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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY

In re:

Flagship Resort Development Corporation,

Debtor.

Chapter 11

Case No. 25-15047 (JNP)

Honorable Jerrold N. Poslusny Jr.

**LAWSUIT PLAINTIFFS' OBJECTION TO CONFIRMATION OF THE PLAN OF LIQUIDATION
PROPOSED BY FLAGSHIP RESORT DEVELOPMENT CORPORATION**

The Lawsuit Plaintiffs (defined below) hereby submit this objection (the “Objection”) to confirmation of the Plan of Liquidation [Docket No. 175] (the “Plan”) proposed by Flagship Resort Development Corporation (“Debtor”). In support of this Objection, the Lawsuit Plaintiffs respectfully state as follows:

PRELIMINARY STATEMENT¹

The Plan cannot be confirmed. It was not proposed in good faith as required by 11 U.S.C. §1129(a)(3) and is not in the best interest of creditors as required by section 11 U.S.C. §1129(a)(7). The Lawsuit Plaintiffs have been participants in this case from the outset, and the Lantych Plaintiffs served on the unsecured creditors committee until they resigned. Now that the Debtor has sold its operating business, the Lawsuit Plaintiffs believe that confirmation of a plan, with broad third-party releases, is unsupported by the Bankruptcy Code and an unnecessary windfall to insiders. Simply put, the Lawsuit Plaintiffs believe the driving purpose behind the post-sale Chapter 11 plan is to facilitate the releases for the insiders. This is an improper use of the process and should not be permitted.

As set forth in further detail below, the Lawsuit Plaintiffs take issue with a number of items in the Plan. First, as pointed out by the United States Trustee (“UST”) [*See* Docket Nos. 225 and 306], the third-party releases provided by the Plan violate applicable law. The Lawsuit Plaintiffs join in the UST’s objection on this point. Second, the Plan doles out wide-sweeping releases to insiders without insiders providing any meaningful

¹ Capitalized terms not otherwise defined in this Preliminary Statement shall have the meanings ascribed to them herein.

consideration in return². Here, the releases are particularly egregious because the insiders have been found to have perpetuated a business that relies upon violations of consumer fraud protections to succeed. Third, as a result of an incomplete liquidation analysis, it remains unclear whether creditors are better off in the Chapter 11 than they would be in a Chapter 7. Fourth, the same management that designed and supervised a systematic process for sales of time shares which violated the critical consumer protection laws of the State of New Jersey, including the Consumer Fraud Act (“CFA”) and Real Estate Time Share Act (“RTA”) is simply carrying on the “new” business in the very same fashion that created the litigation that landed the Debtor here in first place. Thus, the “new” business helmed by Roxanne Passarella (“Passarella”) (Flagship’s former CEO), is destined to suffer the same fate as its predecessor. In light of the foregoing, it cannot be said that the Debtor has proposed the Plan with “honesty and good intentions³” or that Bankruptcy Code objective will be met by the confirmation of this Plan.

With little having changed here beside the name of the company running the property – and the same fraudulent business tactics likely to be continued – the Lawsuit Plaintiffs believe history is destined to repeat itself and will continue to pursue all viable legal remedies. Indeed, the Lawsuit Plaintiffs have opted out of the releases set forth in the Plan leaving significant liability for the “new” company’s management and reserve all rights as to the Released Parties.

For these reasons, as is set forth herein, the Lawsuit Plaintiffs respectfully requests that the Court deny confirmation of the Plan.

PROCEDURAL HISTORY

A. The Debtor’s Bankruptcy Case

i. The Filing of the Bankruptcy Case

1. On May 10, 2025 (the “Petition Date”), the Debtor filed with this Court a voluntary petition for relief pursuant to chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), thereby commencing this bankruptcy case.

² Passarella and Jones put in only a collective \$150,000 as part of the settlement agreement executed in connection with the Sale but nothing specifically as to the Plan with many other Released Parties contributing nothing in return for the release of millions of dollars of liability.

³ *In re W.R. Grace & Co.*, 475 B.R. 34, 88 (D. Del. 2012), aff’d sub nom. *In re WR Grace & Co.*, 729 F.3d 332 (3d Cir. 2013), ad aff’d, 532 F. App’x 264 (3d Cir. 2013), and aff’d sub nom. *In re WR Grace & Co.*, 729 F.3d 332 (3d Cir. 2013), and aff’d, 729 F.3d 311 (3d Cir. 2013)

ii. Appointment of Committee

2. On May 30, 2025, the UST appointed the UCC, which was comprised of the following members: (i) Flagship Condominium Association, Inc., (ii) Royal Suites Interval Owners Association, Inc., and (iii) the Lantych Plaintiffs. *See* Docket No. 86. On July 1, 2025 and July 2, 2025, the Court entered Orders approving the Committee’s retention of Cole Schotz P.C. as its counsel and IslandDundon, LLC as its financial advisor. *See* Docket Nos. 172 and 178.

iii. The Sale

3. Shortly after the Petition Date, on May 12, 2025, the Debtor filed the Debtor’s Motion For Entry of Orders (I)(A) Approving Bidding Procedures For the Sale of Substantially All of the Debtor’s Assets, (B) Approving Stalking Horse Purchase Agreement, (C) Scheduling an Auction and a Sale Hearing, (D) Approving the Form and Manner of Notice Thereof, (E) Establishing Notice and Procedures For the Assumption and Assignment of Contracts and Leases; and (F) Granting Related Relief and (II)(A) Authorizing the Debtor to Enter into an Asset Purchase Agreement, (B) Approving the Asset Purchase Agreement, and (C) Authorizing The Assumption and Assignment of the Assumed Contracts [Docket No. 13], pursuant to which the Debtor sought approval of (i) bidding procedures (the “Bidding Procedures”) in connection with the sale of substantially all of the Debtor’s assets (the “Sale Transaction”) and (ii) the designation of AC Boardwalk Investments, LLC (the “Stalking Horse Bidder”) as the stalking horse bidder.

4. As the Debtors disclose in a footnote to the Sale Motion, “the proposed Purchaser is an affiliate of Kevin Jones and Roxanne Passarella, the former co-CEOs of the Debtor and current owners of Boardwalk Management, LLC, an unaffiliated non-Debtor entity that provides management services to the Debtor.” *See* Sale Motion at fn 11.

5. Following appointment, the UCC engaged in an active process with the Debtors regarding both the proposed sale and plan. These discussions and negotiations resulted in a settlement between the parties, which, among other things, required Kevin Jones, Roxanne Passarella, and the Management Companies (as defined in the settlement agreement) to contribute a total of \$150,000.00 in cash to the Plan Administrator Wind-Down and Expense Reserve. *See* Docket No. 268, Settlement Term Sheet at ¶ 7].

6. A sale hearing was held on August 5, 2025, and an order approving the sale was entered on August 11, 2025 [Docket No. 279].

7. While the Lawsuit Plaintiffs were initially hopeful that a non-insider sale could be consummated, ultimately the insider transaction was the only option for a sale. While the Lawsuit Plaintiffs did not believe that standing in the way of the sale would be fruitful, they had concerns about the transaction. These concerns lead to the Lantych Plaintiffs resigning from the UCC and advising the Court, at the Sale hearing, that they had resigned and reserved all rights to object to the Debtor's Plan.

iv. Debtor's Proposed Plan

8. On July 1, 2025, Debtor filed with the Court a proposed chapter 11 plan of liquidation [Docket No. 175] and disclosure statement [Docket No. 174] (the "First Disclosure Statement").

9. On July 2, 2024, the Court entered an order Granting Application to Shorten Time and setting a hearing on the adequacy of the First Disclosure Statement for June 18, 2025 [Docket No. 179].

10. On July 18, 2025, the Court rescheduled and adjourned the hearing to August 4, 2025 [Docket No. 209], which the Court thereafter continued to August 8, 2025.

11. On August 8, 2025, Debtor filed an amended disclosure statement [Docket No. 261] (the "Amended Disclosure Statement").

12. On August 8, 2025, the Court entered an order approving the Amended Disclosure Statement on an Interim Basis [Docket No. 266]

13. On August 9, 2025, Debtor filed a First Amended Plan of Liquidation [Docket No. 273] (the "Amended Plan"), which moved the confirmation hearing to September 12, 2025, at 10:00 a.m.

v. The Lawsuit Plaintiffs' Claims

14. As set forth in further detail below, the Lawsuit Plaintiffs assert claims arising from the Debtor's failure to comply with the New Jersey Real Estate Timeshare act.

15. On July 21, 2025, timely proofs of claim were submitted on behalf of the Lawsuit Plaintiffs as follows: (i) the Lantych Plaintiffs in the amount of \$53,530,000 [Claim No. 58]; (ii) the Castellano Plaintiffs in the amount of \$1,059,863.01 [Claim No. 60] and (iii) the Palmer Plaintiffs, et al. in the amount of \$2,027,571.29 [Claim No. 62].

BACKGROUND FACTS

A. Violations of the CFA and RETA Have Been Established

16. The Lawsuit Plaintiffs are comprised of three groups of timeshare owners as follows: (i) the 19 plaintiffs in the *Keona Palmer, et al, vs. Flagship Resort Development Corporation*, Docket No. ATL-1515-19 (“Palmer Plaintiffs”), (ii) the 17 plaintiffs in the *Alicia Castellanos vs. Flagship Resort Development Corporation*, Docket No. ATL-L-379-23 (“Castellanos Plaintiffs”), and (iii) the over 10,700 plaintiff class members who have been certified as a class in the *Michael Lantych, Sherman and Dorothy Norman v. Flagship Resort Development Corporation*, Docket No. ATL-L-744-23 (“Lantych Plaintiffs”), collectively referred to herein as the “Lawsuit Plaintiffs.” See *Declaration of Joe John Solseng in Support of Lawsuit Plaintiffs’ Objection to Confirmation of The Plan of Liquidation Proposed by Flagship Resort Development Corporation*” (“Solseng Dec.”) ¶1. As is explained in detail below, the claims of the Lawsuit Plaintiff’s stem from numerous violations of the CFA and RETA. New Jersey’s CFA and RETA allow a timeshare owner who was defrauded and/or not provided the protections by these statutes to sue their timeshare resort. Penalties include treble damages (under the CFA) or double damages (under the RETA), statutory attorneys’ fees and costs, and, under certain circumstances, rescission of the timeshare contract. Flagship repeatedly admitted during the *Palmer* trial that for decades their business model involved systematic RETA violations that provide for rescission as a remedy. See *Solseng Dec.* ¶3. Every timeshare resort in New Jersey must abide by the CFA and the RETA and every timeshare buyer is entitled to the protections those statutes provide.

17. Passarella, former Flagship CEO and member of the stalking horse buyer, AC Boardwalk Investments LLC (“Purchaser”) was instrumental in creating and maintaining these violations. Contrary to the disingenuous claim of Cherie Parks, Flagship’s CFO, filed as Document 16 in this matter, that Passarella only became involved after the Palmer Plaintiffs’ purchases, Passarella started as in-house counsel for Flagship in 2004, was promoted to COO and president in 2013, and was CEO and president as of 2019 – well before the *Palmer* trial in 2022 and the events that preceded it. See *Solseng Dec.*, ¶ 2 As Passarella said in 2019, “I have been in the lead role [at Flagship] for many years and I love it.” *Solseng Dec.*, ¶ 2, Exh. A.

B. The Palmer Trial

18. The Palmer jury found that Flagship, under Passarella, had repeatedly violated both the CFA and the RETA. The CFA prohibits acts of deception through the knowing concealment, suppression, or omission of any material fact. N.J.S.A. 56:8-1 et seq. The evidence from the Palmer trial summarized below

overwhelmingly demonstrates, Flagship's systematic fraudulent sales practices under Passarella. *See* Solseng Dec., ¶ 4.

19. The RETA broadly prohibits a timeshare resort from misrepresenting a fact material to a purchaser's decision to buy a timeshare interest, including a laundry list of specific misrepresentations. (N.J.S.A. 45:15-16.70(a)). In addition to finding Flagship under Passarella had repeatedly violated the general prohibition against misrepresenting material facts, the Palmer jury found that Flagship had violated 13 separate statutes and regulations. *See* Solseng Dec., ¶9. Evidence in the Palmer trial was that Flagship under Passarella violated N.J.S.A. 45:15-16.80(b) in every sale by not providing the POS "prior to the execution of the contract or agreement." *See* Solseng Dec., ¶ 3. The statutory remedy for such a violation allows for restitution of all monies paid and rescission of the contract. As the summary of evidence from the Palmer trial, below, demonstrates, the Lawsuit Plaintiffs could produce overwhelming evidence of Flagship's violations of the RETA and N.J.S.A. 45:15-16.80(b) under Passarella.

20. Evidence from the Palmer trial established the depth and breadth of fraud baked into every aspect of Flagship's business model under Passarella. At every step in the process, from the pre-printed contract documents, to how potential buyers are lured to Flagship for a sales presentation, throughout the sales pitch, and until the rescission period has expired, Flagship intentionally violated numerous statutes and regulations designed to protect the consumer. The evidence showed that these violations were a part of every sales presentation at Flagship for as long as anyone could remember. *See* Solseng Dec., ¶ 11, Exh. H.

a. The Warmup and Discovery Survey.

21. Upon arrival at Flagship, the plaintiffs were seated at a table where they were approached by one of Flagship's "vacation counselors" as they referred to themselves. These "vacation counselors" were, in fact, real estate agents and Flagship's salespeople. *See* Solseng Dec., ¶ 10, Exh. G.

22. Timeshares in New Jersey are considered real estate and only licensed real estate agents may sell them. N.J.S.A. 45:15-1, et seq. Flagship's salespeople are agents of Flagship, and it is responsible and liable for their actions. N.J.S.A. 45:15-16.58. N.J.A.C. 11:5-6.9(e) requires real estate agents to inform all potential buyers of the four business relationships a real estate agent might have in a real estate transaction (seller's agent, buyer's agent, disclosed dual agent, or transaction broker). This disclosure must be in writing in a document called the Consumer Information Statement ("CIS") and be provided to the buyer "prior to the first discussion at which a buyer's motivation or financial ability to buy is discussed." Because Flagship was

acting as both the real estate brokerage firm and the owner of the timeshares being sold, N.J.A.C. 11:5-6.9(m) requires the CIS form must have a special warning “in print larger than the predominant size print in the writing.” This warning stresses that the agent is working for the seller and obligates them to pass on “all material information they obtain” from the buyer. *See* Solseng Dec., ¶ 9, Exh. F.

23. The obvious intent of these regulations is to protect real estate buyers from agents, who, because they work on commission, gather information from the buyer to be used against the buyer before the buyer is aware of the agent’s motivation. *See* Solseng Dec., ¶ 10, Exh. G.

24. Jay Korn, Flagship’s corporate representative at the trial, testified that Flagship insists its sales presentations be as uniform as possible and train their salespeople in specific techniques. *See* Solseng Dec., ¶ 8, Exh. E.

25. The Palmer Plaintiffs testified these salespeople acted consistently with the Flagship training manual in that they violated N.J.A.C. 11:5-6.9(e) by failing to provide a CIS as required. In fact, the two salespeople who testified at the trial, Carlos Figueroa and Charles McDonnell, testified that they did not know what a CIS was and had never given one out at Flagship. *See* Solseng Dec., ¶ 11, Exh. H

26. These “vacation counselors,” consistent with Flagship’s training manual, use a “discovery survey” with potential buyers to learn their Dominant Buying Motives, “emotional hot buttons” that will attract people to Flagship’s timeshares. Solseng Dec., ¶ 12. The salespeople then use this information, obtained in violation of N.J.A.C. 11:5-6.9(e), against the buyers to get them to purchase. The salespeople are careful not to use the term “timeshare” because of its negative connotation but instead refer to “vacation ownership” or “interval ownership.” *See* Solseng Dec., ¶ 10, Exh. G.

27. Jay Korn testified that Flagship knows the CIS must be given prior to any discussion but that this is “a rule that Flagship doesn’t choose to follow.” *See* Solseng Dec., ¶ 12, Exh. I. Flagship tries to cover up their misdeed by including a clause in the Purchase and Sale Agreement (“PSA”) that states, “By signing below the sellers and purchasers acknowledge they received the CIS from the brokerage firm involved in this transaction prior to the first showing of the property.” Solseng Dec., ¶ 15. Evidence at trial was that an incorrect version of the CIS is buried among the hundreds of pages provided to the buyer after the contract documents are signed. *See* Solseng Dec., ¶ 13, Exh. J.

b. The Sales Pitch.

28. With their improperly obtained “emotional hot buttons,” Flagship’s salespeople know what lies to tell potential buyers to convince them to buy. Evidence in the Palmer trial was that Flagship’s salespeople lied consistently and repeatedly. The lies included telling the plaintiffs among other things, that:

- The timeshare was an “investment” that would increase in value. The reality is that Flagship timeshares are virtually worthless and even Flagship’s corporate designee Jay Korn testified that he had seen them for sale on the internet for as low as a dollar. In Korn’s (i.e. Flagship’s) own words, “people can’t give these things away.” *See* Solseng Dec., ¶14, Exh. K.
- Their timeshare would be easy to resell and that a strong resale market existed. This is contradicted by a warning hidden in the Public Offering Statement (“POS”) that “There is no immediate market for resales of Intervals.” *See* Solseng Dec., ¶15, Exh. L. Evidence also showed that buried in Flagship’s contract documents were severe restrictions on an owner reselling their property. The mortgage included a provision that the buyer would be in default if they changed ownership of the timeshare “for any reason without prior written notice of Lender, which consent may be withheld within Lender’s sole and absolute discretion, whether or not reasonable or arbitrary, and which consent may be conditional upon Lender being paid a fee for processing the ownership change.” *See* Solseng Dec., ¶16, Exh. M.
- Their annual maintenance fee would not increase over time. Testimony at trial was that the maintenance fees for all the Palmer Plaintiffs went up each year. *See* Solseng Dec., ¶17, Exh. N.
- Comparing timeshare ownership to owning conventional real estate. *See* Solseng Dec., ¶18, Exh. O.
- Buying a timeshare was a good value and a good way to spend their vacation dollars. Testimony at trial was that Flagship timeshare owners had to pay considerably more for each stay than non-owners booking the same room. For instance, Mr. St. Amour testified that his cost as a timeshare owner for ten one-week stays (one per year for ten years) would be \$40,336.50 under his contract. Mr. St. Amour determined the price for a non-owner for ten one-week stays in a similar room during a similar time of year would be only \$8,400, a difference of \$31,936.50. Put another way, a non-owner would pay almost one-fifth what an

owner would pay over the life of a ten-year contract. After the timeshare mortgage was paid off, the owner would only have to pay annual maintenance fees. Assuming the maintenance fees remained the same, Mr. St. Amour calculated that it would take him 168 years to break even with a non-owner. *See Solseng Dec.*, ¶19, Exh. P.

- It would be easy to exchange their timeshare for stays at resorts around the world at any time. Testimony at trial was that although an exchange program existed, it was impossible for Flagship owners to use it. The exchange program is based on a points system. To make an exchange, an owner first must book a stay at Flagship to establish the value of that stay in the exchange system. Flagship owners can only book stays, if at all, in undesirable weeks in Atlantic City. These weeks have virtually no exchange value for other resorts. The Palmer jury specifically found Flagship had misrepresented the conditions under which a purchaser could exchange their stay for a stay at another resort, thus violating N.J.S.A. 45:15-16-70(a)(5). *See Solseng Dec.*, ¶20, Exh. Q.

29. If the owner later wanted to get out of the timeshare, Flagship would either help them resell it or buy it back from them. Hidden in Flagship's POS, however, was a warning that Flagship would not assist with resales and an owner "must find their own buyers." Flagship refused to buy back any timeshares or to assist an owner in reselling their timeshare to a third party. *See Solseng Dec.*, ¶21, Exh. R.

c. Closing the Deal.

30. Once the salespeople had completely mischaracterized what the buyer was paying for, Flagship's business model, then and now, was to rush them through signing the voluminous contract documents as quickly as possible. These documents contained clauses that directly contradicted what the salespeople had said and bound the buyers to terms they did not understand and had not agreed to. Worse, the documents were so internally inconsistent that it was impossible for the buyer to decipher what they had purchased. The documents also contain numerous exculpatory clauses that serve only to try to insulate Flagship from the lies it knows its salespeople tell buyers.

31. Flagship refers to the employees who get new buyers to execute the contract documents as "deeders." Two deeders testified at the Palmer trial, Rosemarie Rapp and Violet Stransky. In keeping with Flagship's policy of uniformity, the two deeders testified to very similar procedures they follow in every sale. These procedures are rife with lies of omission and commission. *See Solseng Dec.*, ¶5, Exh. C.

32. As Stransky testified, having a long, high-pressure sales presentation followed by a rushed document execution is all by design. As she testified, before a buyer gets to her office, “they have been through a long, grueling sales presentation and they are worn down...they’re tired and they’re hungry, and they just want to get out of there.” *See* Solseng Dec., ¶22, Exh. U.

33. Despite the hundreds of pages included in the contract documents, the buyer is not allowed to take them home to review or consult with an attorney before signing. The deeders are given the contract documents in a very specific order from the contracts department. This system has not changed since at least 2005. *See* Solseng Dec., ¶23, Exh. S.

34. One of the first documents Flagship has a new buyer execute is a Deed in Lieu of Foreclosure that falsely claims the buyers immediately resold the timeshare they just bought back to Flagship for \$1. *See* Solseng Dec., ¶24, Exh. T. This is accompanied by a tax affidavit that has the buyers declare that the \$1 price is accurate and that “any false statements contained herein could be punished by fine, imprisonment, or both.” Flagship has never actually paid any buyer \$1 for the Deed in Lieu. This claim, which Stransky has gotten thousands of buyers to attest to, is completely false. *Solseng Dec., Exh. E.*

35. Flagship’s purchasing documents make it impossible for a buyer to know what it is they are buying. Palmer Plaintiff St. Amour’s documents are typical. The tax affidavit discussed in the previous paragraph includes a legal description of the timeshare the St. Amours purchased. That legal description includes that they bought a one-week stay during the “High Peak Season,” “as more specifically set forth in Grantor’s Public Offering Statement.” *See* Solseng Dec., ¶25, Exh. U. Similarly, the Purchaser’s Acknowledgement Annual Usage form references a “High Peak” timeshare. The timeshare referenced in the St. Amours’ Purchase and Sale Agreement, their Interval Deed, and their Mortgage is for a week during the “Red Season, as more specifically defined in the Seller’s Public Offering Statement.” Buried in the hundreds of pages that make up the Public Offering Statement (“POS”) the St. Amours were given is a chart defining the five seasons at the resort and the weeks that correlate to them. These seasons, however, are Diamond, Emerald, Sapphire, Ruby, and Pearl, referred to in the Palmer trial as the gem seasons. None of these gem seasons appear in any of the other St. Amour purchase documents and the St. Amours’ purchase documents do not reference any gem seasons. *See* Solseng Dec., ¶25, Exh. X.

36. When confronted about this discrepancy during the Palmer trial, Korn (speaking for Flagship) had to admit that there was no way for a buyer to know what it was they purchased. These discrepancies

between different seasons were shown in most of the other Palmer Plaintiffs' purchase documents. *See* Solseng Dec., ¶28, Exh. X.

d. The Nine Exculpatory Clauses.

37. The jury in the Palmer trial found that Flagship had violated New Jersey Statute § 45:15-16.80(c) no less than nine times by inserting clauses in its contract documents designed to act as a waiver of compliance with the RETA. Solseng Dec., ¶29. Flagship, under the direction of Passarella, knew its salespeople lied and knew precisely what they lied about. Rather than stop the employees from lying, Flagship under Passarella, illegally inserted waiver clauses in its contract documents so it could later argue the buyer had waived the RETA protections. According to Korn, the purpose of these clauses is that in the event Flagship were sued, it could “wave” them around and say, “We warned you not to listen to us. We warned you not to let yourself be lied to.” *See* Solseng Dec., ¶26, Exh. G.

38. Taken together, these exculpatory clauses had the buyer “acknowledge” that they were not coerced or put under undue pressure from Flagship employees, that they did not allow themselves to become “confused or misled by any representations” that contradicted the contractual terms, and agree that nothing a Flagship employee told them “shall be binding” on Flagship. Knowing what lies their salespeople would tell, the clauses are specific: the buyers acknowledge that they had not relied on “representations concerning rentals, rent return, tax advantages, depreciation or investment potential, or other monetary or financial advantage by Seller, its agents, employees or associates.” Nor had they relied on any statements about resale value. Finally, Flagship tried to absolve itself from not timely providing the CIS by having the buyer acknowledge, falsely, that they were provided the CIS as required by statute. *See* Solseng Dec., ¶26, Exh. G. Per § 45:15-16.80(c), the jury found all these exculpatory clauses to be illegal waivers, and these clauses were deemed void.

e. The Public Offering Statement (“POS”).

39. Flagship incorporates several important contractual terms in its POS and these terms are binding on the buyers. *See* Solseng Dec., ¶28, Exh. X. Because of this, N.J.S.A. 45:15-16.80(b) requires that the buyer must be provided a copy of the POS prior to the execution of the contract. The remedies for failing to comply include restitution of all monies paid and rescission of the contract.

40. N.J.A.C. 11:5-9A.6(a) mandates that not only must the POS be delivered prior to any contracts being signed, but that the buyer must be afforded a reasonable opportunity to read the POS before signing. The POS must include the name and address to which a buyer can deliver the notice of cancellation of the contract

during the seven-day rescission period (N.J.S.A. 45:15016.59(10) and N.J.A.C. 11:5-9A.6(b)(9)) and a glossary of terms (N.J.A.C. 11:5-9A.6(10)).

41. The Palmer jury found Flagship, under Passarella, had violated all these statutes and regulations. The evidence of this was overwhelming and uncontested. The corporate designee Korn testified that Flagship's practice was to provide the POS only after the contracts had been signed and then on a CD that could not be viewed. He specifically testified that Flagship does not give buyers an opportunity to read the POS. *See* Solseng Dec., ¶7, Exh. E.

42. Stransky, whose job as a deeder is to explain the terms of the POS to the buyer, admitted that she had never read it and repeatedly could not answer questions about its contents. Stransky (and other deederes) were designated by Flagship to slip a CD containing the POS into a folder and hand it to the buyer as they left Flagship after signing the contracts. *See* Solseng Dec., ¶27, Exh. W.

f. The Rescission Period.

43. The statutory rescission period for timeshares in New Jersey is seven calendar days. N.J.S.A. 45:15-16.67. Knowing this, and knowing that new owners will not have any reason to question the lies they were told until they actually try to use their timeshare, Flagship under Passarella prohibits a new owner from trying to use their timeshare until at least 30 days have passed. *See* Solseng Dec., ¶29 Exh. Y. This prevents the owners from realizing they have been defrauded until it is too late.

44. If an owner does want to rescind their contract, they must do so in writing. N.J.S.A. 45:15-16.67. The POS must include a written statement about how a buyer can rescind the contract including the name and street address that the written rescission must be mailed to. N.J.S.A. 45:15-16.59(10) and N.J.A.C. 11:5-9A.6(b)(9). The Palmer jury found Flagship had violated both the statute and the code section for all the Palmer Plaintiffs, depriving them of the knowledge they were entitled to rescind their contracts.

45. If an owner did try to contact Flagship to rescind their contract within the seven days, evidence in the Palmer trial was that Flagship's business model was to thwart this attempt until the seven days had expired. Judith Jones testified she called Flagship daily to rescind starting the day after she purchased, but was just transferred from one person to another until the seven days passed. No one told her she needed to rescind in writing. *Solseng Dec.*, ¶29.

C. The Lantych Class Action.

46. On April 27, 2023, a class action complaint was filed by Michael Lantych and Dorothy and Sherman Norman. By order dated July 23, 2024, the trial court certified the matter as a class action under the New Jersey Rules of Civil Procedure. *See, Certification of Andrew M. Milz, Esq. in Support of Lawsuit Plaintiffs Objection to Confirmation of Plan of Liquidation Proposed by Flagship Resort Development Corporation* (“Milz Cert.”), Exhibit 1. The class consists of 10,705 victims of Flagship’s deceptive sales tactic of failing to provide a Public Offering Statement (or “POS”) at the time of sale. The facts that supported class certification demonstrated that even after the jury’s verdict in Palmer, Flagship continued its fraudulent sales tactics.

47. During the Palmer trial, Flagship’s corporate designee Jay Korn, confirmed on behalf of the company that Flagship does not provide the consumer with the POS before or prior to the sale, the POS does not contain a glossary, and that Flagship does not provide the consumer with a reasonable opportunity to review the contents of the POS before they sign. *See Milz Cert. Exhibit 2.* As mentioned above, if the POS is not provided to the purchaser “prior to the execution of the contract or agreement,” rescission of the contract is an available remedy under N.J.S.A. 45:15-16.80(b).

48. The corporate designee reiterated that there is a specific procedure each deeder follows at closing, and it was part of Flagship’s business model that every closing is done the same way, including presentation of documents. *Id.* at 51:24–52:13. This includes provision of the POS to consumers. *Id.* at 52:19–54:05. Korn summed-up the company’s common closing practice, stating it is “pure Flagship’s fashion to be done the same way every time, cookie cutter without exception.” *Id.* at 59:14–16.

49. Lantych and the Normans stated in their class complaint that they all bought timeshares from Flagship without Flagship delivering the important POS before signing. The central legal issue in Plaintiffs’ and the Class members’ claims is whether Flagship’s conduct violated the RETA and CFA. Flagship’s corporate designee and the resort’s deeder all testified that Flagship’s sales closings over the six-year class period were consistent and uniform—a “cookie cutter” process in which every one of the 10,706 timeshare purchasers were treated the same way. *Milz Cert. Exhibit 3 at 59:14–16.*

OBJECTION

50. To be confirmed, the Plan must comply with section 1129(a) of the Bankruptcy Code. *See* 11 U.S.C. § 1129(a). As the proponent of the Plan, the Debtor bears the burden of proving by a preponderance of the evidence that the Plan satisfies section 1129 of the Bankruptcy Code and all other applicable provisions of

the Bankruptcy Code incorporated thereby. *See In re Coastal Broad. Sys.*, No. 11-10596 (GMB), 2012 Bankr. LEXIS 3098, at *23-24 (Bankr. D.N.J. July 6, 2012) (“A plan proponent has the burden of proving by a preponderance of the evidence, that the plan satisfies the 14 applicable requirements for confirmation of a plan as set forth in § 1129(a) of the Bankruptcy Code.”); *In re 710 Long Ridge Rd. Operating Co., II, LLC*, No. 13-13653 (DHS), 2014 Bankr. LEXIS 863, at *34 (Bankr. D.N.J. Mar. 5, 2014) (citing *In re Greate Bay Hotel and Casino, Inc.*, 251 B.R. 213, 221 (Bankr. D.N.J. 2000)). Here, for a variety of reasons, the Plan cannot be confirmed.

A. The Plan Impermissibly Provides Releases to the Debtor’s Insiders

51. The Lawsuit Plaintiffs hereby join in the United States Trustee’s objection [Docket No. 225 and 306] to the proposed third party releases and exculpations and the Lawsuit Plaintiffs adopt and incorporate by reference the arguments set forth therein.

52. The approval of third party releases and channeling injunctions are fact intensive issues that require specific information about the claims and about the proposed contribution. *In re Continental Airlines Holding, Inc.*, 203 F.3d 203, 217 (3d Cir. 2000). Generally, third party releases are only approved in extraordinary circumstances and require exacting standards that must be satisfied if such releases and injunctions are to be permitted by this Court. *See id.*; *see also In re Millennium Lab Holdings II, LLC*, 945 F.3d 126, 139 (3d Cir. 2019) (“Our precedents regarding non-consensual third-party releases and injunctions in the bankruptcy plan context set forth exacting standards that must be satisfied if such releases and injunctions are to be permitted, and suggest that courts considering such releases do so with caution.”).

53. While Purdue certainly leaves open the possibility for consensual third-party releases in appropriate cases, the Lawsuit Plaintiffs submit that the facts are certainly not the situation where such releases are proper or justified. In particular, the Lawsuit Plaintiffs believe the nature of the creditor base in this case, including the class action claimants, creates additional complexities for the court in determining whether consent to a release has been provided and related due process considerations.

54. The Debtor’s proposed opt-out mechanism does not meet the requirements for a consensual release. Consent to a release cannot be inferred from a failure to opt-out where creditors are likely to receive negligible recoveries and creditors therefore lack an incentive to review bankruptcy filings and

affirmatively respond. *In re Chassix Holdings*, 533 B.R. 64, 80-81 (Bankr. S.D.N.Y. 2015) (“Charging all inactive creditors with full knowledge of the scope and implications of the proposed third party releases, and implying a ‘consent’ to the third party releases based on the creditors’ inaction, is simply not realistic or fair, and would stretch the meaning of ‘consent’ beyond the breaking point.”); *see also In re Emerge Energy Servs. LP*, 2019 Bankr. LEXIS 3717, at *53-54 (Bankr. D. Del. Dec. 5, 2019) (“the Court cannot on the record before it find that the failure of a creditor or equity holder to return a ballot or Opt-Out Form manifested their intent to provide a release. Carelessness, inattentiveness, or mistake are three reasonable alternative explanations.”)

55. Here, the Debtor projects that only \$437,591 will be distributed to general unsecured creditors holding approximately \$10 million in claims. *See* Docket No. 300, Plan Supplement at p. 5. Therefore, many general unsecured creditors (including time share customers who purchased timeshares in reliance on the misrepresentations contained in the Debtor’s sale process after the certification of the Lantych Class and prior to the Debtor’s bankruptcy filing) lack an incentive to actively participate in this case, and in this context, the Debtor’s proposed opt-out release would be “little more than a Court-endorsed trap for the careless or inattentive creditor.” *Chassix, supra*, 533 B.R. at 79. Thus, the Debtor should not be permitted to exploit a creditor’s failure to respond as consent to a release of the Debtor’s insiders. *In re SunEdison, Inc.*, 576 B.R. 453, 461 (Bankr. S.D.N.Y. 2017) (“the meager recoveries (here, less than 3% for the unsecured creditors) may explain their inaction without regard to the Release. Or the creditor could have failed to return a ballot because it supported the *Plan* but did not want to give the Release”).

56. As explained in a recent opinion by a Delaware bankruptcy court:

It is reasonable to require creditors to pay attention to what the debtor is doing in bankruptcy as it relates to the creditor's rights *against the debtor*. But as to the creditor's rights *against third parties* — which belong to the creditor and not the bankruptcy estate — a creditor should not expect that those rights are even subject to being given away through the debtor's bankruptcy. In that context, “implying a ‘consent’ to the third-party releases based on the creditors’ inaction, is simply not realistic or fair, and would stretch the meaning of ‘consent’ beyond the breaking point.” Indeed, while the Court appreciates that inferring consent by silence to a third-party release may, to seasoned bankruptcy professionals, “feel” different from inferring consent to the contribution to the college education fund, the only basis for that is the residue of the world as it existed before [Purdue Pharma](#). There is no longer any principled basis for drawing a line between the two.

In re Smallhold, Inc., 665 B.R. 704, 721 (Bankr. D. Del. 2024) (emphasis added).

57. In the absence of consent, a plan imposing third party releases must satisfy the five-factor test set forth in *In re Master Mortgage Investment Fund, Inc.*, 168 B.R. 930, 935 (Bankr. W.D. Mo. 1994), when evaluating and determining whether the *Continental* hallmarks have been met. *See In re Washington Mutual, Inc.*, 442 B.R. 315, 346 (Bankr. D. Del. 2011); *see also In re Zenith Electronics Corp.*, 241 B.R. 92, 110 (Bankr. D. Del. 1999) (citing *Master Mortgage*, 168 B.R. at 935); *In re Hercules Offshore, Inc.*, 565 B.R. 732, 755-56 (Bankr. D. Del. 2016); *Quad/Graphics, Inc. v. One2One Communs., LLC (In re One2One Communs., LLC)*, Case No. 13-1675 (JLL), 2016 U.S. Dist. LEXIS 78305, at *16 (D.N.J. June 13, 2016); *In re 710 Long Ridge Rd. Operating Co., II, LLC*, Case No.: 13-13653 (DHS), 2014 Bankr. LEXIS 863 *46 (Bankr. D. N.J. March 5, 2014). The *Master Mortgage* factors are whether: (1) there is an identity of interest between the debtor and non-debtor such that a suit against the non-debtor will deplete the estate's resources; (2) the non-debtor has contributed substantial assets to the reorganization; (3) the injunction is essential to reorganization; (4) there is an “overwhelming” acceptance of the plan and release by creditors and interest holders; and (5) the plan provides a mechanism for the payment of all, or substantially all, of the claims of the creditors and interest holders affected by the injunction. 168 B.R. at 935 (listing factors courts consider in adopting a permissive view of releases).

58. Here, the third parties that would receive releases under the plan have failed to contribute *any* assets, let alone substantial assets, in exchange for the releases, and the proposed releases are not essential to reorganization because the Debtor is liquidating its business. In this context, it should be noted that the \$150,000 payment made by Passarella and Jones was not made in connection with the proposed plan, but rather to obtain releases from the Debtor and the unsecured creditors committee. The Debtor’s insiders have failed to provide *any* consideration in exchange for a release of any direct claims held by the Debtor’s creditors.

59. Accordingly, the Debtor’s plan cannot be confirmed as long as it contains third party releases in favor of the Debtor’s insiders.

B. The Plan is Not Proposed in Good Faith

60. A chapter 11 plan cannot be confirmed unless this court finds the plan complies with the provisions of 11 U.S.C. § 1129(a). See *In re Greate Bay Hotel & Casino, Inc.*, 251 B.R. 213, 220-21 (Bankr. D.N.J. 2000). A plan proponent bears the burden of proof with respect to each element of section 1129(a). See *In re Genesis Health Ventures, Inc.*, 266 B.R. 591, 599 (Bankr. D. Del. 2001).

61. 11 USC §1129(a)(3) mandates that a Chapter 11 plan must be proposed in good faith. The term good faith is not defined by the bankruptcy code. In assessing good faith, courts evaluate the totality of the circumstances to determine whether the plan meets the standards set forth by the bankruptcy code. *Solow v. PPI Enters.(U.S.) (In re PPI Enters.(U.S.))*, 324 F.3d 197, 210 (3d Cir. 2003). In conducting this analysis courts will look at both the “debtor’s pre-filing conduct as well as the feasibility of the plan itself.” *In re Toy & Sports Warehouse, Inc.*, 37 B.R. 141, 149 (Bankr. S.D.N.Y. 1984)

To determine whether a plan is proposed in good faith, courts should evaluate whether the plan (i) creates a result that matches the bankruptcy code’s objective, (ii) was proposed with “honesty and good intentions” and a reasonable basis that reorganization can be achieved and (iii) shows “fundamental fairness in dealing with the creditors.” *In re W.R. Grace & Co.*, 475 B.R. 34, 88 (D. Del. 2012), *aff’d sub nom. In re WR Grace & Co.*, 729 F.3d 332 (3d Cir. 2013), and *aff’d*, 532 F. App’x 264 (3d Cir. 2013), and *aff’d sub nom. In re WR Grace & Co.*, 729 F.3d 332 (3d Cir. 2013), and *aff’d*, 729 F.3d 311 (3d Cir. 2013); *In re TCI 2 Holdings, LLC*, 428 B.R. 117, 143 (Bankr. D.N.J. 2010)(“The focus of the good faith requirement is on the plan itself, and whether the plan achieves a reorganization objective that is consistent with the Bankruptcy Code.”)

62. A fundamental tenet of the good faith requirement is that a plan may not be proposed primarily for the benefit of insiders of the Debtor. See *In re Microcurrent Research & Educ., LLC*, 626 B.R. 455, 456 (Bankr. M.D. Fla. 2021); *Crestar Bank v. Walker (In re Walker)*, 165 B.R. 994, 1001 (E.D. Va. 1994).

63. Thus, a plan designed to shield non-debtors from liability does not satisfy Section 1129(a)(3)’s good faith requirement. *In re Quigley Co.*, 437 B.R. 102, 126-27 (Bankr. S.D.N.Y. 2010).

