denying the allegations contained herein, has agreed to informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2006) and Minn. R. 1400.5900 (2005).

4. The following Order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. With respect to the timeshare interests at the project known as Causeway on Gull Five ("Causeway Five Interval"), Respondent shall offer rescission pursuant to Minn. Stat. § 83.28, Subd. 2, within 90 days of this Order to all purchasers of a Causeway Five Interval according to the terms set forth in subparts A and B below. Respondent shall submit an affidavit reporting the completion of the offers with a list of the names and addresses of each purchaser offered rescission, and that for those purchasers choosing rescission Respondent has complied with the conditions stated herein.

A. A purchaser who either (i) did not trade in an "interval"¹ to purchase a Causeway Five Interval or (ii) purchased any of the intervals described on Schedule 1(A) attached hereto (each, a "New Purchaser") must be offered a cash refund of the purchase price of the Causeway Five Interval paid by such New Purchaser plus interest from the date of purchase at the legal rate established for each year by the State Court administrator pursuant to Minn. R. Civ. P. § 54.04 and Minn. Stat. § 549.09 or at the rate charged on

¹ The term "interval" as used in this Order refers generally to a timeshare interest in the projects known as Causeway on Gull or Village at Izatys.

any lien paid by the New Purchaser, whichever is higher, less \$1,500.00 for every week of contractually available use² by the New Purchaser from the purchase date of the Causeway Five Interval through the date of acceptance of Respondent's rescission offer (the "Refund Amount"); provided, that in no event will the above-referenced adjustment to the Refund Amount require any New Purchaser to pay additional amounts to Respondent. In such case the contract is cancelled with no refund amount provided to the New Purchaser. The Refund Amount must also include any fees, such as late fees, paid by the New Purchaser to Respondent related to the Causeway Five Interval; such fees, however, do not include maintenance fees paid by the New Purchaser, which are not part of the Refund Amount. Charges that the New Purchaser still owes Respondent for late payments may not be deducted from the Refund Amount or charged separately. Respondent shall deduct from the Refund Amount any maintenance fees owed by the New Purchaser for the Causeway Five Interval and immediately tender such amount to the Causeway on Gull Association. The above-described rescission offer must be presented to the New Purchasers pursuant to the letter attached hereto as Exhibit A.

B. Except as provided in Section 1(A) above, for a purchaser who traded in a previously owned interval as part of the purchase of a Causeway Five Interval (such purchaser hereinafter "Upgraded Purchaser" and such interval hereinafter "Prior Interval"), Respondent shall offer to rescind the upgrade as follows and pursuant to the letter attached hereto as Exhibit B. Upgraded purchasers will be given the option of section (1) and (2):

(1) The Upgraded Purchaser shall be offered the Prior Interval, under the terms and conditions that the Upgraded Purchaser purchased said interval,

² As used in this Order, a "week of contractually available use" shall not include any assigned week where the purchaser was prohibited from use by the Causeway on Gull Association and such purchaser was a named defendant in the civil action known as *Causeway on Gull Association v. Causeway Development, Inc. et al.*, Case No. 11-CV-06-2006, filed in Cass County, Minnesota. In the event that a purchaser that was not a named defendant in such civil action notifies Respondent that it was prohibited from using any assigned week, Respondent shall notify the Commissioner, investigate such complaint, and resolve appropriately.

along with a refund of the purchase price paid by said Upgraded Purchaser in connection with the upgrade plus interest from the date of purchase at the legal rate established for each year by the State Court administrator pursuant to Minn. R. Civ. P. § 54.04 and Minn. Stat. § 549.09 or at the rate charged on any lien paid by the Upgraded Purchaser, whichever is higher, less \$1,500.00 for every week of contractually available use by the Upgraded Purchaser from the purchase date of the Causeway Five Interval through the date of acceptance of Respondent's rescission offer (the "Upgrade Refund"); provided, that in no event will the above-referenced adjustment to the Upgrade Refund require any Upgraded Purchaser to pay additional amounts to Respondent. In such case the contract is cancelled with no refund amount provided to the New Purchaser. The Upgrade Refund must also include any fees, such as late fees, paid by the Upgraded Purchaser to Respondent related to the Causeway Five Interval; such fees, however, do not include maintenance fees paid by the Upgraded Purchaser, which are not part of the Upgrade Refund. Charges that the Upgraded Purchaser still owes Respondent for late payments may not be deducted from the Upgrade Refund or charged separately. The Upgrade Refund shall be applied (x) first, to any amounts the Upgraded Purchaser would owe to Respondent on the Prior Interval had said purchaser not been upgraded, (y) second, to any amounts owed to the Causeway on Gull Association for unpaid maintenance fees; and (z) third, any remaining amount of the Upgrade Refund refunded to the Upgraded Purchaser.

