

HALL OF JUSTICE
330 WEST BROADWAY
SAN DIEGO, CA 92101
(619) 531-4040
SanDiegoDA.com



DAVID P. GREENBERG
ASSISTANT DISTRICT ATTORNEY

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Contact: [Steve Walker \(619\) 531-3890](tel:6195313890)
[Tanya Sierra \(619\) 531-3315](tel:6195313315)
En Español [Barbara Medina \(619\) 531-3305](tel:6195313305)

Welk Resorts to Pay up to \$5.5 Million to Settle Consumer Protection Lawsuit

Customers who Purchased Welk Platinum Program Timeshares Subjected to False Statements During the Sales Presentation

After receiving hundreds of complaints about consumers feeling duped when purchasing timeshares at Welk Resorts, investigators found the California-based company was violating numerous legal requirements set in place to protect consumers from receiving less than they bargained for. Resort vacationers, who wanted to guarantee future vacations at Welk Resorts, were made to believe they were buying real estate, that the value of their investment would increase and that they could easily refinance their purchase, or that they would have easy access to premier vacation spots during high-profile dates such as Christmas or New Year's. In actuality, none of those things were the case.

As a result of the investigation, Welk Resorts, Inc., which markets and sells timeshares, will pay up to \$5.5 million to settle a consumer protection lawsuit that it misled purchasers of its Platinum Program as a result of its timeshare sales practices. The complaint, filed today in conjunction with a proposed Stipulated Final Judgment settling the case, alleges Welk Resorts made untrue or misleading statements and omissions to consumers who purchased a timeshare in its Platinum Program in violation of the Vacation Ownership and Time-Share Act of 2004, codified at California Business and Professions Code section 11210 *et seq.* (VOTA).

“The bottom line is consumers need to know what they are getting up front without false promises,” said San Diego County District Attorney Summer Stephan. “The law protects consumers by prohibiting timeshare salespeople from overpromising with misrepresentations. Truthful disclosures are especially important in a high-pressure sales environment such as timeshare sales. The expertise in our DA’s Consumer Protection Team was brought to bear to protect consumers from false promises in purchasing timeshares.”

As part of the settlement, Welk Resorts will pay \$2 million in penalties and up to \$3.4 million in restitution to Welk Resorts timeshare purchasers who were subject to false or misleading statements

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made during timeshare sales presentations between January 1, 2011 and March 31, 2016. The terms of the Stipulated Final Judgment, which contains no admission of liability, were negotiated with the San Diego County District Attorney's Office and the California Attorney General's Office. The California Department of Real Estate provided valuable assistance investigating consumer complaints. The Stipulated Final Judgment is subject to court approval.

"Today's settlement sets an unprecedented example for the timeshare industry – you cannot violate the law and expect to get away with it," said Attorney General Xavier Becerra. "This settlement is a significant win for California consumers. It provides victims with the largest consumer relief package ever obtained by the People for violations of the Vacation Ownership Timeshare Act, returning money to the pockets of those cheated by Welk."

Welk Resorts worked promptly and cooperatively throughout the investigation of the allegations being resolved through the Stipulated Final Judgment and made changes and revisions to its vacation timeshare sales practices and procedures during the pendency of the People's investigation. These changes and revisions included the development and implementation of a VOTA compliance program, that required the creation of new sales training manuals, mandatory sales training, and retention of compliance counsel. Welk Resorts also implemented a policy and practice of recording contract review and signing sessions by video and audio, when possible, subject to the purchasers' consent.

Media inquiries for Welk can be addressed to Julie Wright at jwright@wrightoncomm.com. Welk owners who have questions can visit www.welkresorts.com/resolution for more information as it becomes available.

The case was handled for the San Diego District Attorney's Office, Consumer Protection Unit, by Deputy District Attorney Colleen E. Huschke and Deputy District Attorney Steve Spinella

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About the San Diego County District Attorney's Office

The San Diego County DA's Office prosecutes all felony crimes in the county and misdemeanor crimes committed outside the City of San Diego. The office files about 40,000 criminal cases a year and balances prosecution with numerous crime prevention programs. District Attorney Summer Stephan leads the office of more than 1,000 dedicated employees who pursue fair and equal justice, and support victims daily across San Diego County