64. In *In re Spansion, Inc.*, 426 B.R. 114, 147 (Bankr. D. Del. 2010), certain parties objected to the debtor’s plan on the basis that the debtor’s Equity Incentive Plan (“EIP”) unjustly enriched its management without justification at the expense of the unsecured creditors. The court agreed and declined to confirm the plan finding the debtor had not produced sufficient evidence that the EIP was being proposed in good faith and fair and equitable to creditors.

65. Complying with section 1129(a) requires that a plan not include improper release language. *Id.* at 133 (“Release . . . clauses have also been found to be subject to review pursuant to section 1129(a)(1).”). The presented Plan currently contains third party releases that are overbroad and should be limited in light of, among other things, the recent decision in *Harrington v. Purdue Pharma L.P.*, where the Supreme Court held that non-consensual third-party releases are not permitted by the Bankruptcy Code. 144 S.Ct. 2071, 2088 (2024).

66. Here, the foregoing facts make clear that the Plan was not proposed in good faith. As set forth at length by the U.S. Trustee, the third party releases proposed by the Debtor violate law. Additionally, the third party releases are even more problematic because it appears the only purpose of the post-sale Chapter 11 is to effectuate these unjustified and extensive releases. This cannot be said to comport with goals of the bankruptcy code.

67. Further, the Debtor improperly attempts to effect a discharge through the Liquidating Plan’s overly broad exculpation provision in Section VII.C which exculpates “Exculpated Parties.” The term Exculpated Parties is defined as:

(a) the Debtor and Post-Effective Date Debtor; (b) the Creditors’ Committee; and (c) with respect to the foregoing clauses (a) and (b), each such Entity’s current and former control persons, equity holders (regardless of whether such interests are held directly or indirectly), principals, members, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, but only to the extent that such party served in such a capacity during the Chapter 11 Case.

68. Unlike the third-party releases, there is no opt-out for the Plan’s exculpation provision.

69. This attempted discharge of the Debtor and its officers via an exculpation clause violates section 1141(d)(3) which expressly prohibits a liquidating corporate debtor from obtaining a discharge in bankruptcy.

70. As explained above and as previously found by other courts, there is little doubt that the Debtor’s former officers who are receiving wide sweeping releases both from third parties and the Debtor engaged in culpable conduct. The Palmer court and appellate court have already found this to be true. Further, unlike many other cases of this ilk where the released parties are making significant contributions to a litigation trust or other vehicle⁴, the Released Parties (as defined in the Plan) have put in next to nothing by way of

⁴ See, eg. *In re Washington Mut., Inc.*, 442 B.R. 314, 347 (Bankr. D. Del. 2011)(Released Parties made substantial contribution to settlement and waived proof of claim estimated to be greater than \$50 Million”).

consideration for the releases they are to receive in this case. *In re TCI 2 Holdings, LLC*, 138 (Bankr. D.N.J. 2010)(Lack of evidence that releases were given for “fair consideration” mandated their removal if the plan was to be confirmed). “At a minimum, a plan proponent who seeks a non-debtor third party release in the Third Circuit must show fairness, necessity to the debtor's reorganization, and **consideration** for the release.” *Id.* (Emphasis Added). *See also, In re Continental Airlines Holding, Inc.*, 203 F.3d at 217.

71. As a result, even in the case of potential “consensual” releases, the Debtors have not demonstrated that the contributions of the Released Parties justify discharging those parties from future liability or that such releases are necessary to the Debtor’s reorganization since the Debtor is liquidating. *See, e.g., In re Quigley Co., Inc.*, 437 B.R. 102, 140 (Bankr. S.D.N.Y. 2010) (substantial contribution requires a comparison between the total contribution and the released liability); *see also In re 710 Long Ridge Rd. Operating Co., II, LLC*, 2014 Bankr. LEXIS 863, at *14 (“Clearly, the Court must undergo an analysis of each of the Releasees to determine validity.”).

72. Additionally, the release provisions are imposed on an unknown expanse of parties without obtaining their affirmative consent, which is particularly concerning given the potential for individuals who may have claims against the Debtors but not represented by the Lawsuit Plaintiffs. Moreover, such proposed releases extend to an unknown number of unnamed and unidentifiable Released Parties.

73. Still further, the non-consensual exculpation provision in favor of the Debtor is wholly inappropriate in a liquidating plan. With respect to the Debtor, the exculpation provision effectively discharges the Debtor from liability for actions that are wrongful but do not rise to the level of actual fraud, willful misconduct, or gross negligence, and the law is clear that a liquidating Chapter 11 debtor may not receive a discharge. *See In re Bigler LP*, 442 B.R. 537, 545-46 (Bankr. S.D. Tex. 2010) (“a liquidating Chapter 11 plan may not provide for a discharge of the debtor”); *In re Sis Corp.*, 120 B.R. 93, 96 (Bankr. N.D. Ohio 1990) (language that limits a debtor’s liability is impermissible in a liquidating plan because the language would effectively “provide the [d]ebtors with a discharge on those specific obligations which are not otherwise treated in the Plan. Such an effort is contrary to the letter and intent of § 1141(d)(3) of the Code”).

C. The Plan is Not in Best Interest of Creditors

74. The Bankruptcy Code requires a Court to find that a Chapter 11 plan is in the best interests of creditors as a prerequisite to confirmation. *In re Genesis Health Ventures, Inc.*, 266 B.R. 591, 610 (Bankr. D.

Del. 2001); 11 U.S.C. § 1129(a)(7). The best interests test is set forth in Section 1129(a)(7), which requires a plan to provide that each creditor holding an impaired claim “will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of this title on such date.” 11 U.S.C. § 1129(a)(7).

75. The proponent of the proposed plan bears the burden of demonstrating that the plan satisfies this requirement. *In re Am. Family Enters.*, 256 B.R. 377, 403 (D.N.J. 2000). Further, courts have an obligation to “independently determine” whether a proposed plan satisfies this condition. *Genesis Health, supra*. This condition must be satisfied with respect to “each holder of a claim, as distinguished from the class in which the claim is placed.” *Id.* (citing *In re Elsinore Shore Assoc.*, 91 B.R. 238, 269 (Bankr. D.N.J. 1988)).

76. The Debtor fails to meet its burden of satisfying the best interests test because the Debtor’s liquidation analysis lacks critical information to allow the Court to determine whether creditors will receive as much value as they would in a Chapter 7 liquidation. When all relevant information is considered, it is clearly that general unsecured creditors will receive greater recoveries if the case is converted to Chapter 7.

77. First, in the Liquidation Analysis included in the Debtor’s Plan Supplement filed on August 29, 2025, the Debtor estimates that a Chapter 7 trustee would recover 30-60% of the Debtor’s assets in the category “Unsold Inventory, Notes Receivable, Other” but estimates that the Plan Administrator will recover 67% of the value of the assets. [ECF 300 at p. 5] The Debtor provides no evidence whatsoever to support its assumption that the Plan Administrator will recover a greater percentage of the value of the Debtor’s assets. Under the proposed plan, there will be no ongoing business operations, and there will be no “going concern” enhancement to the Debtor’s assets. There is no basis to assume that the Plan Administrator will be more effective than a Chapter 7 trustee in liquidating assets. It is more reasonable to assume that a panel Chapter 7 trustee with extensive liquidation experience will be able to generate a higher percentage recovery in the context of an asset liquidation.

78. Second, the Liquidation Analysis fails to include any estimate for the wind-down costs that the Debtor will incur if the proposed plan is confirmed, including the obligation to pay quarterly fees to the U.S. Trustee. While certain of these costs may be addressed and accounted for elsewhere, the Liquidation Analysis is unclear.

79. Third, the Liquidation Analysis assumes that a trustee would retain separate professionals for disposition of the business assets and assumes a 5% cost, but does not assume that a Plan Administrator will retain separate professionals for disposition of business assets. There are multiple problems with this assumption.

- i) First, the Debtor fails to adequately describe what the business assets are, making it impossible to determine whether it is reasonable to assume that separate professionals will be required to dispose of some or all of the business assets.
- ii) Second, the Debtor fails to explain why a Chapter 7 trustee would require separate professionals, but the Plan Administrator would not require separate professionals, to dispose of the Debtor's business assets.
- iii) Third, the Debtor fails to acknowledge and account for the fees and costs that will be incurred by the proposed Plan Administrator. In the proposed Plan Administration Agreement contained in the Plan Supplement, the Plan Administrator will receive "(i) a monthly fee of \$7,500.00 for the first 6 months and \$5,000.00 per month thereafter and (ii) reimbursement of reasonable and necessary expenses, including payment of all fees and expenses of the Plan Administrator's attorneys, *without further Bankruptcy Court order*" as well as a 5% commission on the "gross amount of funds realized *from any activity....*" (emphasis added). [ECF 300 at p. 17] The fees are to be paid without oversight from this Court solely in the Plan Administrator's discretion. [ECF 300 at p. 17, ¶ 4] The Plan Administrator is also granted sole discretion to retain and pay any other professionals that the Plan Administrator chooses to retain in his without Court oversight. [ECF 300 at p. 9, ¶ 2(k)]
- iv) Fourth, the Debtor asserts that the proposed plan "includes \$150,000 additional consideration from the buyer for the benefit of GUCs; such consideration would not be available in a Chapter 7 conversion scenario." This assertion is incorrect. The buyer already paid the additional \$150,000 as consideration for the settlement between Roxanne Passarella, Kevin Jones and their entities and the Debtor and its lenders, and neither the settlement agreement nor the Order approving the settlement agreement made that payment contingent on confirmation of a Chapter 11 plan, or provides a right of refund if a plan is not confirmed. [ECF 268] Accordingly, the Liquidation Analysis should designate the \$150,000 payment as available in Chapter 7 liquidation as well.

80. These critical omissions from the Debtor's Liquidation Analysis indicate that general unsecured creditors will receive a *significantly higher distribution if this case is converted to Chapter 7*. A Chapter 7 trustee will be able to realize a recovery on the Debtor's assets that is as high as, if not higher than, any recovery that will be realized by the Plan Administrator. A Chapter 7 trustee's compensation is limited to 5% on all recoveries between \$50,000 and \$1 million and 3% on all recoveries in excess of \$1 million under 11 U.S.C. § 326(a), while the Plan Administrator will receive 5% on *all* recoveries plus monthly fees of \$7,500 per month for six months and \$5,000 per month thereafter. Further, the proposed Plan Administrator will retain Fox Rothschild, a national high-end firm with billing rates that likely exceed the billing rates of the more local firms that would be retained by a Chapter 7 trustee. A Chapter 7 trustee is not more likely than the Plan Administrator to retain other liquidation professionals who would incur additional fees. The compensation of the Chapter 7 trustee and all professionals retained by such trustee will be subject to the scrutiny of this Court and the United States Trustee pursuant to Section 330 to ensure the reasonableness of all fees, while there will be no oversight or supervision for the fees incurred by the Plan Administrator and his professionals.

81. Based on the foregoing, based on the likelihood of equal recoveries by a Chapter 7 trustee as compared with a Plan Administrator, and the significantly lower fees and costs that will be incurred by a trustee, general unsecured creditors are likely to receive a greater recovery in a Chapter 7 liquidation.

82. Still further, all purchasers of the Debtor's timeshare interests may hold direct claims against Passarella and other officers and directors of the Debtor for supervising and participating in the fraudulent process for selling timeshares that was standardized by the Debtor's management as a matter of policy. *See Saltiel v. GSI Consultants, Inc.*, 170 N.J. 297, 299 (2002). The proposed plan seeks to waive all claims held by creditors of the Debtor against its officers and directors. These claims will not be waived in a Chapter 7 liquidation, and therefore all creditors who purchased timeshare interests from the Debtor will have their rights diminished under the proposed plan. The imposition of third-party releases must be considered in determine whether a proposed plan is in the best interests of creditors. *See In re Conseco, Inc.*, 301 B.R. 525, 528 (Bankr. N.D. Ill. 2003).

83. Accordingly, the Debtor's proposed plan fails to satisfy the best interests of creditors test under Section 1129(a)(7), and the Debtor has failed to meet its burden of demonstrating that the plan satisfies this requirement. *Am. Family Enters., supra*, 256 B.R. 403.

THE LAWSUIT PLAINTIFFS' OPT OUT AND RESERVATION OF RIGHTS

On September 4, 2025, the Litigation Plaintiffs submitted their ballots. The Litigation Plaintiffs rejected the plan and exercised their rights to opt out of the releases. . To the extent opt-out is approved by the Court, the Litigation Plaintiffs submit that submission of these ballots was an effective on behalf of any and all Litigation Plaintiffs. The Litigation Plaintiffs reserve all rights, including to pursue claims as against the Released Parties.

CONCLUSION

WHEREFORE, for all the foregoing the reasons, the Lawsuit Plaintiffs respectfully request that the Court deny confirmation of Plan.

Date: September 5, 2025

Respectfully submitted,

WENOKUR RIORDAN, PLLC

s/Faye C. Rasch

Faye C. Rasch, NJSB #4136875

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In re:

FLAGSHIP RESORT DEVELOPMENT
CORPORATION

Chapter: 11

Case No.: 25-15047 (JNP)

**DECLARATION OF JOE JOHN
SOLSENG IN SUPPORT OF
LAWSUIT PLAINTIFFS’
OBJECTION TO CONFIRMATION
OF THE PLAN OF LIQUIDATION
PROPOSED BY FLAGSHIP
RESORT DEVELOPMENT
CORPORATION**

Joe John Solseng, of full age, declares and says:

1. I am an attorney with Schroeter Goldmark & Bender in Seattle, Washington. Along with Andrew Milz of Flitter Milz, PC, I represent the plaintiffs in the *Keona Palmer, et al, vs. Flagship Resort Development Corporation*, Docket No. ATL-1515-19 (“Palmer Plaintiffs”), the 17 plaintiffs in the *Alicia Castellanos vs. Flagship Resort Development Corporation*, Docket No. ATL-L-379-23 (“Castellanos Plaintiffs”), and the over 10,700 plaintiffs who have been certified as class plaintiffs in the *Michael Lantych, Sherman and Dorothy Norman v. Flagship Resort Development Corporation*, Docket No. ATL-L-744-23.

2. Attached as Exhibit A is a true and correct copy of an on-line article from the Stockton Now E-zine I found on-line on August 20, 2025. I searched for an article like this when I saw that Cherie Parks' Declaration filed in this matter implied that Roxanne Passarella, one of the principals in the stocking horse buyer, was not in a decision-making role at Flagship at the time of the *Palmer* plaintiffs' timeshare purchases. From my interactions with Ms. Passarella during the *Palmer* trial, I did not believe this to be true. As I suspected, Ms. Passarella began as Flagship's in-house counsel in 2004, was promoted to chief operating officer in 2013, and was president and chief executive officer as of 2019. As she is quoted at the top of page 3, "I have been in the lead role [at Flagship] for many years and I love it."
3. In the *Palmer* trial, Flagship's witnesses testified repeatedly and clearly that, for decades, Flagship's business model included numerous violations of the Consumer Fraud Act ("CFA") and the Real Estate Timeshare Act ("RETA"). Excerpts from these transcripts are identified later in this declaration and attached as exhibits. One of the violations Flagship admitted to was that they did not provide buyers with the Public Offering Statement ("POS") prior to execution of the contract documents as required by N.J.S.A. 45:15-16.80. Remedies for this violation include rescission of the contract.
4. We overwhelmingly proved Flagship's fraud in the *Palmer* trial and have trial and deposition transcripts that prove Flagship's business model included fraud at all stages of its timeshare sales. I am confident that we would be successful employing a fraud in the inducement defense in any lawsuit brought by Flagship or its successor as against the time share owners.

5. In the *Palmer* trial, Flagship employees testified that, at least since 2005, the “deeder” presents the same documents in the same order to each buyer. Flagship has new buyers execute a Deed in Lieu of Foreclosure (“DIL”) that transfers the timeshare the buyer just purchased back to Flagship for \$1 in consideration. The DIL is drafted by Flagship and the buyers’ signatures are notarized by a Flagship employee. The signature block for the notary attests to the identity of the buyer executing the DIL, that the DIL was “signed, sealed, and delivered” (a legal term of art that connotes the DIL is legally binding and enforceable, having been received by the grantee), and that the \$1 of consideration was paid. Flagship also has the buyer execute a tax affidavit that declares they received the \$1 for the DIL and “that any false statements contained herein could be punished by a fine, imprisonment, or both.” A Flagship employee also drafts this document. Attached as Exhibit B is a true and correct copy of relevant excerpts from the testimony of deeder Violet Stransky. Attached as Exhibit C are true and correct copies of the DIL and the tax affidavit for the St. Amour plaintiffs. The forms used for all the Palmer Plaintiffs are the same.
6. Testimony from all the Palmer Plaintiffs during the trial was that they did not realize that what they were signing were the DIL and the tax affidavit.
7. Attached as Exhibit D is a true and correct copy of the Jury Verdict in the *Palmer* trial.
8. Jay Korn, Flagship’s corporate representative at the *Palmer* trial, testified that Flagship insists its sales presentations be as uniform as possible and train their salespeople in specific techniques. Attached as Exhibit E is a true and correct copy of the relevant testimony.

9. Attached as Exhibit F are true and correct copies of excerpts of testimony from salespeople Carlos Fiuroa and Charles McDonnell from the *Palmer* trial. They both admitted that they did not know what a CIS was and had never given one out at Flagship.
10. Testimony at the *Palmer* trial was that Flagship's salespeople, known as "vacation counselors" are taught to find out a potential buyer's Dominant Buying Motives, or "emotional hot buttons" that can be used to convince them to buy. Attached as Exhibit G is a true and correct copy of the relevant excerpts from the trial transcript.
11. Testimony at the *Palmer* trial was that Flagship's salespeople are careful to not use the term "timeshare," and to instead use the terms, "vacation ownership" or "interval ownership." This is done because of the negative image buyers have of timeshares. Attached as Exhibit H is a true and correct copy of the relevant excerpts from the trial transcript.
12. Jay Korn testified during the *Palmer* trial that Flagship knows the CIS must be given prior to any discussion but that this is "a rule that Flagship doesn't choose to follow." Attached as Exhibit I are true and correct excerpts from the trial testimony.
13. Evidence presented during the *Palmer* trial proved that Flagship hides a fake acknowledgment in paragraph 11 of its Purchase and Sale Agreement that has the buyer falsely attesting to receiving the CIS "prior to the first showing of the property." Attached as Exhibit J is a copy of this paragraph from the St. Amours' documents.
14. Ample evidence was presented at the *Palmer* trial that Flagship's timeshares were worthless. Attached as Exhibit K is an excerpt from Jay Korn's testimony in which he admitted he has seen Flagship timeshares for sale on the internet for as little as \$1, but that "people can't give these things away."

15. Evidence presented during the Palmer trial was that Flagship knew there was no secondary market for its timeshares. Attached as Exhibit L is a true and correct excerpt from Flagship's POS warning that "There is no immediate market for resales of Intervals." This warning was hidden in the POS, which was only given to the buyer after the contract documents were executed.
16. Evidence introduced in the Palmer trial was that Flagship's contract documents put so many restrictions on a buyer's right to resell it that they could not be resold even if a buyer were found. Attached as Exhibit M is a true and correct copy of a page from the St. Amour clients' Mortgage. Paragraph 6(c) says the buyer would be in default if they changed ownership without prior written notice to Flagship, and that Flagship could withhold consent at its sole discretion, including not reasonably and arbitrarily, and that Flagship could impose a fee for approving such a transfer.
17. Many of the Palmer Plaintiffs testified in trial that they were told their maintenance fees would not increase. Attached as Exhibit N are true and correct copies of excerpts from the testimony of Palmer and Cohen confirming they were told this and that their maintenance fees continued to increase.
18. Korn testified during the *Palmer* trial that they trained their salespeople to refer to timeshares as conventional real estate. Attached as Exhibit O is the relevant excerpt from his trial testimony.
19. The Palmer Plaintiffs all testified that Flagship told them their timeshare was a good value and a good way to spend their "anyway money" that they would spend on vacations anyway. This was not true and St. Amour walked the jury through the math that showed he would have paid at least \$31,936.50 more than a non-owner for the same ten stays

over ten years. He also testified that it would take him at least 168 years to break even with a non-owner. Attached as Exhibit P are true and correct excerpts from this testimony.

20. All the Palmer Plaintiffs testified they were told it would be easy for them to exchange their week at Flagship for stays at resorts all around the world. Evidence at trial showed, however, that Flagship's points were virtually worthless as exchange because there was no market for other timeshare owners to stay at Flagship. Attached as Exhibit Q is a true and correct copy of the opening statement from the *Palmer* trial that laid out these facts. P. 17 of Exhibit G shows the Palmer jury found Flagship had violated N.J.S.A. 45:15-16-70(a)(5) by misrepresenting the conditions under which a purchaser could exchange their stay for a stay at another resort.
21. Many of the Palmer Plaintiffs testified that they were told either that Flagship would buy their timeshare back or assist them in finding a third-party buyer. These plaintiffs testified that Flagship later refused to buy their timeshare back or to help them find another buyer. Exhibit R is an excerpt hidden in Flagship's POS that warns buyers Flagship will not buy back the timeshare and that an owner "must find their own buyer."
22. Attached as Exhibit U is a true and correct excerpt from Stransky's trial testimony about how long and exhausting the timeshare sales are and that they wear down the buyer and they have no appetite for going through the contract documents.
23. Attached as Exhibit S are true and correct excerpts from Stransky's trial testimony that buyers are not allowed to take the contract documents home to review or to have an attorney review them. Also included are excerpts that the contract documents are

assembled by the contracts department in a particular order and that this system has not changed since at least 2005.

24. Evidence at trial was that Flagship has every buyer unwittingly execute a Deed in Lieu of Foreclosure and a tax affidavit that has the buyer swear they were paid \$1 from Flagship for Flagship to buy back their timeshare on the day the buyer purchased it from Flagship. Flagship has done this thousands of times, but no \$1 has every actually changed hands. Attached as Exhibit T is a true and correct copy of Stransky's testimony on this. Attached as Exhibit E are a true and correct copy of these documents.

25. Evidence at trial was that the Palmer Plaintiffs purchase documents included several legal descriptions of what they were purchasing. These documents identified specific seasons the purchasers were buying, often followed by the term, "as more specifically set forth in Grantor's Public Offering Statement." The seasons identified in the various documents usually did not match the season identified in other documents. Evidence also showed that the seasons identified in the POS often did not match the season purchased. Because of this, Korn had to admit that it was impossible for a buyer to know what they had purchased. Attached as Exhibit U are true and correct copies of the relevant contract documents for the St. Amours. These documents show their purchase was referred to as being in the High Peak Season or the Red Season. The seasons defined in their POS were Diamond, Emerald, Sapphire, Ruby, and Pearl. Exhibit X also includes the relevant excerpts from Korn's testimony in which he acknowledges no one could know what it was these buyers purchased.

26. At the conclusion of the *Palmer* trial, the jury completed a detailed Verdict Form. This included them identifying nine distinct exculpatory clauses Flagship had inserted into its

documents designed to shield the resort from trying to get buyers to waive various statutory protections. Pages 33-35 of Exhibit G list out these illegal clauses. Attached as Exhibit V is a true and correct copy of the excerpts from Korn's testimony on which he admits these clauses were designed solely to protect Flagship in the event of a lawsuit. Exhibit M is a copy of the paragraph from the St. Amours' PSA that falsely claims they timely received the correct CIS.

27. Korn testified during the *Palmer* trial that Flagship's practice was to provide the POS only after the contracts had been signed and then on a CD that could not be viewed. He specifically testified that Flagship does not give buyers an opportunity to read the POS. Attached as Exhibit W is a true and correct copy of excerpts from his testimony.
28. Testimony during the *Palmer* trial was that Stransky, whose job as a deeder is to explain the terms of the POS to the buyer, admitted that she had never read it and repeatedly could not answer questions about its contents. Stransky (and other deederes) were designated by Flagship to slip a CD containing the POS into a folder and hand it to the buyer as they left Flagship after signing the contracts. Attached as Exhibit X are true and correct copies of excerpts from Stransky's testimony.
29. Evidence presented in the *Palmer* trial showed that Flagship ensured its new buyers would not realize they had been defrauded until after the seven-day rescission period had ended by not allowing new owners to use their timeshare for at least 30 days. If an owner did try to contact Flagship to rescind their contract within the seven days, evidence in the *Palmer* trial was that Flagship's business model was to thwart this attempt until the seven days had expired. Judith Jones testified she called Flagship daily to rescind starting the day after she purchased, but was just transferred from one person to another until the

seven days passed. No one told her she needed to rescind in writing. Attached as Exhibit

Y are true and correct excerpts from the trial on this issue.

I declare under penalty of perjury that the information contained in this declaration is true to
the best of my knowledge.

Joe Solseng
Joe John Solseng

9/4/2025
Date

EXHIBIT A

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(/stocktonnow/fall-2019/index.html)

FALL 2019 ISSUE

FEATURE STORY

Alumna Pays it Forward

For Roxanne Passarella '00,
hard work is a way of life.

By **Laura Compben '85**



Roxanne Passarella '00 credits her father's example and her Stockton education for her successful career, which now enables her to give back. | *Photo submitted by Roxanne Passarella*

“Growing up, I watched my father work hard – really hard,” **Roxanne Passarella '00** said. “He was an auto mechanic and his job was extremely physically demanding. He taught me by example with his strong work ethic and he raised me to work hard to take care of myself so I wouldn’t have to depend on anyone.”

This example of hard work stayed with Passarella as she continued her education and built her career. She chose Stockton because of its proximity to home and all it had to offer, but had to work her way through school to help pay for it.

"I loved my Stockton years - the classes, the professors, my D Court roommates," Passarella said. "It was just a tremendously positive learning experience."

Between waitressing gigs and a summer internship at a law firm, Passarella developed an interest in hospitality and law.

"After taking Intro to Law with **Alan Arcuri**, I was hooked," Passarella said. "He always made jokes and was so funny. Not only did he make learning fun, but he made the law relatable in ways I hadn't previously thought of."

After graduating with her degree in Political Science, Passarella continued her education at the Widener University School of Law in Delaware, graduating in 2003. Her first official job was as a clerk for a judge in Camden.



Roxanne Passarella '00 (center) recently spoke about her career journey on a panel for the "Distinguished Women. Distinctive Voices." speaker series sponsored by the Stockton Women's Leadership Council. | *Photo by Susan Allen '09, '14*

In 2004, Passarella joined FantaSea Resorts in Atlantic City as their in-house counsel. Her professional responsibilities grew with the company over time, and in 2013 she was promoted to chief operating officer and later to president. She is currently president and chief executive officer for the company, which includes three properties, the Flagship Resort and Atlantic Palace in Atlantic City and La Sammana in Brigantine.

"This was my goal for many years. I worked extremely hard and went for it," Passarella said. "I have been in the lead role here for many years and I love it."

In 2018, Passarella partnered with Kevin Jones and purchased Boardwalk Management, a property management company that manages the day-to-day operations for all FantaSea Resorts properties.

"I've been traveling quite a bit these days to develop new businesses; while at the same time solidifying existing relationships. This is where my Stockton experience comes into play," Passarella said. "All of the connections I made while at Stockton really help my business dealings now."

Passarella now uses her position to give back to the local community and the school that helped propel her forward.

"My favorite aspect of my role at FantaSea Resorts is that it allows me to give back to the local Atlantic City community – giving to children's charities and sponsoring local families, especially around the holidays," Passarella said. "The heart of FantaSea Resorts is the employees. As diverse as the customers they serve, they keep this place running. They are the heartbeat of the company and I like to take care of them, too."

Passarella recently joined the Stockton University Foundation's Board of Directors, working to create and enhance programs to assist financially disadvantaged students.

"I chose Stockton because it was a great place for a wonderful education. Stockton has quite a few programs to assist financially-challenged students and I'm happy to help with that," Passarella said.

Passarella helped create an internship program at FantaSea, taking on four to 12 college students each year to learn about business while shadowing her and other employees.

"I'm a big believer in empowering young women to help them get where they're going in life," Passarella said.

Passarella is a founding member of the Stockton Women's Leadership Council (<https://www.stockton.edu/development-foundation/womens-leadership-council/index.html>), and was one of five featured speakers at its second "Distinguished Women. Distinctive Voices." speaker series on Oct. 18. She spoke on her career journey, the obstacles she's faced and the decisions she's made.

Passarella said she has always tried to have others climb with her, and to enjoy the journey to the top.

"Getting there can be anti-climactic, and once you are there, others are gunning for you," she said. "But it is never just about you. I have never done anything fully alone. I have others climb with me and stay with me."

Her words of wisdom to Stockton students? Take a page out of her father's advice book: "My dad used to tell me, 'You don't have to be the smartest person in the room, but you have to be the hardest worker.' I've tried to live by that advice," Passarella said.

Learn more about Stockton's Political Science program. (</social-behavioral-sciences/political-science.html>)

Previous story

Witness to War (</stocktonnow/fall-2019/witness-to-war.html>)

Next story

Preparing the Next Generation of Scholars (</stocktonnow/fall-2019/next-gen-scholars.html>)

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EXHIBIT B

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1 Q Okay. When you get the documents from the
2 Contracts Department --
3 A Uh-huh.
4 Q -- are they always in the same order?
5 A Yes.
6 Q And that order has been the same since 2005,
7 correct?
8 A Yes. Uh-huh. Yes.
9 Q No real substantive changes --
10 A No.
11 Q -- no nothing. No substantive changes to the
12 documents.
13 A No.
14 Q Okay. And how did they come to you? In a
15 stack, in a folder, in a binder, or how do they come to
16 you?
17 A In a folder.
18 Q Okay. And are there -- when you open up the
19 folder --
20 A Uh-huh.
21 Q Is it just a stack on one side, or are there
22 two stacks?
23 A There's two stacks.
24 Q What's on the left?
25 A On the left is the stuff the Contracts needs for

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1 the folder for later, and on the right side is the
2 papers that we go over with them.
3 Q Okay. So the documents that you get from
4 Contracts --
5 A Uh-huh.
6 Q -- are not simply the documents that the
7 buyers need to review and sign?
8 A Correct.
9 Q That's all on the right side?
10 A Yes.
11 Q Okay. And on the left side there are other
12 documents?
13 A Yes.
14 Q What types of documents on the left side?
15 A Credit report, copies of their ID. We put the --
16 the credit application under there.
17 Q Okay. So by the time the Contracts people
18 have drafted the contracts documents --
19 A Uh-huh.
20 Q -- FantaSea has already run credit reports --
21 A Uh-huh.
22 Q -- on the potential buyers?
23 A Uh-huh. Yes.
24 Q Okay. And assuming that they are going to be
25 an owner, you are starting a file on them as an owner,

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1 A In general terms, no.
2 Q Okay.
3 A I'm wondering if -- but I don't know.
4 Q Let me -- so --
5 A Yeah, I don't remember. That was so long ago.
6 Q So I'm going to call out this -- trying to
7 make it easier for you to read.
8 A Okay.
9 Q Okay? And it -- the top line that I called
10 out --
11 A Right.
12 Q -- at the end says, "To have the power to
13 execute and deliver on behalf of each other a quitclaim
14 deed or similar instrument to the grantor mortgagee, or
15 to its designee, in the event a notice of a default has
16 been delivered in either of us as mortgagor." Okay?
17 A Okay. So that has been changed to the Deed in
18 Lieu of Foreclosure then.
19 Q Okay. I -- we're going to get to the Deed in
20 Lieu of Foreclosure, okay?
21 A Right.
22 Q That's the next document?
23 A Right.
24 Q Okay.
25 A Was there Deed in Lieu of Foreclosure in the St.

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1 Amours' paperwork?
2 Q Yes.
3 A Oh.
4 Q Okay?
5 A Uh-huh.
6 Q So is it possible that you got the St. Amours
7 to sign this document --
8 A I would have --
9 Q I mean you must have gotten it signed.
10 A I would have explained it at the time. I just
11 don't remember how I explained it at the time.
12 Q Okay. So you don't know what you told them
13 about his document at all?
14 A Correct.
15 Q And that would be true of anybody else who
16 had a Limited Power of Attorney?
17 A Yes.
18 Q You don't remember what they would have been
19 told?
20 A No. I don't remember -- I mean, if it was on this
21 side and obviously I signed it, I don't remember what I
22 said about it at the time, no.
23 Q Okay. So down at the bottom --
24 A Uh-huh.
25 Q -- you notarized this document, right?

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1 A Yes, I did.
2 Q And there's sort of a formal notary -- they
3 call it a notary block, right?
4 A Right. Uh-huh.
5 Q And in here you're attesting that on July
6 21st, 2012 --
7 A Uh-huh.
8 Q -- the St. Amours --
9 A Uh-huh.
10 Q -- appeared in front of you and signed this
11 in your presence?
12 A Right.
13 Q That's a notary's job, right?
14 A Right.
15 Q To witness people signing things?
16 A Yes.
17 Q And then you're attesting to two things,
18 right?
19 A Uh-huh.
20 Q 1-- (a) -- so sorry -- (a) that they are the
21 named, and in personally signed this Power of
22 Attorney.
23 A Yes.
24 Q So it was really the St. Amours who did this?
25 A Yes.

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1 Q Right? And then also, that they -- that
2 signed, sealed, and delivered this Power of Attorney as
3 her -- as his or her act in deed?
4 A Yes.
5 Q Right?
6 A Uh-huh.
7 Q And do you know from your training as a real
8 estate agent and your experience as a notary that those
9 three words -- signed, sealed, and delivered -- that
10 has real legal significance, we know?
11 A Right. Yes.
12 Q Okay. It means that the St. Amours in this
13 case signed this document?
14 A Right.
15 Q The sealed means you notarized it?
16 A Yes.
17 Q Because at least in the old days --
18 A Uh-huh.
19 Q -- there was an actual seal that a notary
20 used?
21 A Uh-huh.
22 Q So that's where that phrase comes from,
23 right?
24 A Uh-huh.
25 Q And then delivered means they gave it -- the

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1 St. Amours gave that to you as a representative of
2 FantaSea?
3 A Right.
4 Q So by accomplishing those three things --
5 A Right.
6 Q -- signing, sealing, and delivering, this
7 document becomes effective, right?
8 A Right.
9 Q It has legal effect?
10 A Yes. Yes.
11 Q So whatever Power of Attorney the St. Amours
12 granted is effective once it was delivered to FantaSea?
13 A Right.
14 Q Okay. Going to -- now we're going to go to
15 -- this is Exhibit 4, Counsel -- this is the one you
16 wanted to get to, Ms. Stransky, which is the Deed in
17 Lieu of Foreclosure. Okay?
18 A Right.
19 Q And -- well, hold on. Let's go back to the
20 Limited Power of Attorney. So you weren't present, but
21 several of the plaintiffs have all testified that they
22 have no idea what this Limited Power of Attorney means,
23 and that would be consistent with your testimony today,
24 right? You don't remember what you told them either.
25 A I don't remember what I told them on it.

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1 Q Okay. Now, let's go forward. So here's the
2 Deed in Lieu of Foreclosure.
3 A Uh-huh.
4 Q And what is a Deed in Lieu of Foreclosure?
5 A That -- well, what we tell -- what we tell the
6 client is that if they default on -- like if they don't
7 make the payments for like say six months, and they get
8 notice when we call them that we could take the
9 property back.
10 Q Okay. Do you tell them that -- well, hold
11 on. So you -- and then you get them to sign with that
12 information?
13 A Yes.
14 Q Okay. And again, we're looking at Page 2.
15 So here is your notary signature, right?
16 A Uh-huh.
17 Q And your notary stamp underneath the St.
18 Amours' signatures, right?
19 A Right.
20 Q And let's see if I can do this. So now we're
21 looking at both the notary blocks for the Limited Power
22 of Attorney, which you said is effective because it was
23 signed, sealed, and delivered, right?
24 A Uh-huh.
25 Q And then over here we have the -- I have to

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1 go back to this because for whatever reason this screen
2 is not showing my full screen. But this is the --
3 sorry -- this is Exhibit 4 which is the Deed in Lieu of
4 Foreclosure. And if we look, what you're attesting to
5 as the notary is three things this time. Okay?
6 A Uh-huh.
7 Q The first one is the same as on the Limited
8 Power of Attorney which is that it was the St. Amours
9 who appeared in (a) -- (a) appeared in front of you
10 personally and signed this deed, right?
11 A Uh-huh.
12 Q It was really done; (b) that they signed,
13 sealed, and delivered this deed as his or her act and
14 deed, so that makes it effective, correct?
15 A Uh-huh.
16 Q So it's a legally effective document, right?
17 A Uh-huh.
18 Q Okay. And then that this was done for full
19 and actual consideration paid or to be paid for the
20 transfer of title as true realty as evidenced by the
21 within deed is one dollar?
22 A Uh-huh.
23 Q Okay. So this says that FantaSea paid the
24 St. Amours one dollar for this Deed in Lieu, right?
25 A Uh-huh.

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1 Q This effective Deed in Lieu?
2 A Uh-huh.
3 Q Okay. Now, is it you who give them the
4 dollar?
5 A I've never seen the dollar be transpired.
6 Q Okay. So you don't write them a check for a
7 dollar?
8 A No.
9 Q Okay. Do you know of anyone who you work
10 with at FantaSea and it's their job to give them a
11 dollar?
12 A No, I don't.
13 Q Okay.
14 A And going back to the -- to the Limited Power of
15 Attorney.
16 Q Okay.
17 A Okay. When they sign that, we told them that they
18 were giving each other the power to speak for each
19 other.
20 Q Okay.
21 A Like if any questions came up or something. Like
22 either one of them could speak for the other one.
23 Q Okay. So let's go back to Exhibit 3. What
24 do you mean it -- okay. First of all, you first said
25 you had no idea what this was.

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1 A I know, but as you're -- as we're going through
2 the documents and we're looking at them I'm trying to
3 rack in my brain to remember.
4 Q Okay. And what you tell them is what?
5 Now --
6 A That it gives them the power to speak for each
7 other.
8 Q Okay. And --
9 A Basically that was it.
10 Q Okay. Just you can speak for each other.
11 A Yeah.
12 Q Okay. So let me make sure I understand your
13 memory here. When we started you said --
14 A Right.
15 Q -- I've never seen this document before in my
16 life.
17 A And the more I'm looking at it, the more I'm
18 trying to think of --
19 Q Sure. Sure.
20 A -- because I want to be, you know.
21 Q I appreciate that. And now you're saying
22 that you tell them --
23 A Yeah.
24 Q -- this -- sign here, this just gives each of
25 you the power to speak for the other?

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1 A Yes.
2 Q And so is that what you told them?
3 A Yes.
4 Q And you remember now what you told them?
5 A Yes.
6 Q In other words, what I'm saying is you
7 remember what you told them now?
8 A Yes.
9 Q And that would be what?
10 A It bothered me that I couldn't remember what I
11 told them.
12 Q Okay.
13 A And the more we're looking at it, the more I
14 realized what it was.
15 Q Okay. Great. Now, as a real estate agent --
16 A Uh-huh.
17 Q -- are you familiar with the term fair market
18 value?
19 A Yes.
20 Q Okay. Doesn't that mean the price that a
21 willing buyer in a willing -- that a willing buyer is
22 willing to pay --
23 A Right.
24 Q -- and a willing seller is willing to accept
25 for a piece of real estate?

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1 A Right.
2 Q That sets --
3 A Yes.
4 Q -- the fair market value?
5 A Yes.
6 Q Okay. So as a real estate agent, are you
7 aware of the impact that a Deed in Lieu would have on
8 someone's credit report if it were -- if there -- if
9 you had a Deed in Lieu on your credit?
10 A Yes.
11 Q And it's bad; isn't it?
12 A Yes, absolutely.
13 Q Okay. And it -- in fact, some banks will
14 just say, no, I'm -- we're not going to lend you any
15 money if you have a Deed in Lieu on it?
16 A Uh-huh.
17 Q Right?
18 A Right.
19 Q Because what a Deed in Lieu means is deed in
20 lieu of foreclosure?
21 A Right.
22 Q Deed instead of foreclosure?
23 A Right.
24 Q Right?
25 A Uh-huh. Yes.

