1 2	HELANE L. MORRISON (State Bar No. 127752) MARC FAGEL (State Bar No. 154452) MICHAEL S. DICKE (State Bar No. 158187) SUELLA E. O'CALL ACHAN (State Bar No. 121022)		
3	SHEILA E. O'CALLAGHAN (State Bar No	. 131032)	
4	Attorneys for Plaintiff SECURITIES AND EXCHANGE		
5	COMMISSION		
6	44 Montgomery Street, Suite 1100 San Francisco, California 94104 Telephone: (415) 705-2500		
7	UNITED STATES DISTRICT COURT		
8	CENTRAL DISTRICT OF CALIFORNIA		
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10	SECURITIES AND EXCHANGE COMMISSION,	Case No.	
12	Plaintiff,	COMPLAINT	
13	vs.		
14	MOJAVE VALLEY RESORT, INC. and MARK A. TEMPLE,		
15	Defendants.		
16 17	Plaintiff Securities and Exchang	e Commission (the "Commission")	
18	alleges:		
	JURISDICTION A	AND VENUE	
19	1. The Commission brings this action pursuant to Sections 20(b) and		
20	20(d) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §77t(b) and		
21 22	77t(d)] and Sections 21(d) and 21(e) of the Securities Exchange Act of 1934		
23	("Exchange Act") [15 U.S.C. §§ 78u(d) and 7	78u(e)]. This Court has jurisdiction	
24	over this action pursuant to Section 22(a) of t	the Securities Act [15 U.S.C. §77v(a)]	
25	and Sections 21(e) and 27 of the Exchange A	ct [15 U.S.C. §§ 78u(e) and 78aa].	
26	2. Mojave Valley Resort, Inc. and Mark A. Temple directly or		
27	indirectly, have each made use of the means and instrumentalities of interstate		
28	commerce, of the mails, or of the facilities of	a national securities exchange, in	

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COMPLAINT AGAINST MVRI AND TEMPLE

connection with the acts, practices, and courses of business and transactions alleged herein.

3. This district is an appropriate venue for this action under Section 22(a) of the Securities Act [15 U.S.C. §77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa], because defendant Temple lives in Palm Springs, California.

SUMMARY OF THE ACTION

- 4. Defendants Mojave Valley Resort, Inc. ("MVRI") and Mark A. Temple ("Temple") made fraudulent misrepresentations to municipal bond investors who funded Defendants' Nevada construction project.
- 5. MVRI, a Nevada corporation owned and managed by Temple, is the developer of a casino and housing project on Indian land near Laughlin, Nevada. To construct the development, MVRI obtained a long-term lease on the Indian property. MVRI and Temple (collectively "Defendants") falsely stated in the offering materials that the \$12.75 million in bonds being issued to fund this development were secured by deeds of trust on MVRI's leasehold interest in the Indian property. In fact, the developer had not taken the necessary steps to create valid deeds of trust and therefore the deeds did not provide any security to bondholders in the event of default. MVRI has defaulted on its obligation to make timely payments on the bonds, and investors are owed approximately \$11 million.
- 6. Defendants knew or were reckless in not knowing that the Official Statement's representation to investors that there was a valid security interest in MVRI's leasehold interest in the Indian lands was false and misleading. Accordingly, MVRI and Temple violated the antifraud provisions of the federal securities laws.

THE DEFENDANTS

6. **Mojave Valley Resort, Inc.** ("MVRI") is a Nevada corporation, formed in 1990 to enter into a lease with the Fort Mojave Indian Tribe. After the lease was signed in 1993, MVRI entered into arrangements with two affiliates, Mojave Valley Resort Casino Company and MATCO Construction LLC, both controlled by the Temple family. Mojave Valley Resort Casino Company was to develop the casinos while MATCO Construction LLC was to develop the residential components.

7. **Mark Temple ("Temple")**, age 44 and a resident of Palm Springs, California, has been a developer for approximately the last 15 years. Temple and his father own MVRI.

ALLEGATIONS

Background

- 8. In 1990, developer MVRI sought to construct private housing and a casino near Laughlin, Nevada (the "Project") on land owned by the Fort Mojave Indian Tribe ("the Tribe"). MVRI and its principal Temple negotiated with the Tribe for the right to build the Project on tribal lands and ended up agreeing, pursuant to a Master Lease, to lease 528 acres from the Tribe for a period of 84 years.
- 9. As a matter of law, tribal land is held in trust by the Department of the Interior for the benefit of the Tribe and cannot be sold by the Tribe. As a result, the Master Lease contained several explicit restrictions on MVRI's interest in the land and their ability to transfer that interest. First, MVRI could not buy the property outright, and could only obtain a leasehold interest in the land. Second, in order to comply with the regulations governing Indian tribes, the Master Lease had to be approved and authorized by the Bureau of Indian Affairs ("BIA"). Finally, as required by law, Section 13 of the Master Lease required approval of both the Tribe and the Secretary of the Interior before any encumbrance could be placed upon MVRI's leasehold interest.

COMPLAINT AGAINST MVRI AND TEMPLE

10. After the BIA approved the lease in 1993, MVRI attempted to develop the land, pouring \$6 million of its own money into the project. However, MVRI lacked the financial resources to complete the Project independently and was unable to obtain conventional financing. In order to raise development funds, MVRI became involved in two rounds of municipal bond financing.

