

UNITED STATES OF AMERICA
Before the
CONSUMER FINANCIAL PROTECTION BUREAU

ADMINISTRATIVE PROCEEDING
File No. 2013-CFPB-0002

In the Matter of:

3D RESORTS-BLUEGRASS, L.L.C.

**ANSWER TO NOTICE OF CHARGES SEEKING RESCISSION, RESTITUTION
CIVIL MONEY PENALTIES, AND OTHER LEGAL AND EQUITABLE RELIEF**

Respondent, 3D Resorts-Bluegrass, L.L.C., by and through Thomas M. Duddy, the Chapter 11 Trustee of its bankruptcy estate (the “Trustee”), for its answer to the Notice of Charges Seeking Rescission, Restitution, Civil Money Penalties, and Other Legal and Equitable Relief (the “Notice”) filed by the Consumer Financial Protection Bureau (“CFPB”), states as follows:

Response to Statement of Jurisdiction and Legal Authority

1. Paragraph 1 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.
2. The first sentence of paragraph 2 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such sentence. Respondent is without knowledge or information sufficient to form a belief as to the truth of the allegation set forth in the second sentence of such paragraph.

Response to Statement of Facts

3. Respondent admits the allegations contained in paragraph 3 of the Notice.

4. With respect to the allegations set forth in paragraph 4 of the Notice, Respondent states as follows. Respondent admits that it was the owner of the Resort Property from December 28, 2008 until the filing of its bankruptcy petition on November 16, 2011, at which time the Resort Property became property of Respondent's bankruptcy estate. Respondent admits that it was the operator of the Resort Property from December 28, 2008 until approximately September 15, 2010. On or about September 15, 2010, National Resort Marketing Corp. ("NRMC") began assuming control of the operation of the Resort Property pursuant to the Green Farm Resort Management Agreement between Respondent and NRMC, which was eventually executed on or about October 29, 2010 (the "NRMC Agreement"). Respondent denies operating the Resort Property after approximately September 15, 2010.

5. Paragraph 5 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

6. Paragraph 6 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

7. Paragraph 7 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

8. Respondent admits the allegations contained in paragraph 8 of the Notice.

9. Respondent admits the allegations contained in paragraph 9 of the Notice, except that Respondent denies that it marketed or sold lots in the Resort Property before February 26, 2009,

or after approximately September 15, 2010, or that the lots were marketed for building “vacation homes”.

10. Respondent admits the allegations contained in paragraph 10 of the Notice.

11. Respondent admits the allegations contained in paragraph 11 of the Notice for the period of time February 26, 2009, through approximately September 15, 2010, and Respondent denies such allegations for any other period of time.

12. Respondent admits the allegations contained in paragraph 12 of the Notice for the period of time February 26, 2009, through approximately September 15, 2010, and Respondent denies such allegations for any other period of time.

13. Paragraph 13 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

14. Respondent admits the allegation contained in paragraph 14 of the Notice, except Respondent denies that such activity is an “example” of a violation of the Interstate Land Sales Full Disclosure Act (“ILSA”) and its implementing regulations (“Applicable Law”).

15. Respondent admits the allegations contained in paragraph 15 of the Notice but denies that such activity occurred other than during the period February 26, 2009 to January 13, 2010.

16. Respondent denies the allegations contained in paragraph 16 of the Notice.

17. Respondent admits the allegations contained in paragraph 17 of the Notice, but states that the inclusion of the electric lines in Unit 2, along with the roads, water lines, and other infrastructure in Units 1 and 2 for which funds were escrowed, was due to a scrivener’s error. Respondent denies that such activity is an “example” of a violation of Applicable Law.

18. Respondent denies the allegations contained in paragraph 18 of the Notice.

19. Respondent admits the allegations contained in paragraph 19 of the Notice, except that the Consolidated Statement of Record included with the proposed Property Report was submitted to the Office of Interstate Land Sales for approval on December 18, 2009 rather than January, 2010.

