



## **Warning Regarding Latest Timeshare Fraud Scheme Involving Wire Transfers**

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In March of last year, the California Department of Real Estate (DRE) issued a broad [consumer alert and warning regarding timeshare fraud](#) because of an upsurge in the number of such schemes being perpetrated against timeshare owners in connection with “timeshare resales”.

In that alert, the DRE noted that there are almost endless variations of timeshare fraud, and discussed some of the more common fraudulent practices discovered. (In most cases, the fraud involves a scammer promising to buy or arrange the sale or rental of the victim’s timeshare in exchange for an upfront fee. But once the fee is paid, no sale, rental or purchase is completed and the scammer disappears with the victim’s money.)

The warning noted that because of the anonymity of the Internet and mass marketers, a timeshare resale scam can be started and operated with a website anywhere in the United States or in other countries. Moreover, such a scam can be operated by a group of telemarketers who set up accounts for the receipt of payments from timeshare owners/sellers who are fraudulently enticed to authorize payments to the fraudsters.

As part of the cautions presented, the alert advised that a “red flag” that such fraud is in the works is where there are requests of the timeshare owners to pay only in cash, or *by wire transfer*, or by money order or a certified bank or cashier’s check. That is because these forms of payment provide little – and usually no -- recourse for you in the event you have paid monies to a scammer.

### **The Latest Scheme: Fraudsters Operating Out of Mexico -- Using American “Front” Companies and Individuals and/or Supposed Mexican Government Officials -- Who Trick Timeshare Owners into Wiring Money into Mexico**

The DRE’s Enforcement Unit has discovered what appears to be a new and growing scheme that targets and preys upon the owners of vacation timeshares in Mexico. Some of the properties identified are the Mayan Palace, Moon Palace, Grupo Palace, and the Grand Miramar. Other Mexican vacation resort properties have been mentioned as well.

The scammers usually contact and solicit the owners of the timeshares by telephone or email (from the reports received, the parties never meet in person), and tell the owners that they (the callers or writers) either have buyers or renters for the properties, or that they (the scammers) will market the properties for sale.

The fraudsters use the names of companies (some of which have professional-looking but usually phony websites, fancy sounding titles and addresses, and purport to be escrow, timeshare resale, finance, and/or title service businesses) and individuals in California, and many purport to work with Mexican government officials. However, most of the companies and individuals identified are believed to be a part of the fraud. From the investigations completed so far, it seems that while most of the entities and people are the creations and/or partners of, or the vehicles for the schemers, some of them may appear to be “legitimate,” and some of the companies have used California addresses belonging to a U.S. government agency.

With regard to the issue of “legitimacy”, it appears that a number of the scammers are or have engaged in identity theft, and are identifying and representing themselves as actual California real estate licensees. In those cases, the criminals will use an actual real estate broker’s name and license number in an attempt to legitimize the transaction. If and when the timeshare owner victim calls the broker’s number, which has been provided via email, phone call, postal mail, or on the website that has been created to complete the fraud, the voice of the supposed broker is actually the voice of the scammer.

Because timeshare scammers have posed and continue to pose as legitimate licensees, *it is very important that timeshare owners get the name of the person calling, emailing or making the solicitation (e.g., the real estate broker or salesperson they purport to be), look them up on the DRE website, locate a phone number for the licensee through the telephone company or a genuine phone directory, call the licensee at that number and verify that the person who contacted the owner(s) actually works at the number called, and then speak with the identified licensee to confirm that he or she actually made the contact.*

*Another vital step that timeshare owners -- who receive uninvited solicitations and offers with regard to their timeshares which seem almost “too good to be true” -- should take is to personally contact their timeshare resort or timeshare developer.* The resort or developer may be aware of a new or ongoing scam with regard to a particular property(ies), or the legitimacy or illegitimacy of the person(s) who -- or entity(ies) that -- has made the contact with the timeshare owners. In addition, there may be significant restrictions on sales, transfers and/or rentals of which the timeshare owners are not aware.

In the majority of the cases the DRE has reviewed or investigated, the timeshare owner victims are enticed to wire funds (for a service or a variety of services, for the payment of taxes or fees, or in anticipation of receiving sales or rental proceeds) to a company or to an individual in Mexico. The amounts wired have ranged from \$3,250 to \$85,000, and this is only what the DRE is aware of as of the date of this warning.

The essential point to be made here is that timeshare owners must be vigilant, and be aware of and look for revealing signs of fraud. *A huge sign of fraud, as noted in DRE’s alert of last March, is a request for the wiring of money in connection with timeshare resales, rentals or other services.* Importantly, once the money is wired, the chance of recovering the money is virtually non-existent, especially since the scammer to whom the funds are wired usually disappears.

## **CONCLUSION**

As the DRE stated in its prior alert, fraud by predators in the area of timeshares requires that timeshare owners be on the lookout for uninvited or unexpected emails (and/or mail) or telephone calls from criminals and scammers who promise that they can sell or rent – or will purchase -- the owners' timeshares and ask for upfront fees. In order to protect their (the owners') interests, and not become a scammer's next victim, such owners must remain skeptical, proceed cautiously, ask probing questions and do their homework, and only work with truly licensed and legitimate professionals.

## **WHAT YOU CAN DO IF YOU HAVE BEEN SCAMMED**

**If you have been scammed or if you become aware of a timeshare scam, please report the fraud and file complaints with:**

1. The DRE, if a real estate licensee is involved, or if the timeshare fraudster is unlicensed. If the person or company is unlicensed, and the DRE can identify or locate the same, the DRE will prepare and file a Desist and Refrain Order. If the person or company is licensed, the DRE will commence disciplinary action. Please contact the DRE at [www.dre.ca.gov](http://www.dre.ca.gov).
2. The California Attorney General, at [www.ag.ca.gov/consumers](http://www.ag.ca.gov/consumers). If you reside in another State, please contact the Attorney General, Department of Consumer Affairs, and/or Department of Real Estate in your State.
3. The District Attorney, Sheriff, local police and local prosecutor in your community.
4. The Federal Trade Commission, at [www.ftc.gov](http://www.ftc.gov). They track and civilly prosecute timeshare scammers.
5. The Federal Bureau of Investigation (FBI), at [www.fbi.gov](http://www.fbi.gov). The FBI also has a dedicated Internet Crime Complaint Center (IC3). Please contact that complaint center at [www.IC3.gov](http://www.IC3.gov).
6. The Consumer Financial Protection Bureau, at [www.cfpb.gov](http://www.cfpb.gov).
7. The U.S. Postal Inspection Service at <http://ehome.uspis.gov/fcsexternal/default.aspx> if any of the communications or payments were made through the mail.
8. The Better Business Bureau (BBB) in your community.

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