(2) Or, the refund from 1. A.

2. With respect to purchasers of intervals at Causeway on Gull Four lots 3 or 4, Respondent is not required to present written offers of rescission, provided that in the event any such purchaser requests rescission within 180 days of the date of this Order, Respondent shall

honor such request for rescission and provide the Refund (as defined in Section 1 above); provided, that in no event will the adjustment to the refund for contractually available use require any such purchaser to pay additional amounts to Respondent. In such case the contract is cancelled with no refund amount provided to the New Purchaser. The Refund Amount must also include any fees, such as late fees, paid by such purchaser to Respondent related to the Causeway Four Interval; such fees, however, do not include maintenance fees paid by such purchaser, which are not part of the Refund Amount. Charges that such purchaser still owes Respondent for late payments may not be deducted from the Refund Amount or charged separately. Respondent shall deduct from the Refund Amount any maintenance fees owed by such purchaser for the Causeway Four Interval and immediately tender such amount to the Causeway on Gull Association.

3. Respondent shall not be required pursuant to this Order to send written offers of rescission to purchasers of intervals at the timeshare projects known as Causeway on Gull One, Causeway on Gull Two, Causeway on Gull Three, or Causeway on Gull Four lots 1 or 2.

4. From the date of this Order, Respondent will not notify any credit agencies of late payments or defaults that happened from the date of purchase until December 31, 2007, for purchasers addressed in this Order, and within 60 days of the date of this Order shall notify credit agencies to remove any previously reported delinquencies for any such purchaser.

5. Respondent will develop a complaint form acceptable to the Commissioner within 30 days of this Order. All complaints relating to the sale of intervals, disclosure, and sales practices will be recorded on the complaint form. Respondent will file with the Commissioner a copy of the complaint form for all pending complaints every 30 days noting progress on resolving the issues for one year from the date of the Order. Respondent will also file at the same time the complaint form for all resolved complaints noting the terms of the resolution for

one year from the date of this Order. Respondent must keep on record all complaint forms for six years.

6. Respondent hereby designates Kristie Lacey-Hause to handle all complaints on the sale of intervals and sales practices. Kristie Lacey-Hause's address, telephone number, and email address are: 7760 France Avenue South, Suite 1100, Bloomington, MN 55435; (952) 886-7475; klacey@aol.com. Respondent also designates Kristie Lacey-Hause to monitor compliance with registration requirements and monitor the conduct of all salespersons. Respondent shall notify the Commissioner of any changes of this information within 30 days.

7. Respondent will continue to maintain all required licenses in good standing.

8. After the date of this Order, Respondent may sell any and all intervals in the timeshare projects known as Causeway on Gull One, Causeway on Gull Two, Causeway on Gull Three, Causeway on Gull Four, and Causeway on Gull Five that are registered in compliance with the Minnesota Land Sale Practices Act, except that Respondent shall not sell any Prior Interval until either (i) the Upgraded Purchaser who could be returned to said Prior Interval under Section 1(B)(1) herein has declined rescission in writing, or (ii) 30 days have passed since Respondent has extended the rescission offer relating to the particular Prior Interval and Respondent has not received the required written acceptance from the Upgraded Purchaser who could be returned to said Prior Interval.


IT IS FURTHER ORDERED, that pursuant to Minn. Stat. § 45.027, Subd. 6 (2006)

Respondent shall pay to the State of Minnesota a civil penalty of \$10,000.00 within 30 days from the date of this Order.

This Order shall be effective upon signature on behalf of the Commissioner.

Dated: 11/09/2007.

GLENN WILSON
Commissioner

By: 
ROBERT P. COMMODORE
Director of Investigations
Market Assurance Division
85 Seventh Place East, Suite 500
Saint Paul, Minnesota 55101

CONSENT TO ENTRY OF ORDER

The undersigned Kristie Lacey-Hause Individually and acting on behalf of Solara Inc. dba as Solara Resorts, Causeway Development, Inc.; and Premier Resorts, Ltd. dba as Midwest Resorts, states that she has read the foregoing Consent Order; that she knows and fully understands its contents and effect; that she is authorized to execute this Consent to Entry of Order on behalf of Respondent; that she has been advised of Respondent's right to a hearing; that Respondent has been represented by legal counsel in this matter; or that she has been advised of Respondent's right to be represented by legal counsel and that she has waived this right; and that she consents to entry of this Order by the Commissioner of Commerce. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

Kristie Lacey-Hause
Solara Inc. dba as Solara Resorts, Causeway
Development, Inc.; and Premier Resorts,
Ltd. dba as Midwest Resorts

By:

Kristie Lacey-Hause

Their:

President

STATE OF Minnesota

COUNTY OF Hennepin

This instrument was acknowledged before me on 11/16/07 (date) by Kristie Lacey-Hause
(name(s) of person(s)) as President (type of authority, e.g., officer, trustee, etc.) of

Solara Inc. dba as Solara Resorts, Causeway Development, Inc.; and Premier Resorts, Ltd. dba as Midwest Resorts (name of party on behalf of whom the instrument was executed).