20. Respondent admits the allegations contained in paragraph 20 of the Notice for the period of time January 13, 2010, through approximately September 15, 2010, and Respondent denies such allegations for any other period of time.

21. Respondent denies the allegations contained in paragraph 21 of the Notice.

22. Respondent admits the allegations contained in paragraph 22 of the Notice, but states that the inclusion of the electric lines in Unit 2, along with the roads, water lines, and other infrastructure in Units 1 and 2 for which funds were escrowed, was due to a scrivener's error. Respondent denies that such activity is an "example" of a violation of Applicable Law.

23. Respondent admits the allegations contained in the first sentence of paragraph 23 of the Notice, except Respondent denies that such activity is an "example" of a violation of Applicable Law. Respondent admits that construction has not been undertaken as alleged in the second sentence of such paragraph, but Respondent denies that construction was not undertaken or reasonably expected to be undertaken or completed by the stated dates.

24. Respondent admits the allegations contained in paragraph 24 of the Notice.

25. Respondent admits the allegations contained in paragraph 25 of the Notice, except that Respondent denies that the statement regarding the cabins was false or misleading or "an example" of a violation of Applicable Law because the cabins were in fact substantially completed.

26. Respondent admits the allegations contained in paragraph 26 of the Notice, except that Respondent denies that there were changes of “material fact” which required the filing of the amended Property Report pursuant to Applicable Law.

27. Respondent denies the allegations contained in paragraph 27 of the Notice.

28. Respondent admits the allegations contained in paragraph 28 of the Notice, but denies that the statement is an “example” of a violation of Applicable Law.

29. Respondent admits the allegations contained in paragraph 29 of the Notice, except that Respondent denies that construction was not reasonably expected to be undertaken or completed by the stated dates and Respondent denies that the statement is an “example” of a violation of Applicable Law.

30. Respondent admits the allegations contained in paragraph 30 of the Notice.

31. Respondent admits the allegations contained in paragraph 31 of the Notice, except that Respondent denies that the statement regarding the cabins was false or misleading or “an example” of a violation of Applicable Law because the cabins were in fact substantially completed.

32. Respondent denies the allegations contained in the first sentence of paragraph 32 of the Notice. The General Store was completed and available for use when the proposed Property Report was submitted to the U. S. Department of Housing and Urban Development (HUD) on December 28, 2009 and when such report was accepted by HUD on January 13, 2010. Respondent denies filing a March 22, 2010 Property Report and denies that the January 13, 2010 Property Report constitutes an “example” of a violation of Applicable Law. Respondent admits the allegations contained in the second sentence of paragraph 32 of the Notice.

33. Respondent denies the allegations contained in paragraph 33 of the Notice.

34. Respondent denies the allegations contained in the first sentence of paragraph 34 of the Notice and the introductory language following such sentence.

(a) Respondent denies the allegations contained in paragraph 34.a. of the Notice and states that any such reference was to a proposed improvement rather than one “being constructed”.

(b) Respondent denies the allegations contained in paragraph 34.b. of the Notice and states that any such reference was to a proposed improvement rather than one “being constructed”.

(c) Respondent denies the allegations contained in paragraph 34.c. of the Notice and states that any such reference was to a proposed improvement rather than one “being constructed”.

(d) Respondent denies the allegations contained in paragraph 34.d. of the Notice and Respondent states that the water lines were complete on or before December 31, 2009.

(e) Respondent denies the allegations contained in paragraph 34.e. of the Notice and states that the statement regarding the cabins was false or misleading or “an example” of a violation of Applicable Law because the cabins were in fact substantially completed.

(f) Respondent denies the allegations contained in paragraph 34.f. of the Notice. The General Store was completed and available for use when the proposed Property Report was submitted to the U. S. Department of Housing and Urban Development (HUD) on December 28, 2009 and when such report was accepted by HUD on January 13, 2010. Respondent denies filing

a March 22, 2010 Property Report and denies that the January 13, 2010 Property Report constitutes an “example” of a violation of Applicable Law.

