

## Local men face investment lawsuits in the States

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By Richard Vivian

A Hillsburgh father and son "pocketed" investors' money to finance their "lavish lifestyle" — one that includes Hollywood productions, self-promotional videos and a \$500,000 yacht — claims a lawsuit filed in Florida.

Plaintiff Klaus Hofmann named Frederick and Derek Elliott, among others, in a lawsuit seeking "compensatory and exemplary damages" to "redress a pattern of racketeering activity and tortious misconduct" related to luxury vacation property investments.

The Banner has learned Derek Elliott is also among several defendants in a \$3 million lawsuit filed by the State of Idaho's department of finance in relation to vacation property investments.

"They're just allegations," Drew Elliott, also of Hillsburgh, said of the claims made against his father and brother.

Claims contained in the two lawsuits have not been proven in a court of law. Lawyers representing the Elliotts, and others, in the Florida matter deny the accusations made against their clients and are hopeful a federal judge will throw out the case. Defenses in the Idaho action are expected to be filed shortly.

In a statement filed with the Florida court, Frederick Elliott says allegations he misused investors' money are "all false."

"They will stop at nothing to scam someone of their money," the Florida lawsuit alleges of the four people and numerous corporations named as defendants. "Their singular purpose in life is to make a buck, regardless of who, or how many, gets hurt in the process."

The Florida lawsuit further accuses the Elliotts of promising people "steady and predictable" returns on resort investments in the Dominican Republic and Turks and Caicos Islands, but "defendants ceased making ... payments since the first quarter of 2008."

Hofmann is "one of several thousand purchasers of the various real estate products sold by [the] defendants" to raise "over \$170 million" for various yet-unfinished resort projects, the lawsuit states.

"We feel very strongly that an injustice is being done to our clients," says Florida lawyer Nelson Bellido, who represents the Elliotts and others named in a lawsuit there. "We strongly believe that, in terms of the allegations that have been made by the plaintiffs in this case, that we will prevail in the end."

If investors were misled, fellow defense attorney Elio Martinez Jr. adds, it wasn't on the part of his clients.

The defence lawyers say a two-day evidentiary hearing was held last week seeking an injunction to stop the Elliotts and others from selling or advertising their products in the United States. That hearing, they say, will move into oral submissions April 9, at which time judge Alan S. Gold has an opportunity to throw out the case, if he so chooses.

Hofmann has also filed a lawsuit in the Turks and Caicos Islands, Martinez notes, suggesting the Florida court doesn't have proper jurisdiction to rule on the matter.

"Legally, they cannot maintain this lawsuit here in the United States for a number of reasons; jurisdictional issues, venue issues, the fact that virtually all of the contracts that were executed provided for venues outside the State of Florida," Martinez says.

In addition to the Florida lawsuit, Derek Elliott faces a \$3 million lawsuit filed by the State of Idaho Feb. 20 of this year alleging misrepresentation to investors there.

Several others are also named in the Idaho lawsuit, including a marketing firm hired to sell the Elliotts' products.

The state claims in its lawsuit that terms of a 2007 cease and desist consent order signed by Derek Elliott have been violated, including a requirement for 40 Idaho investors to receive rescission offers.

According to the cease and desist order, investors were allegedly led to believe they were buying ownership stakes in vacation resorts in the Dominican Republic and the Turks and Caicos Islands, but actually purchased timeshare interests.

Derek Elliott signed the cease and desist order July 12, 2007 on behalf of Sun Village Juan Dolio, EMI Sun Village and Sun Village Juan Dolio Associates, without admitting or denying the allegations contained within it.

Derek Elliott and other defendants haven't filed a response to the Idaho lawsuit at press time. Lawyers representing him in the Florida case say they're unable to speak to the Idaho matter.

"Most of the defendants in our action have been allowed extensions of time to respond to our civil complaint. We anticipate the filing of responses shortly after April 20," explains Jim Burns, investigations chief with the Idaho department of finance.