

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 16-CV-21301-GAYLES

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ARIEL QUIROS,
WILLIAM STENGER,
JAY PEAK, INC.,
Q RESORTS, INC.,
JAY PEAK HOTEL SUITES L.P.,
JAY PEAK HOTEL SUITES PHASE II L.P.,
JAY PEAK MANAGEMENT, INC.,
JAY PEAK PENTHOUSE SUITES L.P.,
JAY PEAK GP SERVICES, INC.,
JAY PEAK GOLF AND MOUNTAIN SUITES L.P.,
JAY PEAK GP SERVICES GOLF, INC.,
JAY PEAK LODGE AND TOWNHOUSES L.P.,
JAY PEAK GP SERVICES LODGE, INC.,
JAY PEAK HOTEL SUITES STATESIDE L.P.,
JAY PEAK GP SERVICES STATESIDE, INC.,
JAY PEAK BIOMEDICAL RESEARCH PARK L.P.,
AnC BIO VERMONT GP SERVICES, LLC,

UNDER SEAL

Defendants, and

JAY CONSTRUCTION MANAGEMENT, INC.,
GSI OF DADE COUNTY, INC.,
NORTH EAST CONTRACT SERVICES, INC.,
Q BURKE MOUNTAIN RESORT, LLC,

Relief Defendants.

ORDER GRANTING PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S
MOTION FOR TEMPORARY RESTRAINING ORDER, ASSET FREEZE, AND
OTHER EMERGENCY RELIEF

This cause comes before the Court upon the Emergency Motion by Plaintiff Securities and Exchange Commission for the following orders with respect to Defendants Ariel Quiros, William Stenger, Jay Peak, Inc., Q Resorts, Inc., Jay Peak Hotel Suites Stateside, L.P. (“Stateside Phase VI”), Jay Peak GP Services Stateside, Inc. (“Jay Peak GP Services Stateside”), Jay Peak Biomedical Research Park L.P. (“Biomedical Phase VII”), and AnC Bio Vermont GP Services, LLC (“AnC Bio Vermont GP Services”), and Relief Defendants Jay Construction Management, Inc. (“JCM”), GSI of Dade County, Inc. (“GSI”), North East Contract Services, Inc. (“Northeast”), and Q Burke Mountain Resort, LLC (“Q Burke”) (collectively, “Relief Defendants”):

(1) A Temporary Restraining Order against Defendants Quiros, Stenger, Jay Peak, Q Resorts, Stateside Phase VI, Jay Peak GP Services Stateside, Biomedical Phase VII, and AnC Bio Vermont GP Services to prevent: (a) them from further violating Section 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 (“Exchange Act”), and (b) Quiros from further violating Section 20(a) of the Exchange Act as a control person;

(2) A temporary conduct-based injunction against Quiros and Stenger prohibiting them from participating in any EB-5 offering or sale, and from holding management positions or controlling any enterprise that has issued or is issuing EB-5 securities;

(3) An Order Freezing the Assets of Defendants Quiros, Q Resorts, Stateside Phase VI, Jay Peak GP Services Stateside, Biomedical Phase VII, AnC Bio Vermont GP Services, and Relief Defendants JCM, GSI, Northeast, and Q Burke;

(4) an Order Prohibiting Destruction of Documents against Defendants Quiros, Stenger, Jay Peak, Q Resorts, Stateside Phase VI, Jay Peak GP Services Stateside, Biomedical Phase VII,

and AnC Bio Vermont GP Services and Relief Defendants JCM, GSI, Northeast, and Q Burke;
and

(5) An Order to Show Cause: why a preliminary injunction should not be granted against Defendants Quiros, Stenger, Jay Peak, Q Resorts, Stateside Phase VI, Jay Peak GP Services Stateside, Biomedical Phase VII, and AnC Bio Vermont GP Services prevent them from further violating Section 17(a) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act and Quiros from further violating Section 20(a) of the Exchange Act as a control person; why a preliminary conduct-based injunction against Quiros and Stenger should not be granted; why the asset freeze should not be continued against Defendants Quiros, Stenger, Jay Peak, Q Resorts, Stateside Phase VI, Jay Peak GP Services Stateside, Biomedical Phase VII, and AnC Bio Vermont GP Services, and Relief Defendants JCM, GSI, Northeast, and Q Burke; and why the order against destruction of records against Defendants Quiros, Stenger, Jay Peak, Q Resorts, Stateside Phase VI, Jay Peak GP Services Stateside, Biomedical Phase VII, and AnC Bio Vermont GP Services and the Relief Defendants should not continue.