(g) Respondent denies the allegations contained in paragraph 34.g. of the Notice.

(h) Respondent denies the allegations contained in paragraph 34.h. of the Notice.

(i) Respondent denies the allegations contained in paragraph 34.i. of the Notice for any period of time prior to the date of such suspension, and Respondent is without knowledge or information sufficient to form a belief as to the truth of such allegation for the period of time on or after the date of such suspension.

35. Respondent admits the receipt of the Suspension Notice identified in paragraph 35 of the Notice, but states that the Suspension Notice speaks for itself.

36. Respondent admits the receipt of the Suspension Notice identified in paragraph 36 of the Notice, but states that the Suspension Notice speaks for itself.

37. Respondent admits the receipt of the Suspension Notice identified in paragraph 37 of the Notice, but states that the Suspension Notice speaks for itself. Respondent admits that it has taken no corrective actions in response to the Suspension Notice, which remains in effect, and Respondent is without knowledge or information sufficient to form a belief as to the truth of the allegation contained in such sentence that no others have taken such actions.

38. Paragraph 38 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

39. Respondent denies the allegation with respect to its own conduct. Respondent is without knowledge or information sufficient to form a belief as to the truth of such allegations with regard to the conduct of NRMC.

40. Respondent denies the allegations contained in paragraph 39 of the Notice.

41. Paragraph 41 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

42. Respondent admits that it entered into the NRMC agreement and that Respondent did not file amendments disclosing that agreement as alleged in paragraph 42 of the Notice.

Pursuant to the NRMC agreement, NRMC assumed total control over all management, operation and sales functions at the resort property. Respondent is without knowledge or information sufficient to form a belief as to the truth of the allegation contained in paragraph 42 that NRMC was required to disclose the NRMC agreement no later than fifteen days after the contract was executed but the disclosure was not made until March 29, 2011.

43. Respondent admits that a disclosure regarding the destruction of the General Store by fire was never made as alleged in paragraph 43 of the Notice. The remainder of such paragraph states a legal conclusion to which no response is required. To the extent a response is required, Respondent denies the remainder of such paragraph.

44. Paragraph 44 of the Notice contains no factual allegation requiring a response.

45. Respondent admits the allegations contained in paragraph 45 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

46. Paragraph 46 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

47. Respondent admits the allegations contained in paragraph 47 of the Notice, but states that the inclusion of the electric lines in Unit 2, along with the roads, water lines, and other

infrastructure in Units 1 and 2 for which funds were escrowed, was due to a scrivener's error.

Respondent denies that such activity is an "example" of a violation of Applicable Law.

48. Respondent denies the allegations contained in paragraph 48 of the Notice.

49. Paragraph 49 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

50. Respondent admits the allegations contained in paragraph 50 of the Notice, except that Respondent denies that the referenced report was false and misleading.

51. Paragraph 51 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

52. Paragraph 52 of the Notice contains no factual allegation requiring a response.

53. Respondent admits the allegations contained in paragraph 53 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

54. Paragraph 54 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

55. Respondent admits the allegations contained in paragraph 55 of the Notice, but states that the inclusion of the electric lines in Unit 2, along with the roads, water lines, and other infrastructure in Units 1 and 2 for which funds were escrowed, was due to a scrivener's error. Respondent denies that such statement is false and misleading or is an "example" of a violation of Applicable Law.

56. Respondent denies the allegations contained in paragraph 56 of the Notice.

57. Respondent denies the allegations contained in paragraph 57 of the Notice, except that Respondent admits that construction has not been undertaken as alleged in such paragraph.

58. Respondent denies the allegations contained in paragraph 58, except that Respondent admits that on September 14, 2010 the Grayson County Water District refused to accept the water lines which were completed on or about December 30, 2009.

59. Respondent admits the allegations contained paragraph 59 of the Notice, except Respondent denies that the statement was false and misleading, that construction was not reasonably intended to be completed by the stated date, and that the statement is “an example” of a violation of Applicable Law.