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1 Q And so it's virtually as bad as having a
2 foreclosure on your credit report?
3 A Correct.
4 Q And to many, many banks, and federal lenders,
5 you know, federally insured lenders, that's just
6 poison. They just won't touch it?
7 A Right.
8 Q Right?
9 A Yeah.
10 Q So do you explain to the buyers that by
11 buying this timeshare they're putting themselves at
12 risk, if they can't keep paying for it, of having their
13 credit ruined?
14 A No.
15 Q You don't explain that to them?
16 A No.
17 Q Okay. Do you explain to them the
18 consequences of having a Deed in Lieu recorded on their
19 credit score?
20 A No.
21 Q And you said that you've never even heard of
22 a dollar actually changing hands during the -- during a
23 deeding, right?
24 A No.
25 Q Okay. But you attest to it as true on your

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1 -- as the notary on this document, right?
2 A It does say it there, yes.
3 Q Okay. Why do you attest to it if it's not
4 true?
5 A (No audible response)
6 Q Let me ask you another question.
7 A Yeah, let's --
8 Q So this same -- this Deed in Lieu of
9 Foreclosure --
10 A Uh-huh.
11 Q -- that you notarized --
12 A Right.
13 Q -- however many thousands of these deedings
14 you have done --
15 A Uh-huh.
16 Q -- this is a document in every one of them?
17 A Yes.
18 Q Okay. So you've attested to this dollar
19 being exchanged thousands of times, correct?
20 A Yes.
21 Q So have you ever gone to the management at
22 FantaSea and said, wait a minute, you have me attesting
23 to this dollar exchange as part of my notary job, but
24 it doesn't really happen, does it? Have you ever gone
25 to them and said --

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1 A I haven't --
2 Q -- we need to change this up?
3 A No, I haven't questioned it.
4 Q Okay. And you also know that the dollar
5 doesn't change hands, right?
6 A Not as far -- not from what I under --
7 Q Okay.
8 A Not that I've ever seen.
9 Q Okay.
10 A I mean, I never have given anyone a dollar.
11 Q Okay. But you --
12 A I don't know --
13 Q You convinced the St. Amours and thousands of
14 other people that they should sign this document as if
15 it were true even though you know it's false, right?
16 A No. I mean I --
17 Q Isn't it false that there's no dollar that
18 changed hand?
19 A There isn't a dollar that changed hands.
20 Q But the -- you have the St. Amours here
21 signing that a dollar did change hands. You witnessed
22 it, right?
23 A I did notarize it, yes.
24 Q Okay. And so not only is that bad practice
25 for you as a notary, but you're putting the St. Amours

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1 in the position of attesting to something that's not
2 true, right?
3 A I disagree with that.
4 Q Okay. And you've done this to thousands of
5 buyers at FantaSea, right? The same document.
6 A Thousands of people have signed that document,
7 yes.
8 Q Okay. So -- and in the thousands of times
9 that you have had buyers sign this document, have any
10 of them ever said, wait a minute --
11 A No.
12 Q -- you have me attesting that I'm getting a
13 dollar and I'm not getting a dollar?
14 A No.
15 Q That's never happened?
16 A No.
17 Q So there's something in the way that you
18 present this document and get them to sign that gets
19 them to sign despite the no dollar being exchanged?
20 A Correct.
21 Q Okay. The next page in the same document is
22 the tax certificate. Are you familiar with this
23 document?
24 A Yes.
25 Q And again, am I taking these in approximately

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1 the right order--
2 A Yes.
3 Q -- that they come up?
4 A Yes.
5 Q Okay. And again, this is the St. Amours' tax
6 statement. Right?
7 A Uh-huh.
8 Q It says up there. Okay. And what is --
9 well, the purpose of this tax document is this gets
10 submitted to the taxing authority in New Jersey
11 whenever there's real estate that changes hands?
12 A Uh-huh.
13 Q Because there may be tax consequences --
14 A Right.
15 Q -- for somebody, right?
16 A Right.
17 Q And so the state has an interest in --
18 A Uh-huh.
19 Q -- keeping records of that so they can tax
20 people. So -- and what is a closing date in real
21 estate terms?
22 A That's the date that they're signing the paperwork
23 with me.
24 Q Okay. Isn't that the date that the title to
25 the real estate -- real property -- changes hands?

11

1 our true and lawful agent and attorney-in-fact, in our
2 respective names, places, and stead to act for each
3 other and to have the power to execute and deliver on
4 behalf of each other a quick claim deed or similar
5 instrument to the grantor/mortgagee. Okay?
6 So, and it's a limited power of attorney, meaning,
7 it's not general power of attorney, meaning they can do
8 anything for each other. It's limited to what this
9 document grants them, which is the authority to execute
10 a quick claim deed on behalf of the other.
11 A Any quick claim deeds that we've ever had at the
12 office, both people would have to be present to sign.
13 Q Okay.
14 A And as I said, we don't have this paper in there
15 anymore.
16 Q Right, but we're not talking about now. We're
17 talking about -- we're talking about the eleven
18 signings that this trial is about. And for these eleven
19 signings, they all have this limited power of attorney,
20 right?
21 So, when you tell the St. Amours or any of them
22 that this document just gives -- allows them to speak
23 on behalf of each other if Fantasea calls them --
24
25 A No. I don't tell them if Fantasea calls them. I

12

1 just tell them it's a limited power of attorney that
2 gives them the power to speak for each other. They sign
3 the paper, and I move onto the next one.
4 Q So, it's your job to explain the documents to
5 the buyers, right?
6 A Correct.
7 Q And you have no idea what this document says,
8 do you?
9 A I haven't seen this document in, like, eleven
10 years.
11 Q But you remember what you told them about it?
12 A Yes.
13 Q Okay. And that is --
14 A And I don't get into detail on it. They have a
15 copy of the document. When they go home, they can read
16 it.
17 Q Well, isn't it --
18 A If they want to read it there, they can read it
19 before they sign it.
20 Q Okay. Let's go to exhibit four now. We talked
21 about this yesterday. We're on page three, and if you
22 recall yesterday, there was a lot of discussion about
23 whether the -- this text affidavit --
24 A Right.
25 Q -- that you had the St. Amours sign, really

13

1 says that they sold the -- their timeshare back to the
2 resort on July 21, 2012, for one dollar, right?
3 A They did not sign it back to us that day. This was
4 for future reference if the deed in lieu of foreclosure
5 took effect down the line.
6 Q Okay. So, yesterday, you went back and forth.
7 Have you had time to think about it --
8 A No, I didn't go back and forth --
9 MR. BARBONE: Judge, objection to the
10 characterization of going back and forth.
11 THE COURT: All right. I'll sustain that. Mr.
12 Solseng, you can ask questions about that.
13 BY MR. SOLSENG:
14 Q All right. So, your testimony today is that
15 they did not sell the timeshare back to the resort on
16 July 21, 2012, for one dollar?
17 A No, they did not.
18 Q Okay.
19 A That's the deed in lieu of foreclosure. If it goes
20 into foreclosure then that document takes effect.
21 Q That's you -- that's your position.
22 A That's my position.
23 Q Okay. So, this is false. They did not -- this
24 says they sold it back to -- the St. Amours sold this
25 timeshare back to the resort on July 21, 2012, for one

14

1 dollar, and you're saying that is false.
2 A I'm saying that that goes along with the deed in
3 lieu of foreclosure, and that if the deed in lieu of
4 foreclosure takes effect, that's when this would take
5 effect.
6 Q Is it true that the St. Amours sold their
7 timeshare back to the resort for one dollar on July 12
8 --
9 A No.
10 Q -- July 21, 2012?
11 A No.
12 Q So, that's false?
13 A They did not sell it back to us. That's --
14 Q Okay. So, and you -- you -- what did you say
15 to the St. Amours to get them to sign this document?
16 A I tell them that it's a deed in lieu of
17 foreclosure, and that if down the line, they got to be,
18 like, six months behind in their monthly payments, and
19 they ignored us when they called them then they could
20 take -- we could take the property back.
21 Q Okay. So, did you tell them that the document
22 you were having them say says on it that -- hang on,
23 let me clear this up, get you a better one.
24 So, that by signing below, the -- the signors
25 understand that this is going to go the New Jersey

15

1 Division of Taxation, and any false statements
2 contained herein could be punishable by fine,
3 imprisonment, or both. I furthermore declare that I
4 have extent -- examined this declaration and to the
5 best of my knowledge and belief, it is true, correct,
6 and complete, right?
7 A Right.
8 Q And you asked the St. Amours to sign that,
9 right?
10 A Yes.
11 Q And you tell them that that's what they
12 should do if they want buy the timeshare, right?
13 A Right. That's one of the documents that they sign.
14 Q Okay. And you just told us that this -- these
15 comments up here that they sold it back to the resort
16 for one dollar are not true?
17 A As I said yesterday, I don't know why the date is
18 the 21st is on there. Contracts puts that date on
19 there, but it doesn't take effect until they would go
20 into default.
21 Q So, you have the St. Amours and thousands of
22 other buyers sign a tax affidavit under penalty of fine
23 and imprisonment knowing that it is false?
24 MR. BARBONE: Objection.
25 THE COURT: Mr. Solseng?

16

1 MR. SOLSENG: I -- I don't know the basis of
2 the objection. I think it's a perfectly reasonable
3 question.
4 THE COURT: Sidebar, please.
5 (A sidebar discussion takes place at 9:25 a.m.)
6 (TRANSCRIBER'S NOTE: Static from the sidebar makes it
7 difficult to hear the speakers accurately.)
8 THE COURT: All right. So, Mr. Barbone, just
9 the basis of the objection.
10 MR. BARBONE: So, Judge, she's explained
11 twice that the documents with regard to the deed in
12 lieu of foreclosure did not take effect on the date of
13 signing. Instead, they are placed in escrow. They are
14 held for the eventuality and possibility that there is
15 a default six months down the line.
16 So, he's asking her whether she was having
17 people sign a false document. She's not having people
18 sign a false document based on her understanding of
19 what that document does because what they have signed
20 for does not, in her testimony, take effect the same
21 day that their signing it. It's perspective. It's held
22 in trust in escrow.
23 THE COURT: I understand that that's the
24 testimony. I think the issue that's coming up is the
25 questions -- request to assume the document's false in

17

1 a question (indiscernible). I think that's the issue.

2 MR. BARBONE: I'm not --

3 THE COURT: She's testified it was false. I
4 think she's been -- at least from what I'm hearing, I
5 don't think she's actually said, yes, that it's false.

6 MR. SOLSENG: I can keep asking her, but
7 she's going to keep dancing.

8 THE COURT: I got you, but I mean, you're
9 phrasing the question as that it's false, and she
10 hasn't said that.

11 MR. SOLSENG: Okay.

12 THE COURT: I mean, I don't know that you
13 have to have it corrected. I'm going to sustain the
14 objection. I think the real issue is whether or not
15 there's a foundation that it's false, using that word.
16 So, without that admission, I don't disagree you may
17 not get --

18 MR. SOLSENG: Okay.

19 THE COURT: -- if you rephrase the question
20 in a different way.

21 MR. SOLSENG: Okay.

22 THE COURT: All right?

23 (Sidebar discussion ends at 9:26 a.m.)

24 BY MR. SOLSENG:

25 Q I'm going to ask you a yes or no question,

18

1 all right --

2 A All right.

3 Q -- Ms. Stransky?

4 A Mmm-hmm.

5 Q On this document, where it says that the St.
6 Amours sold the -- their timeshare back to the resort
7 on July 21, 2012, for one dollar, is that -- is that a
8 true statement?

9 A No. They did not sell it back then.

10 Q Okay. So, knowing that it is not a true
11 statement, what did you tell the St. Amours to get them
12 to sign this document that was not true?

13 A I didn't tell them -- what I told them was exactly
14 what I've been saying, is that this is a deed in lieu
15 of foreclosure. If it happens to go into foreclosure
16 because they don't make the payments for, like, six
17 months, and we call them and they ignore us when we
18 call us [sic] then the property could be taken back.

19 Q When -- now nobody from Flagship signs this
20 document, right?

21 A Well, I notarize the document after they sign it.

22 Q Not this document?

23 A What --

24 Q Not -- not page three.

25 A No, not page three.

19

1 Q Okay, yeah. You -- you notarized other pages.
2 A Right.
3 Q You notarized --
4 A Right, right.
5 Q -- page two --
6 A Yes, yes --
7 Q -- which is the deed in lieu, right?
8 A Yes.
9 Q But you don't notarize this?
10 A No.
11 Q In fact, there's no way that anyone who just
12 looked at this document would know that Fantasea had
13 anything to do with it, right?
14 A Well, it's with the deed in lieu of foreclosure,
15 and you're putting them both out at the same time. But
16 I mean, if somebody who was not in that room at the
17 time happened to look at it, no, they wouldn't.
18 Q Like the taxing authority, if they got this
19 document, they would not know that this had -- that
20 there was a Fantasea person involved, right?
21 A I can't speak for the taxation department.
22 Q Okay.
23 A And so, if the taxation people felt that this
24 declaration was false, and, therefore, subject to
25 whoever signed it to fine or imprisonment or both, it

20

1 would be the St. Amours who would be exposed to that
2 danger, right?
3 MR. BARBONE: Objection to what the taxing
4 department would think and do, Judge.
5 THE COURT: Mr. Solseng, any position as to
6 that?
7 MR. SOLSENG: I can withdraw the objection,
8 Your Honor.
9 THE COURT: All right. Thank you.
10 BY MR. SOLSENG:
11 Q Would the taxing authority have any reason to
12 think that it was -- that Fantasea should face a fine
13 or imprisonment or both?
14 A I can't speak for --
15 MR. BARBONE: Objection.
16 THE WITNESS: -- for the taxation department.
17 MR. BARBONE: Objection, same.
18 THE COURT: All right. I'll sustain the
19 objection. The witness's answer should not be
20 considered. That's an instruction for the jury.
21 BY MR. SOLSENG:
22 Q And you said that you have -- have had
23 thousands of people sign these same documents, right?
24 A Yes.
25 Q And have any of the thousands of people that

EXHIBIT C

Prepared by:

J. Miller

Deed In Lieu of Foreclosure

You are hereby notified that N.J.S.A. § 2A:50-63 of the New Jersey Fair Foreclosure Act provides, in part, the following with respect to this Deed:

You may, without penalty, rescind the conveyance described in this Deed within seven days, excluding Saturdays, Sundays and legal holidays; such rescission is effective upon delivery of a written notice to Flagship Resort Development Corporation or its agent or upon mailing of such notice to Flagship Resort Development Corporation, a New Jersey corporation or its agent by certified or registered mail, return receipt requested at the address set forth below.

THIS DEED is made on 7/21/12

BETWEEN

Duane St. Amour and Ana St. Amour, Tenants by the Entirety with rights of survivorship,

whose post office address is 55 Cedar Terrace, Parlin, NJ 08859

referred to as the Grantor,

AND

Flagship Resort Development Corporation, a New Jersey corporation,

whose post office address is 60 North Maine Avenue, Atlantic City, NJ 08401

referred to as the Grantee.

The words Grantor and Grantee shall mean all Grantors and all Grantees listed above.

1. **Transfer of Ownership.** The Grantor grants and conveys (transfers ownership of) the property (called the "Property") described below to the Grantee. This transfer is made for the sum of \$ 1.00, One Dollar and No Cents. The Grantor acknowledges receipt of this money.

2. **Tax Map Reference.** (N.J.S.A. 46:15-1.1) Municipality of Atlantic City
Block No. 86, Part of Lot No. 1106, Account No. , formerly known as Block 91, Part of Lot 62.

☒ No property tax identification number is available on the date of this Deed. (Check Box if Applicable)

3. **Property.** The Property consists of the land and all the building and structures on the land in the City of Atlantic City County of Atlantic and State of New Jersey. The legal description is:

☒ Please see attached Legal Description annexed hereto and made part here of. (Check Box if Applicable)

The street address of the Property is 60 North Maine Avenue, Atlantic City, NJ 08401

4. **Type of Deed.** This Deed is called a Quitclaim Deed. The Grantor makes no promises as to ownership or title, but simply transfers whatever interest the Grantor has to the Grantee. This Deed is granted in lieu of foreclosure by Grantee.

5. **Rescission.** Pursuant to NJSA 2A:50-63(d), the Grantor understands that Grantor may, without penalty, rescind the conveyance granted by this Deed within seven (7) days, excluding Saturdays, Sundays and legal holidays; and that such rescission is effective upon delivery of a written notice to the Grantee or its agent or upon mailing of such notice to the Grantee or its agent by certified or registered mail, return receipt.

6. Signatures. The Grantor signs this Deed as of the date at the top of the first page. If the Grantor is a corporation, this Deed is signed and attested to by its proper corporate officers and its corporate seal is affixed.

Witnessed or attested by:
GRANTOR:

Duane St. Amour 7/21/12
Duane St. Amour Date

GRANTOR:
Ana St. Amour 7/21/12
Ana St. Amour Date

STATE OF NJ
COUNTY OF ATLANTIC

BE IT REMEMBERED, on this 21st day of July, 2012
Duane St. Amour and Ana St. Amour personally came before me acknowledged under oath to my satisfaction, that this person (or if more than one, each person):
(a) is named in and personally signed this Deed, and
(b) signed, sealed and delivered this Deed as his or her act and deed.
(c) The full and actual consideration paid or to be paid for the transfer of title to realty as evidence by the within Deed is One Dollar (\$1) (as such consideration is defined in N.J.S.A. 46:15-5.)

Record and Return to:
Marina Title Agency L.L.C.
60 North Maine Avenue
Atlantic City, NJ 08401

Contract #100286
FOR ACCOMMODATIONS ONLY

Violet M. Stransky
VIOLET M. STRANSKY
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires 05/10/15

Notary must sign and notarize here

100286

GIT/REP-3
(6-10)

State of New Jersey
SELLER'S RESIDENCY CERTIFICATION/EXEMPTION
(C:55, P.L. 2004)

SELLER(S) INFORMATION (See Instructions, Page 2)

Name(s) Duane St. Amour and Ana St. Amour
55 Cedar Terrace
Current Resident Address

Street: Parlin, NJ 08859
City, Town, Post Office

State Zip Code

PROPERTY INFORMATION (Brief Property Description)

Block(s) Lot(s) Qualifier
86 1106

Street Address:
60 North Maine Avenue

City, Town, Post Office
Atlantic City

State Zip Code
New Jersey 8401

Seller's Percentage of Ownership
100

Consideration
\$1

Closing Date
7/21/12

SELLER ASSURANCES (Check the Appropriate Box)

1. ☐ I am a resident taxpayer (individual, estate, or trust) of the State of New Jersey pursuant to N.J.S.A. 54A:1-1 et seq. and will file a resident gross income tax return and pay any applicable taxes on any gain or income from the disposition of this property.
2. ☐ The real property being sold or transferred is used exclusively as my principal residence within the meaning of section 121 of the federal Internal Revenue Code of 1986, 26 U.S.C. a. 121.
3. ☐ I am a mortgagor conveying the mortgaged property to a mortgagee in foreclosure or in a transfer in lieu of foreclosure with no additional consideration.
4. ☐ Seller, transferor or transferee is an agency or authority of the United States of America, an agency or authority of the State of New Jersey, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.
5. ☐ Seller is not individual, estate or trust and as such not required to make an estimated payment pursuant to N.J.S.A. 54A:1-1 et seq.
6. ☒ The total consideration for the property is \$1,000 or less and as such, the seller is not required to make an estimated payment pursuant to N.J.S.A. 54A:1-1 et seq.
7. ☐ The gain from the sale will not be recognized for Federal income tax purposes under I.R.C. Section 721, 1031, 1033 or is a cemetery plot. (CIRCLE THE APPLICABLE SECTION). If such section does not ultimately apply to this transaction, the seller acknowledges the obligation to file a New Jersey income tax return for the year of the sale (see instructions).
☐ No non-like kind property received.
8. ☐ Transfer by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent's estate in accordance with the provisions of the decedent's will or the intestate laws of this state.

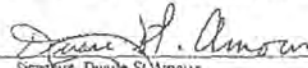
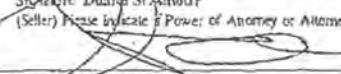
SELLER(S) DECLARATION

The undersigned understands that this declaration and its contents may be disclosed or provided to the New Jersey Division of Taxation and that any false statements contained herein could be punished by fine, imprisonment, or both. I furthermore declare that I have examined this declaration and, to the best of my knowledge and belief, it is true, correct and complete. By checking this box ☐ I certify that the Power of Attorney to represent the seller(s) has been previously recorded or is being recorded simultaneously with the deed to which this form is attached.

Date 7/21/12

Date

Date


Signature Duane St. Amour
(Seller) Please Indicate if Power of Attorney or Attorney in Fact

Signature Ana St. Amour
(Seller) Please Indicate if Power of Attorney or Attorney in Fact

LEGAL DESCRIPTION

A fee simple undivided 1/52 interest in Unit 1108 ("Unit") in the Flagship Condominium ("Condominium") and the right to occupy and use the Unit for one (1) week every calendar year during the High Peak Season, as more specifically set forth in Grantor's Public Offering Statement, for a period of seven (7) consecutive days commencing at 4:00 P.M. on a day determined by The Flagship Interval Association, Inc. ("Interval Association") and ending 12:00 noon on the seventh (7th) day thereafter (the "Interval Week").

Being all that certain property situate, lying and being in the City of Atlantic City, County of Atlantic and State of New Jersey, located in the Condominium, known as Part of Lot 1106 Block 86 formerly known as Lot 62 Block 91 on the Tax Map of City of Atlantic City, together with its appurtenant undivided common interest in the common elements, as is more specifically described in the Master Deed of the Condominium, April 30, 1987 and recorded in the Office of the Atlantic County Clerk, New Jersey, on May 14, 1987, in Deed Book 4453, Page 26, et seq as amended.

Subject to the provisions of the Master Deed of Flagship Condominium, and any amendments thereto.

Subject to easements, zoning requirements and all other restrictions and matters of record, if any. Subject to the provisions of the New Jersey Condominium Act (N.J.S.A. 46:8B-1, *et seq.*), and all amendments and supplements thereto. And subject to such covenants, conditions, restrictions and easements of record, if any, which may affect the Property.

Being the same lands and premises conveyed to the Grantor by Deed dated 21Jul12 from Flagship Resort Development Corporation, and recorded in the Office of the Atlantic County Clerk on _____, Mortgage Instrument # _____, Deed Instrument # _____.

For Grantee's reference purposes only and not as a part of the legal description, Grantor's Interval Week corresponds to Interval Week number 16 in accordance with the schedule of Interval Weeks that is set forth in Grantee's Public Offering Statement.

To have and to hold all and singular, the premises herein described, together with appurtenances, unto the Grantee and to the Grantee's proper use and benefit forever.

And the Grantor covenants that Grantor has not done nor executed, nor knowingly suffered to be done; any act, deed or thing whatsoever whereby or by means whereof the premises conveyed herein or any part thereof now are or any time hereafter will or may be changed or encumbered in any manner or way whatsoever.

EXHIBIT D

ATL-L-001515-19 10/18/2022 1:52:54 PM Pg 50 of 84 Trans ID: LCV20223686391
FILED, Clerk of the Appellate Division, January 02, 2024, A-003287-22

KEONA PALMER, DUANE ST. AMOUR,
ANA ST. AMOUR, BRIAN ROWARD,
JENNY ROWARD, JUDITH JONES,
NIGUEL FIGUERO, OTILIO M. SEDA, JR.,
CARMEN SEDA JAMES COHEN,
STEPHEN BELL, SONIA LENHARDT
BELL, JO-ANN WRIGHT, DENISE
FRAWLEY, THOMAS FRAWLEY, BRIAN
HART, JESSICA HART, SANDRA
MOONEY, AND THOMAS MOONEY,

Plaintiffs,

vs.

FLAGSHIP RESORT DEVELOPMENT
CORP. d/b/a FantaSea Resorts, JOHN DOES
1-10, AND XYZ CORPORATIONS 1-5
Defendants.

SUPERIOR COURT OF NEW JERSEY
ATLANTIC COUNTY - LAW DIVISION:

CIVIL ACTION
DOCKET NO. ATL-L-1515-19

Final
\$215K
**3*

JURY VERDICT QUESTIONNAIRE

For each question, check the appropriate box for each Plaintiff.

NEW JERSEY CONSUMER FRAUD ACT

Question No. 1

Have plaintiffs proven by a preponderance of the evidence that Defendant violated the New Jersey Consumer Fraud Act by use or employment of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or by knowingly concealing, suppressing, or omitting any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of the subject timeshares?

ATL-L-001515-19 10/18/2022 1:52:54 PM Pg 51 of 84 Trans ID: LCV20223686391
FILED, Clerk of the Appellate Division, January 02, 2024, A-003287-22

Ms. Palmer	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. St. Amour	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Roward	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Ms. Jones	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Seda	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. Cohen	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Ms. Lenhardt	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Ms. Wright	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Frawley	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Hart	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Mooney	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐

If you answered YES to question #1 for any of the plaintiffs, please go to Question #2 for that plaintiff. For those plaintiffs for which you answered NO, please proceed to Question #3.

Question No. 2

What amount of money will fairly and reasonably compensate the plaintiff(s) for the ascertainable loss of money proximately caused by the Defendants' violation(s) of the Consumer Fraud Act? Please note that this amount will be trebled by the court in accordance with the statute.

Ms. Palmer Amount: 16,431²⁶ Vote: 6-0 ☐ 5-1 ☒

ATL-L-001515-19 10/18/2022 1:52:54 PM Pg 52 of 84 Trans ID: LCV20223686391
FILED, Clerk of the Appellate Division, January 02, 2024, A-003287-22

Mr. and Ms. St. Amour	Amount: <u>34,950.13</u>	Vote: 6-0	<u>5-1</u>	<u>✓</u>
Mr. and Ms. Roward	Amount: <u>31,106.08</u>	Vote: 6-0	<u>5-1</u>	<u>✓</u>
Ms. Jones	Amount: <u>6,328.52</u>	Vote: 6-0	<u>5-1</u>	<u>✓</u>
Mr. and Ms. Seda	Amount: <u>25,511.32</u>	Vote: 6-0	<u>5-1</u>	<u>✓</u>
Mr. Cohen	Amount: <u>16,928.57</u>	Vote: 6-0	<u>5-1</u>	<u>✓</u>
Ms. Lenhardt	Amount: <u>13,875.25</u>	Vote: 6-0	<u>5-1</u>	<u>✓</u>
Ms. Wright	Amount: <u>7,922.91</u>	Vote: 6-0	<u>5-1</u>	<u>✓</u>
Mr. and Ms. Frawley	Amount: <u>17,816.51</u>	Vote: 6-0	<u>5-1</u>	<u>✓</u>
Mr. and Ms. Hart	Amount: <u>16,123.11</u>	Vote: 6-0	<u>5-1</u>	<u>✓</u>
Mr. and Ms. Mooney	Amount: <u>26,855.50</u>	Vote: 6-0	<u>5-1</u>	<u>✓</u>

Please proceed to Question #3

NEW JERSEY REAL ESTATE TIMESHARE ACT

Question No. 3 has multiple subparts 3A-3P, and you must answer each one:

Question 3A reads:

Did Defendant violate N.J.S.A. 45:15-16.70(b)(1) by knowingly failing to clearly disclose, in either bold face or other conspicuous type on all promotional materials, that the purpose of the promotion was to sell timeshare interests?

Ms. Palmer Yes ✓ No Vote: 6-0 ✓ 5-1

ATL-L-001515-19 10/18/2022 1:52:54 PM Pg 53 of 84 Trans ID: LCV20223686391
FILED, Clerk of the Appellate Division, January 02, 2024. A-003287-22

Mr. and Ms. St. Amour	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Roward	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐
Ms. Jones	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Seda	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐
Mr. Cohen	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐
Ms. Lenhardt	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐
Ms. Wright	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Frawley	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Hart	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Mooney	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐

Question No. 3B reads:

Did Defendant violate N.J.S.A. 45:15-16.70(b)(1) by knowingly failing to provide the information that the purpose of the promotion is to sell timeshare interests in writing or electronically at least once such that it was received by the Plaintiff prior to their leaving to attend the sales presentation?

Ms. Palmer	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. St. Amour	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Roward	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐
Ms. Jones	Yes ☒	No ☐ Vote: 6-0 ☒ 5-1 ☐

ATL-L-001515-19 10/18/2022 1:52:54 PM Pg 54 of 84 Trans ID: LCV20223686391
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Mr. and Ms. Seda	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Mr. Cohen	Yes ☐	No ☒	Vote: 6-0 ☐ 5-1 ☐
Ms. Lenhardt	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Ms. Wright	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Frawley	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Hart	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Mooney	Yes ☐	No ☒	Vote: 6-0 ☒ 5-1 ☐

Question No. 3C reads:

Did Defendant violate N.J.S.A. 45:15-16.70(b)(2) by knowingly failing to clearly disclose on all promotional materials that any person whose name or address is obtained during the promotion may be solicited to purchase a timeshare interest?

Ms. Palmer	Yes ☐	No ☒	Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. St. Amour	Yes ☐	No ☒	Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Roward	Yes ☐	No ☒	Vote: 6-0 ☒ 5-1 ☐
Ms. Jones	Yes ☐	No ☒	Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Seda	Yes ☐	No ☒	Vote: 6-0 ☒ 5-1 ☐
Mr. Cohen	Yes ☐	No ☒	Vote: 6-0 ☒ 5-1 ☐
Ms. Lenhardt	Yes ☐	No ☒	Vote: 6-0 ☒ 5-1 ☐
Ms. Wright	Yes ☐	No ☒	Vote: 6-0 ☒ 5-1 ☐

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Mr. and Ms. Frawley	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____
Mr. and Ms. Hart	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____
Mr. and Ms. Mooney	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____

Question No. 3D reads:

Did Defendant violate N.J.S.A. 45:15-16.70(b)(2) and (c) by knowingly failing to provide the information that any person whose name or address is obtained during the promotion may be solicited to purchase a timeshare interest in writing or electronically at least once such that it was received by the Plaintiff prior to their leaving to attend the sales presentation?

Ms. Palmer	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____
Mr. and Ms. St. Amour	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____
Mr. and Ms. Roward	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____
Ms. Jones	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____
Mr. and Ms. Seda	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____
Mr. Cohen	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____
Ms. Lenhardt	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____
Ms. Wright	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____
Mr. and Ms. Frawley	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____
Mr. and Ms. Hart	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____
Mr. and Ms. Mooney	Yes _____	No ☒ _____	Vote: 6-0 ☒ 5-1 _____

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Question No. 3E reads:

Did Defendant violate N.J.A.C. 11:5-6.9(e) and (m) by knowingly failing to (i) verbally inform buyers of the four business relationships, (ii) provide the correct version of the Consumer Information Statement (CIS) to each Plaintiff, or (iii) provide the correct CIS no later than the first showing and, if no showing is conducted, no later than the preparation of an initial offer or contract?

Ms. Palmer	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. St. Amour	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Roward	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Ms. Jones	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Seda	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Mr. Cohen	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Ms. Lenhardt	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Ms. Wright	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Frawley	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Hart	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
Mr. and Ms. Mooney	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐

Question No. 3F reads:

Did Defendant violate N.J.A.C. 11:5-6.7 by knowingly failing to provide the written disclosure concerning the right to obtain their mortgage loan from another source?

Ms. Palmer	Yes ☒	No ☐	Vote: 6-0 ☒ 5-1 ☐
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Mr. and Ms. St. Amour	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Roward	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Ms. Jones	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Seda	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. Cohen	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Ms. Lenhardt	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Ms. Wright	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Frawley	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Hart	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Mooney	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐

Question No. 3G reads:

Did Defendant violate N.J.A.C. 11:5-6.7(b)(4)(e) by knowingly failing to provide the required written disclosure concerning the servicing fees Defendant would collect?

Ms. Palmer	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. St. Amour	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Roward	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Ms. Jones	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Seda	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐

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Mr. Cohen	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Ms. Lenhardt	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Ms. Wright	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Frawley	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Hart	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Mooney	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐

Question No. 3H reads:

Did Defendant violate N.J.S.A 45:15-16.80(b) by knowingly failing to provide a current Public Offering Statement prior to execution of the contract?

Ms. Palmer	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. St. Amour	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Roward	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Ms. Jones	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Seda	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. Cohen	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Ms. Lenhardt	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Ms. Wright	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐

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Mr. and Ms. Frawley

Yes ☒ No ☐ Vote: 6-0 ☒ 5-1 ☐

Mr. and Ms. Hart

Yes ☒ No ☐ Vote: 6-0 ☒ 5-1 ☐

Mr. and Ms. Mooney

Yes ☒ No ☐ Vote: 6-0 ☒ 5-1 ☐

Question No. 3I reads:

Did Defendant violate N.J.A.C. 11:5-9A.6(a) by knowingly failing to deliver a current Public Offering Statement and affording each Plaintiff a reasonable opportunity to read the statement before they signed the contract or purchase agreement?

Ms. Palmer

Yes ☐ No ☐ Vote: 6-0 ☐ 5-1 ☐

Mr. and Ms. St. Amour

Yes ☐ No ☐ Vote: 6-0 ☐ 5-1 ☐

Mr. and Ms. Roward

Yes ☐ No ☐ Vote: 6-0 ☐ 5-1 ☐

Ms. Jones

Yes ☐ No ☐ Vote: 6-0 ☐ 5-1 ☐

Mr. and Ms. Seda

Yes ☐ No ☐ Vote: 6-0 ☐ 5-1 ☐

Mr. Cohen

Yes ☐ No ☐ Vote: 6-0 ☐ 5-1 ☐

Ms. Lenhardt

Yes ☐ No ☐ Vote: 6-0 ☐ 5-1 ☐

Ms. Wright

Yes ☐ No ☐ Vote: 6-0 ☐ 5-1 ☐

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Mr. and Ms. Frawley

Yes 1 No Vote: 6-0 5-1

Mr. and Ms. Hart

Yes No Vote: 6-0 5-1

Mr. and Ms. Mooney

Yes No Vote: 6-0 5-1

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Question No. 3J reads:

Did Defendant violate N.J.S.A. 45:15-16.59(10) and N.J.A.C. 11:5-9A.6(b)(9) by either knowingly failing to deliver a current Public Offering Statement or by knowingly failing to include in that statement the name and address to mail the notice of cancellation?

Ms. Palmer	Yes <u>1</u>	No <u> </u>	Vote: 6-0	<u> </u>	5-1 <u> </u>
Mr. and Ms. St. Amour	Yes <u> </u>	No <u> </u>	Vote: 6-0	<u> </u>	5-1 <u> </u>
Mr. and Ms. Roward	Yes <u> </u>	No <u> </u>	Vote: 6-0	<u> </u>	5-1 <u> </u>
Ms. Jones	Yes <u> </u>	No <u> </u>	Vote: 6-0	<u> </u>	5-1 <u> </u>
Mr. and Ms. Seda	Yes <u> </u>	No <u> </u>	Vote: 6-0	<u> </u>	5-1 <u> </u>
Mr. Cohen	Yes <u> </u>	No <u> </u>	Vote: 6-0	<u> </u>	5-1 <u> </u>
Ms. Lenhardt	Yes <u> </u>	No <u> </u>	Vote: 6-0	<u> </u>	5-1 <u> </u>
Ms. Wright	Yes <u> </u>	No <u> </u>	Vote: 6-0	<u> </u>	5-1 <u> </u>
Mr. and Ms. Frawley	Yes <u> </u>	No <u> </u>	Vote: 6-0	<u> </u>	5-1 <u> </u>
Mr. and Ms. Hart	Yes <u> </u>	No <u> </u>	Vote: 6-0	<u> </u>	5-1 <u> </u>
Mr. and Ms. Mooney	Yes <u> </u>	No <u> </u>	Vote: 6-0	<u> </u>	5-1 <u> </u>

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Question No. 3K reads:

Did Defendant violate N.J.S.A. 45:15-16.70(a)(1) by knowingly misrepresenting a fact material to each Plaintiff's decision to buy a timeshare interest?

Ms. Palmer	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. St. Amour	Yes ☒	No ☐	Vote: 6-0 ☒	5-1 ☐
Mr. and Ms. Roward	Yes ☒	No ☐	Vote: 6-0 ☐	5-1 ☐
Ms. Jones	Yes ☐	No ☐	Vote: 6-0 ☐	5-1 ☐
Mr. and Ms. Seda	Yes ☐	No ☐	Vote: 6-0 ☐	5-1 ☐
Mr. Cohen	Yes ☐	No ☐	Vote: 6-0 ☐	5-1 ☐
Ms. Lenhardt	Yes ☐	No ☐	Vote: 6-0 ☐	5-1 ☐
Ms. Wright	Yes ☐	No ☐	Vote: 6-0 ☐	5-1 ☐
Mr. and Ms. Frawley	Yes ☐	No ☐	Vote: 6-0 ☐	5-1 ☐
Mr. and Ms. Hart	Yes ☐	No ☐	Vote: 6-0 ☐	5-1 ☐
Mr. and Ms. Mooney	Yes ☐	No ☐	Vote: 6-0 ☐	5-1 ☐

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Question No. 3L reads:

Did Defendant violate N.J.S.A. 45:15-16.70(a)(2) by knowingly predicting any
increase in the value of a timeshare interest represented over a period of time?

Ms. Palmer	Yes ☒	No ☐	Vote: 6-0	☒	5-1 ☐
Mr. and Ms. St. Amour	Yes ☒	No ☐	Vote: 6-0	☒	5-1 ☐
Mr. and Ms. Roward	Yes ☒	No ☐	Vote: 6-0	☒	5-1 ☐
Ms. Jones	Yes ☒	No ☐	Vote: 6-0	☒	5-1 ☐
Mr. and Ms. Seda	Yes ☒	No ☐	Vote: 6-0	☒	5-1 ☐
Mr. Cohen	Yes ☒	No ☐	Vote: 6-0	☒	5-1 ☐
Ms. Lenhardt	Yes ☒	No ☐	Vote: 6-0	☒	5-1 ☐
Ms. Wright	Yes ☒	No ☐	Vote: 6-0	☒	5-1 ☐
Mr. and Ms. Frawley	Yes ☒	No ☐	Vote: 6-0	☒	5-1 ☐
Mr. and Ms. Hart	Yes ☒	No ☐	Vote: 6-0	☒	5-1 ☐
Mr. and Ms. Mooney	Yes ☒	No ☐	Vote: 6-0	☒	5-1 ☐

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Question No. 3M reads:

Did Defendant violate N.J.S.A. 45:15-16.70(a)(3) by knowingly materially
misrepresenting the qualities or characteristics of accommodations or the amenities
available to the occupant of those accommodations?

Ms. Palmer	Yes <u> </u>	No <u> </u> Vote: 6-0 <u> </u> 5-1 <u> </u>
Mr. and Ms. St. Amour	Yes <u> </u>	No <u> </u> Vote: 6-0 <u> </u> 5-1 <u> </u>
Mr. and Ms. Roward	Yes <u> </u>	No <u> </u> Vote: 6-0 <u> </u> 5-1 <u> </u>
Ms. Jones	Yes <u> </u>	No <u> </u> Vote: 6-0 <u> </u> 5-1 <u> </u>
Mr. and Ms. Seda	Yes <u> </u>	No <u> </u> Vote: 6-0 <u> </u> 5-1 <u> </u>
Mr. Cohen	Yes <u> </u>	No <u> </u> Vote: 6-0 <u> </u> 5-1 <u> </u>
Ms. Lenhardt	Yes <u> </u>	No <u> </u> Vote: 6-0 <u> </u> 5-1 <u> </u>
Ms. Wright	Yes <u> </u>	No <u> </u> Vote: 6-0 <u> </u> 5-1 <u> </u>
Mr. and Ms. Frawley	Yes <u> </u>	No <u> </u> Vote: 6-0 <u> </u> 5-1 <u> </u>
Mr. and Ms. Hart	Yes <u> </u>	No <u> </u> Vote: 6-0 <u> </u> 5-1 <u> </u>
Mr. and Ms. Mooney	Yes <u> </u>	No <u> </u> Vote: 6-0 <u> </u> 5-1 <u> </u>

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Question No. 3N reads:

Did Defendant violate N.J.S.A. 45:15-16.70(a)(4) by knowingly misrepresenting the length of time accommodations or amenities will be available to the purchaser of a timeshare interest?