The Court has considered the Commission's Complaint, its Emergency Motion for a Temporary Restraining Order, Asset Freeze, and Other Relief and Memorandum of Law in Support, and the declarations and exhibits filed in support thereof. The Court finds the Commission has made a sufficient and proper showing in support of the relief granted herein by: (i) presenting a *prima facie* case of securities laws violations by the Defendants; and (ii) showing a reasonable likelihood Defendants Quiros, Stenger, Jay Peak, Q Resorts, Stateside Phase VI, GP Stateside Phase VI, Biomedical Phase VII, and GP Biomedical Phase VII will harm the investing public by continuing to violate the federal securities laws unless they are immediately restrained. The Court also finds good cause to believe that unless immediately restrained and enjoined by

Order of this Court, Defendants Quiros, Stenger, Jay Peak, Q Resorts, Stateside Phase VI, GP Stateside Phase VI, Biomedical Phase VII, and GP Biomedical Phase VII and all of the Relief Defendants will continue to dissipate, conceal or transfer from the jurisdiction of this Court assets, which could be subject to an Order of Disgorgement.

Accordingly, the motion is **GRANTED**, and the Court hereby orders as follows:

I.

SHOW CAUSE HEARING

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants Quiros, Stenger, Jay Peak, Q Resorts, Stateside Phase VI, Jay Peak GP Services Stateside, Biomedical Phase VII, and AnC Bio Vermont GP Services and Relief Defendants show cause, if any, before the Honorable Darrin Gayles of this Court, at 9:30 a.m., on the 25th day of April, 2016, in Courtroom 11-1, Wilkie D. Ferguson United States Courthouse, 400 North Miami Avenue, Miami, Florida, or as soon thereafter as the matter can be heard, why a Preliminary Injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure should not be granted against the Defendants and Relief Defendants, as requested by the Commission.

II.

TEMPORARY RESTRAINING ORDER

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that, pending determination of the Commission's request for a Preliminary Injunction:

A. **Section 17(a) of the Securities Act**

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Quiros, Stenger, Jay Peak, Q Resorts, Stateside Phase VI, GP Stateside Phase VI, Biomedical Phase VII, and GP Biomedical Phase VII are restrained and enjoined from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of

any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (1) to employ any device, scheme, or artifice to defraud;
- (2) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (3) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser;

by, directly or indirectly (i) creating a false appearance or otherwise deceiving any person, or (ii) disseminating false or misleading documents, materials, or information or making, either orally or in writing, any false or misleading statement in any communication with any investor or prospective investor; about: (A) any investment in or offering of securities, (B) the registration status of such offering or of such securities, (C) the prospects for success of any product or company, (D) the use of investor funds, or (E) the misappropriation of investor funds or investment proceeds.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Temporary Restraining Order by personal service or otherwise: (a) any of the above Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with any of the above Defendants or with anyone described in (a).

B. Section 10(b) and Rule 10b-5 of the Exchange Act

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Quiros, Stenger, Jay Peak, Q Resorts, Stateside Phase VI, GP Stateside Phase VI, Biomedical Phase VII, and GP Biomedical Phase VII are restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

by (i) creating a false appearance or otherwise deceiving any person, or (ii) disseminating false or misleading documents, materials, or information or making, either orally or in writing, any false or misleading statement in any communication with any investor or prospective investor, about: (A) any investment in or offering of securities, (B) the registration status of such offering or of such securities, (C) the prospects for success of any product or company, (D) the use of investor funds, or (E) the misappropriation of investor funds or investment proceeds.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Temporary Restraining Order by personal service or otherwise: (a)

any of the above Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with any of the above Defendants or with anyone described in (a).

