

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009016709007**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Ronald A. Knight, Respondent
Limited Registered Principal
(CRD No. 2937432)

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Ronald A. Knight, submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Ronald A. Knight ("Knight") entered the securities industry as an Investment Company and Variable Contracts Products Representative of a member of FINRA on November 18, 1997. On June 30, 1999, Knight also became registered as an Investment Company and Variable Contracts Products Principal with a member of FINRA. From May 6, 2002 to February 15, 2008, he was registered in the same capacity with Royal Alliance Associates, Inc. ("Royal Alliance"), a member of FINRA. He is currently not registered in any capacity, and he has no disciplinary history.

OVERVIEW

From February 6, 2003 to February 26, 2004, Knight sold securities in the form of Universal Lease Programs ("ULPs") in various resort properties throughout

000126048 2010

Mexico and Central America to 31 investors in 32 transactions. The ULPs were issued by Yucatan Resorts, S.A. ("Yucatan Resorts"), Resort Holdings International, S.A. ("Resort Holdings") and World Phantasy Tours, Inc. a/k/a Majesty Travel and (collectively referred to as the "Issuers"). Prior to placing these sales, Knight failed to provide written notice to his employing member firms describing the sales in detail, and to receive written approval that he was permitted to sell the ULPs, in violation of NASD Rules 2110 and 3040.

FACTS AND VIOLATIVE CONDUCT

ULPs Were Securities Pursuant to the Securities Exchange Act of 1934.

1. ULPs were developed in 1999. They were, in essence, a timeshare in the Baccara Hotel, coupled with an "option" to contract with a purportedly independent, third party management company to lease the timeshare to others and to pay the investor the rental proceeds. The ULPs offered three basic options, which were to permit investors to: simply use their lease as an ordinary timeshare, and take vacations at the Baccara Hotel every year or two; sublease the unit themselves to persons who wish to vacation at the Baccara Hotel; or use the purportedly independent leasing agent to sublease the unit for them, guaranteeing a fixed rate of return. Rather than maintaining a separate independent management company, the owners of the Issuers conducted the operations of both the Issuers and the purported independent leasing agent using common staff for both. A review of over 600 ULPs showed that more than 99% of the investors selected the third option mentioned above, choosing to use the leasing agent rather than to use their timeshare units for personal vacations or be responsible themselves for subleasing their units.
2. When investors chose the third option, they signed a servicing agreement at the same time they purchased the ULPs. In the servicing agreement, the leasing agent guaranteed the rental of the investors' timeshare, agreed to collect the rent, and also agreed to pay the investors rental income and an additional "premium" in connection with a redemption option that purportedly gave each investor the right to redeem his or her ULP at any time after two years for 100% of the initial purchase price. All of the investors in this matter chose the third option.
3. The payments to ULP investors were based on a pooling of all investor funds, rather than profits from the rental of each investor's specific unit. Bank records from the U.S. bank accounts which the Issuers used to initially deposit new ULP investor funds show that from the commencement of the offering in 1999 until at least March 2004, the

payments of purported subleasing income came almost exclusively from the ULP investors' own investments, which were commingled in the same U.S. bank account and not from any sublease income.

4. Based on these and other facts, ULPs are considered sales of "securities" as that term is defined in the Securities Exchange Act of 1934.

Knight Sold ULPs to 31 Investors In 32 Transactions Without Providing Written Notice to His Employing Member Firm.

5. During all relevant times, MZ, JB, AM, KVV, DM, ET, CL, BS, EO, SL, AV, MB, EP, JEB, CS, RC, FB, WM, ED, GN, VM, MM, MN, WW and AJ were members of the public.
6. From February 6, 2003 to February 26, 2004, Knight participated in sales of the ULPs to MZ, JB, AM, KVV, DM, ET, CL, BS, EO, SL, AV, MB, EP, JEB, CS, RC, FB, WM, ED, GN, VM, MM, MN, WW and AJ, which totaled \$4,205,355.68, as shown on Schedule A, attached hereto and incorporated by reference. Prior to participating in these sales of the ULPs, Knight failed to provide Royal Alliance with written notice about the sales of the ULP product, and failed to obtain written approval from Royal Alliance. Knight received at least \$30,270 in commissions from his sales of the ULPs. The acts, practices and conduct described above constituted violations of NASD Rules 2110 and 3040.

Knight Sold the ULPs After Being Told That He Should Not engage In Such Sales, and Misled Royal Alliance About His Sales.

7. Knight's conduct is aggravated by the fact that on September 3, 2002, his office was examined by representatives of Royal Alliance. During the exam, a "Sales Representative Marketing Agreement" for the sale of ULPs was located by the Royal Alliance examiner in Knight's files. Following the exam, Royal Alliance issued Knight a "report letter," reminding Knight that without approval from Royal Alliance, he could not enter into this activity, and requesting that Knight submit a description of this activity for approval to Royal Alliance. Knight submitted a request to Royal Alliance to sell the ULPs as an outside business activity. In March 2003, Knight's request to sell the ULPs was denied by Royal Alliance in writing.
8. Despite Royal Alliance's denial of his request to sell the ULPs, Knight participated in the sale of ULPs, as described in paragraph 6 above. In addition, on June 30, 2003, Knight submitted to Royal Alliance a 2003-

2004 Outside Business Activities Questionnaire that contained statements that he had not engaged in any outside business activities, which was false. The acts, practices and conduct described above constituted violations of NASD Rule 2110.

- B. I also consent to the imposition of the sanction of a bar from association with any member of FINRA in any capacity.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against me;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand

that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

01-06-00

Date

Ronald A. Knight

Limited Registered Principal

Reviewed by:

Counsel for Respondent

Accepted by FINRA:

1/28/10
Date

Signed on behalf of the
Director of ODA, by delegated authority

Richard S. Schultz

Richard S. Schultz
Senior Regional Counsel
FINRA Department of Enforcement
55 West Monroe Street, Suite 2700
Chicago, Illinois 60603-5052
(312)899-4334

Disciplinary Proceeding No. 2009016709007**Schedule A****Sales of Interests in the Universal Lease Program by Ronald A. Knight**

Date	Name Of Investor	Amount Invested
2/6/2003	MZ	\$130,000.00
3/21/2003	JB	\$5,000.00
3/24/2003	AM	\$17,692.85
3/29/2003	KVV	\$373,055.08
4/1/2003	DM	\$17,590.37
4/10/2003	ET	\$168,520.00
4/17/2003	CL	\$237,651.21
4/22/2003	BS	\$36,930.81
4/26/2003	EO	\$34,403.01
4/30/2003	SL	\$90,000.00
5/3/2003	AV	\$30,000.00
5/9/2003	MB	\$296,764.98
5/13/2003	EP	\$5,000.00
5/16/2003	JEB	\$359,972.34
5/21/2003	CS	\$183,305.28
5/21/2003	RC	\$227,838.24
6/3/2003	EO	\$29,533.36
6/9/2003	JB	\$99,569.13
6/9/2003	FB	\$132,156.51
6/23/2003	WM	\$135,605.67
7/10/2003	ED	\$158,755.05
8/13/2003	CS	\$213,253.16
9/10/2003	GN	\$95,179.08
10/4/2003	VM	\$10,000.00
10/29/2003	MM	\$240,000.00
11/5/2003	MN	\$35,000.00
11/26/2003	KK	\$25,000.00
12/5/2003	MV	\$422,392.60
12/6/2003	AS	\$276,500.00
12/17/2003	VM	\$9,538.99
1/8/2004	VVV	\$104,147.96
2/26/2004	AJ	\$5,000.00
	Totals	\$4,205,355.68