Ms. Palmer	Yes <u>1</u>	No <u>0</u>	Vote: 6-0	<u>1</u>	5-1 <u>0</u>
Mr. and Ms. St. Amour	Yes <u>1</u>	No <u>0</u>	Vote: 6-0	<u>1</u>	5-1 <u>0</u>
Mr. and Ms. Roward	Yes <u>1</u>	No <u>0</u>	Vote: 6-0	<u>1</u>	5-1 <u>0</u>
Ms. Jones	Yes <u>1</u>	No <u>0</u>	Vote: 6-0	<u>1</u>	5-1 <u>0</u>
Mr. and Ms. Seda	Yes <u>1</u>	No <u>0</u>	Vote: 6-0	<u>1</u>	5-1 <u>0</u>
Mr. Cohen	Yes <u>1</u>	No <u>0</u>	Vote: 6-0	<u>1</u>	5-1 <u>0</u>
Ms. Lenhardt	Yes <u>1</u>	No <u>0</u>	Vote: 6-0	<u>1</u>	5-1 <u>0</u>
Ms. Wright	Yes <u>1</u>	No <u>0</u>	Vote: 6-0	<u>1</u>	5-1 <u>0</u>
Mr. and Ms. Frawley	Yes <u>1</u>	No <u>0</u>	Vote: 6-0	<u>1</u>	5-1 <u>0</u>
Mr. and Ms. Hart	Yes <u>1</u>	No <u>0</u>	Vote: 6-0	<u>1</u>	5-1 <u>0</u>
Mr. and Ms. Mooney	Yes <u>1</u>	No <u>0</u>	Vote: 6-0	<u>1</u>	5-1 <u>0</u>

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Question No. 30 reads:

Did Defendant violate N.J.S.A. 45:15-16.70(a)(5) by knowingly misrepresenting the conditions under which a purchaser of a timeshare interest may exchange the right of the purchaser's occupancy for the right to occupy other accommodations?

Ms. Palmer	Yes <u> </u>	No <u> </u> Vote: 6-0	<u> </u> 5-1 <u> </u>
Mr. and Ms. St. Amour	Yes <u> </u>	No <u> </u> Vote: 6-0	<u> </u> 5-1 <u> </u>
Mr. and Ms. Roward	Yes <u> </u>	No <u> </u> Vote: 6-0	<u> </u> 5-1 <u> </u>
Ms. Jones	Yes <u> </u>	No <u> </u> Vote: 6-0	<u> </u> 5-1 <u> </u>
Mr. and Ms. Seda	Yes <u> </u>	No <u> </u> Vote: 6-0	<u> </u> 5-1 <u> </u>
Mr. Cohen	Yes <u> </u>	No <u> </u> Vote: 6-0	<u> </u> 5-1 <u> </u>
Ms. Lenhardt	Yes <u> </u>	No <u> </u> Vote: 6-0	<u> </u> 5-1 <u> </u>
Ms. Wright	Yes <u> </u>	No <u> </u> Vote: 6-0	<u> </u> 5-1 <u> </u>
Mr. and Ms. Frawley	Yes <u> </u>	No <u> </u> Vote: 6-0	<u> </u> 5-1 <u> </u>
Mr. and Ms. Hart	Yes <u> </u>	No <u> </u> Vote: 6-0	<u> </u> 5-1 <u> </u>
Mr. and Ms. Mooney	Yes <u> </u>	No <u> </u> Vote: 6-0	<u> </u> 5-1 <u> </u>

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Question No. 3P reads:

Did Defendant violate N.J.A.C. 11:5-9A.6(10) by knowingly failing to include a
glossary in the public offering statement prior to the narrative portion?

Ms. Palmer	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. and Ms. St. Amour	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. and Ms. Roward	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Ms. Jones	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. and Ms. Seda	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. Cohen	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Ms. Lenhardt	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Ms. Wright	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. and Ms. Frawley	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. and Ms. Hart	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. and Ms. Mooney	Yes ☒	No ☐ Vote: 6-0	5-1 ☐

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Question No. 4 reads:

For each Plaintiff for whom you answered "Yes" to for any of questions 3A-3P,
was the violation(s) the proximate cause of damages to plaintiffs?

Ms. Palmer	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. and Ms. St. Amour	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. and Ms. Roward	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Ms. Jones	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. and Ms. Seda	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. Cohen	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Ms. Lenhardt	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Ms. Wright	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. and Ms. Frawley	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. and Ms. Hart	Yes ☒	No ☐ Vote: 6-0	5-1 ☐
Mr. and Ms. Mooney	Yes ☒	No ☐ Vote: 6-0	5-1 ☐

If you answered YES to question #4 for any of the plaintiffs, please go to Question
#5 for that plaintiff. For those plaintiffs for which you answered NO, please
proceed to Question #6.

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Question No. 5 reads:

As to any plaintiffs to which you answered "Yes" to in Question #4, has defendant proven by a preponderance of the evidence as to those plaintiff(s) that they knew of any untruth, omission, or misleading statement made by the defendant, or that the plaintiff(s) did not rely on such information, or that the timeshare resort did not know, and in the exercise of reasonable care could not have known of the untruth, omission, or misleading statement. As to those plaintiffs you answered No go to Question # 6

5A. As to N.J.S.A. 45:15-16.70(b)(1)

Ms. Palmer	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. St. Amour	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. Roward	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Ms. Jones	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. Seda	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. Cohen	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Ms. Lenhardt	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Ms. Wright	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. Frawley	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. Hart	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. Mooney	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____

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5B. As to N.J.S.A. 45:15-16.70(b)(1)

Ms. Palmer	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Mr. and Ms. St. Amour	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Mr. and Ms. Roward	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Ms. Jones	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Mr. and Ms. Seda	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Mr. Cohen	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Ms. Lenhardt	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Ms. Wright	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Mr. and Ms. Frawley	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Mr. and Ms. Hart	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Mr. and Ms. Mooney	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____

5C. As to N.J.S.A. 45:15-16.70(b)(2)

Ms. Palmer	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Mr. and Ms. St. Amour	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Mr. and Ms. Roward	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Ms. Jones	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____
Mr. and Ms. Seda	Yes _____	No <u>✓</u>	Vote: 6-0 <u>✓</u>	5-1 _____

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Mr. Cohen	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Ms. Lenhardt	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Ms. Wright	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Mr. and Ms. Frawley	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Mr. and Ms. Hart	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Mr. and Ms. Mooney	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____

5D. As to N.J.S.A. 45:15-16.70(b)(2) and (c)

Ms. Palmer	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Mr. and Ms. St. Amour	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Mr. and Ms. Roward	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Ms. Jones	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Mr. and Ms. Seda	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Mr. Cohen	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Ms. Lenhardt	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Ms. Wright	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Mr. and Ms. Frawley	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____
Mr. and Ms. Hart	Yes _____	No <u>✓</u>	Vote: 6-0	<u>✓</u>	5-1 _____

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Mr. and Ms. Mooney Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

5E. As to N.J.A.C. 11:5-6.9(e) and (m)

Ms. Palmer Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

Mr. and Ms. St. Amour Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

Mr. and Ms. Roward Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

Ms. Jones Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

Mr. and Ms. Seda Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

Mr. Cohen Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

Ms. Lenhardt Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

Ms. Wright Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

Mr. and Ms. Frawley Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

Mr. and Ms. Hart Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

Mr. and Ms. Mooney Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

5F. As to N.J.A.C. 11:5-6.7

Ms. Palmer Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

Mr. and Ms. St. Amour Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

Mr. and Ms. Roward Yes _____ No ✓ Vote: 6-0 ✓ 5-1 _____

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Ms. Jones	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Seda	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. Cohen	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Ms. Lenhardt	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Ms. Wright	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Frawley	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Hart	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Mooney	Yes _____	No _____	Vote: 6-0 _____	5-1 _____

5G. As to N.J.A.C. 11:5-6.7(b)(4)(e)

Ms. Palmer	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. St. Amour	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Roward	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Ms. Jones	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Seda	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. Cohen	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Ms. Lenhardt	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Ms. Wright	Yes _____	No _____	Vote: 6-0 _____	5-1 _____

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Mr. and Ms. Frawley	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
Mr. and Ms. Hart	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
Mr. and Ms. Mooney	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____

5H. As to N.J.S.A 45:15-16.80(b)

Ms. Palmer	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
Mr. and Ms. St. Amour	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
Mr. and Ms. Roward	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
Ms. Jones	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
Mr. and Ms. Seda	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
Mr. Cohen	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
Ms. Lenhardt	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
Ms. Wright	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
Mr. and Ms. Frawley	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
Mr. and Ms. Hart	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
Mr. and Ms. Mooney	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____

5I. As to N.J.A.C. 11:5-9A.6(a)

Ms. Palmer	Yes _____	No <u> </u>	Vote: 6-0	<u> </u>	5-1 _____
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Mr. and Ms. St. Amour	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Roward	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Ms. Jones	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Seda	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. Cohen	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Ms. Lenhardt	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Ms. Wright	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Frawley	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Hart	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Mooney	Yes _____	No _____	Vote: 6-0 _____	5-1 _____

5J. As to N.J.S.A. 45:15-16.59(10) and N.J.A.C. 11:5-9A.6(b)(9)

Ms. Palmer	Yes _____	No <u>4</u> _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. St. Amour	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Roward	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Ms. Jones	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Seda	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. Cohen	Yes _____	No _____	Vote: 6-0 _____	5-1 _____

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Ms. Lenhardt	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Ms. Wright	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Mr. and Ms. Frawley	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Mr. and Ms. Hart	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Mr. and Ms. Mooney	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____

5K. As to N.J.S.A. 45:15-16.70(a)(1)

Ms. Palmer	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Mr. and Ms. St. Amour	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Mr. and Ms. Roward	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Ms. Jones	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Mr. and Ms. Seda	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Mr. Cohen	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Ms. Lenhardt	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Ms. Wright	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Mr. and Ms. Frawley	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Mr. and Ms. Hart	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____
Mr. and Ms. Mooney	Yes _____	No <u> / </u>	Vote: 6-0	<u> / </u>	5-1 _____

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5L. As to N.J.S.A. 45:15-16.70(a)(2)

Ms. Palmer	Yes _____	No _____	Vote: 6-0	5-1 _____
Mr. and Ms. St. Amour	Yes _____	No _____	Vote: 6-0	5-1 _____
Mr. and Ms. Roward	Yes _____	No _____	Vote: 6-0	5-1 _____
Ms. Jones	Yes _____	No _____	Vote: 6-0	5-1 _____
Mr. and Ms. Seda	Yes _____	No _____	Vote: 6-0	5-1 _____
Mr. Cohen	Yes _____	No _____	Vote: 6-0	5-1 _____
Ms. Lenhardt	Yes _____	No _____	Vote: 6-0	5-1 _____
Ms. Wright	Yes _____	No _____	Vote: 6-0	5-1 _____
Mr. and Ms. Frawley	Yes _____	No _____	Vote: 6-0	5-1 _____
Mr. and Ms. Hart	Yes _____	No _____	Vote: 6-0	5-1 _____
Mr. and Ms. Mooney	Yes _____	No _____	Vote: 6-0	5-1 _____

5M. As to N.J.S.A. 45:15-16.70(a)(3)

Ms. Palmer	Yes _____	No _____	Vote: 6-0	5-1 _____
Mr. and Ms. St. Amour	Yes _____	No _____	Vote: 6-0	5-1 _____
Mr. and Ms. Roward	Yes _____	No _____	Vote: 6-0	5-1 _____
Ms. Jones	Yes _____	No _____	Vote: 6-0	5-1 _____
Mr. and Ms. Seda	Yes _____	No _____	Vote: 6-0	5-1 _____

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Mr. Cohen	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Ms. Lenhardt	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Ms. Wright	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. Frawley	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. Hart	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. Mooney	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____

5N. As to N.J.S.A. 45:15-16.70(a)(4)

Ms. Palmer	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. St. Amour	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. Roward	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Ms. Jones	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. Seda	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. Cohen	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Ms. Lenhardt	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Ms. Wright	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. Frawley	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____
Mr. and Ms. Hart	Yes _____	No ☒ _____	Vote: 6-0	☒ 5-1 _____

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Mr. and Ms. Mooney

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

50. As to N.J.S.A. 45:15-16.70(a)(5)

Ms. Palmer

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

Mr. and Ms. St. Amour

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

Mr. and Ms. Roward

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

Ms. Jones

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

Mr. and Ms. Seda

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

Mr. Cohen

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

Ms. Lenhardt

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

Ms. Wright

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

Mr. and Ms. Frawley

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

Mr. and Ms. Hart

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

Mr. and Ms. Mooney

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

5P. As to N.J.A.C. 11:5-9A.6(10)

Ms. Palmer

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

Mr. and Ms. St. Amour

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

Mr. and Ms. Roward

Yes _____

No ☒

Vote: 6-0 ☒ 5-1 _____

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Ms. Jones	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Seda	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. Cohen	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Ms. Lenhardt	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Ms. Wright	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Frawley	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Hart	Yes _____	No _____	Vote: 6-0 _____	5-1 _____
Mr. and Ms. Mooney	Yes _____	No _____	Vote: 6-0 _____	5-1 _____

Question No. 6 reads:

For those plaintiffs only that you answered "Yes" to Question #4 and "No" to Question #5, what amount of money will fairly and reasonably compensate the plaintiff(s) for the ascertainable loss of money proximately caused by the Defendants' violation(s) of the Real Estate Timeshare Act? Please note that this amount will be doubled by the court in accordance with the statute. For example if you answered "Yes" to Question #4 and "No" to Question #5 for a plaintiff that plaintiff is entitled to compensation for the ascertainable loss proximately caused by the Defendants' violation(s) of the Real Estate Timeshare Act. If you answered "No" to Question #4 or "Yes" to Question #5 that plaintiff is not entitled to any compensation and the Amount section below for that plaintiff should be blank.

Ms. Palmer	Amount: <u>16,</u>	Vote: 6-0 _____	5-1 <u>✓</u>
Mr. and Ms. St. Amour	Amount: <u>34,914.15</u>	Vote: 6-0 _____	5-1 <u>✓</u>

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Mr. and Ms. Roward	Amount: <u>31,106.⁰⁸</u> Vote: 6-0 ____ 5-1 ____
Ms. Jones	Amount: ____ Vote: 6-0 ____ 5-1 ____
Mr. and Ms. Seda	Amount: ____ Vote: 6-0 ____ 5-1 ____
Mr. Cohen	Amount: ____ Vote: 6-0 ____ 5-1 ____
Ms. Lenhardt	Amount: ____ Vote: 6-0 ____ 5-1 ____
Ms. Wright	Amount: ____ Vote: 6-0 ____ 5-1 ____
Mr. and Ms. Frawley	Amount: ____ Vote: 6-0 ____ 5-1 ____
Mr. and Ms. Hart	Amount: ____ Vote: 6-0 ____ 5-1 ____
Mr. and Ms. Mooney	Amount: ____ Vote: 6-0 ____ 5-1 ____

SAME
AMOUNTS

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Question No. 7 has multiple subparts 7A-7I, and you must answer each one:

Question No. 7 reads:

Do you find by a preponderance of the evidence that each plaintiff has proven that defendant, through use of its Purchaser's Acknowledgment and Annual Use Form or similar exculpatory statements, knowingly offered and had a purchaser agree to a waiver of the defendant's compliance with the provisions of the Timeshare Act?

- A. "By signing below, the Sellers and Purchasers acknowledge they received the Consumer information Statement on New Jersey Real Estate Relationships form the brokerage firm involved in this transaction prior to the first showing of the property." (PSA ¶13 for Plaintiffs Palmer and Wright, PSA ¶11 for all other Plaintiffs.)

Yes ☒ No ☐ Vote: 6-0 ☒ 5-1 ☐

- B. "[N]o representations, claims, statements, advertising, promotional activities made by Seller or Seller's agents or representatives, shall in any way be binding upon the seller." (PSA ¶11 for Plaintiffs Palmer and Wright, PSA ¶14 for all other Plaintiffs.)

Yes ☒ No ☐ Vote: 6-0 ☐ 5-1 ☐

- C. "Buyer also acknowledges, represents and warrants that the purchase of the Interval is made for the Buyer's personal use, and not for investment purposes, without reliance on representations concerning rentals, rent return, tax advantages, depreciation or investment potential, or other monetary or financial advantage, by Seller, its agents, employees or associates." (PSA ¶20 for Plaintiffs Palmer and Wright, PSA ¶22 for all other Plaintiffs.)

Yes ☒ No ☐ Vote: 6-0 ☒ 5-1 ☐

- D. "The Purchaser(s) acknowledge(s) that he/she/they has/have not relied upon any statement as to price to be derived from the resale of his/her/their rental unit." (Purchaser's Acknowledgment, ¶12 for Plaintiffs

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Cohen, Frawley, Jones, Lenhardt, Roward, Seda, and St. Amour, ¶13 for Plaintiff Mooney.)

Yes ☒ No ☐ Vote: 6-0 ☒ 5-1 ☐

- E. "Purchaser(s) further acknowledge that they have entered into this Purchase and Sale Agreement freely and voluntarily, without coercion or undue pressure from employees and/or agents of the Flagship Resort." (Purchaser's Acknowledgment, ¶13 for Plaintiffs Cohen, Frawley, Jones, Lenhardt, Roward, Seda, and St. Amour, ¶14 for Plaintiff Mooney.)

Yes ☒ No ☐ Vote: 6-0 ☒ 5-1 ☐

- F. "Purchaser(s) understand(s) that Purchaser(s) should not, under any circumstances, allow him/herself to become confused or misled by any representations or interpretations to the contrary." (Purchaser's Acknowledgment, ¶14 for Plaintiffs Cohen, Frawley, Jones, Lenhardt, Roward, Seda, and St. Amour, ¶15 for Plaintiff Mooney.)

Yes ☒ No ☐ Vote: 6-0 ☒ 5-1 ☐

- G. "The Owner acknowledges that they have not relied upon any statement as to resale value of their week." (Purchaser's Acknowledgment, ¶11 for Plaintiffs Hart, Palmer, and Wright.)

Yes ☒ No ☐ Vote: 6-0 ☒ 5-1 ☐

- H. "Owner represents that this week is being purchased for their own personal vacation use and enjoyment not because of any financial or monetary advantage." (Purchaser's Acknowledgment, ¶12 for Plaintiffs Hart, Palmer, and Wright.)

Yes ☒ No ☐ Vote: 6-0 ☒ 5-1 ☐

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I. "Oral representations are not to be relied upon." (From the back of some sweepstakes entry forms.)

Yes ✓ No Vote: 6-0 ✓ 5-1

EXHIBIT E

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1 Q It's not? Okay, what part of that do you
2 disagree with?

3 A It's not about -- the New Jersey Real Estate
4 Course had very little to do with real estate, or with
5 Time Share. It is strictly the fundamentals, how many
6 square feet are in an acre? How taxes are calculated,
7 such like that, and the real estate terms. There's
8 very limited, if any, part of the real estate course
9 which covers Time Share.

10 Q Okay. So then I don't know if that's
11 particularly germane to the question I asked. And
12 maybe I was confusing the question I asked, and I'll
13 ask it in a different way.

14 During this two to three weeks of on the job
15 training at Flagship, followed by the 10 to 20 tours
16 given, that period of time is for this real estate
17 agent to learn how we do things at Flagship; is that
18 accurate?

19 A Can I add to that?

20 Q Sure.

21 A And learn about Time Sharing how it works.

22 Q Okay. So learn about Time Shares and how it
23 works, and then specifically how to sell a Time Share
24 for Flagship; is that right?

25 A Yeah, correct.

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1 Q Okay. And it's true, sir, that when Flagship
2 puts a salesman out there, Flagship wants the salesman
3 to make a sales pitch the Flagship way; is that right?

4 A Absolutely.

5 Q And that salesman shouldn't deviate from the
6 way Flagship wants that person to make the sales pitch;
7 is that right?

8 A From the steps that we want them to take, correct.

9 Q Okay. I'm not saying, you know, everyone is
10 going to come across different situations, where one
11 point you might have a couple; and point you might have
12 a single person; you might have, you know, cohabitating
13 people; same sex couples; and stuff like that. Every
14 situation is going to be a little bit different. Do
15 you agree with that?

16 A Yes.

17 Q But what Flagship wants to do with its sales
18 presentation is keep that as uniformed as possible; is
19 that right?

20 A Yes.

21 Q And a big part of that is first taught to
22 these new sales agents by this Flagship Resorts -- I'm
23 sorry, Fantasea Resort Training Manual; correct?

24 A Correct.

25 Q Just generally about this manual, I believe

EXHIBIT F

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1 A Yes.
2 Q Okay. Indeed, you were probably taught that
3 when you went to get your license, correct?
4 A That's correct.
5 Q And you had to study up on that and pass the
6 real estate licensing exam. And I imagine that's
7 probably one of the questions, wasn't it? The four
8 different relationships.
9 A I'd imagine so. It could.
10 Q Okay. But when you first meet a consumer
11 who's coming in to -- for the timeshare solicitation,
12 you don't tell them about those four different
13 relationships, do you?
14 A No.
15 Q Okay. You don't give them any paperwork
16 outlining those four different relationships, do you?
17 A No.
18 Q Okay. Do you -- you don't give them
19 anything, really, before you start your sales pitch, do
20 you?
21 A No.
22 Q You go right into the sales pitch?
23 A The warm up. We talk.
24 Q The warm up, right. And we'll get there in a
25 bit. Indeed, there's a -- like a manual, a training

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1 manual that describes this warm up, correct?
2 A Correct.
3 Q Okay. And we're going to look at that --
4 A Okay.
5 Q -- in a little bit. Now I mentioned that you
6 don't give them anything in writing when you meet them.
7 I want you to turn around here, sir. I'm putting up on
8 the display, Exhibit 2. It's called Consumer
9 Information Statement on New Jersey Real Estate
10 Relationships. You see that?
11 A Yes.
12 Q Are you familiar with that form?
13 A No.
14 Q Okay. You ever seen it before?
15 A Not of my recollection.
16 Q And you'll agree with me, though, it
17 describes what a seller's agent is, doesn't it?
18 A Yes, it describes what a seller agent is.
19 Q Okay. It says very clearly that the seller's
20 agent works only for the seller. You see that?
21 A Yes.
22 Q And it has fiduciary duties to the seller.
23 A Yes.
24 Q And these include reasonable care, undivided
25 loyalty and full disclosure. You see that?

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1 possibility for referrals from them.
2 Q Okay.
3 A As in normal sales.
4 Q Okay. So -- and you're a licensed real
5 estate agent, right?
6 A Yes.
7 Q Do you know what the four business
8 relationships a real estate agent can have in a real
9 estate transaction?
10 A I don't know what you're referring to. I don't
11 know -- I don't know that phrase.
12 Q Okay. Do you know what a Consumer
13 Information Statement is?
14 A Consumer Information Statement? I assume it's an
15 information statement that tells people their consumer
16 rights.
17 Q Okay. But you don't know what a Consumer
18 Information Statement is?
19 A I don't know that phrase.
20 Q Okay. Have you ever -- to your knowledge,
21 have you ever given a Consumer Information Statement to
22 a buyer at FantaSea?
23 A No, it wouldn't -- it wouldn't be my part to do
24 that.
25 Q Okay. Let's take a look here. Bear with me.

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1 I'm going to Exhibit 50. This is a Consumer
2 Information Statement for New Jersey Real Estate
3 Relationships. Sorry, we're going negative again. So
4 you know, Mr. McDonnell, we've all seen this before but
5 occasionally for whatever reason documents go up there
6 and show up as negatives. Okay? Have you ever seen
7 this document before?
8 A I probably have. I haven't seen it in a long,
9 long time.
10 Q Okay. And how about this one?
11 A What is it?
12 Q This is a different Consumer Information
13 Statement for New Jersey Real Estate Relationships.
14 Have you ever seen that document before?
15 A Is this in our documents, in the company?
16 Q I'm just asking you, have you ever seen that
17 document before?
18 A I'm sure I've seen it in training with licenses
19 and things like that.
20 Q Okay. But you don't really know what it
21 says, right, off the top of your head?
22 A I'm sure I've reviewed it. Off of the top of my
23 head, no.
24 Q Okay. So --
25 (sneezing)

EXHIBIT G

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1 seating. You know, meet and greet, and seating. And
2 it starts on Page 4 through Page 5. And, Mr. Figueroa,
3 I want to go through how this goes down, you know, when
4 you're meeting a consumer for the first time. You get
5 the prospective buyer's information on a card, correct?
6 A It's a sheet of paper.
7 Q Sheet of paper.
8 A Yes.
9 Q It has their name, address, other information
10 like that on it?
11 A Yes.
12 Q Okay. And you use that to find them in the
13 group of people for a sales presentation, right?
14 A Yes.
15 Q And once you run into them, you introduce
16 yourself, and you say hello to them with their names,
17 right?
18 A Yes.
19 Q Okay. And again, this is the part where you
20 make your introduction. You tell them you work for
21 Flagship and, you know, you don't give them any
22 paperwork, right?
23 A Right.
24 Q Okay. Going to Page 6 here. You know what's
25 meant by the seating?

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1 A Seating?
2 Q Seating?
3 A Yes, what's your question specifically?
4 Q You've heard that term, the seating?
5 A Yes.
6 Q Okay. On Page 6 --
7 MR. MILZ: Gosh. Excuse me. I need my
8 glasses.
9 MR. SOLSENG: I know the feeling.
10 BY MR. MILZ:
11 Q So I want to highlight here, it says the
12 objective, the goal of the seating is to establish
13 control over the buyers. Isn't that right?
14 A Yes, that's right.
15 Q Uh-huh. You want to control the conversation
16 that you're having with these prospective buyers.
17 Isn't that right?
18 A Yes.
19 Q Next we go to the warmup. It starts on Page
20 7. And I want to get to the goals of this warmup. The
21 objective here, it says to produce tension, create
22 common bond, establish rapport, gain trust, gather
23 information. Is that right?
24 A That's right.
25 Q Doing these things increases the likelihood

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1 of a successful sale, right?
2 A Yes.
3 Q And part of that is to convince the buyer
4 that they can trust you. Isn't that right?
5 A Yes.
6 Q And that what you tell them in the course of
7 the sale is the truth, right?
8 A Right.
9 Q I'm want to move down to Page 11. And this
10 says transition into intent, and there's a script. See
11 that here? There's a script here. It says insert
12 owner's name. Do you see that?
13 A Yes.
14 Q Is it correct that, you know, you tell the
15 buyer I'm going to ask you some questions about your
16 vacation habits, what you like to do, where you like to
17 go. Is that right?
18 A Yes.
19 Q Okay. You want to find out their
20 motivations. Is that correct?
21 A Correct. Correct.
22 Q You have to articulate a response, sir, so
23 the court reporter can take it down.
24 A Sorry. Yes.
25 Q Okay? That's fine. Thank you. You know,

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1 you're gathering information so that you can tailor
2 your sales pitch to that particular person, right?
3 A Right.
4 Q You want to gather information so you can
5 tell them what they want to hear to get put into a
6 timeshare. Is that right?
7 A Can you rephrase -- can you repeat that --
8 Q Sure.
9 A -- again please?
10 Q You want to be able to tell them the things
11 that they want to hear, right?
12 A Right.
13 Q Moving on to Page 13. This is called
14 "Discovery Survey." And, sir, this survey here -- and
15 we'll zoom in on it -- you ask these probing questions
16 of consumers. Isn't that right?
17 A Yes.
18 Q Okay. And it says here at the top, your
19 objective is to -- and I'll call this out -- find the
20 buyer's dominant buying motives, right?
21 A Right.
22 Q Okay. And then in parentheses it says
23 emotional hot buttons, doesn't it?
24 A Yes.
25 Q Okay. Your trained to use what the buyers

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1 already told you to get them talking to you. Isn't
2 that right?
3 A No, not necessarily. We customize it based with
4 how they need it.
5 Q Okay. But you hear their dominant buying
6 motives, what my goals are here, you know, for
7 vacations in the future, what I want out of vacations
8 in the future. Isn't that right?
9 A Yes, that's right.
10 Q Okay. And you use that to customize what you
11 offer to them. Isn't that right?
12 A Uh-huh.
13 Q Is that a yes?
14 A Yeah.
15 Q Okay. So somebody's dominant buying motives
16 might be, you know, I want to take a vacation to
17 Atlantic City for a week every year because when I was
18 a kid, I never really got to go on vacations at all.
19 Isn't that right?
20 A Right.
21 Q And if I signed up for this, maybe I'd have a
22 place to go every year for the rest of my life. Is
23 that right?
24 A Right.
25 Q Somebody else's dominant buying motives might

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1 be I want to use this to take my kids to Disney World,
2 right?
3 A Right.
4 Q And you'd use that to cater to them to tell
5 them that, yeah, I'm your man, I can get you what you
6 need to make that happen. Is that right?
7 A Right.
8 Q I want to move down to Page 20. And before I
9 do, I focus on Page 15 here. You have a whole list of
10 probing questions, don't you?
11 A Yes.
12 Q Personal questions about what they like to
13 do, where they like to vacation.
14 UNIDENTIFIED PERSON: I am so sorry. I
15 thought it was off.
16 MR. MILZ: Okay. It's Friday.
17 THE COURT: (Indiscernible).
18 BY MR. MILZ:
19 Q Who they vacation with, where they want to
20 go, things like that, right?
21 A Yes.
22 Q And the salesmen at Flagship, they use these
23 kind of questions all the time, right?
24 A Correct.
25 Q Okay. It's two pages of them. I want to go

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1 emotional hot buttons, okay. So you said you wanted to
2 define it somewhat differently. Let's stick with the
3 terminology that Flagship uses; is that okay?
4 A That's fine.
5 Q Okay. What's meant by Dominant Buying
6 Motives?
7 A The triggers that will attract people to our
8 product.
9 Q Such as?
10 A Quality time with their family; traveling to
11 different places.
12 Q Anything else?
13 A Coming to Atlantic City to enjoy everything it has
14 to offer.
15 Q Anything else?
16 A Nothing else.
17 Q Do you think it's a Dominant Buying Motive
18 for someone buying a piece of real estate like a
19 Flagship -- like a Flagship Time Share to be motivated
20 to buy something that might increase in value?
21 A That is not our pitch.
22 Q Okay. How about something that if they don't
23 like it, they can sell it back to Flagship. Do you
24 think that might be a Dominant Buying Motive?
25 A That is not our pitch.

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1 Q That's not the pitch that Flagship says it
2 tells its salesmen to do; correct?
3 A That is correct.
4 Q How about emotional hot buttons. What are
5 some emotional hot buttons?
6 A Quality time with their family; traveling.
7 Q And how does the -- well, let me step back.
8 So I understand, and we'll look at this book in a
9 little more detail. There's a page called the warm up.
10 Let's see if we can go there.
11 The Warm Up, all right, we're here on page 7 of
12 the Exhibit. And is this warm up used to maybe elicit
13 some of those Dominant Buying Motives from the
14 consumer?
15 A No.
16 Q It's not? What's the purpose of the Warm Up?
17 A The purpose of the Warm Up is the same as in any
18 sales process where you have a prospect or prospects in
19 front of you that you've never seen before, and to
20 develop a rapport with them. So that they're not cold
21 strangers, that they have some level of acceptance of
22 you and you of them.
23 Q Okay. So these objectives that are listed
24 here, let me see them here. The objectives of this
25 Warm Up are to reduce tension, to create a common bond,

EXHIBIT H

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1 clients, ten of them. Out of those 10, only two of
2 them understood that when they were going to Flagship
3 that day. And I'm talking about Sandy Mooney and Jim
4 Cohen, only two of them thought they were going to
5 something involving a Time Share Presentation. Do you
6 know that?
7 A I was not here for their testimony. But if that's
8 what you cite?
9 Q Okay. So that said, I'd say, but you know, 8
10 out of 10, is eighty percent. So I mean if 80 percent
11 of the people that walked into this courtroom said,
12 they didn't know why they were going to Flagship,
13 wouldn't that send up some red flags for Flagship, that
14 maybe they're not letting people know what they're
15 being enticed there for?
16 A I disagree with that statement.
17 Q Okay. You can feel to disagree. So back to
18 my question about the gifts. Have you ever heard any
19 of the sales persons at Flagship raise any issue, you
20 know, listen, you know, these people really want to
21 find out about their gift. They don't know why they're
22 here. And you've never heard any complaints like that
23 from salespeople?
24 A No.
25 Q Never?

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1 A No.
2 Q All right, so moving on, the next section is
3 called Intent Statement. Now, sir, correct me if I'm
4 wrong, at this point, early in the process after just
5 meeting them, does Flagship require the sales agent to
6 the consumer, at that point, you're here because I'm
7 going to try to sell you a Time Share. I'm going to
8 ask you to buy a Time Share?
9 A Can I answer that a different way?
10 Q Sure.
11 A It is policy to explain to the people, I'm going
12 to show you what we have. And at the conclusion of our
13 time together, we're going to ask you, if you like it,
14 if you can use it, would you like to become part of
15 what we're doing, if you'd like to purchase it.
16 Q Okay. And you know, I'm going to show you
17 what we have. When you're talking about showing people
18 what you have, and correct me, if I'm wrong, the
19 salesmen are not to refer to it as a Time Share; are
20 they?
21 A No.
22 Q No? There are to refer to it as vacation
23 ownership; right?
24 A Or Interval Ownership.
25 Q And they're vacation counselors; right, not

EXHIBIT I

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1 to pass onto the sellers all material information they
2 obtain with regard to the buyer's ability to pay." Do
3 you see that?

4 A Yeah.

5 Q Flagship does not give that notice; does it?

6 A We give this notice in the process of the sale.
7 We do not give it in advance.

8 Q Well, let me show you the one they give in
9 the process of the sale, sir. And hang on one second.

10 (Pause in hearing at 2:54:38 to 2:54:54 p.m.)

11 Q Sir, this is the actual form that's given out by
12 Flagship, at the end of the process, at the signing
13 process, after the property's been shown. After all
14 the motives have been ferreted out, the consumers have
15 decided to buy. They're in the deeded's room and
16 they're signing documents. This gets stuffed into the
17 pack of documents before they leave; okay, are you
18 aware of that?

19 A I am.

20 Q Okay. This one doesn't have that
21 supplemental disclosure at the very beginning; does it?

22 A I do not see it there.

23 Q Okay. But in any event, neither of these
24 forms, either the one from the Real Estate Commission
25 or this one, neither of them get handed to a buyer

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1 before we get to this stage in the process where the
2 motives are ferreted out, and the financial abilities
3 ferreted out, and the property is about to be shown to
4 the consumer; none of that, neither of those get handed
5 out; is that right?

6 A That is correct.

7 Q Okay. Now you understand that this Consumer
8 Information Statement it's required to be given at that
9 stage of the process at the first meeting, and
10 certainly prior to the first showing by the Real Estate
11 Commission; you understand that; right?

12 A That's what you've stated, correct.

13 Q Okay. Do you, sir, not understand that to be
14 the Rule?

15 A It is the rule.

16 Q Okay. It's a rule that Flagship doesn't
17 chose to follow; is that right?

18 A That is correct.

19 Q Okay. Now I don't know, were you here when
20 your counsel made his opening statements?

21 A No, I was not.

22 Q Okay. Well, when he did, he said the CIS,
23 the Consumer Information Statement, and he's talking to
24 the jury, you can ignore that. Does Flagship endorse
25 that, you can just ignore this CIS, this Consumer

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1 MR. BARBONE: I don't have any further
2 questions, Judge. Thank you.

3 THE COURT: Okay. Thank you.

4 MR. MILZ: Thank you, Your Honor.

5 THE COURT: Counsel --

6 MR. MILZ: May I address the witness from
7 counsel table?

8 THE COURT: Yes, you may.

9 MR. MILZ: Thank you.

10 THE COURT: Thank you.

11 REDIRECT EXAMINATION BY MR. MILZ:

12 Q So, I don't have very much for you, Mr. Korn.
13 But let's go in reverse order here from what Mr.
14 Barbone asked you. Let's go to Exhibit 10, the
15 Purchase and Sale Agreement. And I think it's pretty
16 clear, Mr. Korn, that we don't quarrel with Flagship
17 that the Consumer Information Statement was given.
18 Okay? My question to you is, isn't it true the
19 purchase and -- Customer Information Statement -- the
20 Consumer Information Statement, under New Jersey Real
21 Estate Law, that is not given until the sales agent has
22 learned the motivations of the buyer and showed them
23 the property. It's not given until the time of the
24 signing, isn't that right?

25 A That is correct.

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1 Q Okay. Then again, why does Flagship have the
2 consumer in the Purchase and Sale Agreement that it was
3 given to them prior to the first showing of the
4 property if that's not true?

5 A That was the advice of counsel when we generated
6 the documents.

7 Q Okay. You know, counsel is not here, there's
8 no counsel called as a witness in this case, is that
9 right?

10 A Not to the best of my knowledge.

11 Q There's no letter from counsel approving any
12 particular language that you're introducing as evidence
13 in this case, is that right?

14 A Counsel prepared the Public Info the Public
15 Offering Statement which, includes the Purchase and
16 Sale Agreement.

17 Q Okay. Regardless of what counsel did, Mr.
18 Korn, you agree with me that the words in these
19 contract documents are Flagship's words and Flagship's
20 responsible for their importance, isn't that right?

21 A That is correct.

22 Q Okay. You mentioned how the salesmen aren't
23 allowed in the room during the verification. You
24 remember testifying to that?

25 A Except for as they introduced them in.

EXHIBIT J

9. CLOSING; POSSESSION.

- (a) Closing or settlement shall take place on site, or at any other place within the County of Atlantic designated by the Seller. Buyer shall be entitled to possession of the Interval at any time after closing, subject to the restrictions set forth in the Restated Supplemental Offering, the Deed and any other documents in connection therewith. Time is of the essence of this Purchase Agreement. In the event financing is provided by Seller, Buyer may, in Seller's sole and absolute discretion, be granted a revocable license to possess the Interval at any time after the expiration of the seven (7) calendar day rescission period, which license shall be deemed automatically revoked without further act or notice upon termination of this Purchase Agreement.
- (b) If Buyer should become delinquent in his payment of maintenance fees or assessments to the Interval Association or, if financing is provided through Seller or any lender designated by Seller, if Buyer should become delinquent in his mortgage payments, as provided in the Public Offering Statement, Buyer understands and acknowledges that the Interval Association will have the right to deny Buyer the use and enjoyment of the common areas of the Condominium until such time that all delinquent obligations are satisfied. This subparagraph shall survive the transfer of title.
- (c) Seller further reserves the right, in its sole and absolute discretion, but shall not be obligated, to allow Buyer to participate in a split week program. In a split week program, a Buyer would be entitled to occupy a unit in the Condominium for less than seven (7) consecutive nights at a time, but not less than three (3) consecutive nights within the applicable Season ("Split Week"). As a result, a Buyer may divide his Interval Week into two (2) separate periods, one containing three (3) consecutive nights and the other containing four (4) consecutive nights. In the Split Week program, the period containing four (4) consecutive nights shall begin on a Monday and end on a Friday, and the period containing three (3) consecutive nights shall begin on a Friday and end on a Monday. The method for making a reservation for an Interval Week or Split Week, as the case may be, is more fully set forth in Seller's Public Offering Statement, the terms of which are incorporated into this Purchase Agreement by this reference. This subparagraph shall survive the transfer of title.
- (d) In an effort to promote economies of management and to keep the Interval Association dues to a minimum and to make available to Buyer a unit during the Interval Week requested by Buyer, Seller reserves the right, through the Interval Association, to move Buyer from the Unit set forth in this Purchase Agreement to another like-kind unit in the Condominium, regardless of whether or not the unit is occupied during the Interval Week requested by Buyer. This subparagraph shall survive the transfer of title.