C. Control Person Liability as to Quiros

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Quiros is restrained and enjoined from directly or indirectly, unless he acts in good faith and does not directly or indirectly induce the act or acts constituting the violation, controlling any person who violates Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

by (i) creating a false appearance or otherwise deceiving any person, or (ii) disseminating false or misleading documents, materials, or information or making, either orally or in writing, any false or misleading statement in any communication with any investor or prospective investor, about: (A) any investment in or offering of securities, (B) the registration status of such offering or of such securities, (C) the prospects for success of any product or company, (D) the use of investor funds, or (E) the misappropriation of investor funds or investment proceeds.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraphs also binds the following who receive actual notice of this Temporary Restraining Order by personal service or otherwise: (a) any of Defendant Quiros' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant Quiros or with anyone described in (a).

III.

ASSET FREEZE

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that, pending determination of the Commission's request for a Preliminary Injunction:

- A. Defendants Quiros, Q Resorts, Stateside Phase VI, GP Stateside Phase VI, Biomedical Phase VII, and GP Biomedical Phase VII and Relief Defendants JCM, GSI, NECS, and Q Burke Resort, and their respective directors, officers, agents, servants, employees, attorneys, depositories, banks, and those persons in active concert or participation with any one or more of them, and each of them, who receive notice of this order by personal service, mail, email, facsimile transmission or otherwise, be and hereby are, restrained from, directly or indirectly, transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of, or withdrawing any assets or property, including but not limited to cash, free credit balances, fully paid for securities, personal property, real property, and/or property pledged or hypothecated as collateral for loans, or charging upon or drawing from any lines of credit, owned by, controlled by, or in the possession of, whether jointly or singly, and wherever located; and

B. Any financial or brokerage institution or other person or entity holding any such funds or other assets, in the name, for the benefit or under the control of Defendant Quiros, Q Resorts, Stateside Phase VI, GP Stateside Phase VI, Biomedical Phase VII, or GP Biomedical Phase VII or Relief Defendants JCM, GSI, NECS, or Q Burke Resort, directly or indirectly, held jointly or singly, and wherever located, and which receives actual notice of this order by personal service, mail, email, facsimile, or otherwise, shall hold and retain within its control and prohibit the withdrawal, removal, transfer, disposition, pledge, encumbrance, assignment, set off, sale, liquidation, dissipation, concealment, or other disposal of any such funds or other assets, including, but not limited to, the following accounts:

1. **People's United Bank:**

- Anc Bio Vermont GP Service LLC, account ending 6758 at People's United Bank, N.A
- Anc Bio VT LLC, account ending 6756 at People's United Bank, N.A
- Anc Bio VT LLC, account ending 6757 at People's United Bank, N.A
- Jay Peak Resort - Biomedical Research/Escrow, account ending 9901 at People's United Bank, N.A
- Jay Peak Biomedical Research Park, account ending 6739 at People's United Bank, N.A
- Jay Peak – Stateside Suites - Escrow, account ending 9737 at People's United Bank, N.A
- Jay Peak Hotel Suites Stateside LP, account ending 6129 at People's United Bank, N.A
- Jay Peak Inc., account ending 1752 at People's United Bank, N.A
- Jay Peak Inc., account ending 1736 at People's United Bank, N.A
- Northeast Contract Services LLC, account ending 0221 at People's United Bank, N.A
- Northeast Contract Services LLC, account ending 3588 at People's United Bank, N.A

- Q Burke Mountain Resort, LLC, account ending 4113 at People's United Bank, N.A

2. **Merrill Lynch**

- Ariel Quiros and Okcha Quiros JTWROS, account ending 8786 at Merrill Lynch, Bank of America Corporation
- Ariel Quiros and Okcha Quiros JTWROS, account ending 8787 at Merrill Lynch, Bank of America Corporation
- Ariel Quiros and Okcha Quiros JTWROS, account ending 8788 at Merrill Lynch, Bank of America Corporation
- GSI of Dade County, Inc., account ending 3533 at Merrill Lynch, Bank of America Corporation
- Jay Construction Management, Inc., account ending 3534 at Merrill Lynch, Bank of America Corporation
- Jay Peak Biomedical Research Park LP ANC VIO VT GP account ending 2404 at Merrill Lynch, Bank of America Corporation
- Q Resorts, Inc., account ending 3529 at Merrill Lynch, Bank of America Corporation