(stamp)



Emily A. Kofstad
(Signature of notary/officer)

Title (and Rank)

My commission expires: Jan. 31, 2010

SCHEDULE 1(A)

Intervals Included as "New Purchaser" Intervals

In Block 1, the following weeks:

8E, 8O, 9E, 9O, 10E, 14O, 19E, 19O, 20E, 21A, 25E, 28A, 29A, 30E, 31E, 34A, 35E, 35O, 38A, 45E, 47E, 47O, 51O.

In Block 2, the following weeks:

28A, 30A, 32E, 38E, 38O, 47E.

In Block 3, the following weeks:

1E, 8E, 23E, 29O, 31A, 32A, 33A, 38A, 47E.

In Block 4, the following weeks:

25E, 27A, 31A, 32A, 33E, 33O, 38O.

In Block 5, the following weeks:

9O, 20O, 22O, 29A, 32A, 40O, 41E, 47E.

In Block 6, the following weeks:

5O, 6O, 9E, 9O, 10O, 19O, 20O, 35O, 36E, 38A, 39A, 40A, 41E, 41O, 45O, 47E, 47O, 48E.

Exhibit A

Date _____, 2007

Name and Address of New Purchaser

Re: Unit _____, Week _____ at Causeway on Gull Five

Dear _____:

On _____ you purchased from us Unit _____, Week _____ (the "Interval") at Causeway on Gull Five for a total purchase price of _____. This unit transaction was not in accordance with the Minnesota Land Sale Practices Act, nor was the transaction in which you purchased exempt from registration under the Act.

As part of the process to resolve the deficiencies, we have agreed to offer to rescind your purchase and refund to you the amount you have paid for the Interval with interest from the date of purchase at the legal rate established for each year by the State Court administrator pursuant to Minn. R. Civ. P. § 54.04 and Minn. Stat. § 549.09 or at the rate charged on any lien paid by you, whichever is greater, less \$1,500.00 for every week of contractually available use by you from the purchase date of the Interval through the date of your acceptance of this rescission offer; provided, that in no event will the above-referenced adjustment to the refund require you to pay additional amounts to Causeway Development, Inc. In such case the contract is cancelled with no refund amount paid to you. The refund amount will also include any fees paid by you to Causeway Development, Inc. Please note that regardless of this rescission offer, you are responsible for the maintenance fees owed to the Causeway on Gull Association with respect to the Interval, and any maintenance fees you paid will not be refunded. Should you choose to rescind the purchase of your vacation property on Gull Lake, any outstanding maintenance fees will be deducted from any refund amount.

This offer remains open to you for thirty (30) days from the date you receive this letter. This offer may only be accepted by returning the completed and signed original of the enclosed Acceptance of Rescission Offer to me, postmarked no later than thirty (30) days from the date you receive this letter. Failure to accept this offer as described in this paragraph constitutes a rejection of the offer and will reaffirm your purchase of the above-referenced Interval.

In addition, whether you elect to rescind or not, Causeway Development is required within sixty (60) days to notify credit agencies to remove any reported delinquencies from the date of your purchase to December 31, 2007.

Page two

If you are satisfied with your purchase, you need do nothing further. But if you would like to accept this rescission offer, you must complete the enclosed Acceptance of Rescission Offer, sign the form, and return it to me as described above. To find out the refund amount please call me at 952-886-7475. If you dispute the refund amount and are unable to resolve the difference with Causeway Development or if you chose rescission and do not receive your refund within thirty (30) days, you may contact the Department of Commerce at 651-296-6332. You are also welcome to contact me at anytime should you have any questions or concerns about this process.

Sincerely,

Kristie Lacey-Hause, President

Acceptance of Rescission Offer

Name of Purchaser: _____

Interval: Unit ____, Week __ at Causeway on Gull Five

I/we am/are the owner of the Interval described above, and hereby elect to rescind my/our purchase of the Interval.

Signature

Print Name

Address

Please return this form to:

Causeway Development, Inc.
Attn: Kristie Lacey-Hause
7760 France Ave S.
Suite 1100
Bloomington, MN 55435

Exhibit B

Date _____, 2007

Name and Address of Upgraded Purchaser

Re: Unit _____, Week _____ at Causeway on Gull Five

Dear _____:

On _____ you upgraded from Unit _____ Week _____ at _____ (the "Prior Interval") to Unit _____, Week _____ at Causeway on Gull Five ("Causeway Five Interval") for an additional price of _____. This unit transaction was not in accordance with the Minnesota Land Sale Practices Act, nor was the transaction in which you purchased exempt from registration under the Act.