60. Respondent admits the allegations contained in paragraph 60 of the Notice, except Respondent denies that the statement regarding the cabins was false and misleading or “an example” of a violation of Applicable Law because the cabins were in fact substantially completed.

61. Paragraph 61 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

62. Respondent admits the allegations contained in paragraph 62 of the Notice, except Respondent denies that the statement was false and misleading.

63. Paragraph 63 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

64. Paragraph 64 of the Notice contains no factual allegation requiring a response.

65. Respondent admits the allegations contained in paragraph 65 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

66. Respondent admits that several non-material changes were made to the January 13, 2010, Property Report prior to March 22, 2010, and that the modified January 13, 2010 Property Report was provided to purchasers and prospective purchasers as alleged in paragraph 66 of the Notice. Respondent denies remainder of the allegations in such paragraph.

67. Paragraph 67 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

68. Paragraph 68 of the Notice contains no factual allegation requiring a response.

69. Respondent admits the allegations contained in paragraph 65 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

70. Paragraph 70 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

71. Respondent denies the allegations contained in paragraph 71 of the Notice, except that Respondent admits that construction has not been undertaken as alleged in such paragraph.

72. Respondent denies the allegations contained in paragraph 72, except that Respondent admits that on September 14, 2010 the Grayson County Water District refused to accept the water lines which were completed on or about December 30, 2009.

73. Respondent admits the allegations contained paragraph 73 of the Notice, except Respondent denies that the statement was false and misleading, that construction was not

reasonably intended to be completed by the stated date, and that the statement is “an example” of a violation of Applicable Law.

74. Respondent admits the allegations contained in paragraph 74 of the Notice, except Respondent denies that the statement regarding the cabins was false and misleading or “an example” of a violation of Applicable Law because the cabins were in fact substantially completed.

75. Respondent admits that the General Store was completely destroyed in a fire on February 6, 2010 and has not been reconstructed as alleged in paragraph 75 of the Notice. Respondent denies the remainder of the allegations contained in such paragraph. The General Store was completed and available for use when the proposed Property Report was submitted to HUD on December 28, 2009 and when such report was accepted by HUD on January 13, 2010. Respondent denies filing a March 22, 2010 Property Report.

76. Paragraph 76 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

77. In response to paragraph 77 of the Notice, Respondent admits that the modified January 13, 2010 Property Report was not filed with HUD and was furnished to purchasers and prospective purchasers. Respondent denies that the Property Report was dated March 22, 2010, and denies that it was false and misleading.

78. Paragraph 78 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

79. Paragraph 79 of the Notice contains no factual allegation requiring a response.

80. Respondent admits the allegations contained in paragraph 80 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

81. Respondent admits that purchasers and prospective purchasers were advised that the lake described in paragraph 81 of the Notice was among the improvements proposed for the Resort Property, and admits that such lake was not constructed. Respondent denies the remainder of the allegations contained in such paragraph.

82. Paragraph 82 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

83. Paragraph 83 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

84. Paragraph 84 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

85. Paragraph 85 of the Notice contains no factual allegation requiring a response.

86. Respondent admits the allegations contained in paragraph 86 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

87. Respondent admits that purchasers and prospective purchasers were advised that the RV Park described in paragraph 87 of the Notice was among the improvements proposed for the Resort Property, and admits that such RV Park was not constructed. Respondent denies the remainder of the allegations contained in such paragraph.

88. Paragraph 88 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

89. Paragraph 89 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

90. Paragraph 90 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

91. Paragraph 91 of the Notice contains no factual allegation requiring a response.

92. Respondent admits the allegations contained in paragraph 92 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

93. Respondent admits that purchasers and prospective purchasers were advised that the centralized sewage system described in paragraph 93 of the Notice was among the improvements proposed for Section 4 of the Resort Property, and admits that such system was not constructed. Respondent denies the remainder of the allegations contained in such paragraph.