10. CLOSING COSTS. In addition to any other costs required to be paid by Buyer as set forth in this Purchase Agreement, Buyer shall pay all of the expenses of closing including, without limitation, the following:

- (a) Attorneys' fees for preparation of the Note and Mortgage.
- (b) Title search and insurance premiums.
- (c) Recording and transfer fees.
- (d) Maintenance fee to Interval Association.
- (e) In the event financing is provided by the Seller, Borrower shall promptly pay upon demand (and if not timely paid with interest thereon at the rate set forth in the Note) all expenses and costs incurred by Lender in connection with the Mortgage, including the fee for servicing of the Mortgage in the amount of Five (\$5.00) Dollars per month until the Note and Mortgage are paid in full, and any action or proceeding instituted or asserted by or against Lender in connection with the Note and Mortgage. All such expenses and costs, and interest thereon, may be added to and become part of the debt of Borrower to Lender and shall be secured by the Mortgage.

11. SALES AGENT REPRESENTS SELLER ONLY. Flagship Resort Development Corporation and Weisberger, Michael (4980), Sales Person, and Weisberger, Michael (4980), Sales Manager, as its authorized representative(s) are working in this transaction as Seller's agents.

By signing below, the Sellers and Purchasers acknowledge they received the Consumer Information Statement on New Jersey Real Estate Relationships from the brokerage firm involved in this transaction prior to the first showing of the property.

12. NOTICE ON OFF-SITE CONDITIONS. Pursuant to the New Residential Construction Off-site Conditions Disclosure Act, P.L. 1995, c. 253 the clerks of municipalities in New Jersey maintain lists of off-site conditions which may affect the value of residential properties in the vicinity of the off-site condition. Purchasers may examine the lists and are encouraged to independently investigate the area surrounding this property in order to become familiar with any off-site conditions which may affect the value of the property. In cases where a property is located near the border of a municipality, purchasers may wish to also examine the list maintained by the neighboring municipality."

13. MEGAN'S LAW STATEMENT. Under New Jersey Law, the county prosecutor determines whether and how to provide notice of the presence of convicted sex offenders in an area. In their professional capacity, real estate licensees are not entitled to notification by the county prosecutor under Megan's Law and are unable to obtain such information for you. Upon closing the county prosecutor may be contacted for such further information as may be disclosable to you.

14. ENTIRE AGREEMENT. This Purchase Agreement constitutes the full, final and complete agreement between the parties with respect to the purchase of the Interval, and no representations, claims, statements, advertising, promotional activities made by Seller or Seller's agents or representatives, shall in any way be binding upon the Seller.

pwc_confl 6/6/15/06

SP:Weisberger, Michael (4980) TO Weisberger, Michael (4980) VO:Stansky, Violet (6214)

Contract 160286

Run by: joann.Sai Jul 21, 2012 12:24pm

EXHIBIT K

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1 Q Right. And there's no better to be a seller,
2 at least, you know for the time being. You know, I
3 know interest rates have gone up, and so that might not
4 be the case for a little while. But as of right now
5 it's still a pretty good to be a seller; is that right?
6 A It would seem so.
7 Q Not the case for Time Shares; right?
8 A I don't know that for a fact.
9 Q You don't know that for a fact? You don't
10 know that there's no resale market for Time Shares,
11 like the Time Shares Flagship sells?
12 A That's not how you asked me the question.
13 Q Okay. You think as you sit here today,
14 there's a real estate market for the Time Shares that
15 Flagship sells?
16 A There is a market for resale of Time Share.
17 Q Okay. No matter that that market, you know,
18 has folks offering their Time Shares for a dollar or
19 five dollars, right. There's still a market, you're
20 right, there's a market. But if you want to take an
21 enormous hit and sell what you bought for thousands of
22 dollars, for a dollar or five dollars, well, that's the
23 market you're talking about; right?
24 A That is the seller's choice.
25 Q Because I'm sure you certainly searched the

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1 Internet to see what people are selling their Flagship
2 Time Shares for; haven't you?
3 A Yep.
4 Q Okay. And you've seen the same thing I've
5 seen, the dollar, five dollars; right?
6 A Correct.
7 Q People can't give these things away; is that
8 right?
9 A Correct.
10 Q Remember I asked you, sir, in your deposition
11 back in October of 2021, whether you can name just one
12 -- one sales agent at the Flagship that has been
13 reprimanded for making misrepresentation to consumers;
14 remember when I asked you that question?
15 A Correct.
16 Q You do?
17 A I do.
18 Q Do you remember what the answer was that you
19 gave to me?
20 A I cannot recall any.
21 Q Cannot recall any, not a one.
22 A That's correct.
23 Q Okay. That's almost two years ago. As you
24 sit here to day in those past two years, has any
25 Flagship Real Estate Agent been reprimanded for making

EXHIBIT L

one (1) vote proportionate to its interest for each Interval owned by Grantor. If the Interval is owned by more than one person or party, then those persons or parties shall designate one such person or party to vote for the Interval. Such designation shall be in writing and submitted and delivered to the Condominium Association.

9. MANAGEMENT CONTRACT AND MANAGEMENT AGENT

The Purchaser, by agreeing to purchase an Interval, agrees to be bound by the terms and conditions of the management contract. The management company selected by the Board of Directors of the Condominium Association is responsible for the day-to-day operation of the Interval program at the Condominium and pursuant to the management contract is responsible for, among other things, the following services:

- (a) Assisting the Interval Purchaser with check-in and check-out at the Condominium;
- (b) Provision of maid service for the unit;
- (c) Securing maintenance and repairs necessary for the unit;
- (d) Coordination of the Interval program with The Flagship Condominium Association;
- (e) Overseeing maintenance of and replacement of furniture, fixtures and equipment in the unit;
- (f) Staffing the Condominium in a manner appropriate for a resort property. Such personnel will include housekeeping, security, bellmen and desk clerks.

No warranties, representations or guarantees are made in this Restated Supplemental Offering or the management contract respecting the desirability of Manager, the quality of its management services, Manager's economic condition or the duration of Manager's services.

Housekeeping and cleaning services will be provided for the unit on at least one (1) day during the Interval Week. More frequent service will be made available at an additional charge to the Purchaser.

The Condominium Association has entered into a management contract with First Resorts Management Co., Inc., which is affiliated with the Grantor. Effective July 15, 2000 the Interval Association Board of Trustees, a majority of which was comprised of Interval Owners not affiliated with Grantor, and one appointee of Grantor who abstained from voting, voted to extend the Management Agreement with Manager for five (5) years with a five (5) year option for the Manager to renew. A copy of the management agreement is attached to this Restated Supplemental Offering as Exhibit K.

10. RESTRICTIONS ON INTERVAL TRANSFER

Intervals should only be purchased for the personal enjoyment and use by a Purchaser and his family. Intervals are not designed to be investments, nor should a Purchaser expect a profit or rate of return on the Interval. Resale of an Interval may be permitted as hereinafter described, but a Purchaser should not buy an Interval with the intent to resell such Interval at a profit.

An Interval may be transferred the same as any other real estate, subject, however, to the terms and provisions of the Mortgage Note and Mortgage, if the Interval is financed through Grantor, its successors or assigns.

Grantor may determine not to repurchase an Interval from a Purchaser, nor aid such person in the resale of his Interval. Purchasers, in good standing, who can no longer use their Intervals and wish to sell such Intervals, must find

their own buyers. Purchasers wishing to sell their Intervals may find that such proposed resale is in direct competition with other Intervals offered by Grantor. THERE IS NO IMMEDIATE MARKET FOR REALES OF INTERVALS.

Any breach or violations of these restrictions on transfer of the Interval will result in a default under the Agreement, Mortgage Note and Mortgage, as the case may be. See Paragraph 12, Default by Interval Purchasers, for a full explanation of the consequences if Purchaser defaults under the Agreement, Mortgage Note, Mortgage or any other documents.

11. RESORT EXCHANGE PROGRAM

Purchasers will have the opportunity to enroll in programs established by Interval International ("II"), which operates reciprocal exchange programs and vacation packages involving a number of resort and condominium facilities in the United States and internationally. A list of such facilities can be obtained from Grantor prior to purchase of an Interval Week. All Purchasers may participate in the II weeks exchange program ("II Exchange Program"). Purchasers will receive a deeded interest in the Interval as described in Section 1 of this Public Offering Statement. Upon purchasing an Interval, a Purchaser will be assigned points according to the type of accommodations purchased and the season during which the interval may be used, all in accordance with the chart set forth below. A purchaser that enrolls as a member of II will be charged a fee for the initial year that is payable at closing; in subsequent years, Purchasers will be billed directly by II, and at the time of renewal Purchasers may decide to leave the II Exchange Program.

Additionally, Purchasers and existing Interval Owners may upgrade their membership in the II Exchange Program to a points-based flexible use membership program currently known as "Club Interval Gold". Membership in Club Interval Gold may be purchased by the payment of an additional fee of \$.46 per point for Annual Interval Weeks and \$.55 per point for Biennial Interval Weeks Current enrollment and renewal fees will also apply.

The chart below sets forth the current number of points available upon purchasing an Interval Week:

WEEKS	SEASON		Bedrooms	S (237 STU)	1 (189 1BR)	2 (10 2BR)
			Bathrooms	1	1 or 1.5	2
			Kitchen	P	P	P
			Max. Occ.	4	4	6
			Priv. Occ.	2	2	4
22, 26-34	DIAMOND	10 weeks		49,500	61,875	80,375
23-25, 35-39	EMERALD	8 weeks		41,250	51,500	67,000
1, 15-21, 40-43	SAPPHIRE	12 weeks		33,000	41,250	53,625
2-3, 6-14, 44-47, 52	RUBY	16 weeks		24,750	30,875	40,125
4-5, 48-51	PEARL	6 weeks		16,500	20,625	26,750
Totals per Unit Type				1,716,000	2,143,500	2,785,750
Total All Points for each Unit Type				406,692,000	405,121,500	27,857,500

There are additional rules and regulations provided by II to administer the II Exchange Program and the Club Interval Gold program that are available from the Grantor. Note that any fees charged by II are in addition to other association membership fees, and are assessed only if an Interval Owner wishes to enroll in the II Exchange Program or the Club Interval Gold Program.

The total points allocated to each Unit shall be sufficient to provide, in the aggregate, fifty-two (52) weeks of occupancy during each year for each Unit.

All Purchasers will have the right to exchange, or will be allocated a number of points necessary to reserve, one week of occupancy at Flagship (according to season and size of Unit as outlined in their deed ownership) or one of II's member resorts, during at least one season of the year pursuant to the II Exchange Program. Accommodations may be deposited as early as twelve (12) months prior to the first date of occupancy of the relinquished accommodations. The Club Interval Gold member's points have an expiration date of two (2) years from the first date of occupancy of the relinquished accommodations. All terms and conditions of Individual Membership, the II Exchange Program, and the

EXHIBIT M

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MORTGAGE
FLOATING WEEK INTERVALS

ATLANTIC COUNTY, NJ
EDWARD P. McGETTIGAN, COUNTY CLERK
RCPT # 970114 RECD BY eileen
VOL 13468
REC FEES \$0.00
MARGINAL NOTATION 0.00
RECORDED 08/16/2012 02:21:12 PM
INST # 2012048662

THIS MORTGAGE is made this 21st day of July, 2012.

BY AND BETWEEN Dawn St. Amour and Ana St. Amour Tenants by the Entirety with rights of survivorship whose address is 55 Cedar Terrace, Parlin, NJ 08859 referred to as "Borrower" AND Flagship Resort Development Corporation, a New Jersey corporation, whose address is 60 North Main Avenue, Atlantic City, NJ 08401 referred to as the "Lender." Lender may assign this Mortgage at any time without prior notice to Borrower.

If more than one Borrower signs this Mortgage, the word "Borrower" shall mean each Borrower named above. The word "Lender" shall mean the original Lender and anyone else who takes this Mortgage by transfer.

1. **Mortgage Note.** In return for a loan that Borrower received, Borrower promises to pay \$ 515,210.00 ("Principal"), plus interest at the rate of 15.9% per annum ("Interest") in accordance with the terms of a certain mortgage note dated the same date as this Mortgage (referred to as the "Note"). The Note provides for monthly payments of \$253.84 to be applied first to interest and then to Principal. All sums under the Note are due no later than 20Jul22. All terms of the Note are made part of this Mortgage.

2. **Property Mortgaged.** The property mortgaged to the Lender (the "Property") is located in the City of Atlantic City, County of Atlantic and State of New Jersey. The Property includes all rights that Borrower has, or will have, or will have, as owner of the Property.

A fee simple undivided 1/52 undivided interest in Unit 1108 ("Unit") in The Flagship Condominium ("Condominium") and (except as provided in the Lender's Public Offering Statement and Paragraph 9(d) of the Purchase and Sale Agreement between Borrower and Lender) the right to occupy and use the Unit for one (1) week of each calendar year during the Red Season, as more specifically set forth in Lender's Public Offering Statement, for a period of seven (7) consecutive days commencing at 4:00 p.m. on a day determined by Lender and/or The Flagship Interval Association, Inc. ("Interval Association") and ending 12:00 noon on the seventh (7th) day thereafter (the "Interval Week").

Being all that certain property situate, lying and being in the City of Atlantic City, County of Atlantic and State of New Jersey, located in the Condominium, known as Lot 1106 Block 86 formerly known as Lot 62 Block 91 on the Tax Map of Atlantic City, together with its appurtenant undivided common interest in the common elements, as is more specifically described in the Master Deed of the Condominium, April 30, 1987 and recorded in the Office of the Atlantic County Clerk, New Jersey, on May 14, 1987, in Deed Book 4453, Page 26, et seq as amended.

Lender reserves the right, for the Interval Association, to move Borrower and Borrower agrees that Lender or the Interval Association may move the Borrower, from the Unit set forth in this Mortgage to another like-kind unit in the Condominium, regardless of whether or not the Unit is occupied during the Interval Week requested by Borrower.

This Mortgage is a purchase money mortgage given to secure the balance of the money that Borrower owes to Lender for the purchase of the Property.

3. **Rights Given to Lender.** Borrower mortgages the Property to the Lender. This means that borrower gives the Lender those rights stated in this Mortgage and also those rights the law gives to the holders of mortgages on real property. When Borrower pays all amounts due to the Lender under the Note and this Mortgage, the Lender's rights under this Mortgage will end. The Lender will then cancel this Mortgage at Borrower's expense.

4. **Eminent Domain.** All or part of the Property may be taken by a governmental entity for public use. If this occurs, Borrower agrees that all compensation be given to the Lender. The Lender may use this to repair and restore the Property or to reduce the amount owed on the Note and this Mortgage. Any remaining balance will be paid to the Borrower. This will not delay the due date for any further payment under the Note and this Mortgage.

5. **Payments and Repairs Made By Lender.** If Borrower does not make all of the repairs or payments as agreed in this Mortgage, Lender may do so for Borrower. The cost of these repairs and payments will be added to the Principal, will bear interest at the same rate provided for in the Note and will be repaid to Seller upon demand.

6. **Default.** Lender may declare that Borrower is in default on the Note and this Mortgage if:

- (a) Borrower fails to make any payment required by the Note and this Mortgage within fifteen (15) days after its due date.
- (b) Borrower fails to keep any other promise Borrower makes in this Mortgage;
- (c) The ownership of the Property is changed for any reason without prior written consent of Lender, which consent may be withheld within Lender's sole and absolute discretion, whether or not reasonable or arbitrary, and which consent may be conditional upon Lender being paid a fee for processing the ownership change;
- (d) Bankruptcy, insolvency or receivership proceedings are started by or against any of the above signed;
- (e) Borrower defaults in his payment of maintenance fees to the Interval Association;
- (f) The creation of any lien by the Interval Association upon the Property, or
- (g) The creation of a lien against the Property or a judgement against Borrower which results in a lien against the Property;
- (h) The holder of any lien on the Property starts foreclosure proceedings.

7. **Promises.** Borrower makes the following promises to Lender:

- (a) **Note and Mortgage.** Borrower will comply with all of the terms of the Note and this Mortgage.
- (b) **Payments.** Borrower will make all payments required by the Note and this Mortgage.

Contract # 100255 Run By: jennum on July 21, 2012 Mortgage Floating Week Intervals

EXHIBIT N

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1 A Not -- no, not that I recall.

2 Q Okay. Did they --

3 A I wouldn't --

4 Q -- explain to you that there was a charge
5 every time you -- well, that there was a -- sort of a
6 membership fee with RCI? Did anybody explain that to
7 you?

8 A No.

9 Q Did they explain that on top of that there
10 would be an exchange fee, so every time you tried to
11 exchange through RCI, there would be a fee associated
12 with that?

13 A No.

14 Q Okay. Was there -- which were you more
15 interested in when you did purchase this timeshare?
16 Were you more interested in being able to stay at
17 Atlantic Palace? Or were you more interested in
18 exchanging your stays at Atlantic Palace for -- through
19 the RCI system?

20 A I was more interested in exchanging, you know, my
21 stays at Atlantic Palace to stay other places. Like I
22 said, I've lived in New Jersey my whole life. I never
23 had the opportunity to travel, so I felt like this was
24 -- you know, based on the sales presentation, this was
25 going to open me up to be able to travel to other

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1 places outside of New Jersey.

2 Q Okay. Did anybody talk to you about a
3 maintenance fee that you would have to pay on top of
4 your mortgage?

5 A They actually waived my maintenance fee, or they
6 paid my maintenance fee for the year. And they told me
7 that it wouldn't increase in the coming years.

8 Q Okay. So was there offer to waive the
9 maintenance fee your first year, was that sort of the
10 last price break that convinced you that you should buy
11 this thing?

12 A Absolutely. I mean --

13 Q Okay. And then what did they tell you about
14 their maintenance fee in subsequent years?

15 A They told me that the maintenance fees would not
16 increase.

17 Q Okay. So let's go to Exhibit 61. So this is
18 your enrollment application at RCI. Do you recognize
19 that?

20 A Okay. That's --

21 Q And what was your understanding of how it
22 worked with exchanging your Atlantic Palace points
23 through the RCI system?

24 A So -- points? I was under the impression that I
25 could take the week that I bought from Atlantic Palace,

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1 A Yes.
2 Q Okay. So \$190.83 times four months equals
3 \$763.32. That's what you paid in principal and
4 interest up till now; does that sound right?
5 A I just make -- I don't look -- I just -- the
6 payment comes out of my credit card, and I just make
7 the minimum payment on my credit card just to -- so it
8 doesn't, you know, negatively impact my credit.
9 Q Okay. And then in addition to that, they
10 have what they call an impound fee. That is the \$5
11 serving fee that they charge for every payment you
12 make. And that says \$345, right?
13 A Yes.
14 Q But you've made five more payments at \$5 each
15 more, right?
16 A Yes.
17 Q So that would be now \$365, right? 325 plus
18 -- 345 plus 20 is 365?
19 A Yeah.
20 Q And then you also paid -- well, are you still
21 paying your maintenance fees?
22 A My maintenance fees are delinquent.
23 Q Okay.
24 A But those haven't hit my credit report.
25 Q Okay.

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1 A So I just -- I haven't paid them for some years
2 now.
3 Q Okay.
4 A When I actually called to make the back payments
5 on the part that I financed, they advised that I was
6 delinquent. But I mean, when I get --
7 Q But since that's not hurting your credit,
8 that's not as much of a priority for you?
9 A Yes.
10 Q Okay. And this shows that you've paid them
11 -- you've paid them a total of \$1,341.84; does that
12 sound about right?
13 A For maintenance?
14 Q For maintenance fees.
15 A I'm assuming so.
16 Q Okay. And when we total all that up, we get
17 a total of \$18,372.58. So for that \$18,372.58, were
18 you ever able to use your FantaSea timeshare?
19 A I actually did use the timeshare. I stayed at
20 Orange Lake's resort in Orlando, Florida, which is,
21 like, 20 minutes away from Disney. I didn't get an
22 opportunity to stay on the Disney Resort or any -- on
23 any of the Disney Resorts at all.
24 Q And why did you choose to stay at Orange Lake
25 instead of --

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1 Q Okay. Do you remember reviewing this
2 document, at all, with the closer Violet?
3 A I only recall her briefly telling me what each
4 document was about.
5 Q Okay. And then telling you to sign it?
6 A Telling me where to sign it.
7 Q Right.
8 A I don't want to imply that she told me to
9 immediately sign it. But she told me where to sign it.
10 Q Okay. I want to go to 183 now. Rotate this
11 one. All right, and Jim, do you recognize your
12 handwriting on this?
13 A Yes, sir.
14 Q Okay. And it says Fantasea owner James
15 Cohen, Vacation counselor Cashaba (ph) Kelly; so you
16 see that?
17 A Yes, sir.
18 Q Okay. And you wrote here the three reasons
19 why you're buying available options: feel like there is
20 more value. To force me to commit to yearly vacations.
21 And salesman seem genuine, and not misleading; right,
22 do you remember writing those things?
23 A I don't recall exactly, but that's definitely my
24 handwriting.
25 Q Okay.

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1 A And those are the reasons pretty much that I was
2 purchasing it.
3 Q Okay. So looking at number three there, the
4 salesman seemed genuine and not misleading. Do you
5 still feel that way?
6 A No, not anymore. I mean I still think Kenneth
7 might be a good guy, but I don't talk to Kenneth, so.
8 Q Right. Do you feel as if anything that he
9 said to you might have been disingenuous and
10 misleading?
11 A Oh now that I know what I know, yes.
12 Q And what in particular?
13 A Well, the value of it. Clearly, the value is
14 zero, there's no value in this. The fact that I can
15 take yearly vacations, yeah, with a lot of
16 restrictions, I didn't know that. The maintenance
17 fees, they didn't even tell me the maintenance fees are
18 going up.
19 I just feel like I was walked right into a
20 typical, I don't want to call it a scam, but I felt
21 like I was walked right into something that I should
22 have stepped back from, and I didn't.
23 Q Do you feel that he walked you into that,
24 what you would a scam?
25 A Well, he definitely, like I said I can't speak to

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1 Q Okay. So I want to tally all this up. And
2 counsel, if you wouldn't mind, you know, calculate
3 along with me here to make sure my numbers are right?
4 (Pause in hearing at 12:19:36 to 12:20:01 p.m.)
5 MR. MILZ: I come to \$18,218.57.
6 MR. L. BARBONE: Yep, I did not get that, but
7 I think mine is wrong.
8 MR. MILZ: What did you get, double check in
9 here?
10 MR. L. BARBONE: I'm just checking it now.
11 (Pause in hearing at 12:20:15 to 12:20:38 p.m.)
12 MR. L. BARBONE: I'm sorry, what did you get?
13 MR. MILZ: I got \$18,218.57.
14 MR. L. BARBONE: Yeah, okay.
15 BY MR. MILZ:
16 Q Jim, was that money well spent?
17 A No, sir.
18 Q Why not?
19 A Because it was wasted.
20 Q Why?
21 A We didn't even get to take the vacations. We were
22 forced to take places where we didn't want to go, when
23 we didn't need to go. It just wasn't a wise
24 investment.
25 Q Okay, tell us a little bit about that? Tell

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1 us about your attempts to you use this thing that you
2 bought in November of 2012 at the Flagship?
3 A Well, obviously, I can say I had to wait until
4 2013 to even use it. So I thought the free vacation
5 that they were promising was going to work out. But it
6 turned out that was only half the way. So that wasn't
7 going to work out --
8 Q Why is that?
9 A -- after until I spent all that.
10 Q Why is that, Jim?
11 A They only, I think the lady explained that they
12 only paid your place, not your air fare. Or vice-a-
13 versa, I'm not sure. I think you get to choose one or
14 the other. So I still had to come up with a bunch of
15 money to take that free vacation that I was enticed to
16 this thing for. So that ended that one.
17 And then by the time I was able to take the
18 vacation, we were just desperate to go on a vacation.
19 But we had to take what was available with the times
20 that were available. So we didn't even get a choice, I
21 just had to make the best of whatever we had available.
22 And that continued maybe one or two times. Maybe by
23 the third time, as you see from the chart, I started to
24 realize that the maintenance fees were going up now,
25 and there the financial burden even after. And that

EXHIBIT O

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1 haven't you?

2 A I've heard the word.

3 Q So when my clients are up here and testifying
4 that they heard the word from the sales presentation,
5 they're not lying are they?

6 A The context, they're not lying, but the context is
7 important.

8 Q The thing, because we don't like to be called
9 liars either; okay? So my clients when they were up
10 there saying that, they were not lying; were they?

11 A I did not hear your clients.

12 Q Okay. Now indeed, in your deposition you
13 testified that Flagship teaches its salesmen to use
14 that word "investment"; doesn't it?

15 A Yes, but there's context.

16 Q There's context -- there's context. When you
17 use the word "investment", sir, doesn't it mean that
18 it's something that's going increase in value?

19 A No.

20 Q Okay, no? Do you use a different dictionary
21 than the rest of us in the English-speaking world you
22 use, Mr. Korn?

23 MR. L. BARBONE: Objection, argumentative.

24 THE COURT: Sustained.

25 MR. MILZ: I'll withdraw the question.

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1 THE COURT: Thank you.

2 BY MR. MILZ:

3 Q You also -- so how about the other -- the
4 other statement, the, you know, that Times Share would
5 increase in value over time. Have you heard salesmen
6 say that?

7 A No.

8 Q Well, how about this next one, liking
9 ownership of Flagship Interval to only conventional
10 real estate; did you hear that before?

11 A Yes.

12 Q Okay, well, just look at it, right there;
13 right?

14 A Yeah.

15 Q It's in the training manual. It's what all
16 these salesmen are talking; right?

17 A I said, yes.

18 Q Now tell me someone that the Time Share
19 Interval that Flagship is selling, is like traditional
20 real estate implies it can be bought and sold like
21 traditional real estate; doesn't it?

22 A That is correct.

23 Q Okay. If likening in the Time Share to
24 traditional real estate, doesn't that also imply that
25 when you sell it, its going to appreciate in value?

EXHIBIT P

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1 book?
2 A One week.
3 Q Okay. And do you remember which week it was?
4 A Uh, I initially was looking at the end of April,
5 which --
6 Q Why?
7 A Because that was the week that we were assigned --
8 Q You were assigned week 16, which is
9 approximately --
10 A Right.
11 Q -- the end of April --
12 A Correct.
13 Q -- okay. And were you able to --
14 A No, the --
15 Q -- look at booking a room for that week?
16 A No, the resort was not booking that far out.
17 Q Okay. So what did you -- what did you do
18 instead?
19 A Instead, I looked for something with a --
20 relatively the same temperatures to kind of just get a
21 feel for what the weather might be like. I know it's
22 tough to do, because April tends to be a bit up in the
23 air, but we wound up picking the last week of October,
24 first week of November --
25 Q Okay.

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1 A -- because the air temperatures would be
2 comparable.
3 Q Okay. And did you -- what type of a room did
4 you look at booking?
5 A Uh, it was the middle selection. I believe it was
6 the -- similar to the one that we had purchased.
7 Q Okay, so same room, same resort, kind of sort
8 of the -- the right weather system, right?
9 A Thereabouts.
10 Q And how much did FantaSea's website tell you
11 you would have to pay as a nonowner to stay there for a
12 week?
13 A It would be about \$120 a night --
14 Q Okay.
15 A -- on the average.
16 Q So you're gonna make me do math in front of
17 everybody here; 120 times 7, so I get \$840 for a
18 nonowner, right?
19 A Mmm-hmm.
20 Q I'm sorry, you need to finish drinking and
21 answer --
22 A I'm sorry --
23 Q -- out loud.
24 A -- yes.
25 Q (Laughs) Okay. And so, if -- assume all else

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1 being equal, okay, if you were to do 10 stays over 10
2 years, that would be -- it would -- that would cost
3 \$8,400, right, we just add a zero?
4 A Correct.
5 Q Is that correct?
6 A Yep.
7 Q Okay, so that's what it would cost a nonowner
8 to book 10 stays, comparable stays at FantaSea, right?
9 A (No verbal response is heard)
10 Q And now let's look at what you would have
11 paid as an owner.
12 MR. SOLSENG: Oh, I'm gonna need my Tablet
13 again.
14 (Pause in proceeding)
15 BY MR. SOLSENG:
16 Q So, going back to Exhibit 9, which is the
17 TILA, this says that, once you had paid the \$15,850.80
18 that you had borrowed, right, plus the \$15,210 in
19 interest that you would have to pay at 16.4 -- 3
20 percent, right --
21 A Right.
22 Q -- then you would have -- and then you add in
23 the -- your down payment --
24 A Correct.
25 Q -- 1690 --

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1 A Mmm-hmm.
2 Q -- right, so, just down payment, mortgage,
3 and interest, you would have paid \$32,750.80, right,
4 for the 10 years?
5 A Right.
6 Q And then let's assume that you actually get
7 the \$5 service fee instead of the \$7 that the Public
8 Offering Statement said, and, according to this, you
9 would -- it was a 10-year mortgage, so you would have
10 made 120 payments, so 5 times 120 is \$600, right?
11 A (No verbal response is heard)
12 (Pause in proceeding)
13 BY MR. SOLSENG:
14 Q And then, again, all things being equal,
15 let's say -- let's just assume that your maintenance
16 fees do not go up, okay, and you were -- you were gonna
17 pay \$639.67, right? So, for 10 years, we add a zero to
18 that, and that would have been \$6,396.70, right?
19 A Yep.
20 (Pause in proceeding)
21 BY MR. SOLSENG:
22 Q I'm just trying to think. Is there anything
23 else that you would have paid as an owner? Oh, there's
24 the closing costs, right, \$589 at closing.
25 (Pause in proceeding)

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1 MR. SOLSENG: Thank you, David.
2 (Pause in proceeding)
3 BY MR. SOLSENG:
4 Q If you total all that up, we got \$40,000 and
5 three-hundred -- \$40,336.50. So an owner would pay
6 over \$40,000 for the same 10 stays, while a nonowner
7 pays \$8400, right?
8 A (No verbal response is heard)
9 THE COURT: The answer, Mr --
10 THE WITNESS: Yes.
11 THE COURT: Thank you very --
12 THE WITNESS: Sorry.
13 THE COURT: -- much.
14 (Pause in proceeding)
15 BY MR. SOLSENG:
16 Q We gotta go to page 2 here.
17 (Pause in proceeding)
18 BY MR. SOLSENG:
19 Q So an owner pays \$40,336.50 for 10 years,
20 owner. The nonowner pays \$8400. So, after 10 years --
21 that's wrong -- oh, yeah, that's right -- the owner
22 would have paid \$31,936.50 more than the nonowner,
23 right?
24 A Correct.
25 Q Okay. And then, from that point on, the

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1 owner pays only the maintenance fees, right? The
2 nonowner, in the 11th year, the nonowner is still gonna
3 pay \$840 --
4 (Pause in proceeding)
5 BY MR. SOLSENG:
6 Q -- \$840, sorry -- (indiscernible) -- that --
7 it's the nonowner. And an owner, all they're gonna
8 have to do is pay the maintenance fee, right?
9 A Correct.
10 Q Which is \$639.67. So now, after the -- from
11 the 11th year on -- illustration of my -- my math
12 skills here -- (laughs) --
13 (Pause in proceeding)
14 BY MR. SOLSENG:
15 Q -- zero here, right, and two?
16 UNIDENTIFIED: Yes.
17 BY MR. SOLSENG:
18 Q Yeah. So, after that, the owner pays \$201
19 less than the nonowner, okay? But the nonowner -- and
20 I'm just gonna have to go to my -- my calculator for
21 this, I'm sure -- so every year from the 11th year on,
22 the owner is paying \$201 less, okay? But --
23 (Pause in proceeding; sound of paper shuffling)
24 BY MR. SOLSENG:
25 Q -- the owner is already almost \$32,000 in the

1 hole, right?

2 A Correct.

3 Q So to figure out how long it would take for
4 the owner and the nonowner to reach zero, right, we
5 divide this number by this number, 201.

6 (Pause in proceeding)

7 BY MR. SOLSENG:

8 Q And I'm not even gonna try.

9 (Pause in proceeding)

10 BY MR. SOLSENG:

11 Q I get 158 years, point 6-2. Does that -- did
12 I do anything wrong with the math?

13 A Not that I can tell.

14 Q So, according to that math, it would take a
15 nonowner [sic] -- it would take an owner 158 years,
16 point 6, to catch up to a nonowner, right? Oh, wait --

17 A No, that's the difference after the first --

18 Q That's --

19 A -- 10, so you'd have to --

20 Q Yeah, so you --

21 A -- tack on another 10 to that.

22 Q -- have to add 10 more years, right? Because
23 there's the first 10 in there. So it's 168 years.

24 How old were you on -- in July of 2012 when
25 you bought your timeshare?

1 A Thirty-three.

2 Q So you'd be, what, 201 by the time you broke
3 even?

4 A I hope I look good.

5 Q (Laughs) With all those vacations, I'm sure
6 you will. Do you think that the FantaSea building
7 would still be standing in 201 years? Well, I guess
8 it's only 168.

9 A Uh, not with the current climate shift. I imagine
10 it'd be under a significant amount of water.

11 (Pause in proceeding)

12 BY MR. SOLSENG:

13 Q Okay, so now one -- we have one last thing to
14 do, and, sorry, our technology failed us, so we have to
15 go to the old fashioned here.

16 MR. SOLSENG: So if I could approach, Your
17 Honor?

18 THE COURT: Yes, you may.

19 (Pause in proceeding)

20 BY MR. SOLSENG:

21 Q So I'm directing you to Exhibit 15, okay?
22 It's a paper copy.

23 MR. SOLSENG: And, ladies and gentlemen of
24 the jury, we'll either have this electronically soon or
25 you'll have it in paper form, so.

EXHIBIT Q

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1 money, but it's a lot harder for them to actually book
2 a stay, okay? FantaSea already has their money, so it
3 makes sense that they don't make rooms available, they
4 hold those rooms open for potential renters who are
5 gonna come in and pay them and pay on top of what
6 they're getting from their owners. So, for those
7 reasons and many more that you're gonna learn during
8 this trial, being an owner of a FantaSea timeshare is a
9 bad thing, not a good thing.

10 Now, the other thing that FantaSea tells
11 their owners that they can do with their timeshare is
12 they can trade in their week's stay for points. And
13 there's a points exchange program out there, and,
14 according to FantaSea, what you can do is you can trade
15 those points and stay in fabulous resorts all around
16 the world, okay? Which sounds great, but what FantaSea
17 does not tell these owners is that these points that
18 you get, they're not -- they're not tied to anything,
19 they're not -- they're not tied to the dollar standard
20 or the gold standard or anything like that. The only
21 person, the only entity who decides what Flagship
22 points are worth is the resort in Fort Lauderdale or
23 Anaheim, California or Aruba or Jamaica. It's that
24 resort that decides how much a week's stay at FantaSea
25 is worth at their resort, where the Aruba resort is not

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1 getting any of the money that the owner's paying to
2 FantaSea. And what the evidence is gonna be is that
3 those resorts value FantaSea points very low.

4 (Pause in proceeding)

5 MR. SOLSENG: One thing that you're gonna
6 want to pay attention to in this trial is just how
7 confusing all of this timeshare stuff is, okay? If
8 that's the way you're feeling, that's by design. That
9 is how FantaSea wants it to be, okay?

10 And, I'm sorry, I'm kind of tied to my
11 notebook here, and, if I have to pause and -- and look,
12 that's because this is very complicated, okay, and I
13 want to -- I want to do a good job for my clients.
14 This is their one chance to get justice here and I want
15 to make sure that I do a good job for them, okay?

16 So these are -- these timeshare resorts, the
17 contracts that FantaSea has them sign, are purposely
18 confusing by design, so that the clients, the buyers
19 don't know what they have, and they can't ever figure
20 out what they have. It is literally impossible to do.
21 So that, if an owner goes to FantaSea and says: Wait a
22 minute, my contract says I'm entitled to "x" and I want
23 my "x," FantaSea can always point to another clause in
24 the contract and says: Sorry, this clause of the
25 contract says you're not entitled to "x". Okay?

EXHIBIT R

one (1) vote proportionate to its interest for each Interval owned by Grantor. If the Interval is owned by more than one person or party, then those persons or parties shall designate one such person or party to vote for the Interval. Such designation shall be in writing and submitted and delivered to the Condominium Association.

9. MANAGEMENT CONTRACT AND MANAGEMENT AGENT

The Purchaser, by agreeing to purchase an Interval, agrees to be bound by the terms and conditions of the management contract. The management company selected by the Board of Directors of the Condominium Association is responsible for the day-to-day operation of the Interval program at the Condominium and pursuant to the management contract is responsible for, among other things, the following services:

- (a) Assisting the Interval Purchaser with check-in and check-out at the Condominium;
- (b) Provision of maid service for the unit;
- (c) Securing maintenance and repairs necessary for the unit;
- (d) Coordination of the Interval program with The Flagship Condominium Association;
- (e) Overseeing maintenance of and replacement of furniture, fixtures and equipment in the unit;
- (f) Staffing the Condominium in a manner appropriate for a resort property. Such personnel will include housekeeping, security, bellmen and desk clerks.

No warranties, representations or guarantees are made in this Restated Supplemental Offering or the management contract respecting the desirability of Manager, the quality of its management services, Manager's economic condition or the duration of Manager's services.

Housekeeping and cleaning services will be provided for the unit on at least one (1) day during the Interval Week. More frequent service will be made available at an additional charge to the Purchaser.

The Condominium Association has entered into a management contract with First Resorts Management Co., Inc., which is affiliated with the Grantor. Effective July 15, 2000 the Interval Association Board of Trustees, a majority of which was comprised of Interval Owners not affiliated with Grantor, and one appointee of Grantor who abstained from voting, voted to extend the Management Agreement with Manager for five (5) years with a five (5) year option for the Manager to renew. A copy of the management agreement is attached to this Restated Supplemental Offering as Exhibit K.

10. RESTRICTIONS ON INTERVAL TRANSFER

Intervals should only be purchased for the personal enjoyment and use by a Purchaser and his family. Intervals are not designed to be investments, nor should a Purchaser expect a profit or rate of return on the Interval. Resale of an Interval may be permitted as hereinafter described, but a Purchaser should not buy an Interval with the intent to resell such Interval at a profit.

An Interval may be transferred the same as any other real estate, subject, however, to the terms and provisions of the Mortgage Note and Mortgage, if the Interval is financed through Grantor, its successors or assigns.

Grantor may determine not to repurchase an Interval from a Purchaser, nor aid such person in the resale of his Interval. Purchasers, in good standing, who can no longer use their Intervals and wish to sell such Intervals, must find

their own buyers. Purchasers wishing to sell their Intervals may find that such proposed resale is in direct competition with other Intervals offered by Grantor. THERE IS NO IMMEDIATE MARKET FOR REALES OF INTERVALS.

Any breach or violations of these restrictions on transfer of the Interval will result in a default under the Agreement, Mortgage Note and Mortgage, as the case may be. See Paragraph 12, Default by Interval Purchasers, for a full explanation of the consequences if Purchaser defaults under the Agreement, Mortgage Note, Mortgage or any other documents.

11. RESORT EXCHANGE PROGRAM

Purchasers will have the opportunity to enroll in programs established by Interval International ("II"), which operates reciprocal exchange programs and vacation packages involving a number of resort and condominium facilities in the United States and internationally. A list of such facilities can be obtained from Grantor prior to purchase of an Interval Week. All Purchasers may participate in the II weeks exchange program ("II Exchange Program"). Purchasers will receive a deeded interest in the Interval as described in Section 1 of this Public Offering Statement. Upon purchasing an Interval, a Purchaser will be assigned points according to the type of accommodations purchased and the season during which the interval may be used, all in accordance with the chart set forth below. A purchaser that enrolls as a member of II will be charged a fee for the initial year that is payable at closing; in subsequent years, Purchasers will be billed directly by II, and at the time of renewal Purchasers may decide to leave the II Exchange Program.

Additionally, Purchasers and existing Interval Owners may upgrade their membership in the II Exchange Program to a points-based flexible use membership program currently known as "Club Interval Gold". Membership in Club Interval Gold may be purchased by the payment of an additional fee of \$.46 per point for Annual Interval Weeks and \$.55 per point for Biennial Interval Weeks Current enrollment and renewal fees will also apply.

