

CONTACTS:

Peter Roth
VP, Marketing, Communications & Industry Relations
703-401-0676, proth@arda.org

Alyssa Cerrito
Director, Marketing & Communications
407-206-4078, acerrito@arda.org

Judge's Ruling Demonstrates the Pattern of Fraud and Deception Perpetrated by Exit Firms on Unsuspecting Timeshare Owners

Consumers Should Report Timeshare Exit Scams to Authorities

WASHINGTON, June 11, 2019 – A judge for the United States District Court Middle District of Florida Orlando Division ruled against Mitchell Reed Sussman & Associates, a timeshare exit firm, in the case brought on by Westgate Resorts, a resort developer headquartered in Orlando, Florida. In the summary judgment ruling, the judge stated, “Mr. Sussman’s letters informing timeshare owners they successfully exited... are objectively deceptive.” The court also stated that, “Contrary to what owners were told, stopping payments does not effectuate a timeshare exit,” which is a tactic many companies and individuals in the timeshare exit industry attempt to use.

“This is another case where timeshare owners were deceived into paying large upfront fees for services that the exit company knew it could not deliver,” said VP of Regulatory Affairs and General Counsel of ARDA, Robert Clements. “The court found the scheme didn’t stop there. Owners were told to stop all communication with their timeshare company while the exit company kept them in the dark about the status of their matter. The final insult came when the exit company told the owners they were out of their timeshare, only to find out later that was false, leaving many of the owners in a worse situation with damaged credit, facing a foreclosure and no refund of the fees they paid to the exit company,” continued Clements.

The court, in its order, not only ruled against the defendant but broadened its statement to include other exit industry players by noting the relationship between “Mr. Sussman and Timeshare Exit Team (Reed Hein & Associates), a self-proclaimed ‘exit’ company that was built on the unlawful and deceptive business model Mr. Sussman ‘pioneered.’” Clements continued, “Many of these exit firms have the same model and tell people it will take 12-18 months for the process to be complete when they know that the services they are promising cannot be delivered.”

Westgate brought the lawsuit against Sussman for (1) tortious interference with existing contracts and (2) violating Florida's Deceptive and Unfair Trade Practices Act ("FDUTPA"). (Doc. 7, ¶¶ 90-100, 112-118.) A copy of the entire order can be [found here](#).

"Our owners were being scammed and told lies," said Westgate Resorts Chief Business Officer Jared Saft. "Many of these consumers were long-term owners that had happily used their timeshare over many years and were lured into this exit scheme by false statements and misrepresentations, and in all cases were not aware of the fraud that was being committed on their behalf. We are pleased that the judge acknowledged the reckless behavior of Mr. Sussman and clearly outlined the lies that continue to be told by many exit companies. In the past few years, Westgate has launched [The Legacy Program](#) where we specifically address and discuss the needs of owners who have enjoyed the use of their timeshare, but due to lifestyle changes or other factors, would like to discuss and explore what options are available to safely and effectively [exit their timeshare](#) either to a family member, through a resale or back to the developer," Saft continued.

The timeshare industry, which has over nine million owners in the United States and generates over 540,000 jobs and \$10.8 billion in federal, state and local taxes in the U.S., has become a target for unscrupulous individuals and companies. Many third-party exit companies present owners with misleading information, often using scare tactics and false advertising, in order to convince unsuspecting owners to sign up for services that require large upfront fees. As a result, the industry has committed to better communicating with owners who want to understand safe [timeshare exit options](#), often directly through their developer or property manager, which may be available for exiting their product. This information can be found at [responsibleexit.com](#).

Among the red flags of exit and resale scams for timeshare owners to be aware of are:

- Calls or emails claiming to have an "interested buyer" for a timeshare;
- Caller claiming to be a representative of ARDA or ARDA-ROC. **Fact:** ARDA and ARDA-ROC only respond to inquiries from owners after an inbound request – there are absolutely no unsolicited calls, emails or communications;
- A company promises to modify, cancel or transfer an owner's timeshare for a large upfront fee;
- A company requests an upfront fee, or the wire transfer of money for a "service," "tax" or other "requirement" for the sale or transfer to be completed;
- If an offer sounds too good to be true, it likely is.



Owners who believe they have been unfairly taken advantage of or defrauded by an exit company should contact their state's Attorney General (consumerresources.org), the Attorney General in the state where the business is located, or local law enforcement. For additional help contacting these resources, consumers can contact the ARDA-ROC Consumer Support Team at 1-855-939-1515.

For more information on options for exiting timeshare, visit www.responsibleexit.com and www.ardaroc.org.

The ARDA-Resort Owners' Coalition (ARDA-ROC) is a 501(c)4 non-profit entity funded by over 1.5 million individual timeshare owner's voluntary contributions. ROC is dedicated to preserving, protecting, and enhancing vacation ownership through smart policy and sensible regulation. We advocate for local, state, and federal policies that enable the vacation ownership industry to thrive and provide consumers with an enriched vacation ownership experience. For more information, visit www.ardaroc.org.

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