3. **Citibank**

- Ariel Quiros, GSI of Dade County, Inc., account ending 2336 at Citibank, N.A.
- Ariel Quiros & Okcha Quiros, NY Expense Acct., GSI of Dade County, Inc., account ending 3359 at Citibank, N.A.
- Ariel Quiros & Okcha Quiros, GSI of Dade County, Inc., account ending 3362 at Citibank, N.A.
- Citibank as secured party for Jay Construction Management, account ending 9424 at Citibank, N.A.
- GSI of Dade County, Inc., account ending 5932 at Citibank, N.A.
- Jay Construction Management, Inc., account ending 4166 at Citibank, N.A.
- Jay Peak Biomedical Research Park L.P., account ending 4153 at Citibank, N.A.

- Q Burke Mountain Resort, LP, account ending 1452 at Citibank, N.A.
- Q Resorts, Inc., account ending 5314 at Citibank, N.A.
- 4. **Pershing**
 - Citibank as secured party for Jay Construction Management, account ending 9424 at Pershing LLC
- 5. **HSBC**
 - Jay Construction Management, Inc., account ending 853-1 at HSBC
- 6. **Raymond James**
 - Q Resorts, Inc. account ending in 4772 at Raymond James & Associates

IV.

RECORDS PRESERVATION

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that, pending determination of the Commission's request for a Preliminary Injunction, Defendants Quiros, Stenger, Jay Peak, Q Resorts, Stateside Phase VI, GP Stateside Phase VI, Biomedical Phase VII, and GP Biomedical Phase VII and all of the Relief Defendants, any of their directors, officers, agents, servants, employees, attorneys, depositories, banks, and those persons in active concert or participation with any one or more of them, and each of them, be and they hereby are restrained and enjoined from, directly or indirectly, destroying, mutilating, concealing, altering, disposing of, or otherwise rendering illegible in any manner, any of the books, records, documents, correspondence, brochures, manuals, papers, ledgers, accounts, statements, obligations, files and other property of or pertaining to any of the Defendants or Relief Defendants, wherever located and in whatever form, electronic or otherwise, until further Order of this Court.

V.

CONDUCT BASED RESTRAINING ORDER

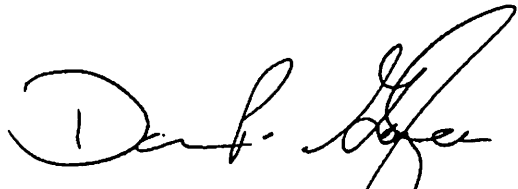
IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that, pending determination of the Commission's request for a Preliminary Injunction, pursuant to Section 21(d)(5) of the Exchange Act, Section 305(b)(5) of the Sarbanes-Oxley Act of 2002, and the Court's equitable powers, both Quiros and Stenger are prohibited from, directly or indirectly, including through any entity they own or control: (a) participating in the issuance, offer or sale of any securities issued through the EB-5 Immigrant Investor Program (provided, however, that such injunction would not prevent them from purchasing or selling securities for their own accounts); and (b) are prohibited from participating in the management, administration, or supervision of, or otherwise exercising any control over, any commercial enterprise or project that has issued or is issuing any securities through the EB-5 Immigrant Investor program.

VI.

RETENTION OF JURISDICTION

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction over this matter and Defendants Quiros, Stenger, Jay Peak, Q Resorts, Stateside Phase VI, Jay Peak GP Services Stateside, Biomedical Phase VII, and AnC Bio Vermont GP Services and Relief Defendants in order to implement and carry out the terms of all Orders and Decrees that may be entered and/or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court, and will order other relief that this Court deems appropriate under the circumstances.

DONE AND ORDERED in Chambers at Miami, Florida, at 5:05 p.m. this 12th day of April, 2016.



DARRIN P. GAYLES
UNITED STATES DISTRICT JUDGE