The chart below sets forth the current number of points available upon purchasing an Interval Week:

WEEKS	SEASON		Bedrooms	S (237 STU)	1 (189 1BR)	2 (10 2BR)
			Bathrooms	1	1 or 1.5	2
			Kitchen	P	P	P
			Max. Occ.	4	4	6
			Priv. Occ.	2	2	4
22, 26-34	DIAMOND	10 weeks		49,500	61,875	80,375
23-25, 35-39	EMERALD	8 weeks		41,250	51,500	67,000
1, 15-21, 40-43	SAPPHIRE	12 weeks		33,000	41,250	53,625
2-3, 6-14, 44-47, 52	RUBY	16 weeks		24,750	30,875	40,125
4-5, 48-51	PEARL	6 weeks		16,500	20,625	26,750
Totals per Unit Type				1,716,000	2,143,500	2,785,750
Total All Points for each Unit Type				406,692,000	405,121,500	27,857,500

There are additional rules and regulations provided by II to administer the II Exchange Program and the Club Interval Gold program that are available from the Grantor. Note that any fees charged by II are in addition to other association membership fees, and are assessed only if an Interval Owner wishes to enroll in the II Exchange Program or the Club Interval Gold Program.

The total points allocated to each Unit shall be sufficient to provide, in the aggregate, fifty-two (52) weeks of occupancy during each year for each Unit.

All Purchasers will have the right to exchange, or will be allocated a number of points necessary to reserve, one week of occupancy at Flagship (according to season and size of Unit as outlined in their deed ownership) or one of II's member resorts, during at least one season of the year pursuant to the II Exchange Program. Accommodations may be deposited as early as twelve (12) months prior to the first date of occupancy of the relinquished accommodations. The Club Interval Gold member's points have an expiration date of two (2) years from the first date of occupancy of the relinquished accommodations. All terms and conditions of Individual Membership, the II Exchange Program, and the

EXHIBIT S

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1 Q -- do you ever leave the buyers alone with
2 the documents to go over them at their leisure?
3 A No, we're with them when they're going over them.
4 Q Okay.
5 A I mean even if they want to read it, I'm still in
6 there with them in case they have questions about what
7 they're reading.
8 Q Okay. And if a buyer were to say, hey, you
9 know, this is a lot of documents here, I want to take
10 this home and read this overnight -- would that be
11 allowed?
12 A When they leave my office they're leaving with
13 copies of the documents.
14 Q No, no, no. I'm saying before they sign them
15 all?
16 A Before they sign them, no.
17 Q You would -- let's make it clear for the
18 jury. Before -- and that's my fault for not speaking
19 the question.
20 A That's okay.
21 Q Before the documents are signed --
22 A Right.
23 Q -- if a buyer says, whoa, this is a lot of
24 information here, a lot of fine print, I want to take
25 this home and review it and bring it back tomorrow, and

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1 I'll sign it then, would that be allowed?
2 A No.
3 Q Okay. If the buyer said, whoa, this is a lot
4 of information, I don't feel adequate to comprehend it
5 all, I want to take this to a lawyer and have them
6 review it before I sign it -- would that be allowed?
7 A No.
8 Q Do you guys video -- does FantaSea have a
9 system where they videotape the process of deeding?
10 A No.
11 Q Okay. Have they ever had that system set up?
12 A No.
13 Q Okay. Have you ever heard -- you know who
14 Wingham is, right?
15 A Yes.
16 Q The largest timeshare company in the world.
17 A Yes.
18 Q Are you aware that Wingham videotapes the
19 deeding process to --
20 A No, I'm not.
21 Q Okay. And that makes it so that if there's
22 any issue about what was said or not said or what
23 happened in the deeding process, there's a video and a
24 tape that everyone can view to see exactly what
25 happened. Okay?

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1 Q Okay. When you get the documents from the
2 Contracts Department --
3 A Uh-huh.
4 Q -- are they always in the same order?
5 A Yes.
6 Q And that order has been the same since 2005,
7 correct?
8 A Yes. Uh-huh. Yes.
9 Q No real substantive changes --
10 A No.
11 Q -- no nothing. No substantive changes to the
12 documents.
13 A No.
14 Q Okay. And how did they come to you? In a
15 stack, in a folder, in a binder, or how do they come to
16 you?
17 A In a folder.
18 Q Okay. And are there -- when you open up the
19 folder --
20 A Uh-huh.
21 Q Is it just a stack on one side, or are there
22 two stacks?
23 A There's two stacks.
24 Q What's on the left?
25 A On the left is the stuff the Contracts needs for

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1 the folder for later, and on the right side is the
2 papers that we go over with them.
3 Q Okay. So the documents that you get from
4 Contracts --
5 A Uh-huh.
6 Q -- are not simply the documents that the
7 buyers need to review and sign?
8 A Correct.
9 Q That's all on the right side?
10 A Yes.
11 Q Okay. And on the left side there are other
12 documents?
13 A Yes.
14 Q What types of documents on the left side?
15 A Credit report, copies of their ID. We put the --
16 the credit application under there.
17 Q Okay. So by the time the Contracts people
18 have drafted the contracts documents --
19 A Uh-huh.
20 Q -- FantaSea has already run credit reports --
21 A Uh-huh.
22 Q -- on the potential buyers?
23 A Uh-huh. Yes.
24 Q Okay. And assuming that they are going to be
25 an owner, you are starting a file on them as an owner,

EXHIBIT T

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1 A Right.
2 Q That sets --
3 A Yes.
4 Q -- the fair market value?
5 A Yes.
6 Q Okay. So as a real estate agent, are you
7 aware of the impact that a Deed in Lieu would have on
8 someone's credit report if it were -- if there -- if
9 you had a Deed in Lieu on your credit?
10 A Yes.
11 Q And it's bad; isn't it?
12 A Yes, absolutely.
13 Q Okay. And it -- in fact, some banks will
14 just say, no, I'm -- we're not going to lend you any
15 money if you have a Deed in Lieu on it?
16 A Uh-huh.
17 Q Right?
18 A Right.
19 Q Because what a Deed in Lieu means is deed in
20 lieu of foreclosure?
21 A Right.
22 Q Deed instead of foreclosure?
23 A Right.
24 Q Right?
25 A Uh-huh. Yes.

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1 Q And so it's virtually as bad as having a
2 foreclosure on your credit report?
3 A Correct.
4 Q And to many, many banks, and federal lenders,
5 you know, federally insured lenders, that's just
6 poison. They just won't touch it?
7 A Right.
8 Q Right?
9 A Yeah.
10 Q So do you explain to the buyers that by
11 buying this timeshare they're putting themselves at
12 risk, if they can't keep paying for it, of having their
13 credit ruined?
14 A No.
15 Q You don't explain that to them?
16 A No.
17 Q Okay. Do you explain to them the
18 consequences of having a Deed in Lieu recorded on their
19 credit score?
20 A No.
21 Q And you said that you've never even heard of
22 a dollar actually changing hands during the -- during a
23 deeding, right?
24 A No.
25 Q Okay. But you attest to it as true on your

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1 -- as the notary on this document, right?
2 A It does say it there, yes.
3 Q Okay. Why do you attest to it if it's not
4 true?
5 A (No audible response)
6 Q Let me ask you another question.
7 A Yeah, let's --
8 Q So this same -- this Deed in Lieu of
9 Foreclosure --
10 A Uh-huh.
11 Q -- that you notarized --
12 A Right.
13 Q -- however many thousands of these deedings
14 you have done --
15 A Uh-huh.
16 Q -- this is a document in every one of them?
17 A Yes.
18 Q Okay. So you've attested to this dollar
19 being exchanged thousands of times, correct?
20 A Yes.
21 Q So have you ever gone to the management at
22 FantaSea and said, wait a minute, you have me attesting
23 to this dollar exchange as part of my notary job, but
24 it doesn't really happen, does it? Have you ever gone
25 to them and said --

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1 A I haven't --
2 Q -- we need to change this up?
3 A No, I haven't questioned it.
4 Q Okay. And you also know that the dollar
5 doesn't change hands, right?
6 A Not as far -- not from what I under --
7 Q Okay.
8 A Not that I've ever seen.
9 Q Okay.
10 A I mean, I never have given anyone a dollar.
11 Q Okay. But you --
12 A I don't know --
13 Q You convinced the St. Amours and thousands of
14 other people that they should sign this document as if
15 it were true even though you know it's false, right?
16 A No. I mean I --
17 Q Isn't it false that there's no dollar that
18 changed hand?
19 A There isn't a dollar that changed hands.
20 Q But the -- you have the St. Amours here
21 signing that a dollar did change hands. You witnessed
22 it, right?
23 A I did notarize it, yes.
24 Q Okay. And so not only is that bad practice
25 for you as a notary, but you're putting the St. Amours

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1 in the position of attesting to something that's not
2 true, right?
3 A I disagree with that.
4 Q Okay. And you've done this to thousands of
5 buyers at FantaSea, right? The same document.
6 A Thousands of people have signed that document,
7 yes.
8 Q Okay. So -- and in the thousands of times
9 that you have had buyers sign this document, have any
10 of them ever said, wait a minute --
11 A No.
12 Q -- you have me attesting that I'm getting a
13 dollar and I'm not getting a dollar?
14 A No.
15 Q That's never happened?
16 A No.
17 Q So there's something in the way that you
18 present this document and get them to sign that gets
19 them to sign despite the no dollar being exchanged?
20 A Correct.
21 Q Okay. The next page in the same document is
22 the tax certificate. Are you familiar with this
23 document?
24 A Yes.
25 Q And again, am I taking these in approximately

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1 the right order--
2 A Yes.
3 Q -- that they come up?
4 A Yes.
5 Q Okay. And again, this is the St. Amours' tax
6 statement. Right?
7 A Uh-huh.
8 Q It says up there. Okay. And what is --
9 well, the purpose of this tax document is this gets
10 submitted to the taxing authority in New Jersey
11 whenever there's real estate that changes hands?
12 A Uh-huh.
13 Q Because there may be tax consequences --
14 A Right.
15 Q -- for somebody, right?
16 A Right.
17 Q And so the state has an interest in --
18 A Uh-huh.
19 Q -- keeping records of that so they can tax
20 people. So -- and what is a closing date in real
21 estate terms?
22 A That's the date that they're signing the paperwork
23 with me.
24 Q Okay. Isn't that the date that the title to
25 the real estate -- real property -- changes hands?

EXHIBIT U

LEGAL DESCRIPTION

A fee simple undivided 1/52 interest in Unit 1108 ("Unit") in the Flagship Condominium ("Condominium") and the right to occupy and use the Unit for one (1) week every calendar year during the High Peak Season, as more specifically set forth in Grantor's Public Offering Statement, for a period of seven (7) consecutive days commencing at 4:00 P.M. on a day determined by The Flagship Interval Association, Inc. ("Interval Association") and ending 12:00 noon on the seventh (7th) day thereafter (the "Interval Week").

Being all that certain property situate, lying and being in the City of Atlantic City, County of Atlantic and State of New Jersey, located in the Condominium, known as Part of Lot 1106 Block 86 formerly known as Lot 62 Block 91 on the Tax Map of City of Atlantic City, together with its appurtenant undivided common interest in the common elements, as is more specifically described in the Master Deed of the Condominium, April 30, 1987 and recorded in the Office of the Atlantic County Clerk, New Jersey, on May 14, 1987, in Deed Book 4453, Page 26, et seq as amended.

Subject to the provisions of the Master Deed of Flagship Condominium, and any amendments thereto.

Subject to easements, zoning requirements and all other restrictions and matters of record, if any. Subject to the provisions of the New Jersey Condominium Act (N.J.S.A. 46:8B-1, *et seq.*), and all amendments and supplements thereto. And subject to such covenants, conditions, restrictions and easements of record, if any, which may affect the Property.

Being the same lands and premises conveyed to the Grantor by Deed dated 21Jul12 from Flagship Resort Development Corporation, and recorded in the Office of the Atlantic County Clerk on _____, Mortgage Instrument # _____, Deed Instrument # _____.

For Grantee's reference purposes only and not as a part of the legal description, Grantor's Interval Week corresponds to Interval Week number 16 in accordance with the schedule of Interval Weeks that is set forth in Grantee's Public Offering Statement.

To have and to hold all and singular, the premises herein described, together with appurtenances, unto the Grantee and to the Grantee's proper use and benefit forever.

And the Grantor covenants that Grantor has not done nor executed, nor knowingly suffered to be done, any act, deed or thing whatsoever whereby or by means whereof the premises conveyed herein or any part thereof now are or any time hereafter will or may be changed or encumbered in any manner or way whatsoever.

FLAGSHIP RESORT DEVELOPMENT CORPORATION
FANTASEA RESORTS, FLAGSHIP
Purchaser's Acknowledgement Annual Usage

PURCHASER(S): Duane St. Amour and Ana St. Amour

DATE: 21 Jul 12

Purchaser(s) acknowledge(s) that the items set forth below have been fully disclosed and explained to him/her/them by the person witnessing this document:

DS/AS 1. The Purchaser(s) understand(s) the first year membership fee in Interval International (II) has been paid by purchaser. Thereafter, Purchaser(s) will be responsible to pay the membership fee directly to II. Membership in II is optional after the initial membership. The current annual membership fee in II is currently \$69 per year.

DS/AS 2. The Purchaser(s) owns High Peak season with II and may deposit his/her/their time with II one year prior to its commencement. All Exchanges are handled through II. The current fee online: \$149 per Domestic exchange and \$154 per International exchange.

DS/AS 3. Your II benefits become effective upon receipt of your Gold Membership Card, which should arrive approximately 60 days after your full deposit. The II Membership includes the use of a full service travel agency and may be used 365 days a year for cruiser, car rentals, airline travel, as well as many other exclusive benefits.

DS/AS 4. Prior to receiving your membership card, refer any questions to the Settlement Office at (800) 941-0004. Once you receive your II membership card, you may contact Owner Services at (800) 609-0009 to begin planning your future vacations.

DS/AS 5. Purchaser(s) may choose to split their interval when using it at The Flagship Resort. Split intervals, however, are not available to owners if they choose to deposit their interval. A split interval shall consist of one midweek arrival, beginning on Tuesday and ending on Saturday, and one weekend arrival, beginning on Saturday and ending on Tuesday. There is a one-time split interval fee of \$45 when splitting your interval. This split fee is due upon check-in during the first use of your split interval. You must use both the weekend and midweek portions of your split interval during the calendar year. Unused portions do not carry over to the next year so please plan accordingly.

DS/AS 6. Reservations for Owner rates may be made 30 days or less from the time of scheduled arrival and are subject to availability. These special rates are made available to owners only and do not apply to Ultra Suites accommodations. Rates not available from intervals 25-35 at La Samanana. An upgrade fee of \$25 will apply for Saturday night stays in a unit type other than the one you own. This provision is subject to change and is governed by Flagship Interval Association, Inc. and by rules it adopts from time to time. Current Owners rates are:

Studio	Sun-Thu ... \$60	Fri ... \$80	Sat ... \$90
One Bed	Sun-Thu ... 70	Fri ... 90	Sat ... 100
Two Bed	Sun-Thu ... 90	Fri ... 120	Sat ... 130

DS/AS 7. Purchaser(s) acknowledge(s) that he/she/they own(s) Floating time and must contact The Flagship Resort to reserve vacation time or to reserve an interval for exchange through II. Your usage begins in 2013. To avoid vacation loss, each year, your interval must either be deposited with II or scheduled for usage at The Flagship Resort, no later than September 1st of the calendar year.

DS/AS 8. Purchaser(s) own(s) High Peak time and may use purchased interval at The Flagship Resort during purchasers designated season. This provision is governed by Flagship Interval Association, Inc. and by rules it adopts from time to time.

DS/AS 9. Purchaser's unit is a 1 Bedroom Basic Suite which sleeps 4 persons (2 per bed) for usage at The Flagship Resort, or for 4 with II.

DS/AS 10. The current maintenance fee is \$639.67 per year, regardless of usage. Your first maintenance fee bill will arrive approximately 60 days from today, and is due upon receipt. Purchaser(s) further understand(s) that the unit purchased is an ANNUAL Unit entitling the Owner to usage one interval per year. The Maintenance Fee must be current to utilize the benefits of your ownership.

DS/AS 11. Purchaser(s) acknowledge(s) a monthly payment of \$258.84, which includes a servicing fee of \$5, and agree(s) this is comfortable and is/are not dependent on the rental of his/her/their unit. If you have any questions concerning your monthly payment, you may call Customer Service Finance at (800) 643-5496 between 2 and 9 pm, Monday through Friday.

DS/AS 12. The Purchaser(s) have been informed that neither the seller, or any of its affiliates, is engaged or involved in the resale of any unit interval at The Flagship Resort. Should a unit interval owner wish to pursue a resale, they must secure their own independent Real Estate Broker or handle the transaction his/her/themselves. The Purchaser(s) acknowledge(s) that he/she/they has/have not relied upon any statement as to price to be derived from the resale of his/her/their unit interval.

DS/AS 13. Purchaser(s) represent(s) that this unit interval is being purchased for his/her/their own personal vacation use and enjoyment and not because of any financial or monetary advantage such as rental income, price appreciation or tax advantage. Purchaser(s) further acknowledge that they have entered into this Purchase and Sales Agreement freely and voluntarily, without coercion or undue pressure from employees and/or agents of The Flagship Resort.

14. The Purchaser(s) understand(s) that The Flagship Resort has gone to great lengths to prepare clear and concise documents that carefully explain in detail your rights and obligations as an owner. Purchaser(s) understand(s) that this Acknowledgement plus the Offering Statement Text, (Offering Plan for a N.Y. resident) Declaration of Condominium, Articles of Incorporation, By-Laws, Management Contracts, Estimated Operating Budget, Rules and Regulations, and other documents with which the Purchaser(s) has/have been supplied are carefully designed to review and explain in detail all relevant features of his/her/their purchase and Purchaser(s) wishes to receive these documents in the form of ☒ paper ☐ CD. Purchaser(s) understand(s) that Purchaser(s) should not, under any circumstances, allow him/herself to become confused or misled by any representations or interpretations to the contrary.

Verification Officer: Stransky, Violet (6214)

Acknowledged: Duane St. Amour

Acknowledged: Ana St. Amour

acknowledge.pdf

Contact:100286

Run by:jennm 21 Jul 2012 12:24pm

PURCHASE AND SALE AGREEMENT
FLOATING WEEK INTERVALS

NOTICE TO THE BUYER: YOU HAVE THE RIGHT TO CANCEL A CONTRACT OR AGREEMENT BY SENDING OR DELIVERING WRITTEN NOTICE OF CANCELLATION TO THE DEVELOPER BY MIDNIGHT OF THE SEVENTH (7TH) CALENDAR DAY ON WHICH IT IS EXECUTED. SUCH CANCELLATION IS WITHOUT PENALTY AND ALL MONIES SHALL BE PROMPTLY REFUNDED IN THEIR ENTIRETY.

WITHIN THE FIRST THREE (3) BUSINESS DAYS OF THIS SEVEN (7) CALENDAR DAY PERIOD, YOU MAY CHOOSE TO CONSULT AN ATTORNEY WHO CAN REVIEW AND CANCEL THE CONTRACT. SEE THE SECTION ATTORNEY REVIEW FOR DETAILS.

THIS PURCHASE AND SALE AGREEMENT ("Purchase Agreement") is made and entered into this 21st day of July, 2012, by and between FLAGSHIP RESORT DEVELOPMENT CORPORATION, a New Jersey corporation, with an office located at 60 North Maine Avenue, Atlantic City, NJ 08401 (hereinafter referred to as "Seller") and;

Purchaser: Duane St-Amour Social Security: [REDACTED]
Purchaser: Ana St-Amour Social Security: [REDACTED]
Home Street Address: 55 Cedar Terrace Parlin, NJ 08859
Home Telephone: 848-203-0719 Bus Telephone: 732-217-0405 Contract#: 100286
(hereinafter referred to as "Buyer")

1. FORM OF OWNERSHIP (Check One)

- ☐ Sole Ownership (Tenancy in Severalty) ☐ Joint Tenancy (With Rights of Survivorship)
☐ Tenancy in Common ☒ Tenancy by the Entirety (Married Couple)

2. PROPERTY BEING SOLD. A fee simple undivided 1/52 interest in Unit 1108 ("Unit") in The Flagship Condominium ("Condominium") and, subject to subparagraph 9(c) below, the right to occupy and use the Unit for one (1) week of each calendar year (hereinafter referred to as the "Interval") during the Red Season, as more specifically defined in the Seller's Public Offering Statement, for a period of seven (7) consecutive days commencing at 4:00 p.m. on a day determined by the Flagship Interval Association, Inc. ("Interval Association"), and ending 12:00 Noon on the seventh (7th) day thereafter ("Interval Week").

Being all that certain property situate, lying and being in the City of Atlantic City, County of Atlantic and State of New Jersey, located in the Condominium known as Lot 1105 Block 86 formerly known as Lot 62 Block 91 on the Tax Map of Atlantic City, together with its appurtenant undivided common interest in the common elements, as is more specifically described in the Master Deed of the Condominium, April 30, 1987 and recorded in the Office of the Atlantic County Clerk, New Jersey, on May 14, 1987, in Deed Book 4453, Page 26, et seq, as amended.

3. PURCHASE PRICE AND METHOD OF PAYMENT

a) Purchase Price	<u>\$16,900.00</u>
b) Down Payment	<u>\$1,690.00</u>
c) Closing Costs	<u>\$69.00</u>
d) Total Down Payment Due (upon signing this Purchase Agreement)	<u>\$2,279.00</u>
e) Down Payment Received Today	<u>\$2,279.00</u>
Additional Down Payment Due	<u>\$0.00</u>
Equity Transfer	<u>\$1,690.00</u>
f) Mortgage Amount (Amount Financed)	<u>\$15,210.00</u>

4. DEPOSIT MONIES. The deposit money set forth in subparagraph 3(b) together with closing costs and, if financing is provided by Seller, all payments made under the Note and Mortgage, as set forth in Paragraph 5 below (collectively, the "Escrow Monies"), will be held by Seller in a separate escrow account with Marina Title Agency, Inc., or any other title company licensed to do business in the State of New Jersey (sometimes "Escrow Agent"), 60 North Maine Avenue, Atlantic City, NJ 08401, an interest in which is held by one of Seller's principals, until (i) the satisfaction or waiver by Seller of the contingencies set forth in Paragraph 5 below (if Seller financing is provided); (ii) the expiration of the seven (7) calendar day period following execution of this Agreement; (iii) a default or termination of this Agreement; or (iv) until a bond or other guarantee acceptable to the Division of Housing of the New Jersey Real Estate Commission is provided, whichever occurs first. In no event, however, shall the Deposit Monies and closing costs held in escrow be released before the expiration of the seven (7) calendar day period following execution of this Agreement. All interest on the Escrow Monies shall inure to Seller's benefit.

5. MORTGAGE COMMITMENT. By the acceptance of this Purchase Agreement, Seller hereby commits to Buyer a first mortgage loan (when applicable) in the amount indicated in subparagraph 3(f) above, subject to approval of Buyer's credit. As such, Buyer will execute and deliver to Seller the Mortgage Note and Mortgage, as set forth in and attached to the Public Offering Statement of the Flagship Resort Development Corporation ("Public Offering Statement"). The Mortgage Note and Mortgage, together with any other documents required in the closing, all executed and acknowledged where appropriate, may, at Seller's option, be held by Marina Title Agency, Inc. (sometimes "Title Company") until (i) such time that Buyer has made six (6) timely consecutive monthly payments of principal and interest under the Note; or (ii) the aggregate total of the deposit money and principal payments made under the Note equal or exceed thirty (30%) percent of the purchase price of the Interval. Upon the occurrence of either of subparagraphs (i) or (ii) above, Title Company will record the Mortgage and Deed, and the Escrow Agent will disburse all closing costs in accordance with the settlement statement, and will distribute the balance of the Escrow Monies to Seller. If, however, prior

Prepared by:

Rosemarie L. Graw, Vice President

ATLANTIC COUNTY, NJ
EDWARD P. McGETTIGAN, COUNTY CLERK
RCPT # 970114 RECD BY eileen
REG FEE 60.00 CON 16,900.00
MARGINAL NOTATION 0.00
RTF 68.00 VOL 13468
RECD 08/16/2012 02:21:12 PM
INST # 2012048661

93M
INTERVAL DEED
FLOATING WEEK INTERVALS

THIS DEED, made this 21st day of July, 2012, between Flagship Resort Development Corporation, a New Jersey corporation, successor by merger with Flagship Resort Development Corporation, a Florida Corporation, having an office for the transaction of business at 60 North Main Avenue, Atlantic City, NJ 08401 (hereinafter referred to as the "Grantor"); and Duane St. Amour and Ann St. Amour Tenants by the Entirety with rights of survivorship located at 55 Cedar Terrace, Parlin, NJ 08859 (hereinafter referred to as "Grantee").

For and in consideration of the sum of SIXTEEN THOUSAND NINE HUNDRED and 00/100 (\$16,900.00) DOLLARS, the receipt of which the Grantor hereby acknowledges, the Grantor grants and conveys (transfers ownership) the Property described below to the Grantee.

LEGAL DESCRIPTION

The Property includes all rights that Borrower has, or will have, as owner of the Property. The legal description of the Property is a fee simple undivided 1/52 interest as tenant-in-common in Unit 1108 ("Unit") in The Flagship Condominium ("Condominium") and, except as reserved by Grantor hereinafter, the right to occupy and use the Unit for one (1) week of each calendar year during the Red Season, as more specifically set forth in Grantor's Public Offering Statement, for a period of seven (7) consecutive days commencing at 4:00 p.m. on a day determined by Flagship Interval Association, Inc. ("Interval Association"), and ending 12:00 noon on the seventh (7th) day thereafter ("Interval Week").

Being all that certain property situate, lying and being in the City of Atlantic City, County of Atlantic and State of New Jersey, located in the Condominium, known as Lot 1106 Block 86 formerly known as Lot 62 Block 91 on the Tax Map of Atlantic City, together with its appurtenant undivided common interest in the common elements, as is more specifically described in the Master Deed of the Condominium, April 30, 1987 and recorded in the Office of the Atlantic County Clerk, New Jersey, on May 14, 1987, in Deed Book 4453, Page 26, et seq as amended.

Subject to the provisions of the Master Deed of The Flagship Condominium, and any amendments thereto.

Subject to easements, zoning requirements and all other restrictions and matters of record, if any.

Subject to the provisions of the New Jersey Condominium Act (N.J.S.A. §46:8B-1, et seq.) and all amendments and supplements thereto. And subject to the following: (1) real estate taxes not yet due to be paid; (2) such covenants, conditions, restrictions and easements of record, if any, which may not affect the Property.

Being a portion of the same property conveyed to the Grantor by Deed dated 19May04 from Vito M. Marino, and recorded in the Office of the Atlantic County Clerk on 19May04, in Deed Book 7742 at Page 1 Instrument 4050201.

To have and to hold all and singular, the premises herein described, together with appurtenances, unto the Grantee and to the Grantee's proper use and benefit forever.

And the Grantor covenants that Grantor has not done nor executed, nor knowingly suffered to be done, any act, deed or thing whatsoever whereby or by means whereof the premises conveyed herein or any part thereof now are or any time hereafter will or may be changed or encumbered in any manner or way whatsoever.

If Grantee should become delinquent in his payment of maintenance fees to the Interval Association, or, if financing is provided through Grantor or any other lender, if Grantee should become delinquent in his mortgage payments, Grantee understands, acknowledges and agrees that the Interval Association will have the right to deny Grantee the use and enjoyment of the common areas of the Condominium until such time that all delinquent obligations are satisfied. If any such delinquent obligations are not cured on or before the last day on which Grantee can reserve his Unit during the applicable Season of a calendar year, the Interval Association shall have the right to rent the Unit and apply the proceeds in the manner set forth in Grantor's Public Offering Statement.

Grantor reserves the right, for the Interval Association, to move Grantee from the Unit set forth in this Deed to another like-kind unit in the Condominium, regardless of whether or not the Unit is occupied during the Interval Week requested by Grantee.

For Grantor's reference purposes only and not as a part of the legal description, Grantee's Interval Week corresponds to Interval Week number 16 in accordance with the schedule of Interval Weeks that is set forth in Grantor's Public Offering Statement. Grantor reserves the right, for the Interval Association, to move Grantee from the Unit and to change the Interval Week set forth in this Deed to another like-kind unit in the Condominium, or another Interval Week during the Red Season, as is provided in Grantor's Public Offering Statement, regardless of whether or not the Unit is occupied during the Interval Week requested by Grantee. Grantor further reserves the right, in its sole and absolute discretion, but shall not be obligated, to allow Grantee to participate in a split week program. In a split week program, a Grantee would be entitled to occupy a unit in the Condominium for less than seven (7) consecutive nights at a time, but not less than three (3) consecutive nights within the applicable Season ("Split Week"). As a result, a Grantee may divide his Interval Week into two (2) separate periods, one containing three (3) consecutive nights and the other containing four (4) consecutive nights. In the Split Week program, the period containing four (4) consecutive nights shall begin on a Tuesday and end on a Saturday, and the period containing three (3) consecutive nights shall begin on a Saturday and end on a Tuesday. Grantee, by the acceptance of delivery of this Deed, does hereby irrevocably name, construe, appoint, ratify and confirm Grantor, its successors and assigns, as their attorney-in-fact in their name, place and stead for the

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MORTGAGE
FLOATING WEEK INTERVALS

ATLANTIC COUNTY, NJ
EDWARD P. McGETTIGAN, COUNTY CLERK
RCPT # 970114 RECD BY eileen
VOL 13468
REC FEES \$0.00
MARGINAL NOTATION 0.00
RECORDED 08/16/2012 02:21:12 PM
INST # 2012048662

THIS MORTGAGE is made this 21st day of July, 2012.

BY AND BETWEEN Duane St. Amour and Ana St. Amour Tenants by the Entirety with rights of survivorship whose address is 55 Cedar Terrace, Parlin, NJ 08859 referred to as "Borrower" AND Flagship Resort Development Corporation, a New Jersey corporation, whose address is 60 North Main Avenue, Atlantic City, NJ 08401 referred to as the "Lender." Lender may assign this Mortgage at any time without prior notice to Borrower.

If more than one Borrower signs this Mortgage, the word "Borrower" shall mean each Borrower named above. The word "Lender" shall mean the original Lender and anyone else who takes this Mortgage by transfer.

1. **Mortgage Note.** In return for a loan that Borrower received, Borrower promises to pay \$ 515,210.00 ("Principal"), plus interest at the rate of 15.9% per annum ("Interest") in accordance with the terms of a certain mortgage note dated the same date as this Mortgage (referred to as the "Note"). The Note provides for monthly payments of \$253.84 to be applied first to Interest and then to Principal. All sums under the Note are due no later than 10/1/12. All terms of the Note are made part of this Mortgage.

2. **Property Mortgaged.** The property mortgaged to the Lender (the "Property") is located in the City of Atlantic City, County of Atlantic and State of New Jersey. The Property includes all rights that Borrower has, or will have, or will have, as owner of the Property.

A fee simple undivided 1/52 undivided interest in Unit 1108 ("Unit") in The Flagship Condominium ("Condominium") and (except as provided in the Lender's Public Offering Statement and Paragraph 9(d) of the Purchase and Sale Agreement between Borrower and Lender) the right to occupy and use the Unit for one (1) week of each calendar year during the Red Season, as more specifically set forth in Lender's Public Offering Statement, for a period of seven (7) consecutive days commencing at 4:00 p.m. on a day determined by Lender and/or The Flagship Interval Association, Inc. ("Interval Association") and ending 12:00 noon on the seventh (7th) day thereafter (the "Interval Week").

Being all that certain property situate, lying and being in the City of Atlantic City, County of Atlantic and State of New Jersey, located in the Condominium, known as Lot 1106 Block 86 formerly known as Lot 62 Block 91 on the Tax Map of Atlantic City, together with its appurtenant undivided common interest in the common elements, as is more specifically described in the Master Deed of the Condominium, April 30, 1987 and recorded in the Office of the Atlantic County Clerk, New Jersey, on May 14, 1987, in Deed Book 4453, Page 26, et seq as amended.

Lender reserves the right, for the Interval Association, to move Borrower and Borrower agrees that Lender or the Interval Association may move the Borrower, from the Unit set forth in this Mortgage to another like-kind unit in the Condominium, regardless of whether or not the Unit is occupied during the Interval Week requested by Borrower.

This Mortgage is a purchase money mortgage given to secure the balance of the money that Borrower owes to Lender for the purchase of the Property.

3. **Rights Given to Lender.** Borrower mortgages the Property to the Lender. This means that borrower gives the Lender those rights stated in this Mortgage and also those rights the law gives to the holders of mortgages on real property. When Borrower pays all amounts due to the Lender under the Note and this Mortgage, the Lender's rights under this Mortgage will end. The Lender will then cancel this Mortgage at Borrower's expense.

4. **Eminent Domain.** All or part of the Property may be taken by a government entity for public use. If this occurs, Borrower agrees that all compensation be given to the Lender. The Lender may use this to repair and restore the Property or to reduce the amount owed on the Note and this Mortgage. Any remaining balance will be paid to the Borrower. This will not delay the due date for any further payment under the Note and this Mortgage.

5. **Payments and Repairs Made By Lender.** If Borrower does not make all of the repairs or payments as agreed in this Mortgage, Lender may do so for Borrower. The cost of these repairs and payments will be added to the Principal, will bear interest at the same rate provided for in the Note and will be repaid to Seller upon demand.

6. **Default.** Lender may declare that Borrower is in default on the Note and this Mortgage if:

- (a) Borrower fails to make any payment required by the Note and this Mortgage within fifteen (15) days after its due date;
- (b) Borrower fails to keep any other promise Borrower makes in this Mortgage;
- (c) The ownership of the Property is changed for any reason without prior written consent of Lender, which consent may be withheld within Lender's sole and absolute discretion, whether or not reasonable or arbitrary, and which consent may be conditional upon Lender being paid a fee for processing the ownership change;
- (d) Bankruptcy, insolvency or receivership proceedings are started by or against any of the above signed;
- (e) Borrower defaults in his payment of maintenance fees to the Interval Association;
- (f) The creation of any lien by the Interval Association upon the Property; or
- (g) The creation of a lien against the Property or a judgment against Borrower which results in a lien against the Property;
- (h) The holder of any lien on the Property starts foreclosure proceedings.

7. **Promises.** Borrower makes the following promises to Lender:

- (a) **Note and Mortgage.** Borrower will comply with all of the terms of the Note and this Mortgage
- (b) **Payments.** Borrower will make all payments required by the Note and this Mortgage.

Corrected & 60286 Run By: Jenam on July 21, 2012 Mortgage Floating Week Intervals

**PUBLIC OFFERING STATEMENT
FOR
INTERVAL USE AT THE FLAGSHIP CONDOMINIUM**

1. DESCRIPTION OF INTEREST BEING OFFERED.

Pursuant to this Ninth Amended and Restated Supplemental Public Offering Statement (the "Restated Supplemental Offering"), Flagship Resort Development Corporation, a New Jersey corporation ("Grantor") intends to offer for purchase up to four hundred forty (440) condominium units in The Flagship Condominium (the "Condominium") in fee simple intervals (singularly, an "Interval" and collectively, "Intervals").

There are currently four hundred twenty (420) units in the Interval program. A list of these Units is annexed hereto as Exhibit "N". Furthermore, Grantor may, but shall not be obligated to, acquire additional units from time to time from individual unit owners at the Condominium, which units shall be placed in the Interval program on a continuing basis, once Grantor purchases and takes title to such units.

The Intervals offered by Grantor will be Floating Week Intervals, as defined below. The Interval Weeks (as defined below) offered will be divided into five (5) seasons (individually, a "Season" or collectively, the "Seasons"), designated as Diamond, Emerald, Sapphire, Ruby and Pearl, as defined below:

<u>Season</u>	<u>Interval Weeks</u>
Diamond	22, 26-34
Emerald	23-25, 35-39
Sapphire	1, 15-21, 40-43
Ruby	2-3, 6-14, 44-47, 52
Pearl	4-5, 48-51

The basic right obtained by a Purchaser of a Floating Week Interval is the acquisition of fee simple title to an Interval Week, as defined below, in a unit, being an undivided 1/52 interest in such unit as tenant in common with all other owners of the same unit, and the right to occupy such unit for one (1) calendar week during a specific season. Copies of the Purchase and Sale Agreements (collectively, "Purchase Agreement") for Floating Week Intervals with and without the Interval International points program, explained in further detail in Section 11, are annexed hereto and made a part hereof as Exhibits "A-1(a)" and "A-1(b)" respectively.

Grantor reserves the right, in its sole and absolute discretion, but shall not be obligated, to offer and sell biennial Intervals. The rights of a biennial Purchaser to ownership and occupancy of a Condominium unit will be during an Interval week in the Season selected by the biennial Purchaser in every other calendar year, thus giving such biennial Purchaser an undivided 1/104 interest in such unit with all other owners of the same unit. In such case, the biennial Purchaser's maintenance fees, as set forth in Paragraph 3 below, will be one-half of the fees assessed to the Purchaser of a whole Interval, and a biennial Purchaser will have a one-half vote proportionate to such Purchaser's interest in the Unit in all Condominium Association matters. Copies of the Purchase Agreements for Floating Week Biennial Intervals with and without the Interval International points program are annexed hereto as Exhibits "A-2(a)" and "A-2(b)" respectively.

In connection with his ownership of an Interval, a Purchaser will have the right to occupy and utilize a Condominium unit, subject to all terms and conditions contained in the Condominium Master Deed, the By-Laws of The Flagship Condominium Association, Inc. (the "Condominium Association") the Restated Supplemental Offering, the Agreement, and such other rules and regulations which currently exist or are hereafter adopted by either the Condominium Association, at any time during a one week period of each calendar year in the Season selected by Purchaser commencing at 4:00 p.m. on a day determined by Grantor and/or the Condominium Association and ending at

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1 there's no computer terminal there, specifically for
2 the purpose of the consumer popping that CD Rom in
3 there, as to review the contents of the Public Offering
4 Statement; right?

5 A Correct.

6 Q Did you ever read the Public Offering
7 Statement?

8 A I have.

9 Q Okay. From cover to cover?

10 A Multiple times.

11 Q Okay. Would you be surprised to learn that
12 Ms. Stransky when she sat here. The woman who's
13 responsible for going through these contract documents
14 and explaining to the consumer what's in them as
15 they're signing them, or what this document represents.
16 Would you'd be surprised to hear that she sat there and
17 she said she's never read in her 20 years at Flagship?

18 A It wouldn't surprise.

19 Q Okay. Does Flagship require any of its
20 deeders to read the Public Offering Statement?

21 A No.

22 Q So I want to look at a couple of documents
23 here, and I'll stick with the St. Amours, because
24 they're the first number of exhibits, and easiest for
25 me to pull up.

245

1 A Okay.

2 Q So I've got some questions, and maybe you can
3 answer them, as you sit here, Mr. Korn. So I'm -- this
4 is the Deed In Lieu of Foreclosure, it's Exhibit 4.
5 And there's a legal description along with that?

6 A Yeah.

7 Q Okay. And there's also a legal description
8 in the Purchase and Sale Agreement; right?

9 A Yeah.

10 Q And that legal description is supposed to
11 tell the buyer what they're buying; right?

12 A Yes.

13 Q Describe to the buyer what they're buying.
14 And so just like in the Purchase and Sale Agreement
15 this says that the St. Amours were buying one week
16 every calendar year during the high peak season, as
17 more specifically set forth in Grand Tours Public
18 Offering Statement; do you see that?