The 1999 Bond Offering

- 11. Leading up to the Offering at issue was an earlier bond offering in 1996 for \$5.4 million in tax-exempt bonds to fund MVRI's construction on the same leased tribal lands (the "1996 Offering"). In April 1999, the 1996 bonds came due. MVRI did not have the money to repay the bonds and sought financing through a second municipal bond offering.
- 12. In September 1999, the Desert Springs Community Corporation, a Nevada non-profit corporation formed to issue development bonds and made up of relatives and acquaintances of Temple, issued \$12,750,000 in tax-exempt municipal bonds to facilitate the acquisition and construction of public improvements associated with the Project. The stated purpose of the bonds was to refund the principal and interest of the 1996 Offering, and to construct certain public capital improvements. These improvements included water, sewer, streets, utility, and parking easements, associated with approximately 160 residential units and related components of the Project. According to the Official Statement, when the bonds were retired, the public capital improvements would be conveyed to the Tribe.
- 13. As detailed in the Official Statement, the source of repayment for the principal and interest of the bonds was to come from the imposition on the developer of "Project Impact Reimbursement Fees." Project Impact Reimbursement Fees were designated portions of proceeds the developer anticipated receiving from the sublease of the completed homes and casino sites within the Project.

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The Official Statement represented that the security for the repayment of the bonds would be provided by a deed of trust on a portion of MVRI's leasehold interest in the property. In the event that the Project failed to succeed and MVRI was unable to pay off the bonds, the bondholders would receive the net proceeds from any foreclosure on the deeds of trust.

15. The representation that the deeds of trust created a valid security interest in the lease, which would provide bondholders with recourse in the event of a default, was false and misleading. As an encumbrance on MVRI's leasehold interest in the property, the deeds of trust were governed by the terms of the Master Lease and Indian regulations. Pursuant to the Master Lease's explicit terms, encumbrances (including deeds of trust) were not permitted unless approved and authorized by both the Tribe and the BIA. BIA regulations require the same approvals. Accordingly, the deeds of trust created in MVRI's leasehold interest in the tribal lands were null and void. Therefore, the bondholders were left without the benefit of foreclosing on MVRI's leasehold interest in the event of MVRI's default on repayment of the bond principal and interest.

The Role of MVRI and Temple

- 16. The Official Statement, in addition to describing MVRI and Temple, included a copy of a Development Finance Agreement. This agreement, signed by Mark Temple, states that the Developer participated in the drafting of the Official Statement, and represents that the "[d]eveloper . . . has full authority and power to execute the Deed of Trust." This representation was false. As Temple knew or was reckless in not knowing, the Master Lease explicitly required that any encumbrance on the MVRI's leasehold interest required the approval of the Tribe and the BIA. MVRI and Temple never obtained such approvals.
- 17. Temple, on behalf of MVRI, reviewed and approved the Official Statement containing the false statement regarding the security for the bondholders. Moreover, Temple and MVRI falsely represented in the COMPLAINT AGAINST MVRI AND TEMPLE

Development Finance Agreement, an exhibit to the Official Statement, that it had the power and authority to execute the deeds of trust. The developer was a party to the Master Lease, which set forth the requirement that approvals be obtained from the tribe and the BIA.

Defendants Default

18. In fall 2002, the Indian tribe notified MVRI that it was in default under the lease for failing to build a casino. On February 13, 2003, in its Continuing Secondary Disclosure Report, MVRI disclosed that the bonds were not secured because the tribe and the BIA never approved the deeds securing the bonds. Currently, MVRI is in default on the bond and interest payments.

FIRST CLAIM FOR RELIEF

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

- 19. The Commission realleges and incorporates by reference Paragraphs 1 through 18 above.
- 20. During the relevant period, MVRI and Temple directly or indirectly, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, or of the mails, with scienter:
 - (a) employed devices, schemes, or artifices to defraud;
- (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and
- (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons, including purchasers and sellers of securities.
- 21. MVRI and Temple have violated and, unless restrained and enjoined, will continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. §78j(b), and Rule 10b-5, 17 C.F.R. §240.10b-5.

1	SECOND CLAIM FOR RELIEF
2	Violation of Section 17(a) of the Securities Act
3	22. The Commission realleges and incorporates by reference
4	Paragraphs 1 through 18 above.
5	23. During the relevant period, MVRI and Temple directly or
6	indirectly, in the offer or sale of any security, by the use of means or
7	instrumentalities of interstate commerce, or of the mails, with scienter:
8	(a) employed any device, scheme, or artifice to defraud;
9	(b) obtained money or property by means of any untrue
10	statement of a material fact or any omission of a material fact necessary in order to
11	make the statements made, in light of the circumstances under which they were
12	made, not misleading; or
13	(c) engaged in any transaction, practice, or course of business
14	which operates or would operate as a fraud or deceit upon the purchaser.
15	24. MVRI and Temple have violated and, unless restrained and
16	enjoined, will continue to violate Section 17(a) of the Securities Act, 15 U.S.C. §
17	77q(a).
18	PRAYER FOR RELIEF
19	WHEREFORE, the Commission respectfully requests that this Court:
20	I.
21	Permanently enjoin defendants MVRI and Temple from violating Sections
22	10(b) of the Exchange Act and Rule 10b-5 thereunder and Section 17(a) of the
23	Securities Act.
24	II.
25	Order defendants MVRI and Temple to disgorge any ill-gotten gains.
26	III.
27	Order defendants MVRI and Temple to pay civil penalties.
1 28	IV.

1	Retain jurisdiction of this action in accordance with the principles of equity		
2	and the Federal Rules of Civil Procedure in order to implement and carry out the		
3	terms of all orders and decrees that may be entered, or to entertain any suitable		
4	application or motion for additional relief within the jurisdiction of this Court.		
5	V.		
6	Grant such other and further relief as this Court may determine to be just and		
7	necessary.		
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11	Dated:, 2004 Respectfully submitted,		
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14	Sheila E. O'Callaghan		
15	Attorney for Plaintiff SECURITIES AND EXCHANGE		
16	COMMISSION		
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