

Investor Alerts and Bulletins

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FBI and OIEA Warn Public that Fraudsters are Targeting Owners of Timeshares in Mexico

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The FBI Criminal Investigative Division and the Office of Investor Education and Advocacy of the Securities and Exchange Commission ("SEC") would like to warn consumers of a recent increase in fraudulent schemes targeting owners of timeshare properties in Mexico. These scams typically involve individuals alleging to be representatives of a brokerage firm, travel agency, title company, or escrow agent making unsolicited contact with owners of timeshare properties.

If you own one of these timeshare properties, the fraudsters may promise to pay you a significant sum of money for your timeshare. Or, they may claim you are entitled to valuable shares of stock in connection with your timeshare and offer to liquidate the shares in exchange for a commission. These fraudsters may provide very official looking documents, including contracts and title paperwork.

In some situations, timeshare owners are told that, to obtain the promised payments, the owners must pay a tax or fee. The fraudsters may claim that, prior to receiving the money for your timeshare or stock, you need to open an account at a specified bank and make a deposit to fund the account. If you make the deposit, the fraudsters will likely devise additional reasons to demand money in advance of the closing, which never occurs.

Fraudsters have various methods of making their timeshare schemes appear legitimate. For example, some fraudsters design convincing websites that may mimic the websites of real U.S. companies, but that contain false information, such as incorrect names for company representatives. In other cases, fraudsters file fraudulent documents with state or local officials and even register with their local Better Business Bureau using the false names from their fraudulent documents. In cases where the fraudsters pose as stock brokers, they may assume the identities of real registered brokers without the true brokers' knowledge.

These fraudsters can be persistent. In cases where victims become suspicious and stop sending money to the fraudsters, the perpetrators have contacted the victims, posing as representatives of the Mexican government or a financial institution and demanded an advance fee or tax purportedly to help the victims recover their money.

Tips for Avoiding Becoming the Victim of a Timeshare Advance-Fee Scam:

If you receive a phone call, an e-mail, mail or other communication regarding your timeshare, keep in mind the following tips and warnings:

- Be suspicious of any uninvited offers regarding your timeshare, particularly those that seem "too good to be true."
 - Contact your timeshare resort, developer, or manager, who may be aware of a new or ongoing scam and may have resources to help you determine whether a particular person or entity is legitimate.
- Be extremely cautious if anyone requests that you pay money up-front in order to obtain funds or property to which they claim you are entitled. Also, be skeptical of any request to wire money in connection with your timeshare.

- It is extremely difficult – and often impossible – to recover money wired abroad, and fraudsters with U.S. accounts can quickly transfer funds overseas.
- Be wary of high-pressure tactics, which are often indicative of a scam.
- Fraudsters sound convincing, are very responsive, send you authentic looking paperwork, and sometimes create websites that look legitimate. If you do not know the person with whom you are doing business, be extremely cautious and do extensive due diligence.
- If someone offers you investment products or services, such as offering to act as a broker to sell shares they claim you are entitled to, check whether the person or firm is registered with the SEC by using the search tool on Investor.gov.
 - Remember that scammers can assume the identities of actual brokers. It is important to verify the identity of the person who contacts you by independently searching for the person's or firm's website and checking that the contact information listed there is consistent with the contact information the person provided you.
- Hire your own lawyer to review real estate transactions and contracts associated with your timeshare. Be wary of hiring lawyers recommended by third parties who make unsolicited offers, as they may not be impartial.
- Be careful if someone claims they have been provided with a "special permit" from the SEC – there is no such thing.
- Be aware that scammers may be located far away from where they pretend to operate. For example, they may use technology to make it appear that they are calling from a different location and use a fake address or a mail drop as their business address.
- Scammers count on your lack of knowledge, so take the time to educate yourself about any offer you receive.
- Trust your instincts: if a timeshare solicitor makes you uncomfortable or tells you something that does not sound right, do not continue communicating with them.

More information about advance-fee schemes and other online frauds can be found at www.fbi.gov or Investor.gov, the SEC's website for individual investors.

You can contact the SEC's Office of Investor Education and Advocacy (OIEA) by phone at 1-800-732-0330, using this online form, or via email at Help@SEC.gov.

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Individuals who have been victimized by this type of scam are encouraged to file a complaint with the FBI's Internet Crime Complaint Center by visiting <https://www.ic3.gov>.

This alert represents the views of the staff of the Office of Investor Education and Advocacy. It is not a rule, regulation, or statement of the Securities and Exchange Commission ("Commission"). The Commission has neither approved nor disapproved its content. This bulletin, like all staff guidance, has no legal force or effect: it does not alter or amend applicable law, and it creates no new or additional obligations for any person.

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