19 A Yep.

20 Q So one would look to the Public Offering
21 Statement to figure out what that means; right?

22 A Yep.

23 Q Okay. So let's go the Public Offering
24 Statement we see them, which is Exhibit 6. And sir,
25 I'll represent to you that the Public Offering

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1 Statement, while listing all kinds of gem seasons,
2 diamond, emerald, sapphire, ruby, pearl, at no point is
3 there any mention of a high peak season. Do you
4 understand that?
5 A I see it.
6 Q Okay. And you can look through all 400 pages
7 of that Public Offering Statement and not come across
8 the words "high peak". Do you know that?
9 A If you say so.
10 Q No, I'm asking you, sir. I mean you've read
11 these a bunch of times. I mean you're standing here
12 testifying on behalf of Flagship.
13 A Yes.
14 Q If you read the St. Amours Public Offering
15 Statement from cover to cover, would you find the words
16 "high peak"?
17 A I don't believe so.
18 Q Okay. So in that legal description in the
19 Purchase and Sale Agreement or in the Deed in Lieu,
20 says that they're buying an Interval at the high peak
21 season as defined in the Public Offering Statement,
22 where can they turn to find out what that means?
23 A I do not know.
24 Q If you don't know, who would?
25 A Are you asking --

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1 Q Yeah, I'm asking you?
2 A They would probably call the Customer Care or call
3 back to the Verification Office. My feeling here is
4 that this was not the correct Public Offering Statement
5 issued to St. Amours.
6 Q We've got the same issue with all my clients,
7 Mr. Korn, the same issue, I'm going to go through one
8 at a time, the same issue high peak. Some folks told
9 the New York people they were told red, but then when
10 you look in the POS there's nothing about red.
11 Okay, how are these people supposed to know what
12 they're doing; what they're buying? Is there any way
13 they can find out what they're buying by looking at the
14 Public Offering Statement?
15 A No, sir.
16 Q Let's look at Mr. St. Amours' Deed? Now sir,
17 this says during he's buying a 1/52nd second interest
18 in the red season. In a room during the red season as
19 more specifically divided in the Public Offering
20 Statement.
21 I went back to the Public Offering Statement, do
22 see any mention of the red season, sir?
23 A I do not.
24 Q So you will agree with me that that Deed is
25 the legal document, I think it's five we counted;

FILED, Clerk of the Appellate Division, August 30, 2023, A-003287-22

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1 right?
2 A Correct.
3 Q And that Deed tells not just St. Amour, but
4 puts the whole world on notice that he's the owner of
5 something; right?
6 A Correct.
7 Q And it says he's the owner of a red season as
8 defined in Flagship's Public Offering Statement; right?
9 A Correct.
10 Q You go to Flagship's Public Offering
11 Statement there's no mention of the red season; is
12 there?
13 A No, sir.
14 Q So Mr. St Amour doesn't own anything; does
15 he? He doesn't own anything that can be defined; does
16 he?
17 A Not from what you're saying.
18 Q Well, tell us otherwise?
19 A He owns a whatever his fraction of ownership was
20 in the unit.
21 Q Okay. Well, what does that mean; what does
22 that mean, when can he use it, what does the red season
23 mean? What does high peak mean, does it have any
24 meaning whatsoever?
25 A It's not defined.

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1 Q Sir, so my clients its no surprise and this
2 is what this case is about. They been told that they
3 were told all sorts of misrepresentations about what it
4 was that they were buying. You're aware of that;
5 right?
6 A Yes.
7 Q But Flagship says its documents say
8 otherwise; right?
9 A Correct.
10 Q And before we took our break you said that
11 very thing; didn't you?
12 A Correct.
13 Q And the reason for that is one or more of
14 Flagship's documents don't make any sense at all; do
15 they?
16 A These are the documents that were approved by the
17 Real Estate Commission.
18 Q They're approved by the Real Estate --
19 MR. MILZ: Your Honor, may I move to strike
20 that last answer of the witness, there's no evidence in
21 the record about whatsoever. And we'll have a
22 discussion at Sidebar, if Your Honor needs?
23 THE COURT: All right come to sidebar.
24 (Sidebar Discussion start at 4:01:24 p.m.)
25 THE COURT: I mean sure?

EXHIBIT V

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1 kinds of statements in the contract documents?
2 A Correct.
3 Q Who are those, you know, those statements,
4 you know, those statement are protecting the consumer
5 from whom?
6 A The consumer is being protected from what their
7 understanding is from what they heard, and from what is
8 being put on paper.
9 Q But if they heard it from Flagship's own
10 salesmen; didn't they?
11 A It's an oral representation, not to be relied on.
12 Q Flagship says you shouldn't believe our oral
13 representations; doesn't it?
14 A Correct.
15 Q Flagship says you shouldn't believe what our
16 own salesmen are telling you; correct?
17 A Correct.
18 Q And when people sue Flagship, it could say
19 I've been lied to, Flagship's made misrepresentations
20 to me. Flagship comes into a court and waves that
21 around and says, no, you didn't, you acknowledged that
22 we didn't, you know, we warned you not to listen not to
23 us. We warned you not to let yourself be lied to;
24 right?
25 A Correct.

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1 (Pause in hearing from 4:14:54 to 4:15:33 p.m.)
2 Q I'm going to look at the -- this is the
3 Purchaser and Sale Agreement, and it's the same in
4 everyone's contract, apart from the difference in the
5 names of the salespeople. So this is Mr. and Mrs. St
6 Amours, exhibit 10.
7 Mr. Korn, I think we've pretty clearly established
8 that Flagship does not provide the Consumer Information
9 Statement to the consumers before their motivations are
10 learned or their showing of the property; right?
11 A Correct.
12 Q Nonetheless, Flagship has the consumers
13 acknowledge by their signatures, which is on the next
14 page that "by signing below the sellers and purchasers
15 acknowledge they receive the Consumer Information
16 Statement to New Jersey Real Estate Relationships from
17 the brokers firm involved in this transaction prior to
18 the first showing of the property"; right?
19 A It does say that.
20 Q That's not true; is it?
21 A That is correct.
22 Q But Flagship has the consumer sign that now;
23 right?
24 A Correct.
25 (Pause in hearing from 4:16:33 to 4:16:49 p.m.)

EXHIBIT W

1 A I understand that now. But it was not my
2 understanding before.
3 Q Okay. And if there was a glossary in it,
4 you'd be able to find a particular word such as "Red
5 Season"; right? Maybe flip to a place that tells you
6 what red season is; right?
7 A Correct.
8 Q But Flagship's did not have a glossary in it
9 for this period in 2012 to 2017; right?
10 A That is correct.
11 Q Okay. I mean without that glossary, how else
12 would you find anything in it?
13 A Read it.
14 Q Read it, right off 300 pages, and you've got
15 to go through it page by page; right?
16 A Correct.
17 Q Now I understand that the Public Offering
18 Statement, that big phone book size prospectus about
19 the Time Share, that has to get filed with the New
20 Jersey Real Estate Commission; correct?
21 A Correct.
22 Q Okay. In fact, you have two obligations, if
23 you want to sell Time Shares in New Jersey; right?
24 Register and file a POS; right?
25 A Correct.

1 Q Okay. And Flagship does that, it files its
2 POS with the New Jersey Real Estate Commission; right?
3 A Correct.
4 Q Okay. And it's that version that is to be
5 given to the consumer prior to the consumer executing
6 any documents; right?
7 A Correct.
8 Q And you'll agree with me, sir, that as a
9 matter of practice Flagship does not provide the POS to
10 the consumer prior to the consumer signing documents;
11 is that right?
12 A They're done simultaneously.
13 Q They're done simultaneously, okay. But like
14 I said that wasn't my question. My question to you was
15 Flagship does not provide it to the consumer prior to
16 the consumer signing any documents; is that right?
17 A Correct, not in advance.
18 Q Not in advance? And you know we can disagree
19 on a lot of things Mr. Korn. But I think we can agree
20 prior to means before; right?
21 A Correct.
22 Q And before means prior to; right?
23 A Correct.
24 Q Okay. So the consumers are to be given an
25 opportunity to read that Public Offering Statement

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1 before they sign any documents; right?
2 A Correct.
3 Q And Flagship doesn't provide the consumers
4 with that opportunity; does it?
5 A Correct.
6 Q And I know Flagship gives the consumer a
7 Public Offering Statement on a CD Rom; right?
8 A No. Consumer has the option of having it a hard
9 copy or on a CD Rom.
10 Q Okay. And in that Purchaser's Authorization
11 and Annual Use Form, the one with the 14 paragraphs.
12 There's a box there that says, you know, I elect to
13 have this in CD or hard copy; right?
14 A Correct.
15 Q And Ms. Stransky testified the deeder check
16 that box. Sir, are you aware of that?
17 A Yes.
18 Q Okay. You don't have any reason to doubt
19 that; right?
20 A Not at all.
21 Q So Ms. Stransky checks the box, or whoever
22 the deeder is checks the box for CD. The Flagship puts
23 that CD Rom in the package of the rest of the documents
24 the consumer takes home with them; right?
25 A Correct.

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1 Q You'll agree with me that's after all the
2 documents are signed; right?
3 A Correct.
4 Q Not before and not prior?
5 A Correct.
6 Q So if that's the case, there's no way the
7 consumer can have a reasonable opportunity to review
8 the contents of the Public Offering Statement before
9 they sign; right?
10 A That is correct.
11 Q Flagship doesn't have a computer terminal
12 there, where the consumer if she or he wanted to take
13 that CD Rom, pop it in there, and scroll through it and
14 look at it; is that right?
15 A No, we do.
16 Q Okay.
17 A If someone wanted to look at it, we'd certainly
18 give them either the hard copy --
19 Q Have you ever heard of a consumer asking for
20 that?
21 A Yeah, it's actually happened.
22 Q Okay. That's the first I've heard of it.
23 When I deposed you that wasn't the case. Is that a
24 recent thing. Yes, more recent thing.
25 Q Okay. More recent. But from 2012 to 2017

EXHIBIT X

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1 A -- if they wanted to cancel --
2 Q So then it's okay, right? The regulation says
3 they have to be able to read it before, but you're
4 saying, "Well, it's okay. They can read it after?"
5 A If the people wanted to read it before, they would
6 tell us. I mean, we would not even be able to get these
7 people to sit and look through a CD after they've been
8 with the salespeople for five and six hours.
9 Sometimes, we can hardly get them to sit in our
10 office long enough to sign paperwork.
11 Q Because by the time they get to your office,
12 they have been through a long --
13 A Yes.
14 Q -- grueling sales presentation --
15 A Yes.
16 Q -- and they are worn down, aren't they?
17 A Yes.
18 Q And they're tired and they're hungry, aren't
19 they?
20 A Yes.
21 Q Yeah, and they just want to get out of there,
22 don't they?
23 A Yes, and they're not going to sit to look at a CD
24 before they sign papers.
25 Q And you rush them through the signing as fast

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1 --
2 A I do not rush them --
3 Q -- as you can get them out of there?
4 A I do what I do with everybody.
5 Q Okay.
6 A I do not rush them through. I work at the pace
7 that we need to.
8 Q So, I just need a second here. When was the
9 last time you read the public offering statement?
10 A I haven't.
11 Q You -- you've never read the public offering
12 statement?
13 A I have not gone through it, no.
14 Q So, do you understand that the public
15 offering statement is part of the contractual
16 documents?
17 A Right.
18 Q And the terms of the public offering
19 statement, it is Fantasea's position anyway, that they
20 are binding on the buyers. You need to say it out loud.
21 A Yes.
22 Q Okay. And you're the one whose job -- the one
23 person whose job it is to explain the contract terms to
24 a buyer?
25 A Yes.

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1 Q And you've never read the public offering
2 statement?
3 A I haven't. I haven't looked at the CD, no. And
4 when we did have it in book form years ago, it was
5 about a thousand pages and --
6 Q You never read it then either?
7 A No.
8 Q Because it's ridiculous. Nobody's going to
9 read all that, right?
10 A I haven't had time to read all that. That's like
11 -- it was like this thick.
12 Q Right. And that's your job. Your job is to
13 describe what's in there and explain that to the
14 buyers, right, and you don't even -- you don't think
15 you should read it.
16 A It's not that I don't think I should read it, I
17 just have not had time to go through it.
18 Q So, you admit --
19 A And it's on CD now.
20 Q So, you've never read it, I guess, is my
21 point.
22 A Right.
23 Q Okay. So, is it your understanding from this
24 legal description that high peak season is more
25 specifically set forth in the grantor's -- in

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1 Fantasea's public offering statement as it says on this
2 document?
3 A Say that again?
4 Q If you look at --
5 A Right.
6 Q -- underlying parts up there --
7 A Right.
8 Q -- is it your understanding that --
9 A Yes, it would be in the public offering statement.
10 Q -- the public offering statement that you
11 have never read will specifically set -- more
12 specifically set forth what HPC means, right?
13 A Yes.
14 Q Okay.
15 MR. SOLSENG: And if I might approach, Your
16 Honor?
17 THE COURT: Yes, you may. Thank you.
18 BY MR. SOLSENG:
19 Q Excuse me.
20 A Certainly.
21 Q So, this is a physical copy of exhibit six,
22 which is --
23 A I just knew it.
24 Q -- sorry?
25 A The public offering statement, is that what that

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1 Q According to the terms of the written
2 contract, Fantasea says those -- those -- anything that
3 you tell them verbally is not binding on Fantasea,
4 right?
5 A The contracts are real estate documents for as if
6 you're buying a house, as well. So, everything that's
7 in them does not apply to what they're purchasing.
8 There is stuff in the --
9 Q Did you not understand my question? My
10 question was, if you tell them something verbally over
11 the phone, according to Fantasea's own contractual
12 terms, the -- Fantasea is not bound by what you tell
13 them. You could tell them anything, and Fantasea would
14 not be bound by it, yes or no?
15 A But the contract -- they're bound by the contracts
16 that they're signing that day.
17 Q Right, and what you tell them verbally when
18 they call and you're in your office, whatever, that's
19 not binding on Fantasea, is it?
20 A What's binding is the contracts that they signed.
21 Q Right, okay. You also explained to them that
22 they're buying -- like with the St. Amours, do you tell
23 them that they bought week number 16?
24 A I don't say that they bought week number 16, but
25 week number 16 is in the documents.

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1 Q Why don't you tell them that they bought week
2 16?
3 A If they ask me what week they bought.
4 Q Okay.
5 A I mean, if they're buying a high peak week.
6 Q How would they know that they're buying a
7 particular week if you don't tell them?
8 A They really -- they -- as long as they're
9 purchasing a high peak week, they don't really -- I
10 mean, the number of the week that they're buying is not
11 important.
12 Q Well, why is it in the contractual documents
13 then?
14 A Because you have to have a week number in there so
15 we know when all 50 -- 51 weeks, which we sell, when
16 all 51 weeks are sold so we can't oversell a particular
17 unit.
18 Q Okay. So, you also talked to the -- yeah, let
19 me get back to that.
20 So, you've never read -- well, when you say you've
21 never read the public offering statement, there have
22 actually been a number of different public offering
23 statements, right, over the course of time, or do you
24 know that?
25 A Yeah. They do different ones all the time.

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1 you never read it, that there can be no assurance that
2 a particular interval can be exchanged, right?
3 A Right.
4 Q It goes on to say that in exchange for a
5 particular interval or a particular resort, can be
6 arranged. There could be no assurance that an exchange
7 for a particular interval or a particular resort can be
8 arranged. So, that is a part of the limitations, right?
9 A Right.
10 Q Despite you saying that that was not true.
11 A I believe that everything that can be exchanged,
12 you know, if someone asked me to guarantee that they
13 can go to a particular resort on a particular week, no,
14 I can't guarantee that.
15 Q That's not what -- that's not what -- well,
16 you said --
17 A Yeah.
18 Q -- with enough advance you can.
19 A Yeah.
20 Q Yeah.
21 A Yeah.
22 Q Okay.
23 A You know, work with digital, they'll tell you how
24 you want to do it to get where you want to go.
25 Q Okay. There can be no assurance that this

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1 timeshare resort will continue to qualify with Interval
2 International, right?
3 A Right.
4 Q That's what the contract document says, but
5 until five minutes ago, you didn't know that.
6 A But the people who purchase Interval, they still
7 have it.
8 Q Would you please answer my question? You --
9 he's going to ask you questions next, okay?
10 A Yes.
11 Q And you can -- the two of you can tell this
12 jury whatever you think is important, okay? But right
13 now, I'm asking the questions.
14 A Right.
15 Q Okay?
16 A Okay.
17 Q Okay. So, does this say that there can be no
18 assurance that this timeshare resort, meaning Fantasea,
19 will continue to qualify with Interval International?
20 A It does say it.
21 Q So, Interval International is a separate
22 company, right?
23 A Yes.
24 Q And they could say, you know, this
25 partnership with Fantasea isn't working for us, so

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1 we're cutting you off, right?
2 A Right.
3 Q And everybody who had purchased with -- with
4 the expectation of using Interval International could
5 be cut off by Interval International, right?
6 A I don't believe so.
7 Q Okay. There could be no assurance that this
8 interval exchange program, the club interval gold
9 program, or any other will continue to exist, right?
10 A Right.
11 Q Okay. So, Fantasea thought that was so
12 important that they put it in bold in their public
13 offering statement, right? Well, not bold but all caps.
14 A Right.
15 Q (Indiscernible), right?
16 A Right.
17 Q But you didn't even know it, right?
18 A Right.
19 Q So, you couldn't possibly explain that to a
20 buyer.
21 A Right.
22 Q So, a buyer could not possibly understand
23 what it was they were buying?
24 A I don't believe that. I disagree with that
25 statement.

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1 Q Let's go back to -- is it five? Yeah, exhibit
2 five. Purchaser's acknowledgment annual usage.
3 A Okay.
4 Q So, paragraph four here, it says, hey, until
5 you get your membership card and you get up, your
6 membership card is going to take 60 days, right?
7 A Right.
8 Q So, and, for instance, the St. Amours bought
9 in July of 2012, right?
10 A Right.
11 Q But they're not going to, according to
12 paragraph seven, they can't actually use it until 2013,
13 right?
14 A Right. That's the week.
15 Q What?
16 A That would be the week that they purchased they
17 can't use until then.
18 Q Right, right.
19 A Right.
20 Q Okay. Can they use anything before that?
21 A Yes.
22 Q What can they use?
23 A They can use the getaways through Interval as soon
24 as we have them set up with their Interval.
25 Q Okay.

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1 A Yes.
2 Q They come to you, you go over and get them to
3 sign all of the documents --
4 A Yes.
5 Q -- in which they buy the timeshare --
6 A Yes.
7 Q -- then you go and make copies of all those
8 documents --
9 A Yes.
10 Q -- for them to take home.
11 A Yes.
12 Q You put those into a folder --
13 A Yes.
14 Q -- and then you put in that same folder, you
15 put a CD, which contains the public offering statement.
16 A Yes.
17 Q Okay. So, you do not give them the public
18 offering statement until after all the documents have
19 been signed?
20 A Correct.
21 Q You do not give the public offering statement
22 to them before the contract documents are signed?
23 A No, I do not.
24 Q You do not give them the public offering
25 statement sufficiently early before the contracts are

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1 signed that they have a reasonable amount of time to
2 read the public offering statement?
3 A They do have a reasonable amount of time though
4 because they have seven days from when they go home to
5 call us and rescind, and during that time they can --
6 they can check out the CD.
7 Q Do they have a reasonable amount of time
8 before they sign the contract documents to read the
9 public offering statement?
10 A Not before they sign the contracts but during the
11 seven days, they do.
12 Q Okay. The question was, before they sign the
13 documents.
14 A Right.
15 Q Okay. And if a buyer, who was given the
16 public offering statement after they had signed
17 everything on a CD wanted to view that CD there at
18 Flagship before they left, say, do you have the
19 facilities for them to sit down, put a CD into a
20 computer and read that document?
21 A I mean, I'm sure if anybody ever said they want
22 to, we can put it in one of our computers for them to
23 read, but no one has ever said that.
24 Q Do you know if any of your computers can
25 still take CDs?

EXHIBIT Y

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1 A And they can use the -- the royalty rates -- the
2 rates that they have to come down to our place as much
3 as they want to. They start 30 days after purchase.
4 Q Okay. So -- well, what's the first benefit
5 they can take advantage of after they buy on July 21,
6 2012?
7 A Would be coming down to our place for the
8 discounted rates as much as they wanted to.
9 Q Okay. And how long does it take for that to
10 kick in?
11 A Thirty days.
12 Q Okay. And nothing else kicks in before that?
13 A No.
14 Q So, there's the -- a new Fantasea timeshare
15 owner cannot use any of the benefits that they
16 purchased for at least 30 days.
17 A Right.
18 Q And they can't use II until at least 60 days,
19 right?
20 A Till the -- well, once they're set up with
21 Interval, see that says they get their membership card
22 within 60 days. They're set up with Interval before
23 that.
24 Q Okay. But do you explain to them that their
25 Interval International benefits become effective upon

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1 receipt of their card, which should arrive in 60 days?
2 A No, because we tell them that once they're set up
3 with their Interval account then they can start using
4 the benefits of Interval.
5 Q Well, wait. That's what you tell them orally,
6 right?
7 A Right.
8 Q But the contract you have them sign --
9 A Right.
10 Q -- says they can't use it for 60 days.
11 A Yes.
12 Q Okay. And what you tell them is not binding
13 on the resort? Isn't that what the contract says? What
14 you tell them is not binding on the resort?
15 A Yes.
16 Q So, if you tell them that they can use their
17 II benefits in less than 60 days, that's not what the
18 contract says. That's not -- that's not actually true,
19 is it?
20 A It is true because they can call us, and we can
21 help get them through Interval to go somewhere if they
22 want to go. We can help --
23 Q Except that the --
24 A -- get them a getaway booked.
25 Q Except that the contract says that they

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1 A We headed home. We had to stop a couple of times
2 at rest stops because Miguel got headache. When he
3 doesn't eat, he gets headaches. So we had to stop for
4 him to get something to eat, and actually slept in the
5 car at different stops before we got home.
6 Q Okay. But eventually you made it home after
7 having to make these pit stops along the way.
8 A Yes, we did. Thank God.
9 Q Okay. Did you ever get the tickets that you
10 had been promised?
11 A Can I explain myself about these tickets, sir?
12 Q Please.
13 A When I came -- when we came home that night, of
14 course everything was a blur. We were tired, hungry,
15 sleeping. The next day, I opened the packet,
16 overwhelmed. I started calling Fantasea. Each time
17 somebody would answer me, they would put me to a
18 different department. And they keep transferring me
19 over and over and over to different departments.
20 Q Well, I -- if --
21 A I got tired of that.
22 Q If I might interrupt? What were you calling
23 Fantasea about?
24 A To understand what it is I'm doing and to get rid
25 of what I'm doing.

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1 Q Okay. So did you -- the next morning, after
2 you got up in the morning, did you want to get rid of
3 whatever you had contractually --
4 A What I -- yes.
5 Q -- agreed to do?
6 A Yes, sir.
7 Q And what steps did you take to try to get rid
8 of them?
9 A I --
10 Q (Indiscernible) --
11 A -- kept calling them. I called them for days on
12 end. I would call over and over, being transferred
13 over, let me transfer you to this person, let me
14 transfer you to that person. And they kept giving me
15 the song and dance over and over.
16 Q Okay.
17 A Until, eventually, I said, okay then, if I can't
18 get rid of this, when can I use my tickets. And then
19 the told me I had to pay a fee on the tickets, \$125 for
20 each ticket. So that's 125 by four.
21 Q And did you have 600 what, \$500?
22 A I -- no, I had -- I had no money to do that and I
23 never got to use the tickets.
24 Q Okay. When you talked to Fantasea to try to
25 explain to them that you had made a mistake and you

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1 didn't want whatever they had sold you, did anybody
2 ever tell you, oh, there's parts of the contract that
3 we gave you that explain what steps you need to do to
4 back out of this contract? Did anybody ever explain
5 that to you?
6 A No, they did not. They kept sending me to
7 different department, let me connect you, let me
8 connect you. I guess what they did, now that you --
9 now that you explain this to me, they kind of waited
10 out the time. That's what they did I guess.
11 Q Okay. So nobody ever said look in the
12 contract, you'll find how that you can rescind this
13 thing?
14 A No, sir.
15 Q Nobody ever said, well, that's fine, but
16 calling us isn't good enough, under the contract,
17 you're going to have to send something to us in writing
18 and here's the address you can send it to. Nobody did
19 that for you?
20 A No, sir.
21 Q Okay. So now you're stuck with this whatever
22 it was you bought from Fantasea. Did you ever try to
23 use it to have a vacation?
24 A Huh. I was -- I -- I tried once, and I was also
25 scammed of \$1,000 -- \$1,500.

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1 Q Okay. Well, explain how that happened.
2 A I was told I couldn't use it at that time.
3 Q You couldn't use --
4 A And I was like, okay, if I'm paying for a vacation
5 home that you told me that I could use any time, why
6 can't I use my vacation home at this time.
7 Q Okay.
8 A Then I got a call. It was the U.S. Opening [sic]
9 and I had to pay like 1400 and something dollars,
10 almost \$1500, and it was a scam.
11 Q Okay. Let's break that down. You said the
12 U.S. Opening, you mean the U.S. Open, the tennis
13 tournament, right?
14 A The tennis tournament, yes.
15 Q And you live up in Queens?
16 A I'm in Queens.
17 Q Okay. And so what was the proposal that you
18 got involving the U.S. Open?
19 A That they want to use my vacation or something
20 like that. I can't remember the exact words.
21 Q Okay.
22 A And I had to pay that money.
23 Q So somebody --
24 A Which now when I'm explaining it, it's confusing.
25 Q Somebody wanted to take your Fantasea time

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-1(b)

WENOKUR RIORDAN, PLLC
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Faye C. Rasch (faye@wrlawgroup.com)

In Re:

Flagship Resort Development Corporation,

Debtor.

Case No.: 25-15047 (JNP)

Chapter: 11

Judge: Hon. Jerrold N. Poslusny
Jr.

**CERTIFICATION OF ANDREW M. MILZ, ESO IN SUPPORT OF LAWSUIT
PLAINTIFFS' OBJECTION TO CONFIRMATION OF THE PLAN OF LIQUIDATION
PROPOSED BY FLAGSHIP RESORT DEVELOPMENT CORPORATION**

ANDREW M. MILZ, of full age, hereby states and certifies as follows:

1. I am a counsel for the plaintiff consumers in the matters: (i) *Keona Palmer, et al, vs. Flagship Resort Development Corporation*, Docket No. ATL-1515-19 ("Palmer Plaintiffs"), (ii) *Alicia Castellanos vs. Flagship Resort Development Corporation*, Docket No. ATL-L-379-23 ("Castellanos Plaintiffs"), and (iii) *Michael Lantych, Sherman and Dorothy Norman v. Flagship Resort Development Corporation*, Docket No. ATL-L-744-23 ("Lantych Plaintiffs"), collectively referred to herein as the "Lawsuit Plaintiffs."

2. Exhibit 1 to this certification is a true and accurate copy of the Order certifying the case as a class action in *Michael Lantych, Sherman and Dorothy Norman v. Flagship Resort Development Corporation*, Docket No. ATL-L-744-23.

3. Exhibit 2 to this certification is a true and accurate copy of excerpts of Jay Korn's testimony from the September 22, 2022 Trial Transcript of the jury trial in *Keona Palmer, et al, vs. Flagship Resort Development Corporation*, Docket No. ATL-1515-19.

4. Exhibit 3 to this certification is a true and accurate copy of excerpts of Jay Korn's April 2, 2024 deposition testimony in *Michael Lantych, Sherman and Dorothy Norman v. Flagship Resort Development Corporation*, Docket No. ATL-L-744-23.

I HEREBY CERTIFY that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Date: 9/4/25

s/ Andrew M. Milz
ANDREW M. MILZ

Exhibit 1

PREPARED BY THE COURT

MICHAEL LANTYCH, SHERMAN and
DOROTHY NORMAN, *on behalf of*
themselves and all those similarly situated,

Plaintiffs,

vs.

FLAGSHIP RESORT DEVELOPMENT
CORP. d/b/a FantaSea Resorts, JOHN DOES
1-10, AND XYZ CORPORATIONS 1-5

Defendants.

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION/CIVIL PART

ATLANTIC COUNTY

DOCKET NO. ATL-L-000744-23

**ORDER GRANTING PLAINTIFFS'
MOTION FOR CLASS CERTIFICATION**

THIS MATTER having been brought before the Court upon the application of Plaintiffs, Michael Lantych, Sherman Norman, and Dorothy Norman, by and through their counsel, for an Order certifying this matter as a class action pursuant to Rule 4:32-2, and the Court having considered the pleadings, record, briefing, certifications, and arguments of counsel, and good cause appearing, for the reasons set forth in the memorandum of decision and on the record;

The Court makes the following findings of fact:

- 1) The “Class”, proposed by Plaintiffs is defined as all natural persons who purchased a timeshare from Flagship Resort Development Corp. d/b/a FantaSea Resorts from April 27, 2017, to April 27, 2023;
- 2) The Class, at over 10,706 individuals, is so numerous that joinder of all members is impracticable;
- 3) There are questions of law and/or fact common to the Class, and these include:
 - a. Whether Defendant is subject to the Real Estate Timeshare Act (“RETA”);
 - b. Whether Defendant is subject to the Consumer Fraud Act (“CFA”);
 - c. Whether Defendant had a consistent policy or practice of failing to give the class members the POS prior to execution of their contract documents;

- d. Whether Defendant's POS failed to include a glossary of terms;
- e. Whether Defendant violated the RETA and its Regulations;
- f. Whether Defendant violated the CFA;
- g. Whether Plaintiffs and the Class are entitled to restitution;
- h. Whether Plaintiffs and the Class are entitled to rescission;
- i. Whether Plaintiffs and the Class are entitled to damages.

3) The claims of Plaintiffs Michael Lantych, Dorothy Norman, and Sherman Norman are typical of the claims of the Class;

4) Lantych, the Normans, and their counsel Flitter Milz, PC and Schroeter Goldmark & Bender will fairly and adequately protect the interests of the Class;

5) The questions of law and/or fact common to the members of the Class predominate over any questions affecting only individual members;

6) A Class Action is superior to other available methods for the fair and efficient adjudication of this controversy; and

7) Defendant has acted or refused to act on grounds generally applicable to the class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the class as a whole.

IT IS on this 23rd day of July, 2024, ORDERED that Plaintiffs' Motion for Class Certification is GRANTED and the Court CERTIFIES the following class pursuant to R. 4:32-1(b)(2) and R. 4:32-1(b)(3):

All natural persons who purchased a timeshare from Flagship Resort Development Corp. d/b/a FantaSea Resorts from April 27, 2017, to April 27, 2023

IT IS FURTHER ORDERED that Michael Lantych, Sherman Norman, and Dorothy Norman are appointed as the Class Representatives;

IT IS FURTHER ORDERED that Flitter Milz, PC and Schroeter Goldmark & Bender are appointed as Class Counsel;

IT IS FURTHER ORDERED that the Plaintiffs shall submit within thirty (30) days of the entry of this Order a Form and Plan for Class Notice in accordance with Rule 4:32-2(b).

IT IS HEREBY FURTHER ORDERED that Service of this Order shall be deemed effectuated upon all parties upon its upload to eCourts. Pursuant to Rule 1:5-1(a), movant shall serve a copy of this Order on all parties not served electronically within seven (7) days of the date of this Order.


Hon. Ralph A. Paolone, J.S.C.

☒ Opposed [☐] Unopposed



**NOT FOR PUBLICATION WITHOUT THE APPROVAL
OF THE COMMITTEE ON OPINIONS**

RALPH A. PAOLONE, J.S.C.

1201 Bacharach Boulevard
Atlantic City, N.J. 08401-4527
(609) 402-0100 ext. 47908

TO: Andrew M. Milz, Esquire
Cary L. Flitter, Esquire
Jody T. López-Jacobs, Esquire
FLITTER MILZ, P.C.
Joe Solseng, Esquire (pro hac vice)
SCHROETER GOLDMARK &
BENDER
*Attorneys for Plaintiffs,
Michael Lantych Sherman and Dorothy
Norman*

Jordan Barbone, Esquire
JACOBS & BARBONE, P.A.
*Attorneys for Defendant,
Flagship Resort Development Corp. d/b/a
FantaSea Resorts*

RE: Michael Lantych, Sherman, and Dorothy
Norman, on behalf of themselves and all
those similarly situated v. Flagship Resort
Development Corp. d/b/a FantaSea
Resorts, JOHN DOES 1-10, and XYZ
Corporations 1-5

DOCKET NO. ATL-L-000744-23

NATURE OF MOTION: Plaintiffs' motion for class certification and Defendant's motion for summary judgment.

HAVING CAREFULLY REVIEWED THE MOVING AND OPPOSITION PAPERS, I HAVE RULED ON THE ABOVE CAPTIONED MOTION AS FOLLOWS:

NATURE OF MOTION AND RELEVANT PROCEDURAL HISTORY

On April 27, 2023, Michael Lantych, Sherman Norman, and Dorothy Norman (collectively "Plaintiffs") filed a Complaint in the Superior Court of New Jersey, Atlantic County, Law Division, Civil Part, against Flagship Resort Development Corp. d/b/a FantaSea Resorts ("Defendant" or "Flagship") alleging violations of the Real Estate Timeshare Act ("RETA") at N.J.S.A. 45:15-16.80(b), the RETA Regulations at N.J.A.C. 11.5-9A.6(a), and the Consumer Fraud Act ("CFA"). On October 12, 2023, Judge Porto signed a Consent Order establishing a schedule for discovery and class certification. On June 11, 2024, Plaintiffs filed this motion for class certification in accordance with the October 12, 2023, Consent Order. This motion was initially scheduled for

July 5, 2024, but was adjourned to July 19, 2024. On July 11, 2024, Defendant filed a cross-motion for summary judgment. On July 15, 2024, Plaintiffs filed a reply brief.

CONTENTIONS OF THE PARTIES

Plaintiffs

Plaintiffs move for class certification so the class members can be provided with notice and this case can proceed to adjudication on the merits. Plaintiffs contend Defendant's routine practice is to give timeshare buyers a copy of the Public Offering statement ("POS") only after, but never before the buyer is committed to the transaction by execution of the timeshare contract. Plaintiffs argue a representative of Defendant admitted as much under oath in the case Palmer et al. v. Flagship (ATL-L-001515-19). Plaintiffs argue this practice is a violation of RETA and its regulations, along with the CFA. Plaintiffs argue they are entitled to damages, rescission of their contracts, and other remedies based on Defendant's concealment of the POS before signing.

Plaintiffs argue class certification is proper as there are predominant questions of law (i.e., whether Defendant's failure to provide a POS before execution of timeshare agreements violates the RETA and CFA). Plaintiffs contend these issues are the same for every class member and provide a uniform statutory remedy. A class wide resolution promotes judicial economy and avoids repetition of cases litigating on the same issue. Plaintiffs further contend, in the Court's analysis, Plaintiffs are to be afforded every favorable view.

Plaintiffs further argue the proposed class meets the elements of Rule 4:32-1(a). The class as it is defined consists of 10,706 people, based on Defendant's own records and calculations; there are common questions of law and fact; the claims of the class representatives have the essential characteristics common to the claims of the class; and named Plaintiffs and counsel

adequately represent the class. Plaintiffs further argue for injunctive relief pursuant to Rule 4:32-1(b)(2) and the plain language of RETA.

Defendant

Defendant contends the proposed class cannot be fairly and adequately represented by counsel of record, namely Joe Solseng, Esquire, of Schroeter Goldmark & Bender firm (“SGB”), and class certification should be denied. Defendant also asserts, based on his affiliation in working with Mr. Solseng and his firm for the last six (6) years, Mr. Milz should be barred as well. Defendant references the Timeshare Exit Team/Reed Hein case. Defendant asserts they have discovered multiple timeshare exit fraud actions instituted against the SGB law firm filed by the State Attorney General and timeshare corporations like Westgate Resorts and Diamond Resorts. Defendant further alleges an action filed in the United States District Court for the Middle District of Florida alleges the same fraudulent timeshare exit scheme against SGB and Mr. Solseng’s colleagues. Defendant further argues the two attorneys from SGB involved in the scam, Thomas Breen, Esquire and James Hailey, Esquire, are most likely working from behind the scenes on this case. Breen and Hailey requested \$65,000.00 for more than 100 hours of combined work in the plaintiff’s fee application filed in Palmer, et al. v. Flagship, et al., ATL-L-1515-19.

Defendant argues summary judgment is appropriate as the Real Estate Commission Regulations and RETA’s language conflict with one another. Defendant argues the conflict between the Regulation and RETA mandates the language of RETA controls. Defendant asserts RETA only requires the POS to be presented at the time of purchase, not before signing.

Plaintiffs

Plaintiffs contend Defendant does not provide an affidavit, certification, or admissible evidence to challenge the presumption of adequacy of counsel. Instead, Defendant provides unauthenticated articles and press releases, i.e., rank hearsay. Plaintiffs argue Defendant attacks other lawyers from Mr. Solseng's firm for their work on different cases and speculates these other attorneys are working behind the scenes. Plaintiffs assert there is not a shred of truth to these accusations. These accusations were rejected by the four (4) judges who handled Palmer v. Flagship, ATL-L-1515-19. Plaintiffs argue any lawsuits that have been filed against SGB were from corporate timeshare defendants in retaliation for SGB representing defrauded timeshare clients. Plaintiffs further contend no Attorney General has ever alleged any misconduct by SGB.

Plaintiffs assert their counsel will seek compensation from Defendant if they prevail in this litigation, just as they did in the Palmer case. Plaintiffs' counsel will not be seeking compensation from any of the named Plaintiffs in this action as the claims propounded are fee shifting. Moreover, Plaintiff contends the record evidence demonstrates adequacy of counsel and the named Plaintiffs. Mr. Solseng is a Columbia University graduate and former FBI field agent who has tried hundreds of cases in his career. Mr. Milz is a Temple Law School adjunct professor and has been certified as adequate class counsel on at least thirty (30) occasions.

Finally, Plaintiffs argue Defendant's cross-motion for summary judgment is inadequate on its face. Moreover, dispositive motions are to be completed after a ruling on class certification pursuant to the Consent Order signed by Judge Porto on October 12, 2023.

DISCUSSION

As a preliminary matter, the Court finds Defendant's cross-motion for summary judgment to be inappropriate at this time based on the Consent Order signed by Judge Porto on October 12, 2023. The October 12, 2023, Order states, "Plaintiffs' Motion for Class Certification is to be filed no later than eight months from the date of this Order. All other dates, such as the setting of a trial date and a date for dispositive motion practice, will be established after a ruling on class certification per N.J. R. 4:32-2."

Therefore, the Court declines to consider Defendant's cross-motion for summary judgment currently. The Court will, however, consider Defendant's opposition contained in the motion in its' determination on class certification. This is a motion for class certification, not a motion for the Court to consider the merits of Plaintiffs' case.

Accordingly, Defendant's cross-motion for summary judgment is **DENIED without prejudice.**

I. Class Definition

Plaintiffs seek this Court's approval of the Class as follows:

All natural persons who purchased a timeshare from Flagship Resort Development Corp. d/b/a FantaSea Resorts from April 27, 2017, to April 27, 2023.

II. Certification pursuant to Rule 4:32-1(a)

Class actions in the State of New Jersey are governed by R. 4:32-1(a), which states:

One or more members of a class may sue or be sued as representative parties on behalf of all only if (1) the class is so numerous that joinder of all members is impracticable, (2) there are questions of law or fact common to the class, (3) the claims or defenses of the representative parties are typical of the claims or defenses of the

class, and (4) the representative parties will fairly and adequately protect the interests of the class.

a. Numerosity

R. 4:32-1(a)(1) requires the class be “so numerous that joinder of all members is impracticable.” While there is no precise number that satisfies the numerosity requirement, the Appellate Division held a class of eighty-one property owners was “sufficiently large to meet the numerosity requirement.” Saldana v. City of Camden, 252 N.J. Super. 188, 193 (App.Div.1991). “As a general rule[,]...classes of [twenty] are too small, classes of [twenty to forty] may or may not be big enough, depending on the circumstances of each case, and classes of forty or more are numerous enough.” Baskin v. P.C. Richard & Son, LLC, 246 N.J. 157, 174 (2021) (citation omitted).