94. Paragraph 94 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

95. Paragraph 95 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

96. Paragraph 96 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

97. Paragraph 97 of the Notice contains no factual allegation requiring a response.

98. Respondent admits the allegations contained in paragraph 98 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

99. Respondent denies the allegations contained in paragraph 99 of the Notice and incorporates herein by reference its responses to paragraphs 34.d., 58, 59, 72 and 73 of the Notice.

100. Paragraph 100 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

101. Paragraph 101 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

102. Paragraph 102 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

103. Paragraph 103 of the Notice contains no factual allegation requiring a response.

104. Respondent admits the allegations contained in paragraph 104 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

105. Respondent denies the allegations contained in paragraph 105 of the Notice and incorporates herein by reference its responses to paragraphs 25, 34.e., 60, and 74 of the Notice.

106. Paragraph 106 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

107. Paragraph 107 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

108. Paragraph 108 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

109. Paragraph 109 of the Notice contains no factual allegation requiring a response.

110. Respondent admits the allegations contained in paragraph 110 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

111. Respondent denies the allegations contained in paragraph 111 of the Notice and incorporates herein by reference its responses to paragraphs 32, 34.f. and 75 of the Notice.

112. Paragraph 112 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

113. Paragraph 113 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

114. Paragraph 114 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

115. Paragraph 115 of the Notice contains no factual allegation requiring a response.

116. Respondent admits the allegations contained in paragraph 116 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

117. Respondent denies the allegations contained in paragraph 111 of the Notice.

118. Paragraph 118 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

119. Paragraph 119 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

120. Paragraph 120 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

121. Paragraph 121 of the Notice contains no factual allegation requiring a response.

122. Respondent admits the allegations contained in paragraph 122 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

123. Respondent admits the allegations contained in paragraph 123 of the Notice as to its receipt of the Supplemental Notice, and is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in such paragraph as to any other recipient of the Suspension Notice.

124. Paragraph 124 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

125. The statute and the Suspension Notice cited in paragraph 125 of the Notice speak for themselves.

126. Respondent denies that it was involved in the operation of the Resort Property or the marketing or sales of lots on the Resort Property during the period described in paragraph 126 of the Notice, and is therefore without knowledge or information sufficient to form a belief as to the truth of the allegation set forth in such paragraph.

127. Respondent denies the allegations contained in paragraph 127 of the Notice.

128. Paragraph 128 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

129. Paragraph 129 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

130. Paragraph 130 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

131. Paragraph 131 of the Notice contains no factual allegation requiring a response.

132. Respondent admits the allegations contained in paragraph 132 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

133. Respondent admits the allegations contained in paragraph 133 of the Notice as to itself, and is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in such paragraph as to any other recipient of the Suspension Notice.

134. Paragraph 134 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

135. The statute and the Suspension Notice cited in paragraph 135 of the Notice speak for themselves.

136. Respondent denies the allegations contained in paragraph 136 of the Notice as to itself, and is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in such paragraph as to any other recipient of the Suspension Notice.

137. Paragraph 137 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

138. Paragraph 138 of the Notice contains no factual allegation requiring a response.

139. Respondent admits the allegations contained in paragraph 139 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

140. Respondent denies the allegations contained in paragraph 140 of the Notice as to itself, and is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in such paragraph as to any other recipient of the Suspension Notice.

141. Paragraph 141 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

142. Paragraph 142 of the Notice contains no factual allegation requiring a response.

143. Respondent admits the allegations contained in paragraph 143 of the Notice with respect to the period between February 26, 2009 and approximately September 15, 2010, but Respondent denies such allegations with respect to any other period of time.

144. Respondent denies the allegations contained in paragraph 144 of the Notice as to itself, and is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in such paragraph as to any other recipient of the Suspension Notice.

145. Paragraph 145 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

146. Paragraph 146 of the Notice contains no factual allegation requiring a response.

147. Respondent denies that the Initial Statement of Record was filed on February 26, 2009, as alleged in paragraph 147 of the Notice. Such Statement was filed on January 27, 2009, and HUD's acceptance of the Statement was issued on February 26, 2009.