As part of the process to resolve the deficiencies, we have agreed to offer to rescind your upgrade. Should you choose to accept this offer, you have the option of (1) returning to the Prior Interval (if it is or can be made available) under the terms and conditions that you purchased the Prior Interval with a refund of the amount you paid for the upgrade from the Prior Interval to the Causeway Five Interval (the "Upgrade Refund") as described below, or (2) a refund of your purchase price of the Causeway Five Interval (the "Cash-out Refund") as described below.

This offer remains open to you for thirty (30) days from the date you receive this letter. This offer may only be accepted by returning the completed and signed original of the enclosed Acceptance of Rescission Offer to me, postmarked no later than thirty (30) days from the date you receive this letter. Failure to accept this offer as described in this paragraph constitutes a rejection of the offer and will reaffirm your purchase of the above-referenced Causeway Five Interval.

If you are satisfied with your upgrade, you need do nothing further. But if you would like to accept this rescission offer, you must complete the enclosed Acceptance of Rescission Offer form and return it to me as described above.. To find out the refund amount please call me at 952-886-7475. If you dispute the refund amount and are unable to resolve the difference with Causeway Development or if you chose rescission and do not receive your refund, if any is appropriate, within thirty (30) days you may contact the Department of Commerce at 651-296-6332. You are also welcome to contact me at anytime should you have any questions or concerns about this process.

Upgrade Refund

The Upgrade Refund will be the amount you paid for the upgrade from the Prior Interval to the Causeway Five Interval with interest from the date of purchase at the legal rate established for each year by the State Court administrator pursuant to Minn. R. Civ. P. § 54.04 and Minn. Stat. § 549.09 or at the rate charged on any lien paid by you, whichever is greater, less \$1,500.00 for every week of contractually available use by you from the purchase date of the Causeway Five Interval through the date of your acceptance

Page two

of this rescission offer; provided, that in no event will the above-referenced adjustment to the refund require you to pay additional amounts to Causeway Development, Inc. The refund amount will also include any fees paid by you to Causeway Development, Inc. Please note that regardless of this rescission offer, you are responsible for the maintenance fees owed to the Causeway on Gull Association with respect to your intervals, and any maintenance fees you paid will not be refunded. Should you choose to rescind the purchase of your vacation property on Gull Lake, any outstanding maintenance fees will be deducted from any refund amount. This refund amount will be applied first to any outstanding amounts that you would owe on the Prior Interval had you not upgraded, second to any maintenance fees that you currently owe to the Causeway on Gull Association, with any remaining amount paid directly to you.

Cash-out Refund

The Cash-out Refund will be the amount you have paid for the Causeway Five Interval, including any credit you received for equity in the Prior Interval as part of the upgrade, with interest from the date of purchase at the legal rate established for each year by the State Court administrator pursuant to Minn. R. Civ. P. § 54.04 and Minn. Stat. § 549.09 or at the rate charged on any lien paid by you, whichever is greater, less \$1,500.00 for every week of contractually available use by you from the purchase date of the Causeway Five Interval through the date of your acceptance of this rescission offer; provided, that in no event will the above-referenced adjustment to the refund require you to pay additional amounts to Causeway Development, Inc. In such case the contract is cancelled with no refund amount paid to you. The refund amount will also include any fees paid by you to Causeway Development, Inc. Please note that regardless of this rescission offer, you are responsible for the maintenance fees owed to the Causeway on Gull Association with respect to your intervals, and any maintenance fees you paid will not be refunded. Should you choose to rescind the purchase of your vacation property on Gull Lake, any outstanding maintenance fees will be deducted from any refund amount.

In addition, whether you elect the Upgrade Refund or the Cash-out Refund, Causeway Development is required to notify credit agencies to remove any reported delinquencies from the date of your purchase to December 31, 2007 within sixty (60) days.

Sincerely,

Kristie Lacey-Hause, President

Acceptance of Rescission Offer

Name of Purchaser: _____

Prior Interval: Unit ____, Week __ at Causeway on Gull _____

Causeway Five Interval: Unit ____, Week __ at Causeway on Gull _____

I/we am/are are the owner(s) of the Causeway Five Interval described above, and hereby elect to rescind my/our purchase of the Causeway Five Interval according to:

___ Option (1): returning to my/our Prior Interval and receiving the Upgraded Refund or if my/our Prior Interval is not or cannot be made available, receiving the Cash-Out Refund; or,

___ Option (2): receiving the Cash-Out Refund.

Signature

Print Name

Address

Please return this form to:

Causeway Development, Inc.
Attn: Kristie Lacey-Hause
7760 France Ave S.
Suite 1100
Bloomington, MN 55435