The potential class at issue here is defined as, “[a]ll natural persons who purchased a timeshare from Flagship Resort Development Corp. d/b/a FantaSea Resorts from April 27, 2017, to April 27, 2023.” The Title Agent for Defendant was instructed to prepare a spreadsheet of class members responsive to Plaintiffs’ discovery requests. Based on the above class definition, the Title Agent testified there are 10,706 individuals who meet the classification. Pl. Ex. 9 (Dep of Lisa Van Winkle) at 30:16-24. Accordingly, the total number of class members is sufficient to satisfy the numerosity requirement for class certification.

b. Commonality

R. 4:32-1(a)(2) requires that “there are questions of law or fact common to the class.” Federal courts have explained that “not all questions of law or fact raised need be in common.” Weiss v. York Hospital, 745 F.2d 786, 808-809 (3d Cir.1984), cert. den., 470 U.S. 1060 (1985). A single common question may be sufficient. See Delgozzo v. Kenny, 266 N.J. Super 169, 185 (App. Div. 1993).

Here, all potential class members share the common factual issue of purchasing a timeshare from Defendant. It has been alleged it was Defendant's common practice to not provide the POS until after signing. Whether the class members were given the POS before signing is a common question of fact, and whether this violates RETA is a common question of law among all class members. Accordingly, as a common question of law and fact exists among all class members, the proposed class meets the commonality requirement for class certification.

c. Typicality

R. 4:32-1(a)(3) requires "the claims or defenses of the representative parties [be] typical of the claims or defenses of the class." A class representative's claims are typical if they "have the essential characteristics common to the claims of the class." In re Cadillac V8-6-4 Class Action, 93 N.J. 412, 425 (1983). "A finding of commonality will ordinarily support a finding of typically." Gen. Tel. Co. Of the Sw. v. Falcon, 457 U.S. 147, 157 (1982). The typicality requirement ensures the interests of the class, and the class representative are aligned.

Here, all claims arise from Defendant's alleged common practice of withholding the POS before signing and are based on the same legal theories. Accordingly, all class members have the same claim based on a factual issue in common. None of the potential class members have asserted individualized damages based on Defendant's actions. Further, as all potential class members have the same claims against the same party, Defendant is entitled to the same defenses for all class members. In fact, Defendant has already outlined one of their defenses in their improperly filed cross-motion for summary judgment. Accordingly, the proposed class satisfies the requirements of typicality.

d. Adequate Representation

R. 4:32-1(a)(4) states “the representative parties will fairly and adequately protect the interests of the class.” Determining the adequacy of representation requires the following two factors be established: “(a) plaintiff’s attorney must be qualified, experienced, and generally able to conduct the proposed litigation, and (b) the plaintiff must not have interests antagonistic to those of the class.” Delgozzo, *supra*, 266 N.J. Super. at 188.

In this matter, Flitter Milz, PC, and the Schroeter Goldmark & Bender law firm have applied for appointment as class counsel. Andrew Milz, Esquire, Cary L. Flitter, Esquire, and Jody Lopez-Jacobs, Esquire, of Flitter Milz, PC, have been named on Plaintiffs’ brief. Joe John Solseng, Esquire, of Schroeter Goldmark & Bender, has also been admitted *pro hac vice* in this matter. The evidence presented demonstrates both firms, and all attorneys named, possess considerable experience in the litigation of class action lawsuits.

Andrew Milz, Esquire, of Flitter Milz, PC, provided a certification along with this motion. See Pl. Ex. 13 (Milz Certification). Mr. Milz is admitted to practice, and is a member in good standing, before numerous courts throughout Pennsylvania, New Jersey, and Illinois, as well as the United States Court of Appeals for the Third Circuit. Moreover, Mr. Milz has been admitted *pro hac vice* in consumer protection matters in California, Connecticut, Delaware, Florida, Maryland, North Carolina, New York, and Texas. Mr. Milz has also been certified class counsel in numerous consumer cases. Mr. Milz certifies he has been class counsel in thirty-eight (38) other class/mass action lawsuits. He has been litigating matters such as this for the past fourteen (14) years.

Cary L. Flitter, Esquire, of Flitter Milz, PC, also provided a certification. See Pl. Ex. 15 (Flitter Certification). Mr. Flitter has been admitted to the bar for forty-two (42) years. Mr. Flitter is admitted to practice before the United States Supreme Court, the Third Circuit, Fourth Circuit,

Eighth Circuit, as well as numerous other courts throughout Pennsylvania, New Jersey, and New York. Mr. Flitter is an adjunct professor for Temple University, James E. Beasley School of Law, Widener University Delaware Law School, and Philadelphia University. There are over one hundred reported federal and state decisions for which Mr. Flitter was lead or co-lead counsel, available on Westlaw and Lexis. Moreover, Mr. Flitter has been appointed as class counsel in at least nineteen (19) cases and has represented defendants in class actions in at least two (2) cases.

Jody Lopez-Jacobs, Esquire, filed a certification in support of his appointment. See Pl. Ex. 16 (Lopez-Jacobs Certification). He is admitted in the bars of the United States Court of Appeals for the Third Circuit, the Western District of Pennsylvania, the Middle District of Pennsylvania, and the District of New Jersey. Moreover, he is admitted to the bars of Pennsylvania and New Jersey. He began working for Flitter Milz, PC, in 2017. Mr. Lopez-Jacobs certifies he has litigated several consumer class action cases, resulting in millions of dollars and other relief, for thousands of consumers.

Finally, Joe John Solseng, Esquire, of Schroeter Goldmark & Bender, filed a certification attached to this motion. See Pl. Ex. 14 (Solseng Certification). Mr. Solseng has been admitted *pro hac vice* in this case and two (2) other mass action cases against Defendant in Atlantic County. In Palmer et al. v. Flagship Resort Development Corp., ATL-L-1515-19, Solseng and Milz obtained a jury verdict against Defendant for separate violations of the CFA and RETA. He has also been admitted *pro hac vice* in Castellanos et al. v. Flagship, ATL-L-379-23. Mr. Solseng is currently admitted to the Washington, Oregon, California, and Nevada bars. Mr. Solseng was a Special Agent with the Federal Bureau of Investigation from 1987 to 1990. He was then a prosecuting attorney in the State of Washington from 1990 to 2008. He had his own law firm from 2008 to 2018. In 2018 he began working for Schroeter Goldmark & Bender. Although Mr. Solseng has

never handled a class action case himself, he certifies Mr. Milz has extensive experience. Further, two (2) shareholders in his firm, Lindsay L. Halm, Esquire, and Adam J. Berger, Esquire, have handled over fifty (50) class action cases in state and federal courts in Washington. Mr. Solseng states he will utilize the resources his firm, and Flitter Milz, PC, have to offer.

Defendants argue SGB has been involved in questionable dealings in the past, however, the Court finds the proposed class counsel to be highly qualified to help the proposed class litigate this matter to its completion. In fact, Mr. Milz and Mr. Solseng have already helped other plaintiffs litigate a matter in Atlantic County against Defendant to its completion. Moreover, the Court notes Mr. Solseng was admitted *pro hac vice* in this matter without objection. The Court considers the other matters within Atlantic County for which Mr. Solseng has been admitted *pro hac vice* to be highly persuasive in favor of certification. The Court is convinced, with the expertise of Flitter Milz, PC, and Schroeter Goldmark & Bender, the proposed class will be adequately represented by counsel in this matter.

Furthermore, the proposed class representatives (Michael Lantych, Dorothy Norman, and Sherman Norman) have been advocating on behalf of themselves, and the proposed class for approximately one (1) year and three (3) months, ensuring their claims reflect those of the class as a whole. Moreover, Plaintiffs seek restitution and rescission of the timeshare agreement affordable under RETA for themselves which clearly does not conflict with the interests of the proposed class. Accordingly, all the requirements of R. 4:32-1(a) have been established.

III. Injunctive Relief Pursuant to Rule 4:32-1(b)(2)

Rule 4:32-1(b)(2) provides that if “the party opposing the class has acted or refused to act on grounds generally applicable to the class, thereby making appropriate final injunctive relief or

corresponding declaratory relief with respect to the class as a whole...” then certification is warranted. A party who invokes Rule 4:32-1(b)(2) for class certification must be seeking declaratory or injunctive relief and the defendant(s) must have acted or refused to act on grounds generally applicable to the class. This latter requirement is generally referred to as the need for cohesiveness. Amchem. Prods., Inc. v. Windsor, 521 U.S. 591, 624 (1997); Barnes v. Am. Tobacco Co., 161 F. 3d 127, 142-43 (3d Cir. 1998); Goasdone v. Am. Cyanamid Corp., 354 N.J. Super. 519, 531 (Super. Ct. 2002).

Here, in addition to a monetary judgment, the proposed class seeks restitution and rescission pursuant to the language set forth in RETA. N.J.S.A. 45:15-16.80(b) states, “restitution of all monies paid and, where a developer has failed to provide to a purchaser a copy of the current public offering statement approved by the commission prior to execution of the contract or agreement, rescission of the contract.” The Court finds the proposed class to be cohesive. It was Defendant’s alleged common practice and custom to not provide potential purchasers of a timeshare with the POS until after signing during the period provided by the proposed class definition. If Plaintiffs succeed in this litigation, all class members would be entitled to the injunctive relief provided by RETA.

Accordingly, the Court finds Plaintiffs have established the requirements of Rule 4:32-1(b)(2).

IV. Requirements of Rule 4:32-1(b)(3)

a. Predominance

R. 4:32-1(b)(3) requires the Court to find “that the questions of law or fact common to the members of the class predominate over any questions affecting only individual members.” To

determine predominance, the Court must decide whether the proposed class is “sufficiently cohesive to warrant adjudication by representation.” Dugan v. TGI Fridays, Inc., 231 N.J. 24, 48 (2017). However, “to establish predominance, plaintiff does not have to show that there is an ‘absence of individual issues or that the common issues dispose of the entire dispute,’ or ‘that all issues [are] identical among class members or that each class member [is] affected in precisely the same manner.’” Baskin v. P.C. Richard & Son, LLC, 246 N.J. 157, 175 (2021) (alterations in original) (quoting Lee v. Carter-Reed Co., LLC, 203 N.J. 496 (2010))

In this case, the identical factual and legal issues for all proposed class members favors adjudication by representation. At this time, the Court is unaware of any of the individual proposed class members coming forward with issues outside of the issues represented as common among the whole class. Accordingly, this Court finds the questions of law or fact common to the proposed members of the class predominate over any questions affecting only individual members.

b. Class Action Superiority

“A class action plaintiff must also demonstrate that a class action is superior to other available methods for the fair and efficient adjudication of the controversy.” Baskin, *supra*, 246 N.J. at 175 (quoting R. 4:32-1(b)(3)). Deciding superiority “involves considerations of fairness to the putative class members and the defendant, and the ‘efficiency’ of one adjudicative method over another.” Lee, *supra*, 203 N.J. at 520. (citing In re Cadillac, *supra*, 93 N.J. at 436). The Court must also consider the manageability of a class action. Ibid.

In this case, the Plaintiff class has requested certification to facilitate class action adjudication of their common claims under the CFA, RETA, and its regulations. The Court finds that resolving this dispute as a class action is distinctly more efficient than adjudicating these

actions individually with each Plaintiff. Additionally, should class certification be denied, litigating 10,706 cases would undoubtedly burden judicial resources. Consequently, the Court concludes that a class action lawsuit is superior to alternative litigation methods in this instance.

The Court finds the proposed class meets the requirements of Rule 4:32-1(b)(3). Accordingly, Plaintiffs' motion for class certification is GRANTED. This Court hereby certifies this class pursuant to R. 4:32-1(a), 4:32-1(b)(2), and 4:32-1(b)(3) as "[a]ll natural persons who purchased a timeshare from Flagship Resort Development Corp. d/b/a FantaSea Resorts from April 27, 2017, to April 27, 2023." Plaintiffs Michael Lantych, Dorothy Norman, and Sherman Norman are hereby designated class representatives. Flitter Milz, PC and Schroeter Goldmark & Bender are hereby appointed class counsel. Plaintiffs shall move within thirty (30) days for approval of a notice of class action to all prospective class members.

An appropriate Order is entered on eCourts. Conformed copies accompany this memorandum of decision.

Dated: 7/23/2024



Hon. Ralph A. Paolone, J.S.C.

Exhibit 2

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION, CIVIL PART
ATLANTIC COUNTY, NEW JERSEY
DOCKET NO. ATL-L-1515-19
APP. DIV. NO. A-003287-22-T1

KEONA PALMER, DUANE ST.AMOUR, :
ANA ST. AMOUR, BRIAN ROWARD, :
JENNY ROWARD, JUDITH JONES, :
NIGUEL FIGUERO, OTILIO M. SEDA, :
JR. CARMEN SEDA JAMES COHEN, :
STEPHEN BELL, SONIA LENHARDT :
BELL, JO-ANN WRIGHT, DENISE : **TRANSCRIPT**
FRAWLEY, THOMAS FRAWLEY, BRIAN :
HART, JESSICA HART, SANDRA : **OF**
MOONEY, AND THOMAS MOONEY, :
: **TRIAL**
: **PLAINTIFFS,**
VS. :
: **FLAGSHIP RESORT DEVELOPMENT**
CORP. D/B/A FANTASEA RESORTS, :
JOHN DOES 1-10, AND XYZ :
CORPORATIONS 1-5, :
: **DEFENDANTS.**
: **DEFENDANTS.**

PLACE: Atlantic County Civil Court Bldg.
1201 Bacharach Blvd., 3rd floor
Atlantic City, NJ 08401

DATE: September 22, 2022

BEFORE:

THE HONORABLE STANLEY L. BERGMAN, JR., J.S.C. &
JURY

TRANSCRIPT ORDERED BY:

JORDAN L. BARBONE, ESQ. (Jacobs & Barbone, P.A.)

PATRICIA D. WTULICH
AUTOMATED TRANSCRIPTION SERVICES
P.O. Box 1582
Laurel Springs, New Jersey
(856) 784-4276
(856) 784-7245 (fax)

autotranscripts@comcast.net

Digitally Recorded, Operator - Jenny Rogers

1 in house.
2 Q Okay. Some you hold in house, others get
3 packaged into a portfolio by another lender; right?
4 A That is correct. Pledged to another lender.
5 Q Pardon me?
6 A Pledged.
7 Q Pledged to another lender, okay. And what
8 percentage of people borrow?
9 A Probably about 90 percent of the new week.
10 Q And for those 90 percent that borrow, and
11 I'll represent to you, all of our clients -- all of my
12 clients, all 11 transactions involve a mortgage loan
13 and a Truth and Lending Statement, and things of that
14 nature; okay?
15 So in the case of all lender of my clients, they
16 would get the same general packet of documents they
17 need to sign at closing; correct?
18 A Correct.
19 Q I believe we've got a few people, two of my
20 clients are from New York, so they've got a different
21 POS?
22 A And a different rescission period.
23 Q And a different rescission period, okay. So
24 apart from those two New York people, and those minor
25 -- those details about theirs, the POS and the

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1 different rescission period, the details, the documents
2 are relatively the same?
3 A Correct.
4 Q Okay. And all in all it's about 70 pages of
5 documents to review and sign; right?
6 A Yes.
7 Q Okay. And of course that's not counting the
8 Public Offering Statement; right?
9 A That is not counting the Public Offering
10 Statement.
11 Q And the Public Offering Statement that's --
12 A Hefty.
13 Q -- you know, that's I mean we've all seen
14 them throughout the trial. We've printed them out and
15 they're stacked back there. But you know, I think you
16 described it your deposition as phone book size?
17 A Yes.
18 Q So it's phone book size. A lot of
19 information; right?
20 A Yeah, a lot of information.
21 Q So that's an additional 300 and 500 pages
22 taken away?
23 A Correct.
24 Q And that Public Offering Statement is
25 required to have a glossary in it; isn't that right?

1 A I understand that now. But it was not my
2 understanding before.
3 Q Okay. And if there was a glossary in it,
4 you'd be able to find a particular word such as "Red
5 Season"; right? Maybe flip to a place that tells you
6 what red season is; right?
7 A Correct.
8 Q But Flagship's did not have a glossary in it
9 for this period in 2012 to 2017; right?
10 A That is correct.
11 Q Okay. I mean without that glossary, how else
12 would you find anything in it?
13 A Read it.
14 Q Read it, right off 300 pages, and you've got
15 to go through it page by page; right?
16 A Correct.
17 Q Now I understand that the Public Offering
18 Statement, that big phone book size prospectus about
19 the Time Share, that has to get filed with the New
20 Jersey Real Estate Commission; correct?
21 A Correct.
22 Q Okay. In fact, you have two obligations, if
23 you want to sell Time Shares in New Jersey; right?
24 Register and file a POS; right?
25 A Correct.

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1 Q Okay. And Flagship does that, it files its
2 POS with the New Jersey Real Estate Commission; right?
3 A Correct.
4 Q Okay. And it's that version that is to be
5 given to the consumer prior to the consumer executing
6 any documents; right?
7 A Correct.
8 Q And you'll agree with me, sir, that as a
9 matter of practice Flagship does not provide the POS to
10 the consumer prior to the consumer signing documents;
11 is that right?
12 A They're done simultaneously.
13 Q They're done simultaneously, okay. But like
14 I said that wasn't my question. My question to you was
15 Flagship does not provide it to the consumer prior to
16 the consumer signing any documents; is that right?
17 A Correct, not in advance.
18 Q Not in advance? And you know we can disagree
19 on a lot of things Mr. Korn. But I think we can agree
20 prior to means before; right?
21 A Correct.
22 Q And before means prior to; right?
23 A Correct.
24 Q Okay. So the consumers are to be given an
25 opportunity to read that Public Offering Statement

1 before they sign any documents; right?
2 A Correct.
3 Q And Flagship doesn't provide the consumers
4 with that opportunity; does it?
5 A Correct.
6 Q And I know Flagship gives the consumer a
7 Public Offering Statement on a CD Rom; right?
8 A No. Consumer has the option of having it a hard
9 copy or on a CD Rom.
10 Q Okay. And in that Purchaser's Authorization
11 and Annual Use Form, the one with the 14 paragraphs.
12 There's a box there that says, you know, I elect to
13 have this in CD or hard copy; right?
14 A Correct.
15 Q And Ms. Stransky testified the deeder check
16 that box. Sir, are you aware of that?
17 A Yes.
18 Q Okay. You don't have any reason to doubt
19 that; right?
20 A Not at all.
21 Q So Ms. Stransky checks the box, or whoever
22 the deeder is checks the box for CD. The Flagship puts
23 that CD Rom in the package of the rest of the documents
24 the consumer takes home with them; right?
25 A Correct.

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1 Q You'll agree with me that's after all the
2 documents are signed; right?
3 A Correct.
4 Q Not before and not prior?
5 A Correct.
6 Q So if that's the case, there's no way the
7 consumer can have a reasonable opportunity to review
8 the contents of the Public Offering Statement before
9 they sign; right?
10 A That is correct.
11 Q Flagship doesn't have a computer terminal
12 there, where the consumer if she or he wanted to take
13 that CD Rom, pop it in there, and scroll through it and
14 look at it; is that right?
15 A No, we do.
16 Q Okay.
17 A If someone wanted to look at it, we'd certainly
18 give them either the hard copy --
19 Q Have you ever heard of a consumer asking for
20 that?
21 A Yeah, it's actually happened.
22 Q Okay. That's the first I've heard of it.
23 When I deposed you that wasn't the case. Is that a
24 recent thing. Yes, more recent thing.
25 Q Okay. More recent. But from 2012 to 2017

1 there's no computer terminal there, specifically for
2 the purpose of the consumer popping that CD Rom in
3 there, as to review the contents of the Public Offering
4 Statement; right?
5 A Correct.
6 Q Did you ever read the Public Offering
7 Statement?
8 A I have.
9 Q Okay. From cover to cover?
10 A Multiple times.
11 Q Okay. Would you be surprised to learn that
12 Ms. Stransky when she sat here. The woman who's
13 responsible for going through these contract documents
14 and explaining to the consumer what's in them as
15 they're signing them, or what this document represents.
16 Would you'd be surprised to hear that she sat there and
17 she said she's never read in her 20 years at Flagship?
18 A It wouldn't surprise.
19 Q Okay. Does Flagship require any of its
20 deeders to read the Public Offering Statement?
21 A No.
22 Q So I want to look at a couple of documents
23 here, and I'll stick with the St. Amours, because
24 they're the first number of exhibits, and easiest for
25 me to pull up.

245

1 A Okay.
2 Q So I've got some questions, and maybe you can
3 answer them, as you sit here, Mr. Korn. So I'm -- this
4 is the Deed In Lieu of Foreclosure, it's Exhibit 4.
5 And there's a legal description along with that?
6 A Yeah.
7 Q Okay. And there's also a legal description
8 in the Purchase and Sale Agreement; right?
9 A Yeah.
10 Q And that legal description is supposed to
11 tell the buyer what they're buying; right?
12 A Yes.
13 Q Describe to the buyer what they're buying.
14 And so just like in the Purchase and Sale Agreement
15 this says that the St. Amours were buying one week
16 every calendar year during the high peak season, as
17 more specifically set forth in Grand Tours Public
18 Offering Statement; do you see that?
19 A Yep.
20 Q So one would look to the Public Offering
21 Statement to figure out what that means; right?
22 A Yep.
23 Q Okay. So let's go the Public Offering
24 Statement we see them, which is Exhibit 6. And sir,
25 I'll represent to you that the Public Offering

Exhibit 3

1 SUPERIOR COURT OF NEW JERSEY
2 LAW DIVISION/CIVIL PART
3 DOCKET NO. ATL-L-000744-23

4 - - -

4 MICHAEL LANTYCH, :
5 SHERMAN and DOROTHY :
6 NORMAN, on behalf of :
7 themselves and all :
8 those similarly :
9 Situated, :
10 Plaintiffs :
11 vs. :
12 FLAGSHIP RESORT :
13 DEVELOPMENT CORP. :
14 d/b/a FantaSea :
15 Resorts, JOHN DOES :
16 1-10, and XYZ :
17 CORPORATIONS 1-5, :
18 Defendants :

19 - - -

20 Oral deposition via Zoom of JAY KORN,
21 held on Tuesday, April 2, 2024, commencing at
22 12:00 p.m. Before Mary Ann Timko, Professional
23 Court Reporter.

24 TIMKO COURT REPORTING
31 North Maple Avenue, Apt. 533
Marlton, New Jersey 08053
856 - 983-0686

JAY KORN

1 Q. Can we agree that we'll refer to the
2 Flagship Corporation which does business as
3 FantaSea Resorts, is it okay if we just refer
4 to it as Flagship?

5 A. Perfectly fine.

6 Q. As the corporate designee what that
7 means is you are speaking for the corporation.
8 Do you understand that?

9 A. I do.

10 Q. So a corporation can't really testify,
11 so there's legal workaround for that where they
12 designate someone and that someone is you
13 today. Do you understand that?

14 A. I do.

15 Q. And you understand that your answers
16 will be treated as Flagship's answers; right?

17 A. I do.

18 Q. And that your answers will be binding
19 on Flagship; right?

20 A. I understand.

21 Q. That's the capacity in which you
22 testified both in the Palmer deposition and in
23 the Palmer trial a couple years ago; right?

24 A. Correct.

JAY KORN

1 that?

2 A. That's in the Public Offering Statement
3 and each owner also now receives a copy of the
4 club rules.

5 Q. You didn't change the Purchase and Sale
6 Agreement because of that change?

7 A. No. The Purchase and Sale Agreement
8 would have been modified to reflect the
9 inclusion of the club.

10 Q. So you did change the PSA to reflect
11 that?

12 A. Correct.

13 Q. What about the Owner's Acknowledgment,
14 is it in there?

15 A. Yes.

16 Q. So that would have been changed in the
17 first week of March of 2023?

18 A. Correct.

19 Q. So everybody who purchased before the
20 first week of March 2023, they all pretty much
21 have the same purchase documents; right?

22 A. Correct.

23 Q. And everybody who purchased after the
24 the first week of March 2023, they have pretty

JAY KORN

1 much all those same documents except that it
2 also explains this club overlay change?

3 A. Correct.

4 Q. Otherwise the 10,706, they're the same?

5 A. The deed is the deed.

6 Q. You testified as a witness, as the
7 corporate designee for Flagship in the Palmer
8 trial at the end of 2022; right?

9 A. Yes; the fall of '22.

10 Q. You testified truthfully during the
11 trial; right?

12 A. Absolutely.

13 Q. You were deposed as part of that case
14 before you testified; right?

15 A. Correct.

16 Q. And you testified truthfully in your
17 deposition; right?

18 A. Correct.

19 Q. Is there anything after now it's been a
20 year plus, anything that you would like to
21 correct or change about the testimony you gave
22 in the deposition for the Palmer case?

23 A. No.

24 Q. Is there anything you would like to

JAY KORN

1 correct or change from your testimony in the
2 Palmer trial?

3 A. No.

4 Q. Did you hear Violet Stransky's
5 testimony during the Palmer trial?

6 A. I did not. I was not present for her
7 testimony. I believe she testified before me.

8 Q. Are you familiar with her testimony
9 from that trial?

10 A. Loosely.

11 Q. Do you have any reason to think that
12 she believes any of her testimony was
13 inaccurate during that trial?

14 A. I have not spoken to her. I can't
15 speculate as to her state of mind.

16 Q. How about Miss Rapp, she testified at
17 the Palmer trial as well?

18 A. I cannot speculate as to her state of
19 mind.

20 Q. You understand that following that
21 trial the jury found that Flagship had
22 knowingly failed to provide the Public Offering
23 Statement prior to the execution of the
24 contract documents; right?

JAY KORN

1 A. That was the jury's decision.

2 Q. In fact, that was consistent with your
3 testimony during the trial, wasn't it?

4 A. It was.

5 Q. You would also acknowledge that in the
6 Palmer trial the jury found that Flagship had
7 knowingly failed to afford the Plaintiffs a
8 reasonable opportunity to read the Public
9 Offering Statement before they signed the
10 contract documents; right?

11 A. Was that my testimony?

12 Q. I'm going to get to that. That was
13 what the jury found; correct?

14 A. Okay. If that's what you said the jury
15 found.

16 Q. In fact, that was consistent with your
17 testimony, wasn't it?

18 A. If you say so.

19 Q. Well, I mean, I can show you your
20 testimony if you'd like. The pagination from
21 the court reporter and the pagination on my
22 computer doesn't match up so I have to kind of
23 hunt around for it. I'm going to share my
24 screen with you.

JAY KORN

1 A. You got to make that bigger.

2 Q. I can do that. I kind of skipped ahead
3 here. This is the transcript of the trial. Do
4 you see that?

5 A. Yes.

6 Q. It says that the witnesses for the
7 Plaintiff include Jay Korn. And then these are
8 the page numbers. That is your testimony. Do
9 you see that?

10 A. I do.

11 Q. Then now we jump here to the bottom of
12 page 242. If I make it any bigger than this,
13 then it --

14 A. Okay. Give me an idea what line we're
15 looking at.

16 Q. So right down here Mr. Milz is asking
17 you questions. And then line 21 down here
18 towards the bottom he says: So Ms. Stransky
19 checks the box, or whoever the deeder is checks
20 the box for CD. The Flagship puts that CD-ROM
21 in the package of the rest of the documents the
22 consumer takes home with them; right?

23 Answer: Correct.

24 This is now the top of page 243.

JAY KORN

1 Question: You'll agree with me that's
2 after all the documents are signed; right?

3 Answer: Correct.

4 Question: Not before and not prior?

5 Answer: Correct.

6 Question: So if that's the case,
7 there's no way the consumer can have a
8 reasonable opportunity to review the contents
9 of the Public Offering Statement before they
10 sign; right?

11 Answer: That is correct.

12 So is that consistent with your
13 testimony?

14 A. Yes. That is my testimony.

15 Q. Is your testimony today consistent with
16 your testimony from the trial?

17 A. Correct.

18 (Whereupon, Jay Korn Trial
19 Transcript was marked Exhibit Number 2
20 for identification.)

21 BY MR. SOLSENG:

22 Q. Do you remember as part of the jury's
23 verdict they were asked to determine if nine
24 clauses that Flagship used in its promotional

JAY KORN

1 documents and its contract documents, if the
2 jury considered those to be an attempt to have
3 the buyer waive Flagship's compliance with
4 provisions of the Timeshare Act? Do you
5 remember that portion of the trial?

6 A. I do.

7 Q. Do you remember that the jury found
8 that all nine of those clauses were in fact an
9 attempt for Flagship to waive its compliance
10 with provisions of the Timeshare Act?

11 A. I do.

12 Q. Why did Flagship put those nine clauses
13 in their contract documents?

14 A. On advice of counsel that's how the
15 documents were arranged. Not Mr. Barbone's
16 counsel, Cooper Levenson's counsel.

17 Q. The counsel that Flagship hired to
18 draft their documents?

19 A. That's correct.

20 Q. They recommended that those clauses be
21 put in there?

22 A. That's correct.

23 Q. I just want to make sure that the
24 process is as I recall it. So after the buyer

JAY KORN

1 Stransky or she was. I don't know, is she
2 still there?

3 A. She is. She just lost her husband this
4 week.

5 Q. I'm sorry about that. Another one is
6 Rosemarie Rapp; right?

7 A. Correct.

8 Q. Who else are deeders?

9 A. In this period of time that you're
10 talking about?

11 Q. Sure.

12 A. Priscilla Hopkins, Suzanne DeTomaris.
13 I can't think of this kid's name. Am I getting
14 graded on my memory?

15 Q. And a male whose name you can't recall?

16 A. A tall, thin dude. Ronald something.

17 Q. That's enough. We don't have to beat
18 that dead horse.

19 I'm going to step back. All of the
20 people who sell timeshares for Flagship are
21 also licensed real estate agents; right?

22 A. That is correct.

23 Q. And they are all employees of Flagship;
24 correct?

JAY KORN

1 A. In the period in time, yes and no. We
2 made a change where formerly the salespeople
3 and sales managers may have been independent
4 contractors and we converted them to employees
5 I believe in 2022.

6 Q. If they were independent contractors,
7 they were working under the brokerage license
8 of Flagship?

9 A. That is correct. And as I understand
10 it, you cannot have your shingle hanging at two
11 places.

12 Q. I'm not sure what you mean by that.

13 A. You have a license, you can't work at
14 three different places in the same capacity
15 under a separate broker.

16 Q. The fact that they were deemed
17 independent contractors for Flagship meant that
18 they could only work under Flagship's brokerage
19 license?

20 A. Further, even as an employe you can't
21 hang your license in more than one place. It
22 doesn't matter whether you're an independent
23 contractor or not.

24 Q. Then as Miss Stranksy testified,

JAY KORN

1 there's a very set formula for how a deeder
2 takes a buyer through the purchase documents;
3 right?

4 A. That is correct.

5 Q. And again, that's part of Flagship's
6 business model; right?

7 A. That is correct.

8 Q. The goal is to do all of the closings
9 all the time all the same way?

10 A. That is correct.

11 Q. And they present the documents in the
12 purchase process all in the same way; correct?

13 A. Correct. Can I interrupt here?

14 Q. Yes.

15 A. Can I ask for seven minutes?

16 Q. You bet.

17 (Brief recess.)

18 BY MR. SOLSENG:

19 Q. Where we left off, Mr. Korn, was you
20 confirmed that the deeders are trained to do
21 everything in the same order, present all the
22 documents in the same order; right?

23 A. That's correct.

24 Q. That includes providing the Public

JAY KORN

1 Offering Statement only after the contracts
2 have already been signed; right?

3 A. That's mostly accurate. The Public
4 Offering Statement is on the deeder's desk in
5 the deeder's office and is available if the
6 purchaser wants to review it.

7 Q. But when is the purchaser told that
8 there is a Public Offering Statement on a CD?

9 A. Down in the stack. But clarifying the
10 question, they have the option to take it on CD
11 and during the interval in question they have
12 always had the option to take it as a hard copy
13 or on CD.

14 Q. You introduced the term down in the
15 stack. What does that mean?

16 A. The contract documents stack which are
17 being executed at the point of sale.

18 Q. So when you say the stack, you're
19 talking the stack of contract documents?

20 A. Correct.

21 Q. What does the term down in the stack
22 mean?

23 A. Prior to the jury's decision in the
24 Palmer case it may have been towards the

JAY KORN

1 bottom.

2 Q. What was towards the bottom?

3 A. The condo document, receipt for
4 condominium documents, the actual issuance of
5 the AOS.

6 Q. But there's a written document that is
7 a Receipt of Condominium Documents; right?

8 A. Correct.

9 Q. Let's pull one up. This is going to be
10 Exhibit 3 which is the Receipt of Condominium
11 Documents for the Normans' first purchase in
12 June of 2015.

13 A. Well, that's not what you said earlier.

14 Q. What? How are we miscommunicating?

15 A. The time frame on Norman -- the
16 question earlier was about the onboarding to
17 Equiant and I thought the initial purchase was
18 in 2017. The up-sell was in '17. The original
19 purchase was in 2015?

20 Q. Correct.

21 A. Okay.

22 Q. You want to change any answer based on
23 that?

24 A. No; because the onboarding part with

JAY KORN

1 Equiant would have been the same.

2 (Whereupon, Receipt of
3 Condominium Documents was marked
4 Exhibit Number 3 for identification.)

5 BY MR. SOLSENG:

6 Q. I'm going to share my screen.

7 A. Yes.

8 Q. This is Exhibit 3. It says Receipt of
9 Condominium Documents. And just so
10 everything's clear, the condominium document
11 and Public Offering Statement are
12 interchangeable.

13 A. That is correct.

14 Q. In fact, if we look down here it says:
15 By execution of this Receipt buyer certifies
16 they have received a copy of the Public
17 Offering Statement and the schedules and
18 exhibits annexed thereto; right?

19 A. Correct.

20 Q. You testified about this document, the
21 receipt of the POS, that this was down pretty
22 far in the stack before the Palmer trial;
23 right?

24 A. Correct. The election was made down in

JAY KORN

1 the process of the document's signing.

2 Q. I don't understand what you just said.

3 A. Well, Mr. and Mrs. Norman had the
4 option, when this was given to them, to take
5 the Public Offering Statement either on CD or
6 in paper. Both were available in front of
7 them. These people elected to take a CD.

8 Q. My understanding is everybody elects
9 the CD; right?

10 A. That's not really accurate. In the
11 beginning when we first began to offer the CD,
12 nobody would take it. They all wanted the
13 book. And then as CDs became more popular or a
14 more regular part of life I guess you might
15 say, it shifted to go 90/10 the other way,
16 meaning people took the CD. But at all times
17 here there was a hard copy of the Public
18 Offering Statement, depending on the property
19 and the state from which the people were from,
20 available for them to see on the desk.

21 Q. The testimony at the Palmer trial was
22 that the deeders placed the CD-ROM with the POS
23 in it into the folder for the buyers after the
24 buyers had signed all the contract documents;

JAY KORN

1 right?

2 A. If that's the testimony, correct.

3 Q. Is that still the process at Flagship?

4 A. Well, let's clarify the process. If
5 the buyer elected to take it on paper, they got
6 the paper instead of the CD in their take-home
7 pack.

8 Q. If they elected to take it in paper,
9 then they got the paper copy when they got all
10 their signed contract documents back?

11 A. Correct. But the paper copy was always
12 available in the deeding office for review if
13 the purchaser wanted to read it.

14 Q. What if they took it by CD?

15 A. There was still a paper copy in the
16 office.

17 Q. When are they given the CD? The
18 testimony at trial was they were given the
19 CD --

20 A. Included in their paperwork, correct.

21 Now, the first question was has this
22 changed and the answer to that is yes, in light
23 of the Palmer event sometime in the fall, I
24 think it's '22 -- is that right? Is that when

JAY KORN

1 the Palmer case was?

2 Q. The Palmer trial was September of '22.

3 A. So sometime in October or so of '22 the
4 process was moved to the front of the deeding
5 process. So as the customer comes into the
6 deeding office the very first document which is
7 executed is Mr. Jones, here's a paper copy. If
8 you'd like to take a few minutes to review it
9 or you can have it on CD. We've subsequently
10 gone to a thumb drive because CDs went out of
11 style and nobody had a CD player anymore except
12 for us, and people, everybody had a thumb drive
13 and they could plug it in.

14 Q. When did you shift to a thumb drive?

15 A. Sometime in late '22, early '23. But
16 the process was changed in the beginning where
17 the book was presented to the customer at the
18 beginning of the deeding process with the
19 option to review it.

20 Q. Does Flagship have any sort of written
21 manual that lays out the process for the
22 deeders to go through with the buyer?

23 A. There was a memo that was put out. I
24 don't have it in front of me that I could find

JAY KORN

1 and give to Mr. Barbone to relay to you.

2 Q. So there's a written memo about it?

3 A. Correct. It was actually an email.

4 Q. Was that ever formalized in any
5 training manual or anything like that?

6 A. No. There was no need to because if an
7 email comes from me, it's really the policy.

8 Q. Was there any training given beyond you
9 sending out this email memo?

10 A. I spoke to the head of the deeding
11 office, Howard Alter, about this at great
12 length to make sure that he understood the
13 importance of what we were doing and how it was
14 to be done, and in pure Flagship's fashion to
15 be done the same way every time, cookie cutter
16 without exception.

17 Q. I guess I'm still not quite sure about
18 this Exhibit 3, the Receipt of the POS. So
19 they sign this now earlier in the process?

20 A. With the availability of the book in
21 front of them in their hand.

22 Q. All right. But that happened in
23 approximately October of 2022?

24 A. That is correct.

JAY KORN

1 which the purchaser should mail any notice of
2 cancellation?

3 A. Without a question.

4 Q. Then paragraph 34 talks about the
5 glossary that is required. And again that
6 change was made as a result of the Palmer
7 trial; right?

8 A. Correct. With the footnote that
9 counsel who developed the document at some
10 point said that we didn't need that because we
11 were grandfathered in, but we made the change
12 regardless.

13 Q. So all the Public Offering Statements
14 before the change that was made as a result of
15 the Palmer trial do not have a glossary; right?

16 A. Correct.

17 Q. Then paragraph 38 talks specifically
18 about Mr. Lantych's experience and it says
19 that: At no point in either transaction was
20 Lantych provided the POS prior to execution.
21 And Flagship denied that based on what?

22 A. It was available for him to see in the
23 office.

24 Q. Then paragraph 40 goes on to talk more

JAY KORN

1 to figure that out and I'm not sure if I do or
2 I don't without going through 10,700 sets of
3 documents to find the ones that took paper as
4 opposed to CD.

5 Q. I'm trying to make sure that I
6 understand the changes that Flagship made as a
7 result of the allegations in the Palmer case.
8 And as I think this through there was the
9 adding of the glossary to the POS; right?

10 A. Correct.

11 Q. There was the adding of the rescission
12 address?

13 A. And name in the POS cancellation clause
14 or paragraph, whatever you want to call it.

15 Q. There was the change in the Consumer
16 Information Statement and when it was given;
17 right?

18 A. And signed, correct. And the order of
19 the documents.

20 Q. The order of the documents.

21 A. When the POS was presented to the
22 consumer.

23 Q. By the change in the order of the
24 documents it's that you have them sign the

JAY KORN

1 acknowledgment of the receipt of the POS as the
2 first document?

3 A. Physically have the copy on the table.
4 Before we do anything else if you'd like to
5 look through this, Mr. Jones, we'll take as
6 much time as you need.

7 I will say that up to the events of the
8 Palmer case at no time did our timeshare
9 attorney ever say that that needed to be up
10 front and that the consumer had to have the
11 ability to review it prior to signing the
12 documents.

13 Q. Other than those four categories that
14 we just went through, can you think of any
15 other changes in either documents or procedure
16 that Flagship initiated as a result of the
17 allegations in the Palmer trial?

18 A. Well, as part of what you have for the
19 Consumer Information Statement, there's two
20 parts. I just want to make sure. One is as
21 the consumer enters the facility they're issued
22 to them, and then secondly, done separately as
23 part of the contract documents.

24 Q. And you added a signature block to both