148. Paragraph 148 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

149. Respondent denies the allegation set forth in paragraph 149 of the Notice with respect to March 2010 because no such filing or payment was due. Respondent is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in such paragraph as to March 2011.

150. Paragraph 150 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

151. Paragraph 151 of the Notice contains no factual allegation requiring a response.

152. Paragraph 152 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

153. Respondent denies the allegation set forth in paragraph 153 of the Notice with respect to the years 2009 and 2010 because no such filing was required. Respondent is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in such paragraph as to the years 2011 and 2012.

154. Paragraph 154 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

155. Paragraph 155 of the Notice contains no factual allegation requiring a response.

156. Respondent denies the allegation set forth in paragraph 156 of the Notice.

157. Respondent admits that it entered into the NRMC agreement and that Respondent did not file amendments disclosing that agreement as alleged in paragraph 157 of the Notice. Pursuant to the NRMC agreement, NRMC assumed total control over all management, operation

and sales functions at the resort property. Respondent is without knowledge or information sufficient to form a belief as to the truth of the allegation contained in paragraph 157 that NRMC was required to disclose the NRMC agreement no later than fifteen days after the contract was executed but failed to do so.

158. Respondent is without knowledge or information sufficient to form a belief as to the truth of the allegation contained in paragraph 158 of the Notice.

159. Paragraph 159 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

160. Paragraph 160 of the Notice contains no factual allegation requiring a response.

161. Respondent denies the allegation set forth in paragraph 161 of the Notice.

162. Respondent admits the allegation set forth in paragraph 162 of the Notice.

163. Paragraph 163 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

164. Respondent is without knowledge or information sufficient to form a belief as to the truth of the allegation contained in paragraph 164 of the Notice.

165. Paragraph 165 of the Notice states a legal conclusion which does not require a response. To the extent that a response is required, Respondent denies such paragraph.

First Affirmative Defense

Under 28 U.S.C. § 1334(e), the CFPB lacks subject matter jurisdiction with respect to contracts or monies which constitute property of Respondent's bankruptcy estate.

Second Affirmative Defense

The Notice was issued in violation of 11 U.S.C. § 362 and is therefore void.

Third Affirmative Defense

The claims asserted in the Notice are barred by the limitation period set forth in 15 U.S.C. § 1711.

Fourth Affirmative Defense

The CFPB has waived its right to assert the claims set forth in the Notice in this administrative proceeding by virtue of its participation in Respondent's bankruptcy case, including the filing of a proof of claim and engaging in court-ordered mediation.

Fifth Affirmative Defense

The CFPB is estopped from seeking relief which is duplicative of the relief it and owners of lots on the Resort Property have sought through the filing of proofs of claim in Respondent's bankruptcy proceeding.

Sixth Affirmative Defense

The CFPB and/or HUD have been aware of potential claims against Respondent since the issuance of the suspension notice on or about April 19, 2011. The claims asserted by the CFPB in the Notice are barred by the doctrine of laches.

Prayer for Relief

WHEREFORE, Respondent respectfully requests that this proceeding be dismissed, that the relief requested by the CFPB be denied, and that Respondent recover its costs incurred in connection with this proceeding and any and all other legal or equitable relief to which it may appear entitled.

Respectfully submitted this 1st day of July, 2013.

SULLIVAN, MOUNTJOY, STAINBACK
& MILLER, P.S.C.
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By: /s/ Michael A. Fiorella
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*Counsel for 3D Resorts-Bluegrass, L.L.C.,
by Thomas M. Duddy, Chapter 11 Trustee*

CERTIFICATE OF SERVICE

I hereby certify that on the 1st day of July, 2013, I caused a copy of the foregoing Answer to Notice of Charges Seeking Rescission, Restitution, Civil Money Penalties, and Other Legal and Equitable Relief together with a Notice of Entry of Appearance to be filed with the Office of Administrative Adjudication and served by electronic mail on the following parties who have consented to electronic service:

Kent Markus, Enforcement Director
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/s/ Michael A. Fiorella

Michael A. Fiorella