

Timeshares: Recent Wyndham Lawsuits Suggest A Continuing Pattern of Problematic Sales and Business Practices

Company Update

Wyndham is currently facing two new lawsuits in Tennessee alleging sales personnel subjected elderly consumers to high-pressure sales tactics and misrepresented key facts regarding ownership in an effort to induce plaintiffs to make initial purchases or upgrade their timeshare ownership interests.

Counsel representing the plaintiffs in both actions has signaled that additional lawsuits involving similar claims may be on the horizon. Over the last several years Wyndham has been sued numerous times by its timeshare owners in Tennessee, with many of the cases being resolved through confidential settlements.

Wyndham's legal issues have not been limited to owner-initiated lawsuits in Tennessee. Former employees who worked for Wyndham in California sued the company in state court alleging retaliation for reporting various types of fraudulent conduct. In addition, regulators in three different states have penalized the company for its sales and marketing practices.

Complaints filed against Wyndham to the Better Business Bureau echo many of the issues in the lawsuits and regulatory actions against Wyndham. In the last three years, consumers have also filed over 2,000 complaints against Wyndham, with 700 coming in the last year. Wyndham's litigation and regulatory history, coupled with the multitude of public complaints filed by customers, present a continuing risk of future regulatory action.

In Depth Analysis of the Lawsuits

Familiar pattern of alleged fraudulent practices. The two recent lawsuits filed against Wyndham in Tennessee involve many of the same types of fraudulent conduct and practices that we have highlighted in our previous coverage of the timeshare industry.

Both complaints generally allege that Wyndham sales personnel forced and/coerced plaintiffs to attend owner update meetings which were supposed to last 45 minutes, but which frequently lasted as long as 4-5 hours. During the update meetings, the owners claim that they were subjected to high pressure sales tactics and misled regarding key information such as the benefits associated with upgrading, maintenance fees, rental income, ability to make reservations, and loan refinance options.

Plaintiffs also claimed that sales personnel pitched the company's "Pathways Program" as a buyback program in the event they ever wished to relinquish their ownership interests in the future. Eligibility for the pathways program required a minimum points purchase. However, many plaintiffs were surprised to later learn that the terms and conditions of the contract allowed for, but did not obligate Wyndham to repurchase points from owners.

Additional lawsuits likely to be filed in Tennessee. The two recently filed actions against Wyndham name 21 couples and four individuals as plaintiffs. However, counsel for the plaintiffs intimated that additional lawsuits are likely. "This lawsuit represents a portion of the 500 senior citizens who are our clients who are alleging financial fraud at the hands of Wyndham," attorney Aubrey Givens [told](#) Inside The Gate.

The two recent lawsuits add to a growing list of legal actions filed against Wyndham in the state of Tennessee in recent years, many of which were settled. In September 2015 we discussed the fact that Wyndham settled a total of 22 cases during the previous several years in Tennessee. Since the publication of the September 2015 article, Wyndham has been sued over a dozen times in Tennessee with many of the cases being resolved through confidential settlements.

Other legal and regulatory setbacks. In addition to owner lawsuits, we previously reported on claims by multiple former employees in California alleging that they were subject to various forms of retaliation for raising complaints about, or refusing to engage in, fraudulent practices.

In November 2016, a California jury returned a \$20 million verdict to a former Wyndham sales employee for wrongful termination after she reported deceptive tactics targeting the elderly. While the damages figure was subsequently reduced, the post trial ruling addressing the issue offered a scathing [commentary](#) on Wyndham's practices.

Wyndham practices have also come under scrutiny from state regulators. In early 2016, Wyndham was fined by the Pennsylvania Department of Insurance after several of the company's sales personnel misled a couple regarding Wyndham's "buyback program." In May 2015, Wyndham settled with the Wisconsin Department of Agriculture, Trade and Consumer Protection for \$665,000 for misleading 29 Wisconsin consumers in connection with the sale of timeshares.

The Wisconsin settlement came less than a year after Wyndham reached an [agreement](#) with the New York Attorney General to stop offering certain reservation certificates that led some consumers to believe that they were actually purchasing an interest in a specific Manhattan timeshare hotel.

Consumer complaints to Better Business Bureau provide further evidence of problematic practices. As of the time of publication, Wyndham has a C+ rating with the Better Business Bureau. Over the last three years the company has closed 2082 complaints. Of those complaints, 1514 related to advertising and sales issues, and 466 related to problems with the timeshare product itself. In addition, there are 93 negative reviews posted by consumers.

In response to our request for comment, a Wyndham spokesperson replied: "While we do not comment on pending litigation, we believe these cases are without merit."